

Abstract

Project Name: The Study on Success Factors for Small & Medium Enterprises: A Case Study of Ceramic in Upper Northern Thailand
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This study was funded by National Research Council of Thailand (NRCT). The objective of this study is to answer the question "*What are the success factors for small and medium enterprise in ceramic industry?*" On this study, both secondary data which involves ceramic industry situation and primary data which was interview with 80 entrepreneurs and 791 industrial workers by using questionnaires were collected in Lampang, Chiang Mai and Chiang Rai.

a. Value added and potential in production of ceramic factory

Most of products made by ceramic factory in Upper North were table wares, souvenirs and decorative items over 70% of all ceramic products in Upper Northern. These products were white ware and colors ware products over 50% of all ceramic products. More than 51% of total production was Original Design Manufacturing (ODM) and other 37% were Original Equipment Manufacturing (OEM). Average losses in production were 20.28% of total production and average A-class products were around 73.59% of total products. A study also found that proactive marketing and direct marketing to consumers, traders and exporters were used by most of ceramic factory entrepreneurs. However, the major problem which entrepreneurs require government to solve recently was an increasing cost of production due to fuel price.

In 2003, garden ware, ceramic rails and sanitary ware factory had better performance than others. In the other hand, group of table ware factory was the lowest return factory. In value added analysis, return of labors (wage) was the major part which was 54% of total value added and the second part was return of entrepreneur (profit) which was 36%. Sanitary ware and Souvenirs factory had the highest value added to sale. Labors in ceramic rail, table ware and garden ware factory had more value added per worker than other factories. Moreover, ceramic factories also had high level of production efficiency with the percentage of average production efficiency over 90 (compare to the best factory). However there were around 26-100 million bath loss due to inefficiency of production.

b. Success factor for small and medium enterprise in ceramic industry

This sector considered success factors for small and medium enterprises in ceramic industry by compared perspective of entrepreneurs and empirical data of observation collecting. This study found that perspective of entrepreneurs and empirical data have consistency result which is "*To success running small and medium ceramic enterprise, entrepreneur should give the most concentration on business administration*". Considering content of empirical data found that to success in small and medium ceramic enterprises, entrepreneurs have to concentrate on operation efficiency rather than profitability.

Moreover entrepreneurs should concentrate on Human Resource Management (HRM) such as employee welfare, good system of employees' security and also on investment on capital assets (fixed assets) such as machines, lands as well as on sufficient current assets holding than other factors. Then the probability of business success would higher than factories which do not concern on factors above.