THE ACHIEVEMENT OF EXPORT PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES (SMEs) IN THAILAND

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A Dissertation Submitted in Partial

Fulfillment of the Requirements for the Degree of

Doctor of Public Administration

School of Public Administration

National Institute of Development Administration

2014

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ABSTRACT

Title of Dissertation	The Achievement of Export Performance of Small and Medium Enterprises (SMEs) in Thailand
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Degree	Doctor of Public Administration
Year	2014

Today, international trade is very important thanks to small and medium enterprises' role in the economy through the boost of employment from their advantages on business opportunity. However, small and medium enterprises have their own disadvantage with respect to size, resources, and management capability that impede their opportunity to export. Yet, there are few practical research works about achievement of export performance of small and medium enterprises (SMEs) in Thailand. Most studies involve foreign markets in developed countries, countries in emerging markets, and developing countries. Therefore, this subject should be seriously investigated in order to develop a body of knowledge from recent research and build a sustainable development approach for Thailand's export sector of small and medium enterprises so they can improve their business performance.

The objectives of this research were to analyze the relationship between entrepreneurial orientation and export performance; to analyze the relationship between entrepreneurial orientation on reducing export barriers, which promote export performance; and to analyze the relationship between reducing export barriers and export performance of small and medium enterprises in Thailand as per the research framework. The study firstly employed a qualitative analysis approach through interviews in order to identify inquiry data according to the context of Thailand, which will result in more valuable and reliable research. Then, quantitative analysis was largely used. And it is a phenomenon study based on data collected by questionnaires which are used to evaluate the degree of effect of the independent variables on export performance of small and medium enterprises.

The sampling size for this research is 224 samples. A purposive sampling technique for industrial group is used. The instrument for the sampling is a questionnaire applying 10 levels of the Thurstone Scale for Attitude Measurement (Thurstone, 1929). This research employs statistical data analysis; for example, percentage, mean, standard deviation, and utilizes the LISREL (Linear Structural Relations) program version 8.52 for the validity of causal analysis of Structural Equation Modeling (SEM) and examination of causal relationship model of The Achievement of Export Performance of Small and Medium Enterprises (SMEs) in Thailand, which is developed with empirical data.

The results obtained are Organization export performance is directly affected by entrepreneurial orientation. Therefore, if small and medium enterprises in Thailand fostering entrepreneurial orientation mainly focus on innovativeness, proactiveness, and risk taking, their organization export performance will be enhanced. Export performance also is indirectly affected by entrepreneurial orientation through internal export barriers reduction as well. That is, if small and medium enterprises in Thailand fostering entrepreneurial orientation by emphasizing the three factors, internal environment barriers (informational barriers, resource barriers, and marketing barriers) will be reduced, which will enhance an organization's export performance. Moreover, organization export performance is directly affected by internal export barriers reduction. In other words, small and medium enterprises' export performance will be enhanced in Thailand if they reduce internal environment barriers through cooperation among related public and private sectors for the promotion and determination of development policies that focus on export SMEs efficiency and determination of development policies that fit the needs of small and medium enterprises on the three factors by primarily emphasizing informational barriers reduction policy, resource barriers reduction policy, and marketing barriers reduction policy, respectively. This is beneficial to the overall economy by creating a competitive advantage for the country.

ACKNOWLEDGEMENTS

The researcher would like to express her sincerest gratitude to Professor Emeritus Doctor Phaibul Changrien, Committee Chairperson, and Associate Professor Doctor Gallayanee Parkatt, Committee, along with Associate Professor Doctor Montree Socatiyanurak, Major Advisor, and Doctor Nuttakrit Powintara, Co-Advisor for their invaluable recommendations and critiques that help improve this dissertation, The Achievement of Export Performance of Small and Medium Enterprises (SMEs) in Thailand. Doctor Watcharapun Phasuk's time and effort in providing valuable suggestions on the statistical analysis using the LISREL program is greatly appreciated.

My warmest regards are directed to the entrepreneurs, successors, partners, and executives who are involved in the export business policy making for their participation in the survey, as well as thanks to all my friends at the Doctor of Public Administration Program, School of Public Administration. Last, but not least, my gratefulness is bestowed to my family who have provided support and encouragement throughout the research.

Janchai Pitakunnop

December, 2014

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CHAPTER 1

INTRODUCTION

1.1 Background and Extent of the Problem

As of 2013, there were 2,763,997 Small and Medium Enterprises (SMEs) registrations in Thailand, which accounted for 97.16 percent of the total figure of total businesses in Thailand 2,844,757. They contributed to major economic development of Thailand through the creation of more than 11.41 million jobs nationwide, or 80.96 percent of the total number of jobs created nationwide. Of these enterprises, the numbers of export businesses at the end of 2013 were 39,610, including 24,944 or 62.97 percent of the total export enterprises in the country. This added value to the economy or SMEs GDP of 4.45 trillion baht. Exports from SMEs equaled 39.55 percent of SMEs GDP. Thailand's net exports in 2013 generated 6.90 trillion baht. Considering the size of the types of businesses, exports by Large Enterprise (LE) was valued at 5.03 trillion baht, or 72.75 percent, compared to 1.76 trillion baht, or 25.50 percent, by small and medium enterprises, which was a relatively small figure when compared to the large enterprises.

The surge of global trade during the saturation of local market has critically contributed small and medium enterprises' export performance boost to the national economy. However, of such economic importance, small and medium enterprises embrace different characteristics and constraints on business administration from large enterprises, such as the startup of export businesses, flexibility on export engagement, and ability to meet the needs of foreign markets. Moreover, small and medium enterprises face obstacles in most aspects of the export business; for example, the lack of knowledge about the export market, inaccessibility of capital for exporters, shortage of knowledgeable workforce, deficiency of export protocols knowhow, as well as the absence of technology and research and development (Leonidou, 2004; Patel and D'Souza, 2009).

Rapid changes in the present-day economic and social environment, as well as future trends, are crucial factors affecting small and medium enterprises business management (Kuratko and Hodgetts, 2007). Previously, the domestic environment and personal expertise mostly affected business operations in Thailand. There are now other factors contributing to the problem, such as international free trade and investment, import control of trade partners, enforcement of import standards, economic integration, and imposition of trade barriers through tax and non-tax measures. Small and medium enterprises in the export sector must adapt in order to compete and survive in this modern economy. They need efficient business management through systematic operations that are different from the past. To address the competitive business environment, many scholars have focused more on the concept of export performance (Okpara, 2009; Sayed, 2012; Godwin and Ernest, 2013; Taylor, 2013; Anabel, 2013).

Small and medium enterprises striving for export success require new management approaches as academics have extended their research on the achievement of export performance of small and medium enterprises (SMEs) by studying the connection of entrepreneurial orientation and the reduction of export barriers, which resulted in export performance (Leonidou, 2004; Patel and D'Souza, 2009). Various findings indicate one similar conclusion that export performance depends on key factors that link to entrepreneurs (Raymond and St-Pierre, 2003). An enterprise at this level, in particular, is seen as entrepreneurship-driven because of the characteristics of entrepreneurship that commands total authority on business operations throughout the organization, unlike large enterprises that require a chain of command (Welsh and White, 1981). In terms of concept, the creation of a competitive advantage for the enterprise is carried out through job function as an entrepreneur. The enterprise must adopt innovation that can actually compete with competitors (Schumpeter, 1942). Such execution can be made possible because small and medium enterprises have been under pressure from the disadvantage of competing with larger enterprises, i.e. the scarcity of resources in every capacity (Grimm, Lee and Smith, 2006). The beauty of being an entrepreneur is the ability to make a decision about the best alternatives that answer to the bottom line under the condition involving a shortfall in resources. The idea that helps small and medium enterprises to effectively reconfigure their internal resources and process management in order to reduce both internal and external export barriers fostering export performance despite shortcomings arising from their size is Entrepreneurial Orientation (EO). It is a model of decision-making, operational process, regulation, and values, which affect organizational decision-making leading to an innovative organization with a proactive and risk-taking operation (Lumpkin and Den, 1996; Sapienza et al., 2005).

However, there are few practical research works about the achievement of export performance of small and medium enterprises (SMEs) in Thailand. Most studies involve foreign markets in developed countries, countries in emerging markets, and developing countries. Therefore, serious focus should be given to develop a body of knowledge from recent research and build a sustainable development approach for the nation’s export sector of small and medium enterprises so they can improve their business performance, outcomes of entrepreneurial orientation and export barriers that affect export performance of small and medium enterprises in Thailand . Findings can be used as a direction for both public and private policy making on entrepreneurship development, which leads to a sustainable performance of the export sector of small and medium enterprises. It also helps promote the national economy in terms of gross domestic product and employment.

1.2 Research Objectives

1.2.1 To analyze the relationship between entrepreneurial orientation and export performance.

1.2.2 To analyze the relationship between entrepreneurial orientation on reducing of export barriers, which promote export performance.

1.2.3 To analyze the relationship between reducing export barriers and export performance of small and medium enterprises in Thailand.

1.3 Research Questions

1.3.1 Does entrepreneurial orientation affect export performance of small and medium enterprises in Thailand?

1.3.2 Does entrepreneurial orientation relate in reducing export barriers, which promote export performance of small and medium enterprises in Thailand?

1.3.3 Does reducing export barriers affect export performance of small and medium enterprises in Thailand?

1.4 Scope of Study

This research focuses on the samplings from organizations, which are legal entities defined as small and medium enterprises in the export business as of 2013 and registered as a member of the Department of International Trade Promotion, Ministry of Commerce as per the database of Thailand's Exporters Directory. The criteria for the target groups of this study used by the researcher are as follows.

1) Small and medium enterprises exporters

2) Manufacturing firms

3) Top 20 exporters in the 4 SMEs industrial groups, which SMEs value of exports in 2013 accounted for 39.55 percent of SMEs GDP, as follows:

(1) Agricultural products, processed agricultural products, and food

(2) Textiles, leather, clothing, and jewelry

(3) Furniture, home decorations, crafts, and souvenirs

(4) Automotive parts, chemicals, plastics, and rubber

4) Firm age of 2 years and up

Since this research analyzes the organizational level, the unit of analysis has been narrowed down to management within the export businesses, i.e. entrepreneurs, successors, partners, and executives who are involved in organizational policy making (Gartner, et al., 1994). The small and medium enterprises are like living organization (Bhaskaran, 2006: 64-80). That is to say, they do not have a clear hierarchy in their relationship and involve only a small number of people. The organization’s decision-making, policy implementation, or action plan primary depend on entrepreneurs. So, it is an appropriate representative of the unit of analysis.

1.5 Limitations of the Study

1.5.1 The study samplings are legal entities registered as small and medium enterprises in export business, which are still in business as of 2013. They are a member of the Department of International Trade Promotion. Survey and primary data collection were done on the phone from the samplings directly or through training programs and seminars.

1.5.2 The databases of Thailand's small and medium enterprises in the export business have been furnished by several agencies with different data and are in the process of improvement. The selection of reliable databases thus reduces the number of samplings for the study compared to the total population.

1.6 Definitions

1.6.1 LE stands for Large Enterprise.

1.6.2 ME stands for Medium Enterprise.

1.6.3 SE stands for Small Enterprise.

1.6.4 SMEs stands for Small and Medium Enterprises, which comprise three major groups, as follows:

1) Product sector covers all types of industry. Production is defined as a process to transform materials into new products by means of machines or chemicals. This process can be done by device or by hand. Simple processing of agricultural products by community enterprise and household processing for agricultural processing, manufacturing, and mining are covered.

2) Service sector is composed of education, health, entertainment, transportation, construction and real estate, hotel and lodging, restaurant, food and beverage, rental service for entertainment and recreation, personal service, household service, business service, repair service, as well as tourism and travel related businesses.

3) Trading sector includes wholesale, retail, and trading services. Wholesale means selling of new and used goods to industrial, commercial, institutional, and professional retailers, as well as to other wholesalers. Retail means

selling of original new and used goods to household consumers. Trading also includes broker or dealer services, gas stations, and consumer cooperatives.

Criteria used for classification of SMEs are as follows:

1) Value of fixed assets
2) Number of employees

The classification criteria is summarized in Table 1.1 below.

Table 1.1 SMEs Classification Criteria

MB=Million Baht

Type of SMEs	SE	ME
1) Product	Fixed assets value not exceeding 50 MB	Fixed assets value between 50-200 MB
	Employment of 50 people or less	Employment of 51-200 people
2) Service	Fixed assets value not exceeding 50 MB	Fixed assets value between 50-200 MB
	Employment of 50 people or less	Employment of 51-200 people
3) Wholesale	Fixed assets value not exceeding 50 MB	Fixed assets value between 50-100 MB
	Employment of 25 people or less	Employment of 26-50 people
4) Retail	Fixed assets value not exceeding 30 MB	Fixed assets value between 30-60 MB
	Employment of 15 people or less	Employment of 16-30 people

Source: Ministerial Regulation on Classification of Employment and Fixed Assets of Small and Medium Enterprises, 2002.

1.6.5 The Achievement of Export Performance is defined as Entrepreneurial orientation on reducing of export barriers which promote export performance.

1.6.6 Export performance refers to the success or failure on export of organization (Zou and Stan, 1998), which can be divided into financial and non-financial aspects.

1.6.7 Entrepreneur is defined as a person who is always creatively seeking for new business opportunities. Endurance, commitment, and the courage to take risks to put creativity into reality are also the characteristics of an entrepreneur (Schumpeter, 1950).

1.6.8 Entrepreneurial orientation focuses on personalities and attributes of entrepreneurs, which are key management mechanisms of the organizational capability (Bygrave and Hofer, 1991).

1.6.9 Reducing export barriers refers to the reduction of obstacles to exporting by small and medium enterprises, which can be categorized into internal and external export barriers (Leonidou, 2004).

1.7 Expected Benefits

1.7.1 Research findings will benefit the export sector of small and medium enterprises with respect to the increasing of business operators and effective maximization of resources, which will help promote export performance of the organizations.

1.7.2 Research findings will benefit related public and private sectors with respect to promoting and determining appropriate development policies that meet the needs of the export sector of small and medium enterprises.

1.7.3 Research findings will benefit the academic sector with respect to providing the existing body of knowledge with new information.

1.7.4 Research findings will benefit the economy and society with respect to creating a competitive advantage for the country.

1.8 Chapter Sorting

This study comprises 5 chapters, which are summarized below.

Chapter 1 Introduction, contains a description about the importance and the background of the study, as well as research objectives, scope, direction, and benefits.

Chapter 2 Theory, Concept, and Related Research, contains details of each model employed in the study. It demonstrates many scholars' ideas, which have been applied as variables in accordance with organizations in the research, as well as study framework and research hypothesis.

Chapter 3 Research Methodology, shows all approaches engaged in this study, i.e. unit of analysis, definitions, indicators and metrics/measurements, population and samplings, tools utilized in the research, research measurement tools testing, data sources and data collection, as well as data processing and data analysis.

Chapter 4 Research Findings

Chapter 5 Conclusion, Description, and Recommendations as the final chapter, focuses on the research findings in order to answer specified assumptions and objectives.

CHAPTER 2

THEORY CONCEPT AND RELATED RESEARCH

The literature review in this chapter focuses on theories, concepts, and related research with the aim of understanding the definitions, meanings, and concepts. This review helps to clearly determine independent and dependent variables about the research topic, The Achievement of Export Performance of Small and Medium Enterprises (SMEs) in Thailand along with the relationships between variables. This defines the scope of the research, samplings and population consistent with the research, as well as to study the model, advantages and limitations of the case studies, which are closely related to the research topic. The study of literature review can be divided into several parts, as follows:

1) Concepts and theories related to research topic: compose of 6 theories

2) Concepts and theories related to dependent variables

3) Concepts and theories related to independent variables

4) Concepts, theories, and related research, relationship between independent and dependent variables, which can be categorized into the following theories:

2.1 International Business Theory

2.2 Organizational Performance Theory

2.3 Entrepreneurial Orientation Theory

2.4 Leadership Theory

2.5 Strategic Management Theory

2.6 Resource-Based View Theory (RBV)

2.7 Concept and Theory on Dependent Variable-Export Performance

2.8 Concept and Theory on Independent Variable-Entrepreneurial Orientation

2.9 Concept and Theory on Dependent Variable-Export Barriers

2.10 Concepts, Theories, and Related Research on the Relationship between Entrepreneurial Orientation and Export Performance

2.11 Concepts, Theories, and Related Research on the Relationship between Export Barriers and Export Performance

2.12 Concepts, Theories, and Related Research on the Relationship between Entrepreneurial Orientation, Export Barriers and Export Performance

After reviewing the literature on all mentioned issues, this researcher has developed a conceptual framework and hypotheses for analysis in following topic.

Concepts and Theories Related to the Research Topic

2.1 International Business Theory

The International Business Theory employed by countries in accordance with their prevailing conditions consists of:

2.1.1 Mercantilism

2.1.2 Absolute Advantage Theory

2.1.3 Comparative Advantage Theory

2.1.4 Heckscher-Ohlin Theory

2.1.5 Product Life-Cycle Theory

2.1.6 National Competitive Advantage Theory

2.1.1 Mercantilism

International trade expanded between the years 1500-1800 and receivedattention from many countries. This theory is based on the notion that the wealth of a nation depends on the holding of its assets, especially gold. This is why most European countries focused on colonial possessions. They focused on exports rather than imports in order to create an advantage over trading partners. Monopolies were created by means of tariffs, embargo, import control, quota, and resources exploitation of colonies. Currently, there are countries that still engage in this concept, such as Taiwan, which is known as new mercantilism. The theory emphasizes favorable balances of trade, so it prefers exports over imports to create a trade surplus, while at the same time reaching political and social goals through full employment.

Countries aim at producing goods beyond the domestic demand so excess can be sold overseas. They also attempt to create local influence (Mun, 1630). The New Mercantilism Theory has been constantly revised from the Mercantilism Theory that emphasizes economic, political, and social importance.

2.1.2 Absolute Advantage Theory

The work of Adam Smith in 1776 explains the concept of the division of labor, which contributes to specialization in production. It maximizes international trade to the highest benefit. Absolute advantage happens when one country can produce the same goods using lessresources or produces more goods using the same amount of resources. This theory believes that a country has the ability to produce certain goods better than the others thanks to its specialization. Surplus goods will then be exchanged for other products they need. Adam Smith emphasizes the free trade policy whereby the government should never intervene whatsoever in order to fully encourage the idea of division of labor. All nations exchange goods that they can produce at low-cost. If there is no restriction on global trading, each country will be specialized and opt for production that it possesses a competitive advantage.

2.1.3 Comparative Advantage Theory

David Ricardo, in 1817, stated that a country with no absolute advantage on production compared to other countries is still able to trade to benefit all parties. Disadvantageous countries should only produce and export goods which are less absolute disadvantage, which constitutes a comparative advantage. The Comparative Advantage Theory is widely known and used to explain the foundation of international trade until now. David Ricardo indicates that countries should only offer goods that they can produce at a comparatively lower cost. Hence, all countries will benefit from the division of labor. In other words, goods produced by a country with the lowest cost and using the same amount of resources as others should be produced for exporting.

Limitations

1) This theory is based on an assumption that there are only two countries and two products in the world. In fact, there are many countries and various products.

2) It assumes that there is no transportation costs between the two countries.

3) Different prices cannot be exchanged with the 1:1 ratio.

4) It assumes that resources cannot be freely transferred between countries.

5) It assumes that the amount of resources for production is always stable.

6) It is based on an assumption that incomes of the population from two countries have no impact in the exchanging of goods.

2.1.4 Heckscher-Ohlin Theory

The Heckscher-Ohlin (HO) Theory developed by Eli Heckscher and Bertil Ohlin in 1933 stresses national endowments and international prices factors, which are the most important trade factors (based on the assumption that technology and preference are the same). According to the theory, each country will concentrate on exporting goods that have low production cost due to its endowments factor, while importing goods that have high production cost due to its lack of endowments.

2.1.5 Product Life-Cycle Theory

This theory does not take advantage or endowment factors into account. It focuses on domestic consumption. Only surplus products would be exported (Raymond Vemon, 1966). Four stages are classified, as outlined below.

Stage 1: Initial demand from foreign nations encourages a country to begin producing goods for export. While using highly skilled labor, production standards are not quite good and prices are fairly high to offset the costs of research and development. Most original manufacturing takes place in industrialized countries.

Stage 2: Drastic growth of domestic and overseas demand causes a country to expand its production base to foreign countries (mostly countries where goods are exported). Price wars and counterfeit products from developing countries then occurs.

Stage 3: Saturated markets induces a stagnation of goods imported from the initial country (the first producer) and the market is filled with imitation goods.

Extreme undercut prices drive some competitors out of business. Machines introduced by the initial country as standard production and skilled labors with high wages are no longer necessary.

Stage 4: Decline of production due to outdated goods forces the initial producer to discontinue production. Competition and price cuts bloom in the developing countries that make copied goods. Domestic sales fall and it coerces the initial country to develop product innovation for export.

Businesses aim at maximization of profit. This can be achieved by increasing sales. Therefore, when the domestic market reaches its saturation period when market expansion is not possible due to product life cycle or domestic competition, a business must seek new markets in other countries.

2.1.6 National Competitive Advantage

The concept introduced by Michael E. Porter in 1985 claims that “to grow to the level of becoming a multinational enterprise, the company must have achieved to an extent in its home country before extending the production/services to another country.” National competitive advantage is determined by these four conditions:

1) Conditions on factors of production include human resources, land, natural resources, capital, and infrastructure. These affect production and are considered an impact in terms of cost.

2) Demand conditions yield the company a competitive advantage to compete globally when it reaches the top of the domestic market share.

3) Related and supporting industries must be taken into account, for example, business relationships between suppliers (of raw materials) or shipping companies. This includes suppliers from overseas who can provide cheap quality ingredients as well.

4) A company's competitive strategy and structure must be adaptable in accordance with the current business situation.

2.2 Organizational Performance Theory

This literature review significantly helps to determine key dependent variables that answer to the research objective and comply with small and medium enterprises.

Organizational performance differs from organizational effectiveness. In essence, organizational performance refers to an organization's ultimate performance (Campbell, 1990), which considers external outcomes from three dimensions. First, financial performance includes profit, return on investment, and return on assets, for example. Secondly, marketing performance comprises sales and market share. Lastly, return on equity consists of total return and economic value added. (Devinney, Yip and Johnson, 2005). Organizational effectiveness refers to performance in a broader sense covering organizational performance and operational performance, such as internal effectiveness and efficiency. It also includes external perspectives beyond the economic rate of return. Thus, performance is part of organizational effectiveness while organizational effectiveness has no predefined boundary, but rather is up to study requirements (Venkatraman and Ramanujam, 1985). Performance is a generally accepted benchmark of success or failure of an organization, nonetheless (Pasanen, 2003). For the most part, this is a universally recognized indicator which differentiates organizations. The literature review denotes that in assessing the performance of small and medium enterprises, emphasis should be placed on variables, such as leading indicator and lagged indicator. This enables organizations to adapt to the environment. As a result, variables on the multi-dimensions of organizational performance must be evaluated in research. In most performance studies of small and medium enterprises, variables on financial performance, labor productivity, and satisfaction of the owner will be used. Details of these variables are as follows.

1) Financial performance: the literature review on organizational performance and organizational effectiveness identifies that financial performance is one of the most important and popular indicators in a performance study of an organization. Measuring financial performance is carried out through a financial ratio analysis, which includes a variety of ratios depending on relevance and the objective. Bernstein and Wild (1998:27-30) stated that financial ratio is one of the financial performance indicators widely used by organizations whereby itperforms an analysis on numbers or figures that are interrelated. This ratio or tool is used as a device for analyzing something else in order to handle the impact factors on financial ratio that might occur in the future. Therefore, a key issue of financial ratio analysis is the interpretation.

In addition, Bernstein and Wild (1998: 532-534) also noted that organizational performance analysis needs indicators, such as turnover, net profit, and net sales. They are meaningful only when used for relationship analysis in terms of a ratio. Return On Investment (ROI) is recognized as an essential analysis on organizational performance, which aims to measure various aspects; for example, organizational effectiveness, profitability ratio, revenue forecast, as well as planning and control (Penman, 2007: 371). Hayes (2006: 42-55) expressed that financial performance describes a business's financial condition, organizational effectiveness, and profitability ratio compared to the investors' perception who demonstrate their behavior through the financial market. Financial ratio also contributes to the understanding of the background of the organization, current situation, and future tendencies. Most outcomes, despite being incomplete, are a good starting point and would be more meaningful if they are used for comparison with the same indicators from other organizations. Hayes (2006: 42-55) described three types of ratio similar to Jaraspon Thanapathakul (1995), which consist of profitability ratio, activity ratio, and leverage ratio. Fraser (1995: 4, 148, 170) cited that the analysis of financial data of an organization is very useful for identifying the success of operations, as well as management policies and strategies. In addition, it can be used to forecast future organizational performance. Key financial ratios comprise: 1) liquidity ratios, which are indicators of an organization's cash flow management, 2) activity ratios, which are indicators of an organization's liquidity of assets and efficiency of managing assets, 3) leverage ratios, which are indicators of an organization's ability to repay debt, and 4) profitability ratios, which are crucial indicators of organizational performance as a whole and organizational effectiveness with respect to assets, liabilities and equity management. However, there is no rule of thumb for these ratios. The interpretation solely depends on the context and factors of an individual organization. Analysis of financial ratios factors must also take into account the relationships among various components of the organization. In conclusion, there are many financial ratios. Application of them depends on the relevance and the objective of the research. So, in this study, financial ratio analysis is performed through a comparative analysis of objectives. Focus was put on comparison of operational performance in the last three years and the issue of profitability ratio analysis.

2) Labor productivity: financial performance assessment alone cannot answer all dimensions of an organization since there still are flaws in some areas, such as technical array, accounting principles, or lagged indicators due to the evaluation of past data. The disadvantages mentioned lead to the adoption of a multi-dimensional organizational performance assessment, such as productivity. Many scholars have detailed the concept of productivity with respect to strengthening and moving organizations forward. It helps organizations to survive during economic downturns. As pointed out by Lindsay (2004: 447- 448), productivity serves as an indicator of the ability to produce goods or services from labor, know-how, capital, land, or other input. In general, input and output are key measurements, with many metrics to choose from. Productivity is an indicator of competitiveness, as well as the quality of life. The basis of labor productivity is an analysis of output per labor. The Thailand Productivity Institute (2002: 11-13) defines productivity in two concepts: 1) technical concept, which refers to tasks or activities performed using maximum benefit from existing resources, i.e. labor, time, and equipment, and 2) philosophical concept, which refers to constant improvement attentiveness. To sum Claros's description (2005: 20-21, 51), productivity denotes progress or expected profit ratio. Real competitiveness starts when productivity is measured against the value of goods and services per capita, which depends on labor productivity in terms of quality and quantity. Porter (1990: 6-9) also mentioned that trying to explain competitiveness is like seeking an answer in the wrong direction. This is because competitiveness has so many different meanings, which are difficult to define. Productivity is the most important meaning of competitiveness. Therefore, focus should be put on productivity and its growth rate. Each industry is unique in the productivity model that involves human and capital resources being efficiently utilized for enough output that meets the demand as well as quality.

Edward (1986: 9-11) stated that inflation, demand, competition, and recession greatly affect management. Boosting management value does not occur throughprice hikes, but primarily by cost reduction, which is an emphasis on productivity. Productivity stands for effectiveness, efficiency, performance evaluation, or output/ input ratio answering cost benefit factors, such as materials, labor, and capital. Evaluation of productivity is in the form of output/input ratio analysis; for example, dollar input per physical output ratio or dollar input per dollar output ratio. Watana Patanapongse (1999: 39-51) claimed that productivity and profitability are factors indicating the survival and growth of an organization or economy. Like many scholars, Watana Patanapongse divides productivity into three models including: 1) partial productivity, i.e. labor productivity, which is a comparison of output per hours of work or wages; capital productivity; and facilities productivity, 2) total factor productivity, and 3) total productivity, which is the ratio of total output per input or productivity=output/(labor+capital+raw materials+miscellaneous). The percentage change in output compared to percentage change in input is also described to facilitate the study of organizational productivity change comparison each year. The literature review helps to understand the significance and meaning of productivity, including various measurements.

3) Satisfaction: this refers to an assessment of customer satisfaction with products and services of the organization (Kaplan and Nortan, 1991). Since satisfaction is remarkably associated with quality, they are interchangeable (Powers and Valentine, 2008: 80-101). Satisfaction helps fulfill an organization's core performance evaluation because it leads to profitability and greater performance of the organization (Abdeldayem and Khanfar, 2007: 303-309; Barsky, 1995: 7; Chakrapani, 1998: 207-208; Hill and Alexander, 1996: 1; Powers and Jack, 2008: 188-197). Szwarc (2005: 4-6, 24) admits that it is not easy to assess customer satisfaction with aproduct or service. Customer satisfaction involves customer perception about the purchased product and service that is compared to other organizations. Matters could be quality, price, reliability, or customer complaint.

Zimmerman (1999) defined satisfaction as the state of enjoyment fulfilling the a person's needs. Kessler (1996: 20-22) gave a similar definition whereby satisfaction is the output without expectations (satisfaction=result-expectations) and explains that low satisfaction happens when customers have high expectation for the service or product but receive a lower than expected result. Satisfaction thus depends on the ability to meet the customer's expectations Powers and Valentine (2008: 80-101) specified that satisfaction is the consumers' reflection on their comparison of product standards with results obtained, which has a direct effect on satisfaction. Such standards refer to beliefs, attitudes, thoughts, expectations, equality, values and goals.

Abdeldayem and Khanfar (2007: 303-309) referred satisfaction to the process of expectation and result being blocked by disconfirmation. In the study of businesses and partners, Fierro and Redondo (2008: 211-224) concluded that factors contributing to satisfaction include trust; communication, which is needed for joint development or problem resolution; cooperation; and adaptation to expectation, which is a key issue attempting to meet the needs of customers' changes.

2.3 Entrepreneurial Orientation Theory (EO)

Entrepreneurial orientation focuses on personalities and attributes of entrepreneurs. It is a key management mechanism that reflects organizational ability. According to Miller (1983), an organization with entrepreneurial orientation comprises three main operational components: innovativeness, risk taking, and proactiveness. Lumpkin and Dess (1996) later studied this issue and added two more components, which are autonomy and competitive aggressiveness. A number of scholars have analyzed, discussed, and concluded in the same way that entrepreneurial orientation is a strategic process that sustains an organization's survival and performance leading it to having a competitive advantage (Marino, 2002; Messeghem, 2003).

Being an entrepreneur means having the ability to seize business opportunities to achieve a competitive advantage over competitors, as well as to fulfill the needs of customers and to timely adapt to a changing environment. Moreover, entrepreneurs may include state enterprises offering the best service to customers of productive resources. In economics, it refers to resources used to produce goods and services or four types of factors of production, which are land, labor, capital, and entrepreneur.

1) Land refers to land and all natural resources, such as forests, water creatures, minerals, rainfall, etc. These are natural materials that cannot be made by man. However, their quality can be developed and improved; for example, fertility restoration of land. Return from land being used refers to rent.

2) Labor or human resources or human capital refers to energy, knowledge, wisdom, and the idea that man dedicates to offer goods and services. Labor from animals, on the other hand, is not considered as labor but rather as living capital.

Return from labor refers to wages and salary. Generally, labor is classified into three types: skilled workers, such as academics, doctors, or professionals; semi-skilled workers, such as carpenters, technicians, or clerical staffs; and unskilled labor force, such as unskilled laborers, janitors, or security guards.

3) Capital is made by man and used in conjunction with other factors of production. In the production of goods and services, capital or capital goods is divided into two types: construction and equipment. Investment refers to the cost for the purpose of making products or services in the future. As for money capital, economists consider it as just an intermediary for the capital asset, which better reflects the capacity of existing production unit or an economy than the capital. Therefore, capital goods are more important with respect to economics than capital. However, due to the difficulty in measuring the return on capital, returns on funds like interest are usually considered as return on capital as well.

4) Entrepreneur is responsible for integrating all three factors of the aforementioned production to produce goods and services. Return on the entrepreneur refers to profit.

Many experts have studied the theory on entrepreneurial orientation and have provided a variety of definitions. However, the general principles of Entrepreneurial Orientation Theory are based on innovation business (Drucker, 1985: 32) and flexibility in management (Birch, 1979: 27). There are many more concepts on the theory, though (Stevenson and Jarillo, 1990: 17). Richard Cantillon is the first person who focused on the theory of entrepreneurs, which aims to explain in terms of economics the role of the entrepreneurs, rather than others in the organization (only pay attention to business owner). Cantillon mentions that entrepreneurs are those who dare to take risks, buy goods at a certain price but sell them at uncertain prices. Jean Baptiste Say adds to the definition of entrepreneurs as people who integrate other factors of production. So, entrepreneurs in essence are the people who promote economic activity (Stevenson and Jarillo, 1990:18). Casson (1982:28) defined entrepreneurs as people who have the expertise to decide on management, allocation, and cooperation on the scarce resources with incentives as their benefits. Entrepreneurs are aggressive planners because they have invested heavily in decision making, while people without such expertise are often reactive planners who allow trial and error in their decision making. Entrepreneurs must attain general knowledge rather than knowledge on a specialized subject. Key attributes that entrepreneurs should possess for success are vision and motivation (Casson, 1982: 37). Wagner (2003) expressed that entrepreneurs need various skills and basic knowledge for startup and administration of their newly established venture. In contrast, most employees are required to have specific ability that are necessary in operations for which they have been assigned by the employer.

In a 2004 study conducted by Wagner (2003) identified that nascent entrepreneurs are individuals who are not employed by another, but rather they are self-employed or ready to transform themselves into self-employment. Entrepreneurs, thus, are people with creativity who can distinguish situations for making precise decisions in order to create business opportunities by assembling and coordinating all components of resources for the most profit from their innovations in an uncertain environment (Amit, Glosten, and Muller, 1993: 817). According to Stevenson, Roberts, and Grousback (1989: 48), entrepreneurs also include a process that the persons, whether they are the owner or personnel in the organization, can seize opportunities for themselves. However, as Say (1964, quoted in Hamilton and Harper, 1994: 4) points out, entrepreneurs must possess various abilities to induce proper activities such as fundraising, production management, and product distribution. Therefore, entrepreneurs are business managers, which is consistent with Kirzner (1985: 11) who defined entrepreneurs as people who see opportunities or chances of profit making and initiate tasks to satisfy their needs or practice for more effective work. Schumpeter (1976: 132) discussed the duty of entrepreneurs as production reform and revolution by developing innovation and technology to build new products or improve current products. They look for new materials or markets by restructuring management of new industry. Most entrepreneurs choose to work in a business that defines their desires, such as the need to change, growth and development (OECD, 1998: 23). Individuals with entrepreneurial capacity qualify for entrepreneurship, provided they have access to resources used for decision-making. But for those who have no access to resources do not qualify despite their entrepreneurial capacity (Casson, 1982: 17). Barney and Griffin (1992: 37) suggested that entrepreneurship stands for the process of organizing, operating, and managing risk involved in business operations and entrepreneurs are individuals who work in concert with entrepreneurship as business owners and business operators. Business owners who hire experts as managers, while having interest in other matters, are considered firm owners or business owners, but not “entrepreneurs." Small business founded by entrepreneurs plays a key role in society, as pointed out by Barney and Griffin (1992: 39) for the following three reasons.

1) Innovation: many scholars believe that entrepreneurs and small businesses are behind innovations in a society.

2) Job creation: small businesses create more jobs for people than large corporations. The U.S. Department of Commerce has found that recently established small businesses in technology create more new jobs when compared to the longstanding large companies.

3) Contributions to large businesses: small companies pass on products and services to large businesses, so they act like suppliers or as one of the members in the supply chain process.

Meanwhile, Westhead and Wright (2002) classified entrepreneurs into three groups: 1) novice entrepreneurs who are inexperienced and interested in business partnership rather than a startup, 2) serial entrepreneurs who are experienced and have invested in related ventures, owned a business in the past but it is either sold or closed down, and 3) portfolio entrepreneurs who invest in many businesses to limit risks and constantly hold shares in two or more companies. Leibenstein (1968: 74) included more details about entrepreneurs, pointing that entrepreneurs are persons who have the ability to perform one or more of the following tasks: 1) contact diverse markets, such as international trade; 2) capture untapped markets; 3) invent and respond to organization development, such as organizational culture; and 4) perfect the input. Studies focusing on managers and entrepreneurs in the past, like one of Schumpeter’s (1934: 34), found that entrepreneurs are not simply businessmen within the economic organism. But they are persons who can accomplish their ideas. In other words, it means people who can create new combinations, which include the ability to: 1) offer new, unfamiliar or better quality products to the customers, 2) offer new techniques of production that had never been used before, 3) open new markets, which can be existing ones that the company has yet to tap, 4) discover new sources of either freshly created otherwise pre-existing raw materials or products for added value, and 5) implement a new organizational operation in the industry; for example, the creation of a monopoly or cessation of present monopoly (Schumpeter, 1934: 66).

Schumpeter's definition has been recognized by economists and other academics on the innovation, which shifts away from the original concept of entrepreneurs that only refers to businessmen in general. Pines, Sadeh, Dvir and Yafe-Yanai (2002: 183) concluded in their research that entrepreneurs must hold the following six principles: 1) integrity to identified goals; 2) dream of fulfilling desire; 3) determination to take risks and responsibility, as well as to pay for the price of failure; 4) firm commitment to targets set; 5) strategic plan for alternatives to reinstate procedures; and 6) ability to recuperate promptly in case of a failed operation. Entrepreneurs and the concept of entrepreneurship have received much attention and have been extensively studied thanks to the growth of emerging business as the driving force and a key driver of an economic powerhouse, the creation of jobs and tax revenue boost, as well as increase of per capita income from more exports of goods and services (Birch, 1979:34; Birley, 1987:157; Reynolds, 1987:240; Low and MacMillan, 1988:139). A variety of meanings for entrepreneurs have been developed. Schumpeter (1934: 121) emphasized them as as innovators, Knight (1921, quoted in Low and MacMillan, 1988: 140) emphasizes the ability to foresee upcoming success, while Leibenstein (1978: 21) argues that organizations do not have to operate under the constraints of production. Thus, entrepreneurs mean people who work smarter and harder than competitors. Kirzner (1973: 49) suggested an almost similar idea of decision-making on investment alternatives and ability to make an accurate judgment about inadequate and imbalanced markets fit for the investment. However, considering the purpose, entrepreneurs are the initiator, maintainer, and developer of their own business profitability (Cole, 1968: 19), which is a creation of a new organization (Gartner, 1985: 703). Entrepreneurs envision business opportunity, which is more important than having resources (Stevenson et al., 1989: 86). The problems with these definitions are that each scholar has been trying to explain it without providing an overview of the entrepreneurship concept. Such phenomenon is associated with achange in management, technology breakthrough innovation, new product development, small business administration, industry and individual evolution, as well as attention to environmental issues. Moreover, the entrepreneurship concept phenomenon may be determined by the principles of economics, sociology, psychology, or even history depending on perspectives of the observers (Low and MacMillan, 1988: 141). By this means, researchers are required to identify their choice of definition; for example, the work of Low and MacMillan (1988: 142) identifies the entrepreneurship concept as a creation of new enterprise with the research objective on finding an explanation and defining the role of new business in a progressive economy. Science begins with a good definition, so theorists cannot succeed without a clear definition because it is not possible to follow a concept that has not been settled. A concept contains a set of operational definitions (Bridgman, 1927 quoted in Bygrave and Hofer, 1991: 13).

Typically, researchers tend to focus on the definition. However, experts in the field of entrepreneurship concept still debate over the term "entrepreneurs" due to the lack of a universally-accepted specific definition. Therefore, it is each researcher's responsibility to clearly identify its meaning and scope of the term (Bygrave and Hofer, 1991: 13). As this research is directed at the concept of resources and the ability of the organization, which is the concept of Resource-Based view combined with the entrepreneurship concept used to evaluate the success of organizational performance, the definition of entrepreneurs has been focused on the business owners (Schumpeter, 1934; Casson, 1982; OECD, 1998; Wagner, 2003 and 2004), who are creative (Schumpeter, 1934; Cole, 1968; Gartner, 1985) and able to make the right choice according to the situation for a better chance of success in the future (Kirzner, 1973; Leibenstein, 1978) using resources and capacity owned by the organization. Dess et al. (2007: 156) state that there are five dimensions of decision-making of entrepreneurs. These include autonomy, innovativeness, proactiveness, competitive aggressiveness, and risk taking. These five dimensions can be used in combination to achieve performance excellence. In short, entrepreneurs play a key role in decision-making, their dimension of decision-making should be diversity, and each of them can be properly combined according to the circumstances. Most research on the entrepreneurship concept have only studied this concept; for example, Vesper (1980: 41) examines entrepreneurs and the choice of strategy with the objective of having entrepreneurs realize how to choose a variety of strategies to achieve efficiency.

Research on the strategy most entrepreneurs use have been based on the precept that entrepreneurs must have the ability to decide on a strategy for profit making and to develop a professionalism that envisages the distinction between successful and failed businesses.

The work of Roure and Maidique (1986: 298-300) confirmed that entrepreneurs' experience, along with a balanced teamwork, can contribute to a better performance. This agrees with Lamont (1972: 254-255), who proved that successful entrepreneurs learn from past experiences. Lamont unveils that skillful entrepreneurs like to found a startup of a new product, which requires a relatively large initial capital, as well as diverse and special business skills, more than general management. The entrepreneurship concept involves more than just starting a new venture, it involves a process that requires a skillset which is transferable between each other. Without a supportive environment, the opportunity may not exist and entrepreneurs cannot evolve. The same goes for innovation that opens the opportunity, and always influences the final result (Stevenson and Jarillo, 1990: 25). One of the characteristics many people believe that entrepreneurs should possess is innovation. It is the foundation of a new business. Although innovation is an essential beginning of process for being an entrepreneur, it is not a guarantee for success (Drucker, 1985: 86). Many studies have shown that entrepreneurs have began from a family business founded by a father as an owner and the family is involved in helping during the early years (Carroll and Mosakowski, 1987: 570-572; Dyer and Handler, 1994: 75). Amit et al. (1993: 817) insert that there are more other important characteristics for entrepreneurs that support new business creation. Those may include creativity, adaptiveness, technical know-how, vision, leadership ability, managerial and organizational skills, prompt decision-making, responsiveness to a changing and uncertain environment, good personality, impartial judgment, and good educational background. It might not be good enough to call people entrepreneurs just because they dare to take risks and make important decisions becausethis may include managers who have been made risk challengers in exchange for some incentives on top of salary. Studies about the entrepreneurship concept often focus on individual personalities or cultural background of each entrepreneur in order to determine entrepreneurial behavior. McClelland (1961: 52), for example, studied a must-have need for achievement culture, as well as the psychological personalities of entrepreneurs. The following three qualities are noted:

1) Taking personal responsibility for decisions
2) Setting goals and accomplishing them through his/her effort
3) Having a desire for feedback

Two problems surface over McClelland's concept on "need for achievement," as follows.

1) This theory can apply to salespersons, professionals, and managers almost the same way as entrepreneurs.
2) The research cannot link the need for achievement to the decision to found a startup company.

McClelland (1986: 76) pursued the study with a wider viewpoint than the need for achievement and identifies other personalities, such an initiative, assertiveness, efficiency orientation, systematic planning, and commitment to work contract. The need for achievement is not a unique quality of entrepreneurs; rather, it is a generic personal attribute of any person who wants to succeed and havethe propensity to take high risks, which has been the most studied entrepreneurship concept. Despite being contradictory from some empirical research, overall evidence indicates that most entrepreneurs are moderate risk takers. Differences about this type of personality among entrepreneurs, managers, or even individuals, in general, are not significant. One psychological personality that seems to distinguish entrepreneurs from managers is the tolerance for situations of ambiguity studied by Scherer (1982: 405) and Sexton and Bowman (1985: 131). They concluded that entrepreneurs have an ability to tolerate situations of ambiguity better than managers. Many scholars have agreed that successful entrepreneurs consist of the following personalities and attributes (Lambing and Kuehl, 2003: 26):

1) Passion for the business
2) Tenacity, despite failure
3) Confidence
4) Self-determination
5) Management of risk
6) Seeing changes as opportunities

7) Tolerance for ambiguity
8) Initiative and a need for achievement
9) Detail orientation and perfectionism
10) Perception of passing time
11) Creativity
12) Ability to see the big picture
13) Motivating factors
14) Self-efficacy

Recent studies by Kets De Vries and Miller (1984: 35, 1986: 267) on culture as a connection of entrepreneurs' personality and strategies are valuable because they do not focus on the psychology of entrepreneurs, but rather the relationship between entrepreneurs and an organization. The studies also look at entrepreneurs' personalities that affect organizational performance. It is obvious that recent works on the entrepreneurship concept have integrated this idea with other theories; for example, organizational theory or economics theory that Casson (1982: 56) has developed on the entrepreneurship concept within neoclassical economics framework. Research findings indicate that opportunities do not happen by chance, but rather are created in an organization via a network of relationships and exchanging ideas. Opportunities reach people who have an advantageous position within the network. Furthermore, to seize the opportunity, one needs resources, such as human resources, funds, marketing data, technology, as well as management techniques. Similar to relationships in the network and external contacts, one requires a significant opportunity to acquire suitable resources as a tool for grasping the opportunities for the organization. Strategic planning in a small company is usually carried out by entrepreneurs. Many studies have found that entrepreneurs' personalities and management style, awareness of opportunities, and threats from the outside environment greatly affect an entrepreneurs' strategic decision. In sum, strategic decisions may be related to entrepreneurs' decision (Williams and Tse, 1995: 25). A survey of relationships between strategy and the entrepreneurship concept, like the one on restaurant business entrepreneurs in the U.S. conducted by Williams and Tse (1995: 22-26), serves as an empirical test on the types of entrepreneurs and strategies applied in the restaurant industry. The qualitative research findings indicate that entrepreneurs generally have the ability to develop a less specific strategy and spend little time doing so. Each entrepreneurs in the restaurant business has a different strategy. However, most of them do not use formal techniques, like the strategies that big companies use. Entrepreneurs choose a strategy that is practical, which may not have been on purpose. This is consistent with the concept of "realized strategies" by Mintzberg (1987: 66-75) who explained a steady buildup of a decision model or sometimes this may occur by chance.

Huovinen and Tihula (2008: 152-171), in their case study, investigate the possibility of how the "portfolio entrepreneurship" type of entrepreneurs may accomplish while running multiple companies concurrently. They have found that failure may have contributed to the development of entrepreneurial knowledge, as well as the experience. However, their studies concluded that entrepreneurs' knowledge development is inspired by both success and failure during their career. Failure can have both positive and negative results on learning. A body of knowledge concerning the influencing factors on performance of small and medium enterprises proposed by Gibb and Davies (1990: 18) suggests that this literature may be classified into four subjects: entrepreneurial personality, organizational development, functional management skills, and sectoral economics. Morris, Kuratko, and Covin (2008: 9), and Chanston (1997: 814) claim that marketing is a major obstacle that affects organizational performance at the initial stage. According to a 1986 study survey on the new venture, Milne and Thompson , quoted in Chanston, 1997: 817) identified that an organization's degree of success differs in proportion to an entrepreneurs' ability with respect to good decision making over market opportunities. Gill (1985, quoted in Chanston, 1997: 823) added that small organizations also face problems impinging on performance, such as location, and customer retention. Lambing and Kuehl (2003: 65) stated that entrepreneurs' skills change with company growth. They shift from direct control to more indirect supervision due to an increasing number of employees, as well as role of personnel management and financial management, which are considered keys to business growth. Hence, many entrepreneurs are not quite happy with the growth that has brought the atmosphere of family away from work. Entrepreneurs' challenge on the initiative has diminished and their roles shrink. One recommendation on this is to find a fit for each entrepreneur. If the company is too big, then entrepreneurs may choose to make it smaller, start a new enterprise, sell the current business for new venture, or sell parts of the business. Harms, Kraus, and Reschke (2007: abstract) studied an overview of a practical framework of a newly established small company using a configuration approach, a concept of complicated company that its success and development rely on personal, structural, strategic, and external variables relationships. It is difficult to distinguish between the effects of bad luck and low entrepreneurial ability. Moreover, the awareness of entrepreneurs' characteristics may differ. Entrepreneurs who are familiar with the industry and have a good personality, along with experience, can deal with these internal problems better. These attributes are part of entrepreneurs' challenges in the development of a successful new business, i.e. entrepreneurs may acquire vital personal information, which is difficult to communicate by others (Amit et al., 1993: 818).

Successful entrepreneurs are found to have large informal networks. They spend time collecting data, which guides them to potential customers. They waste no time for self-proposal to the potential investors as well. This point of view is associated with the entrepreneur network concept regarding social relations created and connected between entrepreneurs, resources, and opportunities. The network perspective includes three core characters, namely the amount of acquired resources, variety of entrepreneurs, and the ability to access the resources (Aldrich and Zimmer, 1986). In order to further develop the entrepreneurship concept, it may require an integrated view of the network perspective with other relevant perspectives. The network perspective alone may not explain entrepreneurial behavior or forecast the performance. Therefore, interesting questions involve how the network perspective, including relationships of profitability and business startup, do affect the ability to access the resources and the rate of startup established dependently or by chance, as well as how to keep the business running (Amit et al., 1993:823). The economics theory on the entrepreneurship concept focuses on innovation and new production, while most explain that entrepreneurs act rationally. Entrepreneurs are included in the microeconomic theory because they cannot remain in the conceptual framework of basic assumptions about perfect information as well as distribution and efficient allocation of resources. Economists claim that entrepreneurs are people who restore balance to the world by allocating new resources for higher income. The value of entrepreneurs is placed on the imbalance of resources revision by dealing with things no one has noticed in an imperfect market (Amit et al., 1993: 824).

Some economists propose another interpretation of the entrepreneurship concept, i.e. replacing better economy advancement with disturbing the balance of the market (Kirzner, 1979: 42). Kirzner emphasized the role of entrepreneurs saying that these people are very knowledgeable about the imperfect market and they use such knowledge to create a competitive advantage. Since each person is different, not all entrepreneurs can equally benefit from the opportunity. The decision on taking advantage of the opportunity involves a determination of its value against varied costs that are used to compare. Evans and Leighton (1989: 530) demonstrated that making use of an opportunity is easier for people with more funds. Research conducted by Aldrich and Zimmer (1986: 29) pointed out that people with a strong relationship with resources providers are able to use the resources to create more opportunities. The entrepreneurial decision on taking advantage from the opportunities is influenced by the individual perception as well. The creation of new products and markets is somewhat risky because it takes time, effort, and capital for investment prior to getting back returns (Shane and Venkataraman, 2000: 222). Several researchers argue that differences about individual entrepreneurs' willingness to take risks influence the entrepreneurial decision to take advantage of the opportunities, which is affected by the individual attitude as well. Another argument claims that more efficient people with better ability to control internal situations can take more advantage from the opportunities (Chen, Greene and Crick, 1998: 300). Taking advantage from the opportunities also rests on the ability for tolerance with ambiguity. Furthermore, it is maximized when entrepreneurs have the highest need for achievement (McClelland, 1961: 37). Reasons for entrepreneurial success or reasons for the success of a small company, according to Barney and Griffin (1992: 110-118), comprise: 1) entrepreneurs' dedication; 2) adequate demand for goods and services from the market; 3) management ability; 4) luck; 5) strong system of control; and 6) sufficient capital. Waleeporn Thanathikom (2005: 113) noteed that in the first three years of startup, business generally suffers loss or retains break-even. Profit is usually received after the third year. Unfortunately, many companies cannot prolong their business operation beyond three years. An entrepreneur needs to anticipate unseen problems, challenges, and uncertainties of the business as well as financial risk, which leads to loss. The main weakness of entrepreneur growth in Thailand is the lack of ability for business plan development. Many entrepreneurs begin with a great dream, but are unable to convert the ideas into a good business plan and commercial products. Some may have knowledge and experience in business, but they are lacking skills for the business, especially marketing and financial skills. Waleeporn Thanathikom proposes that successful entrepreneurs must compose these assets: creativity; ability to take logical risks; ability to see, evaluate, and seize opportunities before others; ability to convey a vision or the awareness of opportunities to related parties; enthusiasm; ability of analytical skills; and the ability to motivate others.

2.4 Leadership Theory

The Leadership Theory is an organizational behavior theory, which aims at explaining the interactions among members of an organization. Leader acts as intermediary who has the power to change members' actions (Gibson, Ivancevich, Donnelly, and Konopaske, 2006). Although, the definition of the term leader these days generally refers to a person who can influence other persons or a group of people in the organization, help determine goals, and advise effectively for a successful performance (Nahavandi, 2003), the theory has evolved over the course of time. It started from the school of thought that emphasizes the following: from leadership as hero, i.e. Great Man Theory; distinguished personality of a leader, i.e. Trait Theory; to study of leadership behavior and decision-making on situations; as well as a management-oriented leader, i.e. transactional leadership and organizational attitudes changing toward effective performance, i.e. transformational leadership. Multi-leadership styles have been studied in the early years. At first, the leadership theory did not focus on the outcome of the organization and other people, but rather aimed to find the pertinent qualities most leaders owned. The study of behavioral pattern and decision-making about situations and the environment has transformed the study focusing on leadership personality. It is believed an inherited quality of a leader to a concept that leadership can be created or developed. The Leadership Theory has begun to pay more attention to followers through a study promoting followers' participation for their actions profiting the organization. In the last 30 years, focus has been put on leadership styles that have an impact on an organization. Two schools of thought offer different approaches with respect to leadership learning. One school proposes a transactional leader that emphasizes primarily on economics or the proceeds from the exchanges between leaders and followers. This type of leader performs administrative duties for groups in the organization owning enough resources and talent to fulfill the jobs in exchange of return (Eric Bern, 1950). The other proposes a transformational leader that emphasizes a leader who has the ability to recognize the followers' capacity, needs, as well as factors inducing motivation and satisfaction. This type of leader changes the organization by exercising followers' fullest capacity to perform set organizational tasks (Tarabishy, 2005). Many studies about theLeadership Theory from schools, the transformational leader notion can be used to describe entrepreneurship that has an impact on the organization. Transformational leadership is a process that leaders or entrepreneurs and followers get together to leverage and raise self-advancement on morale and motivation. A transformational leader possesses a paradigm opposite to a transactional leader (James Mac Gregor Burns, 1978). A transformational leader tries to pull together followers to take part in the work by observing their motivation and value and responding to their self-esteem. This type of leader drives followers or junior leaders to work harder than their expectation for the benefit of the group or organization. Followers feel that they need more than short-term self-development in order to answer their long-term best interests and realize what should or should not be done. In order for transformational leaders to act like those, they must have vision, self-confidence, and strong belief in doing something right (Bass, 1985). Transformational leadership is a combination of behavioral processes that can be learned and which are manageable. Leaders understand influential factors on department heads and employees, as well as the work environment and components used to handle situations (Tichy and Devanna, 1986). The details of the theory show that transformational leaders are characterized by following four leadership elements: (Bass, 1985) 1) idealized influence, 2) individualized consideration, 3) intellectual stimulation, and 4) inspirational motivation. Descriptions of the four components are as follows:

1) Idealized influence is the core of transformational leaders. Followers put their inspiration, i.e. faith, respect, and trust in their leaders. They are confident that their capable leaders can work, accommodate, seize the opportunity, and find a solution to achieve the defined goals. This type of leader is viewed as a hero who is courageous, capable, skillful, honest, committed, and most importantly able to build a good relationship between leaders and followers without conflict (Burns, 1978). Leadership of this nature can be found in large organizations with a complicated system of operations; however, it can also be used to describe leadership of an organization in general, various functions, and different work situations (House, 1977).

2) Individualized consideration refers to leaders who can see and understand followers' attitudes, motivation, needs, and abilities or effectiveness in work at all levels, which can be an individual or group of people. The ability to build relationships at all levels is the key to success and effectiveness for leaders who use communication to build relationships, assign tasks to followers in line with the development potential of each group, serve as a mentor, monitor, and advise for improvement.

3) Intellectual stimulation denotes leaders who encourage people to work with new ways of handling old problems and use logic, data, and evidence to support their opinions. This helps to provide new approaches, increase awareness on the importance of vision and reality on work, and foster new experiments (Fritz, 1986). Intellectual stimulation, whether by means of cause and effect, opinions, information, or even status quo, helps promote independence on working, break the habitual follow to problem solver, analyze with new tactics, reduce conflict, and change the viewpoint about problem solving.

4) Inspirational motivation refers to leaders who help followers gain more from their power by creating expectation, setting targets, and supporting means to achieve that goal (McClelland, 1985). Followers realize their group obligations and personal responsibilities, and they are encouraged to trust their ability to reach the objectives and goals with the help of leaders (Yukl and Van Fleet, 1982).

This type of leadership derives a common goal from leaders and followers, not just any one party. As the leader encourages reasonable challenges to followers, it points out the meaning of operation, achievements, and understanding of the objectives. The concept of the transactional leadership theory can be used to explain entrepreneurship as well. Transactional leadership refers to leaders who transact for exchange of goods, society, and psychological benefits. The exchange appears fair when leaders provide followers with valuables, such as values and acceptance. In return leaders receive followers' respect and responsibility. Normally, leaders and followers are psychologically bonded with each other, which depends on both expectations and actions. Followers think that leaders will help them to achieve the goal and reward them reasonably. Agreement on the deal begins with negotiation about satisfaction in the exchange. Result ensures that followers agree to be abided by all the terms and get help from leaders. In the real world, both parties rely on and support each other. Transactional leaders determine and communicate work to be done by followers and specify targets, which is the basis for the remuneration from work achievement. These leaders set performance criteria for both reward and punishment. They have the ability to resolve problems properly by using good judgment. The transactional leadership viewpoint can be divided into two types: 1) contingent reward, whereby leaders reward followers' efforts and contributions based on the identification of followers' expectation, and 2) management by exception, whereby leaders help revise followers' work or interfere in case of errors or deviations of target. Leaders may either opt for active practice, i.e. pre-determining followers' possible mistakes; or passive practice, i.e. post-error correction. Transactional leadership is mostly found in the industrial sector. Both types of leadership, transactional and transformational, are fit for entrepreneurship of small and medium enterprises (Tarabishy, 2005).

Generally, leadership involves idealized influence, individualized consideration, intellectual stimulation, and inspirational motivation play a role on enterprise changes, as well as contingent reward and management by exception (Matzler, Schwarz, Deutinger, and Harms, 2008). However, in considering the role of leadership for small and medium enterprises, key leadership is demonstrated by the following three aspects: inspiration, motivation, and influence. Inspiration of entrepreneurial leadership acts as a driving force for followers or workers of the enterprise to realize and utilize their abilities from expectation and goals pursuant to the organization's objectives (McClelland, 1985). The inspiration of entrepreneurial leadership conveys an enterprise's objectives to followers via communication. Result from inspiration triggers followers to build new ideas about work, devote to assignments, and join the leaders on target setting for work collaboration serving the enterprise's objectives. Motivation of entrepreneurial leadership encourages followers to work with confidence for the organization by themselves and their peers to achieve the organization's goals (Yukl and Van Fleet, 1982). Personnel in the organization will receive advice on work so they can carry out their jobs for organizational achievement. Appropriate facilities and teamwork will be furnished. Influence of entrepreneurial leadership applies idealized influence toward followers in the organization in order to build faith, respect, trust, acceptance of lead and ideas to work in different situations (Burns, 1978). Leaders have clearly identified their roles that warrant followers' trust as a role model. In entrepreneurial leadership, inspiration, motivation, and influence ensure followers' confidence in working with the organization, approval of the leaders' vision, and willingness to follow the leaders' footsteps. In conclusion, transformational and transactional leadership feature parts of theoretical concepts, which can be used to explain entrepreneurship. Entrepreneurial leadership must be able to form a vision proposing procurement of resources and encouragement of their followers on commitment to the vision for better serving themselves and the organization.

2.5 Strategic Management Theory

The Strategic Management Theory has been developed from the concept of business policy. It is related to the general management theory with respect to organization administration. The Strategic Management Theory is an expanded viewpoint of roles and responsibilities in an organization's general administration from the general management theory to analytical processes of both internal and external circumstances in the organization, strategic planning, as well as implementation and evaluation of strategies to achieve the organization's aligned objectives (Bygrave and Hofer, 1991). A strategy is a plan that defines an organization's means to reach its goals and objectives (Davies, 2000; Mintzberg, 1996). It is a pledge about an organization's utilization of resources pursuant to its projected goals (Drucker, 2000). The Strategic Management Theory is thus a collection of an organization's administration approaches under the same structure employed to accomplish the same target. It emphasizes the key long-term vision for goal achievement. Strategy is the most important factor that determines the direction with respect to an organization's decision-making process; for instance, changes in organizational structure or management. That is to say, strategic management addresses decision-making about an organization's target, defines the course of action towards reaching the target, and ensures an organization's ability on sustainable maintenance of its status in the direction of the target.

For interpretation of strategic management in entrepreneurship, Schendel and Hofer (1979) concluded that "strategic management is a process pertaining to entrepreneurs' obligations on the formation and growth of an organization, and especially on development and implementation of strategies for an organization's operation" (Schendel and Hofer, 1979). The entrepreneurship strategy hence includes four components: 1) scope of strategy, which refers to the framework resulting from the combination of goods and/or markets, 2) deployment of organizational resources, which denotes a tool for competitiveness and outstanding competency, 3) competitive advantage, which pairs proper deployment of resources with the scope of the organization, and 4) synergy, which involves the scope and deployment of organizational resources to create a competitive advantage (Schendel and Hofer, 1979). As a result, strategic management in entrepreneurship affects an enterprise's performance since entrepreneurship involves a process that utilizes a key decision- making strategy (Lumpkin and Dess, 2001) in various strategic decisions, such as "proactiveness" and "reaction to competition". it should be noted that this has an impact on an enterprise's performance under different environments; for example, during the initial stage or growing period of the industry, the enterprise tends to be more proactive and gain better returns, while reaction to competition often leads to negative results. During periods of market saturation or high competition, reaction to competition has a positive effect on sales and earnings (Lumpkin and Dess, 2001). Studies of an enterprise's performance in small industry on operation factors like strategic management in entrepreneurship, organic structure or mechanistic organization, competitive environment (such as friendly and unfriendly competition) uncover that a small enterprise's performance under the unfriendly competition positively correlates with organic structure, strategic management in entrepreneurship, and long-term competition management. On the other hand, a small enterprise's performance under the friendly competition positively correlates with mechanistic organization, basic operation strategy, and financial management focus, risk aversion, and minor improvements to products and services. However, studies suggest that other joint factors in an organization are likely helpful in providing a better explanation of the relationship between organizational performance and structure and entrepreneurship strategy. These factors have an inter-relationship that affects an enterprise's performance. Small and medium enterprises, in particular, should not employ the same strategy as large enterprises due to their differences or dissimilar environmental impacts (Covin and Slevin, 1989). Zahra and Covin (1995) conclude that executives and researchers believe that strategic management in entrepreneurship is the factor contributing to an enterprise's financial performance improvement. This is because entrepreneurs' strategic management with respect to risk taking, innovativeness, and proactiveness instigate an opportunity for new products and services development, as well as market channels, which changes an enterprise's competitive advantage. Research findings show that strategic management in entrepreneurship moderately affects an enterprise's performance in the early stage and it likely has a positive impact in the long-run, including the unfriendly competition. In summary, strategic management in entrepreneurship has a different impact on the performance depending upon various environmental conditions and performance may have directly caused by other environmental factors (Zahra and Covin, 1995). Empirical research proves strategic management in entrepreneurship ranks as the second most important strategy, second only to participative leadership, and both are independent. In addition, strategic management in entrepreneurship is associated with enterprise's performance when taking strategic decisions and circumstances into account together (Dess, et al., 1997). Since the Strategic Management Theory examines techniques used to determine entrepreneurs' decisions, strategic decision is a process to advance the enterprise's performance ahead of its competitors (Miller, 1983), i.e. being the first enterprise to offer new products or services or innovative products. Such a practice has been referred to as an entrepreneurial process or entrepreneurial orientation. Early studies on strategic management in entrepreneurship consist of business proactiveness, innovativeness, and competitive aggressiveness (Miller, 1983). Subsequent research has established a concept about entrepreneurs' strategic decisions. Many studies conclude that entrepreneurs' strategic decisions involves three aspects, (Covin and Slevin, 1989; Naman and Slevin, 1993) which arerisk taking, innovativeness, and proactiveness (Covin and Slevin, 1989), which means that entrepreneurial decisions must be demonstrated through risk taking, innovativeness, and proactiveness. Risk taking indicates entrepreneurs' willingness on seizing most of the organization's resources for a project that could notably suffer for failure (Miller and Freisen, 1982) in hopes of a high return in exchange of grasping market opportunities. Entrepreneurs' sound decision-making is not commonly found in management. Enterprises often pick high risk execution for higher profitability, take chances to abruptly change a company's products or services, and boldly implement proactive approaches in order to stimulate maximum business opportunities. One key entrepreneurial role is innovation development (Schumpeter, 1934, 1942), which puts a high value on economic development from the creative destruction process over current market conditions so that existing resources exploitation is replaced with a balance novelty (Schumpeter, 1942). So, innovation development stands for a willingness to support creativity and experimentation for new products or services being offered, new inventions, and research on new workflow for an enterprise's successful operation (Lumpkin and Dess, 2001). An enterprise always pays attention to the frequency of new products or services sales in the course of leading a sudden change of products or services and offers them by implementing new production techniques or product development as a leader in technology and product innovation. It forces competitors into a passive mode in which they are unable to compete easily. Entrepreneurs' management is an important part of an enterprise's growth because they have people with a vision and imagination bound to the organization's opportunity for expansion. Therefore, entrepreneurs must work aggressively, be forward looking for opportunities that lie ahead (Penrose, 1963), be equipped with an idea of offering products and services before its competitors, be able to forecast changes, and set a positive environment for the organization (Lumpkinand Dess, 2001).

2.6 Resource-Based View Theory (RBV)

The Resource-based View Theory (RBV) plays anan integral part of independent variables determination, e.g. export barriers. Itis suited to the research objectives, which is related to small and medium enterprises.

Today, organizations hav become interested in finding ways to obtain a sustainable competitive advantage. Many organizations have recently faced impacts from environmental changes, both inside and outside all the time. For an organization to get a competitive advantage, it cannot be inactive. Without development, an organization cannot keep up with the competition and will not be able to survive. So, it must constantly reinvent itself. Managers need to study and formulate strategies to keep pace with today's competitive environment with not only existing rivals, but also newcomers to the market they have to compete with. Moreover, there are many more uncontrollable factors faced by an organization, including constant improvements in technology. Management must maximize the competitive advantage for the organization. Many organizations begin to pay attention to their own resources, a factor contributing to a competitive advantage. Resources are already a factor that exists in the organization and they are under the organization's control. They can be tangible resources like raw materials, tools, and equipment, as well as intangible resources such as technology, innovation, knowledge (human capital), skills, an organization's reputation, and information. In some organizations, it also includes organizational culture. Capability couples with resources, but it can be difficult to analyze and is often seen as an intangible resource. An important part of capability is the relationship among individual, groups, or organizational skills (Grant, 1991). This refers to an organization's ability to improve in all internal aspects by combining resources, personnel, and processes. In other words, it represents the ability of an organization to utilize its existing resources through an effective result measurement, as well as an efficient response, i.e. speed, within time frame, and quality to the needs of all parties. Such ability includes management, production, and marketing. The availability of resources is an important factor already present in the organization. The Resource-Based View (RBV) theory is commonly mentioned these days. It refers to a business that puts an interest in its organization's resources. In order for an organization to have a competitive advantage, it should consider its own resources and capabilities, instead of cost and products differentiation from its competitors. Existing resources should be developed and planned in response to external environmental changes (Wernerfelf, 1984). Barney, in 1991, described resources as assets, capabilities, organizational processes, firm attributes, information, and knowledge, which can be controlled by the organization. In the Blackwell Handbook of Strategic Management, Barney identifies four sources of theoretical history of the RBV. These sources are outlined below.

1) The traditional study of distinctive competencies focuses on business and management leadership.

2) Ricardian economics refers to the era of Ricardian economics. Ricardo studies factors of production, particularly the performance of firm with fertile land by using the relationship between price and quantity.

3) Penrosian economics focuses on an organization's effective and efficient management of its resources by maximizing the organization's current resources and capabilities. An the article entitled "The Theory of the Growth of the Firm" by Penrose, which was published and released in 1959, is considered one of the RBV origination.

4) The study of the anti-trust implications of economics begins to explore the social aspects. This is an era of perfect competition with an antitrust sentiment. The "structure-conduct-performance" has been created as a structure of the industry. The industry period has been defined to support efficient operations. Thus, it is obvious that RBV starts off from economics and has developed into RBV theory. Dierickx and Cool, in 1989, stressed the importance of the research paper prepared by Wernerfelt in 1984, which considered the basic principles of RBV. It details an effort on the theory development of a competitive advantage from an organization's resource development. Concepts and ideas from another research paper from Rumelt, prepared in 1984, have also been used on marketing strategies implementation. Rumelt concentrates on a firm's ability to generate returns, for example. However, just because organizations today have all these capabilities does not necessarily mean they will survive or retain a competitive advantage. Such capability must not be static, so dynamic capability is widely mentioned. Teece, in 1984, expressed that organizations

must be able to adapt their capability to the changing environment. Barney, in 1986, states that the ability for developing superior performance depends on the qualities of controllable resources.

Barney, in 1991, proposedthat strategic resources posing a competitive advantage includes four principal aspects, which are as follows:

1) They must be valuable resources for the business and real competition, which means they represent an effective and efficient strategy formation, i.e. an organization's reputation, business relationships, and technological capabilities. In other words, valuable resources are resources that create opportunities and reduce barriers for an organization (Dess, Lumpkin and Eisner, 2007).

2) They must be rare resources, which are advantageous to the holding organization when compared to rival companies without such rare resources.

3) They must be impossible or costly to imitate. Being unique, they are very hard to replicate. They are also social non-reproduction, like culture and reliability (Dess, Lumpkin and Eisner, 2007).

4) They are non-substitutable resources.

These four characteristics are abbreviated to VRIN (Barney, 1991). They can result in competitors' obstacles and an organization's increase in the likelihood for future profitability (Barney, 2001). Individual knowledge is also regarded as an important resource. Therefore, to hold a competitive advantage, an organization must be able to encourage the transfer of individual knowledge as an accumulated body of knowledge that needs to be passed on (Kogut and Zander, 1992; Spender, 1996; and Lopez, 2005). At this point, RBV starts to gain significance, as well as to have impact on an organization's different operations and management or formulation of strategy. Collis and Montgonery, in 1995, viewed that RBV consists of the analyses of situations in the organization and of external conditions within the industry and the existing competitive environment. Moreover, RBV adds a competitive advantage to an organization under rapid and unpredictable situational changes. Dynamic capability does not give a direct competitive advantage. On the other hand, a competitive advantage will likely occur when an organization is able to deploy its dynamic capability faster and wiser, leaving no chance for the competitors to copy or replicate it (Eisenhardt and Martin, 2000). However, the theoretical framework of

RBV focuses on the resources and capabilities present in an organization as a necessity for gaining the competitive advantage. Resources include all assets, capabilities, processes, identities, information, experiences, knowledge and technology of an organization (Maijoor and Witteloostuijn, 1993). Existing capabilities cover plan deployment and combination of different resources, together with the normal integration of processes to address an organization's requirements (Amit and Shoemaker, 1993). Dynamic capability is an outlook or analysis of resources or means to increase an organization's wealth. An organization operates in an environment of constantly changing technology. Each process must be taken into account when considering an organization's competitive advantage. It can be an overview analysis, such as the appropriateness or size of assets, knowledge assets within an organization, tangible or intangible assets, or an acquisition or development over time (Teece et al., 1997). The dynamic capability concept is an element of RBV that attempts to explain competitive advantage in a rapidyl changing environment.

Menon, in 2008, and Zahra, Sapienza and Davidsson, in 2006, define dynamic capability by looking at cause and effect. Details are as follows.

1) What is the relationship between substance and dynamic capabilities?

2) Relationship is formed through organizational knowledge and skills.

3) Age of organization affects dynamic capability and learning about change.

4) Organizational knowledge and changes in the market affect the dynamic capability trend.

Chaika, in 2006, presents a framework by situation as a management tool for creating and sharing individual knowledge, which focuses on networking and describes the dynamic capability methodology in view of future situations (Bergman, Jantunen and Saksa, 2004). The ability of a large business to survive and flourish in today's complex environment depends on its persistence to adapt. Dynamic capability is composed of three abilities: retention (an organization owns unique or exclusive resources), utilization (a matter of resource allocation), and elevation (non-stop learning). These have become immanent as a groundwork or the fundamentals of international expansion, which is applicable all over the world. These capabilities are essential in order for organizations to attain their sustainable achievement in today's world economy that involves technological changes and the era of globalization (Luo, 2000). Social and behavioral studies attempt to identity the nature and basis of the capabilities necessary for sustainable operation during times of fast economic changes, expansion of innovation sources, and production capacity (Teece, 2007). Besides fundamentals that reflect the characteristics of dynamic capability, some developments for structure measurement in future research may be required. This is necessary in order to determine changes on the model before and after implementing dynamic capability (Wang and Ahmed, 2007). Changes in the market have significant impacts on dynamic capability and sustainable competitive advantage. However, dynamic capability and effect of competitive advantage depend on an organization's ability to recognize and adjust due to changes in the market. Timing can be short and long, which also affects marketing decisions (Bitar and Somers, 2004). Organizations need to progress their dynamic capacity all the time due to the rapid changes in the technological environment, competition, and consumer demands. Organizations with high dynamic capacity can adapt themselves to the environment and find resource partners. Moreover, they can initiate learning and integrate fresh knowledge for new products or market development, which results in process improvement and innovation awareness (Cohen and Levinthal, 1990; Wana and Ahmed, 2007). Generally, organizations' capacity helps them survive in a short period of time, dynamic capability expands their operations with innovation or increases their capabilities and organizational development. These steady process improvements lead organizations' capacity to grow step by step. Organizations can change successfully, provided that they do not sit idly. Capacity does not happen out of nowhere, it involves cost and benefit on investment (Winter, 2003). As for marketing capability, it refers to mixed processing of organization's knowledge skills and resources, which responds to market demand by adding value to products and services so that the organization can compete in the market (Vorhies, 1988; Day, 1994). Business can have self-improvement in order to obtain information relevant to customer needs, competitors, and the environment. In addition, it can share marketing information to all departments equally so that they can answer market needs with maximum satisfaction to customer expectations compared to the competitors (Slater and Narver, 1994). Dynamic capability is an important avenue leading an organizational adaptation process (Levinthal, 1991; Miller, 2003). Organizations seeking an opportunity for the creation of a competitive advantage under the environment of the market, discover existing market data, i.e. customer demand and new products on the market, which allows them to be more open on accepting new information, including outside market data. They then can make use of the information for the development of a new product or market. Organization capabilities have been developed and changed largely under organization dynamic capability. Helfat and Peteraf, in 2003 proposed that dynamic capability provides an indirect benefit for an organization's output through operational capabilities. Dynamic capability is thus considered a driving force for the development of a firm's organizational capabilities (Nielsen, 2006). It is also likely that organizations would respond to changes in market conditions by developing their marketing capability (Winter, 2003). Therefore, organizations with high dynamic capability also have high marketing capability development, according to research on dynamic capability. Petroni, in a 1998 healthcare business study, found that organizations with a number of departments that are able to interact with each other and hold dynamic capability in innovation will lead the organizations to product development. In addition, owning dynamic capability helps organizations constantly develop innovation. Prieto and Smith, in 2006, found in their study on dynamic capability development, organizational knowledge, and interorganizational influence, that knowledge through social interaction can be assumed as a source of dynamic capability. In the future, this can apply to political interaction in addition to social interaction. Meanwhile, Marcus and Anderson, in 2006, studied the relationship between dynamic capability and the business and society in the U.S. food industry. They discovered that dynamic capability has an effect on an organization's general ability in managing the supply chain (considered as business relationship). However, it has no impact on an organization's ability in managing the environment (considered as social relationship). Lin, Wu, and Binshan Lin, in 2008, proposed that dynamic capability can fulfill the department under quick environment changes. The R&D department implementing dynamic capability can deliver positive results on process improvement for innovation. Shera and Lee, in 2004, investigated knowledge management deployment on dynamic capability improvement from companies in Taiwan, and found that knowledge management significantly takes place both inside and outside, which affects dynamic capability. In their 2006 research, Griffith, Noble and Chen, tested entrepreneurs' knowledge resources and the relationship of knowledge resources in response to market changes. They found that entrepreneurs' management adaptation does not benefit knowledge accumulation, but rather changes on constant resource renovation. The Cepeda and Vera data examination of information technology and the communication industry in Spain in 2007 indicates outcomes from implementing dynamic capability that useful elements of knowledge are the cornerstone of operational capability. Daniel and Wilson, in 2003, proved in their research that dynamic capability is essential for e-business. In the study conducted of companies in the United Kingdom, they found that resources presented in an organization are not the only factor on survival for the organization. In order to survive, an organization must always have capability development. Wu and Wang, in 2007, studied technology companies in Taiwan and demonstrated that organizations' technology can convert resources for their use through dynamic capability and competitiveness. Parida, in 2008, assessed small business's competitiveness for ICT in Sweden and detected that dynamic capability has effects on company's strategies and operations. Wu, in 2007, evaluated resources, dynamic capabilities, and operations in an everchanging environment, and the findings showed that resources affect performance. Moreover, data on technology can be directly evaluated by employing the speed of innovation, the speed of market response, productivity, and flexibility in the production. Menguc and Auh, in 2006, analyzed the degree of competition through a marketing approach using RBV and discovered that marketing approach can alter dynamic capability during a period of restructuring, i.e. innovation development. High dynamic capability organizations can adapt in a changing environment, as well as reallocate resources in line with changing demand. In addition, organizations slowly absorb gained knowledge and apply it to changes by reinventing products for the market, as well as defining strategies focusing on innovation, behavior, and innovation development process (Cohen and Levinthal, 1990; Wang and Ahmed, 2007). That is to say, the RBV concept focuses on existing resources best utilized by the organizations under constantly changing situations. So, resources and the ability to utilize resources are important factors today that management must give priority to, particularly in organizations with well-prepared resource management. In addition, a dynamic administration style facilitates a competitive advantage for organizations. As mentioned by Grant in 1991, resources are sources of capability and capability creates a competitive advantage, which has to be dynamic capability. Then, organizations' capability is key to the attainment of a sustainable competitive advantage. Casson (1982: 30) stated that resources are vital for entrepreneurs to seize an opportunity and the captured opportunity yields resources, which is the beginning of work connecting the RBV theory and entrepreneurial concept.

2.7 Concept and Theory about Dependent Variable-Export Performance

Literature review of the organizational performance theory and related research on the Determinants of Export Performance: A Review of the Empirical Literature between 1987 and 1997 by Shaoming Zou and Simona Stan in 1998, taken from International Marketing Review, Vol. 15, No.5, 1998, pp. 333-356, defines the dependent variable as export performance, which can be measured in three aspects, as follows.

1) Financial measures include:
   (1) Sales measures
   (2) Profit measures
   (3) Growth measures
2) Non-financial measures include:
   (1) Perceived success
   (2) Satisfaction
   (3) Goal achievement
3) Composite scales measures for both financial and non-financial measures.

A summary of the above measures are shown in Table 2.1 below.

Table 2.1 Determinants of Export Performance and Measures of Export Performance

	Internal		External			
Controllable	**Export Marketing Strategy**					
	General export strategy	GES				
	Export planning	EP				
	Export organization	EO				
	Market research utilization	MRU				
	Product adaptation	PDA				
	Product strengths	PCS				
	Price adaptation	PCA				
	Price competitiveness	PCC				
	Price determination	PCD				
	Promotion adaptation	PMA				
	Promotion intensity	PMI				
	Distribution Channel Adaptation	CHA				
	Distribution Channel Relations	CHA				
	Distribution Channel type	CHA				
	Management Attitudes and Perceptions					
	Export commitment and support	MEC				
	International orientation	IO			**Financial Measures**	
	Proactive export motivation	EM			Sales measures	SAL
	Perceived export advantages	MPA			Profit measures	PRF
	Perceived export barriers	MPB			Growth measures	GRW
Uncontrollable	**Management Characteristics**		**Industry Characteristics**		**Non-Financial Measures**	
	Mgmt's international experiences	MIE	Industry's technological intensity	ITI	Perceived success	SUC
	Mgmt's education/ Experiences	MEE	Industry's level of instability	IS	Satisfaction	SAT
	Firm's Characteristics and Competencies		**Foreign Market Characteristics**		Goal achievement	GAC
	Firm's size	SZ	Export market attractiveness	EMA	**Composite scales**	CCM
	Firm's international competence	IC	Export market competitiveness	EMC		
	Firm's age	FA	Export market barriers	EMB		
	Firms technology	FT	**Domestic Market Characteristics**			
	Firm's characteristics	FCH	Domestic Market	DM		
	Firm's capabilities/ competency	FCC				

Source: Zou and Stan, 1998: 343.

In conclusion, this researcher agrees with the study that the dependent variable, export performance, should be quantitatively and qualitatively measured all together to ensure research credibility. Details of measurement are as follows.

1) Measurement through financial performance, i.e. sales; for example, comparison of sales in 2010 (30 million baht) with sales in 2009 (25 million baht). Such results indicate a 20 percent increase in export performance.

2) Measurement through non-financial performance, i.e. satisfaction level of sales.

However, this research may have problem with respect to data access, i.e. sales, profits, and company growth, which are objective assessments. This is due to information required from an annual report. So, for the measurement of financial performance, this researcher examines data, which is a subjective assessment to measure in terms of level amounts. Daily and Dollinger, in 1992, stated that export performance assessment from the sense of entrepreneurs, who are executives, sometimes achieves more accuracy than using financial figures. Those numbers, however, may have been distorted due to different accounting methods, as well as fluctuations in the number of man powers and sales each year.

2.8 Concept and Theory of Independent Variable-Entrepreneurial Orientation

Literature review of theories about entrepreneurial orientation, leadership, and strategic management demonstrates multidimensional entrepreneurial orientation, which this researcher views that only three dimensions are related to export barriers and export performance. Related research on the Evolution of Global Marketing Strategy: Scale, Scope, and Synergy by Douglus SP and Craig CS, published in the Columbia Journal of World Business 1989; Fall: 47-48 indicates that higher levels of innovativeness, higher levels of risk taking propensity, and a higher level of proactiveness can properly counteract export challenges. This is a critical capability for small and medium enterprises in adaptation to the export market. Many theorists provide definitions of entrepreneurship in several dimensions, as shown in Table 2.2 below.

Table 2.2 Multi-Dimension of Entrepreneurship Definitions

Theorists	**Dimensions of Export Entrepreneurial Orientation**	**Definition**
Lumpkin and Dess (1996) Hughes and Morgan (2007)	Five Dimensions of :Export Entrepreneurial Orientation (EEO)	EEO has multi-dimensional construct. 1. Autonomy 2. Innovativeness 3. Proactiveness 4. Risk taking 5. Competitive aggressiveness
Naman and Slevin, (1993) Covin and Slevin (1989) Miller, (1983) Tayauova, (2011) Wilklund and Shepherd, (2005) Jantunen and Hurmelinna-Laukkanen, (2006) Kropp, Lindsay pp Shoham, (2006) Patel et al, (2009) Todd & Javalgi (2007), McDougall et. Al., (2003) Lisboa et al., (2011), Perez-Luno et al., (2011); Javalgi & Todd, (2011); Li et al., (2011)	Three Core Dimensions of Export Entrepreneurial Orientation (EEO)	A set of decision-making styles, processes, practices, rules, and norms according to which makes decisions to enhance its 1. Innovativeness 2. Proactiveness 3. Risk taking propensity
Schumpeter, (1954) Lumpkin and Dess (2001)	Innovativeness	-Fostering a spirit of creativity, support research and development. -Introducing new products/services and technological leaders.
Kropp et al, (2005) Lindsay, and Shoham, (2004) Yeoh and Jeong, (1995) Lumpkin and Dess (2001)	Proactiveness	The opportunity-seeking and forward-looking perspective that involves new products/services and acting in anticipation of future demand which includes

Table 2.2 (Continued)

Theorists	Dimensions of Export Entrepreneurial Orientation	Definition
		a willingness to participate in emerging markets , a firm's ability to enter the export market, assessing the strengths and weaknesses of opportunities and forming teams capable of exploiting them.
Leko-Simi and Horvat, (2006)	Risk Taking	- The willingness of management to commit significant resources to opportunities in the face of uncertainty. (It takes more risks when exporting than when
Forlani and Mullins, (2000)		doing business only in the domestic environment)
Chandra et al, 2007, Idah and Mahmood 2011 Fazul et al, 2010; Iihami, 2011)		- Uncertainty and potential losses associated with outcomes which may follow from a given set of behaviors.
		- Involves taking bold actions by venturing into the unknown, borrowing heavily, and/or committing significant resources to ventures in uncertain environments.

In summary, entrepreneurial orientation as an independent variable is measured through the three entrepreneurs' qualities, i.e. innovativeness, proactiveness, and risk taking. These three dimensions can be combined to foster export performance.

2.8.1 Innovativeness

Innovativeness refers to the tendency of organizations to participate in or promote new ideas, inventions, experiments, and initiatives, which are different from previous ideas. This signals a willingness for abandoning old habits or customs and trying to do something new and untested, or leaving the old styles of working innew ways. While small and medium enterprises take risks in entering new export markets, reconfiguring or reinventing products, resources, and operations that can create a competitive advantage. Compared to innovation, which means new product development or improvement, innovativeness denotes the concept of an organization's cultural approach. This innovative concept can change resources deep-rooted in the organization's social structure (Lado and Wilson, 1994). A valuable resource and complex relationship in organizations difficult to transfer or imitate by other organizations, and creativity, can build a competitive advantage for exporting by small and medium enterprises (Hult and Ketchen, 2001).

2.8.2 Proactiveness

Although innovativeness involves an organization's focus on creativity and innovated working styles in replacing traditional ones, proactiveness is related to anticipating and acting toward future needs of the market, which allow organizations to gain a competitive advantage as the first-mover advantage (Lumpkin and Dess, 1996). Compared to innovativeness, which focuses on reconfiguring products and management dimensions, proactiveness emphasizes the firm's initiative. Organizations with proactiveness build an organizational environment by quickly exploiting opportunities (Krueger, 1993). Such organizations seize new opportunities by scanning the environment in order to identify opportunities (Venkatraman, 1989) and bravely express themselves when they perceive opportunities (Lumpkin and Dess, 1996). A key component of being a proactive organization is the introduction of new products, technologies, and management techniques used to influence the organizational environment to prevent any resistance (Miller and Friesen, 1983: 923). Innovativeness may involve a reaction within the organization. This seeking for opportunities triggers fresh changes as an activity consisting of many collective parts.

Proactiveness is necessary in the export market for reducing both internal and external export barriers. For internal export barriers, proactiveness aids the organization on quickly seeking information and resources to find anticipated demand (Francis and Collins-Dodd, 2000).

2.8.3 Risk Taking

Baird and Thomas (1985: 231-232), define risk taking as: 1) venturing into the unknown, 2) committing a relatively large portion of assets, and 3) borrowing heavily. Risk taking is a determination to escape from the right path, which has been tried before, and enter into an unknown territory (Venkatraman 1989; Wiklund and Shepherd, 2003). Risk inclination indicates the likelihood organizations participate in risky projects with courage in order to reach organizational objectives (Miller, 1983). Exporting is a high risk activity which has a different rate of success in each organization. Although small and medium enterprises may have innovativeness and creativity in new products and processes development, or proactiveness in pursuit of new business opportunities, risk taking capability is also an important factor needed to participate in the entrepreneurs' activities such as exporting. Organizations may want to experiment with a variety of resource component combinations before releasing new products or processes (Rodan, 2002). As a result, innovativeness can be a high investment because of innovation advancement failure. Therefore, risk taking equals the level at which management is willing to forfeit a huge amount of resources (Miller and Friesen, 1982). Although innovativeness can help organizations make novel combinations and proactiveness can help identify novel opportunity, risk taking is necessary to promote both innovativeness and proactiveness.

2.9 Concept and Theory on Dependent Variable-Export Barriers Small and Medium Enterprises' Export Barriers

The export barriers concept has been taken from literature review of fundamental theory of resources, which is related to the scarcity of resources, difficulties in export implementation, and trade regulation (Katsikeas and Morgan, 1994).

Export barriers refer to factors that hamper small and medium enterprises to start up, expand, and survive in foreign markets (Leonidou et al., 2007). Two types of export barriers are described below.

1) Internal export barriers refer to obstacles that occur within the organization, including resources utilization and management capability, which are within the control of the organization.

2) External export barriers refer to external factors beyond the control of small and medium enterprises (Leonidou et al., 2004).

In conclusion, export barriers as an independent variable comprise two types: internal export barriers and external export barriers. Related research indicate that the major internal export barriers threatening small and medium enterprises include a lack of a knowledgeable workforce for the export market, non-achievement of quality standards in foreign markets, shortage of financial support, know-how deficiency about the international market, disappointment on product design features, as well as unpopular image in overseas markets (Czinkota and Ricks, 1983; Tesfom and Lutz, 2006). Such circumstances have entrepreneurial orientation imminently played a key role in fostering export performance opportunities for the organization on fighting internal organizational challenges.

With consistent supporting data in a systematic literature review of 32 empirical research works about exporting, Leonidou, in 2004, classified internal export barriers into three types: 1. informational barriers, 2. functional barriers, and 3. marketing barriers.

2.9.1 Informational Barriers

Information barriers are issues relating to ineffective data use for selection and contact of international markets and limited information for market establishment or analysis, i.e. problem about international market data, difficulty in seeking international business opportunities, and inability to contact overseas customers (Leonidou, 2004).

2.9.2 Functional Barriers

Functional barriers denote limits on reconfiguring a small and medium enterprises' internal processes to meet the demand of export markets (Vozikis et al., 1985). The functional barriers in exporting involve human capital, resources, and management capabilities, which obstruct policy formulation and the implementation of policy strategy necessary for export success.

The decision on migrating to any given potential export market in small and medium enterprises usually rests on one person, the owner, or a small group of people in the organization (Gomez-Mejis, 1998). Such decision-makers seeking international business opportunities and selecting overseas markets are required to have good training (Leonidou et al., 1998). They must be willing and able to spend time and resources efficiently (Leonidou et al., 2007). Should small and medium enterprises decide to step into global markets, some necessary instances of function include the ability to deal with international trade documentation, along with the ability to communicate with logistics of export products and services and with customers who are the importers of products and services (Leonidou, 2004; Leonidou et al., 2007). Moreover, small and medium enterprises that adopt foreign exporting of goods and services will encounter significant cost increases, such as potential export markets research and implementation of strategy (Leonidou et al., 2007). As a result, small and medium enterprises in the export business must bear high human capital costs, i.e. the improvement of staff's export competency in order to achieve their goals in international business (Jaffe et al., 1988; Westhead et al., 2002).

Limitation on resources and human capital are the obstacles or barriers to modification of policy formulation and assessment necessary for an export business' functional factors improvement. It must adapt in order to grow through extra education in technology (Grants 1999). Moreover, organizations need to apply their competency for external environmental changes management (Grant 1999).

2.9.3 Marketing Barriers

Even though small and medium enterprises can mitigate functional barriers, which restrict their ability for new resources arrangement meeting international market demands, there still remain export barriers, e.g. marketing barriers. Marketing barriers affect the ability of small and medium enterprises with respect to price setting, distribution, and promotion of goods and services overseas (Kidea and Chhokar, 1986; Moini, 1997), which is collectively termed marketing mix.

Marketing mix refers to marketing tools that a business uses to achieve marketing objectives. These tools, or 4Ps, consist of product, price, place, and promotion. Their variables are as follows (Kotler, 1997).

1) Product consists of a variety of products, quality of design, brand, packaging, warranty, size, form, and service.

2) Price includes product price, discounts, consumer's price perception, and time of payment.

3) Place comprises sales channels, location, inventory, and shipping.

4) Promotion includes promotions, advertising, public relations, direct sales, sales through dealers, and so on.

Using marketing mix will affect products presentation for the customer, which a business can change its long-term sales channels. Therefore, short-term minor change can achieve a marketing objective. And in the consumer's perception, these marketing tools display consumer benefits.

Suwasa Chaisurat (1994: 30-31) mentions that marketing mix in all business conducts can be affected by different factors. Particularly, marketing operation is influenced by two factors: internal factors, which are controllable as per company policy by management or entrepreneur; and the uncontrollable external factors that affect company operation. Thus, internal factors must be kept in tune with external factors, such as the economic, social, political, competitive, cultural, legal, and technological environment.

Marketing mix is the controllable marketing factor that a business must collectively employ to serve the needs of the target market, i.e. relationship of 4Ps: product, price, place, and promotion. These are controllable marketing tools jointly used by a business to satisfy the customer demand objective (target market), which consist of goods, price, sales location, and marketing promotion (Boone & Kurtz, 1989: 9). In short, the concept of marketing mix illustrates marketing components that prompt consumer's buying decisions.

Many researchers suggest that inefficient marketing is the major obstacle for small and medium enterprises export businesses (Groke and Kreidle, 1967; Kedia and Chhokar 1986). The main difference between functional barriers and marketing barriers is that functional barriers are more strategic, while marketing barriers are tactical. The scope of functional barriers is broader than marketing barriers as a result of many organizational constraints.

The most critical marketing barriers affecting export efficiency are unreliable foreign representation and the lack of small and medium enterprises' plan for promotion of constant overseas markets development (Leonidou. et al., 2007). Such barriers render higher costs for small and medium enterprises because they must search for individuals in the foreign market whose criteria are met with the organization's structural, operational, and behavioral requirements (Leonidou, 2004). When the desired representatives are discovered, they may have already chosen other competitors.

Small and medium enterprises attempt to adapt their promotional activities suitable for a diverse pattern of consumption and different overseas markets trade regulation by largely focusing on the consumers in the target market to understand their norm and values. Apart from advertising, promotional barriers also include effective changes in products and packaging (Terpstra and Sarathy, 2000), more competitive price offering to consumers (Doole and Lowe, 2001), as well as availability of products and services in the market (no shortage) through extensive distribution networks.

2.9.4 External Export Barriers

Can be classified into four types: 1) procedural barriers, 2) governmental barriers, 3) task barriers, and 4) environmental barriers.

2.9.5 Procedural Barriers

Procedural barriers represent obstacles caused by export operations with customers abroad.

2.9.6 Governmental Barriers

Governmental barriers signify two aspects of obstacles by the government: the lack of government support for exporters and government trade barriers on export-related tax and non-tax measures.

2.9.7 Task Barriers

Task barriers refer to obstacles by customers and competitors in foreign markets.

2.9.8 Environmental Barriers

Environmental barriers denote obstacles from economic, political, legal, social, and cultural situations in foreign markets.

Leonidas c. Leonidou, in 2004, identified 39 export barriers that affect export performances from 32 empirical studies of manufacturing SMEs in the U.S.A. between 1960 and 2000. Details of these barriers are shown in Table 2.3 below.

Table 2.3 Analysis of the Barriers Hindering Small Business Export Development

An Analysis of the Barriers Hindering Small Business Export Development				
Export Barriers	Internal Export Barriers	Informational		1. Limited information to locate/analyze markets
				2. Problematic international market data
				3. Identifying foreign business opportunities
				4. Inability to contact overseas customers
		Functional		1. Lack of managerial time to deal with exporters
				2. Inadequate/untrained personnel for exporting
				3. Lack of excess production capacity for exporters
				4. Shortage of working capital to finance exporters
		Marketing	Product	1. Developing new products for foreign markets
				2. Adapting export product design/style
				3. Meeting export product quality

Table 2.3 (Continued)

An Analysis of the Barriers Hindering Small Business Export Development

				standards/specifications
				4. Meeting export packaging/labeling requirements
				5. Offering technical/after sales service
			Price	1. Offering satisfactory prices to customers
				2. Difficulty in matching competitors prices
				3. Granting credit facilities to foreign customers
			Distribution	1. Complexity of foreign distribution channels
				2. Accessing export distribution channels
				3. Obtaining reliable foreign representation
				4. Maintaining control over foreign middlemen
				5. Difficulty in supplying inventory abroad
			Logistics	1. Unavailability of warehousing facilities abroad
				2. Excessive transportation/insurance costs
			Promotion	1. Adjusting export promotional activities
Export Barriers	External Export Barriers	Procedural		1. Unfamiliar exporting procedures/paper work
				2. Problematic communication with overseas customers
				3. Slow collection of payments from abroad

Table 2.3 (Continued)

An Analysis of the Barriers Hindering Small Business Export Development			
	Governmental		1. Lack of home government assistance/incentives 2. Unfavorable home laws, rules and regulations
	Task		1. Different foreign customer habits/attitudes 2. Keen competition in overseas markets
	Environmental	Economic	1. Poor/deteriorating economic conditions abroad 2. Foreign currency exchange risks
		Political-Legal	1. Political Instability in foreign markets 2. Strict foreign rules and regulations 3. High tariff and nontariff barriers
		Socio cultural	1. Unfamiliar foreign business practices 2. Different socio cultural traits 3. Verbal/nonverbal language differences

Source: Leonidou, 2004.

2.10 Concepts, Theories, and Related Research on Relationship between Entrepreneurial Orientation and Export Performance

Export performance is an achievement of reaching set export objectives. The aim of export performance focuses on results, efficiency, standards, improvement, and best utilization resources by the entrepreneur. Export performance can be assessed or measured through sales, market share, sales growth, new market entry, and profitability. Export performance can be both quantitatively and qualitatively measured. A business with good export performance should answer both dimensions all together. Research and data collection in the past two decades indicate three core issues with respect to the major factors affecting export performance, as follows.

1) A firm's characteristics represent export behavior, i.e. direct exporting, indirect exporting, and experience, such as export business age. Usually, size of the business does not affect much. Large businesses succeed due to their understanding of the market, qualified personnel, and visionary management, not their business size. So, small businesses can be as successful as well.

2) A firm's competencies refer to entrepreneurs' capability in understanding and managing data related to internal forces and external forces of its own business. Failures or mistakes in export marketing strategy are mostly caused by internal forces; for example, product quality, lack of knowledge and information, as well as external forces such as competition and macro environmental issues. Thus, if entrepreneurs involved in exporting understand and scrutinize these factors from the beginning, they can establish a good and effective export marketing strategy.

3) A firm's export marketing strategy means the ability to choose the appropriate marketing mix (4Ps) such as product, price, place, and promotion. Most successful operations come from the ability to use an adapted marketing mix, rather than using standardized marketing in domestic market. The relationship among various factors affecting export performance, a firm's characteristics (such as export behavior and experience) benefit the business in the creation and alignment of a firm's competencies. That is to say, an experienced business brings about good competencies for the firm. On the other hand, an inexperienced business suffers from poor competencies. When entrepreneurs can establish business capacity or if they fully understand both internal and external forces issues of the business, as well as have accessibility to information, errors in export marketing strategy will be reduced and export performance will be improved. Likewise, a good strategy about market share helps substantially expand the export volumes (Veerapong Malai, 2005).

2.10.1 Entrepreneurial Orientation and Export Performance

In recent years, the term entrepreneur has been defined based on different purposes. Thus, there is no generally accepted formal definition. In the 18th century, entrepreneur referred to a self-employed individual. Entrepreneurs purchase goods at the current price and sell it at another price in the future. They bear the risk (Cantillon, 1730). Later in the 19^{th} century, Jean Baptiste Say (1816) defined entrepreneur as the agent "who unites all means of production and who finds in the value of the products...the reestablishment of the entire capital he employs, and the value of the wages, the interest, and rent which he pays, as well as profits belonging to himself." (Fontaine, 1999) and John Stuart Mill (1848) created a widely used definition in the book entitled Principles of Political Economy. Entrepreneur refers to “a person who assumes both the risk and the management of a business” (Cunningham and Lischeron, 1991). Later in the late 19^{th} century, this entrepreneur definition was given less attention in economics literature. This is because economists have placed their confidence on the neo-classic economy theory, which believes in all consumers equal accessibility to information. People can find goods or services they want at comparable prices. So, the economy plays no role in the entrepreneur’s obligation of making a different return from the market. The economic mechanism only happens under the nature of perfect market mechanisms. In the 20^{th} century, entrepreneur definitions were varied. Frank Knight initially defined entrepreneur on risk management by distinguishing risk and uncertainty. Risk is defined as something for which its impact can be measured by using historical data and it can be preventable. Uncertainty, on the other hand, is something for which its outcome cannot be calculated, i.e. a specific event that rarely occurs or occurs just once. Thus, it is uninsurable like market phenomena, which are uncertain. An entrepreneur is the one who predicts and bears the risk of unending market uncertainty, as well as one who manages, supervises, and controls such risk. An entrepreneur who can manage risk must accept the uncertainty, which in return can be worthwhile. In an uncertain market, an entrepreneur keeps changing deals among industries until an expected good return has been found (Fontaine, 1999). Unlike Knight, Joseph Schumpeter, an Austrian economist, offered a different perspective by disregarding risk, but promoting innovation instead. An entrepreneur is an innovator, not an inventor, who changes the "market" through innovation using present resource combination. Schumpeter presented five methods of innovation: 1) quality new product offering, 2) new production, 3) new market, 4) new sources of raw materials or new raw materials, and 5) new venture (Schumpeter, 1934). An entrepreneur, thus, drives the market out of balance. In this sense, established business executives no longer hold entrepreneurs' characteristics, since they do not shift the market balance. Schumpeter's assumption views an entrepreneur as a person with vision spurred by dream, intention, inspiration for triumph, and enduring of superiority recognition. Entrepreneurs pave the way for new industries via creative destruction of outdated industries. Competitive fighting for labor, materials, and assets leads to prices surging on such factors. Obsolete products have resulted in the inability to compete in the industry. Customers turn their favor to new products. Expanding investment, the counterfeit industry also expects a good return, but instead faces higher competition due to exceeding supplies. This renders a halt in investment and an economic downturn. But, if innovation continues, meaning that new invention still goes on, entrepreneurs can be stimulated to create it into a new venture. Therefore, entrepreneurship triggers change in the market structure, growth in the economy, and effects the business cycle. Later, the viewpoint on entrepreneurship has shifted to profitability and new enterprise creation; for example, entrepreneurs' activities include new economic opportunities seeking and management capabilities (Penrose, 1963). Entrepreneurs fulfill "market" limitations by adding up inputs in activities associated with requirements on new enterprise creation, current enterprise renovation for an underdeveloped market, or undetermined production (Leibenstein, 1968). They acknowledge and adopt market opportunities as the seizure of a profit making opportunity (Kirzner, 1979). Entrepreneurs are creator of new enterprises (Gartner, 1988). As various entrepreneur definitions exist, a comprehensive definition covering nearly all researchers' views has described an entrepreneur as a person who captures available market opportunities, procures and utilizes resources, bears risks while seeking opportunities, creates, innovates, as well as manages all activities.

The “entrepreneurship" concept has been developed following the term "entrepreneur" with a similar meaning. Generally, both words are interchangeable depending on the context. Entrepreneurship is defined because the term entrepreneur only describes an individual perspective with no coverage on the relationship between entrepreneurship and an enterprise. Researchers like Bygrave, Hofer, Amit, and Shane, among others, have changed the study approach to include more than the entrepreneur meaning. Typically, entrepreneurship focuses on process, responsibility, or consequence of entrepreneurs' roles. Bygrave and Hofer (1991) defined entrepreneurship as all duties and activities concerning the seizure of opportunities and pursuit of such opportunities by an organization. Amit et al (1993) view entrepreneurship as a process of profit-making from new resources utilization, which is unique and valuable under an uncertain, vague or unclear environment. While Shane and Venkataraman (2000) regarded entrepreneurship as a convergence of two indispensable phenomena, which are the discovery of profitable business opportunity and the entrepreneurial readiness for operation. Therefore, only the entrepreneur definition is not complete since skepticism about entrepreneurship still remains. Swedberg (2007) defined entrepreneurship as a process of changes on economics from new resources utilization resulting in a creative destruction of market balance. Entrepreneurship, therefore, creates changes in condition from static to dynamic. Although the concept of entrepreneurship has been studied for only three decades, its definition can be summed up as an enterprise's process or operation from an entrepreneur's roles in seeking of new business opportunities including resources management capability employed to achieve the opportunity on hand.

2.10.2 Main Characteristics of Entrepreneurship

The study of entrepreneurship or entrepreneur's roles in the last two to three decades has been a multi-aspects research. Gregoire, Noel, Dery, and Bechard (2006) examine the trends of these studies from co-citation analysis of the articles on entrepreneurship studies, which are published in Frontiers of Entrepreneurship Research journal within the timeframe of 24 years between 1981 and 2004. Interesting topics about the study of entrepreneurship can be summarized into seven main aspects: identification and exploitation of opportunities, antecedents and consequences of innovation and entrepreneurship firm-level orientation/behaviors, dynamics surrounding new venture emergence and performance, individual characteristics of entrepreneurs, survival and growth, practice of venture capitalists and contribution to firms, and effect of social networks upon entrepreneurship. These are consistent with research findings from Ratnatunga and Romano (1997), Reader and Watkins (2006), as well as Schildt, Zahra, and Sillanpaa (2006) (cited in Gregoire, Noel, Dery, and Bechard, 2006). Due to a variety of study, the convergence of entrepreneur's role or the generally accepted theory of entrepreneurship has not been achieved (Swedberg, 2007: 2). However, such research findings on entrepreneurship have revealed that the concept is not a single concept with one particular theory, but rather a combination of components from several theories (Low and MacMillan, 1988: 140). Although the literature on entrepreneurship in the last three decades cannot be integrated into a universally accepted theory (Swedberg, 2007), recent research works have offered concepts or major aspects of entrepreneurship, many of which can lead to the creation of a key component of entrepreneurship. An important feature of entrepreneurship is that it means more than just an individual entrepreneur. Entrepreneurship refers to the behavior or actions, not just characteristic. It is a complex subject that requires multidisciplines to explain; for example, leadership, resources management, strategic management, and recognition and utilization of opportunity found. Entrepreneurs are responsible for the framing of a vision that is used to convince followers, adoption of commitment and responsibility, and elimination or reduction of barriers in the workplace so organizational goals can be reached. With diverse and plentiful resources, an organization stands a good chance on holding a competitive advantage. The ability to preserve an organization's resources from changing hand or losing creates a competitive advantage as well (Barney, 1991; Peteraf, 1993). Entrepreneurs have a role to procure resources and make use of them for the best interest of the organization, as well as to maintain and develop resources to gain a competitive advantage. A review of related research on the influence of entrepreneurship on small and medium enterprises performance (Widhoon Chiamchittrong, 2010) aims to understand the concept of entrepreneurship on these enterprises' performance. The research probes the components of entrepreneurship and how they are associated with small and medium enterprises performance. The definition of entrepreneurship, along with the consistency on assumptions of entrepreneurship and of theories, conclude that the components of entrepreneurship can be explained by several theories, such as the Leadership Theory, Strategic Management Theory, Resource-Based View Theory, and Cognitive Theory. Entrepreneurship is, therefore, composed of four factors, i.e. entrepreneurial leadership, entrepreneurial strategic management, entrepreneurial business opportunity recognition, and entrepreneurial business opportunity management. These factors act as a representative of entrepreneurship. Assumption testing on the relationship between entrepreneurship and small and medium enterprises performance employs mail survey data of 125 industrial enterprises in Thailand and rationality analysis of the basics of structural equation modeling and model testing on the measurement of entrepreneurship and small and medium enterprises performance. The influence of entrepreneurship comprises four aspects: 1) entrepreneurial leadership, which includes inspiration, influence, and motivation, 2) entrepreneurial strategic management, which includes risk taking, innovativeness, and proactiveness, 3) entrepreneurial business opportunity recognition, which includes social experiences connected knowledge, and 4) entrepreneurial business opportunity management, which includes resources utilization, resources readiness, resources protection, and imitation. The dependent variables of small and medium enterprises performance consist of three variables: growth as measured by an increase in revenue, market share, sales, and the number of employees; profitability as measured by company profit, return on investment, gross profit, net profit, and return on assets; and survival as measured by current ratio. The empirical study confirms that these four factors are components of entrepreneurship. The testing of the basics of structural equation modeling indicates that inside entrepreneurial, business opportunity recognition is an initial factor affecting strategic decision-making and business opportunity management. The two factors influence entrepreneurial leadership, which affects small and medium enterprises performance. This research clarifies that in order to reach small and medium enterprises performance about profitability, growth, and stability, an enterprise needs entrepreneurship development. In addition, entrepreneurial competency assessment helps provide government agencies tools to identify and track the capacity of enterprise performance more conveniently and effectively than the performance tracking, which measures the outcomes.

This researcher, therefore, asserts that entrepreneurial orientation and export performance are related. However, this research only focuses on entrepreneurship in the context of entrepreneurs’ strategic decisions, which include innovativeness, proactiveness, and risk taking. This is because entrepreneurs should possess such components in order to be successful in the export business.

A review of the related research on the relationship between entrepreneurial orientation and export performance is summarized in Table 2.4 below.

Table 2.4 Related Research on the Relationship between Entrepreneurial Orientation and Export Performance

Authors	Country of study	Dimensions of Export Entrepreneurial Orientation	Sample size	Industry Type	Firm size	Data Collect	Analytical approach	Unit of analysis	Export Performance	Findings
Associate Professor Dr. John O. Okpara (2009)	Emerging Economy (Nigeria)	Innovativeness Risk Taking Proactiveness	143	Manufacturing (Firm Listed in the Manufacturers Association of Nigeria (MAN) Export Promotion Group Directory)	S	Survey	Factor Analysis/ Correlation	Firm	-Profitability -Sales Volume -Growth -Overall Performances	There is a positive (+) relationship between a firm's owner/ manager's Innovative Orientation, Risk-taking orientation, Proactive-Orientation and Export Performance
Godwin Ahimbisibwe M and Ernest Abaho (2013)	Uganda	Innovativeness Risk Taking Proactiveness	167	Manufacturing (small and medium exporting firms registered with the Uganda Export promotions board)	SMEs	Survey	Reliability Test, Pearson Correlation	Firm	-Profitability -Sales Volume -Sales Growth -Satisfaction of export operation Performances	EEO is an important tool in enhancing the export performance of SMEs.

Table 2.4 (Continued)

Authors	Country of study	Dimensions of Export Entrepreneurial Orientation	Sample size	Industry Type	Firm size	Data Collect	Analytical approach	Unit of analysis	Export Performance	Findings
Seyed Hossein Jalali (2012)	Iran	Innovativeness Risk Taking Proactiveness	183	Food Industry	SMEs	Survey	Structural Equation Modeling (SEM)	Firm	-Export Sales -Profitability -Market Share -International expansion	Innovativeness is the most effective strategy for SMEs to improve export performance
Paul Taylor (2013)	Jamaika	Innovativeness Proactiveness Risk Taking	N/A	Manufacturer / export furniture, agricultural products, crafts, food and beverages (From Jamaica Exporters Association Directory and the Jamaica Trade and Invest (Jamaica Promotions Directory)	SMEs	Survey and Depth interview	Correlation	Firm	-Presence in Export Markets -Plans for Existing and New Export Markets	There is a positive relationship between EO and the Inter nationalization (Export Performance) of SMEs

Table 2.4 (Continued)

Authors	Country of study	Dimensions of Export Entrepreneurial Orientation	Sample size	Industry Type	Firm size	Data Collect	Analytical approach	Unit of analysis	Export Performance	Findings
Anabel Fernandez-Mesa (2013)	Spain	Innovativeness Risk Taking Proactiveness	182	Italian and Spanish ceramic tile producers	SMEs	Survey	Structural Equation Modeling (SEM)	Firm	-The share of exports in total sales	Firms with entrepreneurial orientation are able to have the capability of learning and superior innovation performance which finally increases export intensity

2.11 Concepts, Theories, and Related Research on the Relationship between Export Barriers and Export Performance

In this research, export barriers can be measured via controllable internal export barriers, both functional and marketing barriers. The literature review shows research employing the concept of Leonidas C. Leonidou 2004 to find the relationship between export barriers and export performance. Results from empirical research between 1987 and 1997 and between 1998 and 2005 (a total of 17 years) on export barriers and export performance are shown in Table 2.5, 2.6, 2.7, and 2.8 below.

Table 2.5 Related Research on the Relationship between Export Barriers and Export Performance

Theorists/Organization	**Countries**	**Findings: Export Barriers**
Organization for economic Cooperation and Development (OECD (2009))	OECD, 19 Countries (Lithuania, Luxembourg, France, Portugal, Belgium, Switzerland, Austria, Denmark, Iceland, South Korea, US, Netherlands, UK, Italy, India, Spain, Sweden, Finland, and Ireland)	1. Shortage of working capital to finance exporters 2.Difficulty in identifying foreign business opportunities 3.Limited information to locate/ analyze markets 4.Inability to contact overseas customers 5.Difficulty in obtaining reliable foreign representation 6.Lack of managerial time to deal with internationalization 7.Unskilled personnel for export operation 8.Difficulty in matching competitors prices 9.Lack of home government assistance/incentives 10.Excessive transportation cost

Table 2.5 (Continued)

Theorists/Organization	Countries	Findings: Export Barriers
European Commission (2004)	Europe	1.Existing laws and regulations 2.Shortage of working capital to finance exporters 3.Limited information to locate/ analyze markets 4.Lack of home governmental assistance/incentives 5.Cultural and language differences
Anh thi Hong Phan (2013)	Vietnam	1.Shortage of working capital to finance exporters 2.Keen competition in overseas markets 3.Meeting export product quality/ standard / specifications 4.Limited information to locate/ analyze markets 5.Lack of home governmental assistance/incentives 6.Lack of association assistance 7.Limited unstable input resources 8.Unfamiliar exporting procedures/paper work 9.Foreign currency exchange risks 10.Excessive transportation/insurance costs

Source: Leonidou, 2004.

Table 2.6 Research on Factors Affecting Export Performance between 1987 and 1997

Authors	Country of study	Sample size	Industry Type	Firm size	Data Collect	Analytical approach	Unit of analysis	Export Performance	Findings
Axinn, Noordewier, Sinkula (1996)	U.S.	75	Multi Manuf	SM	Survey	Regression/ Structural Equation	firm	-Sale Measures -Profit Measures	-Firm's size -Export Planning -Firm Intl Competencies -General Export Strategy -Product Adaptation -Product Strengths -Price Adaptation -Price determination -Promotion intensity -Distribution channel type
Chan (1992)	Hongkong Singapore	122	Multi Manuf	SM	Survey	Correlation	firm	-Sale Measures	Distribution Channel type
Evangelista (1994)	Australia	193	Multi Manuf	SM	Survey	Discrim	firm	-Satisfaction	-Firm's size -Export Planning -Export Organization -Firm's capabilities/Competencies -Export Commitment and Support

Table 2.6 (Continued)

Authors	Country of study	Sample size	Industry Type	Firm size	Data Collect	Analytical approach	Unit of analysis	Export Performance	Findings
									-Mgmt’s international experience -Mgmt’s educational experience -Promotion intensity
Holzmuller, Stottinger (1996)	Austria	101	Multi Manuf	SM	Survey	Structural Equation	firm	-Composite Scale	-Firm’s size -Firm Intl Competencies -Firm Capabilities -Mgmt’s Intl Experience -Mgmt’s Educ Experience -Perceived export barriers -Industry’s technological intensity
Ito Pucik (1993)	Japan	271	Multi Manuf	L	Secondary	Regression	firm	-Sale Measures -Growth Measures	-Firm Size -Firms technology -Firm Capabilities -Industry’s technological intensity -Domestic Market

Table 2.6 (Continued)

Authors	Country of study	Sample size	Industry Type	Firm size	Data Collect	Analytical approach	Unit of analysis	Export Performance	Findings
Katsikeas, Piercy, Loannidis (1996)	Greece	87	Multi Manuf	SM	Survey	Regression	firm	-Goal Achievement	-Firm's size -Firm Intl Competencies -Proactive export motivation -Export Planning -International Orientation -Export Organization -Firm's Capabilities/competencies -Perceived export barriers -General export Strategy -Market research utilization -Product adaptation -Product strengths
Kaynak, Kuan (1993)	Taiwan	140	Multi Manuf	SML	Survey	Discriminant	firm	-Sale Measures -Profit Measures	-Firm's size -Firm Intl Competencies -Export Organization -Firm technology -Firm capabilities

Table 2.6 (Continued)

Authors	Country of study	Sample size	Industry Type	Firm size	Data Collect	Analytical approach	Unit of analysis	Export Performance	Findings
									-Mgmt's international experience -Mgmt's education -Perceived export advantages -General export strategy -Product adaptation -Product strengths -Price adaptation -Price determination -Export market competitiveness -Export market attractiveness -Export market barrier
Lim Sharkey, Kim (1996)	US	438	Multi Manuf	SM	Survey	Regression	firm	-Sale Measures	-Market research utilization -Industry's level of instability

Table 2.6 (Continued)

Authors	Country of study	Sample size	Industry Type	Firm size	Data Collect	Analytical approach	Unit of analysis	Export Performance	Findings
Raven, McCullogh, Tansuhaj (1994)	U.S.	118	reseller	S	Survey	Regression	firm	-Perceived success	Perceived export barrier
Walters, Samilee (1990)	U.S.	145	Multi Manuf	SML	Survey	T-test/ Chi-square/ regression	firm	-Sale Measures -Profit Measures -Composite Scale	-Firm's size -Export planning -International orientation -Export organization -Firm technology -Perceived export advantages -General export strategies -Market research tilization -Product adaptation -Product strength
Zou, Andrus, Norvell (1997)	Colombia	51	Multi Manuf	ML	Survey	Regression	firm	-Sale Measures	-Product adaptation -Product strength -Promotion adaptation -Distribution channel type

Source: Shaoming and Simona, 1998: 333-358.

Table 2.7 Research on Factors Affecting Export Performance between 1998 and 2005

Authors	**Country of study**	**Sample size**	**Industry Sector**	**Firm size**	**Data Collect**	**Analytical approach**	**Unit of analysis**	**Response Rate (%)**	**Key Informant**
Hoang (1998)	New Zealand	355	Multiple industries	SML	Survey	SEM	Firm	51.0	-Chief Executive Officer (CEO)
White et al. (1998)	U.S.A.	124	Multiple industries	SML	Survey	Regression	Firm	24.9	Senior Manager
Piercy et al. (1998)	UK	312	Multiple industries	SM	Survey	Correlation	Firm	35.2	Managing Director -Marketing Director -Export Manager
Lee (1998)	Australia	105	Multiple industries	SM	Survey	SEM	Firm	42	-Chief Executive Officer (CEO) -Managing Director
Moen (1999)	Norway	335	Multiple industries	SM	Survey	Anova, Factor Analysis	Firm	22.9	-Export Manager
Albaum and Tse (2001)	Hongkong	183	Multiple industries	SML	Survey	Regression	Firm	45.8	-Senior Manager
Brouthers and Xu (2002)	China	88	Multiple industries	SML	Interview	Correlation, regression	Firm	47.3	-Chief Executive Officer(CEO) -Export Manager

Table 2.7 (Contiued)

Authors	Country of study	Sample size	Industry Sector	Firm size	Data Collect	Analytical approach	Unit of analysis	Response Rate (%)	Key Informant
Contractor et al. (2005)	India/Taiwan	47/61	One industry	SM	Survey	Anova, Regression	Firm	10.4/10.2	Chief Executive Officer (CEO)
Julien and Ramangalahy (2003)	Canada	346	Multiple industry	SM	Survey	Anova, Regression	Firm	11.6	-Export Manager

Source: International Journal of Management Reviews. 10 (4): 343-374.

Table 2.8 Research on Factors Affecting Export Performance in 2012

Authors	**Country of study**	**Sample size**	**Industry Type**	**Firm size**	**Data Collect**	**Analytical approach**	**Unit of analysis**	**Export Performance**	**Findings**
Seyed Hossein Jalali (2012)	Greek, Iran	141	Multi Manuf	SML	Survey	Structural Equation Model	Firm	-Sale Measures	-Operational Dimension -Environmental Dimension -Financial Dimension -Source Dimension -Legal Dimension -Logistic Dimension

Source: Jalali, 2012.

The literature review shows that most of the research on the factors affecting export performance are studies in the U.S.A. and Australia conducted on the organizational level. The size of the samplings are between 100 and 300 industries which are mainly small and medium sized manufacturing firms. Data is collected through questionnaires. Most data analytics techniques utilize statistical methodology, i.e. discriminant, regression, structural equation model and ANOVA. Export performance is measured by three types: 1) financial measures, 2) non-financial measures, and 3) composite scales.

2.12 Concepts, Theories, and Related Research on the Relationship between Entrepreneurial Orientation, Export Barriers and Export Performance

Entrepreneurial orientation was first introduced by Miller & Friesen (1982). It refers to process, practice, and decision-making activities that lead to new business ventures. However, today entrepreneurs are more likely seen as a process in organizational culture rather than as a value creation event using resources of opportunity advantage (Stevenson & Jarillo, 1990). Lumpkin & Dess (1996), meanwhile, stated that entrepreneurial orientation is associated with a willingness for innovation, risk exploration, self-administration, supervision, and more proactive competitiveness on marketing opportunities. Hult et al. (2004) claimed that entrepreneurial orientation is an internal productivity process that affects innovation.

Michael Frese (2000: 18-19) proposed a concept about entrepreneurial orientation as changes in entrepreneurs with respect to: 1) innovativeness, which refers to a concept about products and services or new technological processes, 2) risk taking, which refers to the courage to take on these three modes of risk: venturing into the unknown, committing a relatively large portion of assets, and borrowing heavily, and 3) proactiveness, which refers to entrepreneurs' commitment to advancement and market leading beyond that of the competitors.

Small and medium enterprises performance is unstable due to barriers related to limitations of resources, operating expenses, and trade regulation (Barker and Kaynak, 1992; Katsikeas and Morgan, 1994). These functional barriers limit or obstruct small and medium enterprises in reacting to the export market at the organization level. Marketing barriers, meanwhile, involve challenges with respect to learning and adaptation. So, in order to minimize the impacts from export barriers, small and medium enterprises must have the ability to adjust themselves to the demands in the export market. Organizations can overcome these export barriers through resources accessibility (Zou and Stan, 1998) and adaptation to changes in supply and demand via organizational learning (De Clercq et al., 2005; Lages et al., 2008).

Resources imply inputs into the production process (Ferreira and Azevedo, 2007), which include equipment, intellectual assets, and patents. Capabilities refer to the potential to use all existing resources in an operation (Hitt et al., 2001; Ferreira and Azevedo, 2007). Many researchers argue that although an organization cannot hold capabilities without resources, organization competitive advantage derives from its capabilities in resources utilization. Therefore, critical capabilities in moving to an export market require an increase in entrepreneurial orientation to export entrepreneurs by means of raising the willingness to innovativeness, be proactive, and take more risks in order to properly respond to export challenges (Douglas and Craig, 1989).

2.12.1 Innovativeness and Functional Barriers

The review of related research indicates that entrepreneurial orientation leads to reconfiguration of new resources components, as well as improvement of products and services to meet the demand and the ability to adapt to changes (Atuahene Gima and Ko, 2001). Entrepreneurial orientation also leads organization toseek their opportunities before rivals (Atuahene-Gima and Ko, 2001; Hughes et al., 2007). Previously, functional barriers are related to organization capability in reconfiguring internal resources components, as well as new management and adaptation to the external demand. If organizations reconfigure or determine product design, resources, and current practice through innovative reconfiguration, they will be able to gain a competitive advantage (Hult and Ketchen, 2001). Having new ideas, innovation, experimentation, and creativity can help small and medium enterprises adapt to the needs of technology and management in exporting (Dess and Lumpkin, 2005).

Technological initiatives are imperative to market adoption. Innovativeness in technology and management of goods and services are entirely about meeting the consumer's demands. On the contrary, this leads to opportunity seeking from within the organization based on available knowledge and experience (Slater and Narver, 1995). Initiative and innovativeness thus lead to the improvement of management capacity for export opportunities. Moreover, innovativeness also promotes human capital or intelligence by fostering flexibility in the organization's adaptation to new ways of value formation. In this researcher's opinion, innovativeness helps reduce functional barriers and raise small and medium enterprises export opportunities.

2.12.2 Innovativeness and Marketing Barriers

Marketing barriers are related to cost increases thanks to an organization's best arrangement of marketing mix for the export market. Marketing capabilities are the result of an organization's accrued knowledge, skills, and resource integration or adaption processes to meet business marketing needs (Day, 1994). Marketing capabilities are essential to accomplish exporting by small and medium enterprises because they bring out organization capabilities for effective marketing mix strategy design which answer to foreign market opportunities (Weerawardena, 2003). Innovativeness can help small and medium enterprises revise marketing mix matching or exceed customers' expectations (Robertson and Gatignon, 1986). Without innovativeness or innovation, marketing mix of small and medium enterprises ideas would be similar to traditional practices. Innovativeness is thus a means to reduce export barriers. However, since small and medium enterprises have limited innovativeness or innovation, their marketing tactics and strategies would be quite obvious that competitors can easily replicate. This could result in limited export performance.

Innovativeness helps small and medium enterprises more effectively position their products in a niche market (Madsen, 1989), communicate an organization's trust, find the right distribution channels, and set decent market prices. The more often an organization revises their marketing mix, the less risky to develop the wrong marketing mix will face (Cavusgil and Zou, 1994). Learning is a key component of innovative marketing mix (Vorhies and Harker, 2000). As a result, market learning ability together with consumer preferences and competitor expression, are necessary for the development of an effective marketing strategy, as well as an organization's positioning within the market (Day, 1994). Organizations can develop and learn marketing mix via means from a complicated society, work process at each organization level, and routine. Hence, having the right marketing mix is very valuable. It must be unique and difficult to imitate. Collectively, these are called innovativeness (Amit and Schoemaker, 1993).

2.12.3 Proactiveness and Functional Barriers

Due to economic evolution (Nelson and Winter, 1982), organizations are trying to seek opportunities from the first mover advantage. Therefore, organizations' skills on innovativeness would help them exploit the opportunities. Small and medium enterprises must be agile on exploration of the tendency of technology, competition, and consumer behavior in order to deal with functional barriers in the export markets. Finding such mentioned factors will help reduce barriers indirectly by speeding up response.

Uncertainty and fierce competition in the export markets is a result of small and medium enterprises' goal of being institutional, as they formulate strategies to meet the requirements of the host country (Oliver, 1997). Uncertainty and changes from a dynamic environment reduce the ability of the organization to assess the external environment (Duncan, 1972; Keats and Hitt, 1988).

Proactiveness enables organizations to determine the best strategy for their first mover advantage. This researcher is interested in how proactiveness helps small and medium enterprises reduce their functional barriers. Information technology development is necessary to help in changing products and processes, which is challenging the present organization capability (Singh, 1997). However, proactiveness helps organizations pursue new ways in combating technological challenges; for example, organizations may join together to create a connection from a partnership using the components of management capability.

Challenges in competition urge proactiveness in organizations' seeking opportunities for a first mover advantage, as well as their competitive advantage from customer satisfaction. In addition to helping small and medium enterprises with respect to seeking opportunities in the export market, proactiveness also allows organizations to have relationships redefined with related parties for network position development (Koka et al., 2006). Such development opens an opportunity for small and medium enterprises to have accessibility to resources and works necessary in dealing with the management of technology, competition, and customer requirements.

As mentioned above, proactiveness not only helps promote innovativeness, it also helps reduce functional barriers by boosting the speed of exporting. The more organizations have better ability in predicting trends in technology, marketing, and competition, the more they will gain speed relating to foreign business transactions (Knight and Cavusgil, 1996; McDougall and Oviatt, 2000). Knowledge eases functional barriers because it enhances organization capabilities (Cohen and Levinthal, 1990), as well as organizational learning. When organizations obtain external knowledge, they will have similar capabilities. Such international intelligence can be used to respond to challenges in th export market. So, proactiveness is an integration of external knowledge and is used to promote organizational learning that leads to an increase in export performance.

2.12.4 Proactiveness and Marketing Barriers

Proactiveness can stimulate the change in an organization's marketing mix for exporting more effectively. It also plays a key role in attracting small and medium enterprises to export (Czinkota and Johnson, 1981; Katsikeas and Piercy, 1993; Francis and Collins-Dodds, 2004). Proactive exporters work better from an increase in sales thanks to more export marketing strategies and acquired information (Czinkota and Johnson, 1981). Proactiveness can also make organizations adaptive to a rapid psychological change from remote overseas markets (Gripsrud, 1990). Proactiveness helps small and medium enterprises entrepreneurs plan carefully in entering the export markets, along with adequate allocatation of financial resources and management by promptly seeking information and market opportunities (Diamantopoulus and Inglis, 1988), as well as specifying effective marketing mix fitting interests of the target buyers (Aaby and Slater, 1989; Cavusgil and Zou, 1994). Although, proactiveness in seeking information and export market opportunities contributes to more effective export performance, this researcher wishes to find out how proactiveness can help reduce export barriers by properly adapting the marketing mix.

According to the organizational learning theory (Huber, 1991; Sinkula et al., 1997), proactiveness helps promote learning capability for acquiring, distributing, and integrating marketing data. Proactiveness helps acknowledge customer's needs more clearly, which boosts the adoption of a proper marketing mix (Weerawardena, 2003). Small and medium enterprises must find marketing knowledge to support pricing and supply procurement. Proactive pricing helps attract customers (Cooper and Kleinschmidt, 1985; Katsikeas and Morgan, 1994). In addition, it can foster benefits from a first mover advantage.

Although, previous research works have found a positive relationship between advertising and export performance (Burton and Schlegelmilch, 1987; Fraser and Hite, 1990), market learning is important as well. This is because distant foreign markets have cultural and regional differences. Proactive learning and information collection are two important factors in transferring accurate information. Proactive learning is crucial in international markets due to the difficulty in following and notifying consumers. Furthermore, proactiveness may help reach better distribution channels by identifying means and delivery points (Aaby and Slater, 1989). More importantly, proactiveness also helps the formulation process of a distribution strategy through relationship development among distribution channels, dealer support, and foreign representation learning (Chetty and Campell-Hunt, 2003). In sum, proactiveness allows more convenient market learning from opportunity seeking and error reduction by using marketing mix promotion techniques which help to develop a first mover advantage.

2.12.5 Risk Taking and Functional Barriers

To reduce functional barriers, organizations must be able to adapt new ways to meet the needs of the export market. To encourage employees' innovation, risk taking is the most valuable feature in structured organizations. Organizations tend to be innovative if risk taking is encouraged (Nystrom, 1993). Besides, risk taking also yields organization innovativeness capability (Gilson and Shalley, 2004). Under unexpected circumstances, an organization's trend for risk taking positively corresponds to new products development (Cavusgil et al., 2003). In comparison, risk aversion direction lowers an organization's resources commitment, such as products and technology. Therefore, it degrade s anorganization's degree of innovation (Gilley et al., 2004).

Risk taking raises behavior toward a better working process, new products and services, and creative practice (Gilley et al., 2002).

In this study, this researcher aims to find out how important risk taking plays a role in bringing strategy into practice. Risk taking is a concept rooted in an organizations' strategy formation, like adopting new markets (Miller, 1988). In an assessment of risk taking influence over the relationship between strategic plan creation and strategic plan implementation, Gupta and Govindarajan (1984) found that risk taking positively influences effective strategic plan implementation.

Effective strategic plan implementation means that organizations face less functional barriers following the implementation of a strategic plan based on an organization's existing resources and capabilities. Thus, risk taking can play a critical role on reducing functional barriers by facilitating an effective export development and implementation strategy.

Arguably, exporting requires market interaction in order to make changes that fit within organizations, nonetheless. Entrepreneurs of small and medium enterprises must decide whether to make new products or modify products or practices. A decision to change products or practices is associated with an entrepreneur's ability to accept risk. Moreover, innovation can result in big changes and sometimes it needs sizeable investment, which is a risk for entrepreneurs . To quickly and effectively respond to export market requirements, entrepreneurs take risks by making large resource commitments in order to encourage enterprises to adapt to the needs of export markets, which, in turn, lowers functional barriers.

2.12.6 Risk Taking and Market Barriers

Small and medium enterprises need distribution channels or factory outlets for successful marketing for export. These activities are problematic and uncertain, as not all organizations succeed in doing this (Min et al., 2006; Garrett et al., 2008). High risk is caused by uncertainty in demand (Min et al., 2006). Although overseas marketing needs to learn to use the right diverse marketing mixes, risk taking is still eminent.

Marketing mix adaption causes small and medium enterprises to make speedy strategic decisions. Conservative organizations responding via a self-defense scheme may not be able to capture the new markets due to their aversion to risks. Prompt investment in marketing mix development facilitates an organization's chance to adopt new markets and take vital advantage of investment opportunities in the emerging markets. Different export markets have different marketing mixes, either customer buying taste, price, or promotion. Even more importantly, some distribution channels may be effective. Therefore, organizations must demonstrate a willingness to take risks and challenges to the order for good performance.

Keh, Nguyen and Ng (2007) describe how data collection and information application enhance marketing mix for small and medium enterprises. However, risk taking plays a key role in helping small and medium enterprises in obtaining and investing in information that supports product development, promotion, pricing, and distribution.

For a successful marketing mix design, small and medium enterprises have to collect and use data effectively. However, investment under risky conditions helps small and medium enterprises anticipate the needs and types of customers, which will assist in marketing mix adaption for each export market.

The results of this study of the achievement of export performance of small and medium enterprises (SMEs) in Thailand is based on the research concept by Pankaj C. Patel and Rodney R.D'Souza, 2009, which won the Best Doctoral Student Paper Award from The United States Association for Small Business and Entrepreneurship (USASBE) entitled "Leveraging Entrepreneurial Orientation to Enhance SME Export Performance." The research context is conducted in small and medium enterprises in the United States. The research question is how small and medium enterprises employ entrepreneurial orientation to reduce internal export barriers leading to enhanced export performance. The following three dimensions on entrepreneurial orientation are analyzed: 1) innovativeness, 2) proactiveness, and 3) risk taking. This facilitates small and medium enterprises in the United States the approach to effectively integrate internal resources, process, and management capabilities. This researcher used samplings of 270 small and medium enterprises through stratified sampling techniques, perform quantitative research methods on questionnaires and statistical analysis employing structural equation model tools. The research findings indicate that entrepreneurial orientation on proactivity and risk taking dimensions plays a key role in helping export performance enhancement of SMEs. However, empirical research does not indicate that innovativeness is a factor leading to export performance. This researcher examined and found that organizations with proactivity can reduce export barriers because they can offer new products to the market quickly and forecast the future in advance, as well as create a competitive advantage as the first mover. In addition, organizations with risk taking may choose a strategy different from the initial one, leading to new tasks involvement. However, this research consists of three limitations: 1) it employs cross sectional data instead of longitudinal data, which helps determine causal inferences better, thereby rendering the research more accurate, 2) the dependent variable, export performance, employs subjective performance measures, which relies on the opinion of entrepreneurs who answer for the organization, instead of an objective performance measure, which provides more accuracy, and 3) it does not include precise measurement of export barriers, but instead uses a export barriers variable from a literature review of Leodidou (2004), as shown in Table 2.9 below.

Table 2.9 Research Related to the Relationship between Entrepreneurial Orientation, Export Barriers and Export Performance

Authors	Country of study	Sample size	Industry Type	Firm size	Data Collect	Analytical approach	Unit of analysis	Export Performance	Findings
Pankaj Patel and Rodney D'Souza. (2009). "Leveraging Entrepreneurial Orientation to enhance SME Export Performance" Small Business Research Summary.37, 1-29.	U.S.A.	270	Manufacturing sector	S (1-249 employees)	Survey	Structural Equation Model	Firm	1.The growth or reduction in export sales over last three years (Sales growth) 2.The number of countries that accounted for most of the exports 3.The total number of countries exported to The number of years a firm has been exporting.	Entrepreneurial Orientation in Proactiveness and Risk Taking Dimensions play an important role in reducing impediments to exporting, which in turn lead to enhanced export performances of SMEs.

Note: Limitations:

1. In this Export Literature, research design was cross-sectional. Longitudinal data could assist in making causal inferences.

2. This Export Literature uses subjective export performance measures, so future studies should include objective export performances measures.

3. In this Export Literature, measures are justified based on extensive review by Leonidou (2004), so there is room for improvement in measures for export impediments. A multi-methods approach (both quality and quantity research method) would probably provide reliable assessments of the impediments faced by SMEs.

This research, The Achievement of Export Performance of Small and Medium Enterprises (SMEs) in Thailand may yield different results from other studies. However, related concepts and theories from theorists and researchers can be summarized in Figure 2.1 below.

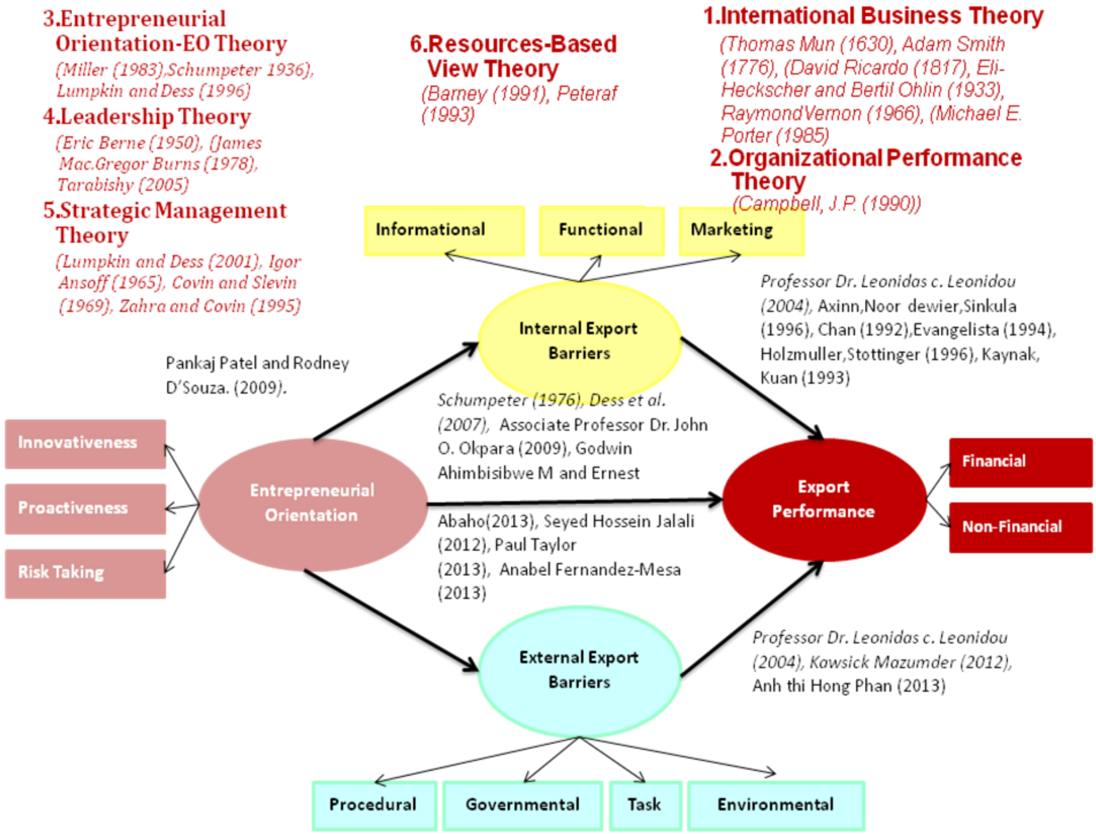


Figure 2.1 Model of Related Concepts and Theories from Theorists and Researchers as per Research Framework

Since this indepth review of literature covers all the issues, this researcher has developed a conceptual framework for the research and hypotheses, as shown in Figure 2.2 below.

2.13 Research Framework

The Achievement of Export Performance of Small and Medium Enterprises (SMEs) in Thailand

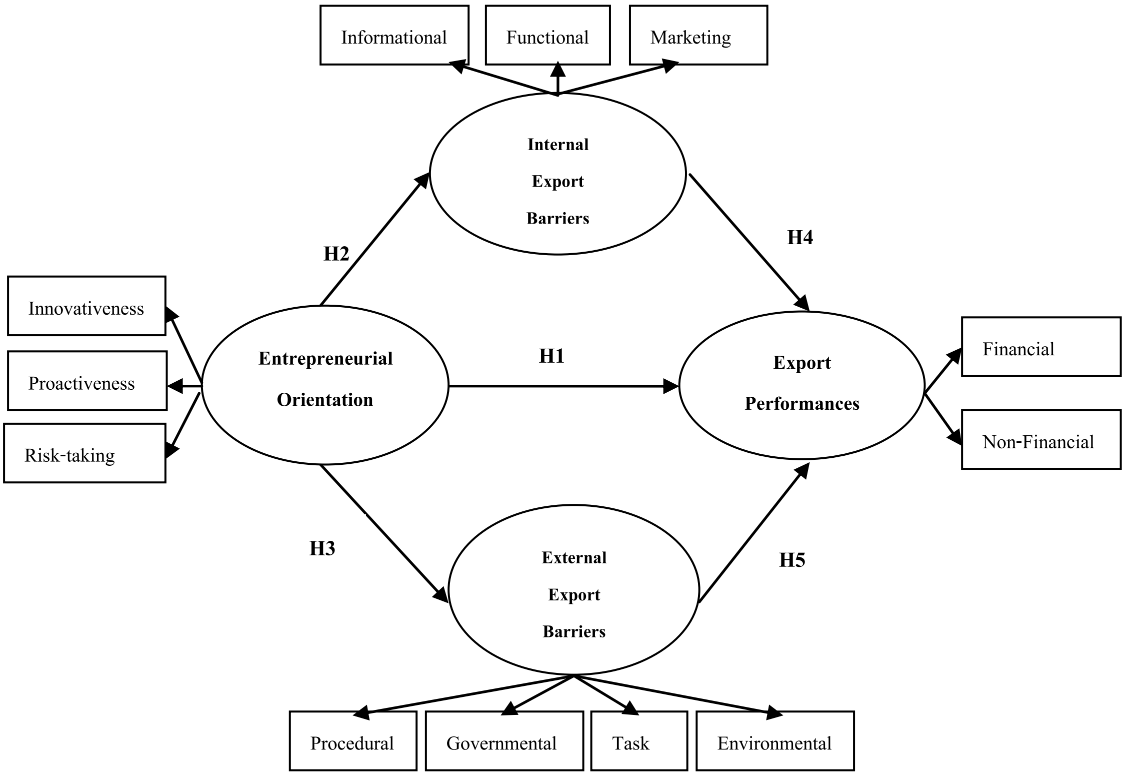


Figure 2.2 Research Framework Chart

Variables in the Research

Dependent variables are:

1) Export performance
2) Internal export barriers
3) External export barriers

Independent variable, Entrepreneurial Orientation (EO) consists of:

1) Innovativeness
2) Proactiveness
3) Risk taking

Whereas,
Entrepreneurial Orientation = EO
Internal Export Barriers = IEB
External Export Barriers = EEB
Export Performance = EP

2.14 Research Hypotheses

Testing of the research hypotheses is performed by the overall consistency test and flow significance test, which are classified into direct effect and indirect effect.

2.14.1 Hypotheses on Direct Effect

H1: Entrepreneurial orientation has a direct effect on export performance.

(Or, increasing entrepreneurial orientation enhances export performance.)

H2: Entrepreneurial orientation has a direct effect on reducing internal export barriers.

(Or, increasing entrepreneurial orientation reduces internal export barriers.)

H3: Entrepreneurial orientation has a direct effect on reducing external export barriers.

(Or, increasing entrepreneurial orientation reduces external export barriers.)

H4: Decreasing internal export barriers has a direct effect on export performance.

(Or, decreasing internal export barriers enhances export performance.)

H5: Decreasing external export barriers has a direct effect on export performance.

(Or, decreasing external export barriers enhances export performance.)

2.14.2 Hypotheses on Indirect Effect

H6: Entrepreneurial orientation has an indirect effect on export performance by decreasing internal export barriers.

(Or, increasing entrepreneurial orientation enhances export performance by decreasing internal export barriers.)

H7: Entrepreneurial orientation has an indirect effect on export performance by decreasing external export barriers.

(Or, increasing entrepreneurial orientation enhances export performance by decreasing external export barriers.)

CHAPTER 3

RESEARCH METHODOLOGY

This chapter presents the research methodology, selection, and design for the study. They are employed to find the correct answer corresponding to the research objectives. Details and contents comprise processes involving population selection, research instrument creation, reliability and validity of instrument testing, as well as proper statistical data analysis.

3.1 Research Design

This researcher applies non-experimental designs to this phenomenon study, The Achievement of Export Performance of Small and Medium Enterprises (SMEs) in Thailand. Field data was collected by means of exploratory and cross sectional study, meaning that it has been gathered just once over a period of time. Questionnaires are used as a research instrument. Data analysis employs statistical methodology and quality analysis is performed on the instrument.

Research design utilizes a qualitative analysis approach which has been employed to classify variables and followed by the main quantitative analysis approach, which this results in a more valuable and reliable research.

However, most studies on small and medium enterprises performance involve quantitative analysis on sampling from many organizations, rather than a detailed study from one particular organization. This may be due to small and medium enterprises' less complex structure nature compared to large enterprises, which need focus on a case-by-case basis. Similarly, this study is conducted through a set of questionnaires as a research instrument. It is formulated from the conceptual framework, which has passed the testing processes, and used on specified population at the organization level. A qualitative method was employed and followed by a quantitative approach, which is deemed to be a suitable overview study of small and medium enterprises and export barriers in order to obtain proof about the reliability of concept relationship from many enterprises. This is to confirm the concept of generalization for a large number of enterprises. Data obtained is analyzed through validation of a causal model in order to understand the relationship, importance, as well as direct and indirect influences independent variables have on dependent variables. A qualitative analysis approach is a very important technique because research findings from a quantitative analysis approach alone only prove pattern and level of the concept relationship. However, logic from some results may not be clearly clarified with the principles of concept that have been used on the study of phenomena. Therefore, a qualitative method plays a significant role in classifying variables and validating structured interview questions with the sampling. This is done in order to produce a good result from their opinions about entrepreneurship and the export barriers study. Thus, in this study, a qualitative technique is used before engaging the quantitative research for a strong description of findings.

3.2 Unit of Analysis

As presented in Chapter 2, Research Framework, the unit of analysis is an organization level of corporate body defined as small and medium enterprises that were in the export business as of 2013, and registered as a member of the Department of International Trade Promotion, Ministry of Commerce according to Thailand's Exporters Directory database. This group is used as a case study for the achievement of Export Performance of Small and Medium Enterprises (SMEs) in Thailand. As legal entities, these small and medium enterprises can provide information about variables for the study, i.e. dependent variables such as small and medium enterprises export performance, internal export barriers, and external export barriers, as well as independent variables such as entrepreneurial orientation.

Qualitative research employing an structured interview from organization level sampling of small and medium enterprises includes the following individuals:.

1) Entrepreneurs or owners of small and medium enterprises in the export business

2) Successors of small and medium enterprises in the export business

3) Partners of small and medium enterprises in the export business

4) Executives of small and medium enterprises in the export business whose responsibilities involve decisions about exporting and policy on behalf of the organization.

Quantitative research performs on sampling of small and medium enterprises, including these individuals:

1) Entrepreneurs or owners of small and medium enterprises in the export business.

2) Successors of small and medium enterprises in the export business.

3) Partners of small and medium enterprises in the export business.

4) Executives of small and medium enterprises in the export business whose responsibility involve decisions about exporting and policy on behalf of the organization (Gartner, et al., 1994)

3.3 Operational Definition, Indicator, and Measurement/Method

The operational definition of constructs of this research is presented in this part. Such variables are from the theoretical concepts and related research in the literature review in Chapter 2. Most variable operational definitions are taken from the original research and some have been developed from researched theoretical concepts.

3.3.1 Small and Medium Enterprises Export Performance as Dependent Variable

Refers to the ultimate performance responding to entrepreneurs' demands. This includes financial and non-financial dimensions. According to the literature review, focus must be put on variables, such as the leading indicator and lagged indicator in a performance assessment of small and medium enterprises. This empowers the organizations to be adaptable to the environment. Therefore, research variables on the various dimensions of organizational performance must be examined. In this study, small and medium enterprises performance is measured through financial and non-financial performance variables. Details of the performance measurement are as follows.

3.3.1.1 Financial performance: the literature review of organizational performance and organizational effectiveness identifies that financial performance is one of the most important and popular indicators in a performance study of an organization. Measurement of financial performance is carried out through financial ratio analysis, which includes a variety of ratios depending on the relevance and objectives. Bernstein and Wild (1998: 27-30) stated that financial ratio is one of the financial performance indicators widely used by organizations. Financial ratio must perform an analysis on numbers or figures that are interrelated. This ratio or instrument is used as a device for analyzing something else in order to handle the impact factors of financial ratio that might occur in the future. Therefore, the key issue of financial ratio analysis is the interpretation. In addition, Bernstein and Wild (1998: 532-534) also noted that organizational performance analysis needs indicators such as turnover, net profit, and net sales. They are meaningful only when used for relationship analysis in terms of a ratio. Return On Investment (ROI) is recognized as an essential analysis on the organizational performance, which aims to measure various aspects, for example organizational effectiveness, profitability ratio, revenue forecast, as well as planning and control (Penman, 2007: 371). Hayes (2006: 42-55) expressed that financial performance describes a business's financial condition, organizational effectiveness, and profitability ratio compared to the investors' perception who demonstrate their behavior through the financial market. Financial ratio also contributes to the understanding of the background of the organization, current situations, and future tendencies. Most outcomes, despite being incomplete, are a good starting point and would be more meaningful if they are used to compare the same indicators from other organizations. Hayes (2006: 42-55) described three types of ratio, which consist of profitability ratio, activity ratio, and leverage ratio. Fraser (1995: 4, 148, 170) cited that the analysis of financial data of organization is very useful for identifying the success of operations, as well as management policies and strategies. In addition, it can be used to forecast future organizational performance. Key financial ratios include: 1) liquidity ratios, which are indicators of an organization's cash flow management, 2) activity ratios, which are indicators of an organization's liquidity of assets and efficiency of managing assets, 3) leverage ratios, which are indicators of an organization's ability to repay debt, and 4) profitability ratios, which are crucial indicators of organizational performance as a whole and organizational effectiveness with respect to assets, liabilities and equity management. However, there are no rules of thumb for these ratios. The interpretation solely depends on the context and factors of an individual organization. Analysis of financial ratio factors must take relationships among various components of the organization into account as well. In conclusion, there are many financial ratios. Application of them depends on the relevance and objectives of the research. Therefore, in this study, financial ratio analysis is performed through a comparative analysis of subjective measurement. Focus was put on comparison of operational performance in the last year and the issue of profitability ratio analyses, i.e. annual sales growth, profit, and company growth.

3.3.1.2 Non-Financial performance consists of perceived success, satisfaction, and goal achievement. Satisfaction refers to an assessment of customer satisfaction with products and services of the organization (Kaplan and Nortan, 1991). Since satisfaction is remarkably associated with quality, they are interchangeable (Powers and Valentine, 2008: 80-101). Satisfaction helps fulfil an organization’s core performance evaluation because it leads to profitability and performance by the organization (Abdeldayem and Khanfar, 2007: 303-309; Barsky, 1995: 7; Chakrapani, 1998: 207-208; Hill and Alexander, 1996: 1; Powers and Jack, 2008: 188-197). Szwarc (2005: 4-6, 24) admited that it is not easy to assess customer satisfaction with the product or service. Customer satisfaction implies to customer perception about the purchased product and service that compared to other organizations. Matters could be quality, price, reliability, or customer complaint. Zimmerman (1999) defined satisfaction as the state of enjoyment fulfilling the needs. Kessler (1996: 20-22) gave a similar definition that satisfaction is the output less expectations (satisfaction=result-expectations) and explains that low satisfaction occurs when customers have a high expectation for the service or product but receive a lower than expected result. Satisfaction, thus, basically depends on personal expectation. Powers and Valentine (2008: 80-101) specify that satisfaction is the consumers’ reflection on their comparison of product standard with result obtained, which has a direct effect on satisfaction. Such standard refers to beliefs, attitudes, thoughts, expectations, equality, values and goals. Abdeldayem and Khanfar (2007: 303-309) refer satisfaction to the process of expectation and result being blocked by disconfirmation. In the study of businesses and partners, Fierro and Redondo (2008: 211-224) conclude that factors contributing to satisfaction include trust; communication, which is needed for joint development or problem resolution; cooperation; and adaptation to expectation, which is a key issue attempting to meet the needs of customers' changes.

In conclusion, the literature review of organizational performance theory and related research on the Determinants of Export Performance: A Review of the Empirical Literature between 1987 and 1997 by Shaoming Zou and Simona Stan in 1998, taken from International Marketing Review, 15 (5), 1998: 333-356, defines the dependent variable as export performance, which can be measured in two aspects, as follows.

1) Financial measures include:
   (1) Sales measures
   (2) Profit measures
   (3) Growth measures
2) Non-financial measures include:
   (1) Perceived success
   (2) Satisfaction
   (3) Goal achievement

3.3.2 Export barriers, as a Dependent Variable

Refer to factors that hamper small and medium enterprises to start up, expand, and survive in foreign markets (Leonidou et al., 2007). Two types of export barriers are as follows.

3.3.2.1 Internal barriers refer to obstacles that occur within an organization, including resources utilization and management capability, which are within the control of the organization.

3.3.2.2 External barriers refer to external factors beyond the control of small and medium enterprises (Leonidou, 2004).

1) Internal Export Barriers

Can be classified into three types: 1) informational barriers, 2) functional barriers, and 3) marketing barriers, according to systematic literature review of 32 empirical research works about exporting (Leonidou, 2004).

2) Informational Barriers

Information barriers refer to issues about ineffective data use for selection and contact of international markets and limited information for market establishment or analysis, i.e. problem with international market data, difficulty in seeking international business opportunities, and inability to contact overseas customers (Leonidou, 2004).

3) Functional Barriers

Functional barriers in exporting denote limits with reconfiguring on small and medium enterprises' internal processes to meet the demand of export markets (Vozikis et al., 1985). The functional barriers in exporting involve human capital, resources, and management capabilities, which obstruct policy formulation and the implementation of policy strategies necessary for exporting success.

4) Marketing Barriers

Even though small and medium enterprises can mitigate functional barriers, which restrict their ability for new resources arrangement meeting international market demand, there still remain export barriers, e.g. marketing barriers. Marketing barriers affect the ability of small and medium enterprises with respect to price setting, distribution, and promotion of goods and services overseas (Kidea and Chhokar, 1986; Moini, 1997), which collectively are termed marketing mix.

Marketing mix refers to marketing instruments that a business uses to achieve its marketing objectives. These instruments, or 4Ps, consist of product, price, place, and promotion. Their variables are as follows (Kotler, 1997: 98)

1) Product consists of a variety of products, quality of design, brand, packaging, warranty, size, form, and service.

2) Price includes product price, discounts, consumer’s price perception, and time of payment.

3) Place comprises sales channels, location, inventory, and shipping.

4) Promotion includes promotions, advertising, public relations, direct sales, and sales through dealers.

Using marketing mix will affect products presentation for the consumer to the end customer, which business can change its long-term sales channels. Therefore, short-term minor change can achieve marketing objectivea. In addition, in the consumer's perception, these marketing instruments display consumer benefits.

Suwasa Chaisurat (1994: 30-31) mentions that marketing mix in all business conducts can be affected by different factors. Marketing operation is particularly influenced by two factors: internal factors, which are controllable as per company policy established by management or entrepreneur; and the uncontrollable external factors that affect company operation. Thus, internal factors must be tuned to be in keeping with the external factors, such as economic, social, political, competitive, cultural, legal, and the technological environment.

Marketing mix is the controllable marketing factor that a business must collectively employ to serve the needs of the target market, i.e. relationship of 4Ps: product, price, place, and promotion. These are controllable marketing instruments jointly used by a business to satisfy customer demand objectives (target market), which consist of goods, price, sales location, and marketing promotion (Boone amd Kurtz, 1989: 9). In short, the concept of marketing mix illustrates marketing components that prompt a consumer's buying decision.

Many researchers suggest that inefficient marketing is the major obstacle for small and medium enterprises export businesses (Groke and Kreidle, 1967; Kedia and Chhokar 1986). The main difference between functional barriers and marketing barriers is that functional barriers are more strategic, while marketing barriers are tactical. The scope of functional barriers is broader than marketing barriers as a result of many organizational constraints.

The most critical marketing barriers constraining efficient exporting are unreliable foreign representation and the lack of a plan by small and medium enterprises' plan with respect to the promotion of constant overseas markets development (Leonidou. et al., 2007). Such barriers render higher costs for small and medium enterprises because they must search for individuals in the foreign market whose criteria are met with organization's structural, operational, and behavioral requirements (Leonidou, 2004). When the desired representatives are discovered, they may have already chosen other competitors.

Small and medium enterprises attempt to adapt their promotional activities suitable for a diverse pattern of consumption and different overseas markets trade regulations by largely focusing on the consumers in the target market to understand their norm and values. Apart from advertising, promotional barriers also include effective changes in product and packaging (Terpstra and Sarathy, 2000), more competitive price offering to consumers (Doole and Lowe, 2001), as well as the availability of products and services in the market (no shortage) through extensive distribution networks.

5) External export barriers

Can be classified into four types: 1) procedural barriers, 2) governmental barriers, 3) task barriers, and 4) environmental barriers.

6) Procedural Barriers

Procedural barriers represent obstacles caused by export operations with customers abroad.

7) Governmental Barriers

Governmental barriers signify two aspects of obstacles from the government: the lack of government support for exporters and the government trade barriers on export-related tax and non-tax measures.

8) Task Barriers

Task barriers refer to obstacles from customers and competitors in foreign markets.

9) Environmental Barriers

Environmental barriers denote obstacles from economic, political, legal, social, and cultural situations in foreign market.

In conclusion, export barriers as a dependent variable are comprised of two types: internal barriers and external barriers. Related research works indicate that the lack of a knowledgeable workforce for export markets, failure to achieve quality standards in foreign markets, shortage of financial support, know-how deficiency in international markets, disappointment with product design features, as well as unpopular image in overseas markets, are major internal barriers threatening small and medium enterprises (Czinkota and Ricks, 1983; Tesfom and Lutz, 2006). Because of these reasons entrepreneurial orientation played a key role in fostering export performance opportunities for the organization on fighting internal organizational challenges.

3.3.3 As an Independent Variable, Entrepreneurial Orientation

Refers to an organization's change in strategy alternatives toward a desired objective for entrepreneurial orientation (Schendel and Hofer, 1979), which consist of three observable variables: risk taking, innovativeness, and proactiveness.

3.3.3.1 Innovativeness refers to an organization's willingness to promote creative ideas for new products and work processes toward success (Lumpkin and Dess, 2001). Enterprises offer new products or services and swiftly reinvent products as a first mover using new techniques of production.

3.3.3.2 Proactiveness means forward looking for opportunities (Penrose, 1963) to grow enterprises by offering innovation for products and services and forecasting change needed for redefining an organization's environment (Lumpkin and Dess, 2001).

3.3.3.3 Risk taking refers to entrepreneurs' willingness to spend most of an organization's available resources on projects associated with high costs of failure (Miller and Friesen, 1982) in expecting high returns, as well as courage in making sudden changes for expanding business opportunities.

The decision on migrating to any given potential export markets in small and medium enterprises usually rests with one person, the owner, or a small group of people in the organization (Gomez-Mejis, 1998). Such decision-makers involved in international business seeking opportunities and overseas market selection are required to have good training (Leonidou et al., 1998). They must be willing and able to spend time and resources efficiently (Leonidou et al., 2007). Should small and medium enterprises decide to step into global market, some functions that should take place are the abilities to deal with the international trade documentation, along with the ability to communicate with logistics of export products and services and with customers who are the importers of products and services (Leonidou, 2004; Leonidou et al., 2007). Moreover, small and medium enterprises that adopt foreign exporting of goods and services will encounter significant cost increases associated with potential export markets research and implementation of strategy (Leonidou et al., 2007). As a result, small and medium enterprises in the export business must bear high human capital costs, i.e. the improvement of staff's export competency in order to achieve their goals in international business (Jaffe et al., 1988; Westhead et al., 2002).

Limitation on resources and human capital are the obstacles or barriers to modification of policy formulation and assessment necessary for the improvement of export business functional factors. It must adapt in order to grow through increased education in technology (Grants, 1999). Moreover, organizations need to apply their competency for management associated with external environmental changes (Grants, 1999).

Operational definitions, indicators, and measurement levels/methods are shown in Table 3.1 below.

Table 3.1 Operational Definitions, Indicators, and Measurements/Methods

Sub Concept	Definitions	Items/Indicators	Measurements
Dependent Variable			
Export Performance	Success or failure of the exporting of an organization (Zou and Stan, 1998), dividable into financial and non-financial measures		
Financial Performance	Organizational performance via financial measuring	1) Annual sales compared to previous year 2) Annual profit compared to previous year 3) Growth compared to previous year	-Interval scale -Questionnaire rating scale of 10, where 1=least agree and 10=strongly agree -Subjective data

Table 3.1 (Continued)

Sub Concept	Definitions	Items/Indicators	Measurements
Non-Financial Performance	Organizational performance via non-financial measuring	4) Your business can achieve the specified product quality standard 5) Your business can respond to customer's needs as per the specified goal 6) Your business can achieve the specified sales growth target quality standard	-Interval scale -Questionnaire rating scale of 10 where 1=least agree and 10=strongly agree -Subjective data
Independent Variable			
Entrepreneurial Orientation	Focus on personalities and attributes of entrepreneurs, which are a key management mechanism of the organizational capability (Bygrave and Hofer, 1991)		
Innovativeness	Tendency of organizations to participate in or promote new ideas, inventions, experiments, and initiatives, which are different from previous thinking, which signals a willingness to abandon old habits or customs and trying to do something new and untested, or abandoning old styles of working for new ones	7) During 1-3 years, your business has offered new products or services 8) Product or service development of your business can meet market demands keeping up with situational changes 9) Most of the time your business can offer new products, services, or production techniques	-Interval scale -Questionnaire rating scale of 10 where 1=least agree and 10=strongly agree -Subjective data

Table 3.1 (Continued)

Sub Concept	Definitions	Items/Indicators	Measurements
Proactiveness	Anticipation and action toward future needs of the market, which allow organizations to gain a competitive advantage as the first-mover advantage	10) Your business often seeks new export opportunities 11) Your business focuses on R&D, leadership in technology, and innovation for a competitive advantage on adopting a foreign market	-Interval scale -Questionnaire rating scale of 10 where 1=least agree and 10=strongly agree -Subjective data
Risk Taking	Entrepreneurs' willingness on spending most of an organization's available resources on projects associated with high costs of failure or venturing into the unknown	12) Your business takes risks on spending available resources for investment of untapped export markets 13) Your business takes risks on making prompt changes toward its objectives 14) Your business has a venturesome strategy	-Interval scale -Questionnaire rating scale of 10 where 1=least agree and 10=strongly agree -Subjective data
Export Barriers	Factors hampering exports for small and medium enterprises (Leonidou Leonidas C., 2004)		
Internal Export Barriers	Obstacles within the organization concerning resources utilization and management capability (Leonidou Leonidas C., 2004)		
Informational Barriers	Ineffective use of data for selection of international markets and related contact persons.	15) Problematic international market data 16) Limited information to locate/analyze markets 17) Identifying foreign business opportunities	-Interval scale -Questionnaire rating scale of 10 where 1=least agree and 10=strongly agree -Subjective data

Table 3.1 (Continued)

Sub Concept	Definitions	Items/Indicators	Measurements
Functional Barriers	Lack or deficiency of resources and capabilities in exporting functions	18) Inadequate/ untrained personnel for exporting 19) Lack of skillful workforce for production 20) Lack of excess production capacity for exporters 21) Shortage of working capital to finance exporters (inaccessibility of funds)	-Interval scale -Questionnaire rating scale of 10 where 1=least agree and 10=strongly agree -Subjective data
Marketing Barriers	Barriers on products or marketing activities with respect to exporting	22) Meeting export packaging/labeling requirements 23) Difficulty in offering satisfactory prices to overseas customers 24) Difficulty in accessing export distribution channels 25) Excessive transportation/insurance costs 26) Adjusting export promotional activities 27) Lack of business alliances and network of export enterprises (for boosting production)	-Interval scale -Questionnaire rating scale of 10 where 1=least agree and 10=strongly agree -Subjective data
External Export Barriers	Internal and external barriers beyond the control of organizations (Leonidou Leonidas C., 2004)		

Table 3.1 (Continued)

Sub Concept	Definitions	Items/Indicators	Measurements
Procedural Barriers	Barriers from export operations with customers abroad	28) Lack of knowledge/difficulty with export procedures 29) Unfamiliar with exporting procedures/ paper work 30) Problematic communication with overseas customers	-Interval scale -Questionnaire rating scale of 10 where 1=least agree and 10=strongly agree -Subjective data
Governmental Barriers	Two aspects of obstacles from the government: the lack of government support for exporters and the government trade barriers on export-related tax and non-tax measures	31) Lack of home government assistance/ incentives 32) Unfavorable home laws, rules, and regulations 33) Lack of confidence from overseas markets due to domestic political and social problems	-Interval scale -Questionnaire rating scale of 10 where 1=least agree and 10=strongly agree -Subjective data
Task Barriers	Barriers from customers and competitors in foreign markets	34) Different foreign customer habits/attitudes 35) Competition with similar products with a country with lower cost production	-Interval scale -Questionnaire rating scale of 10 where 1=least agree and 10=strongly agree -Subjective data
Environmental Barriers	Barriers from economic, political, legal, social, and cultural situations in foreign markets	36) Poor/deteriorating economic conditions 37) Political instability in foreign markets 38) High tariff and non-tariff barriers 39) Foreign currency exchange risks 40) Different language and socio-cultural traits	-Interval scale -Questionnaire rating scale of 10 where 1=least agree and 10=strongly agree -Subjective data

3.4 Population and Sampling

As of 2013, there were 2,763,997 Small and Medium Enterprises (SMEs) registrations in Thailand, which accounted for 97.16 percent of the total figure of 2,844,757. They contributed to major economic development of Thailand through national employment of more than 11.41 million jobs, or 80.96 percent of the total number of jobs created nationwide. Of these enterprises, the number of export businesses at the end of 2013 were 39,610, including 24,944 or 62.97 percent of the total export enterprises in the country. This added value to the economy, or SMEs GDP, of 4.45 trillion baht. Exports from SMEs equaled 39.55 percent of SMEs GDP. Thailand's net exports in 2013 accounted for 6.90 trillion baht. Considering the size of the businesses, exports by Large Enterprises (LE) was valued at 5.03 trillion baht, or 72.75 percent compared to 1.76 trillion baht, or 25.50 percent. by small and medium enterprises. Details of the export enterprises are shown in Table 3.2 below.

Table 3.2 Export Enterprises in 2013

MB=Million Baht

	Enterprises (Firms/ Businesses) 2013	Ratio of Total Enterprises	Export Enterprises (Firms/ Businesses) 2013	Ratio of Total Export Enterprises	Export Value (MB) 2013	Ratio of Total Export Value
Total	2,844,757	100.00%	39,610	100.00%	6,908,262.79	100.00%
-LE	7,349	0.26%	3,249	8.20%	5,026,072.71	72.75%
-SMEs	2,763,997	97.16%	24,944	62.97%	1,761,818.87	25.50%
-SE	2,750,750	96.70%	21,708	54.80%	1,182,655.79	17.12%
-ME	13,247	0.46%	3,236	8.17%	579,163.08	8.38%
-Size Unidentifiable	73,411	2.58%	11,417	28.82%	120,371.21	1.74%

Source : Office of Small and Medium Enterprises Promotion, 2013.

3.4.1 Target Population

This study analyzes organization level population for small and medium export enterprises that have been registered as a legal entity as of 2013 and are a member of the Department of International Trade Promotion, Ministry of Commerce according to Thailand's Exporters Directory database. Table 3.3 below shows a total number of 17,122 manufacturing companies.

Table 3.3 Industrial Group of Export Enterprises Registered a Member of the Department of Export Promotion of International Trade, Ministry of Commerce

Sequence	Thailand's Exporters Directory Sectors	Companies
1	Agricultural Products	1,074
2	Bags / Footwear / Leather Products	757
3	Chemicals / Plastic Resin	390
4	Electronics / Electrical Products and Parts	821
5	Furniture	801
6	Home Textiles	306
7	Machinery / Equipment	360
8	Pet and Farming Products	93
9	Safety Products	34
10	Sporting Goods	96
11	Textiles, Garments and Fashion Accessories	1,731
12	Watches / Clocks / Gems and Jewelry	1,103
13	Automotive / Auto Parts and Accessories	644
14	Building Materials / Hardware Items	1,066
15	Cosmetics/Toiletries/Medical Supplies/Optical Goods	1,098
16	Food	2,041

Table 3.3 (continued)

Sequence	Thailand's Exporters Directory Sectors	Companies
17	Gifts and Decorative Items / Handicrafts	1,680
18	Household Products	879
19	Minerals / Fuels	76
20	Printing Products and Service / Packaging	570
21	Service Trade	1,103
22	Stationery / Office Supplies & Equipment	184
23	Toys and Games	215
	Total Companies in all Sectors	**17,122**

This researcher focuses on the target population according to the following criteria:

1) Small and medium enterprises exporters

2) Manufacturing firms

3) Top 20 export firms in the four SMEs industrial groups, of which SMEs value of exports in 2013 accounted for 39.55 percent of SMEs GDP (data from Office of Small and Medium Enterprises Promotion, 2013). The SMEs four industrial groups are as follows:

(1) Agricultural products, processed agricultural products, and food

(2) Textiles, leather, clothing, and jewelry

(3) Furniture, home decorations, crafts, and souvenirs

(4) Automotive parts, chemicals, plastics, and rubber

4) Firm age of two years and up follows recommendations from John P. Kotter that an entrepreneur or leader should realize or focus on the importance of leading changes or innovation to the firm at least in every few years in order to increase the firm's competitive advantages and firm performance. Therefore, in this study this criteria was used in order to have reliable data.

3.4.2 Sample Size

This study employs a sample by applying 336 organizations as the unit of analysis. Details of the sample size selection are as follows:

Step 1 Criteria: sample size criteria for Structural Equation Modeling (SEM) analysis follows recommendations from Kelloway in 1998, along with Diamantopoulos and Siquaw, 2000: 97 that a sample size of 200 and over are satisfactory for Structural Equation Modeling. Schumacker and Lomax, 1996 cited in Nongluk Wiratchai, 1999: 311) suggested that appropriate sample size for the research utilizing the LISREL Model for causal analysis is 10-20 times the observed variables. This research contains 12 observed variables; therefore, the applicable sample size for analysis should be between 200 and 240 samples.

Primary data for the survey was collected via telephone. Data on a sample of enterprises was directly collected through an exporter seminar in order to compensate incomplete, incorrect, or unreturned questionnaires. The maximum response rate is determined from the formula N+(NX0.4) = 240+(240X0.4), which equates to 336 organizations (Kanlaya Vanichbuncha, 2006). Subsequently, the sample size for this research is 336 organizations, which is considered adequate and more than the sample size needed for a Structural Equation Modeling analysis.

Step 2 Sample selection: this researcher employs classification criteria for small and medium enterprises export businesses, as shown in Table 3.4 below.

Table 3.4 SMEs Classification Criteria

MB=Million Baht

Type of SMEs	**SE**	**ME**	**LE**
Product	Fixed assets value not exceeding 50 MB Employment of 50 people or less	Fixed assets value between 50- 200 MB Employment of 51-200 people	Fixed assets value exceed 200 MB Employment of more than 200 people

Source: Ministerial Regulation on Classification of Employment and Fixed Assets of Small and Medium Enterprises, 2002.

SMEs size can be classified via 1) fixed assets value and 2) the number of employees. In this study, the researcher focused only on small and medium export enterprises. Large enterprises were excluded. The export value according to the classification of corporate bodies by size, large enterprises (LE) amount to 5.03 trillion baht, or 72.75 percent of the total export value. Small and medium enterprises (SMEs) were valued at 1.76 trillion baht or 25.50 percent of the total export value, which is only a fraction when compared to large enterprises and firm's with an age of two years and up. The global trade upsurge during domestic market saturation has critically contributed small and medium enterprises' boost in export performance to the national economy. Thai small and medium enterprises in the export sector must adapt in order to compete and survive in this modern economy. They need efficient business management through systematic operations, along with concepts and paradigms that are different from the past. This is because competition needs to go along with environmental conditions. Findings from The Achievement of Export Performance of Small and Medium Enterprises (SMEs) in Thailand can be used as a direction for both public and private policy making with respect to entrepreneurship development. This leads to sustainable performance for the export sector of small and medium enterprises. It further promotes the national economy in terms of gross domestic product and employment.

Step 3 Sample selection from the organization level as a representative for the research: the unit of analysis for this study is the organization level. However, the researcher specifies that entrepreneurs or owners, successors, partners, and executives of small and medium enterprises in the exporting business whose responsibilities involve exporting and policy decision on behalf of the organization (Gartner, et al., 1994) as being the representative of the unit for the analysis. This is in concert with Maria Jose & Enrique (2009) whose study indicates that senior executives play a key role in an organization and research often specifies them as information providers acting as an organization representative.

3.4.3 Sampling Technique

The sampling method employs a purposive sampling of the industrial sector, i.e. the top 20 exporters in the four SMEs industrial groups, of which SMEs value of exports in 2013 accounted for 39.55 percent of SMEs GDP. According to the database of Thailand's Exporters Directory, Department of International Trade Promotion, Ministry of Commerce, these four groups comprise the agricultural products, processed agricultural products, and food group; the textiles, leather, clothing, and jewelry group; the furniture, home decoration, crafts, and souvenir group; as well as the automotive parts, chemical, plastics, and rubber group. Fix assets (excluding) and employment criteria conform to the regulation on classification of employment and fixed assets of small and medium enterprises. This ensures that only qualified enterprises can provide information about entrepreneurial orientation, export barriers, and export performance useful for the study of the variable relationships for small and medium export enterprises.

3.5 Research Instruments

Instruments used in this study consist of questionnaires and interviews. Details and processes pertaining to the creation of the research instruments are as follows:

Instruments creation, the researcher carries out the following tasks.

1) Studying papers, books, articles, reports, publications, and related research, then recaps the data acquired to build the instruments.

2) Specifying the question structure and direction to formulate the questionnaires.

3) Performing qualitative research via structured interviews in order to classify variables or questions. The representatives in the research are ten organizational samples from small and medium enterprises that owners, successors, partners, and senior executives are acting as entrepreneurs responsible for export and organizational policy making.

4) Submitting questionnaires to the exports for content validity. The three experts consist of a lecturer in the field of Public Administration, an expert on small and medium enterprises development, and a faculty member from Small and Medium Enterprises Department.

5) Determining the components of instruments. Part 1 consists of general information of an organization. Part 2 covers questions about entrepreneurial orientation. Lastly, Part 3 involves export barriers affecting the export performance of small and medium enterprises. The questions follow Thurstone's Theory of Attitude Measurement (Thurstone, 1929) or "Equal-Appearing Interval Scale." Opinions are measured on a scale of 1-10, where 1 equals "least agree" and 10 equals "strongly agree." The questions are designed to measure by interval scale and the mean can be calculated.

3.6 Test of Research Instruments

This research employs quality protocol for the questionnaires through content validity, reliability, and construct validity. Details of the protocol are as follows.

Questionnaires are created for each variable per the operational definition based upon theories and concepts. Qualitative analysis is conducted using in-depth, structured interviews to classify variables or questions.

Questionnaires are then presented to the three scholars for verification, which includes the appropriateness of the language and questionnaires. Content validity ensures that research instruments or questionnaires contain substantial matter that can be representative for the measurement, and reliable contents covering defined research objective (Pornpen Petsuksiri, 1997).

Data collection trial on 30 samples was used to calculate Cronbach's Alpha Coefficient in order to determine questionnaire reliability, which indicates measurement consistency of the instrument. A good instrument must yield consistent results. In other words, same samples measured at different times must have the same result or a very small variance of reliability coefficient of 0.50 or above. The calculation of Cronbach's Alpha Coefficient is performed on an entire questionnaire, as well as individual items. After achieving an acceptable validity and reliability, the instrument is ready for the real research samples.

However, this researcher found that of all the 301 retuned questionnaires, 77 were replies from large export enterprises and/or firms aged below two years, which do not meet the specified criteria. For that reason, they are discarded. The remaining responses, i.e. 301-77=224 are from small and medium export enterprises. As proposed by Schumacker and Lomax, 1996 cited in Nongluk Wiratchai, 1999:311), the proper sample size for research employing the LISREL Model for causal analysis is 10-20 times the observed variables. This research specifies 12 observed variables; therefore, the sample size of 224 organizations (18.67 times) is good for a linear structural relations model for this research.

The data obtained from the 224 real samples were analyzed in order to determine the construct validity of the questionnaire, which measures export performance, entrepreneurial orientation, internal export barriers, and external export barriers for confirmatory factor analysis using the LISREL, version 8.52 program.

3.6.1 Content Validity

Steps in determining the content validity are as follows:

1) Questionnaires were forwarded to the three experts for content validity. The three experts consisted of one lecturer in the field of Public Administration, a scholar on small and medium enterprises development, and a faculty member from Small and Medium Enterprises Department. These experts verified the consistency of the questionnaires against operational definitions to find the Index of Congruence (IOC) (Sirichai Kanjanawasee, 2001), coverage and clarity of the questionnaires, as well as accuracy and appropriateness of the language. The IOC by the three experts determined how the questions measured in accordance with the objective, where

+1 Question can be measured in accordance with the objectives

0 Unsure

-1 Question cannot be measured in accordance with the objectives

Results from the experts were then calculated for the mean or Index of Item Objective Congruence (IOC), which is primarily the consistency of the questions and objectives according to experts' opinions using the SPSS program.

Mean, which is IOC or Index of Item Objective Congruence, indicates that of all questions are between 0.67 and 1.00. According to the criterion, only IOC of 0.50 or above will be considered; thus, the results show that all 50 questions meet the criterion of being measurable by objective (questions are consistent with definitions of variables).

2) Qualitative research are performed through structured interviews with the aim of classifying variables or questions on export barriers. Research representatives are ten organizational samples from small and medium enterprises that owners, successors, partners, and senior executives are acting as entrepreneurs responsible for export and organizational policy making (Gartner et al., 1994).

Results from content validity by experts andsmall and medium enterprises that owners, successors, partners, and senior executives performing as entrepreneurs responsible for export and organizational policy making contain:

1) 10 items about general information about the organization,

2) 14 items about information about export performance and entrepreneurial orientation, and

3) 26 items about information about export barriers,

A summary of the questions is shown in Table 3.5 below.

Table 3.5 Summary of Question Items

Variable	Part	Item No.	No. of Items
General Information of Organization	1	1-10	10
Gender		1	1
Age		2	1
Business Status		3	1
Permanent Employees		4	1
Fix Assets (Excluding Land)		5	1
Age of Business		6	1
Industrial Group		7	1
Current Export Situation		8	1
Export Marketing		9	1
Export Country		10	1
Information about Export Performance and Entrepreneurial Orientation	2	1-14	14

Table 3.5 (Continued)

Variable	Part	Item No.	No. of Items
Export Performance			
Financial Performance		1-3	3
Non-Financial Performance		4-6	3
Entrepreneurial Orientation			
Innovativeness		7-9	3
Proactiveness		10-11	2
Risk Taking		12-14	3
Export Barriers	3	15-40	26
Internal Export Barriers			
Informational Barriers		15-17	3
Resource Barriers		18-21	4
Marketing Barriers		22-27	6
External Export Barriers			
Procedural Barriers		28-30	3
Home Governmental Barriers		31-33	3
Customers and Competitors Barriers		34-35	2
External Environment Barriers		36-40	5

3.6.2 Reliability

This indicates the consistency aspect of the entire instrument, which does not change no matter how many times it is measured. This research performs a reliability test on all 30 questionnaires employing the Cronbach's Alpha Coefficient method, which measures using a rating scale. The acceptable threshold is 0.5 or more. Such a calculation technique is executed on the entire questionnaire and on individual items.

Analysis using the Cronbach's Alpha Coefficient confirmed that the questionnaire reliability scales are between 0.504 and 0.966, and the reliability of the entire questionnaire is 0.884, which is closer to 1.00. This means that the research instrument conforms to the reliability quality, which is sufficient for data collection for further research. Detailed analysis of the questionnaire reliability is shown in Table 3.6 below.

Table 3.6 Reliability of the Entire Questionnaire and Individual Items

Variable	Cronbach's Alpha Coefficient
Export Performance	**.953**
Financial Performance	
1. Annual sales compared to previous year	.894
2. Annual profit compared to previous year	.918
3. Growth compared to previous year	.965
Non-Financial Performance	
1. Your business can achieve the specified product quality standard	.813
2. Your business can respond to customer's needs as per the specified goals	.864
3. Your business can achieve the specified sales growth target quality standard	.882
Entrepreneurial Orientation	**.812**
Innovativeness	
1. During 1-3 years, your business has offered new products or services	.910
2. Product or service development of your business can meet market demands, keeping up with situational changes	.921
3. Most of the time your business can offer new products, services, or production techniques	.933
Proactiveness	
1. Your business often seeks new export opportunities	.905
2. Your business focuses on R&D, leadership in technology and innovation for a competitive advantage on adopting foreign markets	.904

Table 3.6 (Continued)

Variable	Cronbach's Alpha Coefficient
Risk Taking	
1. Your business takes risks on spending available resources for investment of untapped export markets	504
2. Your business takes risks on making prompt changes toward reaching objectives	.797
3. Your business has a venturesome strategy	.724
Internal Export Barriers	**.883**
Informational Barriers	
1. Problematic international market data	.954
2. Limited information to locate/analyze markets	.966
3. Identifying foreign business opportunities	.920
Resource Barriers	
1. Inadequate/untrained personnel for exporting	.861
2. Lack of a skillful workforce for production	.893
3. Lack of excess production capacity for exporters	.820
4. Shortage of working capital to finance exporters	.579
Marketing Barriers	
1. Meeting export packaging/labeling requirements	.916
2. Difficulty in offering satisfactory prices to overseas customers	.855
3. Difficulty in accessing export distribution channels	.928

Table 3.6 (Continued)

Variable	Cronbach's Alpha Coefficient
4. Excessive transportation/insurance costs	.859
5. Adjusting export promotional activities	.747
6. Lack of business alliances and network of export enterprises	.531
External Export Barriers	**.835**
Procedural Barriers	
1. Lack of knowledge/difficulty of export procedures	.787
2. Unfamiliar with exporting procedures/paper work	.815
3. Problematic communication with overseas customers	.829
Home Governmental Barriers	
1. Lack of home government assistance/ incentives	.788
2. Unfavorable home laws, rules, and regulations	.877
3. Lack of confidence from overseas markets due to domestic political and social problems	.541
Customers and Competitors Barriers	
1. Different foreign customer habits/attitudes	.623
2. Competition with similar products from acountry with lower production costs	.690
External Environment Barriers	
1. Poor/deteriorating economic conditions	.803
2. Political instability in foreign markets	.726
3. High tariff and nontariff barriers	.837

Table 3.6 (Continued)

Variable	Cronbach's Alpha Coefficient
4. Foreign currency exchange risks	.586
5. Different language and sociocultural traits	.655
Entire Questionnaire Reliability	**.884**

3.6.3 Construct Validity

This researcher performs a confirmatory factor analysis on real data collected from 224 small and medium export enterprises in order to find construct validity of the questionnaire that is used to measure variables about the effect of entrepreneurial orientation and export barriers on the export performance of small and medium enterprises in Thailand. Detailed results from the construct validity analysis of each variable are as follows.

1) Construct Validity of Export Performance

The export performance measurement model consists of two components: 1) financial performance, and 2) non-financial performance.

Results from the confirmatory factor analysis of export performance indicate that the export performance measurement model is consistent with the empirical data with a statistical significance level of 0.01, which is determined by a 0 value chi-square, 1.000 probability (p), and 0 degree of freedom. That is, the chi-square insignificantly differs from zero. It denotes that the assumption of the export performance measurement model is consistent with the empirical data as the Goodness of Fit Index (GFI) is equal 1.000, the Adjusted Goodness of Fit Index (AGFI) equals 1.000, and the Root of Mean Square Residuals (RMR) is 0.000.

The significance of standard components (B) of each observed variable in the export performance measurement model yields a positive value for all factor loadings, which range from 0.57 to 0.96, with a statistical significance level of 0.01 for all. Components are sorted from the most significant to the least significant, i.e. non-financial performance and financial performance give factor loadings of 0.96 and 0.57, respectively, and a joint variation of the export performance component of 91.40 percent and 32.70 percent, respectively. Table 3.7 and Figure 3.1 below reflect those results.

Table 3.7 Results from Confirmatory Factor Analysis of Export Performance (EP)

Variable	**Factor Loadings**				**Reliability**
	b	**SE**	**B**	**T**	**(R^2)**
Financial Performance	0.98	0.238	0.57	8.246**	0.327
Non-Financial Performance	1.59	0.483	0.96	2.667**	0.914
χ^2 = 0, df = 0, p = 1.000, GFI = 1.000, AGFI = 1.000, RMR = 0.000					

Note: * Correlation is significant at the 0.05 level (2-tailed) t>1.96

** Correlation is significant at the 0.01 level (2-tailed) t>2.58

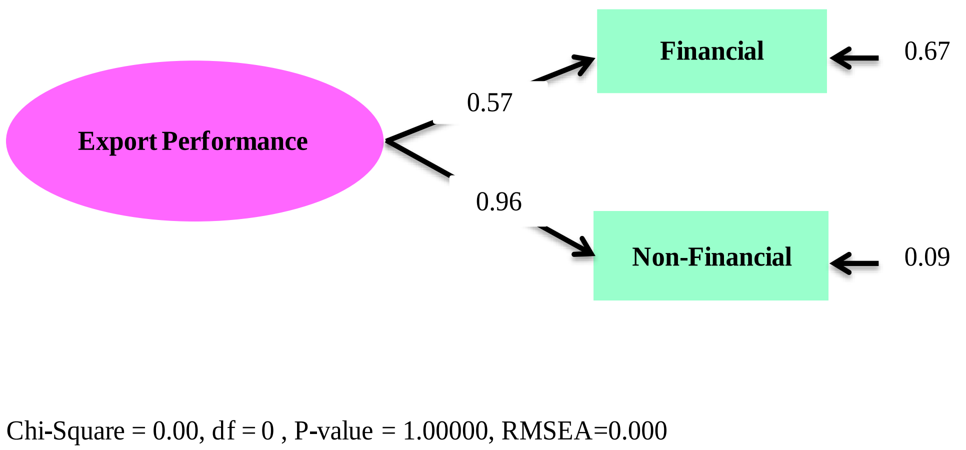


Figure 3.1 Results from Confirmatory Factor Analysis of Export Performance

2) Construct Validity of Entrepreneurial Orientation

The entrepreneurial orientation measurement model comprises three components: 1) innovativeness, 2) proactiveness, and 3) risk taking.

Results from the confirmatory factor analysis of entrepreneurial orientation indicate that the entrepreneurial orientation measurement model is consistent with the empirical data with a statistical significance level of .01, which is determined by a 1.170 value chi-square, 0.279 probability (p), and 1 degree of freedom. That is, the chi-square insignificantly differs from zero. It denotes that the assumption of the entrepreneurial orientation measurement model is consistent with empirical data, as the Goodness of Fit Index (GFI) is equal to 0.997, the Adjusted Goodness of Fit Index (AGFI) equals 0.985, and the Root of Mean Square Residuals (RMR) is 0.150.

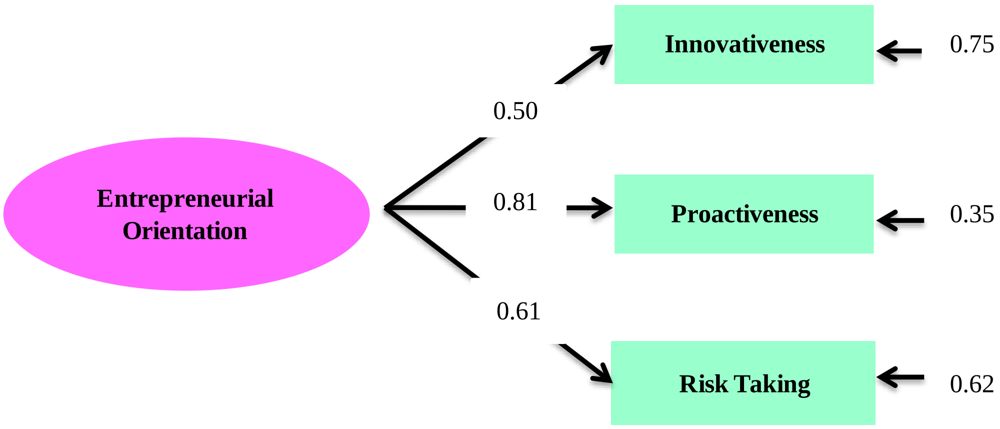
The significance of standard components (B) of each observed variable in the entrepreneurial orientation measurement model yields a positive value for all factor loadings, which range from 0.50 to 0.81, and a statistical significance level of 0.01 for all. Components are sorted from the most significant to the least significant, i.e. proactiveness, risk taking, and innovativeness give factor loadings of 0.81, 0.61 and 0.50, respectively, and a joint variation of entrepreneurial orientation component of 64.90 percent, 54.90 percent, and 37.70 percent, respectively. Table 3.8 and Figure 3.2 below reflect those results.

Table 3.8 Results from Confirmatory Factor Analysis of Entrepreneurial Orientation (EO)

Variable	**Factor Loadings**				**Reliability**
	b	**SE**	**B**	**T**	**(R^2)**
Innovativeness	0.99	0.269	0.50	10.871**	0.549
Proactiveness	0.72	0.456	0.81	3.479**	0.649
Risk Taking	0.22	0.304	0.61	8.035**	0.377
χ^2 = 1.170, df = 1, p = 0.27953, GFI = 0.997, AGFI = 0.985, RMR = 0.150					

Note: * Correlation is significant at the 0.05 level (2-tailed) t>1.96

** Correlation is significant at the 0.01 level (2-tailed) t>2.58



Chi-Square = 1.17, df = 1 , P-value = 0.27953, RMSEA=0.024

Figure 3.2 Results from Confirmatory Factor Analysis of Entrepreneurial Orientation

3) Construct Validity of Internal Export Barriers

The internal export barriers measurement model contains three components: 1) informational barriers, 2) resource barriers, and 3) marketing barriers.

Results from the confirmatory factor analysis of internal export barriers indicate that the internal export barriers measurement model is consistent with the empirical data with a statistical significance level of 0.01, which is determined by a 1.85 value chi-square, 0.173 probability (p), and 1 degree of freedom. That is, the chi-square insignificantly differs from zero. It denotes the assumption that theinternal export barriers measurement model is consistent with empirical data, as the Goodness of Fit Index (GFI) is equal to 0.996, the Adjusted Goodness of Fit Index (AGFI) equals 0.976, and the Root of Mean Square Residuals (RMR) is 0.197.

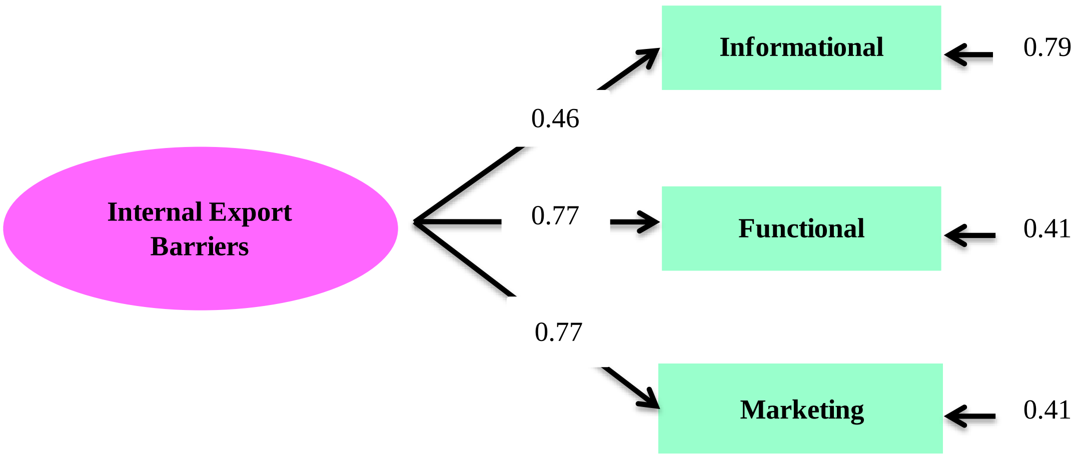
The significance of standard components (B) of each observed variable in the internal export barriers measurement model yields a positive value for all factor loadings, which range from 0.46 to 0.77, with a statistical significance level of 0.01 for all. Components are sorted from the most significant to the least significant, i.e. resource barriers, marketing barriers, and informational barriers give factor loadings of 0.77, 0.77 and 0.46, respectively, and a joint variation of internal export barriers component of 59.30 percent, 59.10 percent, and 20.70 percent, respectively. Table 3.9 and Figure 3.3 below reflect those results.

Table 3.9 Results from Confirmatory Factor Analysis of Internal Export Barriers (IEB)

Variable	**Factor Loadings**				**Reliability (R^2)**
	b	**SE**	**B**	**T**	
Informational Barriers	0.99	0.328	0.46	11.434**	0.207
Resource Barriers	1.50	0.335	0.77	4.604**	0.593
Marketing Barriers	1.20	0.215	0.77	4.628**	0.591
χ^2 = 1.85, df = 1, p = 0.17326, GFI = 0.996, AGFI = 0.976, RMR = 0.197					

Note: * Correlation is significant at the 0.05 level (2-tailed) t>1.96

** Correlation is significant at the 0.01 level (2-tailed) t>2.58



Chi-Square = 1.85, df = 1 , P-value = 1.17326, RMSEA=0.053

Figure 3.3 Results from Confirmatory Factor Analysis of Internal Export Barriers

4) Construct Validity of External Export Barriers

The external export barriers measurement model covers four components: 1) procedural barriers, 2) home governmental barriers, 3) customer and competitor barriers, and 4) external environment barriers.

Results from the confirmatory factor analysis of external export barriers indicate that the external export barriers measurement model is consistent with the empirical data with a statistical significance level of 0.01, which is determined by a 5.82 value chi-square, 0.121 probability (p), and 3 degree of freedom. That is, the chi-square insignificantly differs from zero. It denotes the assumption that theexternal export barriers measurement model is consistent with the empirical data, as the Goodness of Fit Index (GFI) is equal to 0.991, the Adjusted Goodness of Fit Index (AGFI) equals to 0.969, and the Root of Mean Square Residuals (RMR) is 0.293.

The significance of standard components (B) of each observed variable in the external export barriers measurement model yields a positive value for all factor loadings, which range from 0.45 to 0.78, with a statistical significance level of 0.01 for all. Components are sorted from the most significant to the least significant, i.e. home governmental barriers, external environment barriers, customers and competitors, and procedural barriers give factor loadings of 0.78, 0.63, 0.61, and 0.45, respectively, and a joint variation of external environment barriers component of 60.20 percent, 40.10 percent, 37.20 percent, and 20.60 percent, respectively. Table 3.10 and Figure 3.4 below reflect those results.

Table 3.10 Results from Confirmatory Factor Analysis of External Export Barriers (EEB)

Variable	**Factor Loadings**				**Reliability (R^2)**
	b	SE	B	T	
Procedural Barriers	0.99	0.330	0.45	11.407**	0.206
Home Governmental Barriers	1.53	0.268	0.78	5.745**	0.602
Customers and Competitors Barriers	1.16	0.236	0.61	9.568**	0.372
External Environment Barriers	0.98	0.156	0.63	9.157**	0.401

χ^2 = 5.82, df = 3 , p = 0.12053, GFI = 0.991, AGFI = 0.969, RMR = 0.293

Note: * Correlation is significant at the 0.05 level (2-tailed) t>1.96

** Correlation is significant at the 0.01 level (2-tailed) t>2.58

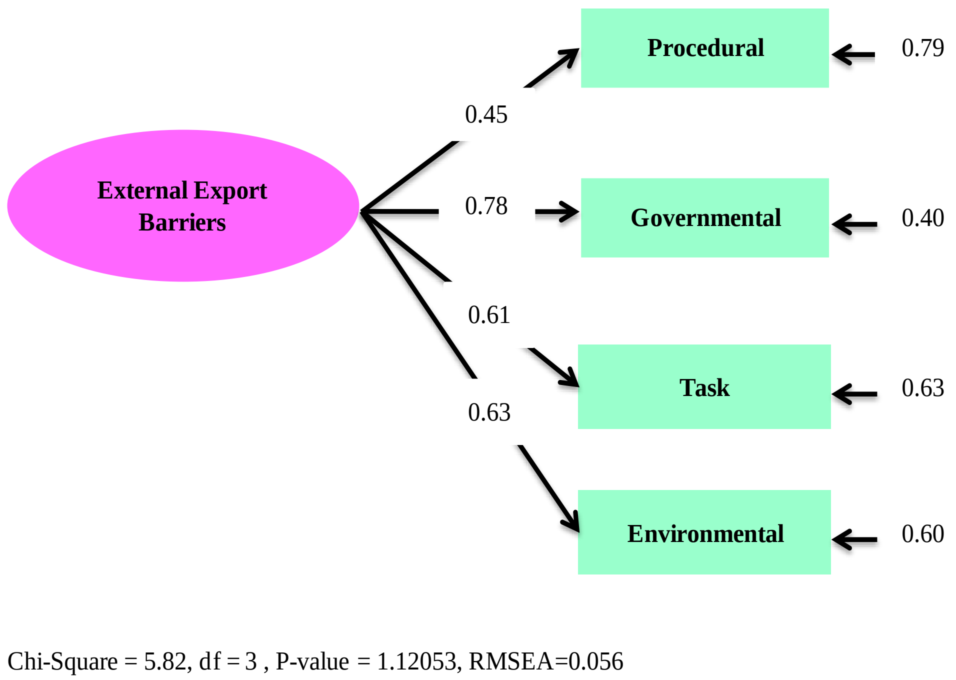


Figure 3.4 Results from Confirmatory Factor Analysis of External Export Barriers

3.7 Data Sources and Data Collection

3.7.1 Primary Data

3.7.1.1 This researcher performed qualitative research from data obtained through structured interviews, with the aim of classifying variables or questions. Research representatives were ten organizational samples from small and medium enterprises that owners, successors, partners, and senior executives are acting as entrepreneurs responsible for exporting and organizational policy making (Gartner et al., 1994).

3.7.1.2 This researcher performed quantitative research from primary data directly obtained through telephone inquiries and exporter seminars for small and medium enterprises. The total sample size consisted of 336 questionnaires, which were distributed between September 1, 2557 and October 15, 2557. The number of returned questionnaires was 301, representing a response rate of 89.58%. Since the primary data collection was done directly via telephone interviews and exporter seminars, the non-returned questionnaire rate is rather low.

However, after receiving questionnaires back, the researcher found that some of the questionnaires did not meet the specified criteria. That is, 77 were replies from large export enterprises or firms aged below 2 years. Therefore, they were rejected. The remaining 224 samples were valid since they were from small and medium enterprises and had a firm age of two years and up.

3.7.2 Secondary Data

This researcher collected secondary data from various documents, i.e. the Office of Small and Medium Enterprises Promotion, Department of International Trade Promotion, Department of Business Development, Department of Industry Promotion, Customs Department, and the Internet.

3.8 Data Processing

3.8.1 Fundamental statistics and general information on small and medium export enterprises in Thailand from collected data were analyzed in order to determine the distribution of each variable. The analyses included basic descriptive statistics, i.e. mean, standard deviation, number, and percentage. The SPSS for Windows program was used to process the data analyses.

3.8.2 Analyses on Index of Congruence (IOC) and operational definition, reliability, and Pearson's product moment correlation coefficient were performed using the SPSS for Windows program.

3.8.3 Confirmatory factor analysis on determination of construct validity of each variable and Structural Equation Modeling (SEM) were examined using the LISREL for Windows, version 8.52, software.

3.9 Data Analysis

3.9.1 Description of organization general information were performed through basic statistics, mean, standard deviation, number, and percentage.

3.9.2 Quantitative data analysis for hypothesis testing through quantitative data of variables using the confirmatory factor analysis was carried out in order to confirm the accuracy of the variables classification from the literature review and related theories.

3.9.3 Investigation of the comparative relationship of independent variables on dependent variables through causal analysis of Structural Equation Modeling (SEM) was executed in an attempt to understand the relationship, importance, as well as both the Direct Effect (DE) and the Indirect Effect (IE) independent variable had over the dependent variable.

CHAPTER 4

RESEARCH FINDINGS

The research objectives of "The Achievement of Export Performance of Small and Medium Enterprises (SMEs) in Thailand" are as follows:

1) To analyze the relationship of entrepreneurial orientation and export performance

2) To analyze the relationship of entrepreneurial orientation on reducing export barriers, which promote export performance

3) To analyze the relationship of reducing export barriers and export performance of small and medium enterprises in Thailand

Results from data analyses this researcher presented in this study are outlined below.

Results from the qualitative analysis, after interviewing the key 10 informants, the researcher identified the export barriers in Thailand and added them into the questionnaires. The researcher then classified the variable as to whether it was an internal export barrier or an external export barrier in order to get valid information according to the Thailand context. This was in additional to the questions prepared after reviewing the relevant literature about exporting. The result were the questionnaires that were used as an instrument in the quantitative analysis, which was the main analysis in this study. The conclusion about export barriers obtained from the interviews was:

1) Taking a long time to obtain a certificate to export from government agency

2) Excessive transportation costs result in low competitive advantages when compare to the competitors

3) Lower production costs of foreign competitors who have the same kinds of production of goods

4) Foreign exchange rate risk

5) Lacking of home government assistance/incentives
6) Limited information about foreign buyers
7) Tariff and Non-Tariff Measure in foreign countries
8) Lacking of personnel who have export knowledge
9) Shortage of working capital
10) Excessive costs of raw materials and labor

Results from the quantitative analysis presented in this study are grouped into:

4.1 Fundamental statistics on organization general information

4.2 Fundamental statistics on observed variables used in the study

4.3 Research objectives:

1) Correlation

2) Results of the causal relationship model of The Achievement of Export Performance of Small and Medium Enterprises (SMEs) in Thailand developed with empirical data

The following are symbols representing latent variables in the research.

EP	stands for Export Performance
EO	stands for Entrepreneurial Orientation
IEB	stands for Internal Export Barriers
EEB	stands for External Export Barriers

The following are symbols representing observed variables in the research.

Export Performance

FIANC	stands for Financial Performance
N_FIANC	stands for Non-Financial Performance

Entrepreneurial Orientation

INN	stands for Innovativeness
PROAC	stands for Proactiveness
RISK	stands for Risk Taking

Internal Export Barriers

INFOR	stands for Informational Barriers
FUNC	stands for Functional Barriers
MKT	stands for Marketing Barriers

External Export Barriers

PROCE	stands for Procedural Barriers
GOV	stands for Governmental Barriers
TASK	stands for Task Barriers
ENV	stands for Environmental Barriers

The following are symbols representing the statistics in the research.

$\bar{x}$	stands for Mean
S.D.	stands for Standard Deviation
df	stands for Degree of Freedom
P-value	stands for Statistical Significance Level
**	stands for Statistical Significance Level 0.01 ($P<0.01$)
*	stands for Statistical Significance Level 0.05 ($P<0.05$)
n	stands for Sample Size
r	stands for Correlation Coefficient
b	stands for Raw Scores Factor Loadings
B	stands for Standard Score Factor Loading
χ^2	stands for Chi-Square Goodness of Fit Index
TE	stands for Total Effect
ID	stands for Indirect Effect
DE	stands for Direct Effect
R^2	stands for Coefficient of Determination
GFI	stands for Goodness of Fit Index
AGFI	stands for Adjusted Goodness of Fit Index
RMR	stands for Root Mean Squared Residual
RMSEA	stands for Root Mean Squared Error of Approximation

4.1 Results of the Fundamental Statistics on Organization General Information

Research Findings and Data Analysis

1) Respondent general information (organization level) is classified by gender, age, business status, permanent employees, fix assets (excluding land), age of business, industrial group, current export situation, export marketing, and export country, as shown in Tables 4.1 to 4.10 below.

Table 4.1 Respondent General Information Classified by Gender

Gender	Number	Percentage
Male	70	31.20
Female	154	68.80
Total	**224**	**100.00**

Table 4.1 shows the gender of the sample population. Predominantly, there are 154 females or 68.80 percent, and the remaining 70 are males, or 31.20 percent.

Table 4.2 Respondent General Information Classified by Age

Age	Number	Percentage
20-30 Years Old	23	10.30
31-40 Years Old	103	46.00
41-50 Years Old	68	30.40
51-60 Years Old	25	11.10
Over60 Years Old	5	2.20
Total	**224**	**100.00**

Table 4.2 shows the age of the sample population. The majority, 103 people, are 31-40 years old or 46.00 percent, followed by 68 people who are 41-50 years old

or 30.40 percent, 25 people who are 51-60 years old or 11.10 percent, 23 people who are 20-30 years old or 10.30 percent, and the least, 5 people who are over 60 years old or 2.20 percent.

Table 4.3 Respondent General Information Classified by Business Status

Business Status	Number	Percentage
Sole Export Business Owners	44	19.60
Partners or Executive Committee of Export Business	25	11.20
Successors of Export Business	1	0.40
Senior Executives Acting Export Policy Making	154	68.80
Total	**224**	**100.00**

Table 4.3 shows the business status of the sample population. The majority, 154 people or 68.80 percent, are senior executives responsible for exporting and organizational policy making, followed by 44 people or 19.60 percent, who are sole export business owners, 25 people or 11.20 percent, who are partners or executive committee of export businesses, and the least, 1 person or 0.40 percent, who is a successor of an export business.

Table 4.4 Respondent General Information Classified by Permanent Employees

Permanent Employees	Number	Percentage
Less Than 50 People	125	55.80
51-100 People	71	31.70
101-200 People	28	12.50
Total	**224**	**100.00**

Table 4.4 shows the permanent employees of the sample population. The majority, 125 people or 55.80 percent, are with an organization with less than 50 employees, followed by 71 people or 31.70 percent, who are with organization with 51-100 employees, and the least, 28 people or 12.50 percent, who are with organization with 101-200 employees.

Table 4.5 Respondent General Information Classified by Fix Assets (Excluding Land)

Fix Assets (Excluding Land)	Number	Percentage
Less Than 50 Million Baht (MB)	182	81.30
51-100 MB	26	11.60
101-200 MB	16	7.10
Total	**224**	**100.00**

Table 4.5 shows fix assets (excluding land) of the sample population. The majority, 182 people or 81.30 percent, are with an organization with a value less than 50 million baht, followed by 26 people or 11.60 percent, who are with an organization with a value of 51-100 million baht, and the least, 16 people or 7.10 percent, who are with an organization with a value of 101-200 million baht.

Table 4.6 Respondent General Information Classified by Age of Business

Age of Business	Number	Percentage
2-3 Years	15	6.70
4-10 Years	54	24.10
11-20 Years	72	32.10
More Than 20 Years	83	37.10
Total	**224**	**100.00**

Table 4.6 shows the age of the business associated with the sample population. The majority, 83 people or 37.10 percent, are with an organization aged more than 20 years, followed by 72 people or 32.10 percent, who are with organization aged 11-20 years, 54 people or 24.10 percent, who are with an organization aged 4-10 years, and the least, 15 people or 6.70 percent, who are with an organization aged 2- 3 years.

Table 4.7 Respondent General Information Classified by Industrial Group

Industrial Group	Number	Percentage
Agricultural Products, Processed Agricultural Products, and Food	126	56.20
Textiles, Leather, Clothing, and Jewelry	15	6.70
Furniture, Home Decoration, Crafts, and Souvenir	12	5.40
Automotive Parts, Chemicals, Plastics, and Rubber	71	31.70
Total	**224**	**100.00**

Table 4.7 shows the industrial group of the sample population. The majority, 126 people or 56.20 percent, are with the agricultural products, processed agricultural products, and food group; followed by 71 people or 31.70 percent, who are with the automotive parts, chemicals, plastics, and rubber group; 15 people or 6.70 percent, who are with the textiles, leather, clothing, and jewelry group; and the least, 12 people or 5.40 percent, who are with the furniture, home decoration, crafts, and souvenir group.

Table 4.8 Respondent General Information Classified by Current Export Situation

Current Export Situation	Number	Percentage
Planning Within 1 Year	20	9.00
Less Than 50%	74	33.00
More Than 50%	130	58.00
Total	**224**	**100.00**

Table 4.8 shows current export situation of the sample population. The majority, 130 people or 58.00 percent, have more than 50 percent of their value from exports, followed by 74 people or 33.00 percent, who have less than 50 percent of their value from exports, and the least, 20 people or 9.00 percent, who plan to export within 1 year.

Table 4.9 Respondent General Information Classified by Export Marketing

Export Marketing	Number	Percentage
Single Main Market Over 80%	101	45.10
More Than 2 Markets	107	47.80
Unknown Portion	16	7.10
Total	**224**	**100.00**

Table 4.9 shows export marketing of the sample population. The majority, 107 people or 47.80 percent, have more than 2 markets, followed by 101 people or 45.10 percent, who have a single main market over 80 percent of which is devoted to exports, and the least, 16 people or 7.10 percent, who do not know the portion of their exports.

Table 4.10 Respondent General Information Classified by Export Country

Export Country	Number	Percentage
U.S.A.	32	14.30
Japan	26	11.60
Europe	29	12.90
China	28	12.50
Asia	72	32.10
Cambodia, Laos, Myanmar, Vietnam (CLMV)	10	4.50
Middle East	12	5.40
South Africa	2	0.90
Australia and New Zealand	11	4.90
Nigeria	2	0.90
Total	**224**	**100.00**

Table 4.10 shows the export country of the sample populatioin. The majority, 72 people or 32.10 percent, export in Asia, followed by 32 people or 14.30 percent,

who export to the U.S.A., 29 people or 12.90 percent, who export to Europe, 28 people or 12.50 percent, who export to China, 26 people or 11.60 percent, who export to Japan, 12 people or 5.40 percent, who export to the Middle East, 11 people or 4.90 percent, who export to Australia and New Zealand, 10 people or 4.50 percent, who export to Cambodia, Laos, Myanmar, and Vietnam (CLMV), and the least, two people or 0.90 percent, who export to South Africa and two people or 0.90 percent, who export to Nigeria.

4.2 Results on Analysis of Fundamental Statistics on Observed Variables Used in the Study

Results of the analysis of 12 observed variables are shown in Table 4.11 below.

Table 4.11 Results on Analysis of Fundamental Statistics on Observed Variables Used in the Study

Observed Variables	$\bar{x}$	**S.D.**
Export Performance		
Financial Performance	6.11	1.67
1. Annual sales compared to previous year	6.28	1.79
2. Annual profit compared to previous year	6.07	1.79
3. Growth measures compared to previous year	6.01	1.69
Non-Financial Performance	7.23	1.66
1. Your business can achieve the specified product quality standard	7.54	1.85
2. Your business can respond to customer's needs as per the specified goal	7.47	1.79
3. Your business can achieve the specified sales growth target quality standard	6.70	1.73

Table 4.11 (Continued)

Observed Variables	$\bar{x}$	S.D.
Entrepreneurial Orientation		
Innovativeness	5.73	2.00
1. During 1-3 years, your business has offered new products or services	5.68	2.32
2. Product or service development of your business can meet market demand keeping up with situational changes	6.02	2.02
3. Most of the time your business can offer new products, services, or production techniques	5.50	2.14
Proactiveness	6.30	2.15
1. Your business often seeks new export opportunities	6.37	2.25
2. Your business focuses on R&D, leadership in Technology, and innovation for a competitive advantage on adopting foreign markets	6.25	2.26
Risk Taking	5.04	1.97
1. Your business takes risk on spending available resources for investment of untapped export markets	5.09	2.16
2. Your business takes risk on making prompt changes toward reaching objectives	5.22	2.07
3. Your business has a venturesome strategy	4.81	2.13
Internal Export Barriers		
Informational Barriers	4.75	2.24
1. Problematic international market data	5.02	2.35
2. Limited information to locate/analyze markets	4.66	2.51
3. Identifying foreign business opportunities Resource Barriers	4.57	2.42
Resource Barriers	4.75	1.92
1. Inadequate/untrained personnel for exporting	4.80	2.69

Table 4.11 (Continued)

Observed Variables	$\bar{x}$	**S.D.**
2. Lack of skillful workforce for production	4.70	2.34
3. Lack of excess production capacity for exporters	4.24	2.14
4. Shortage of working capital to finance exporters	5.31	2.59
Marketing Barriers	5.48	1.57
1. Meeting export packaging/labeling requirements	5.76	2.14
2. Difficulty in offering satisfactory prices to overseas customers	5.78	2.12
3. Difficulty in accessing export distribution channels	5.30	2.14
4. Excessive transportation/insurance costs	6.49	2.18
5. Adjusting export promotional activities	5.01	2.13
6. Lack of business alliances and network of export enterprises	4.58	2.31
External Export Barriers		
Procedural Barriers	4.73	2.14
1. Lack of knowledge/difficulty withexport procedures	5.16	2.49
2. Unfamiliarity with exporting procedures/paper work	5.24	2.61
3. Problematic communication with overseas customers	3.83	2.29
Home Governmental Barriers	5.55	1.98
1. Lack of home government assistance/incentives	4.89	2.44
2. Unfavorable home laws, rules, and regulations	6.04	2.30
3. Lack of confidence from overseas markets due to domestic political and social problems	5.73	2.48
Customers and Competitors Barriers	5.53	1.88
1. Different foreign customer habits/attitudes	4.93	2.33
2. Competition in similar product from a country with lower production costs	6.13	2.13

Table 4.11 (Continued)

Observed Variables	$\bar{x}$	**S.D.**
External Environment Barriers	5.55	1.54
1. Poor/deteriorating economic conditions	5.86	2.16
2. Political instability in foreign markets	5.60	2.17
3. High tariff and nontariff barriers	5.74	2.11
4. Foreign currency exchange risks	6.11	2.13
5. Different language and sociocultural traits	4.46	2.05

Interpretation of mean and standard deviation (S.D.) for each answer employs the Best and Kahn (1993) criteria, as follows.

Mean score of 4.51–5.00 represents the highest level

Mean score of 3.51–4.50 represents a high level

Mean score of 2.51–3.50 represents a medium level

Mean score of 1.51–2.50 represents a low level

Mean score of 1.00–1.50 represents the lowest level

1) Observed variable of organization export performance is composed of two variables: financial performance and non-financial performance. The findings indicate a mean of 6.11-7.23, with non-financial performance having the highest level ($\bar{x}$ =7.23), followed by financial performance ($\bar{x}$ =6.11). This shows that the mean of organizations overall export performance for both financial performance and non-financial performance is high.

Standard deviation is used to consider the score dispersion, which is between 1.66 and 1.67, for all data. This indicates low dispersal, meaning that the majority of the samples have similar financial performance and non-financial performance since the dispersion is not much different.

2) Observed variable of entrepreneurial orientation consists of three variables: innovativeness, proactiveness, and risk taking. The findings indicate a mean of 5.04-6.30, with proactiveness having the highest level ($\bar{x}$ = 6.30), followed by

innovativeness of ($\bar{x}$=5.73) and risk taking ($\bar{x}$=5.04). This shows that the mean of organizations overall entrepreneurial orientation with respect to innovativeness, proactiveness, and risk taking is high.

Standard deviation is used to consider the score dispersion, which is between 1.97 and 2.15, for all data. This indicates low dispersal, meaning that the majority of samples have similar innovativeness, proactiveness, and risk taking since the dispersion is not much different.

3) Observed variable of internal export barriers reduction comprises three variables: informational barriers, resource barriers, and marketing barriers. The findings indicate a mean of 4.75–5.48, with marketing barriers having the highest level ($\bar{x}$=5.48), followed by resource barriers and informational barriers ($\bar{x}$=4.75). This shows that the mean of organizations overall internal export barriers with respect to informational barriers, resource barriers, and marketing barriers is high.

Standard deviation is used to consider the score dispersion, which is between 1.57 and 2.69, for all data. This indicates low dispersal, meaning that the majority of samples have similar informational barriers, resource barriers, and marketing barriers since the dispersion is not much different.

4) Observed variable of external export barriers reduction contains four variables: procedural barriers, home governmental barriers, customers and competitors barriers, and external environment barriers. The findings indicate a mean of 4.73–5.55, with home governmental barriers, customers and competitors barriers, and external environment barriers having the highest level ($\bar{x}$=5.55), followed by procedural barriers ($\bar{x}$=.73). This shows that the mean of organizations overall external export barriers with respect to procedural barriers, home governmental barriers, customers and competitors barriers, and external environment barriers is high.

Standard deviation is used to consider the score dispersion, which is between 1.54 and 2.14, for all data. This indicates low dispersal, meaning that the majority of samples have similar procedural barriers, home governmental barriers, customers and competitors barriers, and external environment barriers since the dispersion is not much different.

4.3 Results of Data Analysis Answering Research Objectives

4.3.1 Correlation Analysis Outcome

Correlation analysis is a statistical tool used to determine correlation among variables. The calculated value is called the correlation coefficient. This research employs the Pearson's Correlation Coefficient as a statistical tool.

Correlation coefficient denotes the degree of correlation. A coefficient near -1 or 1 indicates a high degree of correlation. In contrast, a coefficient near 0 indicates a low or no degree of correlation. The + or – sign signifies the direction of correlation. A +r means that variables have the same direction of correlation (if one variable is high, the other will also be high.) A -r means that variables have the opposite direction of correlation (if one variable is high, the other will be low), except for some kinds of correlation coefficient like $0 \leq r \leq 1$, which only indicates the degree of correlation and not the direction.

The results of the correlation analysis among 12 observed variables in the study using the Pearson's Correlation Coefficient showed that out of 66 pairs of observed variables, 44 pairs had the same direction correlation with a statistical significance level of 0.01 (a positive correlation coefficient) and the degree of correlation from 0.108 to 0.685. Most of the seventeen non-correlation pairs were observed variables from different groups of latent variables. That is, observed variables from the latent variables groups with respect to entrepreneurial orientation, i.e. innovativeness, proactiveness, and risk taking, have no correlation with observed variables from the latent variables groups with respect to external export barriers reduction, i.e. procedural barriers, home governmental barriers, customers and competitors barriers, and external environment barriers.

The consideration of the correlation coefficient among observed variables from the same latent variables groups yielded the following:

1) Observed variables of organization export performance show that one pair of observed variables had the same direction correlation with a statistical significance level of 0.01 (a positive correlation coefficient) and a degree of correlation of 0.427 with medium correlation ($0.400<r<0.600$), which were financial performance and non-financial performance.

2) Observed variables of entrepreneurial orientation show that three pairs of observed variables had the same direction correlation with a statistical significance level of .01 (a positive correlation coefficient) and a degree of correlation of 0.307-0.685 with two pairs of medium correlation (0.400<r<0.600) and one pair of nearly low (0.200<r<0.400). Variables with the highest degree of correlation were proactiveness and innovativeness (r=0.685), while variables with the lowest degree of correlation were risk taking and innovativeness (r=0.307).

3) Observed variables of internal export barriers reduction show that three pairs of observed variables had the same direction correlation with a statistical significance level of 0.01 (a positive correlation coefficient) and the degree of correlation of 0.417-0.472 with medium correlation (0.400<r<0.600). Variables with the highest degree of correlation were marketing barriers and informational barriers (r=0.472), while variables with the lowest degree of correlation were resource barriers and informational barriers (r=0.417).

4) Observed variables of external export barriers reduction show that six pairs of observed variables had the same direction correlation with a statistical significance level of 0.01 (a positive correlation coefficient) and a degree of correlation of 0.343-0.491 with five pairs of medium correlation (0.400<r<0.600) and one pair of nearly low (0.200<r<0.400). Variables with the highest degree of correlation were external environment barriers and customers and competitors barriers (r=0.491), while variables with the lowest degree of correlation were customers and competitors barriers and procedural barriers (r=0.343).

The consideration of the correlation coefficient among observed variables from different groups of latent variables yielded the following:

1) The correlation among observed variables for export performance and entrepreneurial orientation show that six pairs of observed variables had the same direction correlation with a statistical significance level of 0.01 (a positive correlation coefficient) and a degree of correlation of 0.204-0.395 with nearly low correlation for all six pairs (0.200<r<0.400). Variables with the highest degree of correlation were non-financial performance and proactiveness (r=0.395), while variables with the lowest degree of correlation were non-financial performance and innovativeness (r=0.204).

2) The correlation among observed variables for internal export barriers reduction and entrepreneurial orientation show that out of nine pairs of observed variables, two pairs had the same direction correlation with statistical significance level of 0.01 (a positive correlation coefficient) and the degree of correlation of 0.185-0.209 with one pair of nearly low correlation (0.200<r<0.400) and one pair of low (0.000<r<0.200). Variables with the highest degree of correlation were resource barriers and risk taking (r=0.209), while variables with the lowest degree of correlation were marketing barriers and proactiveness (r=0.185), and seven pairs of variables with no correlation were informational barriers with innovativeness, with proactiveness, and with risk taking; resource barriers with innovativeness and proactiveness; marketing barriers with innovativeness and risk taking.

3) The correlation among observed variables for external export barriers reduction and entrepreneurial orientation show that out of twelve pairs of observed variables, two pairs had the same direction correlation with a statistical significance level of 0.01 (a positive correlation coefficient) and a degree of correlation of 0.108-0.115 with both pairs of low correlation (0.000<r<0.200). Variables with the highest degree of correlation were customers and competitors barriers and innovativeness (r=0.115), while variables with the lowest degree of correlation were external export barriers and risk taking (r=0.108), and ten pairs of variables with no correlation were procedural barriers with innovativeness, with proactiveness, and with risk taking; home governmental barriers with innovativeness, with proactiveness, and with risk taking; customers and competitors barriers with innovativeness and proactiveness; and external environment barriers with innovativeness and proactiveness.

4) The correlation among observed variables for export performance and internal export barriers reduction show that six pairs of observed variables had the same direction correlation with a statistical significance level of 0.01 (a positive correlation coefficient) and a degree of correlation of 0.226-0.506 with three pairs of medium correlation (0.400<r<0.600), and three pairs of nearly low correlation (0.200<r<0.400). Variables with the highest degree of correlation were financial performance and marketing barriers (r=0.506), while variables with the lowest degree of correlation were non-financial performance and resource barriers (r=0.226).

5) The correlation among observed variables forexport performance and external export barriers reduction show that eight pairs of observed variables had the same direction correlation with a statistical significance level of 0.01 (a positive correlation coefficient) and the degree of correlation of 0.215-0.399 with all eight pairs of nearly low correlation ($0.200<r<0.400$). Variables with the highest degree of correlation were non-financial performance and external environment barriers ($r=0.399$), while variables with the lowest degree of correlation were financial performance and home governmental barriers ($r=0.215$).

Bartlett's Test of Sphericity is employed to calculate statistic of hypothesis in order to prove the identity matrix of the correlation matrix. The statistic is equal to 1249.814 with 66 degrees of freedom and p of 0.000. This indicates that the correlation matrix among all observed variables of the sample differs from the identity matrix with a statistical significance of 0.01. The near 1 index of the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) indicates data appropriateness for the analysis by using factor analysis techniques. Since the KMO of this study is 0.777, the correlation matrix among all observed variables of the causal model of the Analysis of Factors Affecting Successful Export Performance of SMEs in Thailand’s Export Sector is appropriate for the LISREL Model analysis, as shown in the Table 4.12 below.

Table 4.12 Pearson's Correlation Coefficient Among Observed Variables (N = 224)

	FIANC	N_FIANC	INFOR	FUNC	MKT	PROCE	GOV	TASK	ENV	INN	PROAC	RICK
FIANC	1.000											
N_FIANC	0.427**	1.000										
INFOR	0.452**	0.236**	1.000									
FUNC	0.429**	0.226**	0.417**	1.000								
MKT	0.506**	0.313**	0.472**	0.445**	1.000							
PROCE	0.297**	0.336**	0.446**	0.547**	0.442**	1.000						
GOV	0.215**	0.310**	0.398**	0.306**	0.453**	0.446**	1.000					
TASK	0.217**	0.277**	0.333**	0.258**	0.471**	0.343**	0.447**	1.000				
ENV	0.294**	0.399**	0.396**	0.400**	0.430**	0.461**	0.450**	0.491**	1.000			
INN	0.216**	0.204**	0.047	0.024	0.080	0.058	0.059	0.115**	0.056	1.000		
PROAC	0.385**	0.395**	0.004	0.013	0.185**	0.034	0.032	0.039	0.044	0.685**	1.000	
RICK	0.344**	0.321**	0.094	0.209**	0.043	0.030	0.039	0.004	0.108**	0.307**	0.445**	1.000

Note: ****** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Kaiser-Meyer-Olkin Measure of Sampling Adequacy = 0.777

Bartlett's Test of Sphericity Approx. Chi-Square =1249.814

df =66, p=.000

4.3.2 Results of Causal Relationship Model of The Achievement of Export Performance of Small and Medium Enterprises (SMEs) in Thailand Developed with Empirical Data

Results on this data analysis are from the LISREL Model. The objective is to determine a theoretical causal relationship model of the Achievement of Export Performance of Small and Medium Enterprises (SMEs) in Thailand with the empirical data developed by this researcher.

The initial result from the test on causal relationship model of the Achievement of Export Performance of Small and Medium Enterprises (SMEs) in Thailand indicated that the model is not consistent with the empirical data. The Chi-Square Goodness of Fit Index ($\chi 2$) of 319.81, degrees of freedom (df) of 49, probability (p) of 0.000, and the Root Mean Square Error of Approximation (RMSEA) of 0.136 showed inconsistency with hypotheses 3, 5, and 7 that state entrepreneurial orientation has a direct effect on reducing external export barriers (or increasing entrepreneurial orientation reduces external export barriers), decreasing external export barriers has a direct effect on export performance (or decreasing external export barriers enhances export performance), and entrepreneurial orientation has an indirect effect on export performance by decreasing external export barriers (or increasing entrepreneurial orientation enhances export performance by decreasing external export barriers), respectively. Figure 4.1 below shows causal model that is not consistent with the empirical data.

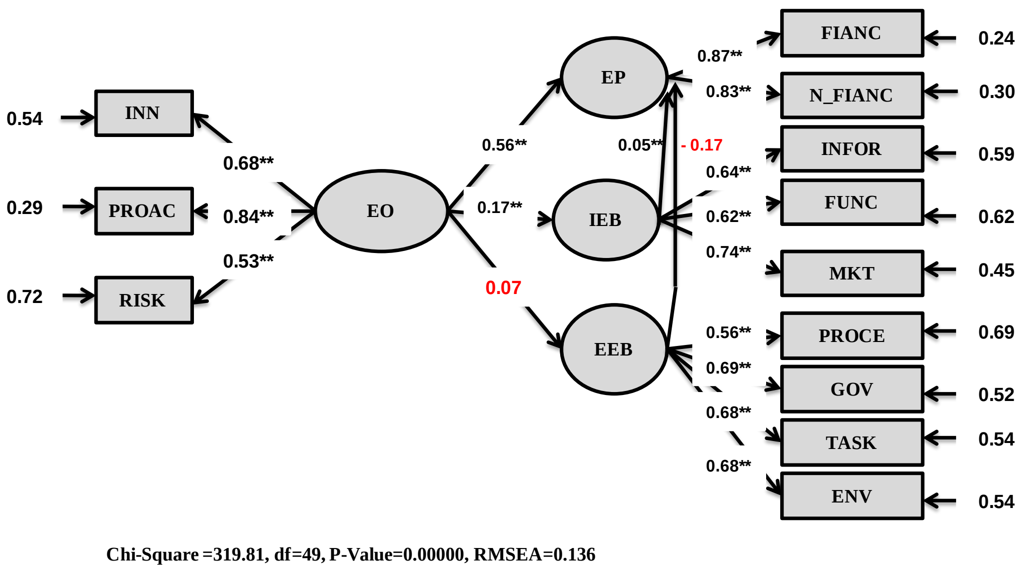


Figure 4.1 Pre-Modified Causal Model that Inconsistent with Empirical Data

Following this result, the researcher modified the causal model of the Achievement of Export Performance of Small and Medium Enterprises (SMEs) in Thailand by allowing the error to be consistent. Modification indices were used at this stage. Since there is no statistical relationship, two relationship lines were removed: 1) the relationship line between entrepreneurial orientation and external export barriers, and 2) the relationship line between external export barriers and export performance. As a result of the model modification, this researcher obtained the causal model of The Achievement of Export Performance of Small and Medium Enterprises (SMEs) in Thailand that is consistent with the empirical data, as shown in the data analysis details in Figure 4.2 and 4.3 below.

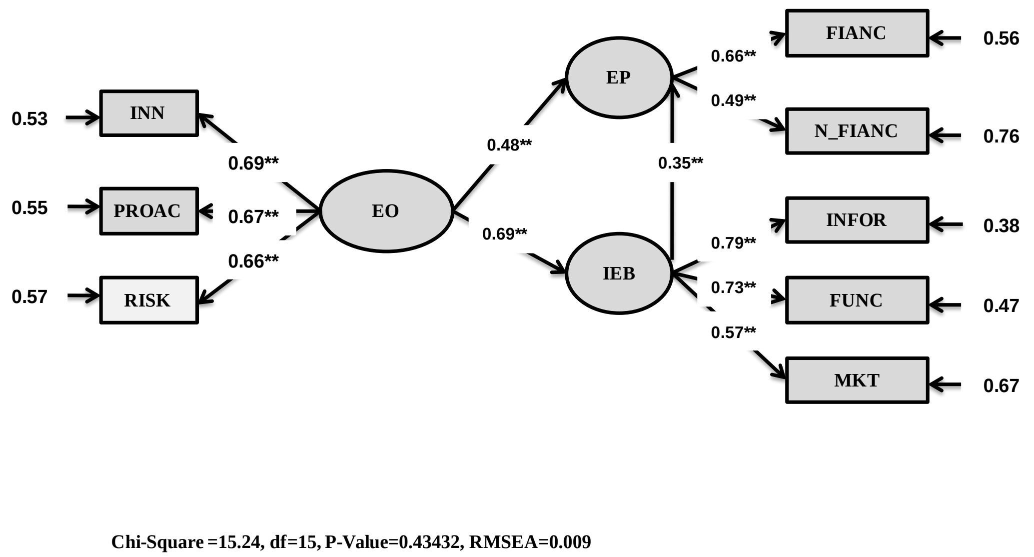


Figure 4.2 Post-Modified Causal Model that is Consistent with Empirical Data

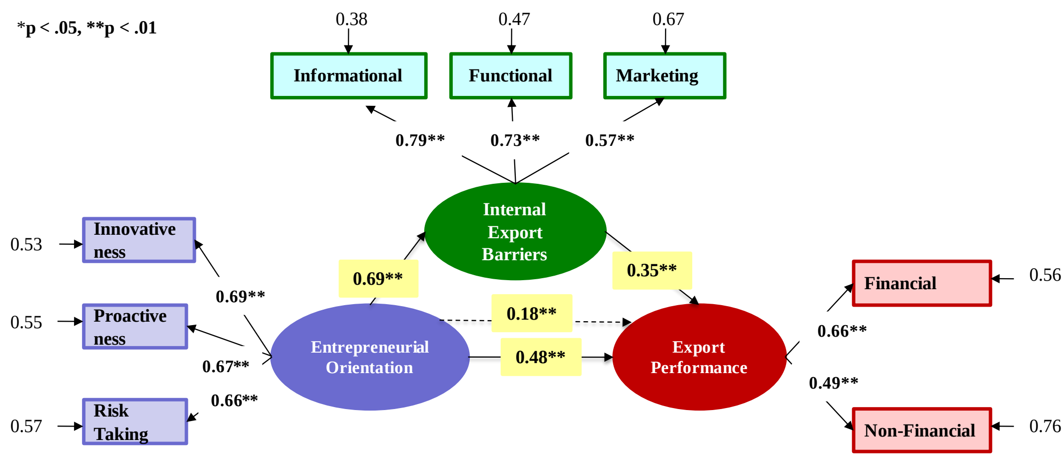


Figure 4.3 Post-Modified Causal Model that is Consistent with Empirical Data as per the Researcher's Conceptual Framework

Data analysis outlined in Figure 4.3 indicates the statistics used to test the correlation of the model and the empirical data. The Chi-Square Goodness of Fit Index ($\chi 2$) equals 15.24, degrees of freedom (df) equals 15, and probability (p) equals 0.43432. That is, the Chi-Square insignificantly differs from zero. It denotes that the development of causal model of the Achievement of Export Performance of Small and Medium Enterprises (SMEs) in Thailand is consistent with the empirical data as the Goodness of Fit Index (GFI) is equal to 0.98, the Adjusted Goodness of Fit Index (AGFI) equals 0.96, and the Root of Mean Square Residuals (RMR) is 0.11.

Observed variables show reliability between 0.24 and 0.62. Informational barriers had the highest reliability of 0.62, followed by resource barriers with reliability of 0.53, innovativeness with 0.47, proactiveness with 0.45, financial performance with 0.44, risk taking with 0.43, and marketing barriers with 0.33, respectively. Non-financial performance, meanwhile, had the lowest reliability with 0.24.

Coefficient of determination (R-Square) for the export performance variable structural equation equals 0.58, indicating that model variables such as entrepreneurial orientation and internal export barriers can explain the variance of export performance variables for 58 percent of export performance.The coefficient of determination for internal export barriers variables structural equation equals 0.47, indicating that model variables such as entrepreneurial orientation can explain the variance of internal export barriers variables for 47 percent of internal export barriers.

1) Direct Effect

Direct effect on export performance shows that organization export performance received a direct effect, with a statistical significance of .01, from entrepreneurial orientation and internal export barriers with the effect size of 0.48 and 0.35, respectively. This indicates that small and medium enterprises in Thailand with entrepreneurial orientation, which focus on proactiveness, risk taking, and innovativeness, as well as internal export barriers reduction of: 1) informational barriers, 2) resource barriers, and 3) marketing barriers, will strive for better organization export performance. This is consistent with hypotheses 1 and 4, which state that entrepreneurial orientation has a direct effect on export performance (or increasing entrepreneurial orientation enhances export performance) and that decreasing internal export barriers has a direct effect on export performance (or decreasing internal export barriers enhances export performance.)

Internal export barriers received a direct effect, with a statistical significance of 0.01, from entrepreneurial orientation variables with the effect size of 0.69. This indicates that small and medium enterprises in Thailand with entrepreneurial orientation will strive for better reduction of organization internal export barriers. This is consistent with hypothesis 2, which states that entrepreneurial orientation has a direct effect on reducing internal export barriers (or increasing entrepreneurial orientation reduces internal export barriers.)

2) Indirect Effect

Export performance received an indirect effect, with a statistical significance of .01, from entrepreneurial orientation through internal export barriers variables with the effect size of 0.18. This indicates that small and medium enterprises in Thailand with entrepreneurial orientation will strive for better organization export performance because of the reduction of internal export barriers. This is consistent with hypothesis 6, which states that entrepreneurial orientation has an indirect effect on export performance by decreasing internal export barriers (or increasing entrepreneurial orientation enhances export performance by decreasing internal export barriers.)

3) Total Effect

Total effect on export performance shows a statistical significance of 0.01 from entrepreneurial orientation and internal export barriers variables with the effect size of 0.66 and 0.35, respectively. Total effect on internal export barriers variables shows a statistical significance of 0.01 from entrepreneurial orientation variables ,with the effect size of 0.69.

The correlation matrix among latent variables revealed a correlation coefficient between 0.68 and 0.72. All pairs had the same direction correlation (a positive correlation coefficient). Variables with the highest correlation coefficient of 0.72 were entrepreneurial orientation and export performance. This indicates that entrepreneurial orientation, i.e. proactiveness, risk taking, and innovativeness will enhance organization export performance. Variables with a lower correlation coefficient of 0.69 were entrepreneurial orientation and internal export barriers. This indicates that increasing of entrepreneurial orientation will result in decreasing of internal export barriers. Variables with the lowest correlation coefficient of 0.68 were internal export barriers and export performance. This indicates that decreasing internal export barriers will enhance export performance. Details are shown in Table 4.13 below.

Table 4.13 Correlation Analysis of Latent Variables and Effect Analysis of the Causal Analysis Model of the Achievement of Export Performance of Small and Medium Enterprises (SMEs) in Thailand

Statistic						
χ^2 = 15.24, p = 0.434, df = 15, GFI = 0.980, AGFI = 0.960, RMR = 0.11						
Effect Size from Cause Variables to Effect Variables						
Effect Variables	IEB			EP		
Cause Variables	TE	IE	DE	TE	IE	DE
EO	0.69** (0.11)	-	0.69** (0.11)	0.66** (0.23)	0.18** (0.09)	0.48** (0.14)
IEB	-	-	-	0.35** (0.09)	-	0.35** (0.09)
Coefficient of Determination						
Variables	EP		IEB			
R^2	0.58		0.47			
Reliability						
Variables	INN	PROAC	RISK	INFOR	FUNC	MKT
Reliability	0.47	0.45	0.43	0.62	0.53	0.33
Variables	FIANC	N_FIANC				
Reliability	0.44	0.24				
Correlation Matrix among Latent Variables						
	EP	IEB	EO			
EP	1.00					
IEB	0.68**	1.000				
EO	0.72**	0.69**	1.000			

Note: *p < .05 **p < .01

Table 4.14 below shows a conclusion about the testing of the defined hypotheses. The results support four of the hypotheses, while three of them are not supported because the relationship lines between variables have been removed.

Table 4.14 Hypotheses Testing Conclusion

Hypotheses	Result	The Effect size
Variables with Direct Effect		
H1 : Entrepreneurial orientation has a direct effect on export performance	Support	0.48**
H2 : Entrepreneurial orientation has a direct effect on reducing internal export barriers	Support	0.69**
H3 : Entrepreneurial orientation has a direct effect on reducing external export barriers	Not support	-
H4 : Decreasing internal export barriers has a direct effect on export performance	Support	0.35**
H5 : Decreasing external export barriers has a direct effect on export performance	Not support	-
Variables with Indirect Effect		
H6: Entrepreneurial orientation has an indirect effect on export performance by decreasing internal export barriers	Support	0.18**
H7: Entrepreneurial orientation has an indirect effect on export performance by decreasing external export barriers	Not support	-

A consideration of the size of the effect between latent variables yields that export performance has the highest direct effect size of 0.48, with a statistical significance of 0.01 from entrepreneurial orientation. Data analysis in Figure 4.3 also shows significant statistics, such as regression weights of innovativeness, proactiveness, and risk taking that affect entrepreneurial orientation. Entrepreneurial orientation has the highest effect of 0.69 from innovativeness, of 0.67 from proactiveness, and of 0.66 from risk taking, respectively.

The latent variable, export performance, subsequently has a direct effect size of 0.35, with a statistical significance of 0.01 from internal export barriers reduction. Data analysis in the Figure 4.3 indicates regression weights on reduction of informational barriers, resource barriers, and marketing barriers affecting internal export barriers reduction. It reveals that reducing informational barriers mostly affects internal export barriers reduction of 0.79, following by reducing of resource barriers of 0.73, and reducing of marketing barriers of 0.57, respectively.

Export performance has an indirect effect size of 0.18 from entrepreneurial orientation through internal export barriers reduction at a statistical significance of 0.01.

CHAPTER 5

CONCLUSION, DISCUSSION AND RECOMMENDATIONS

5.1 Conclusion and Discussion

The causal model developed for The Achievement of Export Performance of Small and Medium Enterprises (SMEs) in Thailand is consistent with the empirical data and achieves the research objectives. Following isa discussion of the results.

5.1.1 Organization Export Performance Factor is Directly Affected by the Entrepreneurial Orientation Variable

The conclusions indicate that if small and medium enterprises in Thailand with entrepreneurial orientation focus on proactiveness, risk taking, and innovativeness, they will strive for better organization export performance. This is consistent with the findings of Associate Professor Dr. John O. Okpara (2009) and Godwin Ahimbisibwe and Emest Abaho (2013), which suggest that entrepreneurial orientation correlates with organization export performance in the same direction. The results show entrepreneurial orientation can be measured via three aspects: innovativeness, proactiveness, and risk taking.

In this manner, enterprises should emphasize innovativeness; the tendency of organizations to participate in or promote new ideas, inventions, experiments; and initiatives, which differ from previous studies. This signals a willingness to abandon old habits or customs and the ability to try to do something new and untested or replacing the old styles of working for new ones. Although small and medium enterprises take risks in entering new export markets, reconfiguring or reinventing existing products, resources, and operations can create a competitive advantage. Enterprises should also focus on proactiveness by promptly seizing new business opportunities, such as the entry into new markets, introducing new products and new technologies, as well as new management techniques to create an impact in the organizational environment. Proactiveness is essential in the export business. It helps reduce export barriers through induction of an organization to quickly search for information and resources to enter a new market. Moreover, enterprises need to engage in risk taking by investing limited resources on the untapped markets and putting export strategies into practice. Risk taking is crucial in promoting both innovativeness and proactiveness, and it fosters better export performance.

5.1.2 Export Performance Factor is Indirectly Affected by the Entrepreneurial Orientation Variable Through Internal Export Barriers Reduction Factor

Research findings indicate that if small and medium enterprises in Thailand with entrepreneurial orientation focus on proactiveness, risk taking, and innovativeness, internal environment barriers (informational barriers, resource barriers, and marketing barriers) will be reduced. This, in turn, will enhance organization export performance. This is consistent with the study on entrepreneurial orientation by Pankaj C. Patel and Rodney R. D'Souza (2009), which suggested that entrepreneurial orientation engaging proactiveness and risk taking helps reduce internal environment barriers and increase organization export performance.

5.1.3 Organization Export Performance Factor is Directly Affected by the Internal Export Barriers Variable

Research findings indicate that if small and medium enterprises in Thailand achieve a reduction in internal environment barriers (marketing barriers, resource barriers, and informational barriers) organization export performance will be enhanced. This is consistent with the studies by Seyed Hossein Jalal (2012) and Julen and Ramangalah (2003), which suggested that internal environmental barriers reduction helps increase organization export performance.

Internal export barriers refer to obstacles that occur within an organization, including resources utilization and management capability, which are within the control of the organization. Samples include the lack of a knowledgeable workforce for export markets, non-achievement of quality standards in foreign markets, shortage of financial support, know-how deficiency with respect to international markets, disappointment in product design features, as well as an unpopular image in overseas markets. Such circumstance has resulted in entrepreneurial orientation imminently playing a key role in fostering export performance opportunities for the organization in reducing the three internal organizational challenges. Information barriers are issues related to ineffective data use for selection and contact of international markets, as well as limited information for market establishment or analysis. Samples include the lack of international market data, difficulty in seeking international business opportunities, and inability to contact overseas customers. Functional barriers denote human capital, resources, and management capability that restrict critical policies formulation and implementation for successful export practices. The decision for a small and medium sized enterprise to migrate to any given potential export markets usually rests on one person, the owner, or a small group of people in the organization. Such decision-makers seeking international business opportunities and selecting overseas markets are required to have good training. They must be willing and able to spend time and resources efficiently (Leonidou et al., 2007). Should small and medium enterprises decide to step into global markets, some required functions include the ability to deal with the international trade documentation, along with the ability to communicate with logistics of export products and services and with customers who are the importers of products and services. Moreover, small and medium enterprises that are involved in foreign exporting of goods and services will encounter significant cost increases, such as research of potential export markets and upgrading the knowledge of export staff, which is an increase in human capital costs in order to achieve goal in international business. Marketing barriers refers to marketing tools that a business uses to achieve its marketing objectives. These tools, or 4Ps, consist of product, price, place, and promotion. Their variables are outlined below (Kotler, 1997: 98).

1) Product consists of a variety of products, quality of design, brands, packaging, warranty, size, form, and service.

2) Price includes product price, discounts, consumer’s price perception, and time of payment.

3) Place comprises sales channels, location, inventory, and shipping.

4) Promotion includes promotions, advertising, public relations, direct sales, and sales through dealers.

The most critical marketing barriers affecting an efficient export operation are unreliable foreign representation and the lack of a plan by small and medium enterprises for the promotion of constant overseas markets development. Such barriers render higher costs for small and medium enterprises because they must search for individuals in the foreign market whose criteria are met with the organization's structural, operational, and behavioral requirements. By the time the desired representatives are discovered, they may have already chosen other competitors. Small and medium enterprises attempt to adapt their promotional activities to be suitable for a diverse pattern of consumption and different overseas markets trade regulation by largely focusing on the consumers in the target market to understand their norm and values. Apart from advertising, promotional barriers also include effective changes in products and packaging (Terpstra and Sarathy, 2000), offering more competitive prices to consumers (Doole and Lowe, 2001), as well as the availability of products and services in the market through extensive distribution networks.

Upon considering the size of the effect between latent variables, it is found that:

1) The latent variable, export performance, is the most directly affected by the another latent variable, entrepreneurial orientation. Entrepreneurial orientation is mostly affected by innovativeness, proactiveness, and risk taking, respectively.

2) The latent variable, export performance, subsequently is directly affected by another latent variable, internal export barriers reduction. Reducing informational barriers mainly affects internal export barriers reduction, following by reducing resource barriers and marketing barriers.

3) The latent variable, export performance, also is indirectly affected by entrepreneurial orientation as the last factor through internal export barriers reduction.

5.2 Policy Recommendations for Public and Private Sectors Management Integration

The research findings conclude that in the export business, SMEs export performance mostly relies on the efficient skills of entrepreneurs. Entrepreneurship is mostly affected by innovativeness, followed by proactiveness and risk taking. Moreover, SMEs export performance also subsequently depends on the ability to reduce internal export barriers, i.e. informational barriers, resource barriers, and marketing barriers. In contrast, external export barriers, i.e. procedural barriers, governmental barriers, customers and competitor’s barriers, as well as environmental barriers, do not affect SMEs export performance in terms of statistical significance. Therefore, results from this study can be framed as SMEs development policy approach, as shown in the Figure 5.1 below.

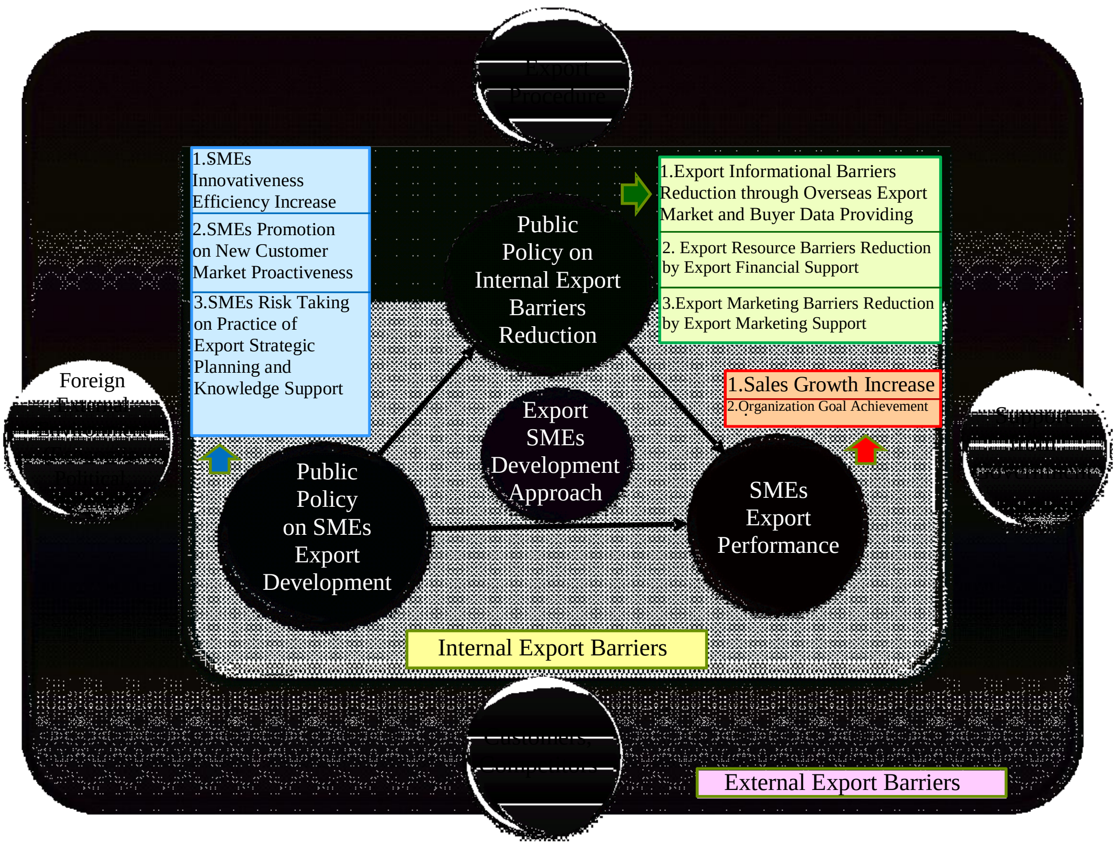


Figure 5.1 SMEs Development Policy Model

Results from this study can be used to prioritize SMEs development policy as follows.

5.2.1 Export SMEs Efficiency Development Policy

This focuses on the upgrade of various skills with respect to entrepreneurial orientation, which can be prioritized as follows.

Policy 1: Promotion of SMEs capability with respect to productivity and innovativeness.

Policy 2: Promotion of SMEs proactiveness with respect to marketing implementation for new export markets as an alternative to primary export markets facing an economic slowdown.

Policy 3: Promotion of SMEs knowledge about exporting and effective export strategy capability to facilitate risk taking in decision-making.

5.2.2 Reducing Internal Export Barriers Policy

Priorities for reducing internal export barriers are as follows.

Policy 4: Reducing informational barriers by providing information about export markets and buyers in the international market.

Policy 5: Reducing resource barriers through financial support for exporting.

Policy 6: Reducing marketing barriers through marketing support for exporting.

From the six policies mentioned above, a SME's promotion plan should firstly focus on the development or strengthening of a SME's capacity and then follow internal export barriers reduction.

Exporting is vital to Thailand's economy because it is an important source of revenue for the country. This researcher, therefore, applies the results from this study as a guideline for SMEs strategy formulation and export promotion plan in the form of recommendations, as set forth below.

1) Strategy in design and quality of product development and development of new production technology: This strategy will add more value to the products and services by emphasizing product design and packaging development, advice on production development, promotion of technological capability, as well as enhancement of product quality standards.

2) Strategy in new export market promotion: This strategy especially applies to China, the ASEAN community, India, the Middle East, and South Africa via Thailand Exhibition & Outlet and Business Matching events for the Thai SMEs. Good quality products with Thai emblems and international standard products are presented. Potential businessmen from new markets are invited for trade negotiations and cooperation.

3) Strategy in export knowledge development and effective export strategic plan formation to facilitate SMEs risk taking on the implementation of the plan: This encourages SMEs to adopt better work processes in bringing new products and services to new markets.

4) Strategy in SMEs holding of updated export market and foreign buyer information promotion: Knowledgeable staff can actually furnish answers and data pertaining to appropriate export markets, buyer characteristics and consumer behavior in each country, including the most recent information on the Internet.

5) Strategy in export working capital and funding source support: This includes source of funds for market research and development, credits for reassuring fair distribution, as well as SMEs potential enhancement for more efficient planning and managing of internal resources in order to foster trust and reduce barriers in accessing sources of capital.

6) Strategy in marketing promotion: This involves an increase in the advertising of Thai products in the international markets, a proposal for product quality and safety standards information in each country, good logistics so that SMEs benefit from reducing costs and increasing more opportunities for products distribution, as well as promotion of business alliances in order to reduce the risks of production and increase productivity.

According to the findings, SMEs development plans can be categorized into short-term, medium-term, and long-term plans for SMEs involved in exporting, as follows.

5.2.3 Short-Term, Medium-Term, and Long-Term Development Plans for Export SMEs

1) Short-Term Plan (6 Months-1 Year)

(1) Set up a board of advisors/experts in technology and innovation for SMEs to provide technical knowledge to SMEs through academic institutions. This can improve SMEs capabilities with respect to technology and innovation, which will enable an SMEs product the ability to efficiently compete in international markets. It also promotes strategic business alliances and export enterprise networks (to link with related supported industries to achieve the goal of productivity).

(2) Implement regional business matchmaking so that SMEs receive buyer information and advice about goods buyers, which can reduce their trade risks as well as to know more about international buyers, and Thailand acts as a source of regional SMEs product information.

(3) Provide financial support to SMEs with liquidity problem.

(4) Establish funds to support working capital for small and medium enterprises.

(5) Appropriate budget for the promotion of SMEs research and development, as well as increaseguarantees in order to reduce the risk of export SMEs due to bad debts caused from bankruptcy of international buyers, buyers' refusal to pay, and buyers' refusal to receive the goods.

2) Medium-Term Plan (2-3 Years)

(1) Launch SMEs one-stop service among related government agencies that are responsible for exporting, such as the Customs Department and Department of Foreign Trade, as well the vessel companies andfinancial institutions to coordinate and help expedite request for licenses, certificates, or forms. The timeframe for verification and issuance of permits must be clearly specified so that the exporter can stock and deliver goods to buyers abroad on time. Moreover, it is necessary to furnish knowledge and information about exporting, cycles, procedures, potential new export markets, and current data about buyers abroad who are looking for specific products. To encourage SMEs to enter the new international export markets, education about export strategic planning must be provided.

(2) Provide good management of information technology to facilitate requests for online export certificates.

(3) Certificates on standards issued by Thai authorities must be better supervised for universal acceptance.

(4) Specify efficient and constant policy monitoring and evaluation criteria for related agencies to genuinely help small and medium enterprises in their exporting. This is because today government agencies responsible for small and medium enterprises only serve knowledge transfer. They do not perform an evaluation of their support attempts. In addition, there is no consideration about real performance or goals of learning and knowledge transfer which are less valuable.

3) Long-Term Plan (4-5 Years)

(1) Speed up infrastructure development promotion.

(2) Create a good logistics system to cut SMEs costs and stand a better chance for goods distribution, as well as to solve insufficient supplies related to container and shipping problems. This will enable small and medium enterprises in the export business to set competitive prices with their rivals.

5.3 Practical Recommendations for the Small and Medium Enterprises Export Sector in Thailand

Research findings suggest some recommendations, as follows.

1) Small and medium enterprises should conduct organization activities following innovativeness through ongoing innovations, such as offering new products, services, and processes to meet the needs of export markets changing environment. Small and medium enterprises must focus on innovative organizational development. To improve export performance, small and medium enterprises need to emphasize serving the niche markets that large enterprises cannot thoroughly cover. Moreover, small and medium enterprises have an advantage about flexibility in responding to environmental changes better than large enterprises. They need to substantially speed up their organizational development through adaptation to make better value for themselves, such as organization internal processes and new products that meet the needs of niche markets.

2) To enhance organization export performance, small and medium enterprises should maximize entrepreneurial orientation. Management needs to

conduct organization activities following proactiveness, i.e. seeking new potential export markets in order to reduce their dependence on primary markets (U.S.A., EU, and Japan) that experience recession. Potential markets include the ASEAN community, China, India, Hong Kong, Taiwan, the Middle East, Australia, Africa, and Latin America. Focus should be placed upon research and development, as well as leadership in technology and innovation, in order to gain a competitive advantage in adopting international markets.

3) Small and medium enterprises should conduct organization activities following risk taking for the utilization of available resources for investing in the untapped export markets. They should take risks about making swift changes concerning limited resources distribution and management to fulfill export market objectives as well.

4) The study suggests that internal export barriers reduction has an immense effect on the export performance. Therefore, small and medium enterprises should focus on reducing internal export barriers through the following.

(1) They need to pay attention to information about international markets in order to follow changes in the international environment. This also includes data about prior trading by foreign buyers to reduce the risk of payment in order to reduce informational barriers.

(2) They need to pay attention to resources management concerning human capital, as well as resources and capability policy making management. This includes policies needed to practical export performance through competency and skills upgrade management for organization personnel, as well as skilled workers in manufacturing to reduce costs by increasing efficiency on resource barriers reduction.

(3) They need to pay attention to improving the quality of products , branding/packaging standards specified by the international markets, costs management, business alliance formation, and export network connection in order to optimize production for marketing barriers reduction.

The four recommendations given above are important factors that greatly affect small and medium enterprises export performance development. Small and medium enterprises must try to integrate such factors into the practical applications of their organization. It is obvious that each of the factors is interrelated. Organization export performance will be achieved only when all of the factors are taken into account to create a path leading to an alleviation of concrete export performance of small and medium enterprises.

5.4 Suggestions for Future Research

The research findings are useful as a guideline for future studies, as follows:

1. Further studies should explore more about qualitative research concerning The Achievement of Export Performance of Small and Medium Enterprises (SMEs) in Thailand employing in-depth interviews or focus group. This is to provide more distinct results with respect to entrepreneurial orientation and export barriers affecting export performance of small and medium enterprises in Thailand.

2. This is a cross-sectional research. Thus, further studies should employ longitudinal studies using the model from this study to check consistency with the empirical data.

3. The causal model analysis of factors affecting The Achievement of Export Performance of Small and Medium Enterprises (SMEs) in Thailand is developed from theoretical concepts using Thailand as the context. So, this model should be developed further with more variables and different contexts to gain more clear results.

4. This study only employs four industrial groups of small and medium enterprises. Hence, it does not apply to other industries and large enterprises. Should further studies be performed in a more comprehensive approach, The Achievement of Export Performance of Small and Medium Enterprises (SMEs) in Thailand will be provided with better defined results.

5. This study investigates export performance or organizational performance using subjective methods. Future studies should apply objective methods as well.

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APPENDIX

RESEARCH QUESTIONNAIRE

Faculty of Public Administration
The National Institute of Development Administration (NIDA)

Dissertation Title: The Achievement of Export Performance of Small and Medium Enterprises (SMEs) in Thailand

Explanation: This questionnaire is attempting to gather opinions from exporters who are owners, successors, partners, or executives involved in policy formulation affecting the export business.

In order to get information that is most useful to the research, please provide the answers that best describes your ideas. The answers will only be used for the study for this dissertation and all answers will be kept strictly confidential. The researcher would like to thank all participants in providing their opinions in this survey.

Your courtesy in providing input is greatly appreciated

Janchai Pitakunnop
Ph.D Candidate
Faculty of Public Administration
The National Institute of
Development Administration (NIDA)

Part 1: General Information of Organization

Direction: Please mark √ or X in the □ that best describes yourself

1. Gender

□ 1. Male □ 2. Female

2. Age

□ 1. 20-30 years old □ 2. 31-40 years old

□ 3. 41-50 years old □ 4. 51-60 years old

□ 5. Others

3. Business Status

□ 1. Sole exporter owner □ 2. Partner authorized in exporting

□ 3. Exporter successor □ 4. Executive responsible for export policy

4. Permanent Employees

□ 1. Less than 50 people □ 2. 51-100 people

□ 3. 101-200 people □ 4. More than 200 people

5. Fix Assets (Excluding Land) Net (Baht)

□ 1. Less than 50 million baht □ 2. 51-100 million baht

□ 3. 101-200 million baht □ 4. More than 200 million baht

6. Age of Business

□ 1. 2-3 years □ 2. 4-10 years

□ 3. 11-20 years □ 4. More than 20 years

7. Industrial Group

□ Agricultural products, processed agricultural products, and food

□ Textiles, leather, clothing, and jewelry

□ Furniture, home decoration, crafts, and souvenir

□ Automotive parts, chemicals, plastics, and rubber

8. Current Export Situation

 1. No plans to export 2. No export yet, but planning within 1 year

 3. Less than 50% 4. More than 50%

9. Export Marketing

 1. Single main market over 80%

 2. More than 2 markets

 3. Unknown portion

10. Export Country (Please specify)

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Part 2: Information on Export Performance and Entrepreneurial Orientation

Direction: Please mark X on the number that best describesyou're the state of tiur export business (Level 1=Least Agree to Level 10= Strongly Agree)

Question	Level of Agreement									
	1	2	3	4	5	6	7	8	9	10
Export Performance										
Financial Performance										
1. Annual sales compared to the previous year	1	2	3	4	5	6	7	8	9	10
2. Annual profit compared to the previous year	1	2	3	4	5	6	7	8	9	10
3. Growth compared to the previous year	1	2	3	4	5	6	7	8	9	10
Non-Financial Performance										
4. Your business can achieve the specified product quality standards	1	2	3	4	5	6	7	8	9	10
5. Your business can respond to customers' needs as per the specified goal	1	2	3	4	5	6	7	8	9	10
6. Your business can achieve the specified sales growth target quality standard	1	2	3	4	5	6	7	8	9	10
Entrepreneurial Orientation										
Innovativeness										
7. During 1-3 years, your business has offered new products or services	1	2	3	4	5	6	7	8	9	10
8. Product or service development of your business can meet market demands and keep up with situation changes	1	2	3	4	5	6	7	8	9	10

Question	**Level of Agreement**									
	1	2	3	4	5	6	7	8	9	10
9. Most of the time your business can offer new products, services, or production techniques	1	2	3	4	5	6	7	8	9	10
Proactiveness										
10. Your business often seeks new export opportunity	1	2	3	4	5	6	7	8	9	10
11. Your business focuses on R&D, leadership in technology and innovation for a competitive advantage in adopting foreign markets	1	2	3	4	5	6	7	8	9	10
Risk Taking										
12. Your business takes risks on spending present resources for investment of untapped export market	1	2	3	4	5	6	7	8	9	10
13. Your business takes risks in making prompt changes toward your objectives	1	2	3	4	5	6	7	8	9	10
14. Your business has a venturesome strategy	1	2	3	4	5	6	7	8	9	10

Part 3: Information on Export Barriers

Direction: Please mark X on the number that best describesyou're the state of your export business (Level 1=Least Agree to Level 10= Strongly Agree)

Question	**Level of Agreement**									
	1	2	3	4	5	6	7	8	9	10
Internal Export Barriers										
Informational Barriers										
15. Problematic international market data	1	2	3	4	5	6	7	8	9	10

Question	Level of Agreement									
	1	2	3	4	5	6	7	8	9	10
16. Limited information to locate/analyze markets	1	2	3	4	5	6	7	8	9	10
17. Identifying foreign business opportunities	1	2	3	4	5	6	7	8	9	10
Resource Barriers										
18. Inadequate/untrained personnel for exporting	1	2	3	4	5	6	7	8	9	10
19. Lack of a skillful workforce for production	1	2	3	4	5	6	7	8	9	10
20. Lack of excess production capacity for exporters	1	2	3	4	5	6	7	8	9	10
21. Shortage of working capital to finance exporters (inaccessibility of funds)	1	2	3	4	5	6	7	8	9	10
Marketing Barriers										
22. Meeting export packaging/labeling requirements	1	2	3	4	5	6	7	8	9	10
23. Difficulty in offering satisfactory prices to overseas customers	1	2	3	4	5	6	7	8	9	10
24. Difficulty in accessing export distribution channels	1	2	3	4	5	6	7	8	9	10
25. Excessive transportation/insurance costs	1	2	3	4	5	6	7	8	9	10
26. Adjusting export promotional activities	1	2	3	4	5	6	7	8	9	10
27. Lack of business alliances and network of export enterprises (for boosting production)	1	2	3	4	5	6	7	8	9	10
External Export Barriers										
Procedural Barriers										
28. Lack of knowledge/difficulty with export procedures	1	2	3	4	5	6	7	8	9	10
29. Unfamiliar exporting procedures/paper work	1	2	3	4	5	6	7	8	9	10
30. Problematic communication with overseas customers	1	2	3	4	5	6	7	8	9	10

Question	Level of Agreement									
	1	2	3	4	5	6	7	8	9	10
Home Governmental Barriers										
31. Lack of home government assistance/incentives	1	2	3	4	5	6	7	8	9	10
32. Unfavorable home laws, rules, and regulations	1	2	3	4	5	6	7	8	9	10
33. Lack of confidence from overseas markets due to domestic political and social problems	1	2	3	4	5	6	7	8	9	10
Customers and Competitors Barriers										
34. Different habits/attitudes of foreign customers	1	2	3	4	5	6	7	8	9	10
35. Competition with similar products from a country with lower production costs	1	2	3	4	5	6	7	8	9	10
External Environment Barriers										
36.Poor/deteriorating economic conditions	1	2	3	4	5	6	7	8	9	10
37. Political instability in foreign markets	1	2	3	4	5	6	7	8	9	10
38. High tariff and nontariff barriers	1	2	3	4	5	6	7	8	9	10
39. Foreign currency exchange risks	1	2	3	4	5	6	7	8	9	10
40. Different language and sociocultural traits	1	2	3	4	5	6	7	8	9	10

Suggestions____

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Thank you for your participation in this survey.

BIOGRAPHY

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ACADEMIC BACKGROUND	Master Degree School of Development Economics Business Economics Program The National Institute of Development Administration Year of Graduation, 1997. Bachelor Degree School of Business Administration (School of Management) Finance and Banking Program Assumption University Year of Graduation, 1993.
PRESENT POSITION	Service Support Manager, Banking Department Export-Import Bank of Thailand Years, 1994-1995 Foreign Affairs Officer, Export Document Examiner Export Department Bangkok Bank Headquarters Bangkok Bank Public Co., Ltd.