

Full Length Research Paper

The effects of entrepreneurs and strategic management toward the business success of SMEs in northern region of Thailand

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The purposes of the research were to study the level of importance of leadership, characteristics, negotiation, entrepreneur, teamwork, innovation, strategic management and the business success of Small and Medium Enterprises, including the effect of entrepreneur and strategic management toward the business success of SMEs in northern region of Thailand. The sampling group was 588 entrepreneurs from 7 provinces in SMEs business. The data analysis was conducted by applying descriptive statistics of frequency, percentage and standard deviation and the inferential statistics with PLS Graph technique. The research outcomes revealed that all relevant factors of entrepreneur valued the importance by respondents as high. The leadership, characteristics and negotiation had direct effect toward the entrepreneur and had direct effect toward the teamwork, strategic management and innovation. Furthermore, they also had indirect effect toward business success. Lastly, strategic management had highest direct effect toward the business success of SMEs.

Key word: Entrepreneurs, business success of SMEs, PLS, innovation, strategic management.

INTRODUCTION

A vast number of entrepreneurs were created and established each year but only limited number were able to survive and remain their competitive advantage. Many entrepreneurial businesses were unable to capture their desired market shares, unable to compete in the open market, destined to the business shut down and have to cease their business operation. These unsuccessful entrepreneurs had generated bad debts and non-performance loans to the society which in turn had impacted the stability of national economy as a whole. Hence, it was crucial for entrepreneurs to have the comprehensive knowledge on the characteristics of successful entrepreneurs. Most successful entrepreneurs are having the following characteristics in common: 1) the determination to achieve success, 2) the accountability

and responsibility to assigned task, 3) the risk taking behavior, 4) the self confidence, 5) the energized working power with future focus, 6) the task oriented with flexibility and decisiveness in making decision, 7) the great human relationship personality with effective interpersonal communication skill and 8) the broad technical knowledge and vast personal experiences (Wingwon, 2011). An entrepreneur does not have to have all these characteristics but does need to have all those critical ones to their businesses. Hence, each entrepreneur needs to do self assessment in order to locate those missing characters for further self development. The successful entrepreneurs must also have a broad and solid marketing skills, that is thinker, planner, strategist with growth vision, precise forecaster, opportunist, offering benefits in achieving customer satisfaction and with competitive advantage capacity to build own business growth (Boyd and Gumpert, 1983). Every year in the past, there were many newly established entrepreneurs whom acted as the driving engine for the economic growth and

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increase the competitive advantage capability of the country. Therefore, the individual with own established business must possess this entrepreneurship characters at all time in seeking and locating the business investment opportunity. With current highly competitive environment, the manufacturing industry has turned to value the importance of managing the production process.

The manufacturing organization must not only monitor and manage a single process, but must focus on the completed supply chain of total production process for its effectiveness and efficiency. As the matter of facts, under the current severe competitive environment, it has forced entrepreneurs to view the organization in totality for management effectiveness in meeting customer requirements and satisfactions. Hence, it is one of the key critical strategies in achieving organization success. The research study of 7 SMEs at upper northern region revealed many factors that entrepreneurs must make their adjustment to cope with the direct effect from external business environment, the lack of improving information data and proactive approach, the short of professional labor force, the delay in catching up with the industrial growth, the lack of discipline in work operation, for example taking long holiday leaves during peak operation season, the fluctuation of quality level on raw materials for production process, the majority of supportive units having financial loan problems with their financial institutions, and the shortfall of knowledgeable skill human resource. Recently, the Fiscal Policy Research Institute recommended these businesses to cease in their O.E.M. business and turn to focus on the building of own individual brand and the establishing of business alliance network (Thansettakit, 2011). Nevertheless, in order to achieve business sustainability, SMEs has to uplift their organization status from the O.E.M. producers with narrow profit margin to the product design business with own brand corporate image and move the business to the next level of establishment. The business entity must focus on the conceptual descriptive innovation, networking and marketing segmentation on key customers, the information technology management through communication engagement with customers at prompt speed and in time. Therefore, the private entrepreneurs need to modify their business strategies to remain survival and sustainability.

The entrepreneurs need to review their business results, to analyze business outcomes and to search for new conceptual ideas and theories to match with the existing industrial experiences in order to cope with the changing environment in transferring of experiences and knowledge to business operation (Spieth, 2006). The business entrepreneurs must also need to focus on innovation, shared values, business strategies and business capacity to drive their business toward the business goals and objectives and to establish long term competitive advantages for business sustainability.

Research objectives

- 1) To study the level of importance of leadership, characteristics, negotiation skills, entrepreneurs, teamwork, innovation, strategic management and the SMEs business success in northern region of Thailand,
- 2) To study the effect factors toward the entrepreneurs and the strategic management to the SMEs business success in northern region of Thailand.

Research scope

This research was carried out in quantitative format with 4 research aspects, that is:

Subject matters

To focus on the leadership, characteristics, negotiation, entrepreneur, teamwork, innovation, strategic management and the SMEs business success in northern region of Thailand,

Duration

8 months (November 2010 to June 2011),

Population

Entrepreneurs of small business from 7 provinces in northern region of Thailand and,

Area

Lampang, Lamphun, Chiangmai, Chiangrai, Phrae, Nan and Uttaradit which were the 7 provinces in northern region of Thailand.

Literature review

The review of relevant literatures, researcher was able to summarize into the following 5 variables as applied from the strategic management theory on environmental analysis, the decision making based on logical facts and the selection of suitable opportunity options to achieve the organizational objectives (Coulter, 2005):

Entrepreneur

Longenecker et al. (2006) had described entrepreneur as the individual who discovered the market demand and

initiated business operation to respond to various demands, for example revenue income, wealth, challenge and the social recognition by managing variable fundamental risks of changes in innovation and economic well being (Frederick et al., 2007). Meyer (2004) stated the entrepreneur as an individual who integrated all available resources in order to generate economic phenomenon in business growth by pulling new knowledge development derived from the blending of own capability with the existing experiences and the local networking alliance to achieve business success and destined toward the large business leader at the end (Zimmerer and Scarborough, 2002). The entrepreneur needed to have the entrepreneurship skills, for example vision, devotion, determination and motivating others to achieve their business objectives and business growth according to own expected plan (Moorman and Halloran, 2006). The entrepreneur needed to have the leadership, the negotiation skill and the influential characters that is critical toward the organizational success. The leadership was the forming of impacted effects toward the team operation in order to achieve business objectives. The leadership needed to be changed to cope with the changing environment (Harvey et al., 2003). The study of Hsu et al. (2007) revealed that the leadership style had effect toward the organizational operation of teamwork, business strategies and innovations. The study focused on the characteristic with the belief that leadership was by birth and later led to the concept that leadership could be built and developed. Later the leadership theory started to value more on the followers with the focus on the participation of the followers to activate the beneficial results for the organization.

Over the past 30 years, the study had focused on the impact of leadership style toward the organization which consisted of 2 schools of thought (Tarabishy et al., 2005), that is: 1) transactional leader and 2) transformational leader to achieve the set organizational objectives. The transformational leader could be classified into 4 factors, that is: 1) idealize influence, 2) individualize consideration, 3) intellectual stimulation and 4) inspirational motivation. Therefore, the leader had impacted the followers whom had faith, respect and trust the leader in seeking the opportunity or solution to achieve the business objectives (Burns, 1978). The building of interpersonal relationship at various levels was the critical success factor for the successful and effective leaders. It led the followers to perceive the new direction and to have awareness on the importance of business vision in real life which generated the experimental trials (Fritz, 1986), the stimulated intellectual and the generated innovation. The leader motivated the followers at own desired and supported them in numerous ways to achieve business objectives (McClelland, 1985). The leader led the followers to be aware of tasks and responsibilities of the team and reinforced the confidence of own capability in achieving objectives and targets (Yukl and van Fleet, 1982). The leader must have the negotiation skill which was critical

for the business operation in dealing and coordinating with others, could be either the negotiation with the business counterparts or business network (Peeticharoentham, 2005). The key point of this type of leader was the joint objectives between the leader and the followers, in negotiating to exchange ideas for win-win solutions which could be accepted by both sides, together with the clear objectives, good listeners and the well defined purposes of negotiation. Furthermore, another character of entrepreneurs was the handling of risks and the uncertainty in business operation as the leader to lead and achieve objectives on the aspect of profit, success and growth (Hisrich, 2010) in searching for business opportunity under the limited resource environment which could be found throughout every area either at village, sub-district, district, province, region and national level throughout the world.

The business entrepreneurs once had initiated business would have the opportunity for growth and expansion to large business in the future. The character of good entrepreneurs had many elements, however the scope for this research work would be confined to: 1) Eager to success, 2) Risk taking behavior, 3) Creative and aspiration, 4) Determination, 5) Confidence, 6) Decision taking, 7) Value changes as opportunity, 8) Endeavor to uncertainty, 9) Commitment to complete success and 10) Timeliness. Hence, entrepreneur had effected toward teamwork (Keller, 2001).

Teamwork

The teamwork was an important factor in having the group of members as driving force with the commitment and responsibility to jointly achieve qualitative outputs (Francis and Young, 1979). The teamwork was the group of members with interrelationship and depending to each others in working to achieve joint objectives and in accepting the process of achieving success was through working together and with satisfaction toward works (Parker, 1990). The teamwork was the interaction of the group of members, the sharing information and the processing of decision making in supporting each other during assigned work operation (Prasertsri, 2005) which in line with the concept of DuBrin (2005) who stated that teamwork was a specific formed group with specialized skill members and with commitment to achieve operational objectives including task oriented focus. Therefore, the operational outcome represented was merely the outcomes of each members of the team with little positive force but could yield substantial overall outcomes. In addition, the teamwork generated the joint efforts of coordination from each individual member and yielded the level of much larger operation outcome than the importing inputs. Each member of the teamwork was the key important knot of the following 4 factors: 1) leader, 2) member, 3) task and 4) system.

The entrepreneur must had the leadership and with good

characteristics, with logical reasons, with achieve motive and with good human relationship that could get along well with each member, with good co-worker network, with friendship, with kindness and with human relationship as the base in integrating the working process by teamwork had effected toward innovation (Abebe and Angriawan, 2011).

Innovation

At present, the innovation had increasingly played the key role on both the daily living and working life. The word "innovation" meant making new product (National Innovation Agency, 2007). Innovation was the key element for the organization capability to achieve success with the development or the change of new product and process. However, the innovation process could be considered as manufactured products for commercial usage and were improved or brand new in the market. The difference between invention and innovation was that the former was invented from conceptual ideas to the real physical objects and innovation was the creating of commercial benefits of conceptual ideas. Furthermore, innovation also included new products which every organization was searching for to support their business survival including the building of better technology and marketing strategies. Therefore, the application of knowledge or innovation in producing new products was considered as the strength and the best alternative choice of the era which products and services must be derived from the outstanding knowledge and intellect of each business. The innovation development was the willingness to support the creativity and the attempt in presenting new product or service and the research of new working process for enterprise to achieve success of their business (Lumpkin and Dess, 2001). Furthermore, there was a misunderstanding that the invention created innovation which led the organization to brainstorm for new creativity and organized environment to activate innovation. Such belief led the government sector to establish policies for supporting research work at university level and to lower business tax measures for private sector (Songthanin, 2011). While the concept of Peter Drucker (1985) reported that only 1 out of 500 licensed and patented inventions with worth return on investment and with the belief that the new knowledge had little contribution toward the innovation.

Stephen and Nathan (1986) concluded that majority of innovation from researches were often wrong and Harold (2004) had analyzed 75 innovation products and concluded that majority of innovation did not come from the invention. When should the innovation be counted as success? The success of innovation meant the adoption of such creative idea into practice and was well accepted by the community. The key point was the adoption of innovation into practice in a community. The community

here was the target group required to accept the new creative idea and put into practice under the 8 steps for the innovation to achieve success, that is: 1) awareness, 2) imagination, 3) presentation, 4) acceptance, 5) sustainability, 6) agreement compliance, 7) leading and 8) embedment. These were all needed to be integrated in practice and did not require to be proceeded step by step. The first 2 steps were the concept of creating innovation and the next 3 steps were the acceptance by the community. These 5 steps often proceed in sequence with the last 3 steps were the structuring of environment to improve the efficiency of other relevant organizational factors (Denning and Dunham, 2011) by innovation had effected toward strategic management (Birkinshaw, 1997).

Strategic management

Strategy was the plan with procedure for the organization to operate in order to achieve targets and objectives (Davies, 2000; Mintzberg, 1996) including the promise to utilize the available resources and to achieve the expected objectives in future (Drucker, 2000). The related strategic management to entrepreneurship aspect as perceived by Schendelm and Hofer (1979) summarized the meaning of strategic management as the process related to the tasks of entrepreneurs of the organization in building and growing the organization, especially on the developing and utilizing of the strategies for the business operation (Schendel and Hofer, 1979; Zahra and Covin, 1995). It could be summarized that both management and the researcher believed the strategic management of entrepreneurs was the supporting factors for the better financial performance outcomes of an enterprise, as the risk taking nature, innovativeness and the proactive of the entrepreneurs in strategic operation would lead to the discovery of successful opportunity in product development, new service and the competitive advantage in marketing sector by strategic management had effect toward organization success (Bosma et al., 2000).

Organization success

Organization operation would value the importance of business growth by focus on fully utilized resources (Raymond and Josée, 2005) since it would lead to operation standards, to lower unit costs and to value added activities (Post and Griffin, 1997: 165 to 171). The result would answer whether the operation was in line with the mission, business plan and developed strategies (Wingwon, 2007). Nevertheless, the operation success must rely on the participation of all stakeholders who valued the importance of personnel development up to their potential capacity and the alignment of tasks and targets in the same direction to meet the stakeholder requirements in business (Chin-Yen and Tsung-Hsien,

2007). In addition, Fraser and Neville (2002) described the success of entrepreneurs could be measured in person since entrepreneurs described own success by applying financial results to reflect the business performance and the satisfaction of incomes from the business operation to reflect economic success, the increase or decrease of customers numbers, the profit outcome and the sales volume of previous 1 to 2 year performances from relevant parties in business including customers and personnel. On the perceived, success in business was measured from the observation and interview in order to access the success of entrepreneurs.

RESEARCH METHODOLOGY

The survey research was conducted in 7 provinces which are Lampang, Lamphun, Chiangmai, Chiangrai, Phrae, Nan and Uttaradit with 150 persons per province and the total of 1,050 SMEs business entrepreneurs in northern region of Thailand. The questionnaire was developed with Likert 5 level scale (Likert, 1970) and classified in sections. The purposive random sampling technique was conducted on those registered SME's entrepreneurs in 7 provinces (Yamane, 1967). The data analysis was split to 2 portions, that is: 1) descriptive statistic to illustrate the important level of leadership, traits, negotiation, entrepreneur, teamwork, strategic management, innovation and success of SMEs business in frequency, percentage, mean and standard deviation, and 2) inferential statistic to analyze the effects of relevant factors toward the business success by applying that the average criteria of 1.00 to 1.50 meant the least importance, 1.51 to 2.50 meant the less importance, 2.51 to 3.50 meant the medium importance, 3.51 to 4.50 meant the more important and 4.51 to 5.00 meant the most importance (Best, 1973).

Data analysis outcomes

From Table 1, it revealed that the majority of entrepreneurs were female over male, with the average age of 41 to 50 years old, with married marital status, living in Chiangmai Province and with Lampang, Chiangrai and Lamphun Province within the similar proportion. The educational level of the majority respondents were at bachelor and high school level at similar proportion, with single owner enterprise and followed by the community enterprise and partnership (L.P. or R.O.P), with experience in running business of over 10 years and followed by 4 to 6 years and 7 to 10 years accordingly. Majority of respondents were with manpower less than 10 persons and followed by 10 to 20 persons, with source of financial investment, private fund and private fund with financial institution. The majority of business with the growth rate of between 1 to 9% levels, with medium total sales and followed by the sales level equal to 0% which was stable total sales. Table 2 revealed that entrepreneurs valued the importance of all 8 factors which consisted of entrepreneurship, leadership, negotiation, traits, teamwork, innovation, strategic management and success at high level and the block indicator had high CR value between 0.857 to 0.922 and with high AVE value of between 0.524 to 0.662. They illustrated that indicators at each block were able to equally identify the latent variables in their blocks and with high reliability. Figure 1 indicated that entrepreneurs had high leadership skill, able to motivate stakeholders, reliable traits, trustworthiness, popularity and responsibility. They were able to understand and analyze market movements and adjusted the organization to suit the situations.

They had proactive personality with good human relationship and excellent skill to capture key points. They were all with good negotiation skill relied on current informative data base and with high important value of 57.70% by having direct effect toward the building of teamwork with the coefficient path value of 0.599 and with R^2 value of 0.359; and had the direct effect toward the strategic management with the coefficient path value of 0.36 and with R^2 of 0.595. Hence, entrepreneurs were capable to drive the organization with application of business strategies for the constructive competition. They also had the direct effect toward the innovation with the coefficient path value of 0.574 and with R^2 value of 0.330. In turn, innovation had direct effect toward the strategic management with the coefficient path value of 0.458 and with R^2 value of 0.595 by applying innovation to generate differences in product development from organizational knowledge.

The continuous product development had direct effect toward the business success with the coefficient path value of 0.508 with R^2 value of 0.684 (Table 3). Table 4 exhibited the outcomes of hypothesis test of structural equation model by analyzing the direct, indirect and total effects which revealed that entrepreneurs had most direct effect toward teamwork with value of 0.599, teamwork had most indirect effect toward the entrepreneur traits with value of 0.802 and teamwork had most total effect toward the entrepreneur traits with value of 0.802. Table 5 revealed that all variables with

\sqrt{AVE} value higher than the coefficient value between variables in column at "h" and with variables in other columns (cross construct correlation) which indicated that measurement of all 8 items had validity within own item and not able to cross measure

other items and $\sqrt{AVE_h}$; $h = 1, 2, \dots, 8$ with value higher than 0.7 at each value, that is with value between 0.827 to 0.938 indicated the measurement was with high validity.

DISCUSSION

Entrepreneurs have high leadership skill that is able to motivate all stakeholders and have the reliable traits, trustworthiness, popularity, responsibility and analytical skill to understand the market movements and steer organization to the appropriate directions (Frederick et al., 2006; Meyer, 2004). They have proactive personality with human relationship skill and ability to capture key points negotiation skill based on the current informative data which had the importance level of 57.70% which is in line with Burns (1978) statement that entrepreneurs must have leadership skill. The skill can be classified as: 1) leader with idealistic power, 2) leader with individualistic view, 3) leader with stimulated intellect and 4) leader with motivation to generate aspiration. Therefore, leaders had effected toward followers to develop faith, respect and trust in searching for opportunity or solution to achieve the business objectives. Leaders factor have direct effects in building teamwork with coefficient path value of 0.599 and R^2 value of 0.359 as in line with DuBrin (2005) statement on the importance of teamwork. The teamwork consist the group of members with determination, commitment and accountability toward works to achieve joint objectives and obtain high quality works (Francis and Young, 1979). In addition, teamwork is the group of members with personal relationship and with dependent on each other to achieve joint goals and accept the

Table 1. Frequency and percentage of respondents (n = 588).

Basic data of respondents		Frequency (n = 588)	Percentage (%)
Gender	Male	247	42.00
	Female	341	58.00
Age	Under 20 years	7	1.19
	21-30 years	128	21.77
	31-40 years	194	32.99
	41-50 years	154	26.19
	51-60 years	75	12.76
	60 years and over	30	5.10
Marital status	Single	180	3.61
	Married	362	61.57
	Divorced/Widow	46	7.82
Current residential province	Lampang	95	16.16
	Lamphun	86	14.63
	Chiangmai	107	18.19
	Chiangrai	85	14.46
	Phrae	73	12.41
	Nan	65	11.05
Current residential province (continue)	Uttaradit	77	13.10
Highest educational level	Below high school or equivalent	182	31.00
	High school or equivalent	173	29.40
	Bachelor degree or equivalent	208	35.40
	Master degree or equivalent	22	3.70
	Doctoral degree	3	0.50
Type of business	Single owner enterprise	487	82.82
	Partnership (l.p. Or r.o.p.)	43	7.31
	Company limited	35	5.95
	Public company limited	23	3.92

Table 1 Contd.

Experiences in business operation	under 1 year	97	16.50
	1 - 3 years	150	15.50
	4 – 6 years	110	18.70
	7– 10 years	105	17.90
	10 years and over	16.50	21.40
Number of man powers	Number less than 10 persons	515	87.60
	Number in between 10-20 persons	49	8.30
	Number in between 21-50 persons	11	1.90
	Number in between 51-100 persons	9	1.50
	Number over 100 persons	4	0.70
Source of investment	Private fund	382	64.97
	Private fund and financial institution	141	23.98
	Private fund and non-bank financial institution	65	11.05
Growth rate	Below 0% -decrease total sales or profit	56	9.50
	Equal to 0% level – stable total sales	110	18.70
	Level 1 to 9%- medium total sales	325	55.30
	Level 10 to 24% - strong total sales	79	13.40
	Level 25% or over – rapid growth total sales	18	3.10

Table 2. Means and standard deviation.

Importance factors	Means	S.D.	Loadings	t-stat	CR	AVE
Entrepreneurship	3.64	0.837	-	-	0.884	0.559
Belief the operation meet the business objectives	3.74	0.815	0.775	19.902		
The operation as the responsibility of organization	3.71	0.830	0.750	24.336		
Introduction of new products and fast services	3.65	0.834	0.732	21.830		
Solid policy to support the high risks projects	3.50	0.859	0.749	22.068		
Operation on the most expert fields able to locate opportunities	3.73	0.851	0.764	23.185		
Having the risks management in the organization	3.53	0.832	0.715	18.967		
Leadership	3.80	0.819	-	-	0.902	0.604
Creative thinking	3.83	0.830	0.768	24.313		
Negotiation skill	3.86	0.758	0.790	26.418		

Table 2 Contd.

Organization management skill	3.69	0.807	0.764	23.755		
Tolerance against each stimulus situations	3.74	0.812	0.777	20.418		
Decision making ability	3.84	0.841	0.799	27.207		
Interpersonal relationship with team / stakeholders	3.82	0.866	0.765	23.290		
Negotiation	3.89	0.821	-	-	0.857	0.600
Have full knowledge of existing operation	3.99	0.787	0.745	16.367		
Have good human relationship	4.04	0.817	0.802	18.054		
Have good listen skill and in capture key points	3.83	0.811	0.801	20.806		
Have business experiences	3.70	0.867	0.748	18.439		
Traits	3.76	0.880	-	-	0.867	0.524
Customer focus	4.05	0.834	0.676	16.132		
Focus on entrepreneurs society (association, rotary, provincial chamber of commerce)	3.47	0.970	0.572	19.635		
Searching for new alternative choices	3.76	0.853	0.780	17.064		
Focus on efficiency management	3.84	0.873	0.770	15.678		
Ability to analyze and understand the marketing movement	3.65	0.896	0.779	17.911		
Agility in all circumstances	3.80	0.852	0.742	16.134		
Teamwork	3.63	0.927	-	-	0.922	0.662
Majority of staff participates in working operation	3.78	0.857	0.769	26.914		
Opening for recommendations and opinions	3.71	0.847	0.776	29.317		
Activities or business plan involved participatory stakeholders	3.61	0.902	0.836	33.524		
Leader supports working operation at all levels	3.50	10.02	0.830	33.753		
Proactive Coordination	3.53	0.965	0.850	36.113		
Recognition teams with outstanding performance achievement	3.62	0.971	0.820	29.867		
Innovation	3.66	0.868	-	-	0.894	0.628
Application of new working process	3.77	0.783	0.786	25.909		
Generating new or modified products	3.74	0.838	0.787	28.638		
Developing products from knowledge management base	3.64	0.834	0.785	25.408		
Application of technology to generate alternative options	3.54	0.948	0.809	27.249		
Innovation generates competitive advantage	3.60	0.935	0.794	24.485		
Strategic management	3.64	0.910	-	--	0.898	0.597
Analysis of organization environment	3.65	0.864	0.814	31.249		
Updated business plan	3.62	0.913	0.781	32.319		

Table 2 Contd.

Strategies over competitors	3.59	0.887	0.837	34.320		
Communication throughout organization	3.60	0.942	0.829	33.701		
Lower unit costs organization	3.48	0.947	0.690	21.191		
Customer focus	3.88	0.909	0.669	23.437		
Success	3.61	0.912	-	-	0.916	0.645
Have community economic system development	3.61	0.920	0.761	27.348		
Ability to generate profit making	3.76	0.831	0.797	36.419		
Increase organization productivity	3.63	0.873	0.846	36.333		
Continuous growth of total sales volume	3.60	0.884	0.824	32.961		
Large market share in operating business	3.48	0.976	0.806	32.966		
Ability to expand and branch business in the future	3.60	0.988	0.782	34.270		

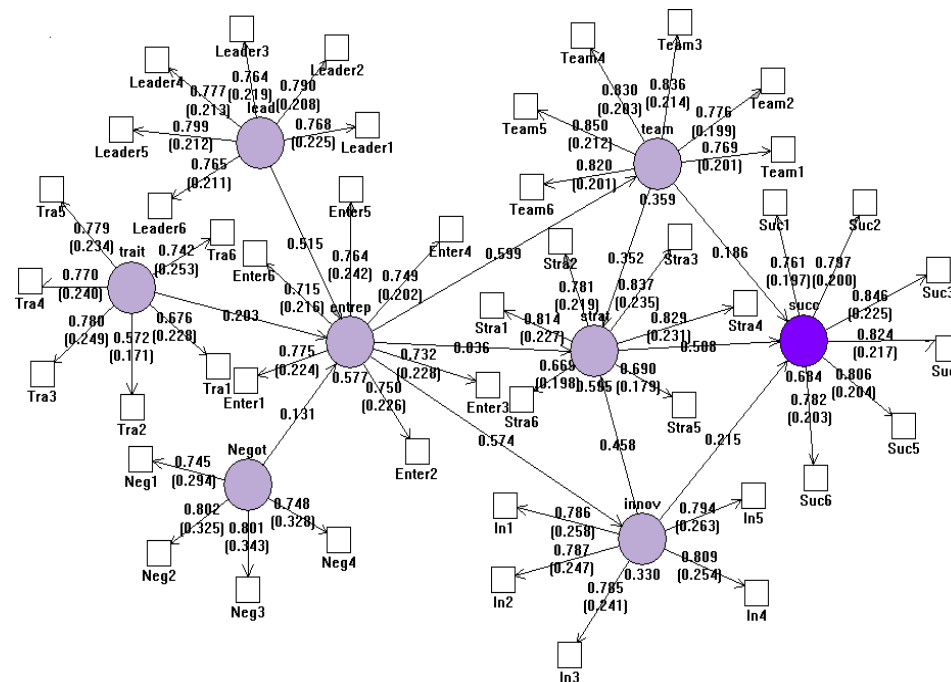


Figure 1. Outcomes of structural equation model (SEM).

Table 3. Outcomes of hypothesis test.

Research hypothesis	Coefficient path	t-stat	Conclusion
Traits →Entrep	0.203	4.5512	Supported
Lead →Entrep	0.515	12.8273	Supported
Negot →Entrep	0.131	3.2305	Supported
Entrep→ Strat	0.036	1.9828	Supported
Entrep →Innov	0.574	14.9763	Supported
Entrep→Team	0.599	18.4512	Supported
Innov →Succ	0.215	4.9059	Supported
Team→ Strat	0.352	7.2709	Supported
Strat→ Succ	0.506	13.0677	Supported
Innov→ Strat	0.458	8.6036	Supported
Team→Succ	0.186	4.0415	Supported

Remark: Accepted at p-value ≤ 0.10 , t-stat ≥ 1.96 , Leader = leadership, Trait = entrepreneur trait, Negot = negotiation, Entrep= entrepreneurs, Team = teamwork, Strat = strategic management, Innov = innovation and Succ = organization success.

Table 4. Effects of relevant variables.

Dependent variable	R ²	Effect							
			Lead	Trait	Negot	Entrep	Team	Innov	Strat
Success	0.684	DE	0.000	0.000	0.000	0.000	0.186	0.215	0.586
		IE	0.254	0.101	0.064	0.493	0.179	0.233	0.000
		TE	0.254	0.000	0.064	0.493	0.365	0.448	0.586
Team	0.359	DE	0.000	0.000	0.000	0.599	N/A	N/A	N/A
		IE	0.308	0.122	0.078	0.000	N/A	N/A	N/A
		TE	0.308	0.122	0.078	0.599	N/A	N/A	N/A
Strat	0.595	DE	0.000	0.000	0.000	0.036	0.352	N/A	N/A
		IE	0.263	0.005	0.067	0.474	0.000	N/A	N/A
		TE	0.263	0.005	0.067	0.510	0.352	N/A	N/A
Entrep	0.577	DE	0.515	0.203	0.131	N/A	N/A	N/A	N/A
		IE	0.000	0.000	0.000	N/A	N/A	N/A	N/A
		TE	0.515	0.203	0.131	N/A	N/A	N/A	N/A
Innov	0.330	DE	0.000	0.000	0.000	N/A	N/A	N/A	N/A
		IE	0.296	0.117	0.075	N/A	N/A	N/A	N/A
		TE	0.296	0.117	0.075	N/A	N/A	N/A	N/A

Remark: TE = total effect, DE = direct effect and IE = indirect effect.

successful way to accomplish works is working together with job satisfaction as stated by Parker (1990) that teamwork is the group of members interact to each other,

to share informative data and to make decision in supporting each others at works within the accountable scope in the organization. Entrepreneurs have direct

Table 5. Outcomes of discriminant validity measurement and performance indicator.

Item	Trait	Entrep	Lead	Negot	Strat	Team	Innov	Success	Average commun	Average redund	Rsqr
Trait	0.724								0.523	0.000	0.000
Entrep	0.601	0.748							0.559	0.322	0.577
Lead	0.613	0.729	0.777						0.604	0.000	0.000
Negot	0.624	0.609	0.682	0.775					0.599	0.000	0.000
Strat	0.726	0.509	0.566	0.489	0.773				0.597	0.355	0.595
Team	0.671	0.599	0.633	0.550	0.695	0.814			0.662	0.237	0.359
Innov	0.742	0.574	0.564	0.538	0.726	0.704	0.792		0.627	0.207	0.329
Success	0.691	0.561	0.565	0.523	0.793	0.690	0.714	0.803	0.644	0.441	0.684

effect toward the strategic management with the coefficient path value of 0.036 and with R^2 value of 0.595. Therefore, entrepreneurs are able to drive organization by applying business strategies to create competitive advantages for business sustainability and have direct effect toward the innovation with the coefficient path value of 0.574 and with R^2 value of 0.330 as in line with Lumpkin and Dess (2001) which stated that entrepreneurs must have commitment in supporting creative thinking and trial run to generate new products or services and new working process for the enterprise to achieve business successes.

The research outcome revealed that innovation has direct effect toward the strategic management with the coefficient path value of 0.458 and with R^2 value of 0.595 by applying innovation to generate differences in product development from organization knowledge learning and having the direct effect toward the business success with the coefficient path value of 0.508 and with R^2 value of 0.624. Therefore, the outcome of this research concluded that each factors have effect toward entrepreneurs and strategic management and can be summarized that for the SMEs enterprises are to achieve their joint objectives and to generate high quality works (Schendel and Hofer, 1979; Zahra and Covin, 1995), the group of members or teamwork must interact to each another, sharing informative data and to make decision in supporting each other within the accountable scope under the same goal direction (Harvey et al., 2003). The success of entrepreneurs can be measured from the ability of individual, the achievement result (Francis and Young, 1979) and the entrepreneurs often develop own success goals. Furthermore, the leadership and negotiation factors are also viewed as the key factors that entrepreneurs must have to earn faiths, respects and trusts from staff personnel within the organization and to achieve business objectives. They also build the interpersonal relationship at all levels and are the important key to move all internal and external stakeholders forward the organization success which can be measured from the constant total sale growth, profitability and the increase of productivity (Boyd and Gumpert, 1983).

RECOMMENDATIONS

- 1) Government of Thailand should have a concrete registration and law measures to support those impacted entrepreneurs from the international agreements and obligations.
- 2) Forthcoming free trade agreements include investment protection requests from member countries which in turn will effect the country environment and limit the level of protection ability. Therefore, the government sector should organize training and seminars to educate and uplift entrepreneurs' awareness on these limitations.

LIMITATIONS AND FURTHER RESEARCH

The limitation of this research study was the level of cooperation of sampling entrepreneurs in completing the questionnaire due to the limited available free time of these busy entrepreneurs. The research team had contributed a lot of efforts and times in coordinating with respondents to ensure the quantity and quality of completed questionnaires. It was the intention of the research team to present the outcomes of this research study to the northern region Commercial of Commerce and the Federation of Industries for their future reference. The findings of this research study would also be incorporated in the academic curriculum of northern region higher education institutions. The further similar research of this study should be extended to cover other regions of Thailand that is northeastern, central and southern regions for the benefits of each community and as the comparative study among each region.

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