Effect of Entrepreneurial, Marketing Capabilities, Innovation and Business Strategy toward Competitive Advantage of Small and Medium Enterprises in Northern Region of Thailand.

Panida Sattayopat, 1, Chaiyutha Lertpachin 2 and Suriyarat Techatonmeansakurn 3

1 Ph.D. Candidate, Department of Management Sciences, Lampang Rajabhat University, Thailand.

2 Department of Management Sciences, Ph.D. program Lampang Rajabhat University, Thailand.

3 Faculty of Humanities and Social Sciences, Lampang Rajabhat University, Thailand.

Abstract.

The purpose of research was to study the casual relationship among entrepreneurial, marketing capabilities, innovation and business strategy which had effect toward competitive advantage of small and medium enterprises in Northern region of Thailand. It was survey research with stratified sampling group of 465 small and medium enterprises from 8 provinces, i.e. Chiangrai, Chiangmai, Nan, Phayao, Phrae, Mai Hong Son, Lampang and Lamphun. The data analysis was conducted with descriptive statistics to find percentage, average, standard deviation and inferential statistics analysis with structural equation model. The outcomes of structural equation model analysis revealed that entrepreneurial had the most direct effect toward marketing capabilities and followed by entrepreneurial had direct effect toward business strategy. Lastly, the entrepreneurial had direct effect toward innovation. The research study also revealed that entrepreneurial had indirect effect toward competitive advantage through marketing capabilities, innovation business strategy.

Keywords: Entrepreneurial / Marketing capabilities / Innovation / Business Strategy / Competitive Advantage / Small and Medium Enterprises

1. Introduction

The complexity of current business destined entrepreneurs to promptly adjust their organization structure to cope with both internal and external environment which had effect toward the SMEs business operations (Kuratko and Hodgetts, 2004). In order for the business to gain the competitive advantage, they must continue organization development (Porter, 1990). It was essential for entrepreneurs to have operational excellence over their competitive rivals or to rely on the agility in coping with the arisen competitive arena with their long term strategy (Wingwon, 2007, p. 74).

Small and medium entrepreneurs had dispersed throughout the country and contributed value-added resources in economic system through the production or processing products and service, including the revenue generating from exporting cargoes that in turn yielded
substantial foreign currency each year. It was also enhancing experience of entrepreneurs (Boone and Kurtz, 2010) in producing numerous products and in preventing monopoly in such industry since competition would integrating among enterprises of all sizes within domestic and international marketing which in turn would generated economic flow at macro level (Sertvanich, 2005, p. 2)

By year 2010, the number of enterprises in Thailand had climbed to 2,924,910 representing 99.60 percents of total enterprises of all types, creating the work employment of 10,507,500 representing 77.86 percents of total work employments and generated gross domestic products of 40 percents of total gross domestic products (Office of Small and Medium Enterprises, 2010, pp. 1-4).

Even though at present there were many enterprises, but the majority of entrepreneurs still had limitation on the managing business system from the lack of experiences (Casey, 1996, p.5), lack of business planning, lack of production knowledge and lack of financial management and the minimal knowledge on marketing capability (Bougheas, Mizen, and Yalcin, 2004; Saito and Villanueva, 1981, pp. 631-640), lack of adaptability to external environment, lack of applying innovation in business (Saengtienchom, 2012, pp. 1-5) including the limitation in competing with large business. Hence, the outcomes of enterprises were not at good level. At the end, the entrepreneurs had to close down their businesses after a short operation (Office of Small and Medium Enterprises, 2010, p. 8).

The establishment of SMEs in Thailand was at average of over 50,000 cases per year and was with continued increasing trend. But it was also with alarm concern over the report of Business Development Department that there were at the average of 22,000 registered SMEs dissolved their businesses per year (Office of Small and Medium Enterprises, 2010, p. 10) which did not yield so good outcomes toward the economic and social status of the country. The result revealed that a number of SMEs were with a good business performance with future growth and sustainability, but there were also a substantial number of failure SMEs even within the similar industry (Jiamjitrong, 2010, p.3). Hence, it was the primary motive for researcher to conduct this research study on the effect factors toward the competitive advantage of SMEs.

2. **Research Objectives**

2.1 Study the opinion level of entrepreneurial, marketing capabilities, innovation and business strategy, competitive advantage of SMEs in Northern region of Thailand.

2.2 Study the casual relationship among entrepreneurial, marketing capabilities, innovation and business strategy toward competitive advantage of SMEs in Northern region of Thailand.

3. **Scope of Research**

   **Conceptual Framework and Research Hypothesis**

   The review of relevant literatures under the conceptual framework of Covin and Slevin (1991) on entrepreneurial, conceptual framework of Vorhies (1988); Weerawardena (2003)

![Research Conceptual Framework](image)

**Fig. 1:** Research Conceptual Framework

### 4. Relevant Literature reviews

From the review of conceptual frameworks, theories and relevant researches on entrepreneurial, researcher was able to summarize as follows:

#### 4.1 Entrepreneurial Concept

Entrepreneurial had deeper meaning than entrepreneurs, it covered not only the characteristics of entrepreneurs but it extended to include the process of activities arisen from the feeling or responsibility of entrepreneurs (Drucket, 1985, pp. 67-72). The concept of Bygrave and Hofer (1991) stated the relationship with duty and all related activities on the generating of opportunities and creativities of organization in achieving such opportunities. It covered the work process through the risk taking for higher benefits, the proactive works, creating innovation over competitors (Covin and Slevin, 1991, p. 277).

Weerawardena and O’Cass (2004, pp. 419–428) quoted that entrepreneurial played important role in marketing capabilities by entrepreneurs was the mechanism driving or supporting organization to search for the new market or marketing capabilities and introducing new products. As the owner of business or senior management had the role in initiating creativities and risk taking in new business operation which aligned with the concept of Shahid Qureshi (2010) who studied on the relationship and outcomes of entrepreneurial, business strategy and marketing capabilities effect toward the competitive advantage of SMEs as per the below hypothesis.
H1: Entrepreneurial had direct effect toward marketing capabilities.

Schumpeter (1994) cited the importance of entrepreneurs toward the innovation development by pointing out that innovation supported the economic growth when entrepreneurs had created innovation. Entrepreneurs had important role toward the success of innovation development which matched the view of Wingwon (2012, pp.1-14) who mentioned that entrepreneurial, strategic decision making and innovation had positive indirect effect toward the competitive advantage of enterprises through innovation. Furthermore, Nelson Jorge Ribeiro Duarte (2010, pp. 1-16) concluded the antecedent of entrepreneurial and business strategy were important toward the competitive advantage and the sustainable success of organization which in line with the research of Moreno and Jose casillas (2008, pp.507-527) who concluded that entrepreneurial had direct effect toward business strategy and both factors had relationship toward business success and competitive advantage of organization at significant level as per the below hypothesis

H2: Entrepreneurial had direct effect toward innovation

H3: Entrepreneurial had direct effect toward business strategy

4.2 Marketing Capabilities Concept

Marketing Capability was the mixed process format of knowledge skills with organizational internal resources which was able to respond to the market demands, focus on the value-added products and services for the organization competitive capability in the market (Vorhies, 1988, pp. 3-23; Day, 1994, pp. 37-52). Business was able to be self-development in order to cope with the customer requirements and competitors, including various relevant environments to solve commercial issues (Tsai and Shih, 2004, pp. 524-530; Weerawardena, 2003, pp. 15-36). Business was able to equally share data among all departments in respond to the marketing demand, customer expectation and satisfaction over competitors (Slater and Narver, 1994, pp. 46-55). The marketing capabilities supported the competitive advantage of the organization which leading to larger customers base, higher profits (Guenzi and Troilo, 2006, pp. 974-988; Slater and Narver, 2000, pp. 120-127; Vorhies, 2005, pp. 80-94).

In addition, the concept of Wingwon (2011, pp. 1-10) concluded that innovation management and shared value had positive effect toward business strategy. Morgan, Vorhies, and Mason (2009, pp. 909-92) studied the relationship between marketing capabilities and competitive advantage of successful enterprises revealed that marketing capabilities had direct effect toward the competitive advantage of successful enterprises as per below hypotheses:

H4: Marketing capabilities had direct effect toward innovation

H5: Innovation had effect toward business strategy

H6: Marketing capabilities had effect toward competitive advantage
4.3 Innovation Concept

Gibbons (1997, p.13) stated that innovation was any new concept or idea in the organization, it could be either on product, process or service, including the new management approach and new organizational marketing events which in line with the concept of Hall (1994, pp. 19-22) who elaborated that innovation was more than the changing in technology. Innovation consisted of all activities that led to the change and interacted with the developing or modifying of new technology. The common adopted innovation by entrepreneurs in business competition could be classified into 4 types, (Johne, 1999, pp. 6-11) i.e. 1) product and service innovation, 2) process innovation, 3) marketing innovation and 4) managing innovation (Urabe, Child and Kagono, 1988, pp. 4-5).

Schumpeter (1950) described innovation as the importance resources in building competitive advantage had direct effect toward the organization (Damanpour, Szabat and Evan, 1989; Han, et al., 1998). The organization with innovation would have adapted own self to comply with the changing environment and led to the success with innovation as one of the important key elements in developing and maintaining competitive capabilities (Damanpour et al. 1989; Han et al., 1998) as per the below hypothesis.

H7: Innovation had effect toward the competitive advantage

4.4 Business Strategy Concept

Strategy was plan with specified path or approach for organization to operate in achieving objectives and targets (Davies, 2000; Mintzberg, 1996, pp. 25-30) with focused on the integrating and coordinating of the various business environments for the competitive advantage (Porter, 1980, 1996, 1998; Thompson and Strickland, 2003). It was the critical elements that entrepreneurs would have to review in developing business policy, strategic plan, core value, targets and objectives to enhance organizational capability (Lertpachin, 2011, p. 5). The concept of McKinsey’s 7S Framework had fundamental concept on efficiency of business derived from the correlation of internal relevant elements within business, i.e. 1) strategy, 2) structure, 3) system, 4) style, 5) staff, 6) skill and 7) shared value (Peters and Waterman, 1980).

Duarte (2010) presented that entrepreneurial and business strategy had effect toward competitive advantage and sustainable success or organization at significant level which aligned with the concept of Alzal, Sawat (2010, pp. 87-102). It concluded that marketing capabilities had effect toward business strategy and both variables had effect toward competitive advantage and sustainable success or organization as per the below hypothesis:

H8: Business strategy had effect toward competitive advantage

4.5 Competitive Advantage Concept

Porter (1985) described the competitive advantage as the differentiated business value from competitors created for customers for their satisfactory. The generating of competitive
advantage consisted of 3 strategic dimensions, i.e. 1) cost leadership strategy was the competitive strategy which focused on the lowest costs in attracting majority market and in generating high profits. Senior leader applied this strategy in controlling operating costs for lower than competitors, in expanding market shares and in earning higher profits, 2) differentiation strategy was the competitive strategy which focused on the creating of differences in products in attracting customers to appreciate the outstanding differences from competitors and 3) focus strategy was the competitive strategy which focused on the meeting of demands on specific group or area of customers that were often overlooked by other entrepreneurs. It mainly focused on the limited market, products or geographic areas.

5. Research Methodology

This quantitative research applied survey research concept with 4 scope dimensions, i.e. 1) Content dimension to study the conceptual framework of entrepreneurial, marketing capabilities, innovation, business strategy and competitive advantage, 2) Population dimension was the SMEs entrepreneurs from industry, commercial and service sectors, 3) Area dimension covered 8 provinces in Lanna group, i.e. Chiangrai, Chiangmai, Lampang, Nan, Prayao, Phrae. Lamphun and Maehongsong, 4) Duration dimension covered 8 months period from October 2012 till July 2012. The research tools were questionnaire developed from the literature reviews on 1) Entrepreneurial was developed from the research works of Miller and Toulouse (1986) and Wingwon (2011), (2) Marketing capabilities was developed from the research works of Qureshi (2010) and Merrilees, Thiele, Lye (2011), 3) Innovation was developed from the research works of Drucker (1985) and Wingwon (2011), 4) Business strategy developed from the research works of McKinsey’s 7’S Framework Peters and Waterman, (1982) and 5) Competitive advantage was developed from the research works of Day and Wensley’s (1988); Porter (1980) and Lee, Itsieh (2010). Researcher applied the 7 levels opinion measurement of Likert scale. Population was total 278,495 SME’s entrepreneurs in Lanna group (Department of Business Development, 2011), applying stratified random sampling method and proportional selected 500 representative of entrepreneurs from each province (Office of Small and Medium Enterprises, 2010) and received 465 responded questionnaire representing 93 percent which had been screened for completeness and coded for research analysis.

6. Data Analysis

The research applied descriptive statistics in analysis data to find the percentage, means and standard deviation and inferential statistics to analyze the correlation path in testing of variables for direct, indirect or total effect with SmartPLS program (Ringle, Wende and Will, 2004). The research tools were measured with Cronbach’s Alpha (Lee, 1951), e.g. the value on entrepreneurial factor was equal to .973, on marketing capabilities factor was .973, on
innovation factor was .973, on business strategy was .973 and on competitive advantage was .973.

5. Research Summary

Section 1: General profile information of SMEs entrepreneurs

The research outcomes revealed that the majority of total SMEs entrepreneurs from 8 provinces were female in gender, with average age between 31-40 years old, with undergraduate educational level and followed by below undergraduate level, with business operation in service sector and followed by in sale distribution representative or commercial sector, with business operation tenure of 1-5 years and followed by 6-10 years, with source of investment from owner finance representing 51.40 percents and followed by financial institution loans representing 41.50 percents, with majority of business operation at profitable level representing 55.10 percents.

Section 2: SMEs entrepreneurs had favorable opinions on all 5 factors at rather high level, i.e. on entrepreneurial factor with value equal to 5.19, on marketing capabilities factor with value equal to 5.19, on innovation factor with value equal to 4.85, on business strategy factor with value equal to 5.12 and on competitive advantage factor with value equal to 5.12

Section 3: Outcomes of structural equation model analysis

The outcomes of structural equation model analysis revealed that entrepreneurial factor had effect toward marketing capabilities with highest coefficient path value equal to 0.703 and with R² value equal to 0.494 and followed by entrepreneurial factor had effect toward business strategy with coefficient path value equal to 0.600 and with R² value equal to 0.479 and lastly, entrepreneurial factor had effect toward innovation with coefficient path value equal to 0.477 and with R² value equal to 0.249. The entrepreneurial factor had effect toward competitive advantage with coefficient path value equal to 0.181 and with R² value equal to 0.594.
The marketing capabilities factor had effect toward the competitive advantage with coefficient path value equal to 0.258 and with $R^2$ value equal to 0.594 and marketing capabilities factor had effect toward innovation with coefficient path value equal to 0.030 and with $R^2$ value equal to 0.249. The innovation factor had effect toward competitive advantage with coefficient path value equal to 0.029 and with $R^2$ value equal to 0.594 and innovation factor had effect toward business strategy with coefficient path value equal to 0.156 and with $R^2$ value equal to 0.479. The business strategy factor had effect toward competitive advantage with coefficient path value equal to 0.568 and with $R^2$ value equal to 0.59.

8. Hypothesis Test

The outcomes of hypothesis test of entrepreneurial, marketing capabilities, innovation and business strategy had effect toward competitive advantage of SMEs entrepreneurs at Lanna group of Thailand could be summarized as follows

<table>
<thead>
<tr>
<th>Table 2: Outcomes of Direct, Indirect and Total Effects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependent Variable</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Compt Ad</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Bus Str</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Inno</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Mkt Cap</td>
</tr>
</tbody>
</table>
Table 2 revealed the effect factors had effect on all 4 variables for both direct and indirect effect toward variables with full details as follows:

1. Entrepreneurial had direct effect toward marketing capabilities with correlation path value equal to 0.703 and $R^2$ value equal to 0.494, with direct effect toward innovation with coefficient path value equal to 0.477 and with $R^2$ value equal to 0.249, with direct effect toward business strategy with coefficient path value equal to 0.600 and with $R^2$ value equal to 0.479 and with indirect effect toward competitive advantage with coefficient path value equal to 0.579 and with $R^2$ value equal to 0.594.

2. Marketing capabilities had direct effect toward innovation with coefficient path value equal to 0.030 with $R^2$ value equal to 0.249, with indirect effect toward business strategy with coefficient path value equal to 0.005 with $R^2$ value equal to 0.479, with direct effect toward competitive advantage with coefficient path value equal to 0.258 and with $R^2$ value equal to 0.594.

3. Innovation had direct effect toward business strategy with coefficient path value equal to 0.156 with $R^2$ value equal to 0.479, with direct effect toward competitive advantage with coefficient path value equal to 0.029 and with $R^2$ value equal to 0.594, with indirect effect toward competitive advantage with coefficient path value equal to 0.088 and with $R^2$ value equal to 0.594.

4. Business strategy had direct effect toward competitive advantage with coefficient path value equal to 0.568 and with $R^2$ value equal to 0.594.

**Table 3**: Outcomes of Hypothesis Test

<table>
<thead>
<tr>
<th>Research Hypothesis</th>
<th>Coef.</th>
<th>t-stat</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Entrepreneurial had direct effect toward Marketing Capabilities</td>
<td>0.702</td>
<td>8.48</td>
<td>Supported</td>
</tr>
<tr>
<td>H2: Entrepreneurial had direct effect toward Innovation</td>
<td>0.477</td>
<td>4.42</td>
<td>Supported</td>
</tr>
<tr>
<td>H3: Entrepreneurial had direct effect toward Business Strategy</td>
<td>0.600</td>
<td>11.47</td>
<td>Supported</td>
</tr>
</tbody>
</table>
Table 3 revealed outcomes of hypothesis test which could be summarized as follows:

**Hypothesis 1:** Entrepreneurial had direct effect toward Marketing Capabilities

Outcomes of hypothesis test revealed that entrepreneurial had direct effect toward marketing capabilities with coefficient path value equal to 0.702 and with t-stat value equal to 8.48 which supported hypothesis at statistical significance level of 0.05.

**Hypothesis 2:** Entrepreneurial had direct effect toward Innovation

Outcomes of hypothesis test revealed that entrepreneurial had direct effect toward innovation with coefficient path value equal to 0.477 and with t-state value equal to 4.42 which supported hypothesis at statistical significance level of 0.05.

**Hypothesis 3:** Entrepreneurial had direct effect toward Business Strategy

Outcomes of hypothesis test revealed that entrepreneurial had direct effect toward business strategy at coefficient path value equal to 0.600 and with t-state value equal to 11.47 which supported hypothesis at statistical significance level of 0.05.

**Hypothesis 4:** Marketing Capabilities had direct effect toward Innovation

Outcomes of hypothesis test revealed that marketing capabilities had direct effect toward innovation with coefficient path value equal to 0.029 and t-stat value equal to 0.24 which not supported by hypothesis.

**Hypothesis 5:** Innovation had direct effect toward Business Strategy

Outcomes of hypothesis test revealed that innovation had direct effect toward business strategy at coefficient path value equal to 0.156 and with t-state value equal to 1.96 which supported hypothesis at statistical significance level of 0.05.

**Hypothesis 6:** Marketing Capabilities had effect toward Competitive Advantage

**Remark:** t-stat ≥ 1.96 indicated that hypothesis with statistical significance at 0.05 level**
Outcomes of hypothesis test revealed that marketing capabilities had direct effect toward competitive advantage at coefficient path value equal to 0.257 and with t-state value equal to 2.26 which supported hypothesis at statistical significance level of 0.05.

**Hypothesis 7**: Innovation had effect toward Competitive Advantage

Outcomes of hypothesis test revealed that innovation had direct effect toward competitive advantage with coefficient path value equal to 0.028 and t-stat value equal to 1.05 which not supported by hypothesis.

**Hypothesis 8**: Business Strategy had effect toward Competitive Advantage

Outcomes of hypothesis test revealed that business strategy had direct effect toward competitive advantage at coefficient path value equal to 0.568 and with t-state value equal to 5.82 which supported hypothesis at statistical significance level of 0.05.

**Table 4**: Outcomes of Composite Reliability Analysis

<table>
<thead>
<tr>
<th>Construct</th>
<th>CR</th>
<th>AVE</th>
<th>R²</th>
<th>Entrep</th>
<th>Mkt Cap</th>
<th>Inno</th>
<th>Bus Stra</th>
<th>Compt Ad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrep</td>
<td>0.935</td>
<td>0.534</td>
<td></td>
<td>0.730</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mkt Cap</td>
<td>0.936</td>
<td>0.620</td>
<td>0.494</td>
<td>0.743</td>
<td>0.790</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inno</td>
<td>0.964</td>
<td>0.731</td>
<td>0.248</td>
<td>0.678</td>
<td>0.614</td>
<td>0.855</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bus Stra</td>
<td>0.942</td>
<td>0.645</td>
<td>0.478</td>
<td>0.455</td>
<td>0.381</td>
<td>0.498</td>
<td>0.803</td>
<td></td>
</tr>
<tr>
<td>Compt Ad</td>
<td>0.942</td>
<td>0.700</td>
<td>0.594</td>
<td>0.626</td>
<td>0.624</td>
<td>0.702</td>
<td>0.365</td>
<td>0.837</td>
</tr>
</tbody>
</table>

**Note.** CR = composite reliability, AVE = Average Variance Extracted

Entrep = Entrepreneurial, Mkt Cap = Marketing Capabilities, Innov = Innovation, Bus Stra = Business Strategy,

Compt Ad = Competitive Advantage

Table 4 revealed the composite reliability value of every variable and with AVE value higher than 0.50 which indicated that all questions of each indicator were able to measure the value with reliability and coefficient value of each individual indicator within the same variable had higher coefficient value than coefficient of the different variable. It indicated that measurement of each construct was able to effectively measure own context which confirmed its composite reliability.
9. Research Outcomes Discussion

The majority of SMEs entrepreneurs in Lanna group of Thailand were female in gender, with average age between 31-40 years old which in line with the study of Silverstein and Sayre (2009, pp. 48-90) who stated that female entrepreneurs were more delicate, tolerate and determine in managing business than male in certain situation, with particular on the task which had to deal with relationship with others of both internal and external organization. It could be quoted that lady would be the driver of modern economy which aligned with the concept of Zimmerer and Scarborough (2002, pp. 15-19) who described the element of entrepreneurs as working group of 30 years old and over, with undergraduate educational level, with well living standard, with determination in managing business risks, with vision and determination in learning and managing business, with business operation in service sector, and followed with the sale distribution representative or commercial sector, with duration in business operation of 1-5 years and followed with 6-10 years, with majority of capital investment from owner private fund, with business operation at profitable level and followed with continued business growth.

The majority of SME’s entrepreneurs had rather high entrepreneurial, marketing capabilities, innovation, business strategy which aligned with the concept of Shahid Qureshi (2010) who discovered that entrepreneurial, business strategy and marketing capability had effect toward the success of enterprises. The research outcomes of Wingwon (2012, pp. 1-14) summarized that entrepreneurial, strategic decision making and innovation had positive effect toward competitive advantage of small and medium enterprises, by entrepreneurial had indirect effect toward the competitive advantage of SMEs through innovation. Lastly, the competitive advantage had rather high importance as it consisted of the creating of differentiation, cost leadership and focus on core business which matched with the concept of Barney (1991, pp. 99-120) which stated that competitive advantage as perceived by customers was the higher value of products or services over competitors which could not be substituted or compared against other offers and with higher switching costs. When comparing the performance outcomes with competitive advantage, it revealed the marketing advantage, price competitiveness, lower discount than competitors, high quality of products or services, durability and innovation.

The outcomes of structural equation model revealed that entrepreneurial had direct effect toward marketing capability which demonstrated that entrepreneurial was the supporting mechanism for organization in searching for new market and in introducing new products in market and generated the marketing capability (Liu, Luo and Shi, 2002, pp. 367-382). It also played the critical role in product and service development (Kerin, 1992, pp. 331-334) by applying entrepreneurial as the owner role in creative thinking and risk taking in operating new business. Therefore, entrepreneurial had important role for leading the organization toward marketing capabilities.
Furthermore, entrepreneurial had direct effect toward business strategy which confirmed with the study of Wingwon (2007) which summarized that entrepreneurship, risk management, inspiration and determination of staff and relevant stakeholders. It included the business capacity in operating future business (Wingwon, 2007, p. 49) with flexibility in modifying target, strategy and proactive operation in order to cope with the evolved changing environment. The research study pointed out the importance of business strategy of SMEs that supported the SME’s sustainability and competitive advantage (Chen and Hambrick, 1995; Hitt et al. 1991; Storey, 1994).

In addition, entrepreneurial had direct effect toward innovation with aligned with the concept of Schumpeter (1994) who quoted the importance of entrepreneurs in innovation development. He pointed out that innovation would assist the economic growth. Hence, entrepreneurs had important role in developing innovation and it would in turn assisted entrepreneurs in achieving business success.

Lastly, entrepreneurial had indirect effect toward competitive advantage through marketing capabilities, innovation and business strategy which conformed with research work of Jia – Sheng Lee, Chia-Jung Hsich (2010). It revealed that entrepreneurial had direct effect toward marketing capabilities, ability in creating innovation, sustainable competitive advantage and entrepreneurial had indirect effect toward sustainable competitive advantage through marketing capabilities and innovation capability. Shahid Qureshi (2010) had also concluded that entrepreneurial, business strategy, marketing capability had effect toward the success of SMEs.

10. Research Recommendations

1. The study of entrepreneurial by applying different sampling groups with larger sampling size. The study should cover the large enterprises for comparison on the perception of entrepreneurial of SMEs against the large enterprises.

2. Government sector ought to fully aware and support the knowledge learning on innovation development on continuous basis for entrepreneurs to applying such knowledge in supporting competitive advantage and leading the economic development of the country as a whole.

11. References


383


Wingwon, B. (2011). Antecedents and Outcomes of Business Strategy for SMEs Entrepreneurs in Northern Region, Faculty of Management Science, Lampang Rajabhat University.
