Knowledge, Attitudes, and Adaptation to the ASEAN Economic Community among SMEs in Thailand and Vietnam

ความรู้ ทัศนคติ และการปรับตัวในการเข้าสู่ประชาคมเศรษฐกิจอาเซียนของวิสาหกิจขนาดกลางและขนาดย่อมในประเทศไทยและเวียดนาม

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Abstract

This research are aimed at comparing the level of knowledge, attitude, and organizational adaptation in entering the ASEAN Economic Community (AEC) of SMEs in Thailand (a founder member of ASEAN) and Vietnam (a new member) and finding the relationship between the knowledge and attitudes of SMEs on firm preparation entering the changes from being the AEC. The study employed the quantitative method and used questionnaires to collect the data from 414 samples of SMEs, which were divided into 222 samples from Thailand and 192 samples from Vietnam from January to September 2014. The results showed that Thai SMEs had a higher level of knowledge of and attitude toward the AEC compared to Vietnam in various observed variables. Moreover, the organizational adaptation of Thai SMEs towards the benefit of the AEC and the firm preparation - in terms of operations, human resources, finance and innovation, were at a statistically higher than those from Vietnam at a 0.05 level of significance. Findings from structural equation modeling revealed that the knowledge factor led to highly-positive attitudes of SME entrepreneurs while the attitude factor and the knowledge factor had a positive impact on organization adaptation at a moderate level. Fit indices of the model were χ^2 = 212.28, df = 107, χ^2/df = 1.98, GFI = 0.94, RMSEA = 0.04. However, the study obviously indicated that the level of knowledge of the AEC was still considerably low, especially for SMEs from Vietnam. That is, only 10 percent of the SMEs from both Thailand and Vietnam seemed to be well prepared for entering the AEC in 2015.The result implies that even though the economic collaboration of ASEAN has been established for a long time and is soon to become the AEC, SMEs are still not equipped with sufficient knowledge to handle the highly-competitive business environment that the collaboration will bring. The ASEAN countries that have set up an agency to specifically provide support to SMEs, yet those efforts seem to be insufficient. The government sector must therefore take a more leading role in shaping an effective mechanism and regulations that are beneficial to SME business operations, as well as provide technological support and set up a network between SMEs and large

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enterprises to help learn about and develop their potentials and to achieve sustainable goals for the coming AEC.

Keywords: SMEs, Knowledge, Attitudes, Adaptation, AEC.

บทคัดย่อ

งานวิจัยในครั้งนี้มีวัตถุประสงค์เพื่อ (1) ศึกษาเปรียบเทียบระดับความรู้ ทัศนคติ และการปรับตัวขององค์การในการเข้าสู่ประชาคมเศรษฐกิจอาเซียนของวิสาหกิจขนาดกลางและขนาดย่อมระหว่างผู้ประกอบการจากประเทศไทยซึ่งเป็นประเทศผู้ร่วมก่อตั้ง และผู้ประกอบการจากประเทศเวียดนามซึ่งประเทศสมาชิกใหม่ของอาเซียน และ (2) ศึกษาความสัมพันธ์ระหว่างความรู้และทัศนคติของวิสาหกิจขนาดกลางและขนาดย่อมกับระดับการเตรียมความพร้อมเมื่อเกิดการเปลี่ยนแปลงจากการเป็นประชาคมเศรษฐกิจอาเซียน การศึกษานี้ใช้ระเบียบวิจัยเชิงปริมาณโดยนำแบบสอบถามเป็นเครื่องมือในการรวบรวมข้อมูลผู้ประกอบการวิสาหกิจขนาดกลางและขนาดย่อมจำนวน 414 หน่วยตัวอย่าง ประกอบด้วยผู้ประกอบการจากประเทศไทยและประเทศเวียดนามจำนวน 222 และ 192 หน่วยตัวอย่างตามลำดับ โดยเก็บรวบรวมข้อมูลในระหว่างเดือนมกราคม - กันยายน 2557 ผลการศึกษาแสดงให้เห็นว่า ผู้ประกอบการวิสาหกิจขนาดกลางและขนาดย่อมจากประเทศไทยมีระดับการรับรู้และทัศนคติที่มีต่อประชาคมเศรษฐกิจอาเซียนที่สูงกว่าผู้ประกอบการจากประเทศเวียดนามในมิติต่างที่ทำการศึกษา นอกจากนี้ การปรับตัวของผู้ประกอบการไทยยังมีระดับการปรับตัวเพื่อรองรับการเข้าสู่ประชาคมเศรษฐกิจอาเซียนเพื่อให้ได้รับประโยชน์สูงกว่าผู้ประกอบการจากเวียดนามในมิติของการดำเนินงาน ทรัพยากรมนุษย์ การเงินและนวัตกรรมอย่างมีนัยสำคัญทางสถิติที่ระดับ 0.05 อีกด้วย นอกจากนี้ ผลจากทดสอบความสัมพันธ์ของตัวแปรต่างๆ โดยใช้สมการโครงการ (SEM) พบว่า ปัจจัยด้านความรู้นำไปสู่การมีทัศนคติเชิงบวกของผู้ประกอบการได้ในระดับสูง ในขณะที่มีผลต่อการปรับตัวขององค์การอยู่ในระดับปานกลางเท่านั้น ทั้งนี้มีค่าดัชนีความเหมาะสม χ^2 = 212.28, df = 107, χ^2/df = 1.98, GFI = 0.94, RMSEA = 0.04 อย่างไรก็ตาม ผลการศึกษาได้ชี้ให้เห็นว่าแม้ว่าขณะที่ทำการศึกษานั้นจะเป็นเวลาใกล้สู่การเป็นประชาคมเศรษฐกิจอาเซียนภายในปี 2558 แต่ระดับการรู้เกี่ยวกับการเป็นประชาคมเศรษฐกิจอาเซียนของผู้ประกอบการยังคงอยู่ในระดับที่ต่ำ โดยเฉพาะผู้ประกอบการจากประเทศเวียดนาม ทั้งนี้วิสาหกิจขนาดกลางและขนาดย่อมจากทั้งสองประเทศเพียงร้อยละ 10 เท่านั้นที่มีความพร้อมในการเข้าสู่ประชาคมเศรษฐกิจอาเซียน ผลการศึกษาดังกล่าวแสดงให้เห็นว่า แม้ว่าการร่วมมือทางเศรษฐกิจของประเทศสมาชิกอาเซียนได้มีวิวัฒนาการมาอย่างยาวนานตลอดจนการบูรณาการทางเศรษฐกิจเพื่อเป็นประชาคมเศรษฐกิจอาเซียนกำลังจะเสร็จสมบูรณ์อีกไม่นานนี้ ทว่าวิสาหกิจขนาดกลางและขนาดย่อมของประเทศสมาชิกตัวอย่างยังมีความรู้ที่ไม่เพียงพอและอาจไม่สามารถปรับตัวให้เข้ากับสภาพแวดล้อมของการแข่งขันที่มีแนวโน้มเป็นไปอย่างรุนแรงที่กำลังจะเกิดขึ้นได้ แม้ว่าประเทศสมาชิกอาเซียนส่วนมากมีการจัดตั้งหน่วยงานที่สนับสนุนและส่งเสริมวิสาหกิจขนาดกลางและขนาดย่อมของตนให้มีความเข้มแข็ง แต่ดูเหมือนว่าความพยายามดังกล่าวอาจจะยังไม่เพียงพอ ภาครัฐจึงควรต้องเร่งดำเนินการเพิ่มบทบาทในเชิงการเป็นผู้นำให้มากกว่าเดิมเพื่อที่จะทำเกิดกลไกและสร้างกฎเกณฑ์ที่มีประสิทธิภาพอันเป็นการสร้างผลประโยชน์ให้แก่ผู้ประกอบการวิสาหกิจขนาดกลางและขนาดย่อมได้อย่างแท้จริง ซึ่งรวมถึงการให้การสนับสนุนด้านเทคนิค การสร้างเครือข่ายผู้ประกอบการระหว่างวิสาหกิจขนาดกลางและขนาดย่อมกับผู้ประกอบการขนาดใหญ่เพื่อเสริมสร้างการเรียนรู้และช่วยกันพัฒนาศักยภาพของผู้ประกอบการให้มีศักยภาพและเพื่อให้บรรลุเป้าหมายการเติบโตอย่างยั่งยืนในประชาคมเศรษฐกิจอาเซียนต่อไป

คำสำคัญ: วิสาหกิจขนาดกลางและขนาดย่อม ความรู้ ทัศนคติ การปรับตัว ประชาคมเศรษฐกิจอาเซียน

INTRODUCTION

Small and medium enterprises (SMEs) are one of the core sectors in an economic system. They play a significant role in restoring, improving, and driving forward the countries' economic system, as SMEs increase employability, which consequently generates more income for households and a distribution of income to underprivileged regions. In ASEAN, the numbers of SMEs comprise more than 96 percent of the total number of enterprises. The employability required for SMEs ranges from 50 to 85 percent in each member country, and its contribution to the GDP stands at 30 to 53 percent, and the importation from the sector ranges from 19 to 31 percent (ASEAN, 2014a). The statistics above show that SMEs are essential for the ASEAN economy as they create employability and income. Therefore, the sustainable development of SMEs is highly encouraged for achieving economic goals.

The establishment of the ASEAN Economic Community (AEC) in 2015 will create a linkage in terms of trade and investment among its members to ensure mutual benefits and economic growth by expanding the market, members that share the same production base, free flow of goods, services, funds, and skilled labor and elimination of the non-tariff barriers. However, the AEC is also leading challenges to SMEs as it will create a highly competitive business environment and open more windows for countries that, in the past, were considered to have low competitiveness; that is, in the CLMV group (Cambodia, Laos PDR, Myanmar and Vietnam). The CLMV group will benefit more from the free trade compared to the old days when the economic sanction was very poor due to the low level of internal support provided by their government and when foreign investors found these countries less attractive. Moreover, other ASEAN neighborhoods, especially Singapore, Malaysia, Indonesia, and Thailand, are improving the potential of their SMEs and are preparing for the AEC (The Office of SMEs Promotion (OSMEP), 2011).

SMEs must prepare and adapt new strategies to handle the coming changes and to survive in a highly competitive market. However, there are some limitations for SMEs, such as fund limitations, access to sources of funds, marketing development skills or insufficient entrepreneurial spirit and management skills. SMEs in ASEAN are now facing limitations in terms of access to information, challenges regarding product development and certification, poor information and communication technology (ICT), low outsourcing rates and insufficient business network development. These factors are parts of new business strategies that multinational enterprises (MNEs) encourage SMEs to accomplish so as to be successful in their businesses (ASEAN Business Advisory Council, 2014).

Though the government of each ASEAN country has its own strategies and policies to strengthen their potential as well as to eliminate the weaknesses and barriers for SMEs, the ASEAN government is still facing some economic limitations, problems regarding cultural differences and varied justification for the priority given to SME development. This has led to a delay in the preparation and launch of a new framework for SME development. For example, Singapore and Malaysia have a better economic foundation than Thailand, though Thailand is one the ASEAN founding countries according to the Bangkok Declaration in 1967 (ASEAN, 2014b). Among the new members of ASEAN, Vietnam shares a similarity with Thailand in terms of geography and has become a major competitor to Thailand, i.e., lower labour cost, free duty tax to global major markets, etc. as the Vietnamese government has strategies to attract foreign investors to move the country forward and to become one of the key players in the ASEAN economy.

The study on the knowledge, attitudes, and preparation necessary to enter the AEC on the part of SMEs was conducted to compare the business potentiality of Thailand as a representative of the ASEAN founding countries, and Vietnam as a newly-joined country of the group. This study is among the first comparative study on this aspect, even though there have been some surveys done in the past on knowledge and attitude and that used different research methodologies, but the information was considerably limited within one specific country's context. In addition, the past researches were conducted during different periods of time and therefore it is difficult to compare the findings. In addition, this study aims to find the relationship among the concerned variables that can help to have a better understanding of the phenomena. As a consequence, the results of this study will visualize the current situation of both countries for SME entrepreneurs and relevant agencies in ASEAN, and the findings can also be used as a reference to evaluate the country's competitive potentiality as well as to formulate short term and long term strategies that suit to SMEs in both countries to comply with the changing business environment.

LITERATURE REVIEW

Characteristics and Importance of SMEs

It is normally perceived that SMEs play an important role in the growth of the international economy in many dimensions, for example, being the source of employment and national income and bringing better welfare to the country's population. Especially in the export sector, technological advancement has resulted from the free trade driving SMEs to be more crucial for international business. The Organisation for Economic Co-operation and Development (OECD) (1997) estimated that one out of three exports in Asian countries come from SMEs, while one out of four exports in Europe and North America also from SMEs. For ASEAN countries, the number of SMEs accounts for 97-99 percent of the total number of state enterprises in each country. The SME generates an employment rate in Malaysia of 53 percent and 97 percent in Indonesia. Further, SME contribute 30 percent and 58 percent to the GDP in Malaysia and Indonesia, respectively (Yuri Sato, 2014).

The Office of SMEs Promotion in Thailand follows the Act of SME promotion for 2000, which categorized the following enterprises as SMEs (OSMEP, 2013a): the small-size enterprises are those that employ fewer than 50 workers or that own permanent assets of a value of not more than or equivalent to THB50 million (equivalent to US$1.3 million), while the medium-size enterprises are those that employ not more than 200 workers or that own permanent assets of a value of not more than THB 200 million (equivalent to US$6.0 million). According to the report of the OSMEP (2014), it was found that the number of SMEs in Thailand was 2,763,997 (99.52 percent belonging to small enterprises) in 2013 and the growth rate was1.22 percent compared to the rate in the previous year, which was 97.16 percent out of the total number of enterprises in the country. Furthermore, the GDP generated by the SME sector was 37.4 percent of the GDP. The value of exports generated by SMEs from the previous year was 25.5 percent of the total value of exports of the country. The recent employment situation in Thailand shows that the total number of workers employed in 2013 was 14,098,563. From that number, 2,682,323 workers were from larger enterprises (LE) and 11,414,702 workers were from SMEs, which accounted for 80.96 percent of the total employment. It can be said that SMEs in Thailand are the significant backbone of Thailand's economy for increasing employment, adding more value, and attracting and economizing foreign currency by producing products that are substitutable for imported ones. Moreover, SMEs are the beginning of investment and provide experience to connect to the bigger enterprises and other production sectors, e.g. the agricultural sector. SMEs can be considered to be skill-development hubs, as well (Institute for Small and Medium Enterprise Development (ISMED), 2013).

The Vietnamese government has provided an official definition of SMEs for the first time. In the decree called "Government Decree No.90/2001/ND-CD" dated November 23, 2001 (Vietnam Government, 2001), the following is stated: "SMEs are independent production and business establishments which make business registration according to the current law provisions, each with registered capital not exceeding VND 10 billion or annual labor not exceeding 300 people. On the basis of the concrete socio-economic situation of each branch or locality, in the course of implementing the support of measures and programs, both or either of the above-mentioned criteria on capital and labor may be applied in a flexible manner." Later, the Vietnamese government released Decree No.56/2009/ND-CP on 30 June 2009 in order to classified Vietnamese enterprises into 4 categories: the micro enterprise and the small, medium, and large enterprise based on the amount of employment, capital, and which economic sector that the enterprise belongs to. Generally, the micro enterprise employs more than 10 workers (Vietnam Government, 2009).

According to a report from Vietnam General Statistics Offices - GSO on 1 January 2010, 97.43 percent of the total number of enterprises in Vietnam belonged to the SME. From the stated proportion, the micro enterprise numbered 162,785, small enterprises were at 74,658, and the medium enterprises totaled 5,010 in 2000-2009. The growth rates of these sectors were 24.7 percent, 20.41 percent, 11.79 percent, respectively, while the large enterprise group showed the lower growth rate, which was 7.28 percent only (Vietnam General Statistics Office, 2010). Similar to other ASEAN countries, the SMEs in Vietnam are an essential basis of the Vietnamese economy, and the SME sector in Vietnam is enjoying a high growth rate, which has contributed 53 percent of the total GDP to the country and contributed 85 percent of the total employment to the country. These reasons could explain why the SME is considered as the backbone of the Vietnamese economy, promoting employment, generating more income, and building the welfare of people in the country (Mai Thai Thanh Thai, 2008).

Policy for SME Promotion in Thailand and Vietnam

Thailand is counted as one of the pioneers of ASEAN, so the country has played an important role in the settlement and improvement of the ASEAN Free Trade Area (AFTA). AFTA began to be enforced in January 1, 2010 and covers the 6-ASEAN; that is Thailand, Singapore, Malaysia, Indonesia, the Philippines, and Brunei. For that reason, the import tariffs have been lowered to a zero level. Cambodia, Laos, Myanmar, and Vietnam will follow this policy in 2015 (Thailand Board of Investment, 2013).

Taking the economic environment and the potential of the Thai economy into consideration, the strengths of Thai SMEs are handcraft and art skills, together with having a service mind, which could make Thai products and services even more attractive. However, the potential development of Thai SMEs in the past usually had the problem of not being able to access sources of capital and funds, which resulted in low technological advancement, including insufficient research and development. Other weaknesses were, for example, an outdated management system, communication problems with only some certain groups of people being able to speak a foreign language, and many private enterprises not having sufficient communication with government agencies.. The realization of this weakness has pushed many government agencies to improve Thai SMEs by providing financial support, marketing, management systems, and the use of innovation to help government agencies operate with more concision and flexibility (OSMEP, 2011).

The importance of Thai SMEs has caused Thai government agencies to come up with policies to promote and encourage SMEs to fix their weaknesses, including establishing a specific agency for pursuing defined policy and development plans similar to other ASEAN countries. The purpose is to highlight the importance of SMEs and to drive these enterprises to achieve a higher level of competitive capability by assigning a specific agency the responsibility of taking care of the SME sector; this agency is called "The Office of Small and Medium Enterprises Promotion, OSMEP" The main operation of OSMEP is to identify the policy and development plans of SME owners; as a result, the agency launched "The third plan (2012 – 2016) for small and medium enterprise promotion." The current plan mentions the linkage with other related country master plans, i.e. the 11th National Economic and Social Development plan (2012 - 2016), the strategic plan of the certain ministry, and provincial development plan (OSMEP, 2014).

Vietnam's economy has achieved a constant increase in growth rate at5 – 8 percent for 10 years and that has led to an increase in the number of people that earn a larger income and an increasing number of middle class individuals that are experiencing a rapid increase in their purchasing power. With these circumstances, Vietnam has become a big consumer market that attracts foreign investors (Vietnam Ministry of Planning and Investment, 2012). Although Vietnam joined ASEAN on July 28, 1995, it has achieved high competitive capability in many aspects, e.g. education, public health, and technological development and innovation. As many transnational companies have settled their production base in communication and information technology, taking the domestic market size, minimum wage rate, export cost, convenience of business operations and convenience of credit approval into account, Vietnam has the highest potential for business operations compared to other ASEAN countries. If Vietnam can fix the problem of the non-transparent working process, enhance work efficiency and lower the complications of work processes, Vietnam will become the most outstanding country for business operations in ASEAN.

However, Vietnam experiences natural disasters regularly. For that reason, the Vietnamese are diligent and patient and are always enthusiastic about self-development; therefore, SME owners in Vietnam are always interested in applying innovation to their business and patiently improving their skills. Nevertheless, the goods produced in Vietnam are still not enough to supply markets and do not reach consistent standards. Moreover, the problem of communication in a foreign language and insufficient access to capital still remain, so potential development is hardly possible with these limitations. The government is aware of these problems and has tried to find solutions for supporting and encouraging SMEs, including decreasing some of the unnecessary processes and providing some privileges to strengthen and increase new SMEs (United Nations University, 2012). By November 2001, the Vietnamese government had released regulations for establishing a permanent committee called the Small and Medium Enterprise Development Council, which was promoted to be the "Agency for SME Development (ASMED)." ASMED is responsible for the overall development of SME; i.e. SME encouragement and development, corporate registration, domestic investment promotion, international cooperation and skill development of related human resources. In addition, other organizations such as the Vietnam Chamber of Commerce and Industry (VCCI), the World Bank, the Asia Development Bank, and foreign governments; i.e. the German and Danish governments, have also launched many programs to support SMEs in Vietnam in order to enable them to develop the skills of their employees in terms of management and leadership (Runckel, 2014).

ASEAN Economic Community (AEC) and Organization's Adaptation

ASEAN or the Association of South East Asia Nations was established in 1967 with six founding members: Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand. Later, there were four more additional country members: Cambodia, Laos, Myanmar, and Vietnam or CLMV. The purpose is to promote peace throughout the region with the belief that it will lead to economic and socio-cultural advancement, including the expansion of trade cooperation through the settlement of the ASEAN Free Trade Area in 1992 (ASEAN, 2014b). In 2013, ASEAN clearly defined its direction in moving on to the AEC before 2015. The AEC is one of three main pillars of the ASEAN Community, which include the ASEAN Security Community and the ASEAN Socio-Cultural Community. The ASEAN Charter has been established in order to move towards the AEC (ASEAN, 2014b).

The attempt to move forward to AEC in 2015 with the united objectives, as mentioned above, has caused the original pattern of trading competition to change. It is foreseeable that competitors will not be limited just to the domestic market but the possible competitors will be the10 ASEAN country members. The market and customer database will increase to more than 600 million people. For the production side, producers will be able to expand their production base to other countries within ASEAN. On the other hand, the competitors from the neighboring countries will come to the host country, as well. This changing condition provides a golden opportunity for expanding business boundaries, which could bring about a huge benefit and potential growth to the business. However, it could be considered as a threat to business in the region if business owners have no sense of preparation (International Institute for Trade and Development (ITD), 2012).

The change could also bring huge benefit and possible growth to the big entrepreneur that is well prepared and experienced in international business operations rather than the SME entrepreneur that plays an important role only in this region's economy. The SME sector is considered as the main pillar to drive economic activities and growth as well as the main source of employment and export, as mentioned above. Unfortunately, this valuable SME faces many limitations in terms of financial capital, investment, competitive capability, and intellectual property protection. SMEs will never adapt or survive in this changing condition unless the government takes part in providing sufficient support for this sector. According to ITD (2012), it shows that ASEAN SMEs tend to focus on the markets within ASEAN more than before compared to non-ASEAN members even the Asian countries like China. However, the overall picture of ASEAN SMEs is that they are still facing issues that have to be fixed and required rapidly minimize these limitations in order to prepare for AEC in 2015, which will unite all of the ASEAN markets to be a single market and that will cause change to ASEAN SMEs.

According to Needle (2015), there are key environmental variables including globalization and regional economic integration that shape the organization. The successful firms are those that adapt to the key influences and achieve some kind of best fit with their environment. Hence, organizational adaptation is critical for an organization to survive in external and competitive environments. Organizational knowledge has become a managerial priority and is considered the basis for renewal and sustained competitive advantage (Argote et al., 2003; Quinn, 1999). Knowledge refers to what a person perceives, recognizes, identifies, or discovers from analyzing data and information. The result of acquiring more and better information and knowledge is learning. Knowledge and learning give people the ability to better understand and respond to the economic environment in which they operate (Gareth, 2007). Knowledge is also identified as the most crucial organizational asset for maintaining a competitive advantage (Carlucci et al., 2004). It is recognized as the most important strategic asset every organization has. It is very important to identify, capture/acquire, share, reuse and unlearn knowledge. According to Smith et al. (2007), the process of capturing and transferring knowledge is vital for organizations to maintain a competitive advantage and instrumental for improving organizational performance.

Attitudes represent the cluster of beliefs, assessed feelings, and behavioral intentions toward a person, object, or event. (Mcshane & Von Glinow, 2013). An attitude includes three components: an affect (a feeling), cognition (a thought or belief), and behavior (an action). Attitudes can help define how the situations are, as well as define how ones behave toward the situation or object. Although the feeling and belief components of attitudes are internal to a person, it can be view a person's attitude from his or her resulting behavior. Attitude formation is a result of learning, modeling others, and the direct experiences with people and situations. Attitudes influence the decisions, guide the behavior, and impact what people selectively remember. Attitudes come in different strengths, and like most things that are learned or influenced through experience, they can be measured and they can be changed. Everyone has attitudes, both positive and negative. Effective managers continuously survey their employees so they can detect problem areas and implement the necessary measures for change (Pickens, 2005).

All in all, the link between knowledge and attitudes in examining transformational change is demonstrated in several clusters of literature, primarily in the fields of strategic management, managerial and organizational cognition, and organizational studies. The coming ACE will not only unite the ASEAN market, strengthening competitive capability of the member countries; it will also expand the opportunity for trading and investment within the region. Nevertheless, economic accumulation, which lowers trade barriers to free production, service, and investment and labor motilities, results in more intense competition. The changing market condition is unavoidable for domestic entrepreneurs. It is obvious that the domestic entrepreneurs that will benefit from AEC are those that understand and have positive attitude toward the ACE. In addition, those that are all set for the changing conditions will be able to minimize the possible negative effects from the AEC so that they can maximize the possible benefits.

RESEARCH METHODOLOGY

Sample and Data Collection

This research was a cross-sectional, descriptive study using a self-administered paper-based survey that was conducted from January to September 2014. The targeted population of the study was: (i) SME entrepreneurs in Thailand and (ii) SME entrepreneurs in Vietnam. Both groups were selected by using the non-probability sampling method.

The targeted study population in Thailand was registered SMEs in the Department of Industrial Promotion database. The study samples were selected through a dissemination of the questionnaire to groups of SMEs attending events and activities hosted by the Department of Industrial Promotion during the period of study. The information and database of the SMEs in Vietnam were shared with the researcher through collaboration with Ho Chi Minh City University of Technology. The head or executive director of relevant agencies, units and organizations was contacted by the researcher to ensure mutual understanding of and proper contribution to the study. Moreover, a conference meeting was held to introduce the study project and to request collaboration from all the sectors in completing the questionnaire. To ensure the proper unit of analysis, the questionnaires had to be completed by SME owners or authorized managers from the companies on a voluntary basis.

Even though the data from the sample of both countries was intentionally collected in equal number, the completed questionnaires which provided sufficient information for data analysis were selected out of the total returned questionnaires; 222 samples were collected from Thailand and 192 samples from Vietnam. The detail analyses of the demographic variables – legal business registration form, type of business, value of assets, year(s) of operation, and number of employee - are provided in Table 1.

Table 1. Sample descriptive statistics

	Thailand	Vietnam	Total
Firm size (No. of respondents)			
Small	121 (54.5%)	81 (42.2%)	202 (48.8%)
Medium	101 (45.5%)	111 (57.8%)	212 (51.2%)
Total	222 (100.0%)	192 (100.0%)	414 (100.0%)
Business registration form			
Company limited	79.3%	63.5%	72.0%
Partnership	11.3%	33.3%	21.5%
Others	9.5%	3.1%	6.5%
Business sector			
Porduction	49.5%	44.3%	47.1%
Service	21.6%	9.9%	16.2%
Trading	18.5%	22.9%	20.5%
Others	10.4%	22.9%	16.2%
Time of operations			
Less than 5 years	32.4%	32.8%	32.6%
5-10 years	19.4%	36.5%	27.3%
11-20 years	17.1%	27.1%	21.7%
More than 20 years	31.1%	3.6%	18.4%
Revenue from international business			
Less than 5%	43.7%	70.8%	56.3%
5%-10%	20.3%	14.6%	17.6%
11%-50%	16.7%	10.9%	14.0%
More than 50%	19.4%	3.6%	12.1%

Instrument Development and Measures

The questionnaire used in this study was developed through an extensive review of available literature pertaining to knowledge, attitudes, and organization adaptation of SMEs; e.g., previous studies, and other secondary data; such as textbooks, research papers and academic journals related to the AEC, the economic and business sector in Thailand and Vietnam. The questionnaire consisted of four parts. Part 1 included general information of demographic data of the sampling SMEs. Part 2 comprised opinion questions on the knowledges of and attitudes toward the AEC. Knowledge questions were developed from the AEC Blueprint (ASEAN, 2008) including 8-dimension measures; free flow of goods, free flow of services, free flow of investment, freer flow of capital, free flow of skilled labour, market opportunity expansion, sourcing of raw materials, and infrastructure development. Attitude questions were developed and modified from the study by Chutimavadee Thongjeen and Thitiworada Chaimungcheun (2013) including 3-dimension measures; affect, cognition, and behaviors. The Likert scale of 5 levels was used from mostly agree (5 points) to mostly disagree (1 point). Part 3 asked opinions on six dimensions (main strategy of organization, marketing of the firm, operation, human resources, finance, and innovation) of the Survey of Potentiality and Competitive Ability of SMEs provided by the Department of Industrial Promotion (2012) which were using 5-rating Likert scale from mostly agree (5 points) to mostly disagree (1 point). A higher level of outcome in each dimension was indicated by a higher mean score. Finally, the last part consisted of open-ended questions for respondents to give suggestions and opinions.

Validity and Reliability

The questionnaire was evaluated for its validity and reliability following the details below:

1) Content Validity – The draft version of the questionnaire was initially developed in Thai and translated into English using standardized forward—backward and reconciliation processes. The questionnaire in Thai then was presented to the research advisor and three experts in the area to evaluate the validity of the content and the use of language to ensure preciseness and accuracy. The readability, clarity and completion time of the modified questionnaire were determined among 30 purposively selected SMEs who were eventually excluded from the data analysis for its comprehensibility. The questionnaire finally was translated into Vietnamese by an HCMUT qualified translator and the same procedure was implemented for testing the content validity.

2) Reliability – The validation of the reliability was conducted to test the reliability of the statistics, and the questionnaire was later tried out with 30 samples of the targeted population in Thailand and Vietnam. The completed questionnaires were analyzed to score the reliability in part 2 and 3 (which implemented a Likert scale) containing questions on the attitude and readiness of SMEs. The analyzed data from the previous "try out" questionnaire had been evaluated for the reliability from its Cronbach's alpha coefficient indicated that the questions on the knowledge, attitudes, and organizational preparation were between 0.81-0.92 The outcome for the research reliability for each dimension was between 1 though not less than 0.70, indicating the reliability of the questionnaire (Hair et al., 1998).

Data analysis

The data collected were analyzed using the Statistical Package for Social Sciences Software (SPSS). Both descriptive and inferential statistics were applied for the data analyses. Descriptive statistics were used to analyze and describe the population of the study while inferential statistics were used to test the research hypothesis, which was divided into 2 categories: (i) Independent sample t-test was used to analyze the difference in the outcomes and other characteristics for knowledge, attitude, and readiness of SMEs of Thailand and Vietnam; (ii) Pearson's product-moment correlation coefficient was performed to generate the correlation matrix; and (iii) Structural equation modeling (SEM) was applied to test research hypothesis and confirm the relationship between the level of knowledge, attitudes, and organizational adaptation. For the purpose of statistical testing, all tests were conducted at a .05 level of significance.

RESULTS AND DISCUSSION

Results from the study

The results of the study on the knowledge, attitude, and adaptation of SMEs in terms of entering the AEC in Thailand and Vietnam indicated that 222 completed questionnaires were collected from Thai SME owners consisting of 121 small and 101 medium enterprises, and 192 completed questionnaires were collected from the Vietnamese SME owners, consisting of 81 small and 111 medium enterprises. The majority of SMEs were registered as a company limited entity, representing 79.3 percent for Thailand and 63.5 percent for Vietnam. Almost half of them were from the manufacturing sector, representing 49.5 percent for Thailand and 44.3 percent for Vietnam, while the rest were from the service and retail sectors. One-third of them had been operating their business for less than 5 years, representing 32.4 percent for Thailand and 32.8 percent for Vietnam. Thirty-six point five percent of Vietnamese SMEs had operated their business between 6-10 years while 31.1 percent of the Thai SMEs had operated their business for more than 20 years. The majority of SMEs from both countries mainly relied on domestic customers, and revenues generated from outside the countries were less than 5 percent of the firm's total income. A summary of the general information of the SMEs in Thailand and Vietnam is included in Table 1, which provides general information about the Thai and Vietnamese SMEs owners that completed the questionnaire.

The results from the survey indicated that Thai SME owners were rated to have a medium level of outcome for knowledge, which represented 59 percent, while the Vietnamese SME owners were rated to have a low and limited level of knowledge of the AEC representing 11.5 percent and 50.0 percent respectively. Thai SMEs were also rated to have a limited, low, and medium level respectively on adaptation or preparation for the AEC representing 10.4 percent, 39.6 percent and 38.7 percent, while the Vietnamese SMEs were rated to have 50.0 percent at a limited level, 22.4 percent at a low level, and 20.3 percent at a medium level, which was lower compared to Thailand. The figures above show that the SME owners in Thailand are ranked at a higher level of adaptation and preparation compared to those in Vietnam in terms of level and amount of firms. However, only 10 percent of the SMEs from both countries exhibited well adaptation and preparation for the AEC.

The findings from the comparative study on the knowledge, attitude, and adaptation of SMEs to enter the AEC on the part of Thailand and Vietnam using the independent sample t-test showed that Thai SMEs has better knowledge of the AEC in 8 different areas (free flow of goods, free flow of services, free flow of investment, freer movement of capital, mobility of professions, market opportunity expansion, sourcing of raw materials, and infrastructure development), which were free flow of goods and services, liberalization, market opportunities, and benefits of regional raw materials sourcing compared to Vietnam at a statistical significance of 0.05. The results also indicated that Thailand had a higher level of attitude towards the AEC in all dimensions (affect, cognition, and behavior) than those of Vietnamese SMEs. Finally, in terms of organization adaptation and preparation, SMEs from Thailand had better adapt their organizations to the AEC in the areas of operations, finance, human resources management, technology and innovation when compared to Vietnam at a statistical significance of 0.05. The comparison chart of all observed variables is illustrated in Table 2.

Table 2 Comparison of the knowledge, attitude, and adaptation of SMEs in Thailand and Vietnam

Variables	Cronbach's alpha	Thailand Mean	Thailand S.D.	Vietnam Mean	Vietnam S.D.	p-value
Knowledge of the AEC						
Free flow of goods	0.81	3.42	0.77	3.03	1.10	0.000*
Free flow of services	0.84	3.26	0.85	3.06	0.98	0.010*
Free flow of investment	0.75	3.29	0.87	2.99	1.03	0.056*
Freer flow of capital	0.87	3.36	0.88	3.07	0.97	0.250
Free flow of skilled labours	0.83	3.46	0.85	3.11	0.94	0.290
Market opportunity expansion	0.87	3.78	0.82	3.29	0.99	0.004*
Sourcing of raw materials	0.84	3.49	0.67	3.00	0.97	0.001*
Infrastructure development	0.91	3.43	0.77	3.12	0.89	0.088
Attitude towards the AEC						
Affect (feeling)	0.81	3.58	0.75	2.99	0.94	0.000*
Cognition (thought or belief)	0.84	3.62	0.75	2.98	0.93	0.010*
Behavior (action)	0.85	3.51	0.74	2.97	0.89	0.056*
Organizational adaptation for the AEC						
Main strategy of organization	0.88	3.54	0.68	3.31	0.82	0.127
Marketing of the firm	0.91	3.37	0.70	3.19	0.72	0.258
Operations	0.87	3.38	0.72	3.27	0.58	.005*
Human resources	0.87	3.30	0.79	3.25	0.60	.000*
Finance	0.88	3.24	0.81	3.25	0.58	.000*
Technology and innovation	0.88	3.32	0.80	3.24	0.60	.000*

* Statistically significant at the p<.05 level (2-tailed)

The results of the relation analysis among the relevant variables on knowledge, attitude and readiness using the Pearson's product-moment correlation coefficient indicated that the knowledge factor had a positive outcome regarding the attitude of SME owners at a high level (.817), while the attitude factor had a positive outcome regarding the preparation of SME owners at a medium level, and the correlation was significant at 0.446 and 0.422 respectively and the correlation was significant at the 0.01 level. Table 3 analyses means, standard deviations, and correlations between constructs used in this study.

Table 3 Means, standard deviations, and correlations among constructs

Observed variable	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1.FlowGood	3.26	0.94	1																
2.FlowService	3.19	0.91	.592**	1															
3.FlowInvestment	3.17	0.96	.580**	.760**	1														
4.FlowerCapital	3.25	0.93	.602**	.716**	.760**	1													
5.FlowLabour	3.32	0.91	.519**	.535**	.597**	.636**	1												
6.MarketExpansion	3.58	0.93	.598**	.595**	.579**	.643**	.617**	1											
7.RMsourcing	3.29	0.84	.604**	.540**	.570**	.590**	.576**	.685**	1										
8.Infrastructure	3.32	0.84	.582**	.663**	.599**	.656**	.576**	.643**	.724**	1									
9.Affect	3.35	0.88	.511**	.529**	.528**	.569**	.541**	.667**	.698**	.685**	1								
10.Cognition	3.36	0.89	.602**	.581**	.560**	.617**	.579**	.667**	.694**	.740**	.772**	1							
11. Behavior	3.31	0.85	.557**	.582**	.563**	.596**	.569**	.676**	.690**	.668**	.753**	.727**	1						
12.MainStrategy	3.44	0.76	.356**	.371**	.378**	.398**	.355**	.434**	.477**	.435**	.458**	.503**	.523**	1					
13.Marketing	3.29	0.72	.248**	.310**	.282**	.317**	.236**	.286**	.384**	.379**	.375**	.395**	.442**	.651**	1				
14.Operations	3.34	0.67	.288**	.292**	.282**	.299**	.265**	.224**	.342**	.292**	.306**	.335**	.359**	.539**	.722**	1			
15.HR_Strategy	3.28	0.71	.198**	.206**	.205**	.258**	.205**	.156**	.234**	.249**	.223**	.272**	.289**	.494**	.516**	.665**	1		
16.Finance	3.25	0.71	.182**	.204**	.195**	.222**	.157**	0.091	.189**	.184**	.162**	.214**	.216**	.409**	.503**	.621**	.689**	1	
17.Innovation	3.29	0.72	.252**	.192**	.201**	.234**	.169**	.150**	.229**	.242**	.252**	.281**	.318**	.454**	.581**	.646**	.683**	.623**	1

** Correlation is significant at the 0.01 level (2-tailed).

One of the research hypotheses of this study is that there is a positive relationship of the level of knowledge and positive attitudes on the level of organizational adaptation and preparation to the changes from being the AEC. In order to explore the causal relationships between these variables, a structural equation model was built as a measurement model of the study and the proposed hypothesis was then analyzed. The results of the model analysis are shown in Figure 1 and Table 4.

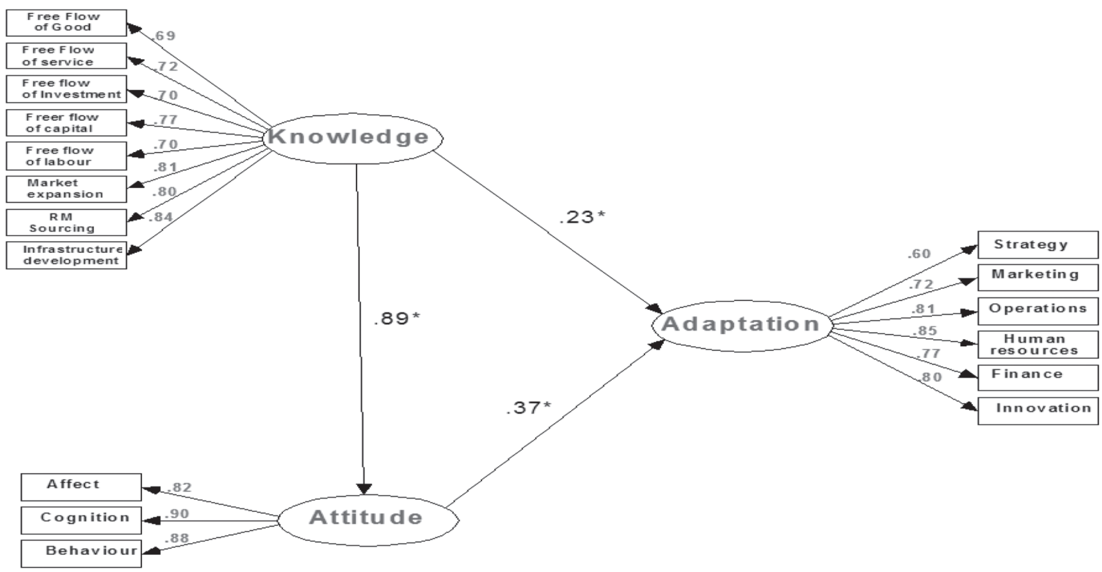

Figure 1 Path diagram of SME's knowledge, attitudes, and adapatation for the AEC Chi-square= 212.28, df = 107, $\chi 2$/df = 1.98, CMIN/DF =1.984, GFI = 0.941, RMSEA = 0.049, *P<0.05

The measurement model in Figure 1 was tested in an a priori method in order to ensure and improve the validation of the measures. The overall fit measures obtained from a structural equation analysis of the model were Chi-square (χ^2)=212.28, df = 107, χ^2/df = 1.98, 1.72CMIN/DF =1.984, GFI = 0.941, RMSEA = 0.049. Based on these results, the overall fit measures indicated a good fit for this model. Therefore, the measurement model is acceptable or the measurement model has overall validity.

Table 4 Total (Effects), Direct (Effects), and Indirect Effects – Estimation of the Model

Dependent Variable	Effects	Independent Variable: Knowledge	Attitude
Attitude	DE	0.895*	
	IE	-	
	TE	0.895*	
	R^2	0.801	
Adaptation	DE	0.228*	0.370*
	IE	0.331*	-
	TE	0.559*	0.370*
	R^2	0.520	

*P<0.05

The SEM results obviously demonstrate that SME owners' knowledge of and attitudes toward the AEC have positive relation to the organization adaptation. While the direct effect of knowledge shows relatively low relation (DE=0.228, p < .05) with the firm adaptation, the total effects of knowledge of the AEC have highly positive influences on organization adaptation (TE=0.559, p < .05). Furthermore, as demonstrated in Table 4, the coefficient of determination (R2) value showed that 52% of the organization adaptation model accounts for the two antecedent variables (knowledge and attitudes) at a statistically significant p-value of .05 level. This implies that if the SME owners are learned in the details of the impacts of the AEC, they are more likely to adapt or prepare their firms to fit the changing of business environment occurred by the regional economic integration.

Discussion

The results from the study on the AEC constituents perceived by SME owners in Thailand and Vietnam revealed that SME owners did not have knowledge of the impacts of regional economic integration that will occur after the establishment of the AEC. Half of the SME owners from Vietnam (from the research samples) did not acknowledge basic information about the AEC, even though the Secretary-General of ASEAN, H.E. Le Luong Minh, is from Vietnam (2013-2017) (ASE-

AN, 2014c). The results also showed that the SMEs in Thailand had a higher level of knowledge of the AEC regulations compared to Vietnam in five from eight different dimensions mentioned above. This could be an outgrowth from the Bangkok Declaration when Thailand registered as one of the founding countries of the ASEAN Community in 1967 (ASEAN, 2014b) and has performed a major role in establishing continuous collaboration within the region to enhance its negotiation power on the global stage as well as promoting the AEC context to the public through media, projects, and campaigns hosted by both government and public sectors. On the other hand, Vietnam has not shown sufficient awareness and readiness to promote or campaign knowledge about the AEC to its people as the country just joined ASEAN in 1995 (ASEAN, 2014b). However, Vietnam will benefit more from the AEC than Thailand especially being a production base for large enterprises due to the lower minimum wage and the greater number of people of working age. In addition, the purchasing power of middle class people in Vietnam is increasing continuously from the country's expanded economy. This has also attracted foreign investors, and some Thai firms, particular in labour-intensive industries, also have considered moving their production bases to Vietnam after the Thai government increased the minimum wage in 2012 (Thailand Board of Investment (BOI), 2013).

The results demonstrated in Table 2 show that the mean of all dimensions (affect, cognition, and behavior) of the attitude of the SMEs in Thailand are higher than those of Vietnam, demonstrating that better knowledge of the AEC has a significant influence on attitude according to Delameter (2000). Hence, experience and acquisition of knowledge have an influence on attitude, which could vary from time to time; for example, a positive attitude resulted from satisfaction and positive perception. The results from the survey on firm's strategies after the establishment of the AEC in eight measured dimensions, which were the organization's core strategy, marketing, production and service, human resources, finance, technology and innovation also indicated that Thai SMEs are better equipped compared to SMEs in Vietnam. The company's strategies were influenced by the positive attitude of Thai SMEs towards AEC establishment. An analysis from the structural equation modelling also demonstrated consistency and proved the above results, indicating that attitude was significantly influenced by the acquisition of knowledge (correlation coefficient was 0.89) and positive attitude influenced the adaptation to SME owners (correlation coefficient was 0.37).

This research also cited a significant finding—that only 10 percent of SMEs in both Thailand and Vietnam had sufficient adaptation and/or preparation and were well equipped for the AEC. This finding is consistent with the results from previous research, which indicated that 90 percent of SMEs in Thailand and Vietnam were considered to have only a medium and low level of preparation towards the upcoming establishment of the AEC in 2015 (Siriphattrasophon and Saiyasopon, 2013) where the original plan had been moved forward from 2020 according to an agreement of the 2007 ASEAN Summit in Cebu (Vu and Hartley, 2013).

This finding raised the issue of the appropriateness and effectiveness of policies to promote SMEs in ASEAN due to the different business environment and capacity of SMEs in each country. For example, Thailand has established the Office of Small and Medium Enterprises Promotion (OSMEP), which has operated as part of the government since 2002, and its main responsibility is to develop policies and road maps to promote SMEs in the country. The OSMEP has issued the 3rd road map to promote SMEs (B.E. 2555-2559) in Thailand, where the plan is consistent with the 11th National Economic and Social Development Plan (B.E. 2555-2559), the strategic scheme of each ministry, as well as provincial development plans (OSMEP, 2013). In addition, there are other organizations that support the promotion of Thai SMEs, such as the Board of Investment Thailand (BOI), the Department of Industrial Promotion (DIP), the Small and Medium Enterprise Development Bank (SME Bank), the Thai Credit Guarantee Corporation, and the Department of International Trade Promotion. These organizations provide specific support for SMEs. However, Thai SMEs have faced some limitations in order to develop their potentiality, such as a low ability to access funds which consequently has resulted in a low rate of technological implementation, and a lack of research development. Moreover, Thai SMEs also have weaknesses, such as a traditional management style, language barriers, and lack of communication between enterprises and government organizations due to the unofficial status of some businesses.

The Vietnamese government, in 2001, instituted a permanent committee called the Small and Medium Enterprises Development Council and has promoted it to the Agency of SME Development (ASMED) under the Ministry of Planning and Development. The Agency for SME Development is responsible for issuing policies and helping with the coordination among SME development agencies within the country, for example, SME promotion, business registration, domestic investment, multi-country collaboration, as well as personal capacity building (Ministry of Planning and Investment, 2014). Furthermore, the Vietnamese government also promotes SMEs at the provincial level through the Provincial People's Committee and public sectors, such as the Vietnam Chamber of Commerce and Industry (VCCI), the Union of Scientific and Technical Assistance, the SME Association for Rural Trades, etc. Having considered the current business situation in Vietnam in terms of market size, minimum wage, cost, business and loan facilitation, the country can be seen to have an advantage over other ASEAN nations. If the problems with the transparency and effectiveness of the government can be addressed, Vietnam will be ranked as one of the most outstanding countries in the ASEAN region.

Even though a number of organizations have been instituted to promote SME development in both Thailand and Vietnam for more than 10 years, most of the SMEs do not have sufficient business competitive capacity compared to the large enterprises, which have advantages in terms of funds, sales volume, market size, ability to access information, implementation of innovation and technology, and management and company reputation, which could attract skilled labor (O'Cass and Weerawardena, 2009). It is essential for SMEs to learn and develop their capacity to compete in the market. Each government must also take a leading role in promoting its SMEs to be able to survive in a high-intensity market by providing in-depth information on the effects of AEC establishment. The finding that most firms still had low level of the firm readiness clearly revealed that the government sector is still not performing effectively even though the official establishment of the AEC is going to happen in 2015.

CONCLUSION AND RECOMMENDATIONS

The ASEAN regional economic integration for the official establishment of the AEC in 2015 will expand the business competitiveness of its member countries and will open windows for new business and investment within the region. The economic integration will eliminate barriers to promote free flow of goods, service, investment, funds and labor. However, this will increase the competitiveness within the markets in the region. Business owners, especially SMEs that have limited funds and access to sources of funds, technology and innovation, skilled labors and the ability to penetrate foreign markets, will be affected by this change and must prepare themselves to adapt to the changing environment. The purpose of this study was to survey the knowledge, attitude and preparation of SMEs regarding the establishment of the AEC, as preparation is essential for business owners to survive the competition, and to help them avoid negative impacts to their firms.

The samples of the study were selected from SMEs in Thailand and Vietnam. Thailand is one of founding countries of ASEAN, while Vietnam joined the group in 1995. The analysis of the relevant variables revealed that SMEs from Thailand have a higher level of knowledge about the AEC compared to the SMEs from Vietnam—knowledge of the free flow of goods and services, investment liberalization, expanded markets, and the benefit of sourcing countries within the region, in particular. However, knowledge of the free flow of funds and skilled labor, as well as the infrastructure development of SMEs in both countries, was seen to be at an equivalent level. As a result, the study showed that better acquisition of knowledge resulted in a higher level of the attitude of Thai SMEs compared to those of Vietnam at a statistically-significant level. Moreover, the study also showed that experience and knowledge acquisition resulted in a positive relation to the attitude of SMEs towards the AEC. The study also indicated that the SMEs in Thailand and Vietnam have an equivalent level of preparation for the AEC regarding core and marketing strategies, while Thai SMEs have better preparation regarding goods production, service, management, human resources, and financial management, including technology and innovation. The analysis of the relation between attitude and the level of preparation of the SMEs has a medium correlated.

The AEC will benefit SMEs that are well-prepared, even though they have several weaknesses compared to large business enterprises. SMEs that have a lower level of preparation might struggle in a highly-competitive market, where goods can be manufactured by other competitors at a lower cost, especially competitors from within ASEAN. However, the advantage of SMEs could be quick decision making, as most SMEs are managed by owners, which allows more flexibility for new business opportunities within the region, especially for the Economic Corridor Development under ASEAN Connectivity, use of E-Commerce, which is more affordable for helping with business expansion. SMEs ought to frequently measure their readiness to operate their business in order to detect weaknesses, and to fill gaps and rapidly improve their capacity to enter the AEC.

The government sector of each ASEAN country is also taking a major role in promoting, developing, and increasing the capacity of SMEs by raising awareness of the AEC publicly. A number of countries have initiated organizations to specifically work on the promotion of SMEs. However, the study has demonstrated that the outcomes of the supporting campaigns and activities have not yet reached the expectations, which indicates that most SMEs still lack knowledge about the AEC, do not have a sufficiently-positive attitude toward it, and are not sufficiently prepared. In order to address these issues, the government sector must focus more on the training of SME owners regarding business and investment. This will allow SME owners to obtain knowledge and in-depth information from subject experts. Furthermore, the government sector must aggressively work on strategies to improve the country's business capacity, especially in the prioritized industries, as well as create networks to link SMEs with larger enterprises. The ASEAN government must promote collaboration between organizations such as the chambers of commerce and the industrial councils in the ASEAN region, which could be another key channel for facilitating and reducing the risks for SME owners in operating their business in particular countries. In addition, the government must moderate complicated regulations as well as processes; promote a better business environment, address corruption problems, set quality standards for goods and products sold in their countries in order to ensure the health and safety of the people. The attempts of the government sector in carrying forward policies and regulations that will help SMEs to have proper knowledge, attitudes, and preparation for the upcoming AEC will not only create their capacity and competitiveness, but also promote the strength of the ASEAN economy on the global competition.

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