

## The Impact of Business Strategies on Customers Satisfaction: An Evidence from Thai SME Export Companies

Suraporn Onputtha<sup>1</sup>, Metinee Rasadaraksa<sup>2</sup> Chitralada Trisakhon<sup>3</sup>, Pornapa Peamchai<sup>4</sup>

<sup>1</sup>Department of International Business Administration  
Faculty of Business Administration, Rajamangala University of Technology Thanyaburi (RMUTT)  
Pathum Thani Province, Thailand  
E-mail: suraporn\_o@rmutt.ac.th

<sup>2</sup>Department of International Business Administration  
Faculty of Business Administration, Rajamangala University of Technology Thanyaburi (RMUTT)  
Pathum Thani Province, Thailand  
E-mail: metinee\_r@rmutt.ac.th

<sup>3</sup>Department of Management  
Faculty of Business Administration, Rajamangala University of Technology Thanyaburi (RMUTT)  
Pathum Thani Province, Thailand  
E-mail: chitralada\_t@rmutt.ac.th

<sup>4</sup>Department of Management  
Faculty of Business Administration, Rajamangala University of Technology Thanyaburi (RMUTT)  
Pathum Thani Province, Thailand  
E-mail: pornapa\_p@rmutt.ac.th

*Abstract* — Thai SME export companies have been important for Thai GDP and require for continuous improvement in order to increase business performance. Consequently, it is crucial to study what factors can drive the business success. One of this can include business strategy. Therefore, this study had objective to investigate the effect of networking business strategy and differentiation business strategy on customer satisfaction in Thai SME export company. The data was collected from 400 from SME export entrepreneurs in Thai SME export company. The purposive sampling method followed by convenient sampling method were used for data collection. Statistics used in the data analysis include descriptive statistics covering frequency, percentage, mean, standard deviation, and multiple regression analysis.

The findings indicated that networking business strategy in terms of business partner relationship, supplier relationship, and governmental relationship, had an effect on customer satisfaction in Thai SME export company. In addition, the differentiation business strategy in terms of new customer identification, new product and service development, and new product and service presentation, had an effect on customer satisfaction in Thai SME export company at the statistically significant level as of 0.05. The result from this study can provide the guideline strategies that can be beneficial for Thai SME export companies.

*Keywords* – *Networking Business Strategy, Differentiation Business Strategy, Customer Satisfaction, Thai SME Export Company*

### I. INTRODUCTION

Small and medium enterprise (SME) has significance impact on Thai economy since it contributes 43 percent to Thai gross domestic products (GDP) and creates 85 percent of job and employment opportunity. For the SME in export sectors, the study from Bangkokbiznews [1] revealed that there is a large proportion of SME export companies can contribute to Thai GDP, corresponding to the study done by Office of Small and Medium Enterprises Promotion: OSMEP [2] revealed that Thai SME export sector had worth about 167,706.9 million baht exporting to Asean countries (49.760 million baht), followed by exporting to China (20,101 million baht), and United State of America (15,473 million baht). The most important items including Gems and jewelry, plastic and plastic products and sugar. According to significant contribution, it can be concluded that increase in potentials of Thai SME to export more products and services can be considered. Many researchers attempted to study about the factors that can link to the SME business performance and SME export performance. For instance, in Brazil, Oura, Zilber, and Lopes [3] studied about the innovation capacity and international experience associating with export performance of SMEs. Meanwhile, Hasaballah et. al. [4] indicated the relational variables including adaptation, cooperation and communication, which mediated by trust and commitment, affect export performance of Malaysian exporters. In addition, Haddoud et al. [5] attempted to study about internal and external determinants of export performance in Algeria. In the meantime, the study done by Haddoud et al. [6] found that the network promotion role and export promotion

programmes can create the UK SMEs’ performance. In Thailand, Charoensukmongkol [7] found the interconnections between political network and government supports on export performance of small and medium enterprises.

In align with significant contribution and knowledge to manage the export business discovered by various researchers, it can interest the researchers from this study to confirm business management of Thai SMEs to increase their business performance. However, this study has the research scope to focus on differentiation business strategy and networking business strategy linked to customers satisfaction because customer satisfaction can lead to other advantages such as business growth, business profitability as well as business reputation. The aim of the study as well as research hypothesis, methodology, results and discussion with recommendation will be portrayed in the following sections.

## II. OBJECTIVES

This study had objective to investigate the effect of networking business strategy and differentiation business strategy on customer satisfaction in Thai SME export company.

## III. CONCEPTUAL FRAMEWORK

The conceptual framework had been drawn as follows:

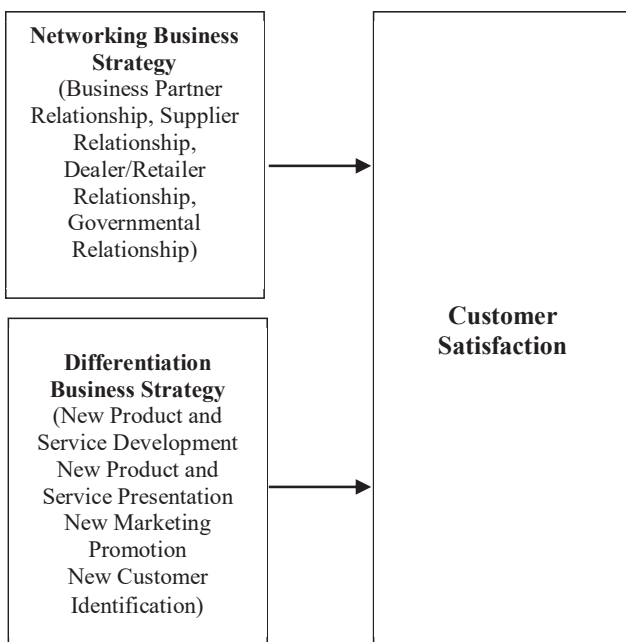


Figure 1. Conceptual Model

## IV. HYPOTHESES

The hypotheses (H) had been written as follows:

H1: Networking business strategy had an effect on customer satisfaction in Thai SME export company.

H2: Differentiation business strategy had an effect on customer satisfaction in Thai SME export company.

## V. LITERATURE REVIEWS

### A. Networking Business Strategy and Customer Satisfaction

Network strategy refers to the way the organization attempting the build the relationship with the stakeholders including business partners, dealers/retailors, suppliers, and government agencies. The network strategy is very important for the organization because it can ensure that the organization can be supported from all stakeholders and utilize the supports from them to create the business performance and customer satisfaction. For instance, the suppliers can support good materials or production inputs; while the business partners and dealers/retailors can support more marketing channels, research center, business joint venture or production laboratory. In addition, the government can support export entrepreneur policy, taxation subsidy, information support and others. Accordingly, reviewing the literature such as Sáenz, Knoppen, and Tachizawa [8] can be evidenced that the relationship with the suppliers can facilitate create the manufacturing flexibility and downstream customer satisfaction. In addition, the study done by Hoque [9] portrayed that government support policy had significant effect on Bangladeshi SME performance. Similarly, the study done by Park, Lee, and Kim [10] found that the government support can influence the Korean small-and medium-sized enterprise (SME) performance. In addition, the study by Eniola, and Entebang [11] revealed that the government policy had relationship with the performance of small and medium business in Nigeria.

### B. Differentiation Business Strategy and Customer Satisfaction

Differentiation strategy refers to the way the organization manage and develop their products and services, process and management. Differentiation strategy has it importance for many businesses nowadays since it can help them to obtain new products and services, new business processes and new organization management. In fact, not only create new business opportunity, but the newness also should link to commercialize and value for the entrepreneurs. Many researchers found that the differentiation can influence the business performance and customer satisfaction. In the literature, the study result done by Al-Alak and Tarabieh [12] that differentiation strategy can affect the customer satisfaction. In addition, the study by Gebauer, Gustafsson, and Witell [13] revealed that service differentiation can link to business competitive advantage of manufacturing companies. Meanwhile, Santos and Isaias [14] advocated that differentiation strategy can be implemented to create the after-sales services by crating customer relationship management, which the result can link to customer satisfaction. This is corresponding to Vogel

and Paul [15] indicated that price differentiation can influence on customer retention.

VI. RESEARCH METHODOLOGY

A. Population and Samples

The samples were calculated by Krejcie and Morgan [16] and selected as of 400 entrepreneurs at the confident level as of 95%.

B. Research Tools and Data Collection

Researchers used close-ended survey questionnaires divided into 4 parts. The first part consisted of check-list questions asking about the demographic and organization characteristics including gender, age, education level, duration of company, and basic customer requirement. The second and third part consisted of rating scale questions (1-5 Likert scale) asking about networking business strategy, differentiation business strategy, and customer satisfaction. The score “1” refers to “Not at all agreeable”, “2” refers to “Slightly agreeable”, “3” refers to “Moderately agreeable”, “4” refers to “highly agreeable” and “5” refers to “Extremely agreeable” on the statement in the questionnaires. For data collection, the researchers employed purposive and convenience sampling method to distribute the questionnaires. After the questionnaires returned, the researchers inspected the completion and correctness.

C. Validity and Reliability

For validity check, the researchers had experts in related fields inspect the accurateness and consistency of contents and questions and recommend the improvement and edition. For reliability check, the researchers used the Cronbach’s alpha coefficient. The value was 0.901 for networking business strategy, 0.700 for differentiation business strategy, and 0.759 for customer satisfaction. These values were higher than 0.700, this meant that the data derived from this survey questionnaire can be proceeded to have further study.

D. Data Analysis

Researchers analyzed the data derived from samples by using descriptive statistics including frequency, percentage, mean and standard deviation and inferential statistics consisting of multiple regression. The research result was presented in tabulated and descriptive writing.

VII. RESULTS

The result of this study can be mentioned as follows.

A. Study of Demographical and Organizational Characteristics, Customer Satisfaction, Networking Business Strategy, and Differentiation Business Strategy

- Study of Demographical and Organizational Characteristics

TABLE I. FREQUENCY AND PERCENTAGE OF DEMOGRAPHICAL AND ORGANIZATIONAL CHARACTERISTICS

Demographical and Organizational Characteristics	Frequency	Percent
<b>Gender</b>		
Male	199	49.8
Female	201	50.2
<b>Age</b>		
Less than 21 years old	0	0.0
Between 21-30 years old	109	27.3
Between 31- 40 years old	219	54.8
Between 41-50 years old	72	18.0
More than 51 years old	0	0.0
<b>Education Level</b>		
Lower than Bachelor's degree	66	16.5
Bachelor's degree	295	73.8
Master's degree	35	8.8
Higher than master's degree	4	1.0
<b>Duration of Company</b>		
Less than 1 year	14	3.5
Between 1-3 years	121	30.3
Between 4-6 years	196	49.0
More than 6 years	69	17.3
<b>Basic Customer Requirement</b>		
Customers concern environmental impact.		
- High	201	50.2
- Neutral	198	49.5
- Low	1	0.3
Customers concern product and service quality and reliability.		
- High	302	75.5
- Neutral	92	23.0
- Low	6	1.5
Customers concern delivery time.		
- High	304	76.0
- Neutral	94	23.5
- Low	2	0.5
Total	400	100

From the study, there were 400 entrepreneurs answering the questionnaires. As a result, it was found that most of the respondents were female (50.2%), aged between 31-40 years old (54.8%), graduated bachelor's degree (73.8%).

Most of the company had operated years between 1-5 years (49.0). Most of the customers highly concern environmental impact as of 50.2%, highly concern product and service quality and reliability as of 75.5%, and concern delivery time as of 76.0.

- Study of Networking Business Strategy, Differentiation Business Strategy, and Customer Satisfaction

TABLE II. MEAN, STANDARD DEVIATION AND INTERPRETATION

Items	Mean	S.D.	Interpretation
<b>Networking Business Strategy</b>			
Business Partner Relationship	4.682	0.606	Extremely High
Supplier Relationship	4.657	0.679	Extremely High
Dealer/Retailer Relationship	4.665	0.639	Extremely High
Governmental Relationship	4.698	0.545	Extremely High
<b>Differentiation Business Strategy</b>			
New Product and Service Development	4.113	0.425	High
New Product and Service Presentation	4.065	0.501	High
New Marketing Promotion	4.095	0.432	High
New Customer Identification	4.682	0.590	High
<b>Business Performance</b>			
Customer Satisfaction	4.544	0.405	Extremely High

From the study, the result indicated that the mean scores of studied items. The variables in networking business strategy in the perspectives of business partner relationship, supplier relationship, dealer/retailer relationship, and governmental relationship have mean score as of 4.682, 4.657, 4.665, and 4.698. In addition, the variables in focus business strategy in terms of product and service development focus, product and service offering focus, and market focus have mean score as of 4.068, 4.112, and 4.125. Lastly, the Business Performance in the perspectives of Customer Satisfaction has mean score as of 4.544.

*B. Hypothesis Investigation*

- H1: Networking business strategy had an effect on customer satisfaction in Thai SME export company.

TABLE III. MULTIPLE REGRESSION RESULT

Networking Business Strategy	Customer Satisfaction			t	Sig.
	B	Std. Error	Beta		
(Constant)	1.514	0.091		16.706	0.000
Business Partner Relationship	0.293	0.026	0.438	11.471	0.000
Supplier Relationship	0.188	0.021	0.315	8.919	0.000
Governmental Relationship	0.167	0.028	0.225	6.013	0.000

R = 0.870; R<sup>2</sup> = 0.756; Adjusted R<sup>2</sup> = 0.754; S.E.E. = 0.201; Durbin-Watson = 1.900; F = 547.620; Sig. = 0.000

From the study, the result indicated that networking business strategy in terms of business partner relationship, supplier relationship, and governmental relationship, had an effect on customer satisfaction in Thai SME export company at the statistically significant level as of 0.05. In addition, the model has correlation coefficient (r) as of 0.870, meaning that the networking business strategy has high positive relationship with customer satisfaction in Thai SME export company. The Adjusted R<sup>2</sup> is equal to 0.754, meaning that the model can accurately predict the effect of differentiation business strategy on customer satisfaction in Thai SME export company as of 75.4% at the significant level as of 0.05. The equation can be written as follows:

$$Y = 1.514 + 0.293(\text{Business Partner Relationship}) + 0.188(\text{Supplier Relationship}) + 0.167(\text{Governmental Relationship})$$

- H2: Differentiation business strategy had an effect on customer satisfaction in Thai SME export company.

TABLE IV. MULTIPLE REGRESSION RESULT

Differentiation Business Strategy	Customer Satisfaction			t	Sig.
	B	Std. Error	Beta		
(Constant)	1.194	0.135		8.835	0.000
New Customer Identification	0.499	0.020	0.756	24.569	0.000
New Product and Service Development	0.138	0.032	0.145	4.311	0.000
New Product and Service Presentation	0.110	0.028	0.136	3.983	0.000

R = 0.826; R<sup>2</sup> = 0.681; Adjusted R<sup>2</sup> = 0.679; S.E.E. = 0.230; Durbin-Watson = 1.818; F = 282.410; Sig. = 0.000

From the study, the result found that differentiation business strategy in terms of new customer identification, new product and service development, and new product and service presentation, had an effect on customer satisfaction in Thai SME export company at the statistically significant

level as of 0.05. In addition, the model has correlation coefficient ( $r$ ) as of 0.826, meaning that the differentiation business strategy has high positive relationship with customer satisfaction in Thai SME export company. The Adjusted  $R^2$  is equal to 0.679, meaning that the model can accurately predict the effect of differentiation business strategy on customer satisfaction in Thai SME export company as of 67.9% at the significant level as of 0.05. The equation can be written as follows:

$$Y = 1.194 + 0.499(\text{New Customer Identification}) \\ + 0.138(\text{New Product and Service Development}) \\ + 0.110(\text{New Product and Service Presentation})$$

## VIII. DISCUSSION, LIMITATION AND RECOMMENDATION

### A. Discussion of the Study

- *Networking business strategy had an effect on customer satisfaction in Thai SME export company.*

From the study, it was found that the networking business strategy in terms of business partner relationship, supplier relationship, and governmental relationship, had an effect on customer satisfaction in Thai SME export company. This is because the customers will be satisfied when the products and services from the export company can be delivered impressively to them. In order to well offer the products and services for customers, the entrepreneurs should build the relationship with business partners, suppliers, and governmental agency. The business partners and suppliers can supply the inputs and expand the channels for the entrepreneurs. Meanwhile, the government can also support in terms of governmental services such as international business management knowledge, market information, taxation subsidy. This study result is matched with the study done by Sáenz, Knoppen, & Tachizawa [8] who found that the relationship with suppliers can create the manufacturing flexibility and downstream customer satisfaction. In addition, the study is also matched with the study done by Hoque [9] who found that the government support policy had significant effect on Bangladeshi SME performance. Similarly, the study done by Park, Lee, and Kim [10] found that the government support can influence the Korean small-and medium-sized enterprise (SME) performance. In addition, the study also matched with Eniola and Entebang [11] who found that the government policy had relationship with the performance of small and medium business in Nigeria.

- *Differentiation business strategy had an effect on customer satisfaction in Thai SME export company.*

From the study, it was found that differentiation business strategy in terms of new customer identification, new product and service development, and new product and service presentation, had an effect on customer satisfaction in Thai SME export company. This is because the differentiation business strategy can bring interest from the customers. The study result is corresponding to the study done by Al-Alak, and Tarabieh [12] studying about the differentiation strategy and organizational performance

including customer satisfaction and business performance and found that differentiation strategy can affect the customer satisfaction. In addition, this result is also corresponding to the study by Gebauer, Gustafsson and Witell [13] who found that service differentiation can link to business competitive advantage of manufacturing companies. Also, Santos and Isaias [14] advocated that differentiation strategy related to after-sales and customer relationship management on customer satisfaction. And, Vogel and Paul [15] indicated that price differentiation can influence on customer retention.

### B. Limitation of the Study

The study was limited to the quantitative method by using questionnaire survey to collect the data from the export entrepreneurs. In addition, the study emphasized on merely differentiation strategy, networking strategy, and customer satisfaction. The other variables should be considered.

### C. Recommendation of the Study

- *For Practitioners*

The entrepreneurs should consider building the relationship with business partners, suppliers, and governmental agency in order to have smooth work operation. In addition, the entrepreneurs should emphasize on new customer identification, new product and service development, and new product and service presentation.

- *For Future Studies*

The future research should consider the other research approaches such as mixed method or purely qualitative method by using in-depth interview in order to obtain insights. In addition, the other variables that can affect the customer satisfaction can be additionally considered.

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