

Innovation and Marketing Capabilities of Small and Medium-sized Enterprises (SMEs) in Thailand

Pisit Potjanajaruwit*

¹Faculty of Management Sciences, Suan Sunandha Rajabhat University, Bangkok — Thailand; E- mail: pisit.po@ssru.ac.th

Abstracts: The primary objective of this study is to investigate the impact of innovation and marketing capabilities on the performance of Small and Medium-sized Enterprises (SMEs) in Thailand. The target population for this research comprises operators of SMEs within Thailand. A sample size of 130 participants was deemed suitable for this study. To address the research goals and derive meaningful insights, the researcher employed statistical methods, with a particular emphasis on Multiple Regression Analysis. The study's findings reveal that both innovation and marketing capabilities positively impact the performance of businesses. At a significance level of 0.05, delving into the various facets of innovation capability, it was observed that capabilities in process innovation and strategic innovation play a role in enhancing business performance. However, behavioral innovation capability does not significantly influence business outcomes. On the marketing front, capabilities in distribution channels, communication, and product development positively influence business performance. In contrast, pricing capability in marketing does not have a significant impact. SMEs in Thailand can leverage these insights for effective business management, ensuring sustained competitive advantage and optimal operational outcomes.

Keywords: Business Performance, Innovation Capability, Marketing Capability, Process Innovation, Small and Medium-sized Enterprises in Thailand.

1. INTRODUCTION

Currently, Small and Medium Enterprises (SMEs) are viewed as pivotal businesses that propel the nation's growth in both social and economic dimensions, as highlighted by the [1]. As of now, there are 3,046,793 SMEs, which make up 99.8% of all business enterprises. This is broken down into 1,268,202 businesses in trade, 1,206,759 in the service sector, and 571,828 in the production sector, as reported by the Office of Small and Medium Enterprises Promotion in 2018. With their continuous growth, SMEs play a significant role in various critical aspects of economic system development. They not only serve as major employment sources but also as primary hubs for vocational skills training. Furthermore, SMEs are a crucial source of domestic investment. They foster a high turnover rate among new entrepreneurs eager to gain investment experience and aspire to evolve their ventures into larger enterprises. SMEs also serve as a counterbalance to prevent market monopolization by larger corporations. This leads to a broader distribution of products within the same category, offering consumers a wider range of choices and price points to consider, as noted by [2].

Yet, the current competitive landscape for businesses in the country is intensifying daily, leading to an economic slowdown. This can be attributed to SMEs not fully enhancing their capabilities to improve operational processes and product efficiency. For instance, there's a need for reducing production costs and maximizing the potential of existing resources. Furthermore, SMEs are currently confronted with the swift advancements of disruptive technologies, which have the potential to radically alter the economic framework, societal structures, and consumer behaviors. Consequently, entrepreneurs must remain ever-adaptive and vigilant. They are also becoming increasingly cognizant of the significance of incorporating innovation capabilities into their businesses, as highlighted by the Office of Small and Medium Enterprises Promotion in 2017. Based on a review of the literature, a company's innovation capability is identified as a key driver for the development and introduction of groundbreaking innovations [3]. For instance, the ability to innovate behaviorally can be leveraged to shift organizational mindsets, fostering acceptance of new business innovations. Additionally, process innovation capability can transform business operations, making them more innovative, cost-effective, and enhancing overall operational efficiency, among other benefits. Hence, it's evident that innovation capability is a crucial factor that warrants significant attention. It influences a business's potential to

secure a competitive edge and impacts the operational outcomes, both in financial terms and in non-financial aspects [4].

Despite their significance, small and medium-sized enterprises encounter operational challenges, primarily attributed to their limited marketing prowess in broadening trade and investment avenues. There's also a discernible gap in innovating and enhancing product and service value. Current data suggests that a vast majority of SMEs, nearly 90%, tend to offer products in conventional styles and target the same market segments. Only a handful venture into unique product and service offerings. For SMEs to gain a competitive edge, entrepreneurs must recalibrate their marketing strategies to bolster their operational capabilities. Based on the literature, marketing capability emerges as a pivotal factor. It encompasses the application of a business's inherent resources, including skills, knowledge, and assets to forge a competitive edge. This capability is essential to adapt to the ever-evolving marketing landscape [5]. For instance, pricing capability refers to the ability to offer products at prices more competitive than other market players [6]. Similarly, distribution channel capability involves optimizing sales channels and product delivery timelines for enhanced efficiency. Clearly, marketing capability stands out as a compelling factor. It not only influences competitive advantage by reducing operational costs and bolstering brand identity but also has a profound correlation with overall business performance [7].

From the aforementioned points, it's evident that both innovation and marketing capabilities play crucial roles in influencing a business's competitive advantage and overall performance. This has piqued the researcher's interest in exploring the impact of innovation and marketing capabilities on the performance of small and medium-sized enterprises in Thailand's contemporary landscape. The study provides an exhaustive insight into innovation and marketing capabilities, highlighting them as pivotal variables influencing the dependent factor: business performance. This information aims to guide small and medium-sized enterprises in Thailand, enabling them to adapt strategies or establish operational policies. Such changes can enhance efficiency and bolster competitiveness, ultimately impacting their overall performance.

2. LITERATURE REVIEW

2.1 Innovation Capability's Impact on Business Performance.

Based on the analysis and examination of literature concerning enterprise innovation capability, various scholars have provided diverse definitions. In essence, innovation capability is a pivotal element driving the evolution and creation of novel innovations, encompassing new products, ideas, processes, strategies, and behaviors. These innovations ultimately yield benefits for the business, ensuring its sustained and successful operation. [8] study on the influence of innovative business efficiency on the performance of SMEs in Thailand aligns with this perspective. In her research, process innovation capability was a significant variable affecting innovative business performance. The findings revealed that SMEs in Thailand exhibit a moderate level of process innovation capability. Moreover, there's a notable positive correlation between process innovation capability and overall performance. Likewise, [9] explored the factors contributing to a business's innovation capability and how this capability influences operational outcomes. The study identified market focus, entrepreneurial focus, and learning focus as factors positively correlating with innovation capability. Furthermore, the research highlighted that a business's operational results are positively influenced by its innovation process.

In line with [10] research, he examined the role of market focus and learning emphasis in shaping the technical and innovative capabilities of medium-sized industrial businesses. His findings revealed that market focus, learning emphasis, and innovation capability collectively accounted for 94% of the variation in organizational performance. Moreover, innovation capability was found to have a positive influence on performance. Similarly, [11] conducted a study on how organizational innovations impact the performance of labor-intensive industries, specifically focusing on a case study in Samut Sakhon Province. Their research identified two main components of organizational innovation: process innovation and product innovation. The findings indicated that both process and product innovations positively affect an organization's performance. [10] conducted research on the impact of organizational

innovations on the performance of labor-intensive industries, using a case study from Samut Sakhon Province. Their study highlighted two key components of organizational innovation: process innovation and product innovation. Their findings revealed that both process and product innovations positively contribute to an organization's performance.

[12] carried out research emphasizing market focus, business innovation capabilities, and business operational outcomes. Their study particularly highlighted four learning elements that influence innovation capability and provide a competitive edge to businesses. Their findings suggest that businesses with a higher degree of innovation tend to have a more pronounced impact on their operations. [13] explored the correlation between innovation capability and the performance of SMEs in the Swiss Watch industry. Their findings indicated a connection between innovation capability and various business performance metrics, including market share, the percentage of total product sales, and investment returns. [4] researched the impact of market focus on innovation capabilities and the operational outcomes of the food industry. Their study emphasized the importance of internal factors for achieving success. Among these factors, the capability to innovate stood out as a significant determinant of operational results. [8] explored the impact of innovation capability on business performance. They utilized the innovation capability model from Wang and Ahmed's 2004 research and conducted a factor analysis. The study considered various facets of innovation capability, including product innovation, process innovation, behavioral innovation, and strategic innovation. Their findings revealed that product, process, and strategic innovation capabilities have a positive correlation with business performance.

This aligns with the findings of [14], who researched the impact of marketing and innovation capabilities on the development of a sustainable competitive advantage. Their study categorized marketing capabilities into customer service, sales, and market analysis, emphasizing the importance of product differentiation. Meanwhile, innovation capability was segmented into product innovation, process innovation, management innovation, and marketing innovation. The research determined that innovation capability directly contributes to the establishment of a sustainable competitive advantage. [15] conducted a study on the innovation capabilities and performance outcomes of SMEs in South Korea. Their research revealed that innovation capability significantly impacts performance. [11] conducted a study emphasizing the importance of learning, innovation, and performance in small businesses in Iran, particularly highlighting a business's dedication to learning. Their survey of 82 small businesses in Tehran revealed a positive correlation between innovation and metrics such as profits, sales, and return on investment among these Iranian small businesses.

[6] conducted a study examining the influence of various types of innovation on the performance of 197 manufacturing firms in Turkey. The research indicated that product innovation, process innovation, and firm innovation positively affect financial outcomes, customer relations, internal operations, as well as learning and growth. Additionally, marketing innovation positively influences financial performance, customer performance, and internal business operations. However, it has a negative impact on learning and growth performance. Notably, customer performance is a more significant indicator of operational outcomes compared to other metrics. [7] investigated the behavioral innovation capability of executives and its impact on the performance of small and medium-sized enterprises in Tunisia. While the study revealed that behavioral innovation capabilities have a direct but not significant positive influence on business performance, when this capability is manifested in the form of tangible innovations, it significantly boosts the organization's performance.

2.2 Marketing Capabilities' Impact on Business Performance

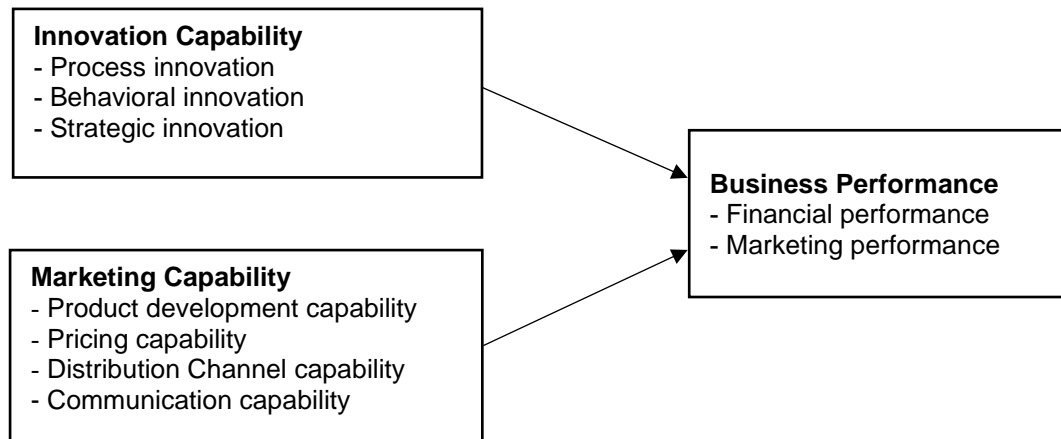
Based on research and a review of literature concerning marketing capabilities, it's evident that the topic has been discussed extensively over time. Various academics have provided distinct definitions of marketing ability. In essence, marketing capability can be summarized as the proficiency to execute operations applicable in the field, utilizing the skills, knowledge, and resources a business possesses. This capability allows businesses to adapt to evolving marketing demands, enhancing the value of their products and services. Such enhancements contribute to a competitive advantage and generate added value for the business.

[16] conducted a study exploring the correlation between modern marketing capabilities and the marketing performance of beverage companies in Thailand. Their findings revealed that modern marketing capabilities, encompassing aspects such as pricing, product development, distribution channels, marketing promotion, and market management, have a significant impact on marketing performance. [17] conducted research on the marketing proficiency of entrepreneurs in Thailand. They also examined how diverse business networks influence the success of exporting products to international markets. Their study identified key components of marketing ability, including pricing proficiency, product capabilities, marketing promotion skills, and distribution expertise. The study's findings revealed that all four facets of marketing ability have a positive correlation with export success. Among the marketing abilities impacting export success, marketing promotion skills and pricing proficiency were found to significantly influence successful exporting.

[10] carried out a study on the influence of intellectual capital, marketing ability, and participation on the operating results of hand-woven fabric community enterprises in the upper northern region of Thailand. The study found that marketing ability had the most significant impact on performance. Additionally, intellectual capital directly influenced participation. [9] undertook a study comparing marketing capabilities in relation to creating a sustainable competitive advantage. They connected marketing capabilities with operating outcomes and identified eight key areas of business marketing capabilities. These are: product development, pricing, channel management, marketing communications, sales, market information management, marketing planning, and marketing implementation. The study's findings revealed that all eight aspects of marketing capabilities positively and directly influence operating results. When evaluating the impact of a single group's marketing capability, it was determined that marketing ability significantly affected operating outcomes. Thus, it can be concluded that marketing capabilities positively influence operating results, indicating that marketability offers a competitive advantage. This aligns with the research conducted by [12]. They focused on how marketing capabilities influence operational efficiency. Their study identified seven key marketing capability variables: pricing, product management, distribution channel management, marketing communications, sales, marketing planning, and marketing operations. Their findings indicated that a business's marketing capability has a positive correlation with its performance.

[14] conducted a study on the impact of marketing capabilities of entrepreneurs in small and medium-sized enterprises (SMEs) on their export success within Thailand's agricultural industry. The study's findings revealed that pricing capability, product capability, and marketing promotion ability significantly influence the export success of SMEs in Thailand. However, distribution channel capability was found to have no significant effect on export success. [8] carried out research examining the influence of operations and marketing capabilities on business performance during periods of economic growth and slowdown. Their findings indicated that operational capability positively affects business performance. Furthermore, both the operational and marketing capabilities of a business have a beneficial impact on its performance.

2.3 Conceptual Framework



3. RESEARCH METHODOLOGY RESULTS AND DISCUSSIONS

Research on the innovation and marketing capabilities of Small and Medium-sized Enterprises (SMEs) in Thailand is quantitative in nature. This study employs the survey research method, utilizing questionnaires as the primary data collection tool. The procedure for conducting this research is outlined as follows;

3.1 Population and sample

The study's target population consists of 56,363 small (S) and medium-sized (M) enterprises in Thailand. These can be categorized by business sector as follows: 1. Commercial business sector with 28,348 enterprises. 2. Service business sector with 22,456 enterprises. 3. Manufacturing business sector with 5,159 enterprises. This classification adheres to the definitions provided by the Office of Small and Medium Enterprises Promotion (2018).

The researcher employed a Proportional Stratified Random Sampling method to select the sample group, drawing from the population of small and medium-sized enterprises in Thailand. Quota sampling was also utilized, with the sample size determined through analysis using the G*power 3.1 program version 9.2. This program aids in identifying accurate and suitable sample groups, ensuring higher quality and more effective results. The total sample size amounted to 130, as detailed in Table 1.

Table 1. Population and Sample Sizes of Small and Medium-Sized Enterprises

Business Category: Small and Medium-sized Enterprises (SMEs)	Population	Number of samples
Trade sector	28,348	66
Service Business Sector	22,456	52
Manufacturing Business Sector	5,159	12
Total	56,363	130

3.2 Research Instrument

For the research tools, the researcher undertook a comprehensive study and analysis of academic works, research, and various documents related to the innovation factors of businesses and marketing capabilities that impact operational results. These materials were sourced from a range of reputable sources. Afterward, the modified questionnaire was sent to three experts for verification of its accuracy (Content Validity). Based on the experts' recommendations, further modifications were made to align with the objectives, using the Index of Item Objective Congruence (IOC). The questionnaire's accuracy was assessed by three experts, revealing an average IOC (Index of Item Objective Congruence) value of 0.731, ranging between 0.33 and 1. Most questions had an IOC value exceeding 0.5. Those with an IOC value below 0.5 were revised by the researcher, following expert advice, and then forwarded to the advisor for further review. This process was undertaken to refine the questionnaire for the subsequent survey.

The modified questionnaire, which was refined after verifying its accuracy, was subjected to an initial suitability test (Pilot Test). This was done by surveying a sample of 30 small and medium-sized enterprises to further assess its reliability and confidence. The reliability of the questionnaires was assessed using the 30 responses obtained from the test. By employing the Cronbach's alpha coefficient formula, confidence values for the questions were determined. Specifically, the questions related to innovation ability, marketing ability, and business operational results yielded Cronbach's confidence values of 0.94, 0.93, and 0.89, respectively.

Upon examining individual facets of innovation capability, the behavioral process, and strategy aspects yielded Cronbach's confidence values of 0.88, 0.85, and 0.87 respectively. Similarly, when evaluating distinct elements of marketing ability, product development, pricing, distribution channels, and communication demonstrated Cronbach's reliability values of 0.91, 0.87, 0.84, and 0.92 respectively. All these values exceeded the standard threshold of 0.7, deeming them satisfactory. Consequently, this questionnaire was deemed acceptable for use.

Table 2. Comparison of Reliability Values of the Questionnaire

Variable	Pilot testing	
	Number of questions (items)	Cronbach's Alpha
Innovation Capability	12	0.94
Process innovation	4	0.88
Behavioral innovation	4	0.85
Strategic innovation	4	0.87
Marketing Capability	18	0.94
Product development capability	9	0.91
Pricing capability	2	0.87
Distribution Channel capability	5	0.84
Communication capability	2	0.92
Business Performance	8	0.89

3.3 Data Collection

The researcher devised a questionnaire centered on the innovation and marketing capabilities impacting the operations of small and medium-sized enterprises in Thailand. This questionnaire was distributed both in physical form and online, accommodating businesses that opted for the digital method. Respondents were provided with detailed explanations and a foundational understanding of the research. a total of 260 questionnaire sets were

employed for the survey. Upon receiving the returned questionnaires, the researcher conducted an initial review for completeness. This included ensuring that all sections were filled out as per the questions, verifying that no answers were omitted, among other checks. The data gathered from these questionnaires was then utilized for subsequent statistical analysis.

3.4 Data analysis.

This research employs multiple regression analysis to elucidate the relationships between various independent variables and a single dependent variable. The independent variables encompass innovation capabilities, which include behavioral processes and strategies, as well as marketing capabilities, which consist of product development, pricing, distribution channels, and communication. The sole dependent variable is the operational performance of the business. The aim is to assess the distinct impact each of these independent variables has on the dependent variable. The researcher utilized multiple regression analysis to evaluate the hypothesis. This analysis examined whether the factors of innovation capability, including behavioral processes and strategies, as well as marketing capabilities such as product development, pricing, distribution channels, and communication (independent variables), have a positive impact on the operational performance of small and medium-sized enterprises in Thailand (dependent variable).

4. RESEARCH RESULTS

The analysis examined the impact of innovation capability—encompassing process, behavior, and strategy—and marketing capability, which includes price, distribution channel, communication, and product development, on the performance of small and medium-sized enterprises in the country. This analysis utilized the Multiple Regression Analysis (Enter Method) with a significance level set at 0.05. The results are presented in the subsequent order.

Table 3. The correlation coefficient of the relationship of innovation capabilities and descriptive statistics that influence the performance level of small and medium-sized enterprises.

Innovation Capability	Business Performance	Process innovation	Behavioral innovation	Strategic innovation
Business Performance	1.000			
Process innovation	0.615**	1.000		
Behavioral innovation	0.557**	0.747**	1.000	
Strategic innovation	0.633**	0.769**	0.751**	1.000

** At the 0.05 significance level

Table 3 displays the coefficients identified. Both the Behavioral Process Innovation Capability and the strategy aspect positively correlate with the performance of small and medium-sized enterprises at a significance level of 0.05. Among the variables, the strategy innovation capability has the strongest relationship with the performance of these enterprises, boasting a correlation coefficient of 0.633. This is closely followed by the process innovation ability with a coefficient of 0.615.

Table 4. The correlation coefficient of the relationship between marketing capabilities and descriptive statistics that influence the performance level of medium and small-sized enterprises.

Marketing Capability	Business Performance	Product development capability	Pricing capability	Distribution Channel capability	Communication capability
Business Performance	1.000				

Product development capability	0.565**	1.000		
Pricing capability	0.482**	0.474**	1.000	
Distribution Channel capability	0.577**	0.551**	0.556**	1.000
Communication capability	0.556**	0.532**	0.551**	0.609**

** At the 0.05 significance level

Based on Table 4, the identified coefficients indicate that marketing abilities in product development, pricing, distribution channels, and communication positively correlate with the performance of small and medium-sized enterprises at a significance level of 0.05. Among these, the distribution channels' marketing ability has the strongest relationship with a correlation coefficient of 0.577, followed by product development with a coefficient of 0.565.

Table 5. The analysis results and regression coefficient values of the influence of innovation capabilities in processes, behaviors, and strategies that affect operational outcomes.

Innovation Capability	Beta	t	P-Value
Process innovation	0.282	3.114	0.002**
Behavioral innovation	0.077	0.882	0.379
Strategic innovation	0.358	3.925	0.000**
R = 0.666 R² = 0.443 Adjusted R² = 0.434 F = 52.471			

** At the 0.05 significance level

Based on Table 5, innovation capabilities in processes and strategic areas positively impact business performance. However, behavioral innovation ability doesn't significantly influence business performance at a 0.05 statistical significance level. This indicates that innovation capabilities in processes and strategies play a crucial role in determining the performance of small and medium-sized enterprises in Thailand. The most influential independent variable on business performance is strategic innovation ability, followed by process innovation ability, with standardized regression coefficients of 0.358 and 0.282, respectively.

Table 6. The analysis results and regression coefficient values of the influence of marketing capabilities in pricing, distribution channels, communication, and product development that affect operational outcomes.

Marketing Capability	Beta	t	P-Value
Product development capability	0.273	4.093	0.000**
Pricing capability	0.104	1.547	0.124
Distribution Channel capability	0.204	2.842	0.005**
Communication capability	0.244	3.350	0.001**
R = 0.678 R² = 0.459 Adjusted R² = 0.448 F = 41.793			

** At the 0.05 significance level

Based on Table 6, marketing abilities in distribution channels, communication, and product development positively influence a business's operating results. However, the marketing ability in pricing doesn't significantly impact the business's operating results at a 0.05 statistical significance level. This suggests that marketing abilities in distribution channels, communication, and product development are key determinants of the performance of small and medium-sized enterprises in Songkhla Province. The most influential independent variable on business performance is the marketing ability in product development, followed by marketing ability in communication, with standardized regression coefficients of 0.273 and 0.244, respectively.

CONCLUSION AND DISCUSSION

Innovation Capabilities Significantly Impact the Performance of Small and Medium-Sized Enterprises.

From the analysis, it was determined that innovation capabilities encompass process, strategy, and behavior. Notably, innovation capabilities in both process and strategy positively impact the business's performance, with statistical significance at the 0.05 level. This indicates that small and medium-sized enterprises in Thailand prioritize innovation and process optimization. They focus on streamlining operations by eliminating redundant steps and enhancing production process management. Furthermore, the workforce is encouraged to adopt a creative mindset, effectively addressing immediate challenges. The businesses also foster a culture where employees are receptive to their colleagues' ideas, especially concerning technological advancements. This open-mindedness facilitates the sharing and application of valuable and inventive information in their operations. This aligns with the findings of [23], who posited that business capabilities span across different levels, encompassing both business owners and employees. When employees are encouraged and supported in adapting their behaviors to embrace new products and services, it fosters behavioral innovation capabilities, which in turn influence the potential for enhanced operations. This is also in line with the research by [4], which suggests that the ability to innovate in processes can be viewed as modifying operations to make them more streamlined and convenient, thereby enhancing the overall potential of the business. Additionally, the study by [5] emphasized that strategic innovation capability involves applying efficient and suitable operational methods across various business activities, which ultimately provides a competitive edge over rivals.

In conclusion, for small and medium enterprises in Thailand, it's imperative to foster innovations in their operational processes and strategic business operations to drive optimal performance and ensure long-term sustainability. This aligns with the resource-based theory, which posits that businesses can leverage their existing resources to innovate, differentiate themselves from competitors, and gain a leading edge [7]. Furthermore, the robust performance of SMEs in Thailand not only benefits individual businesses but also bolsters the overall economy, enhancing the country's Gross Domestic Product (GDP). This significance is underscored by the fact that SMEs constitute a staggering 99.8 percent of all business enterprises in the country [13].

Marketing Capabilities Significantly Impact the Performance of Small and Medium-Sized Enterprises

Based on the analysis, marketing capabilities positively impact business performance with a statistical significance of 0.05. This indicates that SMEs in the region prioritize customer satisfaction by ensuring quality product delivery. Their focus on quality and service over sheer volume allows them to command premium pricing. Proximity to their customer base fosters loyalty, leading to repeat business. Direct communication with operators further incentivizes customers to return, making it challenging for them to switch to alternative services. This aligns with the study conducted by [12], who posited that price marketability can be perceived as the capability to modify product prices to gain a competitive edge, leading to more efficient operations. Additionally, the research by [15] highlighted that marketing capabilities in communication are indicative of a business's ability to manage channels effectively to convey product and service information to customers. This emphasizes the importance of fostering customer relationships and utilizing persuasive communication to generate interest in products and services, thereby achieving a competitive advantage. This is further supported by the study of [6], who emphasized that communication marketing capabilities encompass the ability to manage awareness and sway customers towards purchasing products and services. This involves crafting a distinct brand image that sets a business apart from its competitors, enhancing its competitive edge. [3] highlighted that marketing capabilities related to distribution channels pertain to a business's proficiency in delivering products and services at the right place, time, and day to meet customer satisfaction. This capability consistently contributes to the efficiency of various business operations.

In conclusion, small and medium enterprises in Thailand should prioritize enhancing their marketing capabilities. This includes innovating new channels to expand their customer reach and ensuring the delivery of products and

services meets customer expectations. Such efforts not only bolster their competitive advantage and operational outcomes but also positively shape their business image. Consequently, from a customer's perspective, SMEs in Songkhla province will be perceived more favorably, leaving a lasting positive impression.

SUGGESTIONS

Innovation capability plays a pivotal role in driving overall business performance. Hence, SMEs must continuously seek and adopt novel operational methods. It's crucial for businesses to foster an environment where employees are encouraged to share and brainstorm new ideas, methodologies, and strategies. Additionally, businesses should invest in nurturing their employees' innovative capacities. This can be achieved through training programs focused on cultivating strategic thinking and innovative ideation. Organizing team-based training sessions within departments can facilitate idea exchange, and specific training on product and service development skills can further enhance their innovative prowess. Furthermore, businesses should cultivate a mindset that embraces risk, especially when exploring new operational methods. This agility can expedite business development. For instance, venturing into new investments even when the outcome is uncertain or striving to become a market leader despite the inherent risks can pave the way for a competitive edge and enhanced operational outcomes. Embracing such risks can be a catalyst for growth and innovation.

Marketing capability significantly influences the overall performance of a business. Consequently, it is imperative for SMEs to enhance their development and production capabilities to be innovative, contemporary, and align with consumer needs. This can involve investing in research and development for product design and providing training to equip employees with the requisite skills in product design and related areas. By doing so, SMEs can ensure that their products not only meet the current market demands but also adapt to the evolving needs and preferences of consumers, thereby sustaining a competitive edge in the market. Businesses should integrate technology into their operations to enhance efficiency and modernize their products and services. By leveraging advanced machinery, they can produce intricate product designs that might be challenging with traditional methods. Utilizing contemporary computer software can aid in product design and prototyping. Moreover, embracing digital marketing strategies, such as online platforms and mobile applications, can help businesses tap into a broader customer base, catering to the evolving preferences and behaviors of today's consumers. It's imperative for SME entrepreneurs to incorporate these technological advancements across all facets of their operations to gain a competitive edge and achieve sustainable and efficient outcomes.

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