

**THE LIMITATIONS AND OBSTACLES FOR NEW GRADUATES
WHO ASPIRE TO BECOME AN ENTREPRENEUR IN THAILAND**



**A THEMATIC PAPER SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF MANAGEMENT
COLLEGE OF MANAGEMENT
MAHIDOL UNIVERSITY
2019**

COPYRIGHT OF MAHIDOL UNIVERSITY

Thematic paper
entitled
**THE LIMITATIONS AND OBSTACLES FOR NEW GRADUATES
WHO ASPIRE TO BECOME AN ENTREPRENEUR IN THAILAND**

was submitted to the College of Management, Mahidol University
for the degree of Master of Management
on
December 22, 2019



.....
Mr. Songphob Seubchard
Candidate

.....
Assoc. Prof. Roy Kouwenberg,
Ph.D. CF.A.
Advisor

.....
Asst. Prof. Winai Wongsurawat,
Ph.D.
Chairperson

.....
Asst. Prof. Duangporn Arbhasil,
Ph.D.
Dean
College of Management
Mahidol University

.....
Ronald Surachai Thesenvitz,
Ph.D.
Committee member

ACKNOWLEDGEMENTS

This research would not be conducted if there is no College of Management Mahidol University. I would like to express my special thanks to my professor Roy Kouwenberg who always support and give me the suggestions to successfully conduct this research. The second that I would also like to thank is Professor Trin Thananusak who helped me sorting and finalizing this project within the limited time frame. Moreover, I would like to thank people who truly focus on answering my survey questions. Without this information, I cannot be able to write, analyse and give the recommendation to benefit other people who interest in this topic.

Songphob Seubchard

THE LIMITATIONS AND OBSTACLES FOR NEW GRADUATES WHO ASPIRE TO BECOME AN ENTREPRENEUR IN THAILAND

SONGPHOB SEUBCHARD 6149037

M.M. (ENTREPRENEURSHIP MANAGEMENT)

THEMATIC PAPER ADVISORY COMMITTEE: ASSOC. PROF. ROY KOUWENBERG, Ph.D. CF.A., ASST. PROF. WINAI WONGSURAWAT, Ph.D., RONALD SURACHAI THESENVITZ, Ph.D.

ABSTRACT

This research aims to study the obstacles or limitations that new graduates in Bangkok face with if they want to become an entrepreneur. It will benefit prospective entrepreneurs because they will know better what issues they might have to face with in the future. Therefore, they can prepare themselves better to deal with these obstacles. In this study, quantitative methods were used to address the research questions by analyzing data that can be converted to usable information. Google forms was used as a tool to collect the information with an online survey.

KEY WORDS: Entrepreneur/ Obstacles/ Limitation.

33 pages

CONTENTS

| | Page |
|---|-------------|
| ACKNOWLEDGEMENTS | ii |
| ABSTRACT | iii |
| LIST OF FIGURES | vi |
| CHAPTER I INTRODUCTION | 1 |
| 1.1 Problem Statement | 1 |
| 1.2 Research Objectives | 2 |
| 1.3 Research Questions | 2 |
| 1.4 Research Scope | 3 |
| 1.5 Expected Benefits | 3 |
| CHAPTER II LITERATURE REVIEW | 4 |
| 2.1 Introduction | 4 |
| 2.2 Definition of Terms | 6 |
| 2.3 Theory | 7 |
| 2.3.1 Hofstede Cultural Dimensions Theory | 7 |
| 2.4 The limitations and obstacles in Thailand for new graduates | 9 |
| CHAPTER III METHODOLOGY | 11 |
| 3.1 Data collection method | 11 |
| 3.2 Target Group | 11 |
| 3.3 Reason for selecting online survey method | 11 |
| 3.4 Draft question | 12 |
| 3.5 Data analysis | 15 |
| CHAPTER IV DATA COLLECTION AND ANALYZE | 17 |
| 4.1 Data Collection | 17 |
| 4.2 Identify target group | 18 |
| 4.3 Clarify the main answers | 19 |
| 4.3.1 Financial Constraints | 19 |
| 4.3.2 Connection and experience | 22 |

CONTENTS (cont.)

| | Page |
|---|-------------|
| 4.3.3 Time Orientation | 26 |
| 4.3.4 Family background | 27 |
| CHAPTER V CONCLUSION AND RECOMMENDATIONS | 29 |
| 5.1 Conclusion | 29 |
| 5.2 Recommendations | 30 |
| 5.3 Limitations | 31 |
| REFERENCES | 32 |
| BIOGRAPHY | 33 |



LIST OF FIGURES

| Figure | Page |
|--|-------------|
| 2.1 Hofstede Cultural Dimensions | 7 |
| 4.1 Biography of interviewee | 17 |
| 4.2 Target Group | 18 |
| 4.3 Percentage of people who want to own business | 19 |
| 4.4 Funding methods | 20 |
| 4.5 Funding methods | 20 |
| 4.6 Percentage of people who are willing to take risk | 21 |
| 4.7 Percentage of people who agree that bank regulations is the obstacles | 22 |
| 4.8 Percentage of people who agree that connection is an obstacle | 23 |
| 4.9 Ranking of Connection | 24 |
| 4.10 Percentage of people who agree that lack of experience is an obstacle | 25 |
| 4.11 Time Orientation | 26 |
| 4.12 Percentage of people who agree that being an entrepreneur can get an impact from family background | 27 |
| 4.13 Ranking of family background on entrepreneurial career | 28 |
| 5.1 Ranking of business obstacles | 29 |

CHAPTER I

INTRODUCTION

1.1 Problem Statement

The trend of graduates these days are that they are no longer focused on getting a full time career working in large companies or working in the government sector, like they have been pressured by family and society. Rather, many graduates are finding ways of making it for themselves as entrepreneurs in building businesses which they are interested in, even though the process of success could take longer or involve failures, but for their self-fulfillment they are willing to take these risks. They prefer to use their creative minds and ambitions that they have for their own success. The website called Bltbangkok has been doing a survey and keeps statistics about the new generation and it shows that the highest ranked occupation among teenagers is being an entrepreneur, which is 15.83% and followed by teachers which is 12.40% and the third ranking is civil servant 11.87% (Bangkok, 2019).

According to Thairat website, one of the biggest news companies in Thailand mentioned that the government has a policy in place to promote four thousand to five thousand new start-ups and this figure is expected to reach ten thousand in 2017 to achieve economic results of around one hundred thousand million baht (Thairath Online, 2018). Due to the support from Thai government, it drives the passion of the new generation of young entrepreneur that want to start and own a business. With the government support and strong interest among the Thai youth, it creates many new entrepreneurs in Thailand. You Drink I Drive, Afteryou and Diamond Grain are examples of the successful businesses that are owned by young Thai entrepreneurs. These are the good examples that can motivate new graduates to become successful in their career as an entrepreneur. However, less than ten percent of Thai entrepreneurs eventually become successful, because there are various obstacles and constraints that prevent many entrepreneurs to become successful (Thairath Online, 2018).

Before digging deep down to these factors, this research will point out the meaning of the entrepreneur rather than a businessman that wants to own a business and makes a profit from it. This research will follow the definition of entrepreneur meaning from the Entrepreneur website which mean that an entrepreneur is “a person who starts a business and is willing to risk loss in order to make money” or “one who organizes, manages, and assumes the risks of a business or enterprise.” (Tobak, 2015). From this website, it implies that to be an entrepreneur, a person has to become involved with real business enviroment and face with real risk of loss and failure. If there is no risk and real business, that person is not an entrepreneur.

1.2 Research Objectives

This paper will explore the obstacles and constraints of new graduates that want to face the real risk and conduct their own real business to become an entrepreneur. This research will start with the international literature reviews about the obstacles and constraints of being the young entrepreneur that have been through the process before and apply the information to this paper. Moreover, the research will be conducted to find the real limitations that prevent some young entrepreneur in Thailand to become successful.

1.3 Research Questions

What are the limitations of new graduates who aspire to become an entrepreneur in Thailand?

1.4 Research Scope

This paper will conduct a research on young entrepreneurs who are new graduates who majoring in the business field and immediately launch their business after the graduation. The research will involve surveys with those who live in Bangkok. The age of people who are conducted in the survey will capture those in the 24 to 30 years old age range.

1.5 Expected Benefits

This research can benefit entrepreneurs in Thailand because they will become more aware and anticipate the problems that they are going to face in the future, so they can prepare themselves in advance. Furthermore, this paper will recommend potential solutions for some of the obstacles, constraints and limitations found, and which may will increase their chance of success.



CHAPTER II

LITERATURE REVIEW

2.1 Introduction

In the journal of corporate finance, the research found that 56% of entrepreneurial households do not have enough money to expand their business due to the financial constraints in Thailand (Anna L. Paulson, 2004).

An Investigation into the Obstacles to Youth Entrepreneurship in South Africa journal stated that 4.9% is the result of the university student who are lack of saving to start the business (Fatoki, 2011).

The journal named Motivational and Legal Barriers of Entrepreneurship Development stated that bank regulations is one of the top ranking barriers in entrepreneur's development path (Khaled Nawaser, 2011).

According to the study of Mr. KAVIN MONGKOLSIRIKIET (Mongkolsirikiet, 2015), the individual mindset is the most important factor for an entrepreneur to become more successful. Moreover, there are other "external factors" that can be the important obstacles such as lack of support from families and friends, no connection, lack of time and efforts and lack of experience and skill in the field.

There are many past papers which conducted the research about the limitations, barriers or obstacles that entrepreneurs have to face with. The statements above are the examples of the limitations that they have to experience with. Even though, some of the statements above does not conduct for new graduates who aspire to become an entrepreneur in Thailand, but it is a good source of information that can be used to apply into the research in this paper.

The first statement shows that 56% of entrepreneurial households do not have enough money to expand their business due to the financial constraints in Thailand (Anna L. Paulson, 2004). There are also many papers that mention about the limitation of financial for being an entrepreneur. The second statement also shows the similar context which states that the university students in South Africa are also lacking money to start

their own business (Fatoki, 2011). This is obviously normal because money or capital is one of the crucial part to starting a business. No businesses in this world does not require the money to start or expand their businesses. For instance, before starting the actual business your first payment will be made to register the company in the means of registered capital through government ministry. Even though some people may not begin the business with founding the company, but those people still need to invest in order to keep the company running. Moreover, selling the products or services, get paid, reload inventories or expanding are the financial activities that all type of businesses have to deal with. No matter what process start-up are in, capital is needed throughout, so this is why financing is very important to keep the business running at all stages.

The important reasons for lack of capital of new graduates could come from the regulations of banks for loaning money as it is mentioned in the study by Khaled Nawaser. According to Mycompanyfunding website, it also indicated that low credibility of an individual is the major issue to borrow some money from the bank (Lack of Capital: A Common Reason a Small Business Fails, n.d.). As reported by Kasikorn Bank website, one of the top private banks in Thailand, the bank launched a K-Personal Loan campaign which can give up to 5 times of income statement and up to 1.5 million baht depending to KBank's consideration (K-Personal Loan, n.d.). This campaign seems to be a good campaign for people who already have a job, but it is not suited for new graduates because they typically do not have a job yet. In addition, the interest rate of this financial loan will be around 17% to 28% so this is a huge payback cost for a new startup company.

The last statement from above mentioned that there are two key failure factors of becoming an entrepreneur which are individual mindset and external factors (Mongkolsirikiet, 2015). The example of individual mindset would be having a clear goal, determination and not having too much worry about the security. Having a clear goal will help people create a direction to reach that goal. The article from wilsonleadershipgroup website implied that if people have a clear goal, the confusing questions such as "Why I am doing this?", "What is the purpose?" will occur less (Huizenga, n.d.). If these kind of question are gone, it will increase the motivation and provide clear directions for the entrepreneur.

In addition, the last statement also mentioned about the external factors such as no support from families and friends, no connection, effort and experiences that can

be an obstacle for the new graduates' entrepreneurs (Mongkolsirikiet, 2015). In Thailand, family can be one of the limitation to start the business in Thailand. Due to the Thai culture, permission from parents is often needed before your people start doing something new. If the new graduates does not get the support from their families, it will reduce their chances to start a new business. The second point of the external factor is the connection. In Thailand, connection is a very powerful tool to become a successful entrepreneur. This powerful tool can help the business to thrive easily. The last point of the external factors is about the individual's efforts and experiences. No experiences does not mean you cannot do the business, but the experience will help the graduate's entrepreneurs to better deal with the barriers that they face in the future.

2.2 Definition of Terms

New graduates in this paper means a person who has recently graduated from university or college in the business field, no longer than 2 years. Moreover, in this paper, the educational level of the new graduates has to be those who have a master degree.

Entrepreneurship is defined as “the creation of new business enterprises by those ranging from one single person to small groups of young business enthusiasts who share the same interests and ambitions, with the entrepreneur assuming the role as the shift for societal change, instigating the industrial progress that leads to wider cultural shifts of new entrepreneurial businesses” (Calvin A. Kent, 1982).

Being an Entrepreneur has to match with the definition of an entrepreneurship that is mentioned above, so, according to Entrepreneur website, the entrepreneur has to be involved with real business environment of micro and macro environment and face with real risk involved in the competitive world of business. If there is no risk and practical business operations, that person is not considered as an entrepreneur.

Successful Entrepreneur does not mean a person has to create or own a highly valued company. According to the article on Groco website wrote by Groco Staff Writer, a successful entrepreneur is a person who has a strong inner to drive him or her to succeed and overcome all of the difficulties he or her is faced with during the process (Writer, 2019). He or she does not have to achieve a big goal, but the successful entrepreneur

has to also see that they are actually committed to achieving their goals regardless of the countless setbacks that occur in the process of building their business.

2.3 Theory

2.3.1 Hofstede Cultural Dimensions Theory

This paper will implement the cross culture management framework of Hofstede (Mind Tools Content Team, n.d.). This framework consists of five cultural dimensions (or factors) which are power distance, collectivist/individualism, uncertainty avoidance, masculinity/femininity and time orientation. The graph below from Hofstede-insights website shows the score of Thai culture (COUNTRY COMPARISON, n.d.).

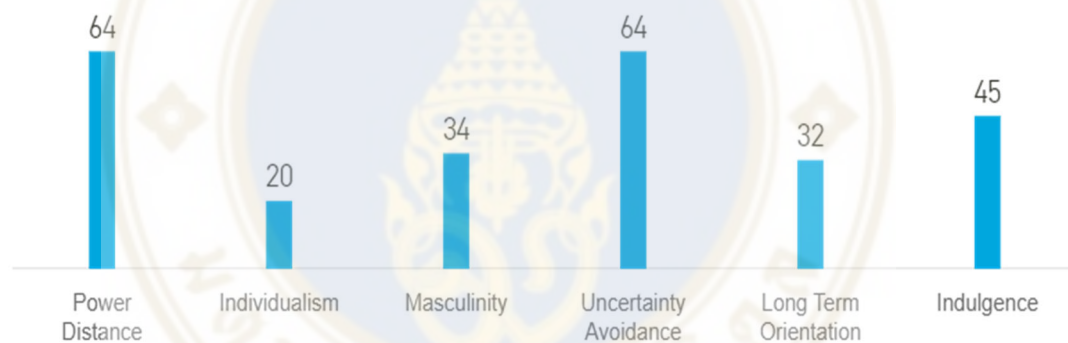


Figure 2.1 Hofstede Cultural Dimensions

The first thing that stands out is high power distance in Thailand. It is the degree or power to which people accept differences in power between people. The country that has a high power distance will see the differences in status as natural. On the other hand, the country that has a low power distance will seek to reduce power differences among people. Thai culture has a score of 64 on PDI index, it considers as high in power distance (COUNTRY COMPARISON, n.d.). High power distance will create the barriers for an entrepreneur because those countries tend to be limited in social mobility or social status. Therefore, a country with high power distance has a little acceptance for the initiatives created by new entrepreneurs.

The second thing in this framework is collectivism and individualism. The collective culture is the culture which prefer to work or live in group, but the people who have the individual culture are expected to look after themselves. Thailand has a score of 20 so it is considered as highly collectivist country. The advantage of collectivist culture is the easy flow of the information. Due to the collectivist culture, Thai people prefer to work as a group and this will help the information flow easier and faster. Moreover, people in a collectivistic society will get more social support. The family members in this collectivistic society also will be more willing to help each other by supporting the needed resources for the new graduates who want to be an entrepreneur.

Uncertainty avoidance is the next thing to focus. The uncertainty avoidance is how cultures are different on the amount of tolerance they have of unpredictability. Thai culture scores 64 on this dimension which indicates that Thailand has the high uncertainty avoidance culture. Hofstede-insights website also stated that Thai culture has a preference for avoiding uncertainty (COUNTRY COMPARISON, n.d.). With this uncertainty avoidance culture, Thai people tend to stick to the laws and regulations and are not willingly to take risk. It creates another barrier for being an entrepreneur in Thailand. This cultural trait is one of the boundaries for a new graduates that they have to break through. Think out of the box and willing to take risk are the characteristics of the entrepreneur.

For the masculinity and femininity, Thailand score 34 on this dimension so it is considered to have the femininity culture. In the feminine culture, the people will focus on working in order to live. Moreover, there will be more equality between genders than the masculine culture. A country that has a feminine culture will care for each other and focus more on the quality of life. This will lead to less interest in entrepreneurship as a source of achievement and wealth.

The last thing in the Hofstede is the time orientation. Thai culture has a very short time orientation according to Hofstede-insights website (Country Comparison, n.d.). This is why Thai people have a great respect to their tradition and their thinking is normative. Moreover, Thai people will focus on achieving a quick result. In the real business world, the result of success does not show at the beginning, so this can be an obstacle of the new graduates which are full of motivation that want to start something

new. This can be a threat to them because they want to achieve the fast result and they might feel humble and giving up at the end.

2.4 The limitations and obstacles in Thailand for new graduates

As mentioned before, there are many past papers that have researched the limitations and obstacles for entrepreneurs. However, for the new graduates, there are different from other entrepreneurs because those who have already graduated some time ago will have some experience and practical knowledge about doing business, so they might have less obstacles than those who are not graduated yet (or only recently). On the other, the new graduates may have more skills and knowledge than those who are not, so this may remove the factors like lack of skill and knowledge to do the business. Moreover, the new graduates will have more passion to do the business because their freshness and willingness to use their knowledge and skill that they learnt in the university. In the research from Center for Generation Kinetics shows that 30% of millennial generation currently own a business and 26% of them are able to live from their small business (CGK, 2017). On top of that 49% of millennials have a plan to start their own business in three years time. Even though obstacles like lack of skill and knowledge or lack of passion are overcome, but there are some external factors that can still be barriers such as lack of capital, lack of connections and lack of experience.

One of the most common obstacles to do the business is the lack of capital. The easiest way to start funding your own business is to use your own savings, or family capital. Most new graduates will have to self-finance their own startup company. There are many other ways such as bank loans or by venture capital, but those ways are not easy to get the funding due to the credibility and loss in ownership in their own company. Moreover, connection is also important for the business because it can attain new clients, connect with key suppliers, and build a sustainable business (Baird, 2012). Connections can also give a new opportunities for a new startup company. Joint venture or partnership are the example of opportunities that the new graduates will get if there have good connections. Lastly, lack of experience can be one of the obstacles of a young entrepreneur. Even though new graduates may have some knowledge and skill about the business,

but without experience, the new graduates may find it hard to solve problems or make important decisions effectively.



CHAPTER III

METHODOLOGY

3.1 Data collection method

In this paper, the quantitative method will be used to collect the data because the information needs to be measurable and replicable, so it is better to use this method than the qualitative method. The quantitative method is used to evaluate the research problem by generating data that can be converted to usable information. The data from quantitative research will mostly already be structured so it can be quickly organized and made ready for analyzing later on. However, there are also some limitation for this type of method which is are limited flexibility in the questions, and the participants will not be able to explain their answers deeply.

3.2 Target Group

There are two groups of people who will be asked to do the online survey. The first group is newly graduated students who are graduated no more than 2 years ago. This paper will consider those people as new graduates. The second group is current students who will graduate soon. The other constraint is that those people in both groups has to study in a business field. Moreover, the size of the target group will be around 50 to 100 people.

3.3 Reason for selecting online survey method

Google forms is the tool that will be used to conduct the survey in this research because it is suitable and very flexible for me to use. First of all, this tool is free to use which allow the user to collect the information in an effective way. Moreover, the data received from the Google Form can be stored online and it will be easy to analyze. In

addition, the interface of Google Forms is user friendly so it will be more convenient for the user to answer the questions.

After finished creating the questions, the questions will be listed on the Google Forms online, so the distribution of the survey will become easier. The social media application such as Line will be used as one channel to distribute the survey. My friends will also help to spread this survey out via their contacts. Another distribution channel that will be used to spread the survey is Facebook, with the use of share function on Facebook. These are two main ways to distribute the survey online for this research.

3.4 Draft question

1. What is your gender?
 - Male
 - Female
 - Other
2. How old are you?
 - 18-24
 - 25-34
 - 35-44
 - 45+
3. What is your current status?
 - Expect to graduate within 1 year
 - Recently graduated, less than 12 months ago
 - graduated no more than 2 years ago
 - Graduated more than 2 years ago
4. What is your education background?
 - Business field (including Finance)
 - Others
5. Do you have your own business right now?
 - Yes
 - No

6. Do you plan to have or start a new business in one year?

- Yes
- No

7. Do you think that lack of capital can be an obstacle for starting a new business?

- Strongly Agree
- Somewhat Agree
- Somewhat Disagree
- Strongly Disagree

8. Select the funding methods that you plan to fund your own startup with?

(Select all that apply)

- Own saving
- Borrow from family, or close people
- Bank loan
- VC firm
- Other please specify.....

9. Do you think that bank regulation is one of the limitations for start-ups in Thailand?

- Strongly Agree
- Somewhat Agree
- Somewhat Disagree
- Strongly Disagree

10. Do you think that lack of connections is a barrier to do the business?

- Strongly Agree
- Somewhat Agree
- Somewhat Disagree
- Strongly Disagree

11. Please tick what type of connection is most important to have for a new business?

- Connection with government
- Connection with customers
- Connection with suppliers
- Connection with bank or VC
- Business to business connections for new information and opportunities

12. Do you think that experience is an obstacle to do the business?

- Strongly Agree
- Somewhat Agree
- Somewhat Disagree
- Strongly Disagree

13. Please rank the obstacles and limitations below, from 1 is the most important to 5 is least important obstacle or limitation.

- Lack of capital
- Lack of connections
- Lack of business experience
- Lack of support from family and friends
- Rules and regulations (permits, license, taxes, etc.)

14. Do you think that getting results fast is important for doing business?

- Strongly Agree
- Somewhat Agree
- Somewhat Disagree
- Strongly Disagree

15. How long do you think that business should become successful?

- Less than 1 year
- 1 year
- 2 years
- More than 2 years

16. How much you are willing to take the risk? (Please tick only one)

- Definitely Take
- Probably Take
- Not Probably Take
- Definitely Not Take

17. Do you think that family background can has an impact of being an entrepreneur in Thailand?

- Strongly Agree
- Somewhat Agree
- Somewhat Disagree
- Strongly Disagree

18. What type of family background do you think is best to have for fresh graduates starting a new business in Thailand? Please rank from 1. is most important to 5. is least important.

- Family business
- Government official
- Military or police
- Company employee
- Self-employed (e.g., lawyer)
- Entrepreneur

3.5 Data analysis

After gathering all data from the online survey, analyzing the data is the next step that have to be done in order to get the useful information about the limitation and obstacles of new graduates for being entrepreneurs. The SPSS software is one of the tools that will be used to analysis the raw data. It will support both analysis and adjustment of the raw data into structured information. The other tool that will be used to analyze to data is the Pivot table function in the Microsoft Excel. The function will help to manage the data and the graph or chart can be easily made with this tool. With the graph, it will make the readers understand the information clearly. Moreover, comparing

the information with other literature will be the next step of the analyzing. To make this paper's finding more reliable, comparing the information will help to see the differences or similarities of the information, and to dig into the reason for why the information differs will be useful for the readers.



CHAPTER IV

DATA COLLECTION AND ANALYZE

4.1 Data Collection

After finishing the collecting the data from the online survey, the next step is to clarify the data and present them in graphs and tables to see the big picture of the information. All of the graphs in this section will contain the survey results from the questions in the previous chapter. Most of the data will be shown as percentage in group because it will be easier to interpret than the raw data number.

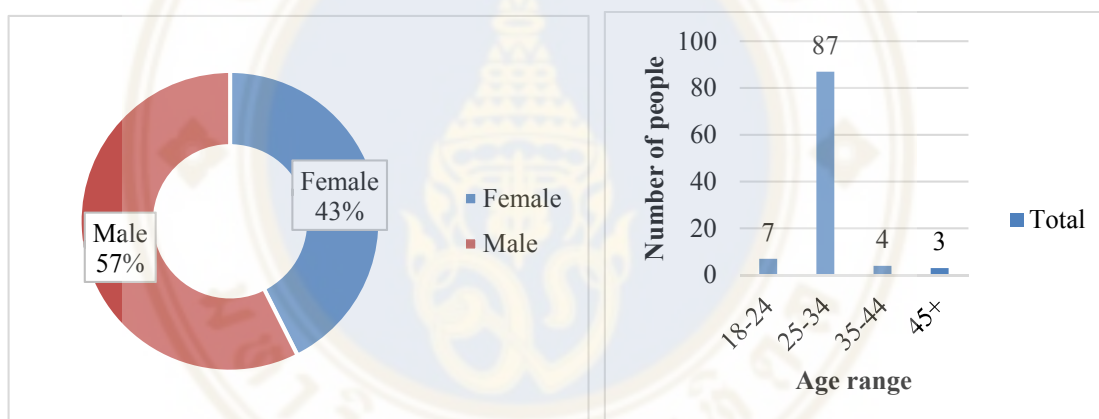


Figure 4.1 Biography of interviewee

The total number of people who answer the online survey questions is 101 people. From this number, it can be divided into two genders which are male and female. As the graph showing above, 57 percent of people who answered the survey are males and the rest 43 percent are females. Moreover, the age range of people who do the survey are also collected for deeper analyzing of the results. The people who answered the survey are mostly people who age around 25-34 which is 87 people. The second highest age range is 18-24 which consist of 7 people. The third group is people who are between 35 to 44 years old which are 4 people. The last group is the people who are older than 45 years old which is only 3 people.

4.2 Identify target group

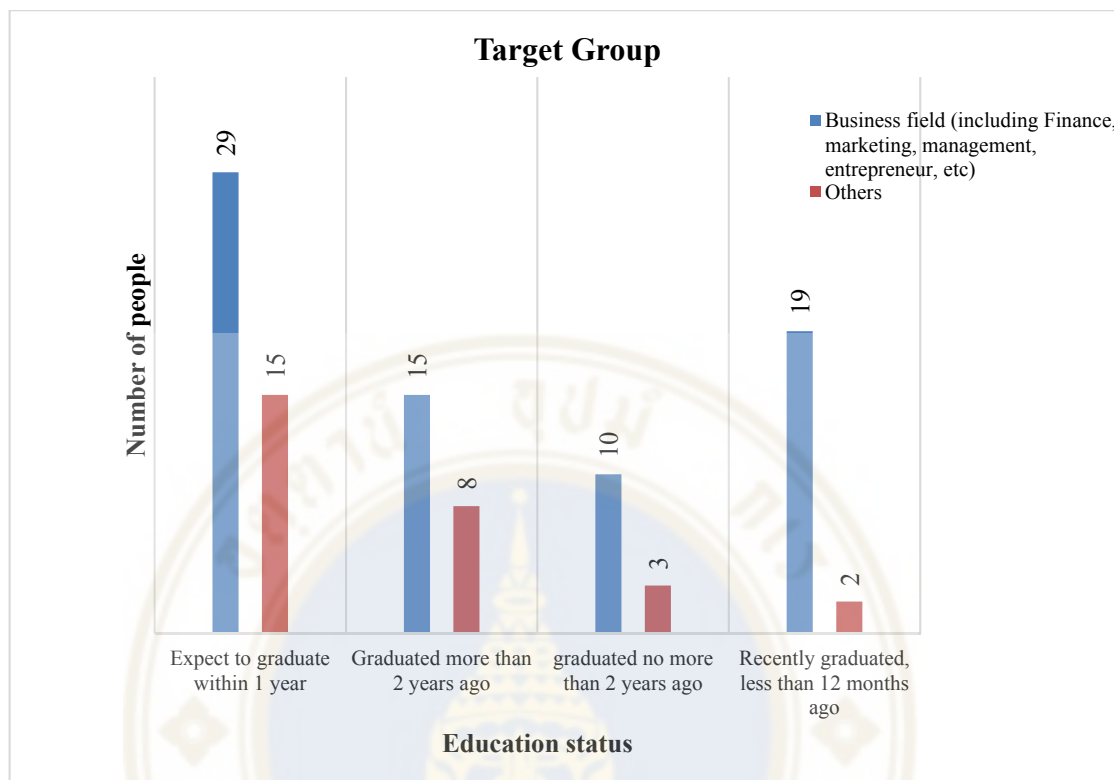


Figure 4.2 Target Group

The target groups of this research consist of two groups of people which will consider those people as new graduates. The first group is newly graduated students who graduated no more than 2 years ago. The second group is current students who will graduate soon. Moreover, this research will only consider only people who study in the business field. The graph above shows the statistic of people who did the survey. This number of target group will exclude the people whose education background are not in the business field and the people who are graduates more than 2 years ago, which are not considered as new graduates. Therefore, the result of the total number in our target group is 58 people. From now on the result of analyzing the data will consider only this group of 58 people.

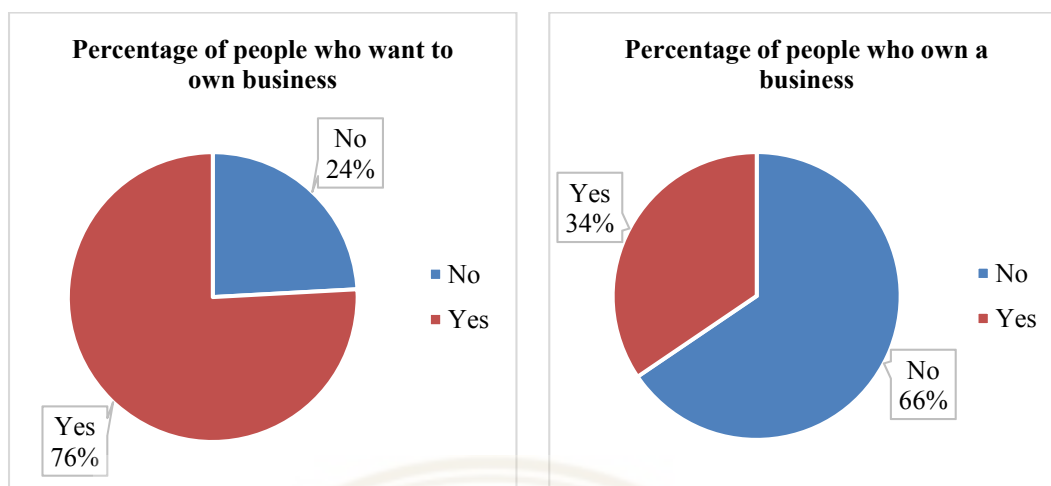


Figure 4.3 Percentage of people who want to own business

For additional information, the percentage of people who own the business from the target group is 34 percent and the rest 66 percent is the people who do not have their own business. Furthermore, 76 percent of the target group intend to create their own business in the future. However, the statistic of the rest 24 percent show that those people do not want to own the business in the future. The main reason why they do not want to own the business in the future is that they already have their own business right now.

4.3 Clarify the main answers

4.3.1 Financial Constraints

There are 14 main questions that which ask about the limitations and obstacles of being and entrepreneur in Thailand. All of the answers from target group will be clarify into the graph which will be easy to understand and ready for analyzing in this chapter. The first question is about the lack of capital. The graph below will show the result of the survey. This pie chart show that 64 percent of the target group strongly agree with this constraint. Other 34 percent of the target group answer that they partly agree on this factor. The last 2 percent of the group answer that they feel disagree to this statement. In short, 98 percent of the target group agree that lack of capital can be an obstacle for being a (recently graduated) entrepreneur in Thailand.

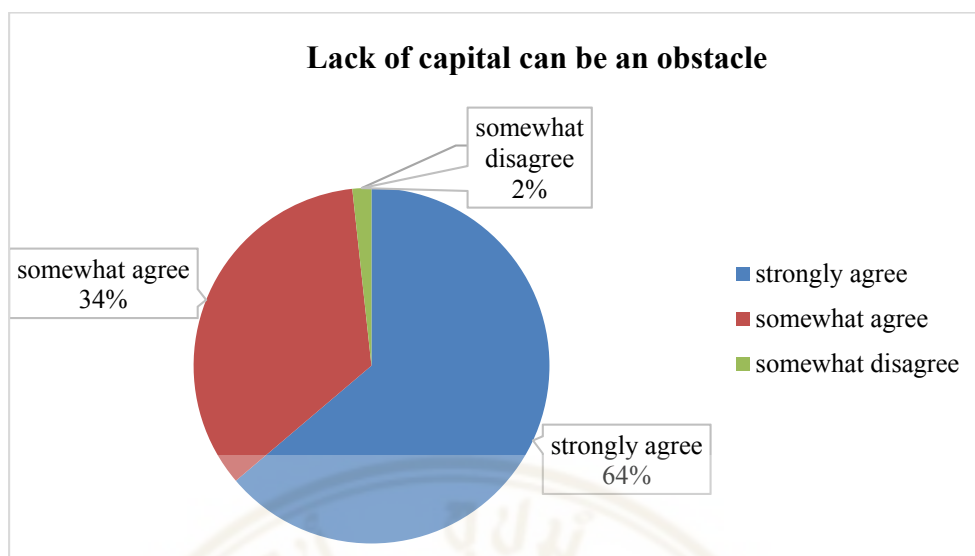


Figure 4.4 Funding methods

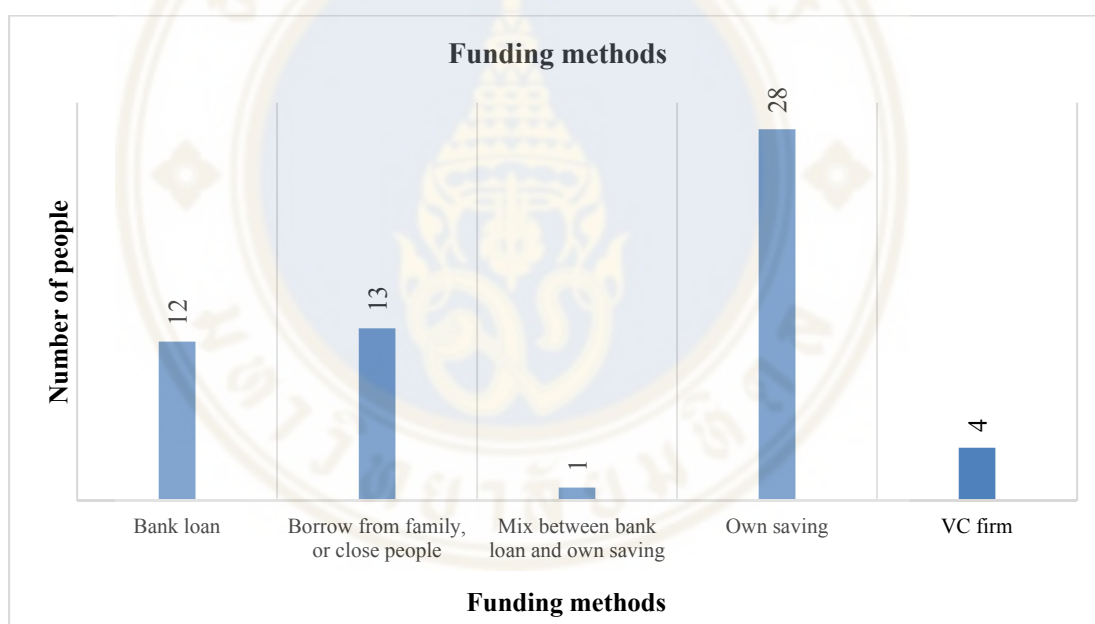


Figure 4.5 Funding methods

Moreover, there are five common methods which are commonly used to fund the business worldwide. This graph shows that most people choose to use their own saving to invest into their business. The second ranking in funding method is borrowing money from family or other close people. The third method that entrepreneurs choose for funding is bank loan. The last two methods are funding from VC firm and the mixture of bank loan and own saving.

From these two questions, it shows that most people agree that lack of funding or capital is an important obstacle for new graduates. As mentioned before, 98 percent of the target group agree with this factor because every business needs funding. This is obviously normal because money or capital is one of the crucial parts to start a business. No businesses in this world does not require the money to start or expand their businesses. Due to the high uncertainty score in Hofstede model, this make Thai people tend to use their own saving or borrowing from family to start their new businesses because it has lower risk than using other methods. The graph below shows the percentage of people who are willing to take risk in the business. The result show that only 28 percent that are definitely ready to take the risk and 60 percent show some willingness but not fully ready to take risk in the business. The last 12 percent show that they probably will not take risk in business.

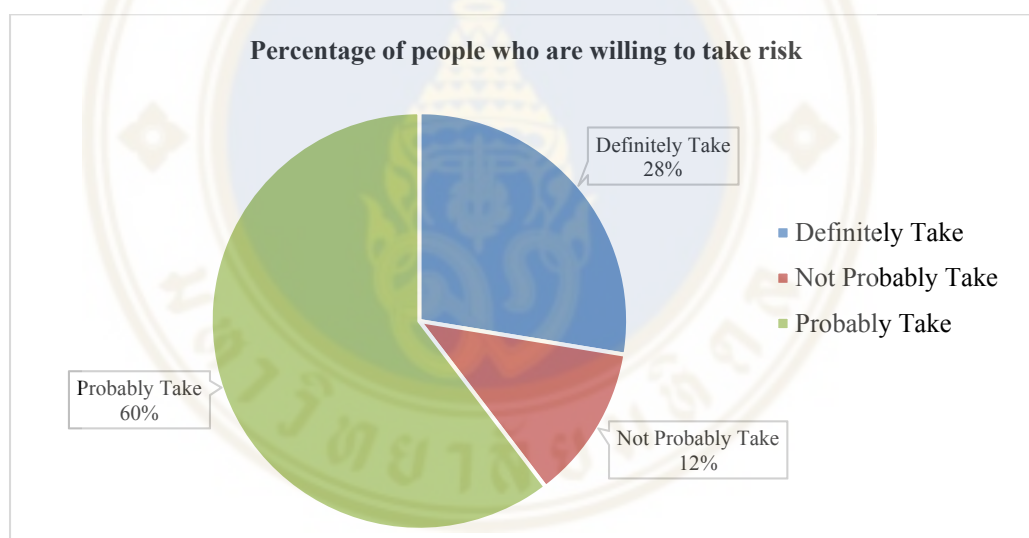


Figure 4.6 Percentage of people who are willing to take risk

As mentioned before, Thailand has culture that is high on uncertainty avoidance, so many may avoid the business that have a high risk. A good example would be the bank loan method. Bank load funding method does contain some risk such as losing of personal property. If a person does pay back the loan, the bank will initiate foreclosure proceedings for the secured assets.

Moreover, there is another information that shows why people tend to borrow money from family or close friends rather than banks. In this graph, it shows the percentage

of people who agree that bank regulations are obstacles that the new graduates have to deal with. The result implies that 91 percent of the target group agree on this factor that bank regulation is the obstacle that they have to face with. From this assumption, we can conclude that the bank regulation is one of the obstacles because of the complication processes of loaning the money. Therefore, people tend to use other easier way such as their own saving or borrowing money from their family to fund their start up business.

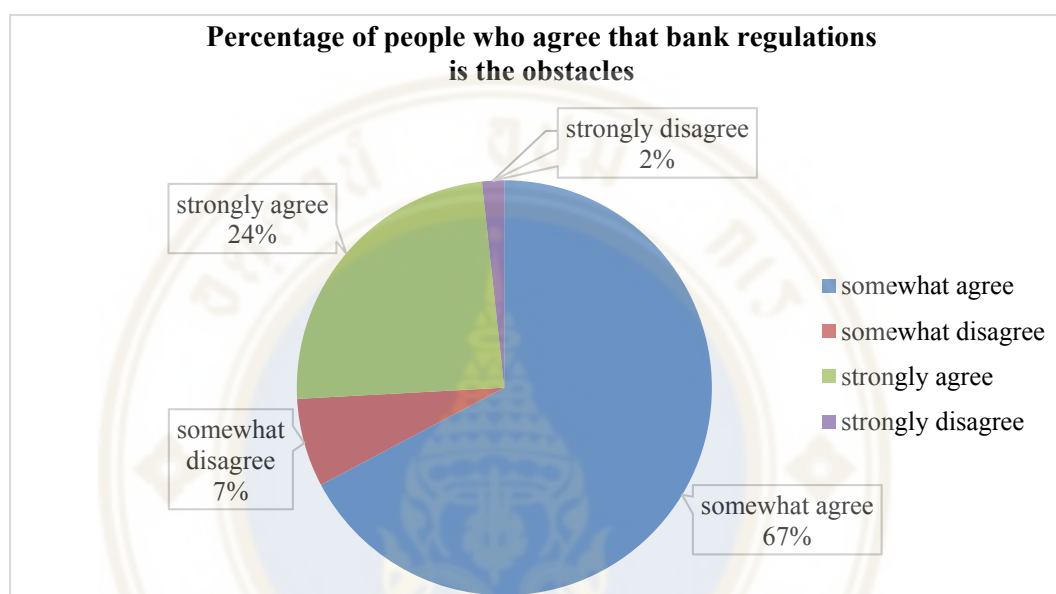


Figure 4.7 Percentage of people who agree that bank regulations is the obstacles

4.3.2 Connection and experience

There are two important external factors that play an important role to become a successful entrepreneur which are connections and experience. The first factor is connections, which are very powerful to create a shorter path to be a successful entrepreneur. This powerful tool can help the business to thrive easily. Another point of the external factor is about the individual's experience. Without experience in doing business does not mean you cannot be successful or cannot create a successful business, but the experience will help people to better deal with some problems or enhancing decision making that would be beneficial in the future.

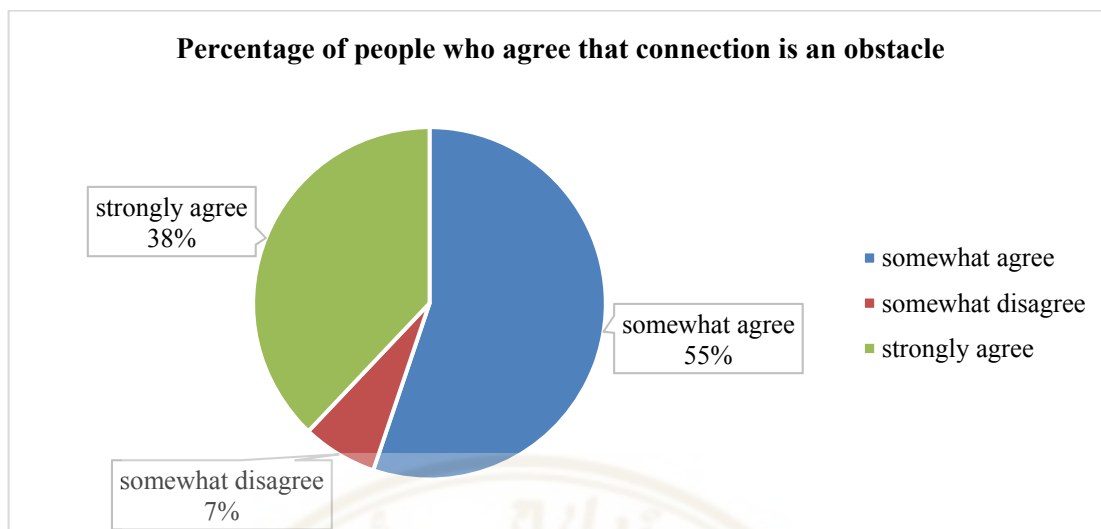


Figure 4.8 Percentage of people who agree that connection is an obstacle

For business connection, 93 percent of the target group agree that lack of connections is a barrier for doing business. There are only 7 percentage of people in the target group that shows the contrast and disagree with this factor. Therefore, this shows that the new graduates place important on connections.

The graph below shows the priority for the type of connections that the new graduates want to have if they starting a new business. The highest score of connection that is given by the target group is the connection with customer. This connection will benefit the new graduates in many ways such as saving time and money, or driving sales. Connection with customers can drive the sales of the company. Knowing more about their wants, needs, past purchases and next purchase will lead to better solutions that can serve better choices to the customer. These will increase the sales of the company and also increase the efficiency of the company.

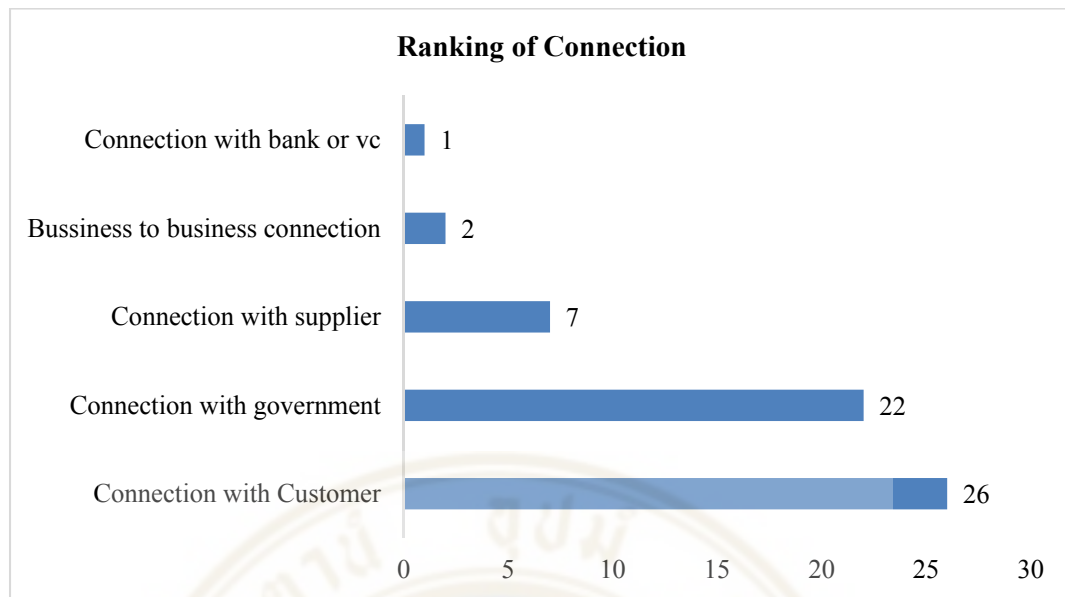


Figure 4.9 Ranking of Connection

The second rank that the new graduates place the important onto is the connection with the government which is 22 percentage points. The connection with government can create a huge business opportunity because government sector is one of the biggest consumers in the economy. Therefore, one job from the government can make the business grow very quickly. The third place in connection ranking is the connection with suppliers. There are 7 people who rank this connection in their first place. Increasing in supplier lead time payment is one of the benefits that may result from having a good connection with a supplier. Moreover, with the increasing in supply lead time payment, a company will have an extra time so it can make use of that time to increase the opportunity costs. In addition, the delay on the supply chain will decrease with better supplies connections. A close supplier will gain more understanding of the business they serve. This will lead to a good flow of the operations of the company. Business to business connections and connection with bank are the last two connections that seem to be less important for the new graduates because of the low score as show in the graph. It seem to be less benefit when comparing to the top three connection. As mentioned before, about 70 percent of the new graduates will start funding their business by using their own saving or borrowing money from the family, so this is why having connections with bank or VC firm is not so important for them.

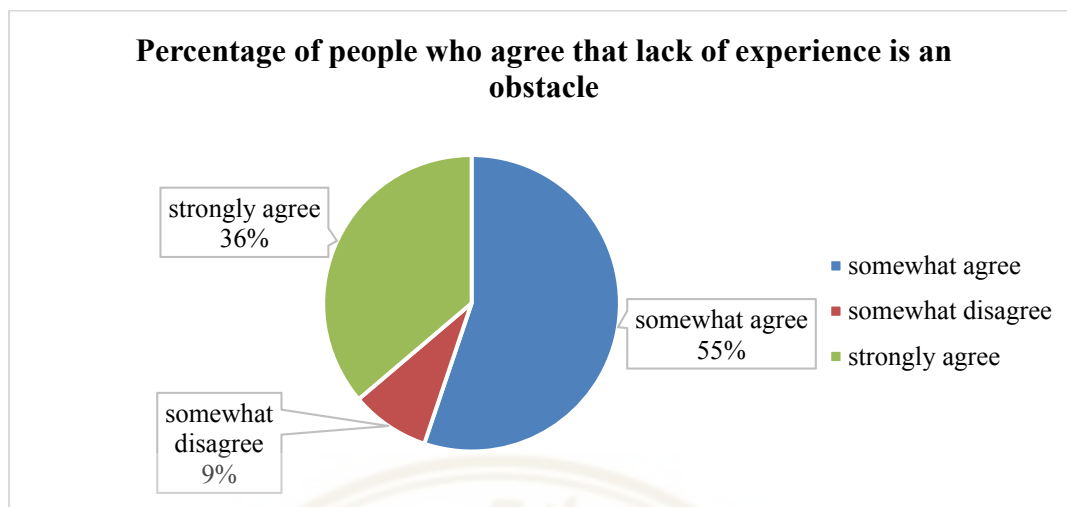


Figure 4.10 Percentage of people who agree that lack of experience is an obstacle

For the experience, the result from the survey shows that 91 percent of the target group agree that experience is important for doing business. With experience in doing business, it will help the new graduates gaining the competitive advantage. Knowledge gained from experience cannot easily be found anywhere. The insight from the experience will make the company better than other because it can create a possibility of having a chance a better deal. Moreover, experience will also enhance the decision making and making a good call from it.

On the other hand, there are 9 percent of people in the target group that do not agree with this factor that lack of experience is an obstacle for being a successful entrepreneur. These people believe that they can be successful without having any experience. The experience may not be the key indicator that point out who is going to be successful, but it is a tool that may increase the chance of success for the entrepreneurs.

4.3.3 Time Orientation

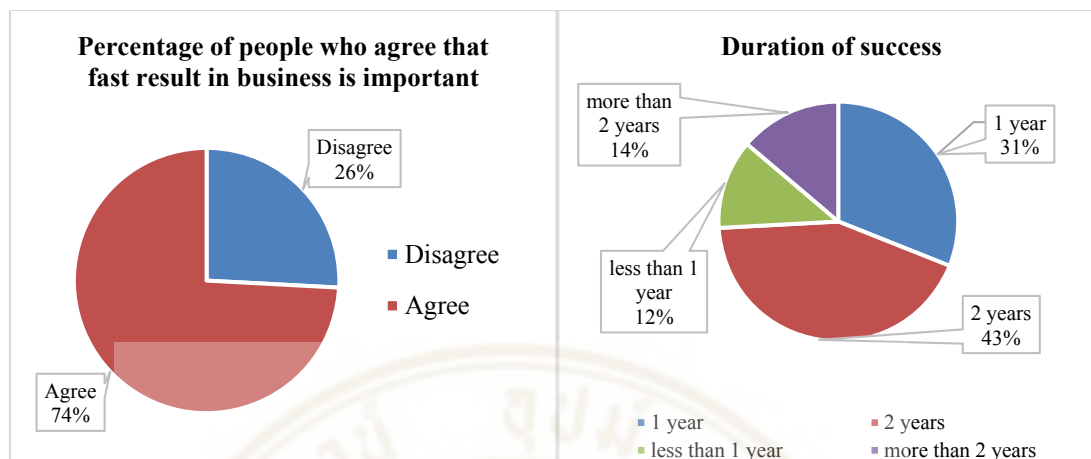


Figure 4.11 Time Orientation

Thai culture has a very short time orientation according to Hofstede-insights website (COUNTRY COMPARISON, n.d.). This aspect shows that Thai people want to achieve a fast result. Having a short time orientation will lead to humble feeling if they cannot achieve the result as fast as they want. This will be a limitation for the new graduates because not all businesses can reach the break-even point fast and are capable of making profit in the short run. In the survey, 74 percent of target group agree that fast results is important for them. As likewise, only 14 percent of people in the target group that can wait more than two years to see their business become successful in the future. 43 percent of people in the target group mentioned that two years is the best duration for the business to become successful and the rest 43 percent think that around 1 years is the best duration for them. Wil Schroter the successful serial entrepreneur mentioned that 4 years is the duration to get toward a real business and it will make up to 7 to 10 years to make the startup company truly successful (Schroter, 2018). During the beginning of a new startup, owners are full of excitement that they want to create a new business so they are willing to do anything for their new companies. However, as the time passes by, their feeling will change. There will be a point that these owners question themselves that they are making the right decision or not. After that the decision time will come. The owners have to make the decision that they are going to continue their startup or giving up because they do not get the expected results. If they continue doing their

business and pass through those initial tough times, they may have a chance to see more success in year 4 and onwards. This is the stage of startup that Schroter has written about in the Startup.com website. Therefore, this is one of the real obstacles that Thai new graduates has to deal with if they want to start their own business. They have to change their mindset that fast results are unlikely to happen in a new business. It may be true in some business like trading that people buy and sell instantly. However, this kind of business is not stable or sustainable, so changing the mindset of the short-time orientation will help to create a more sustainable business.

4.3.4 Family background

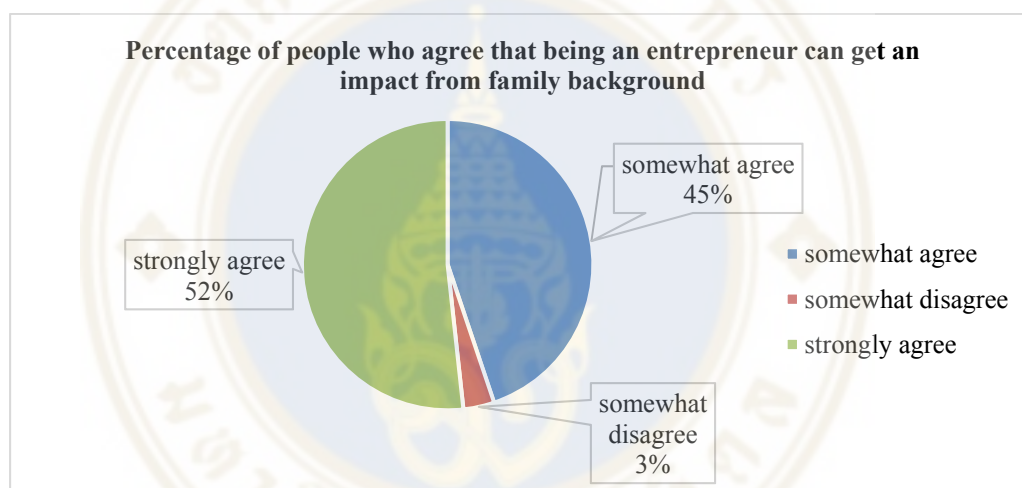


Figure 4.12 Percentage of people who agree that being an entrepreneur can get an impact from family background

The silent factor that can create an impact for being an entrepreneur for new graduates is the parental role model. The first question that asks about the impact of family background shows that the new graduates believe that a role model such as parents can create the factor for entry into an entrepreneurial career. 97 percent of the target group answers that they are agree that family background can create a positive impact on being an entrepreneur in the future. Only 3 percent of the group do not believe that family background can create an impact for being the entrepreneur. Moreover, Thai culture is considered more feminine in the Hofstede model. This femininity culture implies that the people will care for each other and focus more on the quality of life. It

can imply that family members are the source of significant support both financial and for consultation for an entrepreneur.

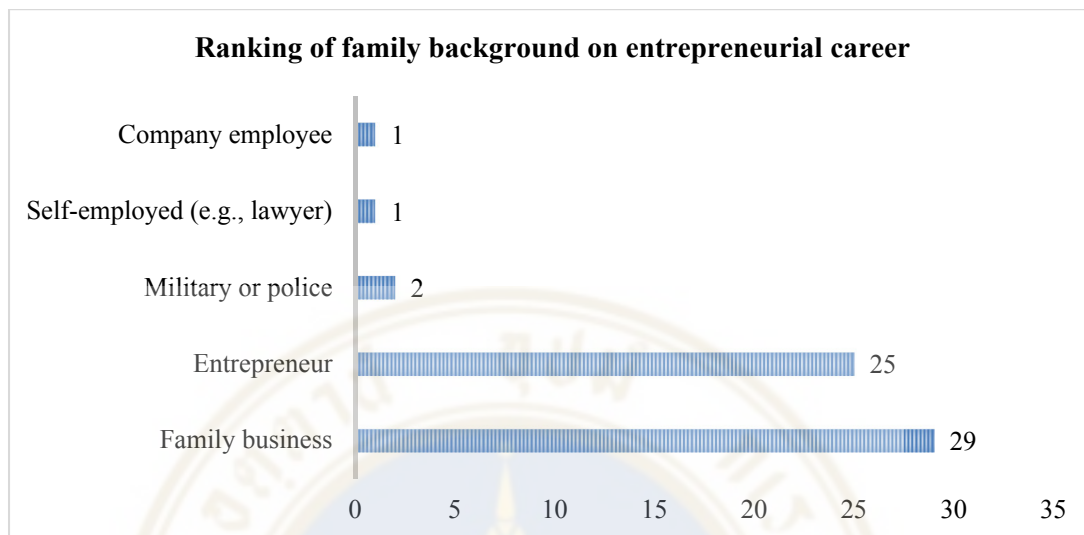


Figure 4.13 Ranking of family background on entrepreneurial career

Additionally, the second question ask about which foundation of family background can inspire for becoming an entrepreneur. The result of the survey shows that families who have their own businesses have the highest chance to influence a member to become an entrepreneur. The sencond ranking is a family who have an entrepreneurial background or a parent who is an entrepreneur. According to the result from the survey, it shows that there is a relationship between family background and entrepreneurial behavior. Therefore, it can determine that a family who has a business background like owned business or being entrepreneur, will have a positive influence on their children to become an entrepreneur. On the other hand, there are also 4 people who answer that family business background does not influence them to be an entrepreneur. These people can also select to be an entrepreneur without getting inspired by their family background, but other factors such as individual goals or unique skills.

CHAPTER V

CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

To conclude, most of the new graduates see all of the five factors which are financial constraints, connections, experience, time orientation, and family background as the obstacles to be an entrepreneur in Thailand. However, an open question is still which of the following factors can have to most impact for the new graduates to be a successful entrepreneur. The graph below shows the ranking of business obstacles that the target group think is the most important factor that they have to step over to fulfill their dream of becoming a successful entrepreneur.

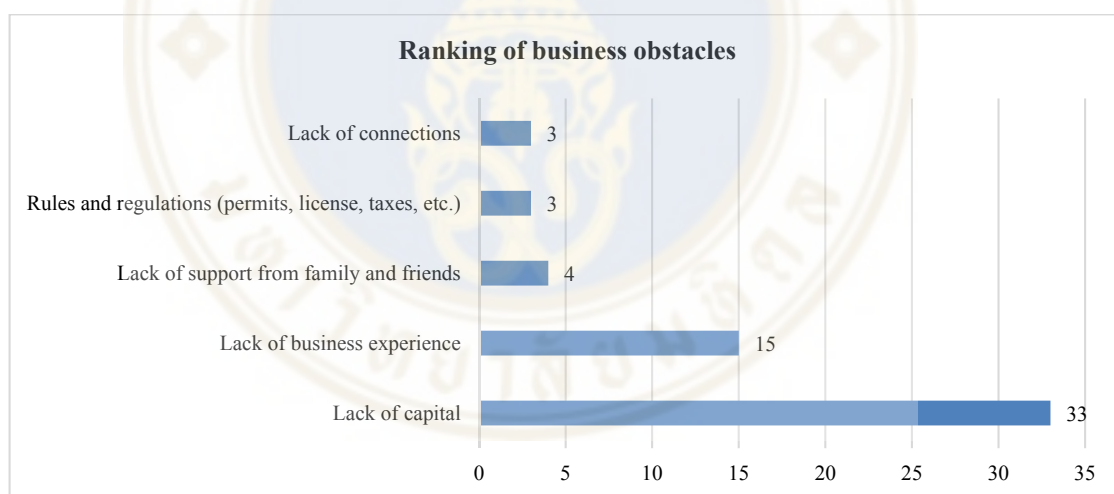


Figure 5.1 Ranking of business obstacles

The answer from the survey shows a large difference in number for the first top two factors and the others. This shows that the top two factors are the most important obstacles as the new graduates give priority to those obstacles. The first place of business obstacle that the new graduates face that it is the most important for being an entrepreneur in Thailand is lack of capital. As mentioned before, capital or money is very important for doing business. In every stage of doing business since the beginning, more or less,

it requires some funding and sources of money. Therefore, this is why the result of the survey shows lack of capital in the first ranking. For the second place in the ranking which is the lack of business experience, the new graduates place the importance on this obstacle because they think that the experience will help them to gain a competitive advantage and will help them to make a better decision to increase the chance of success.

5.2 Recommendations

As I mentioned before there are two major obstacles that the new graduates believe that these two factors are the most important obstacles to be an entrepreneur in Thailand. The first obstacle is lack of capital. Since most of the process for doing business requires money, the solution for this obstacle is to provide them easier access to money. It does not mean that someone just give the money for free, but it needs something in exchange, such as a good return on capital. Venture capital firms are a good solution for this obstacle. A newly graduated student who does not have enough capital or money to start a new business can pitch the idea to the investors via the venture capital firm. Therefore, if the Thai government support the venture capital firm or create the campaign that help these new graduates to raise funds, it will help those new graduates to step over this limitation.

The second important obstacle that new graduates find that it is important is the lack of experience in doing business. Business experiences can be a powerful tool for new graduates to become a successful entrepreneur in Thailand. It can help making a good call in decision making or gaining the competitive advantage over the competitors. To provide the business experiences for new graduates, it should have some class or internship that college students can gain experience in the real business. For example, in the course it should contain a real business trial program that let the students express their idea and conduct the real business. It is not important that the business is going to be a success or not, but the important aspect is that the students get experience out of this program. If the business does not succeed, the student has to know why it fails so the student can learn from their experience.

5.3 Limitations

For the limitations, there are only two things that can be considered as limitations in the research which are the time and the amount of people who answered the survey. The research will be more accurate if there is more time and a large sample size of respondents. One semester or around three months are the time that are available to complete the research. Moreover, a small amount of time leads to have a small amount of target group. During the process of collecting the data from the target group, the time is limited so this research can find only fifty eight people who answer the survey. Therefore, time is the main limitation for this research that leads problems such as small sample size.

If there is more time there are two things that can improve this research, which are adding more research methods and finding more target respondents. The research will be more accurate if it can add these two things. This research focuses only quantitative methods to collect the data. If there is more time, the qualitative methods should also be used in the process of data collection. This research will start with the qualitative method such as interview to find the limitation of the target group and then seek to confirm the results by using the quantitative method such as survey. This will make this research become more in-depth and reliable.

REFERENCES

- Anna L. Paulson, R. T. (2004). *Introduction. Entrepreneurship and financial constrain in Thailand*, 230.
- Baird, K. (2012). Top 9 Benefits of Business Networking. Retrieved from <https://amazingbusiness.com/top-9-benefits-of-business-networking/>
- BBB Accredited Bussness. (n.d.). *Lack of Capital: A Common Reason a Small Business Fails*. Retrieved from <https://mycompanyfunding.com/lack-capital-common-reason-small-business-fails/>
- BLT. Bangkok. (2019). *Thailand's promising young digital age can not be employed. It is the employer*. Retrieved from <https://today.line.me/th/pc/article/เผยแนวโน้มเด็กไทยยุคดิจิทัลไม่อยากเป็นลูกจ้าง+อยากเป็นนายตัวเอง-7wJ12m>
- Calvin A. Kent, D. L. (1982). *Encyclopedia of Entrepreneurship*. Retrieved from <https://papers.ssrn.com>
- CGK. (2017). *Millennial Entrepreneurship Trends in 2017, New national study finds Millennials have very different views of entrepreneurship than other generations in America*. Retrieved from <https://genhq.com/millennial-entrepreneurship-trends-2017/>
- Fatoki, O. (2011). *Results and discussions. An Investigation into the Obstacles to Youth Entrepreneurship*, 164.
- Hofstede Insights. (n.d.). *What About South Korea?*. Retrieved from <https://www.hofstede-insights.com/country-comparison/south-korea,thailand/>
- Hofstede Insights. (n.d.). *What About Thailand?*. Retrieved from <https://www.hofstede-insights.com/country-comparison/thailand/>
- Huizenga, W. (n.d.). *Benefits of a Clear Vision*. Retrieved from <http://www.wilsonleadershipgroup.com/benefits-of-a-clear-vision/>
- Kasikorn Bank. (n.d.). *K-Personal Loan*. Retrieved from <https://kasikornbank.com/en/personal/Loan/personal-loan/Pages/k-personal.aspx>

REFERENCES (cont.)

- Khaled Nawaser, S. M. (2011). Ranking of Entrepreneurship Barriers. *Motivational and Legal Barriers of Entrepreneurship Development*, 114-115.
- Mongkolsirikiet, K. (2015). External Factors. *The Key Failure Factors of Becoming an Entrepreneur*, 28-29.
- Schroter, W. (2018). *How Long Will It Take To Have a Successful Startup?* Retrieved from <https://www.startups.com/library/expert-advice/how-long-will-it-take-for-my-startup-to-be-successful>
- Thairath Online. (2018). *How many percent will Startup survive?*. Retrieved from <https://www.thairath.co.th/content/613825>
- Tobak, S. (2015). *The True Meaning of 'Entrepreneur'*. Retrieved from *entrepreneur*. <https://www.entrepreneur.com/article/244565>
- Writer, G. S. (2019). *The Qualities That Define A Successful Entrepreneur*. Retrieved from <https://groco.com/readingroom/lead-successful-entrepreneur/>