

Determinants for Market Expansion of Thai SME Entrepreneurs as the ASEAN Economic Community is Taking Roots

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Abstract

Economic policies in Thailand essentially target improvements in innovativeness, technology-orientation, and the internationalization of Thai enterprises, including small and medium size firms. Thai entrepreneurs' internationalization opportunities within the region are linked to the current government policies targeting growth and business expansions and the measures adopted in the ASEAN Economic Community (AEC) Blueprint by the 10-member Association of Southeast Nations (ASEAN) to promote SMEs. This empirical study assesses the status quo of activities, aspirations, and expectations of Thai entrepreneurs as the AEC is taking roots. Findings show that how government policies are implemented and executed are critical to empower Thai SMEs. Innovative market approaches with new products and a more technological orientation for start-ups are found to be key factors influencing Thai entrepreneurs to expand beyond their current markets and utilize the new market opportunities derived from the AEC.

Keywords: Entrepreneurship, SME, Start-ups, ASEAN Economic Community, Market Expansion; Government Policies.

1. Introduction

With its relatively young workforce and consumer base of 347 million out of 655.9 million people as of December 2022, the ten-member Association of Southeast Asian Nations (ASEAN) has been successful in raising the living standards of its populations over the last decades (Statista, 2022). Its combined GDP of US\$ 2.4 trillion at the end of 2015 increased to US\$2.9 trillion in 2020, accounting for 3.5 percent of the world's GDP with Thailand contributing US\$501.89 billion or 16.7 percent of the ASEAN share (HSBC, 2021; Schwab & Sala-i-Martin, 2014; Statista, 2021). ASEAN's success in raising living standards in the region can be attributed in no small part to the establishment of an ASEAN Economic Community (AEC) as part of a three-pillar ASEAN Community, whose overall purpose is to build a region of sustained economic growth, lasting peace, security and stability as well as shared prosperity and social progress (International Labor Organization & Asian Development Bank, 2014). The AEC was officially established on December 31, 2015. Initially scheduled to be launched on January 1, 2020, it was subsequently accelerated to January 1, 2015, and then pushed back to December 31, 2015. The AEC has created a single market and production base characterized by a free flow of goods, services, and investment across Southeast Asia, including the freer movement of capital and skilled labor (Association of Southeast Asian Nations, 2022a).

However, while opening the ASEAN market to foreign companies creates opportunities for domestic firms seeking to cross borders, it also brings challenges to companies at home as they need to compete with foreign companies entering their own market. This is especially the case for small and medium-sized enterprises (SMEs), which are the backbone of ASEAN economies. Indeed, both policy makers and academics agree that entrepreneurs play a pivotal role in the development and well-being of their societies (OSMEP, 2020a). SMEs generate jobs and contribute to inclusive economic growth and the prosperity of households and communities (OECD, 2020). Yet, despite their contributions and importance to the region's economy, SMEs continue to face significant barriers that prevent them from achieving their full potential and to expand abroad. This is particularly true for women entrepreneurs who are a vital piece of ASEAN's economy (OECD & ERIA, 2018). SMEs in Thailand are no exception. They encounter the same challenges and enjoy the same opportunities as their counterparts in other ASEAN member countries. The Global Entrepreneurship Monitor (GEM) Thailand Report 2019/20 identified the following main constraining factors for entrepreneurship in Thailand: government policies (57 percent), followed by financial support (47 percent) and capacity for entrepreneurship (30 percent) (Guelich, 2020a). Addressing these barriers is critical to unlock the region's entrepreneurial potential and build more inclusive economies (Guelich, 2020a). In line with comprehensive policy measures for the development of SMEs as outlined in the AEC Blueprint, Thailand 4.0 seeks to do just that (Economic Research Institute for ASEAN and East Asia, 2018; Bussi & Khatiwada, 2017; Jones & Pimdee, 2017). As an economic model based on creativity, innovation, new technologies, and high-quality services, Thailand 4.0 aims to turn the Thai workforce into 'knowledge workers' across ten industries (Thailand Board of Investment, 2017). Thailand 4.0 comes in the wake of Thailand 1.0 (agriculture), Thailand 2.0 (light industry), and Thailand 3.0 (advanced industry).

This paper examines the challenges confronting Thai policymakers in their efforts to promote digitalization as part of the 4th Industrial Revolution in the context of the AEC. The focus is on start-ups and young businesses (firms in operation for less than 42 months) referred to in this study as *total early-stage entrepreneurial activities* (TEA) and *early-stage established businesses* (EB), firms in operation for more than 42 months. As is also the case with established enterprises, each type of firms obviously faces different tasks and challenges in their respective business phases (Picken, 2017). Moreover, their aspirations and expectations toward employee growth, market expansion, and new product market combinations differ, which makes the implementation of current policies critical as they need to address the different needs of TEA and of EB entrepreneurs. The main objective of this study is twofold: (i) to assess the status quo of TEA and EB entrepreneurs in Thailand as the AEC is taking roots and providing opportunities for regional internationalization and (ii) to determine which policies are needed to promote prosperity, jobs, and inclusive growth in relation to TEAs and EBs. More specifically, it seeks to investigate which determinants foster the market expansion plans of TEAs and EBs to benefit from the new market opportunities stemming from the AEC. Given the current gap in the body of literature on the interplay between micro, small and medium-sized enterprises (MSMEs) and public-private engagement, this study provides valuable insights on these issues that can of practical applications for both entrepreneurs and policy makers.

2. Theoretical Background-

- SMEs in ASEAN and Thailand

It is widely recognized that SMEs are key drivers of economic growth and job opportunity creations in both urban and rural areas in ASEAN (OECD, 2020). Micro, small, and medium enterprises (MSME) account for 97.2 to 99.9 percent of all enterprises in ASEAN (Association

of Southeast Asian Nations, 2022c). These MSMEs together contribute 85 percent to employment and 44.8 percent to ASEAN's GDP. These firms also account for 18 percent of its total exports (Association of Southeast Asian Nations, 2022c). As the main force driving ASEAN economies, it is thus critical to enhance and/or maintain their competitiveness and strengthen their resilience within the AEC. In Thailand alone, the total number of enterprises in 2019 was 3,119,738 of which 84.8 percent or 2,645,084 were micro enterprises, 13.3 percent (415,722) small firms, and 1.4 percent (44,290) medium-sized enterprises. This extremely large percentage of MSMEs leaves only 0.5 percent or 54,195 large enterprises (OSMEP, 2022). In 2019, MSMEs in Thailand contributed 5,963.2 billion baht (US\$ 169 billion) or 35.3 percent to the national GDP; a growth rate of 3 percent compared to the previous year (OSMEP, 2020b). The Thai's SME landscape shows a prevalence of consumer-oriented businesses, such as retail trade, hotels and restaurants, followed by the agricultural and the manufacturing sector (Guelich, 2014). Moreover, Thailand is the country in ASEAN with the highest prevalence of self-employment without employees, especially among established entrepreneurs as most enterprises have 1 to 5 employees or none at all (UNESCAP, 2017). Bangkok and its vicinity had the largest concentration of MSMEs with 18 percent and 26.7 percent of total MSMEs respectively, followed by Chonburi (3.4%) and Chiang Mai (3.2%) (Charoenrat & Harvie, 2021). All these entrepreneurs are likely not to benefit from current government policies.

- ASEAN's SME Policies

The ASEAN Blueprint, the master plan guiding the establishment of a three-pillar ASEAN community, envisions the establishment of a single community economically integrated (Association of Southeast Asian Nations, 2008). As laid out in the AEC Blueprint, the AEC aims to transform ASEAN into (1) a single market and production base, (2) a highly competitive economic region, (3) a region of equitable economic development; and (4) a region fully integrated into the global economy (Association of Southeast Asian Nations, 2022a). Pillar III (a region of equitable development) seeks to unlock the potential of ASEAN SMEs. It identifies comprehensive policy measures to be implemented for the development of SMEs (Association of Southeast Asian Nations, 2022a). The policy measures target business sectors with a focus on innovation. They also focus on the internationalization of businesses and provide policies to promote entrepreneurship and human capital development (Association of Southeast Asian Nations, 2021a).

A valuable tool to map the depth and nature of SME policies across ASEAN and assess and benchmark progress in the design and implementation of SME policies is the ASEAN SME Policy Index. Titled 'Boosting Competitiveness and Inclusive Growth,' the index is the result of a collaboration between the Organization for Economic Cooperation and Development's Southeast Asia Regional Program (OECD), the Economic Research Institute for ASEAN and East Asia (ERIA) and the ASEAN Coordinating Committee on Micro, Small and Medium Enterprises (ACCMSME), in partnership with the governments of the ten ASEAN member states. This instrument is an important call to action for ASEAN policymakers as it supports a culture of learning, innovation, and partnerships that is consistent with the ASEAN way. It also contributes to realizing ASEAN's strategic goals and desired outcomes on SMEs as laid out in the Strategic Action Plan for SME Development 2016-2025 with which it is aligned (OECD & ERIA, 2018). With its vision of globally competitive and innovative SMEs, the plan aims to promote productivity, technology innovation, and better access to finance and markets (Association of Southeast Asian Nations, 2015). The plan also seeks to create a knowledge-based economy by fueling investments toward research and development initiatives, expanding innovativeness, enabling information and communication technologies (ICT), and supporting entrepreneurship in high-tech industries (Asian Development Bank, 2013).

- Entrepreneurship and Market Development

In 2009, the Project on Promoting Thai SMEs into the ASEAN Economic Community was funded with US\$ 9.6 million and included the following four related projects: (i) ASEAN SME Partnership, (ii) SMEs Flying Geese, (iii) SME capacity building: Winning for ASEAN Market (WAM), and (iv) SMEs Consortium Network Towards ASEAN Market (OECD, 2011). The WAM project provides financial support for organizing trade exhibitions and business matching in foreign countries and is designed to expand SMEs' trade base in ASEAN-6 countries (the 5 original member states plus Brunei) by subsidizing 60% of their travel expenses. In the first 6 months, it resulted in a matching of 2,060 pairs of trade partners for a total value of US\$50 million within 6 months (OECD, 2011). In 2020, ASEAN Trade in Goods Agreement (ATIGA), which aims to achieve free flow of goods in the region, resulting in fewer trade barriers and deeper economic linkages among the ASEAN member states, was amended. The utilization rates of ATIGA and other Free Trade Agreements (FTAs) by ASEAN businesses increased in terms of intra-ASEAN trade by 15 percent in 2010, 25 percent in 2014, and 35 percent in 2018, most of it attributed to ATIGA rather than to the other FTAs (Economic Research Institute for ASEAN and East Asia, 2021). Many Thai entrepreneurs (50.4%), however, operate their businesses within Thailand and have never crossed borders to conduct business. Women entrepreneurs, regardless of business phase and region, tend to have a slightly higher propensity to international orientation with 56 percent exporting at least to some extent versus 53 percent of their male counterparts (Guelich, 2019). This may be attributed in part to a higher level of motivation to succeed since many of them realize that climbing up the corporate ladder as a woman is far more difficult than for their male counterparts.

This is a positive change from 2013, where 93 percent of all businesses in Thailand had no export activity. In addition, between 2013 and 2017, the number of entrepreneurs who are highly export-intense, i.e., have more than 75 percent of their customers outside Thailand, increased from 0.5 percent to 4.1 percent (Guelich, 2019). Previous research indicates that among Thai start-ups with 20+ employees, only 33 percent solely serve the local Thai market compared to 91 percent of the micro businesses with up to 5 employees (Guelich, 2014). It is therefore imperative to investigate which factors contribute to the market expansion plans of Thai entrepreneurs. With the AEC promoting and facilitating international orientation and overseas market expansion plans, an important task for entrepreneurs now is to not only internationalize their businesses but also be prepared for more competition from abroad, i.e., from other ASEAN member states (UNESCAP, 2021)

- Policies Pre-requisites to Support 4.0 Enterprises

This regional perspective is underpinned by national level policy frameworks. On a global scale, Thailand ranks 38th out of 140 countries in the Global Competitiveness Index 4.0, which captures the determinants of long-term growth (Schwab, 2018). Innovation is considered an imperative for all advanced economies and increasingly a priority for developing countries (Schwab, 2018). However, most countries struggle to integrate innovation for growth in meaningful policies. The Thai government approved the Eastern Economic Corridor (EEC) Development project as part of a 20-year strategic plan to achieve high-income status by 2036 (EEC, 2021). Referred to as 'Thailand 4.0' strategy, it aims at turning Thailand's Eastern Seaboard into a leading economic zone in ASEAN. Covering a total area of 13,000 square kilometers in the provinces Chachengsao, Chonburi, and Rayong, it is expected to connect with the Dawei deep-sea port in Myanmar, Sihanoukville Port in Cambodia, and Vung Tau Port in Vietnam (Thailand Board of Investment, 2021). The Eastern Seaboard was one of the first industrial clusters for export, starting with textiles, electronics and automobiles, and the first energy and petrochemical complex with refineries, gas separation plant, and plastic and chemical plants. It also boasts the first integrated infrastructure for industrial needs in Laem

Chabang seaport (Ministry of Industry Thailand, 2017). The project focuses on 12 specific industries which, among others, include automation, aviation and logistics, biofuel and biochemicals, and digitalization (EEC, 2021). The goal is to transform them into innovative and value-based 'industries. Most current data on enterprises in the EEC from 2014 show a total of 142,693 enterprises in that area (see Table 1), out of which 98.5 percent (or 140,483 enterprises) are small businesses (OSMEP, 2014).

Table 1: Number of Enterprises in Thailand's Eastern Economic Corridor

	SE*	ME*	LE*	Total
Chachengsao	19,955	217	140	20,312
Chonburi	87,614	787	456	88,857
Rayong	32,914	349	261	33,524
Total	140,483	1,353	857	142,693

*SE: small; ME: medium; LE: large enterprises

Source: OSMEP (2014)

The Thai government expects the EEC to support the region's economic growth and be an important center for trade, investment, regional transportation, and a strategic gateway to Asia for investors (Thailand Board of Investment, 2017a). In this regard, Thailand 4.0 policies support the market expansion of entrepreneurs. In its fourth year, investment in EEC totaled more than 1.7 trillion Baht (US\$48.1 billion). From 2018, prior to the eruption of the Sino-US trade war and Covid-19 outbreak, to the present, Foreign Direct Investment (FDI) rose by 59 percent (EEC, 2022). In 2021, combined public and private investment averaged 260 billion Baht (US\$7.4 billion) and accounted for 52 percent of total investment in Thailand. Investment also targets an innovation hub in the Eastern Economic Corridor (EECi) with digital infrastructure (data center and Digital Park), transforming Thailand into a strategic location for internet connectivity in AEC (Thailand Board of Investment, 2017b; Ministry of Industry Thailand, 2017). The economic impact of the Digital Park is projected to annually increase the Thai GDP by 113,000 billion Baht (US\$3,229 billion), improve and augment the digital workforce, enhance Big Data and artificial intelligence (AI), and boost Thailand's trade with ASEAN. During this period, the top three targeted industry sectors for direct investments were electronics (140 projects), automotive (101 projects), and petrochemicals and chemicals (60 projects). We can therefore hypothesize, that:

H1: *The business sector positively influences the market expansion plans of TEAs and EBs.*

- Entrepreneurship and Technology

Today, successful entrepreneurs must be equipped with technological knowledge (Almahry, Sarea, & Hamdan, 2018). Increasing the use of technological innovation is an important factor for business growth (Hashi & Krasniqi, 2011). The Thai government has initiated two large programs to support SMEs technological innovation: (i) the Industrial Technology Assistance Program (ITAP) under the National Science and Technology Development Agency (NSTDA), and (ii) Science Parks and technology business incubators. (OECD 2011; Supattaraprateep, 2010). NSTDA and its Technology Management Center (TMC) were created within the Thailand Science Park to channel technological knowledge from universities, research institutes, consultants, local and overseas experts to businesses and boost their innovation and competitiveness (OECD, 2011; NSTDA, 2022; Supattaraprateep, 2010). The ITAP acts as a much-needed research and development manager for Thai SMEs by supporting the knowledge and technology transfer process so that it is possible for SMEs to utilize R&D activities to come up with innovative new products, new processes, and new services.

Relying on several supportive mechanisms, it combines in-depth consulting with the diagnosis of the problems and needs of entrepreneurs. In the fiscal year 2018, the ITAP supported 1,610 SMEs in Thailand with investment totaling 730 million Baht (US\$20.7 million) and an estimated 3.039-billion-Baht (US\$86.1 million) impact (NSTDA, 2019). While Information Communication Technologies (ICT) are considered highly important productivity drivers, they are also catalysts for other productivity drivers, such as innovation and business dynamism (Schwab, 2018). On the other hand, ICT alone cannot solve all existing problems, for example in education, health, governance, or transport infrastructure. Many government initiatives encouraging entrepreneurship and innovation only target small firms at the pre-nascent, nascent, or start-up stage and tend to focus more on technology channels, which may be a misguided emphasis. For example, if the strategic goal is to encourage entrepreneurs towards more innovative and creative products, it may be more effective to target a mix of technologies and to encourage traditional established businesses to be part of the program (OECD 2011). ASEAN with its priority sectors e-ASEAN and ICT specifically targets e-commerce and sales via internet to enhance technology use to expand the market base and upgrade production. However, internet use, a key component of e-ASEAN, varies considerably across ASEAN countries with Myanmar, Cambodia, Lao PDR, and Indonesia lagging behind (World Bank, 2014). Other member states skipped broadband internet upgrades to directly jump right into mobile internet technology, which has led to the creation of small high-tech start-up hubs in Singapore, Kuala Lumpur, Ho Chi Minh City, Manila, and Bangkok, and the regional build up of greater capacity for innovation (Tonby, Ng, & Mancini, 2014). The midterm review of the AEC Blueprint 2021 points out that, as an essential tool for success, digital transformation requires all key players in the digital landscape to coordinate and fund a joint public-private action plan. This concerns the whole ecosystem, from implementing digital infrastructures and connectivity to upskilling workforces and creating jobs (Association of Southeast Asian Nations, 2021b). We can therefore hypothesize, that:

H2: *The technology sector positively influences the market expansion plans of TEAs and EBs.*

3. Research Design and Methodology

Data used in this study are drawn from the Global Entrepreneurship Monitor (GEM) project, an ongoing large-scale research project, designed to collect data on entrepreneurial activities, aspirations and behavior across countries (Bosma, 2013). Each year, a random representative sample of the adult population (aged 18 to 64) is surveyed in each ASEAN country to identify individuals who, at the time of the survey, owned and managed a business or were in the process of starting one (Bosma, 2013). Data were collected from the Adult Population Survey of the GEM survey 2016 in Thailand (www.gemconsortium.org). The reason why the year 2016 was chosen, even though it is more than five years ago, is because the researchers wanted to assess the status quo of TEA entrepreneurs and EB entrepreneurs in Thailand at the time the AEC was taking root as the opportunity for small companies to cross borders was high since the AEC was just in its infancy. In short, it had just opened new doors to new yet largely unconquered markets. The total sample size of Thai people assembled between May 1 and June 30, 2016, amounted to 3,000 respondents, of whom 1,118 were entrepreneurs aged 18 to 64. Alone or as with partners, they were in the process of starting or were in the early stages of managing an entrepreneurial activity. As explained in the introduction, the start-ups and infant businesses are referred to as total early-stage entrepreneurial activity (TEA). To qualify as TEAs, they had to have just been starting operating their businesses or had been in operation for no more than 42 months (or 3.5 years). A total of 399 respondents were involved in TEA and 719 respondents were established business owners (EB), which means, as noted earlier, that they had been operating their enterprises for more than 42 months.

All these entrepreneurs were asked about their business sectors and whether they were operating in a low/no technology/or high-tech sector. Additional questions targeted their aspirations and expectations regarding market expansion plans, any new product market combinations, and their job growth expectations within the next five years. A descriptive and a regression analysis were conducted to answer the objectives and expected benefits of this study. The descriptive analysis was used to assess the status quo of both Thai startup and established entrepreneurs and their internationalization potential in the wake of the AEC launch. The regression analysis was used to answer the following three questions: (i) Which challenges confront Thai policymakers in the face of the 4th industrial revolution with regard to the existing Thai entrepreneurial landscape; (ii) Which policies are needed in cooperation with other stakeholders to promote prosperity, jobs, and inclusive growth among Thai TEAs and EBs; and (iii) Which factors influence entrepreneurs to expand their current market and take advantage of the new market opportunities stemming from the AEC. The dependent variables were computed for both TEAs and EBs with regardless of their market expansion mode. Aside from gender, the independent variables in the regression were the potential determinants or predictors for market expansion plans, namely, the technology sector, new product market combination, and expected job growth (≥ 10 persons and ≥ 50 percent) for both TEAs and EBs.

4. Research Results

The business sectors were identified based on the International Standard Industrial Classification of All Economic Activities, set by the United Nations Statistics Division (ISIC Rev. 4) (United Nations, 2008). The findings in Table 2 show that for the year 2016, 56.4 percent of TEAs and 47.9 percent of EBs operate in the retail, trade, hotel and restaurant sectors, followed by agriculture forestry, fishing with 10.4 percent of TEA early-stage businesses and 18.2 percent of established businesses. These percentages confirm OSMEP (2014) and UNESCAP's (2017) findings that businesses in Thailand are less likely to be active in the sectors targeted for investment by the Thai government.

Table 2: TEAs and EBs' Business Sectors

	TEA* in %	EB* in %
Agriculture, forestry, fishing	10.4	18.2
Mining, construction	2.1	2.1
Manufacturing	3.6	5.2
Utilization, transport, storage	2.8	2.1
Wholesale trade	8.9	10.7
Retail, trade, hotels & restaurants	56.4	47.9
Information and communication	1.1	0.0
Financial intermediation, real estate activities	4.4	2.2
professional services	2.8	1.3
administrative services	0.8	1.4
Government, health, education, social services	6.1	9.0
Personal / consumer service activities	0.6	0.0

*TEA: total early-stage entrepreneurial activity; EB: established businesses

The targeted business sectors in the newly established and government-supported EEC belong to the minority of businesses in Thailand. Therefore, only mainly large and some medium-sized businesses might benefit from these targeted government policies. However, from a market expansion mode, businesses in the EEC achieve the highest international export values for Thai firms (OSMEP, 2014) and might therefore be those benefiting most from the AEC and its opportunities to serve an increased open market across the region.

Even though exporting is the easiest way to foray abroad and a theoretically open ASEAN market since the end of 2015 (free movement of goods and services), the majority of Thai entrepreneurs, especially established entrepreneurs, do not intend to expand abroad (see Table 3), confirming pre-AEC launch findings indicating that only businesses over 20 employees consider expansion and/or internationalization (Guelich, 2014). After the AEC was launched, at least one fifth of entrepreneurs planned market expansion. However, they contemplate doing so without any use of new technologies, meaning that they basically do not intend radical innovation in products, services, or production. By the same token, 10 percent of TEAs intend to undergo some market expansion using new technology, compared to only 0.6 percent of their established counterparts. None of the EBs and only 1.1 percent of TEAs plans deep market expansion, either domestically or abroad.

Table 3: Market Expansion Mode of Startup and Established Enterprises

	TEA* In %	EB* In %
No market expansion	66.1	78.4
Some market expansion (no new technologies)	22.9	21.0
Some market expansion (new technologies)	10.0	0.6
Profound market expansion	1.1	0.0

*TEA: total early-stage entrepreneurial activity; EB: established businesses

Given the many policies targeting innovation, research, and development transfer as well as business growth, these findings suggest that the current business landscape differs from the general picture that most relevant government agencies and ministries might have in mind and to which they address their policies. From a trade perspective, these policies target an increase in the trade surplus of Thailand, which, as trade-dependent country, it has been experiencing for several years in a row (Bank of Thailand, 2017). While firms in the technology sector may benefit greatly from current policies, nearly all Thai entrepreneurs operate their businesses in the low or no technology sectors. Only 1.5 percent of TEAs and 0.4 percent of EBs consider themselves operating in the medium to high-tech sector (see Table 4). Moreover, there is no indication of a new product market combination among these firms, which means that they do not enter new markets with new products and therefore do not avail themselves of the AEC-induced increased market expansion opportunities. TEAs and EBs' lack of innovativeness combined with low intention to enter foreign markets can therefore be seen as major constraints on their internationalization and market expansion plans.

Table 4: Aspirations of Startup and Established Enterprises, in Percent

		TEA* in %	EB* in %
Technology sector	No/low technology sector	98.5	99.6
	Medium or high-tech sector	1.5	0.4
New product market combination	No indication	82.4	91.5
	Indication	17.6	8.5
expected job growth >=10 persons and >=50 percent	No	90.7	99.0
	Yes	9.3	1.0

*TEA: total early-stage entrepreneurial activity; EB: established businesses

In terms of high-growth expectations, 9.3 percent of TEAs and only 1 percent of EBs intend to grow their businesses by more than 10 persons, which comes down to an employee growth of more than 50 percent. This data shows how little growth prospects small business owners with up to 20 employees have. A regression analysis was conducted to determine which factors predict the market expansion plans of Thai entrepreneurs. TEA entrepreneurs were separated from EBs. Both were found to be significant regardless of their business phases. Table 5 shows the similarities between them with new product market combination a highly significant relevant factor for market expansion. Different results were found in relation to the technology sector, which appears to be a predictor for TEAs but not for EBs. Therefore, H2 (the technology sector positively influences the market expansion plans of TEAs and EBs) is only partly confirmed for TEA entrepreneurs. None of the other independent variables (gender, industry sector, and expected job growth) were significant. Interestingly enough, the business sector itself does not seem to have an impact on the market expansion decision. Thus, H1 (the business sector positively influences the market expansion plans of TEAs and EBs) is not confirmed. This, however, does not necessarily imply that entrepreneurs keep their businesses local, even though most of the entrepreneurs operate in the retail, trade, hotel and restaurant sector as indicated in Table 2 above and are not benefiting from government EEC policies. In addition, the overall high R Square values show that TEA entrepreneurs account for a higher variance (42.5%) than EBs do (34.2%). This indicates that two factors, new product market combination and technology sector, are highly influential variables.

Table 5: Regression Analysis with DV= Market Expansion Mode of Startup and Established Enterprises

	TEA*		EB*	
	B	Sig.	B	Sig.
R Square	.425		.342	
Constant	.291	.000	.127	.003
Gender	-.043	.204	.029	.242
Industry sector	-.006	.376	-.006	.206
Technology sector	.205	.024	.246	.074
new product market combination	.803	.000	.863	.000
Expected job growth >=10 persons and >=50 percent	.005	.929	.108	.364

*TEA: total early-stage entrepreneurial activity; EB: established businesses

5. Discussion and Conclusion

This study supports the finding that the aspirations of start-ups and young entrepreneurs, whom we referred to in this study as TEA entrepreneurs, often tend to be higher than those of EBs, who according to Guelich (2020b), might have a more realistic evaluation of the potential of their businesses in terms of expansion. Nevertheless, the fact that at least almost 10 percent of young businesses aspire to high-growth entrepreneurship is encouraging and denote their willingness to take risk, identified as an important ingredient of business success (Guelich, 2019). They might not be able to fully achieve what they hope for, but at least, it can be assumed that their businesses will indeed benefit from their plans one way or the other. In short, because of the outward-looking perspective of these TEA entrepreneurs, their businesses have a strong potential for growth. The findings in this study are consistent with the policy recommendations made by OSMEP (2014) that the efficiency of tools for technology transfer needs to be updated, especially for inter-company transfer of knowledge from/; multinational corporations with domestic SME entrepreneurs. Similarly, emphasis should be placed on cross-border knowledge transfer for (i) both SMEs and multi-nationals, (ii) for organizations, such as agencies for

standards, technology transfer agencies, training agencies, and (iii) for research and development laboratories, technology centers and universities. ASEAN policymakers should increase their efforts to institute structural reforms that strengthen local innovation ecosystems and enable the region's entrepreneurs to be a successful part of the 4.0 transformations in job-generating ways. In keeping with the conclusion of the Asia Foundation (2020), this study encourages ecosystems that take innovation and skills' training into account.

In the last few years, the Thai government has introduced various policies and programs to encourage start-up activities to embrace technological and innovative capabilities. These include among others the SME Promotion Master Plan, the Bank of Thailand Financial Sector Master Plan, and the National Economic and Social Development Plan. However, to bring these programs to fruition, government agencies should not only promote but be actively involved in enabling and supporting technology transfer. Such a measure/ step? would increase technology use and applications in Thai enterprises and result in a higher number of high-technology start-ups and in Thailand. Since university incubators in Thailand have been found to be one of the major policy mechanisms to support innovation, they may be successful intermediaries in reaching entrepreneurs, pending, of course, effective interactive linkages and an effective utilization of research by TEAs and EBs (Wonglimpiyarat, 2016). A major limitation for market expansion, frequently mentioned by SME entrepreneurs, is the access to information about market characteristics, customers' capabilities, regulations, procedures and other information to would enable them to benefit from the increased opportunities of a larger ASEAN market (Guelich, 2014; OSMEP, 2014; Xavier et al., 2016). In addition, SMEs need training in how to transfer this information into business opportunities.

In the first place, though, more needs to be done regarding how this kind of information has to be delivered to the entrepreneurs. The findings in this study suggest that the way in which government policies are implemented is crucial to empower SMEs as the AEC is taking roots. For example, fostering information transfer and strengthening those business and industrial organizations that benefit SMEs can facilitate cooperation among them and help them join business networks. This could result in horizontal and vertical integration and lead to all kinds of collaboration among entrepreneurs. It might even enable smaller enterprises in Thailand to benefit from government policies such as the EEC by being one link in the process or in the value chain. Being a link in the chain and cooperating with larger business partners would enable them to increase their use of technology, possibly internationalize their activities, and grow through mutual benefits. The fact that new and innovative products for market expansion as well as use of technology are critical factors for the internationalization and market growth of TEAs and EBs cannot be overstated.

It is well established (Thailand Board of Investment (2017a and 2017c) that that these' policies very often target export-oriented industries, mostly comprised of large scale or at least medium-sized businesses, which, as we saw earlier, account only for a small number of all enterprises in Thailand and in the region. Therefore, policymakers should focus on the need to specifically address the majority of micro and small enterprises, the like of the TEAs and EBs in this study, that operate in less innovative business sectors so that to spur their growth by turning them into future-oriented business innovative operations. A survey among Thai experts reveals that a general lack of government support in Thailand hinders entrepreneurial development due to outdated, inconsistent, and short-term oriented government regulations, red tape and government bureaucracy in government agencies (Guelich, 2020a). Demands for continuous and stable government policies with more collaboration among the different government agencies and support in accessing services and information might help to ease the existing constraints experienced by TEAs and EFs.

Future policies need to address topics such as training for entrepreneurship capacity, know-how on how to expand current markets, and benefits to be drawn from the newly opened markets under the AEC. How government policies might have both positive and negative practical implications on entrepreneurs, their actions and their enterprises, small one in particular, is an under-researched field in the region. More information is also needed to specifically address what it takes to change the mindset of the majority of micro entrepreneurs from “keep it as it is” to bolder aspirations such as, for example, growth and innovativeness.

- Limitations and Future Research

Data used in this study were collected in Thailand. Thus, additional information not only on Thai entrepreneurs but also on other Asian entrepreneurs, on innovativeness, might add more insights towards certain policies that are currently in place in Thailand and respective other countries. Since Thailand is part of the ASEAN community, cross-country comparisons with other ASEAN countries might lead to greater insights not only on the Thai entrepreneurial landscape, but on that of neighboring countries as well. To investigate the status quo of Thai entrepreneurs and their market expansion plans at the time the AEC was taking roots, this study used data from 2016. Future studies using more recent data might show a different picture of Thai entrepreneurs and would make it to compare the differences in this time span. In addition, half of the respondents were involved in some activities in the retail business sectors of retail with only 4.4 percent operated in the manufacturing sector. Naturally, large differences among industries tend to lead to different aspirations and attitudes. Future research should therefore target a specific sector or several sectors less studied in order to get a more nuanced picture on the challenges and opportunities facing TEAs and EBs.

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