

Entrepreneur Characteristics and Credit Standing Among SMEs in Thailand

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Abstract – This study assessed Entrepreneur Characteristics and Credit Standing Among SMEs in Thailand. Specifically, it presented the demographic profile of Entrepreneur in terms of educational attainment, business inclination, capital, source of working capital, civil status; determine the capability of the entrepreneurs in terms of characteristic, credit standing, capability and collateral; identify the problems of entrepreneurs in terms of characteristic, credit standing, capital, collateral, and capability to put up SMEs. The result of the study posted that the both the problems and level of capability of entrepreneur in terms of characteristic credit standing, collateral and capability were strongly agreed. By business expertise of the respondents produce food/beverages and by skilled workforce found that they belong to domestic skill labor. As to product quality and design, respondents found that one hundred respondents are within the product is known in the thirty-six (36). The level of capability of entrepreneur in terms of characteristic, credit standing, collateral and capability were strongly agreed. The level of problems of entrepreneur in terms of characteristic, credit standing, capital, collateral, and capability to put up SMEs were strongly agreed. The proposed plan addresses the imitation of the research.

Keywords – Entrepreneur, small and medium business, capability, problems of entrepreneur

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INTRODUCTION

As of today, the Philippines is investing to promote Businesses need different strategies to survive under competition and creating business growth. This is essential and very important because the market size is different from country to country in terms of resources, technology, demand for capital, innovation development creativity and care in the business environment. There are many studies abroad about how business strategies are affecting the growth of the SME business. Small businesses are essential to economic development,

community, society, employment and are the foundations of the economy [1]. Therefore, Small businesses are essential to economic development, community, society, employment and are the foundations of the economy.

The results of the study done by Bloomberg [2] showed that 8 in 10 new entrepreneurs around the world have started their own businesses and faced failures within the first 18 months of doing business. Knowledge and ability of entrepreneurs to produce goods or services to market are needed for the business to be successful. With this,

entrepreneurs are the most important factors because they integrate three types of production factors: land and natural resources, labor, and capital to manage them.

In Thailand, Small and Medium Enterprises (SMEs) covered 3 large groups as Production (Product Sector), the agricultural sector (Agricultural Processing) and Trading Sector covers wholesale and retail trade. The criteria used to classify SMEs whether they are small or medium-sized enterprises are High-class value of fixed assets; number of employment and classification of SMEs based on the high value of fixed assets. According to Al-Tit et al. [3] SME sector plays an important role in national economies, thus becoming the driving force for the development of the entire economy.

Thai government sector is aware of the problems and therefore promotes entrepreneurship by the Department of Industrial Promotion. The project has been initiated to create a new entrepreneur creation (NEC) to support entrepreneurs with management knowledge to successfully establish a business and continue its operation as a source of employment and income for the country. There is also a unit such as the Office of Small and Medium Enterprises Promotion supporting knowledge and understanding about entrepreneurship and facilitate business operations in order to increase the competitiveness of more domestic entrepreneurs.

The study is beneficial to understand Proposed Platform for Investors of Small and Medium Entrepreneurs in Thailand and be successful in whatever business ventures they would like to undertake.

OBJECTIVES OF THE STUDY

This study proposed platform for Investors of Small and Medium Entrepreneurs in Thailand. Specifically, it presented the demographic profile of Entrepreneur in terms of educational attainment, business inclination, capital, source of working capital, employment status; determine the capability of the entrepreneurs in terms of collateral, capabilities, characteristic, and credit standing; identify the problems of entrepreneurs in terms of capital, collateral, characteristic, credit standing, capability to put up SMEs.. and to propose a

strategies to lessen problems and improve capability of Small and Medium Entrepreneurs in Thailand.

MATERIALS AND METHODS

Research Design

This study used quantitative descriptive method of research to determine Entrepreneur Characteristics and Credit Standing Among SMEs in Thailand in terms of the capability of the entrepreneur and problems of entrepreneur and descriptive research design with survey method is applied in the study. The researcher has used both the primary and the secondary data for the purpose of this study. Secondary data were collected from available books, publications, research studies and websites.

Participants

The target population of the study is composed of successful entrepreneurs among small and medium enterprises from the records of the Department of Business Management [4], in five industry groups as manufacturing, service, distribution agriculture and food and construction and real estate businesses. The total population is 300 persons identified using simple proportional allocation.

Data were collected via a survey conducted on entrepreneurs in Bangkok Thailand. A total of 300 questionnaires were distributed out of, which 300 questionnaires were returned and usable for analysis.

Data Gathering Instrument

The researcher used Proposed Sampling distributing the questionnaire to entrepreneurs in Bangkok Thailand; Proposed Sampling according to Bernardez [5] is a technique whereby chance the samples are included in the study on the basis of their availability at the time the sampling takes place, before its distribution the researcher requested also for the assistance for distribution and retrieval of the survey instrument among entrepreneurs in Bangkok, Thailand.

The researcher used self-made questionnaire which was constructed because of literature review and related studies analysis. The instrument has three (3) Parts, Part I dealt with demographic profile of entrepreneurs; part II dealt with capability of

entrepreneurs and part III dealt with problems of the entrepreneurs.

A closed-ended interview-schedule was designed to collect data from entrepreneurs in Bangkok Thailand.

The research instrument collected data was 5-point rating scale questionnaires (Likert, 1967) was used to measure respondents on capability of the entrepreneurs and the problems of entrepreneur.

Responses to Part II and Part III were quantitatively measured using an item choice of options was 1 as the lowest and 5 as the highest. The five-point Likert scale was used to measure respondents' perception of the capability of the entrepreneurs and the problems of entrepreneur.

Procedure

The researcher visited director of Small and Medium Business in Bangkok to talk informally for collecting information regarding capability and problems of entrepreneurs.

After collecting all necessary data, data have been analyzed and tabulated descriptively. This tabulated information used to measure the capability of the entrepreneurs and the problems of entrepreneur.

The following steps were undertaken in gathering the data to answer the questions in the study. The researcher used proposed sampling in distributing the questionnaire to 300 entrepreneurs in Bangkok Thailand; Proposed Sampling according to Bernardez [5] is a technique whereby chance the sampling are included in the study on the basis availability at the time the sampling take place.

Data Analysis

The five-point Likert scale was used to measure respondent's perceptions of the capability of the entrepreneurs and the problems of entrepreneur with the following assigned values: 1=Strongly Disagree (SD), 2=Disagree (D), 3=Moderately Agree (MD), 4=Agree (A), and 5=Strongly Agree (SA).

Quantitative data analysis was conducted using descriptive statistics: mean, median, standard deviation, frequency, percentage. To measure level of factor the capability of the entrepreneurs and problems of the entrepreneurs.

RESULTS AND DISCUSSION

Table 1.

Respondents' Profile (N=300)

Profile Variables	F	(%)
Educational attainment		
Under Bachelor	132	44.00
Bachelor	144	48.00
Post Graduate	24	8.00
Business Inclination		
Manufacturing	60	20.00
Service	60	20.00
Trade/Retail	60	20.00
Agriculture and Food	60	20.00
Construction and Real Estate	60	20.00
Capital		
10-30 Million Baht	8	2.70
31-50 Million Baht	135	45.00
51-60 Million Baht	139	46.30
61-200 Million Baht	6	2.00
Over than 200 Million Baht	12	4.00
Source of working capital		
Owner	60	20.00
Family	66	22.00
Bank	102	34.00
Other Financial Institution	72	24.00
Employment Status		
Domestic Business	222	74.00
Domestic Business and International Business	78	26.00
Business expertise		
Produce and Agricultural machinery	44	14.67
Produce spare part	32	10.66
Manufacture of clothes/apparel	18	6.00
Produce food/beverages	74	24.67
Manufacture of leather good	12	4.00
Service	60	20.00
Others	60	20.00
Skill workforce		
Domestic skill labor	123	41.00
Foreign skilled labor	90	30.00
Unskilled labor	45	15.00
No skilled labor	42	14.00
Product Quality and Design		
The product is known in the market	144	47.30
The product has a specific form	62	20.70
The product / Service is of acceptable	60	20.00
The product has a beautiful design	36	12.00

Table 1 presents the frequency and percentage of the respondents' profile by educational attainment, business inclination, capital, source of working

capital, civil status, business expertise, skilled workforce and product quality and design.

Based on the distribution of the respondents one hundred and forty-four (144), or 48.00 percent of them are within bachelor which sixty (60) or 20.00 percent of the respondents are within manufacturing, services, trade/ retail, agriculture and food, and construction and real estate and twenty-four (139) or 46.30 percent of them has a capital of 51-60 Million Baht.

Respondents by source of working capital found out that seventy-two (72), or 24.00 percent are within other financial institution. As to their civil status it found out that two hundred and twenty-two (222), or 74.00 percent of them are within domestic business, with business expertise in producing food/ beverages (24.67%). In terms of skilled workforce, it was found out that one hundred and twenty-three (123) or 41.00 percent of the respondents are within domestic skill labor, ninety (90) or 30.00 percent are within foreign skill and as to product quality and design, most of the respondents confirmed that their product is known in the market (47.30%).

Table 2.

Capability of Entrepreneur with Regards to Characteristic

Characteristic	WM	VI	Rank
1. You have a good business partner and finance advisor.	4.66	SA	2
2. You like to work that challenges your knowledge and abilities and risk.	4.62	SA	4
3. You need for achievement in business.	4.60	SA	5.5
4. You have set addict to success goals.	4.50	SA	7
5. You work hard to the fullest extent possible even when faced with obstacles.	4.63	SA	3
6. You take the past work that has made mistakes as a lesson to reflect the incident.	4.60	SA	5.5
7. You have good managerial and leadership abilities.	4.71	SA	1
Composite Mean	4.62	Strongly Agree	

Legend: 4.50 – 5.00 = Strongly Agree; 3.50 – 4.49 = Agree; 2.50 – 3.49 = Moderately Agree, 1.50 – 2.49 = Disagree; 1.00– 1.49 = Strongly disagree

As seen in table 2, the composite mean of capability of entrepreneur with regards to characteristic is Strongly Agree (CM= 4.62). Among the items on

characteristic which considered strongly agree by is you have a good business partner and finance advisor (4.66), you like to work that challenges your knowledge and abilities and risk (4.62), you need for achievement in business. (4.60), you have set addict to success goals (4.50), you fully work hard possible even when faced with obstacles. (4.63), you take the past work that has made mistakes as a lesson to reflect the incident. (4.60), and you have good managerial and leadership abilities. (4.71).

This is an indication that characteristics of entrepreneur focus on their leadership abilities. According to Benjaporn [6] entrepreneurship is the process of diagnosis to make decisions and direct the action of any business. By relying on a person called entrepreneurs is to bring inputs to produce products and services. As to managerial leadership, it is the art of using people, money, materials, and non-organizational equipment to effectively achieve organizational objectives to achieve the goals. It consists of resources for small business management as to people who had great effect on the success of the business since its operations control various production machinery that relies primarily on people. On the other hand, machinery is a permanent asset used in the manufacture of products or services for customers help the business run well and make the business achieve its objectives. Raw materials are of importance for it is used in the production process to the establishment.as well as the working capital. Therefore, machines are not used very much, and it is indispensable that the raw materials fed to the factory must be quality materials and easy to procure in that business operation.

Table 3.

Capability of Entrepreneur with Regards to Credit Standing

Credit Standing	WM	VI	Rank
1. Government support your business.	4.68	SA	2
2. You have received credit from a financial institution.	4.76	SA	1
3. You have own funds and your family.	4.58	SA	3
Composite Mean	4.67	Strongly Agree	

Legend: 4.50 – 5.00 = Strongly Agree (SA); 3.50 – 4.49 = Agree (A); 2.50 – 3.49 = Moderately Agree (MA), 1.50 – 2.49 = Disagree (D); 1.00– 1.49 = Strongly disagree (SD)

Table 3 presents the respondents agree capability of entrepreneur with regards to credit standing, the composite mean of capability of

entrepreneur with regards to credit standing is Strongly Agreed (CM= 4.67). Among the items on credit standing which considered strongly agree that government support your business (4.68), you have received credit from a financial institution (4.76), while you have own funds and your family (4.58).

This is an indication that entrepreneur focus on credit from a financial institution. According to Moritz [7], small and medium-sized enterprises (SMEs) play a vital role for the innovativeness, economic growth, and competitiveness of Europe. One of the most pressing problems of SMEs is access to finance to ensure their survival and growth.

Table 4

Capability of Entrepreneur with Regards to Collateral

Collateral	WM	VI	Rank
1. You have land assets as collateral for credit.	4.62	SA	1
2. You use machines as collateral for credit	4.60	SA	2
3. You do not need to use collateral to borrow money.	4.56	SA	3
Composite Mean	4.59	SA	

Legend: 4.50 – 5.00 = Strongly Agree (SA); 3.50 – 4.49 = Agree (A); 2.50 – 3.49 = Moderately Agree (MA), 1.50 – 2.49 = Disagree (D); 1.00– 1.49 = Strongly disagree (SD)

Table 4 present the respondents strongly agree capability of entrepreneur with regards to Collateral. The composite mean of capability of entrepreneur with regards to collateral is Strongly Agreed (CM= 4.59). Among the items on collateral which considered strongly agreed had land assets as collateral for credit (4.62), use machines as collateral for credit (4.60), do not need to use collateral to borrow money (4.56).

This is an indication that entrepreneur focused on capability of entrepreneur in terms of land assets as collateral for credit. According to Patima [8] stated that the dynamic capabilities of targeting explain how organization will be capable and process sustainable competitive advantage in an environment that change over time. However, to make a successful management strategy, it is a must to consider what can cause a dynamic and what path executives can follow if they want the business to be developed. For

Benjaporn [6], entrepreneurship is the process of diagnosis to make decisions and direct the action of any business. And management services, it is the art of using people, money, materials, and non-organizational equipment to effectively achieve organizational objectives to achieve the goals, and objectives that are defined, it consists of resources for small business management. Which consists of 4M resources. According to Kamchai [9] collateral refers to a valuable property that a person uses for borrowing money.

Table 5

Capability of Entrepreneur with Regards to Capability

Capability	WM	VI	Rank
1. You have the ability to run SMEs business.	4.52	SA	3
2. You have money to invest in doing SMEs business.	4.58	SA	2
3. You have management ability in SMEs business.	4.62	SA	1
Composite Mean	4.57	SA	

Legend: 4.50 – 5.00 = Strongly Agree (SA); 3.50 – 4.49 = Agree (A); 2.50 – 3.49 = Moderately Agree (MA), 1.50 – 2.49 = Disagree (D); 1.00– 1.49 = Strongly disagree (SD)

Table 5 present the capability of entrepreneur with strongly agreement (CM= 4.57). Among strongly agreed is the ability to run SMEs business (4.52), have money to invest in doing SMEs business (4.58), have management ability (4.62).

This is an indication that entrepreneur focus on the skill which individuals have to spot, recognize and absorb opportunities, that has been put forward; it is in the entrepreneurship literature posted that individual characteristic become an entrepreneur is when they determine the capacity to identify opportunities, run new businesses, drive innovations, learn from and adapt to changing circumstances [10].

This is a manifestation that capability of Entrepreneur are important factors. Entrepreneurial capability is when they determine the capacity to identify opportunities, run new businesses, drive innovations, and learn from and adapt to changing circumstances [12].

Table 6

Problems Encountered on the Capability of Entrepreneur

Problems of Entrepreneur	WM	VI	Rank
1. Characteristic	4.63	SA	2.5
2. Credit Standing	4.69	SA	1
3. Capital	4.63	SA	2.5
4. Collateral	4.60	SA	4
5. Capability to put up SMEs	4.57	SA	5
Composite Mean	4.63	SA	

Legend: 4.50 – 5.00 = Strongly Agree (SA); 3.50 – 4.49 = Agree (A); 2.50 – 3.49 = Moderately Agree (MA), 1.50 – 2.49 = Disagree (D); 1.00– 1.49 = Strongly disagree (SD)

Table 7 presents problems encountered on the capability of entrepreneur; the composite mean of problems with regards to characteristic is strongly agrees as 4.63. Among the items on problems of entrepreneur which considered agree by characteristic (4.63), credit standing (4.69), capital (4.63), collateral (4.60), and capability to put up SMEs (4.57).

This result is a strong manifestation that entrepreneur focus on problems in terms of credit

standing. According to Tehseen, and Ramayah, [11], most of the small and medium businesses have capital problems. This must be borrowed from a financial institution where credit standing is important for borrowing money. Kamchai [9] stated that the problem that causes business collateral especially for SMEs and Micro Finance do not have access to the source of capital due to our Thai law. For Al-Tit et al. [3], SMEs sector and emphasize that enterprises from this sector play an important role in national economies, thus becoming the driving force for the development of the entire economy. Nowadays, businesses need different strategies to survive under competition and creating business growth. This is essential and very important because the market size is different in terms of resources, technology, demand for capital, innovation development creativity and care in the business environment. Which the government has given priority and there are many studies abroad about how business strategies are affecting the growth of the SME business [1].

Table 7

Proposed Strategy Action Plan for Develop Successful New Businesses Among SMEs in Thailand

Key Result Areas	Strategies	Persons Involved
CAPABILITY OF ENTREPRENEURS		
Capability		
1. You have money to invest in doing SMEs business	<ul style="list-style-type: none"> ➤ Attend to seminars on SME on investment capital ➤ Collaborate with various funding sources ➤ spearhead seminars in developing creative thinking and curiosity in build self-confidence 	Universities offering seminars Bank Managers Financial Institutions SME Organizations in Thailand
2. You have management ability in SMEs business		
Collateral of Entrepreneurs		
1. You use machines as collateral for credit	<ul style="list-style-type: none"> ➤ Collaborate with government for funding ➤ Tie-up with banks for credit standing potentiality of SMEs. ➤ Partner with financial institutions that support SMEs investment. 	Government Agency in Thailand Bank Managers SME Managers
2. You do not need to use collateral to borrow money		
PROBLEMS OF ENTREPRENEURS		
Collateral		
You do not borrow money with personal loan enough for investment	<ul style="list-style-type: none"> ➤ Attend seminars on loans spearheaded by various Bank/ financial institutions ➤ Tie-up with university who will deliver series of lightning talk about SMEs 	-Financial Institutions -Entrepreneurial Business Managers Bank Managers Successful entrepreneur
Capability to put up SMEs		
You do not have knowledge of Startup SMEs.	<ul style="list-style-type: none"> ➤ Invite successful entrepreneurs for sharing of experiences ➤ Benchmarked with other successful entrepreneurial business 	

CONCLUSION AND RECOMMENDATION

The respondents were entrepreneur in five industry groups consist of manufacturing, service, agriculture and food and construction and real estate businesses. By capital, entrepreneurs Distribution of the respondents by capital are good enough to start their business taken from loans either from bank or other financial institutions. They are mostly from domestic business. By business expertise of the respondents produce food/beverages and by skilled workforce found that they belong to domestic skill labor. As to product quality and design, respondents found that one hundred respondents are within the product is known in the thirty-six (36). The level of capability of entrepreneur in terms of characteristic, credit standing, collateral and capability were strongly agreed. The level of problems of entrepreneur in terms of characteristic, credit standing, capital, collateral, and capability to put up SMEs were strongly agreed. The proposed plan addresses the imitation of the research.

The researcher may invite speakers for series of seminars to be conducted among entrepreneurs to enhance knowledge and expertise inclined to SME business. Limitations of funds maybe done thru tie up with financial institutions to increase credit standing. Benchmark successful SMEs in Thailand for learning's and sharing of best practices. This proposed strategies maybe discussed during gatherings of Entrepreneur of SMEs business to affirm the result of this research and used to the guideline to develop their business. The limitation of this study Entrepreneur Characteristics and Credit Standing Among SMEs in Thailand and which maybe baseline of other research to investigate other variables for covered in other variables.

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