

Graduate College of Management
Graduate College of Management Papers

Southern Cross University

Year 2009

Training in Thai SMEs

Kitiya Thassanabanjong

Peter Miller
Southern Cross University

Teresa Marchant
Southern Cross University

This paper is posted at ePublications@SCU.

http://epubs.scu.edu.au/gcm_pubs/184

Post-print of Thassanabanjong, K, Miller, P & Marchant, T 2009, 'Training in Thai SMEs', *Journal of Small Business and Enterprise Development*, vol. 16, no. 4, pp. 678-693.

The publisher's version of this article is available at
<http://dx.doi.org/10.1108/14626000911000992>

Training in Thai SMEs

Kitiya Thassanabanjong

Faculty of Management Sciences,
Kasetsart University,
Thailand
e-mail: kitiya@src.ku.ac.th

Peter Miller

Graduate College of Management
Southern Cross University,
PO Box 42
Tweed Heads,
New South Wales,
Australia
Tel. +61 2 6620 3470
Fax: +61 2 6626 9170
Email: peter.miller@scu.edu.au

Teresa Marchant*

Graduate College of Management
Southern Cross University,
PO Box 42
Tweed Heads,
New South Wales,
Australia
Tel. +61 2 6620 3470
Fax: +61 2 6626 9170
Email: peter.miller@scu.edu.au

*** Corresponding author**

Abstract

Purpose – To profile Thai small-medium enterprises (SMEs) and fill a research gap about their investment in training and approaches to training.

Design/method/approach – a quantitative, descriptive design with a drop-off survey among 438 SMEs in Thailand.

Findings – The study reveals a relatively young, highly-educated cohort of SME owner/managers, with greater business longevity than other countries. They do not invest

a great deal of time or money in training and prefer informal, unstructured on-the-job (OTJ) training. Most SMEs trained a few or none of their members for two hours a week and thus were 'low' or 'tactical' trainers. However there were some 'strategic' trainers particularly in contemporary industries such as IT and services as well as larger and higher-earning SMEs.

Research limitations – The study focused on urban Thai SMEs and thus may not represent rural or regional areas, or SMEs in other countries. The quantitative approach does not explain *why* investment in training was relatively low.

Originality/value – This is the first systematic study, to the best of our knowledge, dealing with training in Thai SMEs. This paper encourages debate on the presumed universality of training and argues that academics need to 'go back to basics' to understand training in family run SMEs, particularly in developing nations such as Thailand, and to recognise the utility of OTJ training in this context.

Key words – Training, HRM, HRD, SMEs, Thailand,

Article type – Research paper

Introduction

Known as Siam until the mid-twentieth century, the kingdom of Thailand was established over six hundred years ago. This fascinating country has many commonalities with other Asian nations but also exhibits its own unique features, including religious and ethnic homogeneity and higher education and literacy levels. Our study reports on current training practices in this ancient nation.

For the purposes of this research we take a specific approach to human resource management (HRM), human resource development (HRD) and training. Training is seen as one part of HRD, which in turn comes under the umbrella of HRM. Training is relatively basic, instructor-lead learning (Clifford and Thorpe, 2007). Training, individual, organisation and career development together comprise HRD (DeSimone *et al.*, 2002; Gibbs, 2002). The term HRD is used to signify more advanced, extensive and strategic approach to individual and organisation learning and development which includes, but is not limited to, training. Training is seen as just one activity under the overall HRD ambit. HRD in turn is viewed as one function of HRM, along with recruitment, performance management and so on (Foot and Hook 2005; Stone 2008). This oversimplifies the considerable debate in the literature about what each one is, whether or not they are separate but parallel disciplines, what they have in common, or whether one is a subset of the other (McGoldrick and Stewart, 1996; Harrison and Kessels, 2004; Watkins, 1991). We argue that our approach is reasonable given that the organisations of interest to us (SMEs) generally adopt simple, functional actions in regard to these aspects of managing their business, as we shall demonstrate later in the paper.

Why is this research useful? Our study advises Thai SMEs to become effective in OTJ training, illuminates the traditional nature of training in developing nations, and reinforces the role and significance of workplace training in SMEs. SMEs are the economy's engine room in established and emerging nations, so this understanding is vital. Our research reins in rhetoric about HRD and brings attention back to basics. That is: members doing a good job at the front line, assisted by OTJ training from a trusted family member or business owner/manager.

Human resources are important to every kind and size of business, especially SMEs, which are more labour intensive than their larger counterparts (Miller, 1987). There are few comprehensive studies which focus on training in family run SMEs, particularly in Thailand. Our study partially fills this gap. The following section first reviews the nature of human resource management (HRM) in Thailand. HRM is examined because there is little or no literature on training in Thailand, thus the wider subject of HRM, under which training fits in our conceptual approach, is examined as an alternative. When training is viewed as one function of HRM examining what is known about other HRM functions in Thailand or the overall approach to HRM in that country can throw some light on what we might expect to find about training in particular. The paper then summarises literature on SMEs and family run business, overviews training concepts and addresses training in SMEs.

HRM in Thailand

Until the economic crisis in 1997, Thailand, as a developing country, had under-developed HRM practices, most business in Thailand applied traditional methods, with HRM seen mainly as the payroll function (Siengthai and Bechter, 2004).

The business failures and peak unemployment during the crisis meant the Thai government and other parties had to urgently re-examine HRM practices and policies, as HRM would be a crucial tool to support the recovery plan. HRM played a vital role in maintaining and enhancing the surviving business' competitiveness (Siengthai and Bechter, 2004). Laohathanakul (1999) found that in-house training and OTJ training became popular in response to the recession. In 2003, the newly emerged Ministry of Education and Ministry of University Affairs planned and implemented fully integrated educational programs to make more efficient and effective use of national resources.

Compared to multi-national corporations (MNCs), indigenous Thai firms fall into at least three groups with respect to HRM policies. First, private-sector businesses which mostly began as family run small business and are closely tied to the Sino-Thai community (Lawler and Siengthai, 1997; Suehiro and Wailerdsak, 2004). Second, large businesses of which a substantial number are managed as family run businesses. The typical HRM that these business use is quite distinct from those in the first group. This second group has a broad base of investors, especially publicly-traded firms (Thai corporations). A third group consists of numerous state-owned business (Siengthai and Bechter, 2005). The first group is of interest in this study.

SMEs in Thailand

SMEs are found in every sector of the economy and play a vital role. They are crucial for sustained, long-term growth, dynamism and employment. Globalisation over the past thirty years has contributed greatly to the mushrooming of SMEs in developing countries including Thailand (Australian Bureau of Statistics, 2002; Bulumac and Bendis, 2001). Deregulation and privatisation by governments have created new niches for SMEs (Quader, 2008). Definitions of SMEs vary between countries with some using the number of members and others, business capital. The most common definition is based on member numbers of around one hundred (APEC 2002). Family run businesses dominate the SMEs sector (Meredith and Abbott, 1984). Successful SMEs can also grow to become large business (Moore and Barrett, 2002). However not all want to grow, and in growing they lose the SME advantage (Macdonald *et al.*, 2007).

Family run business

Generally speaking family run small businesses are a subset of SMEs, although family run business may be small or large (Moore and Barrett, 2002). Family run SMEs are more complicated to define than other SMEs since it is difficult to get accurate information on size, members, relationships and management. Family involvement addresses ownership, management, and trans-generational succession. The definition also depends on whether the business might or might not consider themselves to be a family run business (Frey *et al.*, 2004; Litz, 1995; Sabine, 2000; Sharma, 2004). In general, they may be defined as a business in which the ownership and management are controlled by one or more members of an immediate family (Meredith and Abbott, 1984).

Family run SMEs have some of the characteristics of other SMEs. They have a dedicated and enthusiastic team of owner/managers who can adapt easily to the changing economy (Meredith and Abbott 1984). However, the family system is emotionally based, with an emphasis on loyalty, care and nurturing of members, while 'normal' business emphasises performance and results (Benson *et al.*, 1990).

Family members are entitled to top management positions and the overall and final command comes from the head of the family. Non-family members require long-term involvement in the business to earn trust (Tsang 2001). Family businesses sometimes need to retain managers who are not blood relations. This becomes a concern as the family usually wants to keep control (Mull 1998). This has implications for training in particular. If family members do not have training expertise they may be reluctant to seek such advice and thus may compromise members' training.

Training

Training has been advocated as essential for every job (Tyler, 2005; Fairfield-Sonn, 1987; Garavan, 2008) and SMEs utilise training to varying extents and with varying success. Training is defined as a learning experience creating a relatively permanent change in an individual that improves their ability to perform on the job. Traditionally, training focuses

on technical knowledge, skills and abilities to complete current tasks (Treven, 2003; Stone, 2006).

Better-trained members will perform more effectively and efficiently, be more motivated and valuable, take greater responsibility and make a greater contribution to performance (Spitzer, 1999). Training is crucial in productivity as it influences the quality, depth and flexibility of members' skills and generates positive attitudes such as job satisfaction (Fuller and Hasting, 1993, Green, 1993, Mann, 1996; Tharenou, 2007). Untrained members are a cost in terms of operational capability. At best failure of training means that members never achieve superior performance and at worst low-skilled members can destroy business competitiveness. Failure of management training and financial accountability contributes to business failure, along with general management incompetence (Fuller and Hastings, 1993; Green, 1993; Mann, 1996; Hutchinson and Quintas, 2008).

In the hierarchy of structured training, learning by doing is the most unstructured and informal. OTJ training is also relatively unstructured and involves members learning in the workplace. It is colloquially designated as the 'sit-by-Nellie' approach (Clifford and Thorpe, 2007). It is often informal and unstructured. OTJ training includes one-on-one instruction and involves a description of the procedure along with a visual demonstration by the person who serves as the trainer. This training technique provides valuable help for members and can be defined as informal, unplanned training provided by supervisors and peers (Harris, 1997; Treven, 2003). Individuals are still working while learning in the work environment with familiar tools, equipment and people. This approach is effective if the trainee performs the job under the supervision of experienced trainers or mentors. Its main advantages are that it is cost effective and productive (Juran, 1998). However, it may be relatively unstructured and can benefit from more purposiveness, awareness and structure (Clifford and Thorpe, 2007).

Off-the-job training is usually more structured and is required by those who need specialised skills and qualifications (Green *et al.*, 2001). The advantage of off-the-job training is that members are not distracted by work and focus on training. Expenses are incurred, which is an important considerations to cost conscious SMEs.

Training and SMEs

The training budget is a significant matter for SMEs. How much they spend on training will depend on their operational characteristics and size. A key aspect to successful training is financial support (Daly, 2002; Echols, 2005). SMEs are at a disadvantage when accessing resources and capabilities because of their financial limitations and attitudes towards perceived risk (Fernández and Nieto, 2005; James, 1999; Ward, 1998). SMEs seem reluctant to make investments which involve debt because they feel personally committed to the risk (Gallo *et al.*, 2004). Further, it is difficult to spare members during work hours and costs can be prohibitive (Macdonald *et al.*, 2007).

A trend to training in SMEs developed in the 1980s and 1990s (Birt, 1994), but family owned SMEs value learning by doing (Chirico, 2008). SMEs provide less formal training than their larger counterparts (Australian Bureau of Statistics, 2002; Craven and McNulty, 1994). Training is more complicated for family run SMEs than for other SMEs and they place less emphasis on training compared to those with other ownership structures (de Lema and Duréndez, 2007; Reid and Adams, 2001).

The literature is divided on the benefits of training to SMEs, with a general consensus that it is of value, if SMEs could find the time and money. SMEs face particular barriers to embracing the training rhetoric of large, Western organisations, not the least being the unique connections between family members, along with power relationships between owners, members and outsiders, attitudes to risk and the sheer 'busyness' of operating a family run SME.

Investment in training did not improve performance in the short term for SMEs in one UK industry sector (Wood, 2006) yet, trained managers assist SMEs to progress (Rubis, 2000). Further there is some disagreement on the efficiency of more formal off-the-job training methods, particularly for family run SMEs, where it is often not practical. Off-the-job training of non-family members is unreasonable as the owner or family member inside the business is the one who knows most about internal needs (Cannon, 1995). At the same time transfer of learning from off-the-job training in family run SMEs is limited. It depends on a complex network of social relationships between family members (for example husband and wife) (Butler *et al.*, 2007).

SMEs generally do not have the strategic approach which underpins advanced Western notions of HRD, displaying instead informality and low levels of off-the-job training (Forth *et al.*, 2006). The size of business affects the level of systematic and coherent training. Larger businesses tend to have much more systematic and structured training (Gonzi *et al.*, 1995).

Due to the informal structure of SMEs and the lack of information about them in Thailand, it is doubtful whether many SMEs have a formal HR position for any functions, including training. Other research has found fear of establishing a HR position in SMEs, as the owner wants to control all management issues (Hirschman, 1998; Mull, 1998). In a family business, the HR position needs the trust and approval of owners because it functions closely with all members and has a significant influence on business structure, training, and succession (Brown and Davison, 1996). The literature about training in SMEs reflects traditional ideas compared to more contemporary HRD. However we argue that HRD is less applicable to developing countries, SMEs and particularly family run SMEs. Training may have more salience than HRD for new, young, small, mature or family run SMEs.

Our study reports on family run SMEs in Thailand and their training practices. As well as providing useful demographics about these businesses, it investigated the extent to which specific training methods and techniques are utilised. While there is a significant degree of research on training in larger business, there is little research on training in SMEs and

particularly in Thailand. SMEs play a crucial role in the economy and understanding the level of training adds to our understanding of their ability to contribute to the economy as it develops and skill needs change. The research questions were thus:

What is the demographic profile of SMEs in Thailand?

Do they have an HR position or someone dedicated to HR functions (including training)?

What time and money is invested in training?

What training methods and techniques are used and what can we glean about training in Thai SMEs?

Method

A quantitative, exploratory research design used a paper-based survey as the primary research tool. Respondents were selected using cluster sampling, from a directory of SMEs with less than 100 members, in Bangkok and suburbs (Community Development Department, 2006).

The survey was a simple instrument designed to gather preliminary descriptive data of this hitherto under-investigated field, following in depth interviews with six individuals and a pilot study of fifteen. Survey questions covered demographics of the respondent, business type, number of members, and years in existence. Further questions addressed training methods and techniques, percentage of income spent on training, and proportion of members receiving training. (The relationship of training to business performance was also addressed and reported elsewhere).

Four hundred and seventy questionnaires were dropped off mainly in Bangkok and collected around ten days later. Four hundred and thirty-eight questionnaires were received. This high response rate may be accounted for by the drop off method compared to a mail survey and also by the first author's extensive business networks. Results were analysed using SPSS.

Results and analysis

Since Thai SMEs are under-researched, basic demographics are of interest here. Most respondents were the business owner (61%), member concerned with training or HR (21%) or other (17%) such as sales manager. This result reinforces the idea of a simple structure in Thai SMEs where the owner/manager is highly involved in all aspects of the business.

Respondent numbers were almost equally male (52%) and female (48%). This contrasts with what would be found in a study of training in large Western business where HRD is dominated by females. It also contrasts with studies of SMEs in other developing countries such as Pakistan where the respondents were exclusively male (Bhutta *et al.*, 2008). The relatively equal proportion of male and female respondents in theory fits with the notion of family business (husband and wife) however, in terms of marital status, most (61%) were single.

The largest age group among respondents was 25-35 years (Table I) with nearly fifty percent, followed by 36-45 years with twenty five percent. Altogether, eighty five percent of the sample was 45 years or younger. This is relatively young compared to the West where the ageing workforce is the biggest single issue facing business (Callanan and Greenhaus, 2008).

Table I. Demographic details of Thai SMEs

Demographic	%
<i>Age group</i>	
Less than 25	11
25-35	48
36-45	25
46-55	13
56+	3
<i>Education level</i>	
Elementary (primary) school	2
High school	5
Diploma/Technical and Further Education	12
University	81
<i>Industry</i>	
Retail	31
Service	21
Manufacturing	18
Building/construction	10
Information technology (IT)	8
Agriculture	4
Tourism	4
Transport	2
Science/Innovation	1
<i>Period in business</i>	
Less than 1 year	6
1-2 years	17
2-5 years	18
Over 5 years	59
<i>Number of members</i>	
Less than 20	56
20-50	18
51-80	8

81-100	18
<i>Business structure</i>	
Company limited	47
Sole proprietor/trader	37
Partnership	14
Other	2
<i>Number of hours worked per week</i>	
Less than 20	10
20-40	37
41-60	45
61+	8

In terms of education level, a large proportion (80%) had completed university studies. This was an interesting finding compared to education level of SME owner/managers in other countries. In Australia only 21 percent of SMEs had a diploma or university studies (Australian Bureau of Statistics 2004). In Pakistan, education levels for SMEs were lower than in our study, but where the owner was more educated, they had better business performance (Bhutta *et al.*, 2008). The higher qualification levels of Thai SMEs owners may be derived from the fact that ownership is passed down by parents to their children. It is traditional that parents insist their children get a university qualification prior to handing over their business and the parents support their children to do so (Department of Industrial Promotion Thailand, 2006).

We see a concentration of Thai SMEs in retail and services, with the next largest groups in manufacturing and construction. The majority of SMEs (59 percent) have been in existence for over 5 years, in comparison with Australian SMEs where the biggest proportion (33 percent) have been in existence from 1 to 5 years (Australian Bureau of Statistics, 2004). In the West the received wisdom is that most SMEs fold within 5 years. Thai SMEs seem more enduring. This might be due to Thai family business being passed from generation to generation. This fits with the finding that skills or education may play less of a role in determining harmony and business succession than relationships between family members in SMEs (Tatoglu *et al.*, 2008).

Most business had fewer than 20 members (55%) with a cluster (18%) at the larger end of the scale with 80-100 members. From Table I most (47 percent) classified their business as a company limited. There are more company limited entities than in Australia where the majority of SMEs owners (55 percent) are sole proprietors and partnerships (Australian Bureau of Statistics, 2004). This difference might be attributed to the longevity of Thai SMEs noted previously. It seems reasonable that more mature businesses would use a more formal legal structure and also family succession factors where a company limited can be passed on from generation to generation.

Around two thirds of respondents did not have a designated HR position. This finding supports previous literature which indicates SMEs usually have no formal structure for HRM (Benson *et al.*, 1990; Blumentritt, 2006). SMEs with company limited structure were more likely to have a designated HR position, as were SMEs in the IT industry. This is consistent with a general theme of more advanced HR functions associated with larger business or those in less traditional industries.

In manufacturing the number of SMEs with a designated HR position was almost equal to the number with no designated HR position. This result may be because of the specific skill requirements of the manufacturing industry where specialists are required to recruit or train skilled members, or it may be due to SMEs in the manufacturing industry being larger.

From Table I the biggest group (45 percent) worked 40-60 hours per week, which is relatively longer than standard working week of 40 hours of Western organisations (ACTU, 2008), but similar to results from other SME research (Danes *et al.*, 2008). This result supports other research which suggests SMEs are too busy to give much thought to training and even less to broader HRD (Chirico, 2008).

Training in Thai SMEs

In terms of training methods, 72 percent of respondents indicated only OTJ training, 26 percent mixed method, and 2 percent only off-the-job training. These findings are in line with what would be expected from the emerging literature on training in SMEs (Chirico, 2008; MacDonald *et al.*, 2007).

Most (53 percent) spent less than 1 percent of their annual gross income on training, and only one in ten spent more than 5 percent. Most SMEs in Thailand do not spend large proportions of annual gross income on training, no matter how many members they employ. However, business with more members ($X^2 = 58.774$, d.f. = 6, $n = 438$, $p < .05$) and higher gross income ($X^2 = 38.672$, d.f. = 10, $n = 438$, $p < .05$) spent a significantly larger proportion.

Only 12 percent of Thai SMEs reported that all members received on-the-job training. Most SMEs reported that from no-one up to one in four of their members received training. For the biggest proportion of members (45 percent) this was around two hours per week. Our findings clearly fit the model of training found in other studies of SMEs (Australian Bureau of Statistics, 2002; Clifford and Thorpe, 2007; Gonzi *et al.*, 1995) with SMEs generally not having a formal HR position, using on-the-job training for a limited number of members and spending a small percentage of their gross income. It was not clear from our study whether Thai SMEs lacked the finance like their Irish counterparts (Birdthistle, 2006) or simply did not see the need for a larger investment in training.

Similarly a limited amount of *time* was invested in training and SMEs reported long work hours. This fits with other reports that managers of SMEs are busy dealing with pressing

day-to-day matters and this hectic situation doesn't allow time to step back and consider wider or longer term issues. Managers may want to increase members' skills and knowledge but find it hard to spare time during work due to concerns about lost output and training costs (Craven and McNulty, 1994; Kotey and Sheridan, 2004; Lawler *et al.*, 2000; Macdonald *et al.*, 2007).

Industry differences

The method of training varied between industries, with the more traditional construction and manufacturing favouring OTJ training methods and the newer services and IT using more off-the-job, although SMEs across all industries relied predominantly on OTJ training as shown in Table II.

Table II. Variation in training methods between industry

Industry	OTJ training (%)	Both on- and off-the-job training (%)
Building/construction	84	16
Manufacturing	81	19
Retail	79	21
Service/Tourism	66	34
IT	60	40

Respondents were asked to rate the use of various training techniques on a 5-point scale. The most frequently used techniques in all industries were instruction or coaching on a one-on-one basis (mean= 4.30), instruction on a group basis (mean= 4.21) and job rotation (mean = 3.95). The least frequently used training techniques in all industries were online training (mean = 2.70), government traineeship (mean = 2.71), and video training (mean = 2.81). Information technology businesses rely more on group instruction, conference attendance, internships, and online training more than other industries. This is reasonable as the nature of the IT industry involves the internet and other means that require information transformation. Job rotation and video training were more popular in tourism businesses. This might be because the tourism industry needs visual presentations to introduce, attract, communicate, and promote their offerings.

A somewhat more complex picture sits alongside these results with more manufacturing organisations likely to have a designated HR position. Larger SMEs spent a higher proportion of income on training. The methods also varied between industries with IT being more flexible but still with predominantly OTJ training. There were a few 'strategic' trainers but the majority of Thai SMEs were 'low' or 'tactical' trainers based on the typology developed by Kitching and Blackburn (2002, in Hirschsohn, 2008).

In summary, SMEs in all industries rely on OTJ training in a one-on-one and group basis as the predominant techniques. This is less complicated than other training techniques, especially when most do not have HR positions to take care of or establish more formal training programs. There were some variations by industry indicating that Thai SMEs do make context specific choices of training techniques in some instances, despite an overall predominance of traditional OTJ, or no training at all.

Discussion

Training is not the only element of HRD. Training has a narrow and instrumental focus on achieving business needs (O'Donnell, McGuire and Cross, 2006). Research shows that in some countries, those engaged in HRD are still seen primarily as trainers and are still actively engaged in traditional training activity, and our results support this research. SMEs should focus on raising awareness throughout the business of the need for self-regulated learning in a culture that generates knowledge. In this awareness, learning is not simply something that has to be done in order get the job done. It becomes a central feature of the job itself (Harrison and Kessels, 2004). In other words, HRD is seen as the wider domain of learning and development (Kessels, 2007), and SMEs may need to broaden their view from training to HRD.

We expected that developing nations have access to Western thought on HRD, particularly given the high level of university education of owner/managers. When Western organisations expanded they developed HRD (and other management practices) as they grew. It seems logical to assume that newly developing nations would access and apply this expertise, however, this seems not to be the case. Given that the rhetoric of HRD in the West advocates training as a means of preparing for the future (Chermack and Swanson, 2008) and the one key competitive advantage of organisations (Garavan, 2007) it seems that Thai SMEs are not able to 'leap frog' to best practice from the West despite the high level of university education. It may be that Western concepts of HRD do not translate easily into other cultures, SMEs, or businesses with different operating contexts, including family run business.

Implications

The notion that training is vital for all business is challenged in this study. The need for training may not apply to all SMEs as seen in this cohort of relatively long-lasting SMEs with highly educated owner/managers and low investments in training. Training may be more relevant to SMEs that aspire to growth, manufacturing SMEs who supply MNCs, those with specific skills shortages, and those who face increased competition based on other factors besides cost, and in a financial downturn, where SMEs may have to do more work with fewer members.

It is not clear from our study whether SMEs' limited investment in training and mostly informal and unstructured methods constitutes best practice, but our results certainly reflect the current state of play. Those responsible for managing SMEs could pay heed to our research which suggests more options to invest in training, use a broader range of

techniques and afford more training, more often, to more members. On the other hand, with a relatively plentiful supply of literate labour, this may not be a concern for many SMEs in Thailand at the moment. Taking a longer term view, Thailand policy makers may wish to consider subsequent phases of economic development where a lack of skilled labour may inhibit future growth.

Koring (2005) argues that professional trainers are an important factor that can bring optimum benefits to family run SMEs. However, given the propensity of Thai SMEs to direct only a small amount of time and finances to training, and their preference for informal and unstructured methods, it would seem that the main way professional trainers could assist SMEs would be to train business owners and managers in more effective, structured OTJ training (Clifford and Thorpe, 2007; Blanchard and Thacker, 2007). In other words, make the 'sit by Nellie' approach more effective through purposiveness, awareness and structure.

Other research on training in Thailand (eg Chaminade and Vang, 2008; Intarakumnerd and Fujita, 2008) simply sees SMEs as part of a global system of MNC production. This perspective neglects the vital role of SMEs in the economy in their own right. Nonetheless, our research has implications for MNCs in so far as they need to understand that SMEs who form part of their supply chain do not have sophisticated training concepts or systems and may benefit from advice and support to make their existing OTJ training more effective.

It appears from the results that no matter what method of training Thai SMEs utilise, the percentage of their annual gross income spent on training is low. National governments sometimes set specific percentages of business' annual payroll for training, for example the US around 1.5 percent, Germany 2.3 percent, Sweden 2.5 percent, Singapore 1 percent, Japan 1 percent and previously in Australia 1.5 percent (Geber, 1993). New government structures to promote training for unskilled workers in South Africa have been criticised as simply imposing another financial and administrative burden on SMEs (Hirschsohn, 2008). There is no specific intention from the Thai government to establish a percentage allocated to training. However there are ways of encouraging training through policy and provision of support rather than financial imposts. The Thai government could develop policy that supports a skilled and productive workforce in SMEs, which takes account of their specific needs and attitudes towards training discovered in this study. The Thai government may consider an allocation in the national budget to support training and a program of 'train the trainer' for small business owners and family members.

There are also implications for universities in that many of these SME owner/managers attain a university education before returning to run the family business. There is scope for university degrees to provide more relevant education about SMEs, particularly since much of what is taught in management and business, including HRD, is based on large organisations. This could specifically focus on how to make OTJ training more effective and expand the range of training techniques.

Limitations and further research

This study examines SMEs from most industries in Thailand, but since the majority were in the capital, the results may not be typical of regional or rural SMEs. In rural areas low-income families survive on agrarian pursuits, and low skills and education reduce the opportunity for outside employment (Barbier, 2008; Elsey and Sirichoti, 2003).

The research method only provides a ‘snapshot’ of a particular point and does not explore how training in SMEs develops over time. It would be interesting to research how attitudes to and use of training changes as SMEs develop or as the business context changes. More research could investigate with in-depth qualitative methods the relationship between type, amount and investment in training to establish why SMEs have the approach to training that they do, how well it serves them, and whether it changes over time.

The survey addressed many variables of potential interest including different types of training, industry etc. Since the incidence of training was low and was limited to the most basic type of training (OTJ) there wasn’t enough variation in the data to conduct some of the analyses we had in mind, despite pilot testing the survey instrument. This is a flaw in the method which illustrates the difficulty of translating Western, large organisation, HRD activities to Thai SMEs, making it difficult to ascertain what level of practice distinguishes between different types of SMEs, or what combination of variables predict tactical versus strategic trainers.

Conclusion

A picture emerged of a relatively young, single, highly educated cohort of both genders in SMEs in Thailand in retail and service as well as manufacturing and construction, working forty to sixty hours per week, who had been in business for over five years, mostly with less than twenty employees, but with a cluster of SMEs with eighty to a hundred. Most were structured as limited companies, with no designated HR position. The relative youth of SME owner/managers, their length in business and their hard working nature augur well for SMEs and their role in driving the economic growth of developing nations such as Thailand. These SMEs in Thailand have highly educated owner/managers yet provide training to few if any employees and then only for two or fewer hours per week, investing less than 1 percent of gross income in training, which mostly consists of informal on-the-job instruction, using a limited range of techniques. It may be important to invest more in training, depending on the business context and goals of the SME.

Larger SMEs are more likely to make a proportionately larger investment.. This is not surprising considering the extant literature, but does show that despite sophisticated knowledge available in Western HRD literature about advanced forms of learning at work, and the high education level of SMEs in this study, small, family run and fledgling businesses may evolve in terms of training and do not immediately embrace advanced knowledge about HRD.

This paper makes contributions to two bodies of knowledge. First it provides a demographic profile of SMEs in Thailand indicating some of their unique characteristics including relatively high education levels of owner/managers. Second it adds to understanding of training in SMEs by confirming relatively low training investment and sophistication across the board in an emerging economy. Our research builds a bridge between HRD theory which generally advocates training as a universal 'good' for organisations and the reality of limited training practice in SMEs in Thailand where it does not take centre stage on the business agenda, being a more tactical response.

Indications of further research include: adjusting the survey instrument to capture the much more basic and limited range of training present in SMEs; extending the survey to SMEs outside of urban Thailand, and to other emerging nations; conducting longitudinal and qualitative studies to explore how and why investment in training increases with SMEs growth over time and how it contributes to enterprise development.

References

APEC Small and Medium Enterprises Working Group (APEC SME) (2002), "Profile of SMEs and SME Issues 1990-2000", APEC secretariat, available at: www.pecc.org/community/papers/sme/apec_sme_profile.pdf (accessed 21 July 2006).

Australian Bureau of Statistics (2002), *Employer Training Expenditure and Practices, Australia*, cat. No. 6362.0, Australian Bureau of Statistics, Canberra.

Australian Bureau of Statistics (2004), *Characteristics of Small Business, Australia (Reissue)*, cat. No. 8127.0, Australian Bureau of Statistics, Canberra.

Barbier, E. B. (2007), "Natural capital and labor allocation: mangrove-dependent households in Thailand", *The Journal of Environment Development*, Vol. 16, No. 4, pp. 398-431.

Bhutta, M. K. S., Arif, I. R. and Usman, A. (2008), "Owner characteristics and health of SMEs in Pakistan", *Journal of Small Business and Enterprise Development*, Vol. 15, No. 1, pp. 16-39.

Birdthistle, N. (2006), "Training and learning strategies of family business: an Irish case", *Journal of European Industrial Training*, Vol. 30, No. 7, pp. 550-68.

Birt, I. (1994), *Making Small Business Work for You*, Heinemann, Port Melbourne, Vic.

Blanchard, P. N. and Thacker, J. W. (2007), *Effective training: systems, strategies, and practices*, 3rd Edn., Pearson Education International, Upper Saddle River, NJ.

Blumentritt, T. (2006), "The relationship between boards and planning in family businesses", *Family Business Review*, Vol. 19, No. 1, pp. 65-72.

Brown F. H. and Davison H. (1996), "HR challenges in family businesses", *The Human Resource Professional*, Vol. 9, No. 6, pp. 29–32.

Bulumac, E. and Bendis, R. A. (2001), *Utilizing Technology Transfer to Develop Small and Medium Enterprises*, Vol. 27, Science and Technology Policy, IOS Press.

Callanan, G. A. and Greenhaus, J.H. (2008), "The baby boom generation and career management: a call to action", *Advances in Developing Human Resources*, Vol. 10, No. 1, pp. 70-85.

Cannon, S. (1995), "Communications and training", *Purchasing and Supply Management*, Vol. 8, No. 1, pp. 40–43.

Chaminade, C. and Vang, J. (2008), "Upgrading in Asian clusters: rethinking the importance of interactive learning", *Science Technology and Society*, Vol. 13, No. 1, pp. 61-94.

Chermack, T. J. and Swanson, R. A. (2008), "Scenario planning: human resource development's strategic learning tool", *Advances in Developing Human Resources*, Vol. 10, No. 2, pp. 129-46.

Chirico, F. (2008), "Knowledge accumulation in family firms: evidence from four case studies", *International Small Business Journal*, Vol. 26, No. 4, pp. 433-62.

CIA (2007), *The World Factbook*, CIA Office of Public Affairs, available at: <http://www.cia.gov/cia/publications/factbook/geos/th.html> (accessed 9 February 2007).

Clifford, J. and Thorpe, S. (2007), *Workplace learning and development: delivering competitive advantage for your organization*, Kogan Page, London.

Community Development Department, (2006), Ministry of Interior (Thailand), available at: <http://www.thaitambon.com> (accessed 30 June 2006).

Craven, B. M. and McNulty, M. B. (1994), "Management training and development expenditures: perspectives from auditing, economics and human resource management", *Managerial Auditing Journal*, Vol. 9, No. 6, pp. 3–9.

Daly, J. L. (2002), "Strategic marketing of training initiatives in underdeveloped countries: the case of Swaziland", *Public Personnel Management*, Vol. 31, No. 3, pp. 309–16.

Danes, S. M., Loy, J. T. C. and Stafford, K. (2008), "Business planning practices of family run firms within a quality framework", *Journal of Small Business Management*, Vol. 46, No. 3, pp. 395-421.

- de Lema, D. G. P. and Duréndez, A. (2007), “Managerial behaviour of small and medium-sized family business: an empirical study”, *International Journal of Entrepreneurial Behaviour and Research*, Vol. 13, No. 3, pp. 151-72.
- DeSimone, R., Werner, J. and Harris, D. (2002), *Human Resource Development*, 3rd edn, Harcourt College Publishers, Orlando, FL.
- Echols, M. E. (2005), “Invest in people”, *Leadership Excellence*, Vol. 22, No. 6, p. 20.
- Else, B. and Sirichoti, K. (2003), “The theory and practice of workplace learning in the adoption of integrated pest management by tropical fruit growers in Thailand”, *Journal of Workplace Learning*, Vol. 15, No. 2, pp. 53-62.
- Fairfield-Sonn, J. W. (1987), “A strategic process model for small business training and development”, *Journal of Small Business Management*, Vol. 25, No. 1, pp. 11–18.
- Fernández, Z. and Nieto, M. J. (2005), “Internationalization strategy of small and medium-sized family businesses: some influential factors”, *Family Business Review*, Vol. 18, No. 1, p. 77.
- Foot, M. and Hook, C. (2005), *Introducing Human Resource Management*, 4th edn, Pearson Education, Harlow.
- Forth, J., Bewley, H. and Bryson, A. (2006), *Small and Medium-Sized Enterprises: Findings from the 2004 Workplace Employment Relations Survey*, ESRC/ACAS/PSI, London.
- Frey, U., Halter, F., Klein, S. and Zellweger, T. (2004), “Family business in Switzerland: significance and structure”, in Tomaselli, S. and Kelin, L. (Eds.), paper presented to Research Forum Proceedings, Family Firms in the World of Change, FBN 15th World Conference, Copenhagen.
- Fuller, D. E. and Hastings, T. (1993), “Labour market conditions and training effort”, *Australian Bulletin of Labour*, Vol. 12, pp. 119–27.
- Gallo, M. A., Tapias, J. and Cappuyns, K. (2004), “Comparison of family and nonfamily business: financial logic and personal preferences”, *Family Business Review*, Vol. 17, No. 4, pp. 303–318.
- Garavan, T. N. (2007), “A strategic perspective on human resource development”, *Advances in Developing Human Resources*, Vol. 9, No. 1, pp. 11-30.
- Geber, B. (1993), “Because it’s good for you: Bill Clinton’s training tax”, *Training*, Vol. 30, No. 4, pp. 17–24.
- Gibb, S. (2002), “Principles and problems: L & D in theory”, *Learning and Development*,

Palgrave MacMillan, Basingstoke.

Gonzi, A., Curtain, C., Hager, J., Hallard M. and Harrison S. (1995), *Key competencies in on-the-job training: a report*, University of Technology Sydney, Sydney.

Green, F. (1993), "The determinants of training of male and female employees in Britain", *Oxford Bulletin of Economics and Statistics*, Vol. 55, No. 1, pp. 103–22.

Green, F., Ashton, D. and Felstead, A. (2001), "Estimating the determinants of supply of computing, problem-solving, communication, social, and teamworking skills", *Oxford Economic Papers*, Vol. 53, No. 3, p. 406.

Hamlin, R. G. (2007), "An evidence-based perspective on HRD", *Advances in Developing Human Resources*, Vol. 9, No. 1, pp. 42-57.

Harris, M. (1997), *Human Resource Management: A Practical Approach*, The Dryden Press, Hillsdale, IL.

Harrison, R. and Kessels, J. (2004), *Human Resource Development in a Knowledge Economy: An Organisational View*, Palgrave, London.

Hirschman, C. (1998), "All in the family", *HRMagazine*, Vol. 43, No. 11, pp. 90–95.

Hirschsohn, P. (2008), "Regulating the 'animal spirits' of entrepreneurs? Skills development in South African small and medium enterprises", *International Small Business Journal*, Vol. 26, No. 2, pp. 181-206.

Hutchinson, V. and Quintas, P. (2008), "Do SMEs do knowledge management? Or simply manage what they know?", *International Small Business Journal*, Vol. 26, No. 2, p. 131-46.

Intarakumnerd, P. and Fujita, M. (2008), "Coping with a giant: challenges and opportunities for Thai and Vietnamese motorcycle industry from China", *Science Technology and Society*, Vol. 13, No. 1, pp. 35-60.

Juran, J. M. (1998), *Training for quality*, McGraw-Hill Professional Book Group, available at:
<http://site.ebrary.com.ezproxy.scu.edu.au/lib/southerncross/Top?channelName=southerncrossandcpage=1anddocID=5002538andf00=textandfrm=smp.xandhitsPerPage=10andlayou=documentandp00=Training+for+qualityandsortBy=scoreandsortOrder=desc> (accessed 7 June 2005).

Koring, H. (2005), *Advisor Training and Development*, NACADA Clearinghouse of Academic Advising Resources, available at:
http://www.nacada.ksu.edu/Clearinghouse/AdvisingIssues/adv_training.htm (accessed July, 10 2006).

Kotey, B. and Sheridan, A. (2004), "Changing HRM practices with firm growth", *Journal of Small Business and Enterprise Development*, Vol. 11, No. 4, p. 474.

Laohathanakul, V. (1999), "Human Resource Management During the Economic Crisis", Chulalongkorn University, Thailand.

Lawler, J. and Siengthai, S. (1997), "Human resource management strategy in Thailand: a case study of the banking industry", *Research and Practice in Human Resources*, Vol. 14, No. 3, pp 16-30.

Macdonald, S., Assimakopoulos, D. and Anderson, P. (2007), "Education and training for innovation in SMEs: a tale of exploitation", *International Small Business Journal*, Vol. 25, No. 1, pp. 77-95.

Mann, R. B. (1996), "Seven questions to ask before investing in a training program", *Small Business Forum*, Vol. 14, No. 3, pp. 50–60.

Meredith, G. and Abbott, B. (1984), *Family Business Management in Australia*, McGraw-Hill, Sydney.

Miller, E. M. (1987), "A comparison of large and small firm productivity, labor compensation, and investment rates", *Review of Financial Economics*, Vol. 23, No. 1, pp. 26–37.

Moore, K. and Barrett, M. (2002), *Learning Family Business: Paradoxes and Pathways* Burlington, Ashgate, Aldershot.

Mull A. (1998), "Family business may be at a loss", *The Business Journal*, Vol. 18, No. 3, p. 32.

O'Donnell, D., McGuire, D. and Cross, C. (2006), "Critically challenging some assumptions in HRD", *International Journal of Training and Development*, Vol. 10, No. 1, pp. 4-16.

Quader, M. S. (2008), "Human resource management issues as growth barriers in professional service firm SMEs", *Journal of Services Research*, Vol. 7, No. 2, pp. 3-15.

Reid, R. S. and Adams, J. S. (2001), "Human resource management – a survey of practices within family and non-family firms", *Journal of European Industrial Training*, Vol. 25, No. 6/7, pp. 310–20.

Sabine, B. K. (2000), "Family businesses in Germany: significance and structure", *Family Business Review*, Vol. 13, No. 3, p. 157.

- Sharma, P. (2004), “An overview of the field of family business studies: current status and directions for the future”, *Family Business Review*, Vol. 17, No. 1, pp. 1–36.
- Siengthai, S. and Bechter, C. (2004), “Human resource management in Thailand “, in Budhwar, I. P. (Ed.), *HRM in Southeast Asia and the Pacific Rim*, Routledge, London, pp. 141–72.
- Spitzer, D. R. (1999), “Embracing evaluation”, *Training*, Vol. 36, No. 6, pp. 42–7.
- Stewart, J. and McGoldrick, J. (1996) *Human Resource Development: Perspectives, Strategies and Practice*, Pitman, London.
- Stone, R. J. (2006), *Managing Human Resources*, Wiley, Brisbane.
- Stone, R. J. (2008), *Human Resource Management*, 20th Edn, Wiley, Brisbane.
- Tatoglu, E., Kula, V. and Glaister, K. W. (2008), “Succession planning in business: evidence from Turkey”, *International Small Business Journal*, Vol. 26, No. 2, pp. 155–80.
- Tharenou, P. (2006), “Do organisations get positive results from training? The big picture”, in Holland, P. and De Cieri, H. (Eds.), *Contemporary Issues in Human Resource Development: an Australian Perspective*, Pearson Education Australia, Frenchs Forest, NSW.
- Treven, S. (2003), “International training: the training of managers for assignment abroad”, *Education and Training*, Vol. 45, No. 8/9, pp. 550–57.
- Tsang, E. W. K. (2001), “Internationalizing the family firm: a case study of a Chinese family business”, *Journal of Small Business Management*, Vol. 39, No. 1, pp. 88–94.
- Tyler, K. (2005), “Train for smarter hiring”, *HRMagazine*, Vol. 50, No. 5, pp. 89–92.
- Ward, J. L. (1998), “Growing the family business: special challenges and best practices”, *Family Business Review*, Vol. 10, No. 3, pp. 323–337.
- Watkins, K. E. (1991), “Many voices: Defining human resource development from different disciplines”, *Adult Education Quarterly*, Vol. 41, No. 4, pp. 241–55.
- Wood, E. H. (2006), “The internal predictors of business performance in small firms: a logistic regression analysis”, *Journal of Small Business and Enterprise Development*, Vol. 13, No. 3, pp. 441–453.

Authors Bio:

Kitiya Thassanabanjong has a Master of International Business from the University of Wollongong and a Bachelor of Business Administration from Assumption University. She completed her DBA at Southern Cross University, Graduate College of Management and has extensive experience in Thai SMEs. Now she is a Lecturer in the Faculty of Management Sciences, Kasetsart University, Thailand, and continues doing research about Thai small businesses.

Peter Miller is Associate Professor in management at the Graduate College of Management, Southern Cross University, New South Wales, Australia. He is the Director of the International Centre for Professional Doctorates and takes responsibility for the coordination of research methodology training for candidates in the professional doctorate programs. He is Editor of the Australasian Journal of Business and Social Enquiry and on the Editorial Board of the Journal of Workplace Learning and several other international journals.

Teresa Marchant is a lecturer and project officer at the Graduate College of Management, Southern Cross University, New South Wales, Australia. She was the first to complete a PhD in the Department of Human Resource Management and Employment Relations in the University of Southern Queensland and has a first class honours degree in Psychology from the University of Melbourne. Most recently she has been developing scholarly materials for the national public sector management program and is currently researching HRD, gender and higher education. Teresa Marchant is the corresponding author and can be contacted at teresa.marchant@scu.edu.au.