

ENTREPRENEURSHIP AND FIRM PERFORMANCE IN SMALL AND MEDIUM RESTAURANTS

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Abstract— This objective in this research is to examine characteristics of entrepreneur and to appraise firm performance. This aimed to examine the relationship between entrepreneurship and firm performance. Quantitative technique was applied in this research. The sample size of quantitative technique in this research was 385 people who are the owner of restaurants in Bangkok Metropolitan area, Thailand. Research methodology was comprised of data collection and data analysis. For data collection, 25 questions were used in the questionnaire. For data analysis, descriptive statistics and Pearson's Correlation were applied to find out relationship between independent variables (proactive defined as X1, risk taking defined as X2, innovative defined as X3) and dependent variables (business growth defined as Y1, service innovation defined as Y2, turnover defined as Y3) to test the hypothesis.

The results suggested that proactive, risk-taking and innovative had a relationship with the business growth, service innovation and turnover. Innovative characteristic had the most positive relationship with service innovation.

Overall entrepreneurs in this questionnaire mostly in the characteristic of innovative person Moreover, service innovation also had a positive relationship with proactive and risk-taking characteristic of entrepreneurs. Adding on value to your customers can lead to bring the satisfaction and expand their royalty for your restaurants which lead you to a better firm performance. Innovative and behave as a proactive in suitable and useable can help earn more benefit to your business growth.

Keywords— Entrepreneurship, Firm Performance, Small and Medium Restaurant.

I. INTRODUCTION

Small and Medium enterprises (SMEs) are the lifeblood essential to Thailand's economic vitality. It categorized as 3 sectors which are Manufacturing, Wholesale & retail and service respectively. SMEs restaurants contributed with the GDP with country from the past to now on. Mostly about 80percents are SMEs restaurant which related to entrepreneurs. Moreover, to be an entrepreneurial firm, entrepreneurial endeavors must be integrated into firm's overall strategies and manipulated by a strong entrepreneurship mindset. Therefore, the small and medium entrepreneurs should consider major factor which affect to their successful entrepreneurs' business. Furthermore, a better understanding of entrepreneurship characteristics that likely to determine to greater SMEs blossom is an aspect key for development and shines your successful restaurant in the direct way.

Accordingly, we defined the SMEs restaurants as the most Thai food restaurant related to entrepreneurs with due to their initial investment (Thailand, HRI: 2013) and the number of employees must be not more than 50 persons in their restaurants (The Ministry of Industry, 2002).

In addition, we generated the literature review into 2 parts which are Entrepreneurship and Firm Performance. Related to Onuoha (2007) defined Entrepreneurship is the practice of starting new organizations or revitalizing mature organizations, particularly new business generally in response to identified opportunities. Bolton and Thompson (2000) have defined an entrepreneur as "a person who

habitually creates and innovates to build something of recognized value around perceived opportunities". It is reasonable to expect that entrepreneurs reflect the dominant values of his or her national culture and national culture has definite effect on entrepreneurship (Thomas & Mueller, 2000). There are 3mainly characteristics which lead to Entrepreneurship. Innovative entrepreneurship literatures Covin&Slevin, 1991; Peter Drucker, 2005; Wiklund& Shepherd, 2005; Nasution Et al, 2011; Kuratho& Morris, 2013;Lumpkin &Dess, 1996 are conceptualization the meaning of Innovativeness is the engage in creativity and experimentation through the introduction of new products or services as well as technological leadership via R&D in new process. Adding on one mainly Proactive characteristic is related to a forward-looking perspective where companies actively seek to anticipate opportunities to develop and introduce new products in the market to obtain first mover advantages and shape the direction of the environment (Wiklund& Shepherd, 2005). Risk-taking is the mainly characteristic which defined as an entrepreneurial quality with significant effect on technology and innovation creation and diffusion (Nasution *et al.*, 2011; Ndubisiet *et al.*, 2005). Lumpkin and Dess (1996) argued that entrepreneurially oriented firms are often characterized by risk-taking behavior, such as incurring heavy debts or making significant resource commitments, in the interests of obtaining high returns by seizing opportunities in the marketplace.

Furthermore, Firm Performance is the measurement instrument for firm outcome. Porter (1980) defined firm performance as the above-average rate of return

sustained over a period of years. Firm performance could mean the success level of the firm in the market within which it operates. We categorized into financial and non-financial part. For financial we use Business growth in terms of revenue generation and expansion of volume of business (Gupta, et al., 2013), growth of sales (Coad & Rao, 2008; Huynh & Petrunia, 2010) as well as extensive asset growth (Bigsten & Gebreyesus, 2007; Choi, 2010) as a measurement. Non-financial firm performance can measure in part of service innovation and turnover rate. In depth with service innovation is the highlight service as an activity or performance in order to solve a specific issue of the customer. (e.g. Gronroos, 1990; Kotler, 1994). The majority of definition distinguish between product and process innovation for both manufacturing and service (Tether et al. 2002). Service researchers also call for more insight into how to develop flexible, customized offerings while achieving efficiency in deployment through standardized processes (Rahikka, Ulkuniemi, & Pekkarinen, 2011). On the other hand, turnover is a key measurement for firms' performance also. Turnover is defined as the "individual movement across the membership boundary of an organization" (Price, 2001: p. 600).

Hence, we can conduct the hypothesis to see the correlation with these below as:

H1: There is a positive relationship between Entrepreneurship and Firm Performance

II. DETAILS EXPERIMENTAL

2.1. Materials and Procedures

This research used a quantitative technique to examine the relationship between Entrepreneurship and Firm Performance. We use Descriptive statistics and Pearson's Correlation to analyze in the research. The population in this study is an entrepreneur who is the owner of the business. Sample size is 385 owners of restaurant in Bangkok Metropolitan area, Thailand. We use Stratified random sampling method in this study by using questionnaire. We use demographic data and five Likert scale in the questionnaire. The interpretation of data will be using the class interval (Sharma, 2007:33). A 95% confident level is used in this research.

III. RESULTS AND DISCUSSION

In this research, the results are given into 3 parts which are described below as

2.1 Demographic and Entrepreneurship

In this research there are more female and the age between 22-34 years old. Mostly they are operated their business for 1-3 years with the number of employees around 1-9 person which is categorized in small sized firms.

Demographic	data
Gender	Female
age	22-34 year
Time operation in business	1-3 year
Number of employee	1-9

Moreover, overall entrepreneurs in this questionnaire mostly in the characteristic of innovative person which is lead them as a people who prefer in creative through the introduction of new products or services. And the rest of them are proactive and risk taking respectively. We can see that entrepreneurs are interested in innovative perception on their business and less in risk-taking or we called them as risk-averse.

Characteristics	Mean
Innovativeness	3.99
Proactive	3.93
Risk-taking	3.67

2.2 Firm Performance

In this research there are financial and non-financial firm performance are consisted. Most of entrepreneurs are shown that their performance can measure by turnover. And the average explained there are only 1-5% turnover figures in their firms. We can depict that the firm has a good condition or more comfortable for the employees to retain them. And business growth can not much measure the performance according to the economy. Though more depth they believe that in the up-coming year their growth will be better according to the result of predicted growth of the following year.

Firm Performance	Mean
Financial	
-Business growth	2.67
Non-financial	
-Service innovation	3.62
-Turnover	3.7

2.3 The relationship between Entrepreneurship and Firm performance

In this research we give the Entrepreneurship as independent variables X and Firm Performance as a dependent variables Y as the data below.

Hypothesis

H1: There is a positive relationship between entrepreneurship and firm performance.

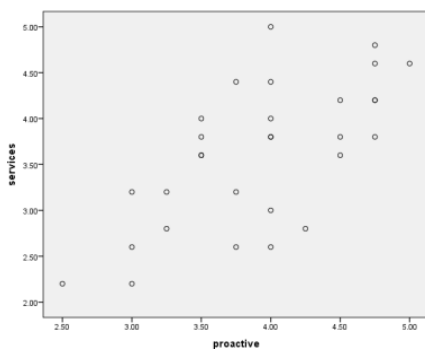
(X)	(Y)	P-value	Pearson correlation
X1	Y1	0.134	-0.280
X1	Y2	0.000060*	0.665
X1	Y3	0.108	-0.299
X2	Y1	0.035*	-0.387
X2	Y2	0.000243*	0.622
X2	Y3	0.20	-0.240
X3	Y1	0.026*	-0.107
X3	Y2	0.000003*	0.739
X3	Y3	0.970	-0.007

- * significant at 95% confident level

From the table shown the data analysis which is significant which are

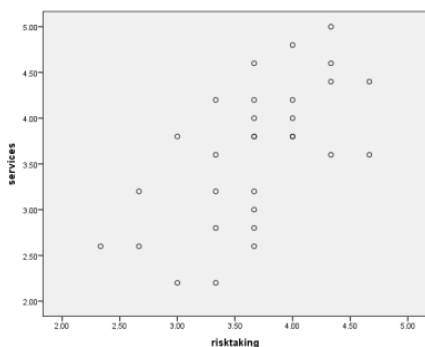
-Proactive and service innovation

The data are shown with $r = 0.665$. Entrepreneurs who are proactive habit which an enjoy doing experimental with their customer to fixed or to create in new services that can increase in more pleasure with the customer. It can imply that the customers will have more satisfaction with your restaurant and this point shall increase in a term of customer royalty. As you can see from the graph below that is more highly motivate into service innovation. If we do more on service to create your customers' happiness, the more they earn to you.



-Risk-taking and service innovation

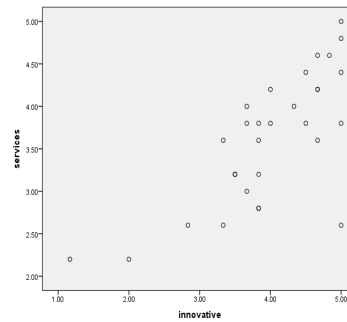
The correlation is $r = 0.622$. We can assume that risk-taking characteristic which who dares to invest in something they do not know. Likewise the service innovation is the something new that the owner can create for fix the problem with customers in a new way that can increase customer satisfaction better. The data below shows the positive relationship between risk-taking and service innovation. If the more problem decreased, your operation shall be easy and your employee will do more clearly and they can serve their willingness to your customer nicely.



-innovative and service innovation

From the analysis given the correlation is $r = 0.739$. This is the most interesting and maximum positive value effect to service innovation. To be an entrepreneurs who love to create something new or adapt the existing ones are more benefit to increase

the service innovation. Due to the more you are creative, the new art for your business will happen and relate to positive in you restaurants.



-Risk-taking and Business growth

This data shows $r = -0.387$. It can imply that if you are risk lover which means you can invest in every situation or an unknown market. These can decrease your business growth definitely. Therefore entrepreneurs should careful with your investment.

-innovative and business growth

The research depicted that too much on innovation, bring your money of the business to invest into something new can effect to your growth of business. Hence, entrepreneurs should focus more on your innovation that it has truly benefits for your restaurants or not. As we can see from Pearson correlation, $r = -0.407$

CONCLUSIONS

From this research there are major conclusions are as follows:

1. There are more positive on service innovation and turnover related with the proactive, innovativeness and risk-taking. Entrepreneurs should act more on proactive to offense your competitor to gain more trust and satisfaction with your customers. In conversely risk averse should be mention in this nowadays economy. Because it can give you a benefit and disadvantage on your business.
2. Entrepreneurs should be careful with their investment in term of service innovation. Due to they have to consider which service innovation is suitable with your restaurant. If you do not focus on this, the growth of your restaurant can decreasingly easily.
3. In turnover section firms have average turnover rate around 1-5%. Therefore firms should maintain their strategies for retain their employees.

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