

Influence of Preparedness on Business Networking in Thai SMEs

by

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Abstract

Thailand is producer of quality products, especially lifestyle products that are highly placed and accepted in the international markets. Most of Thai SMEs are engaged in Thai life-style product businesses that are exported to international markets. The purpose and objective of this research is to examine the influence of preparedness in enhancing business networking in Thai SMEs. Researchers identify the relevant variables or factors through a comprehensive literature review. 38 variables were derived. This study focused on Thai Lifestyle Products Federation that is associated with seven alliance associations comprised large number of SMEs involved in lifestyle products business. The distribution of questionnaire was carried out in two sessions. The constructs validity and reliability were assessed by Confirmatory Factor Analysis. In addition, multiple regression analyses were used to study the relationship between preparedness and business networking. The study indicates that Resources and Business Planning are the most powerful predictors to influence the Business Networking. It is suggested that SMEs should allocate sufficient capital for use in business networking.

Keywords: Business Networking, Preparedness, Lifestyle Product

1. Introduction

With the advent of digital age, geographical boundaries are not considered as an obstacle to carry out any business activities between countries, mainly because of better communication, transportation, inflow of capital and technology that reach to every corner around the globe (Pekka et al, 2015; Nduttanne, 2014; Yiwei and Janssen, 2012). This led to economy in capitalist society and connects the businesses across the borders. In this context, the business owners, especially Small and Medium Enterprises (SMEs) operating in their home country are targeting to expand their business in international markets (Jean-François, 2012; Wen-Ting, 2012; Errko et al, 2011).

The SMEs play an important role in driving the force of local economic growth, job creation, disinflation and productivity enhancement in most industrial countries (Mokule, 2010; Milan and Nordqvist, 2007). It provide and create jobs to a large share of employees, and add a considerable share to total business turnover which make a country's economy more flexible. Yet, most of the SMEs find the way to protect and offensive challenges as well as expands it market in different countries and regions. In order to deal with different conditions and challenges, SMEs needs to adapt and accommodate changing temperament of the market as fast growth of the market and consumer tastes as well as changes in their requirements (Paul and Gronroos, 2014; Ethiopia, 2012). SMEs also needs to prepare themselves to 'know-how, know –why and know –what' to develop business network and expansion of their visibility in overseas markets. In addition, expansion objectives needs to have clear preparation from the beginning and availability of resources in the competitive market also the training. Understandings of these concepts reduce business risk.

Increasing investment in the Southeast Asian (SEA) Region and from the opening of countries like Myanmar, Cambodia, Laos and Vietnam, has yielded positive results in tourism and real-estate business (Peerapatra, 2014; Siripen and Herberholz, 2012; Yaowarat et al, 2013). Integration of ASEAN economy has been closely monitored by different business players i.e. corporate and government. This is mainly because of newly-developed designs mixed with local uniqueness and the modernity demanded by world markets. In addition, the local government of each country supports and provides special preferences to their local SMEs. In Thailand, the Ministry of Commerce of Royal Thai Government play important role in framing the policy to assist and supports SMEs development and also support in exporting SME's products to overseas markets. However, in dealing with foreign markets, Thai SMEs needs to know the various market approaches, especially networking, which is one of the important factor for Thai SMEs to expand their business in SEA markets. Networking enhances the management process and building up of relationship as well as provides a competitive advantage (Semrau and Werner, 2014; Hardwick et al, 2013). Networks place businesses in a position to gain access to larger global markets, to be benefited from economies of scale and to compete in the best large business across in the world (Chaney, 2014; Patel, et al, 2014).

Thailand produces quality products especially lifestyle products and that are highly placed and accepted in international markets. Majority of Thai SMEs are involved in the Thai Life Style product business that is exported in international markets. In addition, with the advantage of culture including types of life style, foreigners are aware of value of Thai life style products.

Thailand SMEs producing quality lifestyle products has huge potential and have benefited with international exposure. However, most Thai SMEs lack in growing and expanding their business in the international market (Parpart, 2014; Kunanoppadol, 2014). Thai SMEs have limited knowledge of preparedness towards international networking in order to succeed in foreign markets. Also, Thai SMEs are not well prepared in understanding the international market and also less aware of network business.

Networking is an important factor for the SMEs and it is needed not only in business sectors but also in non-business sectors (Martina et al, 2014; Raquel et al, 2014; Tanja and Ojala, 2011). Because of the market dynamism, networking play very vital role for SMEs, it assist them to grow, expand and compete as well as sustain in the market. Therefore, SMEs need to prepare well before entering any market. Lack of preparedness will likely result in their inability to succeed in international markets. Thus, preparing before entering the market plays an important role for SMEs especially in terms of good

networking. Limited research has been carried out in the areas of preparedness for SMEs in building networking with the international partners.

The purpose and objective of this research is to examine the influence of preparedness in enhancing business networking in Thai SMEs. Study is focused on Thai Lifestyle Products Federation (TLPF) that has seven alliance associations comprise of 1834 SMEs involved in the production of lifestyle products business. These SMEs are major producers and exporters of lifestyle products to different SEA countries. The export values of this combined industry are more than 3 billion US Dollars with annual growth rate of 8 percent.

2. Literature Review

In developing business network, business enterprises depend on various factors. They need to prepare for exploring and building networking. Without preparation for networking, it would be challenging to achieve success in the business.

2.1 Business Networking

Business relations networking is “continuing process of being and becoming through the actions and interactions taking place” (Huang & Wilkinson, 2012). The network is described as “*two or more organizations involved in long term relationships*” (Thorelli, 1986). It is the process of establishing a mutually beneficial relationship with other business people and potential clients and/or customers in which to increase business revenue, gain more knowledge of business skill. Additionally, professionals attend coordinated business networking events to proactively maximize their potential of adding like-minded business professionals to their network of business relationship (Smits, 2016; Darbi and Knot, 2016; Gilchrist, 2000). Also, Business communication and etiquette have their own set of unwritten rules and contexts, which may make successfully interacting with and developing business relationships with strangers in an atmosphere where those in attendance are attempting to interact with as many people as possible (Barnes et al, 2015; Weck and Ivanova, 2013).

In this study Business networking consists of five factors namely; Relationship, Trust, Communication, Know-How, and Social Aspect (Owolabi and Pal, 2013; Sandhu et al, 2012; Ge and Wang, 2013; Jensen et al, 2011; Young, 2007; Nguyen and Ramachandran, 2006; Florin et al, 2003).

Relationship concerns with interaction of business owner in the interest of personal and business connection in business setting (Witkowski and Thibodeau, 1999; Boles et al, 1997) and the study focus on relationship reliability (Ulaga and Eggert, 2006; Morgan and Hunt, 1994). **Trust** is another factor of business network and is explained as meeting the obligation and expectation of both the dealing partners to develop and confidence in each other’s ability, credibility and enrich their faithfulness and the honesty (Jevons and Gabbott, 2010; Newell and Swan, 2000; Panteli and Sockalingam, 2005). **Communication** is related to Thai SMEs communicating with their partners, verbal or non-verbal as well technological and non-technological, mediated and non-mediated, participation (Gajendra et al, 2012; Kushal and Ajuha, 2011; Knapp and Hall, 2010). **Know-how** concerns to special knowledge which implement in the production process to produce of product in the SME’s business and also represents a novel form of cooperative R&D (Raasch and Hippel, 2013). Further, know-how is concept

of learning by doing, and transfer of tacit knowledge embedded in practice, that are highly important for skill development (Szulanski et al, 2016). **Social aspect** is action of coordination with other business partners/traders which will gain on relationship which social dimension of a network organization is especially important because the type of coordinated action is required to address issues and are rarely routine (Galkina and Chetty, 2015).

2.2 Preparedness

Preparedness has been applied in various areas of study by the different researchers such as in Business, Disaster, Environmental, and Technological Development. Preparedness needs to be interesting and engaging activities and should involve rehearsal as well as psychological support from group or teams to develop proper procedure and make it more enjoyable and fun (Marks, 1990). Business preparedness always play vital role as it involves the investments from business stakeholders and other different partners. Most of the business entrepreneurs comply with due diligence and also follow the strategic business model such as Five Force Model, Balance Scorecard or Blue Ocean Strategy. Preparedness is one of the fundamental factors in business (Kaish and Gilad, 1991) and to be successful in business, one has to always prepared and ready for the expected and unexpected things/situations (Sheetz-Runkle, 2011).

Previous studies (Bøllingtoft, 2012; Tang, 2011) indicate that Preparedness factors such as resources, planning and training influence the business networking (Carneiro et al, 2013; Gadde et al, 2010; Barrett, 2006; Benito and Welch, 1994). These indicators influence and shape collective and individual action as well as markets through network. These three factors benefits SMEs to flourish their activities and bonding more with the business networking of the company. Thus, in this study, preparedness is defined as '*Thai SMEs is preparing themselves in-advance before entering to the international networking*'. The meaning of resources, business planning and training for this study are follows:

- **Resources:** Availability of sufficient capitals ready to be used in a business network (Andersson and Mattsson, 2010; Ciabuschi et al, 2010; Gadde et al, 2010).
- **Business Planning:** Determinations of business owner to collect information about a business prospect and to specify how that information will be used to create a new network to exploit the opportunity (Delmar and Shane, 2013; Castrogiovanni, 1996).
- **Training:** A planned effort to facilitate employees' learning of job competencies in business networking.

2.3 Conceptual Framework

Business networking depends on the preparedness in understanding and exploring international business network as well as ripping the benefits from the network to excel the company business performances. Previous study (Carneiro et al, 2013; Gadde et al, 2010; Barrett, 2006; Benito and Welch, 1994) indicates that preparedness do influence business networking, thus, preparedness (factor) directly influence Business Networking. The conceptual framework for this research is based on previous studies and researchers' experiences in engaging with Thai SMEs. Figure 1 shows relationship between Preparedness and Business Networking.

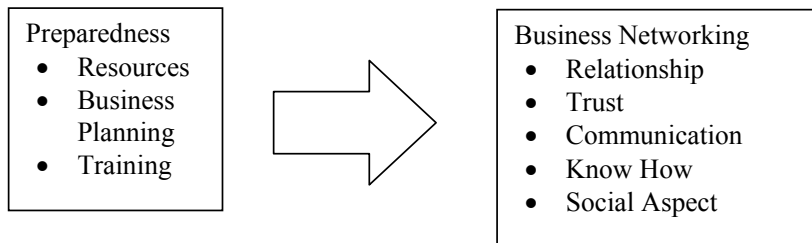


Figure 1 Relationship between Preparedness and Business Networking

Measuring business networking has been researched extensively by different scholars, however in this study, the measurement is based on five important factors that is derived from different scholarly studies including Yang, 2007 and others (Owolabi and Pal, 2013; Sandhu et al, 2012; Ge and Wang, 2013; Jensen et al, 2011; Nguyen and Ramachandran, 2006; Florin et al, 2003). Influences of business network on the SME's opportunities and the securing external resources is a concern particularly with the measurement of business network, At the same time, flow of information and knowledge can provide confident in decision making. The measurement of Preparedness factor is emphasized on the Thai SMEs in preparing themselves in-advance before entering to the international networking and is based on three factors as shown in Figure 1.

3. Research Methodology

Researchers identified 38 relevant variables or factors through a comprehensive literature review. These variables are focused on individual in SMEs perception regarding preparedness and business networking. These variables relate to individual SMEs perception of preparing for business networking. A Five Pont-Likert-type internal scale ranging from “strongly agree to strongly disagree” was used. Validity of the variables were carried out and verified by five experts with background related to this study. The Index of Consistency (IOC) was calculated and confirmed. These ensured complete and correct variables were included in the primary data collection through questionnaires survey and led to further improvement of the content validity, which ensured that the measurement instrument targeted the intended variables.

The target population for this study is 1,834 SMEs under Thai Lifestyle Products Federation which consists of 7 Associations in Thailand. Taro Yamane's formula ($n = N/1+N(e)^2$) technique was used for sampling ($1834/1+1834(.05)^2 = 381$) and the sample size is 381. The researchers distributed 381 questionnaires to the business owners under Thai Lifestyle Products Federation (TLPF) which consists of 7 associations as shown in the Table 1 below.

Table 1 Distribution of Respondents

#	Association/companies	N	n	% of responds
1	Thai Gifts Premiums & Decorative Association	310	65	27.40
2	Thai Toy Industry Association	279	58	15.80
3	Thai Housewares Trade Association	329	69	14.70
4	Northern Handicrafts Manufacturers and Exporters Association	119	25	14.40
5	Thai Stationeries and Office Supplies Association	228	48	13.00
6	Design & Objects Association	335	70	12.50
7	Home Decorative Design Association	218	46	02.20
	Total companies	1,834	381	100%

The distribution of questionnaire were carried out in two phase. The first phase was carried out by distributing the questionnaires directly to management of targeted SMEs and responses were received within three weeks. The second phase of research and data collection was carried out during the annual exhibition of TLPF held at BITEC-Bangna and on request all response were received in three hours. Response rate of 100% was achieved because of researchers' ability to network well with TLPF members and their acknowledgement of the relevance of this study. Out of 381 response, 20 respondent's questionnaires were not suitable as per data requirement for this study. Therefore respond from 361 were selected for analysis. The unit of Analysis of this study was at organization level as respondents held executive level positions with decision making capacity in their respective SMEs. A reliability test was carried out for all the variables using Cronbach's Alpha. The Alpha value of more than 0.7 is acceptable for this research for further analysis the data. Table 2 presents the summary of the reliability tests and descriptive statistics for variables of this study.

The constructs validity and reliability was assessed by Confirmatory Factor Analysis (CFA) using LISREL 8.54., which are presented in table 2 that shows the CFA results of measures; Average Variance Extracted (AVE). CFA was applied in the first part of data analysis in order to assess the Convergent Validity (CV) and Discriminant Validity (DV) of the multi-item scales measured of the variables. The convergent validity refers to "the degree to which two measures designed to measure the same construct is related" (Netemeyer et al, 2004; Netemeyer et al, 2003). It is established that if the score gathered by two different instruments measure the same, construct are highly correlated (Sekaran, 2003). The DV was carried out to examine the square root of the AVE as recommended by Fornell & Larcker (1981). DV looks at measures of constructs that theoretically should not be related to each other.

In addition, multiple regression analyses were used to study the relationship between preparedness as independent variable and business networking as dependent variable. The multiple regression analysis was carried out at the individual factors level (*taking the variables only from one preparedness as independent variable in the regression analysis*). To avoid the effects of the different scales used, the standardized regression coefficients Beta (β) are estimated. Beta coefficient are the coefficient of the independent variable when all variables are stated in standardized. Comparing the beta weights (coefficients) of each variable can disclose the relative significance of factors. Also, the multicollinearity statistic was carried to ensure not to harm in analyzing the data. Results in the table 2

shows that Variance Inflation Factor (VIF) is less than 5, which indicates no multicollinearity in the statistic (Hoerl and Snee, 2010; Dattalo, 2008).

4. Results and Findings

58.20 percent of the respondents were female and 41.80 percent were male. This indicates that female involvement in the TLPF play an important role in business sector. 80% respondents were experiences up to 20 years. This indicates majority of the respondents have knowledge of the products and market as well as experience in their respective business operations. The experience gained from business helped in their business in expanding their business in other countries through the network.

The skewness (S_k) and Kurtosis (Kurt) shows normality of the statistics as presented in table 2. Descriptive analysis (*means and standard deviations of respondents*) of each factor is shown in the table 2. The overall Mean (X_{\square}) of Business Networking factor is 4.41. The highest X_{\square} score of Business Networking sub-factor is Trust, which has **4.50** (standard Deviation: $\sigma^2 = .598$); and followed by sub-factor Communication, which has the X_{\square} score of 4.48 (SD= .641); sub-factor Relationship mean score is 4.41 ($\sigma^2 = .563$); mean of sub-factor Know-How is 4.43 ($\sigma^2 = .647$) and X_{\square} of sub-factor Social Aspect is 4.33 ($\sigma^2 = .657$). The overall X_{\square} of the Preparedness is **4.30** ($\sigma^2 = .647$) which indicates that respondents are agreed on the all the items under Preparedness items. The highest X_{\square} score of Preparedness sub-factor is business planning, which present means 4.40 ($\sigma^2 = .667$); and followed by sub-factor resource which presents X_{\square} 4.33; $\sigma^2 = .660$) and training which mean 4.18; ($\sigma^2 = .840$).

Table 2 also presents the Cronbach's alpha (α) for all variables that are above recommended value of 0.70 (Nunnally, 1978) and CR of all constructs range from 0.72 to 0.98 which are higher than minimum criteria of 0.60 (Bagozzi & Yi, 1988). The factor loading, CR and AVE that provides the measure of factor of Business Networking which consist of 5 sub-factors. The CR value on Business Networking is 0.98 and it is greater than the construct value of 0.70 (Hair et al, 1998). AVE score on Business networking is 0.91 and is greater than 0.50 (Hair et al, 1998). The factor loading which values ranged from 0.63 to 0.99 at the significant level of 0.01.

- Relationship factor has CR value of 0.91 and is greater than the construct value of 0.60. An AVE score is 0.72 and is greater than 0.50. The factor loading values ranged from 0.72 to 0.86 at the significant level of 0.01.
- Factor of **Trust** has CR value of 0.97 and greater than the construct value of 0.60. An AVE score is of 0.84 and greater than 0.50. The factor loading which values ranged from 0.73 to 0.94 at the significant level of 0.01 which indicated that 7 items under this factor could measure this factor.
- Factor of **Communication** has CR value 0.95 and is greater than the construct value of 0.60. An AVE score of 0.78 is greater than 0.50 in factor loading which values ranged from 0.75 to 0.87 at the significant level of 0.01 which indicated that there are 5 items could measure this factor.
- Factor of **Know-how** has CR value of 0.79 and is greater than the construct value of 0.60 and all the component of factors could explain each factor on AVE which measures the factor of Know-how. An AVE score is of 0.66 greater than 0.50. The factor loading values ranged from 0.66 to 0.82 at the significant level of 0.01 which indicated that there are 2 items could measure this factor.

- Factor of **Social Aspect** has CR value of 0.95 greater than the construct value of 0.60 and all the items of factors could explain each factor on AVE which measures the factor of Social Aspect. An AVE score of 0.81 greater than 0.50. The factor loading values ranged from 0.72 to 0.89 at the significant level of 0.01 which indicated that there are 4 items could measure this factor.
- The factor of **Preparedness** has CR value of 0.96, which is greater than the construct value of 0.60 and items of factors could explain each factor on AVE which measures the factor of Preparedness as shown in Table 2. An AVE score is of 0.88 and greater than 0.50. The factor loading which values ranged from 0.72 to 0.97 at the significant level of 0.01. There are 3 sub-factors; Resource, Business Planning and Training and details are as follow:
 - *Resource* has CR value of 0.95 and above the acceptability value of 0.60. An AVE score is of 0.82 and is greater than 0.50. The factor loading values ranged in this factor from 0.77 to 0.97 at the significant level of 0.01.
 - *Business Planning* has CR value of 0.97 and is above the acceptability value of 0.60. An AVE score is of 0.85 is greater than 0.50. The factor loading values ranged from 0.74 to 0.92 at the significant level of 0.01 which indicated there are 6 items that could measure this sub-factor.
 - *Training* has CR value of 0.92 and is above the acceptability value of 0.60. An AVE score is of 0.75 and is greater than 0.50. The factor loading values ranged from 0.72 to 0.94 at the significant level of 0.01 which indicated there are 4 items that could measure this sub-factor.

Finding shows that **Business Networking**, and **Relationship** play significant role (factor loading at .99), where it performs consistently and demonstrate its interest in the wellbeing of business partners and company builds reliability to enhance the potential for new knowledge creation. Secondly, **Communication** (factor loading at .98) play significant role in business networking. Communication builds strong foundation in company to diversify and enhance better business networking. Communication also helps company in bringing the business closer. Thirdly, **Trust** (factor loading at .87) play significant role. High levels of trust is necessary in order to facilitate and generate learning and innovation in company business network as well as enhance the potential for new knowledge creation at any company. In addition, it is one of the important factor in business networking of company exploring the international market.

Fourthly **Social Aspect** (factor loading at .78) also plays significant role. Employees are happy to talk about company in company events with current and new partners and also company encouraged to take responsibilities for their business dealing with partner. Company understands the employees feeling and manages them accordingly. Lastly, **Know-How** (factor loading at .73) was less significant of all the factors considered. Company implements tacit knowledge to develop new products and services in the company and produce the products using intellectual secrecy. From the above finding, overall, relationship is most significant factor followed by Communication, Trust, Social Aspect and Know-How.

The finding also shows that the preparedness impact on business networking for SMEs. The study found that planning (factor loading at .98) plays very significant role. When planning, companies rely on well thought out answers and creative solution for the concerns issues. Planning facilitates help

in specific steps for the achievement in getting new network. Also companies adapt to refine their business idea that reflects the quality of business plan.

Secondly, Training (factor loading at .84) plays very significant role. Company allowing their employees in attending training helps them gain knowledge for better understanding of business network and be able to transfer knowledge gained from training. Thirdly the resource (factor loading at .79) plays significant role for the business performance of company and for business networking. For instance, technological infrastructure supports in managing the business network and planning can be implemented provided sufficient resources such as financial resources are available.

Table 2 Means, Stand Deviations, Skewness, Kurtosis, Cronbach Alpha and CFA

#	Variables	\bar{X}	σ^2	S_k	Kurt	α	CFA
Business Networking : Relationship: Confidence in an exchange partner's trustworthiness and genuineness; proper utilization of information and knowledge with secure and justifiable; and willingness of one party to reply on the action of another party (CR=.98 and AVE=.91)							
1	Cultivating relationships to develop business network in generating revenue	4.25	.768	-.464	-1.165	.885	0.76*
2	Relationships fetch greater benefits and striving to gain stronger business networking	4.35	.723	-.771	-.222	.881	0.72*
3	Relationships have strategic value as it reduce the uncertainty and enhance the stability in business networking	4.26	.784	-.662	-.531	.891	0.74*
4	Build reliability to improves the opportunity of having quality communication and effective SMEs performance	4.44	.732	-1.287	1.412	.896	0.63*
5	Build reliability to enhance the potential for new knowledge creation	4.47	.707	-1.097	.378	.876	0.85*
6	Capable of performing consistently and demonstrate its interest in the wellbeing of business partners	4.42	.781	-1.124	.361	.887	0.86*
Overall		4.41	.563	-.489	-1.052	.886	.99* (CR=.91 and AVE=.72)
Business Networking : Trust: Meeting the obligation and expectation of the both the dealing partners to develop and confidence in each other ability, credibility as well enrich their faithfulness and the honesty							
7	Trust is the key to effective business networking arrangements	4.61	.577	-1.190	.426	.955	0.73*
8	Trust improves the opportunity of having quality communication and effective SMEs performance	4.47	.730	-1.323	1.379	.952	0.88*

9	Trust enhance the potential for new knowledge creation	4.48	.707	-1.134	.441	.953	0.91*
10	High levels of trust is necessary in order to facilitate and generate learning and innovation	4.44	.743	-.907	-.621	.952	0.94*
11	Trust is one of the most important factor in business networking in exploring the international market	4.61	.637	-1.572	2.059	.952	0.85*
12	Trust is indeed needed to make sense of the development of trust relationships in order to create business networking	4.48	.738	-1.260	.744	.954	0.75*
13	Employees need a passage of time to create trust with other partner in the network	4.43	.727	-.863	-.621	.954	0.79*
Overall		4.50	.598	-.937	-.294	.953	.87* (CR=.97 and AVE=.84)

Business Networking : Communication: Thai SMEs communicating with their partner verbal or non-verbal as well technological and non-technological, mediated and non-mediated, participatory

14	Better communication to enhance better business networking	4.44	.713	-1.191	1.166	.952	0.84*
15	Communication always helps in business networking in bringing the business closer	4.44	.783	-1.544	2.167	.953	0.80*
16	Communication builds strong foundation to diversify the business networking	4.52	.683	-1.089	-.096	.952	0.87*
17	Communication helps reducing the uncertainty and resolve the ambiguity in business networking	4.42	.802	-1.029	-.253	.953	0.81*
18	Knowledge sharing is to not only ensure the development of the individual but also to facilitate cross-cultural communication	4.60	.731	-1.875	2.878	.954	0.75*
Overall		4.48	.641	-.873	-.523	.952	.98* (CR=.95 and AVE=.78)

Business Networking : Know How: Implementation of tacit knowledge in the production process to produce the product in the SME's business

19	Implement tacit knowledge to develop new product and service	4.55	.690	-1.516	1.979	.955	0.66*
20	Company produce the products applying intellectual secrecy	4.32	.794	-.942	.139	.958	0.82*
Overall		4.43	.647	-1.164	1.103	.971	.73* (CR=.79 and AVE=.66)

Business Networking : Social Aspect : Coordination of business partners/traders which will enhance the strengthen the relationship

21	Employees are happy to discuss company events with current and new partners	4.22	.744	-.534	-.483	.956	0.89*
22	Encouraged to take responsibilities in business dealing with partners	4.31	.713	-.672	-.265	.954	0.89*
23	Understands employees feeling and manages them accordingly.	4.34	.781	-1.108	.814	.953	0.85*
24	Encouraged employees to support each other	4.44	.728	-1.236	1.221	.953	0.72*
Overall		4.33	.657	-.777	-.142	.945	.78* (CR=.95 and AVE=.81)

Preparedness: Resources: Availability of sufficient capitals ready to be used in a business network (CR=.96 and AVE=.88)

25	Ready to take the plan business if the resources are provided	4.31	.740	-.898	.480	.956	0.88*
26	Adequate financial resources to invest in business network	4.38	.689	-.865	.351	.956	0.77*
27	Technological infrastructure is enough to manage participation in the business network	4.26	.880	-.847	-.395	.955	0.93*
28	Human resources are capable in understanding and developing the business networking	4.37	.700	-.658	-.747	.956	0.73*
Overall		4.30	.624	-.431	-1.069	.955	.79* (CR=.95 and AVE=.83)

Preparedness : Business planning: Determinations of business owner to collect information about a business prospect and to specify how that information will be used to create a new network to exploit the opportunity

29	Business planning enhance business performance and establish a strong business network	4.43	.630	-.659	-.535	.956	0.73*
30	Decision making impact on the persuading the business plan presentation	4.35	.727	-.862	.168	.955	0.73*
31	Refining business idea reflect the quality of business plan	4.39	.667	-.649	-.639	.955	0.80*
32	Well thought out answers and creative solution for the concerns issues	4.41	.657	-.669	-.589	.953	0.91*
33	Business planning offers little advantage to new venture for the networking	4.39	.726	-.751	-.755	.954	0.89*
34	Business planning facilitates and help in specific steps for the achievement in getting new network	4.43	.728	-1.089	.517	.954	0.84*
Overall		4.40	.597	-.686	-.518	.954	.92* (CR=.97 and AVE=.85)

Preparedness : Training: A plan effort to facilitate employees' learning of job competencies in business networking

35	Allow to attend the training to gain business knowledge in order to understand the business networking	4.25	.873	-.872	-.260	.953	0.92*
36	Membership in the networking group supported by government	4.06	1.056	-.913	-.076	.953	0.73*
37	Membership in the networking group supported by internet	4.28	.868	-1.017	.165	.955	0.86*
38	Employees gain knowledge transfer from training	4.12	.931	-.717	-.522	.954	0.89*
Overall		4.18	.840	-.749	-.359	.953	.88* (CR=.92 and AVE=.75)

In order to find out predictability of Business Networking from preparedness factors, a multiple regression analysis was carried out to study the relationships between independent and dependent variables. All factors were entered into the equation to identify which combination of factors best predict factor of Preparedness for Networking. Factors given in the table 3 represent the results of a multiple regression. It can be seen that Preparedness factors are found to have a significant association with one or more types of NET ($p=0.00$). These factors are Resources, Business Planning and Training.

Table 3 Relationship between Preparedness and Business Networking

Preparedness	Business Networking										VIF
	Relationship		Trust		Communication		Know-How		Social Aspect		
	β	<i>p</i> -value	β	<i>p</i> -value	β	<i>p</i> -value	β	<i>p</i> -value	β	<i>p</i> -value	
Resources	.246	.000	.095	.050	.433	.000	.605	.000	.608	.000	2.134
Business Planning	.492	.000	.670	.000	.352	.000	.176	.005	.063	.237	2.804
Training	.132	.021	.059	.304	.066	.268	.048	.474	.302	.000	3.156
R^2	.628		.616		.594		.486		.645		
Adjusted R^2	.625		.613		.591		.481		.642		
<i>F</i>	200.952		190.887		174.374		112.385		215.841		
<i>p</i> -value	.000		.000		.000		.000		.000		

When observing the specific factors of Preparedness, Resources is found to have a significant positive relationship with all factors of Business Networking (*p*-value =0.00). Business Planning is found to have a significant positive relationship with four factors of Business Networking and these are *Relationship*, *Trust*, *Communication* and *Know-How* (*p*-value =0.00). Among all the independent factors, business planning for trust ($\beta =.670$, *p*-value =0.00) and resources for Social Aspect ($\beta =.608$, *p*-value=0.00) and Know-How ($\beta =.605$, *p*-value=0.00) has the highest beta coefficient. Training ($\beta =.132$, *p*-value=0.00) for relationship is powerful but lesser extent than aforementioned two factors.

Results can be interpreted that resources and business planning factors of preparedness as the most powerful predictor for above-mentioned five categories of Business networking for Thai SMEs. For instance, When Thai SMEs carries out creative solution for the concerned issues, they build strong foundation to diversify their business networking. In addition, When Thai SMEs business planning facilitates and help in specific steps for the achievement in getting new network, they have high levels of trust in order to facilitate and generate learning and innovation through the business network. As a result, SMEs are able to implement their tacit knowledge to develop new products and services and produce using intellectual secrecy. This encouraged SMEs employees to take responsibilities for their business dealing with partners.

4. Conclusions and Recommendations

This study investigates the influence of Preparedness on Business Networking in Thai SMEs. Table 4 shows preparedness strongly influence Business Networking. Considering relationship between individual sub factors of Preparedness with Business Networking, all three factors (Resources, Business Planning and Training) exhibit a significant positive relationship with five factors of Business Networking.

Table 4 Summary of Relationship between Preparedness and Business Networking (n=361)

Preparedness	Business Networking				
	Relationship	Trust	Communication	Know-How	Social Aspect
Resources	√√	√	√√	√√	√√
Business Planning	√√	√	√	√	-
Training	Yes	-	-	-	√√

Notes:

√√ – found powerful significant relationships between elements.

√ – found significant relationships between elements,

- No significant relationship

The study indicates Resources and Business Planning are the most powerful predictors to influence the Business Networking. SMEs developing Business Networking with overseas partners, are suggested to collect information about business prospect and to analyze how that information will be used to create a new network to exploit the opportunity (Patel et al, 2014; Chaney, 2014; Delmar and Shane, 2013; Castrogiovanni, 1996). In addition, it is suggested that SMEs should have sufficient capitals ready to be used in a business network.

This study suggests SMEs to focus on the planning of their business and also train their employees' to have better understanding of business networking as well as better performance of their business. The study revealed that preparedness has direct impact on the business networking of the SMEs. In addition, study recommend further study to be carried out and include the other factor such as government policy and the involvement of corporate sector in supporting SMEs and the local community are also very important.

The finding would lead to useful implication and help the managers/company owners and policy makers with a better policy development for the SMEs Research implication could focus on need to be built on the preparedness (training, planning and resources) in expanding their marketing in SEA region. This could assists SMEs in understanding the market as well as generate employment and income generating opportunities for the company towards goal of country's economic development.

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