

CHAPTER 5 THAILAND'S SME DEVELOPMENT STRATEGY MODEL SELECTION

Strategic decisions account for the most important part of a company's operations. Strategic decisions not only affect the long-term positioning and development direction of the company, but also have a guiding role for other corporate decisions. The company's strategy is clear and concrete, and it has a high degree of guiding role in the internal design of the company, as well as the decision-making and actions in market sales, production, human resources, research and development.

In today's society, strategic management has become a major development direction of business management, and now developed countries regard strategic management as the focus of business management. The emergence of strategic management is an inevitable result of social and economic development. The development strategy is the product of the birth of the market economy, because Thailand has a relatively short time to implement a market economy, and the development strategy is still in its infancy. Many companies, especially SMEs, do not have a deep understanding of the concept of development strategy and cannot formulate development strategies scientifically and effectively. Therefore, it is a big challenge for Thai SMEs to develop a scientific and effective development strategy.

The SMEs in the context of "*the Belt and Road Initiative*" are facing new challenges in the new phase and the development environment they face is very different from that of the past. With the expansion of Thailand's use of international resources and international market space, SMEs will also face fiercer international competition and further increase their pressures for survival and development. From the perspective of the domestic environment, with the changes in supply and demand, the contradiction between the industrial structure of the company and the market demand has become increasingly prominent. Therefore, it is urgently required to accelerate the structural adjustment and upgrade of the manufacturing industry. In order to respond to the changing development environment, Thailand's SMEs have been rapidly and efficiently developed in the new period of time, and it is of vital importance to select Thai SME development strategies. Based on the analysis of the environment of Thai SMEs and the impact of regional economic integration on Thailand, combined with the strengths and weaknesses of Thai SMEs themselves, summed up several strategies for Thai SMEs to choose.

5.1 Development Strategy of Enterprise Cluster

There is a clear shortage of SMEs in Thailand compared to large companies in the lack of economies of scale. While there are differences between large-scale enterprises and the economies of scale that produce internal division of labor and specialization, Thailand's small and medium-sized enterprises can also obtain economies of scale

through geographically-based industry clustering and external division of labor and professional collaboration. An important background for the development of Thailand's economy led by SMEs is one place and one product. The production and business activities of many similar enterprises are concentrated in one region, and the production costs and transaction costs of enterprises are continuously reduced along with the expansion of industry scale. .

5.2 Collaborative business strategy

Establishing a stable and close cooperative relationship with large-scale enterprises will be an important part of a large-scale and centralized production system, which will not only help improve specialized production technologies and ensure product quality, but also enable Thai SMEs to reduce their production and operation costs and obtain Scale economic benefits. As far as possible, it becomes a peripheral enterprise supporting the production and management of large-scale enterprises, providing related supporting services for large-scale enterprises, and relying on the economies of scale of large-scale enterprises to gradually embark on a benign development path.

5.3 Differentiated business strategy

Small and medium-sized enterprises invest less, operate small scale, and have limited production capacity. It is not easy to achieve economies of scale in large-scale enterprises, maintain low-cost advantages, and gain the initiative in competition. However, small and medium-sized Thai businesses are more broad-based and close to customers and markets. They can choose small markets that are ignored by large-scale enterprises and carry out targeted marketing. Highlights featured management and personalized marketing to meet the needs of special users for small batches, attracting consumers with distinctive product services, and occupying market segments with small batch sizes, strong individuality, and low marketing margins, and thus occupying a place in the fierce competition in the survival of the fittest. .

5.4 Promote Technological Innovation Strategy

The so-called competitive advantage of enterprises is determined by the value that can be created for customers. How much of this value depends on the company's core capabilities and technological innovation? What plays a key role in market competition is not product competition but technology competition. Compared with the value brought by technological innovation, the increase in the value of products and services and the reduction in cost is an increase in value, which is invincible in the market. Technological innovation is a chip that cannot be ignored.

The traditional advantages of low-cost labor force of Thai enterprises are gradually weakened in the fierce international trade, and technological innovation is the key to the survival and development of SMEs. Technological innovation can bring greater value to the company. Therefore, maintaining a sustainable competitive advantage through technological innovation has become the focus of SMEs' survival and development. Specifically speaking, SMEs should proceed from reality, correctly face their own disadvantages in terms of talents and funds to adhere the market demand as the guide. On the one hand, they should actively connect science and research institutions, universities and colleges, and make full use of their scientific research and technology. The advantages of sharing scientific research results and promoting science and technology as soon as possible into productivity, creating opportunities for themselves in a fierce market environment; on the other hand, due to the relative scarcity of talents and funds for SMEs, many aspects of research and development are inevitable. It is too far-fetched. Therefore, it is necessary to make clear its direction, avoid weaknesses, concentrate on developing its own core expertise, and look for breakthroughs.

5.5 Strategy Implementation Guarantee and Suggestions

5.5.1 Thai Government

(1) Improve the policy and legal system. To create a fair competitive market environment and market environment for SMEs, expand market access to a wide range, and reduce entry barriers. Formulate concrete measures for government procurement to support the development of small and medium-sized enterprises, implement phased policies for delaying the delivery of difficult SMEs, and reduce the implementation of rates.

(2) Improve infrastructure construction. The development of roads, ports, and docks, and the improvement and development of infrastructure can enable Thai SMEs to gain more economies.

As a result, SMEs will gain an over-consumption of economy than in the past. With the support of national budget funds, government budgets to increase competitiveness of the housing industry and infrastructure improvements, resulting in a high cost (high cost) activity distribution and the reduction of raw material exports can make production costs and sales prices compete in the free market.

(3) Financial and taxation support for SMEs. Expand the scale of the central government's fiscal policy budget to support the development of SMEs, and guide social funds to support the development strategy of SMEs. Unreasonable charges are prohibited, and the social burden of SMEs is reduced.

(4) Support eligible SMEs to participate in large-scale industries such as automobiles,

and motorcycles. Encourage large enterprises to strengthen cooperation with SMEs, and support small and medium-sized enterprises in the development of emerging industries such as science and technology, industrial design, producer services and software development. .

5.5.2 Thailand Business Aspects

(1) Create environmentally friendly products. The environmental protection industry is the premise of the competitive product factors on the market today, as some destination countries implement products to promote environmentally-friendly products. This work is to prevent export and import terminals from collaborating on environmental pollution due to industrial waste. The creation of environmentally friendly products will not only gain certain support in domestic policies but also increase the competitiveness in foreign markets.

(2) Foster customer loyalty. The result of economic integration will bring more competition from foreign companies. To ensure the long-term development of Thai SMEs and the market influence of products, it is very important to cultivate domestic customers' enthusiasm for domestic products and loyalty to corporate brands. Encouraging love for domestic products can enhance the sense of responsibility of the company to a certain extent, continuously improve product improvement, and also avoid the impact of a large number of foreign products on the domestic market.

(3) Enter the dotted line. In terms of market entry strategy, according to the characteristics of Thai SMEs, the approach of point-to-point entry is more feasible. The core of this approach is to concentrate all resources in the short-term, with multiple target markets. Marketing performance, establish a company's influence and confidence. On this basis, after the success of the marketing campaign at the first target area, it will enter the second target area and form a linear interaction between the two points.