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What Skills Do Nascent Entrepreneurs Need? The Evidence from Thailand

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Abstract:

The purposes of this study are (1) to investigate the entrepreneurial skills situation of Thai nascent entrepreneurs (2) to study the influence of entrepreneurial skills towards business growth expectation of Thai nascent entrepreneurs.

The sample consisted of 1,000 Thai entrepreneurs having been juristic person or commercial registered less than 2 years. Multi-stage sampling method was used to collect the data by using questionnaire as the research instrument.

The result shows that Thai nascent entrepreneurs have the highest level of readiness in technological skill (4.08), marketing skill (3.99), managerial skill (3.96), human resource skill (3.66) and accounting and financial skill (3.41) ranked lowest.

Additionally, the results of hypothesis testing show that (1) entrepreneurial skills statistically significantly influence on business growth expectation of Thai nascent entrepreneurs. (2) High entrepreneurial skill entrepreneurs have significantly higher level of business growth expectation than counterparts.

Keywords: *Entrepreneurial skills, Nascent Entrepreneurs, Thailand*

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Introduction and Rational of Study

Entrepreneurial society plays an important role for countries' economic development. Small and Medium Enterprises (SMEs) sector is considered as the vital mechanism for sustainable economic and social development for Thailand. According to the SMEs White Paper Report of Office of Small and Medium Enterprises Promotion (OSMEP) in 2015, the number of SMEs in 2015 is 2,736,744 enterprises counting for 99.73% of total business enterprises in Thailand. Additionally, Small enterprises (SE) count for 99.26% of total enterprises. In term of the contribution to Thai GDP, SMEs contribute 5,212,004 Million Baht counting for 39.6% of Total GDP and SMEs employ 10,501,166 people counting for 80.30% of Total employment in Thailand. Furthermore, 26.25% of Thai export value came from SMEs counting for 1,917,817.12 Million Baht.

At present, Thai government emphasizes on new entrepreneur promotion and also focus on develop and support high potential entrepreneurs to start up their business by using technology and innovation as the mechanism. The Plan Digital Government development (2016-2019) (Electronic Government Agency, 2016) intends to radically change to the era of digital "Digital Thailand" which means Thai entrepreneurs can exploit from technology and digital knowledge in order to develop innovate and enhance Thailand sustainable competitive advantage. The plan also intends to crate digital entrepreneurs and expend markets by using technology an information system

According to the Global Entrepreneurship Monitor (GEM) report (2016), the Total Early-stage Entrepreneurial Activity (TEA) rate of Thailand is 13.7% ranked of 20th from 60 countries GEM member around the world. As the importance of Thai entrepreneurs supporting and promotion mentioned, the study of entrepreneur skills of nascent entrepreneurs since nascent stage is the most critical stage to decide the survival of the business. The objectives of this study are (1) the investigate the level of entrepreneur skills of nascent entrepreneurs in Thailand and (2) the study the influence of entrepreneur skills toward business growth expectation of Thai nascent entrepreneurs so as to more comprehensively understand the nascent entrepreneurs' situation and develop more effective policies to enhance them.

Literature Review

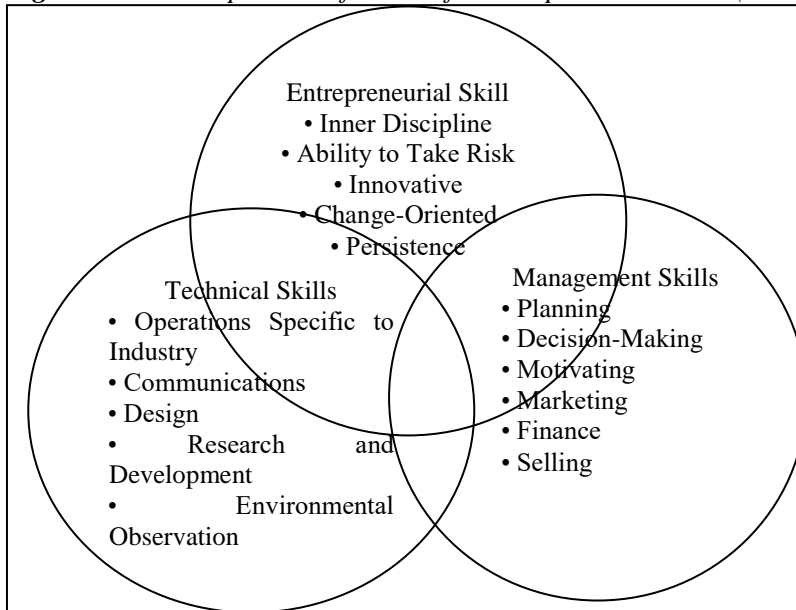
Entrepreneurial skills and Business Growth Orientation

An entrepreneurial skill research is one of most interesting research area in entrepreneurship field (Hayton, 2015). Previous researches tried to study the set of necessary skills needed for new entrepreneurs to establish new businesses in nascent stage and also the set of skills for enhancing small business to larger scale of business. According to Hayton (2015) defined entrepreneurial skill as "identifying customer needs, technical or market opportunities, and pursuing opportunities".

Chell (2013) states that skills consist of multidimensional constructs which are the cognitive, the affective, and the behavior. the cognitive refers to knowledge and what is learnt whereas the affective refers to emotional expression and what is experienced, and the behavior refers to action at strategic, tactical and personal levels; and the context sectoral, occupational, job and task levels. Entrepreneurial skills can also refer to the entrepreneurial competency which is one of the constructs to explain entrepreneurial intention (Shane and Venkataraman, 2000). The relationship between entrepreneurial skills and firm performance is confirmed by previous studies (Chell, 2013; Hayton, 2015; Arslan-Ayaydin *et al.*, 2014; Mihola *et al.*, 2016; Theriou and Aggelidis, 2014; Theriou *et al.*, 2014).

Previous studies emphasized on finding out the necessary entrepreneurial skills for successful entrepreneurs. There are many skills mentioned such as identifying customer needs, technical opportunities and market opportunities (Hayton, 2015), creation of new opportunities (Alvarez and Barney, 2007), recognizing social/market needs (Hunter, 2012). Mitchelmore and Rowley (2013) proposed 6 necessary skills for successful entrepreneurs (1) identification of viable market niche (2) Development of innovation products or services to the firm's market niche (3) Idea generation (4) Business environmental scanning (5) Envisioning and taking advantage of opportunities (6) Formulating strategies for taking advantage of opportunities while Spinelli, Adams, and Timmons (2012) stated that (1) Commitment and determination (2) Leadership (3) opportunity obsession (4) tolerance of risk (5) creativity (6) internal motivation are necessary for successful entrepreneurs.

Giunipero, Denslow and Eltantawy (2005) mentioned about the set of successful entrepreneur skills which are Interpersonal communication, Ability to make decisions, Ability to work in teams, negotiation, managing change, Customer focus, Persuasion, Strategic thinking, Problem solving, Leadership, Creativity, Organization/time management, Risk taking, and Salesmanship. Lyons (2002) and Kutzhanova, Lyons & Lichtenstein (2009) classified business skills into 4 dimensions; namely, technical skills, managerial skills, entrepreneurial skills and personal maturity skills. Fitriati and Hermiati (2011) classified into 3 dimensions; namely, Technical Skills, Business Management skills, and Personal Entrepreneurial skills. The study by Ramayah, Wilson, and Kummerow (2010) confirmed the positive relationship between the level of entrepreneurial skill expertise and business performance.

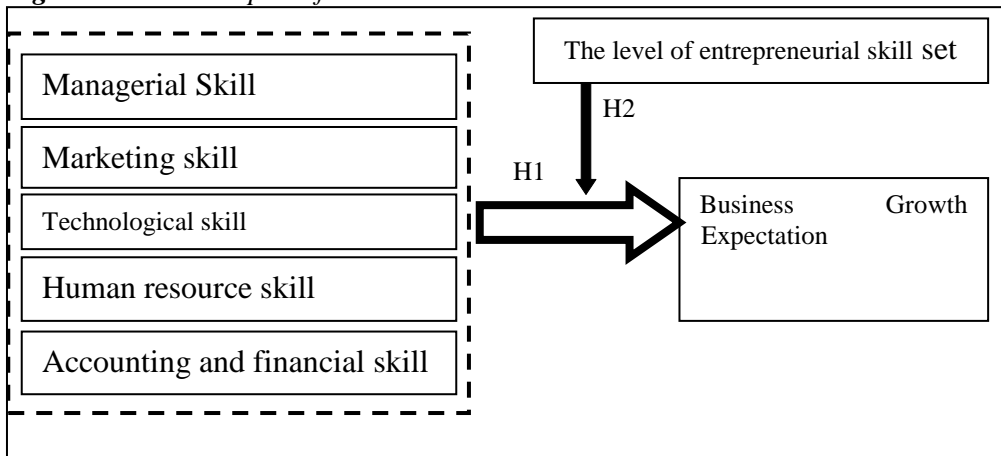
Figure 1: The components of successful entrepreneurial skill (Cooney, 2012)***The objectives of the study***

1. To investigate the entrepreneurial skills situation of Thai nascent entrepreneurs
2. To study the influence of entrepreneurial skills towards business growth expectation of Thai nascent entrepreneurs.

Conceptual Framework

Based on the previous research and the literature review, the conceptual framework is proposed as the figure 2.

Figure 2: The conceptual framework



Hypothesis development

H1: Entrepreneurial skills significantly positively affect business growth expectation.

H1a: Management skill significantly positively affects business growth expectation.

H1b: Marketing skill significantly positively affects business growth expectation.

H1c: Technological skill significantly positively affects business growth expectation.

H1d: Human Resource skill significantly positively affects business growth expectation.

H1e: Accounting and financial skill significantly positively affects business growth expectation.

H2: High entrepreneurial skill entrepreneurs have significantly higher business growth expectation than moderate and low entrepreneurial skill entrepreneurs.

Research Methodology

Questionnaire development

Entrepreneurial skills measured in this study adopted and adjusted from Schallenkamp and Eichholz (2006) contained five dimensions; namely, Managerial Skill, Marketing skill, Technological skill, human resource skill, and Accounting and financial skill. For Business growth expectation measurement, this study adopted the scales from Department for Business, Innovation and Skills, United Kingdom (2015). The detail showed as the table 1.

Table 1. Scales used for this study

Managerial skill
1. the ability to handle operation management/ activity in your business
2. the ability to strategic planning
3. set up organization structure that synchronies with people's skill
4. the responsiveness to make a decision in changing environment such as technology changing economic recession financial crisis
5. the ability to set up suitable KPI and control
<i>MARKETING SKILL</i>
1. ABILITY TO ESTABLISH MARKETING STRATEGY AND POLICIES FOR FIRM
2. ABILITY TO RETAIN AND SUSTAIN CUSTOMER VALUE AND CUSTOMER SATISFACTION
3. ABILITY TO MAKE NEW PRODUCT/SERVICE DEVELOPMENT AND CRATE UNIQUE SELLING POINT BEYOND COMPETITORS
4. ABILITY TO PROACTIVE MARKET EXPLORATORY SURVEY AND ENVIRONMENTAL ANALYSIS FOR APPROPRIATE SALES PROMOTION
5. ABILITY TO BRAND MANAGEMENT
<i>TECHNOLOGICAL SKILL</i>
1. Ability to exploit technology for new product/service design
2. Ability to reduce cost of production by adopting new technology
3. Using information system for management and production
4. Ability to acquire/ access (hiding) technology experts/ consultants
<i>HUMAN RESOURCE SKILL</i>
1. Ability to effectively procure human resources
2. Ability to retain human resources (proper turn over)
3. Systematic human resource development/ training program planning
4. Knowledge transferring/ on the job training
5. Ability to establish learning organization atmosphere
<i>ACCOUNTING AND FINANCIAL SKILL</i>
1. Ability to do yearly account report
2. Ability to analyze financial ratio/ understand accounting report
3. Ability to access source of fund for investment and management
4. Ability to use Accounting program/software to record their business
5. Ability to make effective Cash flow management
<i>BUSINESS GROWTH EXPECTATION</i>
1. Expect to employ more people in 12 months' time
2. Expect higher sales turnover in 12 months' time
3. Plan to grow the business in next 2-3 years

Data collection

This study was the empirical research survey. The samples consisted of 1,000 Thai entrepreneurs having been juristic person or commercial registered less than 2 years and using SPSS version 20.0 for statistical analysis. The samples can be divided into 2 groups- 800 samples having been juristic person less than 2 years and 200 samples were commercial registered less than 2 years. The details are bellow.

Group 1. 800 samples or 80% having been juristic person. We used the multi-stages sampling method. Starting by quota sampling the detail from Department of Business Development, Ministry of Commerce (2015).

Table 2. *The detail of juristic person registration (regional) in 2015*

Regional	Number of registered	Percentage (%)	Sample collection
Central	21,686	36%	288
Bangkok and Metropolitan	21,643	36%	288
South	5,719	10%	80
North East	5,210	9%	72
North	5,210	9%	72
Total	59,468	100%	800

Group 2. 200 Samples or 20% commercial registered with Department of Business Development less than 2 years. We used the data of Office of Small and Medium Enterprises Promotion, Thailand contained 10,000 lists.

Table 3. *The detail of juristic person registration (regional) in 2015*

Regional	Percentage (%)	Sample collection
Central	36%	72
Bangkok and Metropolitan	36%	72
South	10%	20
North East	9%	18
North	9%	18
Total	100%	200

The Results

The summary of 1,000 demographic data of collection can be summarized as the Table 4.

Table 4. *The summary of samples in this study*

	Number	Percentage
Gender		
Male	759	65.9

Female	241	34.1
Region		
Bangkok and Metropolitan	360	36.0
Central	360	36.0
North East	90	9.0
North	90	9.0
South	100	10.0
Types of industries		
Creative Entertainment and Digital	343	34.3
Restaurant and Beverage	199	19.9
Food	113	11.3
Health	91	9.1
Fashion	68	6.8
Agricultural	49	4.9
Beverage	38	3.8
others	99	9.9
Types of juristic person registration (Only 800 samples)		
Company	672	84.0
Limited Partnership	119	14.9
Registered Ordinary Partnership)	5	0.6
Others	4	0.5
Types of Business		
Services	285	28.5
Production	200	20.0
Wholesale and Retail	515	51.5
Period of registration		
Less than 1 year	190	19.0
1-2 years	810	81.0

According to the table 4, the majority of this study was male (65.9%) in Creative, entertainment and digital (34.3) located in Bangkok and metropolitan. Most are registered as company (84.0%) and registered 1-2 years (81%).

The descriptive statistical analysis of 5 dimensions of entrepreneurial skills and Business growth expectation represented as the Table 5.

Table 5. The summary of descriptive statistical analysis of entrepreneurial skills and business growth expectation

Managerial Skills	Average
The ability to handle operation management/ activity in your business	4.02
The ability to strategic planning	3.98
Set up organization structure that synchronies with people's skill	3.93
The responsiveness to make a decision in changing environment such as technology changing economic recession financial crisis	3.99
The ability to set up suitable KPI and control	3.88

Total	3.96
<i>MARKETING SKILLS</i>	Average
<i>ABILITY TO ESTABLISH MARKETING STRATEGY AND POLICIES FOR FIRM</i>	4.01
<i>ABILITY TO RETAIN AND SUSTAIN CUSTOMER VALUE AND CUSTOMER SATISFACTION</i>	4.03
<i>ABILITY TO MAKE NEW PRODUCT/SERVICE DEVELOPMENT AND CRATE UNIQUE SELLING POINT BEYOND COMPETITORS</i>	4.01
<i>ABILITY TO PROACTIVE MARKET EXPLORATORY SURVEY AND ENVIRONMENTAL ANALYSIS FOR APPROPRIATE SALES PROMOTION</i>	3.94
<i>ABILITY TO BRAND MANAGEMENT</i>	3.96
TOTAL	3.99
<i>TECHNOLOGICAL SKILL</i>	Average
Ability to exploit technology for new product/service design	4.16
Ability to reduce cost of production by adopting new technology	4.02
Using information system for management and production	4.07
Ability to acquire/ access (hiring) technology experts/ consultants	4.07
Total	4.08
<i>HUMAN RESOURCE SKILL</i>	Average
Ability to effectively procure human resources	3.72
Ability to retain human resources (proper turn over)	3.63

Systematic human resource development/ training program planning	3.65
Knowledge transferring/ on the job training	3.72
Ability to establish learning organization atmosphere	3.57
Total	3.66
<i>ACCOUNTING AND FINANCIAL SKILL</i>	Average
Ability to do yearly account report	3.39
Ability to analyze financial ratio/ understand accounting report	3.37
Ability to access source of fund for investment and management	3.48
Ability to use Accounting program/software to record their business	3.28
Ability to make effective Cash flow management	3.52
Total	3.41
<i>BUSINESS GROWTH EXPECTATION</i>	Average
Expect to employ more people in 12 months' time	3.58
Expect higher sales turnover in 12 months' time	4.07
Plan to grow the business in next 2-3 years	3.81
Total	3.82

According to table 5, for the managerial skill, the overall managerial skills is 3.96, the ability to handle operation management/ activity in your business has the highest score (mean = 4.02), the second is the responsiveness to make a decision in changing environment such as technology changing economic recession financial crisis (mean = 3.99). For the marketing skill, the overall is 3.99. Ability to retain and sustain customer value and customer satisfaction has the highest score (4.03). The second is Ability to establish marketing strategy and policies for firm. And the overall of technological, human resource and accounting and financial skill are 4.08, 3.66, and 3.41 respectively.

Hypothesis Testing

We test the hypothesis 1 by using multiple regression analysis of entrepreneurial skills and business growth expectation. Firstly, the averages of each dimension of entrepreneurial skills were calculated by finding the average of items in the constructs (Management skills 4 items, Marketing 5 items, Technological 4 items, Human Resource 5 items, Accounting and Financial 5 items and Business Growth Expectation 3 items). After that Multiple Regression Analysis was used to test and the result represented in Table 6.

Table 6. The result of multiple regression analysis of entrepreneurial skills and business growth expectation

Coefficients ^a					
Model	Standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.587	.086		18.465	.000
Managerial Skill	.129	.023	.246	5.644	.000
Marketing skill	.073	.027	.148	2.684	.008
Technological skill	.139	.027	.276	1.437	.002
Human resource skill	.102	.024	.206	4.180	.000
Accounting and financial skill	.120	.023	.227	5.314	.000

Dependent Variable: Business Growth Expectation

Note: the averages of each dimension of entrepreneurial skills and business growth expectation were used

As Table 6, the hypothesis 1 is supported. All of 5 entrepreneurial skills were positively significantly affect business growth expectation (Significance level 95%).

For the hypothesis 2, we first divided samples into 2 groups- High, and Moderate and low entrepreneurial skill. The average of overall entrepreneurial skill of total samples (Mean = 3.82) was used as the cut-off point value in order to classify high entrepreneurial skill (equal or more than 3.82), and moderate and low entrepreneurial skill group (lower than 3.82). After that Independent sample t-test was used and the result shown in Tables 7 and 8.

Table 7 The result of Independent sample t-test

Independent sample t-test				
	Level of Entrepreneurial skill	Number	Mean	S.D.
Business Growth Expectation *	High	520	4.14	1.796
	Moderate and low	480	3.48	2.486

Note: * Business growth expectation derived from the average of three scale items

Table 8 The result of Independent sample T test (con.)

Independent samples t-test						
		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
Business Growth Expectation*	Equal variances assumed	46.231	.000	-12.133	398	.000
	Equal variances not assumed			-11.858	283.079	.000

Note: * Business growth expectation derived from the average of three items
 As Table 7 and 8, the analysis confirms that high level of entrepreneurial skill group has significant higher business growth expectation than moderate and low group. The result will be discussed in the next section.

Discussion

The result of this study showed that Thai nascent entrepreneurs have the lowest readiness in Accounting and Financial skill. Lacks of ability of accessibility to funding and financial analysis are also problems for Thai nascent entrepreneurs. Although at present Thailand has new types of funding such as Crowdfunding, investor angle, and venture capital. Thai nascent entrepreneurs are still difficult to access these kinds of funding since they lack of skill to develop an attractive business plan and not familiar to attend Business Pitching or Business competition. The second from the bottom rank is human and resource skill, Thai nascent entrepreneurs have the problem situation to recruit qualified workforces since those prefer to work with large firms that normally provide better welfare and compensation. Thai nascent entrepreneurs also find it difficult to retain their employees and lack of knowledge and budget to provide training courses for their employees. Nascent entrepreneurs have the limited funding to operate their business and tend to spend their budget on new product development and marketing as the prerequisites before human resource issue.

The result also showed the entrepreneurial skills have the positive effect to business growth expectation in the line with previous study of Ahmad, Ramayah, Wilson, and Kummerow (2010). High entrepreneurial skill entrepreneurs have significantly higher business growth expectation than counterparts. It can refer that quality of entrepreneurs is important issue for Thai government apart from quantity
 According to the result of this study, the policy recommendations are (1) Thai government should cooperate with universities to provide the short intensive programs to new entrepreneurs. The programs should be specific to what entrepreneurs' scarcity. (2) Thai government should impose new policies to promote

entrepreneurship by business clusters. Considering community entrepreneurs and small entrepreneurs faced several difficulties and showed limited competitive advantages, capital resources, and production capacity, etc., it was thought that one measure to enhance small enterprise's abilities to compete with large and international competitors could be the grouping of small entrepreneurs in the same business/industry cluster or in same supply chain; thereby enhancing their network and ability to share information, knowledge, and resources. To facilitate this, the government should have a policy determining aid package appropriate to each group/business cluster. A specific business cluster could then be supported based on their specific needs, e.g. help on new product research and development, lower interest rate working capital, know-how on free trade business operations, and learning of restrictions on export and international trade barriers. (3) Thai government should set up a specialized unit responsible for setting the policy to promote commercially innovative knowhow for small and medium size enterprises. The existing subdivisions in the ministry could also consider more budgets as well as experienced officers to offer supports to SMEs in terms of designer's idea and simple techniques to create more values and differentiation to their products/services.

The limitation of the study and recommendations for further research

This study collected the data from Thai entrepreneurs formally registered less than 2 years. Therefore, the result can use to explain only the nascent stage of entrepreneurial activity. Although the self report measurement has limitation but it is still very useful and most common technique used in the empirical research. The further research can investigate the level of entrepreneurial skills of each stage of entrepreneurial cycle such as nascent and established entrepreneurs. Moreover, researchers can collect longitudinal data of entrepreneurial skill to study the difference of level during different period of time.

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