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Community-based enterprise export strategy success: Thailand's OTOP branding program

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Abstract:

Thailand's One Tambon One Product (OTOP) branded handicraft and food export program in 2016 reached nearly US\$3billion, with products coming from approximately 6,000 community-based enterprises (CBE) and small-medium enterprises (SME) countrywide. The OTOP movement is a global program, with communities in China, Malawi, South Africa, Thailand, Laos, and the Philippines. This study examined the influences of perceived quality, competitiveness, trust, and distribution satisfaction on entrepreneurial export performance strategy using the OTOP product brand. Structural equation modeling used LISREL Version 9.1 to conduct a confirmatory factor analysis and test the hypothesized inter-relationships on the variables influencing export performance strategy. Results showed that product quality, trust, distribution capability, and competitiveness are important factors influencing export performance strategy. It was also interesting to note that the majority of the 500 entrepreneurs (94.4%) either owned or worked in groups that had 50 or less employees.

JEL Classifications: E26, F23, J21, J47, L19, L26

Keywords: Microenterprise, OVOP, product quality, satisfaction, trust

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1. Introduction

A key strategy of the Thai government in 2017 has been to help "grass roots" level community-based enterprises (CBEs) in promoting their home-grown agricultural and handicraft products, growing these firms into larger, export-focused, small to medium enterprises (SMEs) (Office of the Prime Minister, 2016). According to the Thai SME Fund, Thailand has the highest rate of entrepreneurship per capita in the world (Sithkong & Pasurawan, 2004), with data indicating that there are 2.76 million entrepreneurs in Thailand's economy.

Thailand, however, is not the only Southeast Asian nation relying on SME's for growth. Vietnam has more than 500,000 SMEs, which generate for 50% of GDP, 33% of the state budget revenues, and over five million jobs (Lai, 2017). SMEs in Indonesia are also the backbone of the country's economy. About 3.8 million Indonesian SMEs in 2010 absorbed approximately 8.75 million workers, and contributed 32% to the GDP (Fauji & Utami, 2013). According to the OECD, SMEs comprise 99.6% of all registered business in the Philippines; employ 70% of the workforce.

Rural decline and the global trend to urbanization (54% today) are also adding to the importance of finding a ways to help fighting economic poverty within these countryside communities (Liu & Li, 2017). In Thailand, sustainable development of rural regions and their citizens has become important priority of official government policy. Most recently,

this policy has been articulated in the release of the Eighth National Economic & Social Development Plan (NESD 1997-2001), which also included the King of Thailand's 'theory of economic self-sufficiency'. Therefore, engaging locals has become the key to rural success (Liu & Li, 2017). Bottom-up initiatives act as a 'social glue' which encourages people to work together (Li et al., 2016). Community-based development also revitalizes community solidarity (Suindramedhi, 2016).

1.1. OTOP history

The emergence of the Asian financial crisis in mid-1997 motivated many Asian governments to strengthen their SMEs (Moha-Asri, 2002), with Thailand adopting Japan's 'One Village One Product' (OVOP) concept. Japan's OVOP was launched in 1979 in Japan's poorest prefecture (Oita) by the Governor Morihiro Hiramatsu, who adopted the slogan "Think globally, act locally". Hiramatsu's OVOP stressed the importance for locals to lessen their dependence on government subsidies, while helping with retaining youth and improving the quality of life (Anh, 2013).

In the labeled in Thailand as 'One Tambon, One Product' or OTOP, the Thai word 'Tambon' is translated into English as 'sub-district', which is the third smallest administrative unit below district and province in Thailand. Totaling 7,256 tambons throughout Thailand (Hörstemeier, 2017), the OTOP program boosted after its inception, growing from a little over \$US7 million in 2001 to US\$2.24 billion in 2008 (Natsuda et al., 2011). In implementing of OTOP in 2001 the Thai government accomplished a top-down driven scheme which was different that the Japanese OVOP program's bottom-up initiatives (Fujioka, 2006).

Shortly after OTOP's launch, the importance of the program was pronounced in 2003 at APEC Ministerial SME Meeting held in Chiang Mai, Thailand. Ministerial statement declared that the Thailand's OTOP promotion "is a good model that could have application in developing an entrepreneurial society, especially in local areas" (Asia-Pacific Economic Cooperation, 2003). In 2008, the UNIDO also released a report committing itself to rural development and poverty reduction in Africa using a OVOP/OTOP-type project style (Haraguchi, 2008), while other developing nations around the world have adopted both Governor Hiramatsu's and Thailand's visions, including China, Malawi, South Africa, Laos, and the Philippines (Liu & Li, 2017).

1.2. OTOP government support

The government plays a supporting role in the OTOP, assisting in supply chain issues, consultation with enterprise entrepreneurs, networking, and opening up new markets for the OTOP products. In 2016 ten OTOP products were selected as in-flight products for sale on board flights of Thai Airways; and 128 OTOP products were listed in their in-flight catalog (National News Bureau of Thailand, 2016). Additionally, OTOP shops are to open at 28 of Thailand's airports, which in 2016 transited 122 million air travelers (Kositthothana, 2017). OTOP shops are also being established in each of two national gas stations (PTT) in each province, with OTOP fairs and booths now common throughout all of Thailand.

The basic idea of the OTOP scheme is to have each Tambon (sub-district) concentrating on a one certain type of product which is best suited for production in each sub-district. Presently, approximately 40% of the Thai OTOP enterprises are engaging in food processing and handicraft production, with a heavy concentration of the enterprises in Thailand's Northern provinces. Product categories recently identified as export rising stars include processed foods and beverages, utensils, decorative items and souvenirs, cloth, apparel, and accessories (Changson, 2015).

In 2015 there were over 70,000 OTOP enterprises registered country-wide, with 10,000 of these having been granted the coveted '5-star' rating necessary for export (Changson, 2015). 5,687 Thailand exporters in 2015 generated more than \$US 2.88 billion in foreign revenue (Changson, 2015).

Many community-based enterprises and entrepreneurs, therefore, have aspirations to become SMEs, and one mechanism to achieve this is to market their products under the Thai government product branding of 'OTOP'. The brand personifies the perceived value (Tock & Baharun, 2013); products becoming OTOP branded open many doors to foreign markets

1.3. Problem statement

CBE and SME OTOP entrepreneurial enterprises presently provide about US\$3 billion to the Thai economy which has become crucial to the country's economic health. However, still various factors constrain developing the export performance strategy and success (Hirohata, 2013). In the past, Thai entrepreneurial agricultural and handicraft exporters have experienced various challenges in overseas markets, including customer confidence, trust, and lack of product branding, and identification (Piriyakul & Wingwon, 2011). Production capacity for export purposes is a great challenge for developing nations, which in turn influences the quality, service standard, and production scale (The World Bank, 2010), while customer satisfaction with goods and service acts as critical components to export performance (Julian, 2003; World Bank, 2010). Therefore, from a national sample of 500 OTOP export entrepreneurs, the researchers set out to determine how product quality, competitiveness, distribution satisfaction, and trust affect the OTOP brand's product export performance strategy.

2. Review of the literature

2.1. Product quality

According to an export marketing performance survey conducted on Thai SMEs, one of the four factors determined to have a significant contribution was product characteristics (Julian, 2003). The three others included competition, commitment, and the export market characteristics. Concerning product characteristics, it was stated that concentration should be focused on product flexibility, which meets the need of the market, specifically cultural specificity, and the degree of uniqueness of the product.

Bei & Chiao (2001) concluded that the most significant factor was the quality of goods. The World Bank (2010) has also indicated the importance of solid infrastructure for norms, standards, and quality control which assure the proper commercialization of products for either domestic or foreign markets. Similarly, Tsiotsou (2005) concluded competitive comparisons as a key success factor. Other factors such as fulfilling expectations, meeting customer's goals, and having positive customer relationships are also significant (Tohidinia & Haghghi, 2011).

Additionally, Wang & Tsai (2012) state that outstanding quality, reliability, and consistency are crucial elements of perceived quality as well, with Laosirihongthong et al. (2013) stating that a product's performance, its conformance to specifications, reliability, and durability are equally important.

Review of these and other studies concerning theories about product quality (PRQ) directed to the selection of the following variables for our research: best quality (PRQ1), excellent standards (PRQ2), overall quality (PRQ3), and service quality (PRQ4). Further, we have suggested the following three hypotheses:

H1: Product quality (PRQ) has a positive effect on trust (TR).

H2: Product quality (PRQ) has a positive effect on distribution satisfaction (DIS).

H5: Product quality (PRQ) has a positive effect on export performance strategy (EPS).

2.2. Competitiveness

Julian (2003) studied SME export performance in Thailand and indicated that price competitiveness in the export market and product commitment are important factors in export marketing success. Leonidou et al. (2002) showed that price flexibility and the ability to offer lower prices (i.e. penetration pricing) were positive aspects for export performance. This was consistent with Bei & Chiao (2001) who indicated the importance of a reasonable price. Rijkers (2014) also recognized the importance of price and indicated it should be competitive or equal to competitors pricing scales as well as corresponding to market trends.

From these and other studies concerning theories about competitiveness (COM), we have selected the following variables for our study: reasonable price (COM1), fair price (COM2), acceptable price (COM3), competitive market price (COM4), and market trends (COM5). Further, we have formulated the following two hypotheses:

H3: Competitiveness (COM) has a positive effect on trust (TR).

H4: Competitiveness (COM) has a positive effect on distribution satisfaction (DIS).

2.3. Trust

According to Uslaner (2001), the roots and consequences of trust are precisely what we would expect of a moral value. Values should be stable over time and not dependent upon day-to-day experiences, and consist of integrity, benevolence, ability, perception, and communication. Jin et al. (2007) highlighted trust and value in Korea as coming from a firm's reputation. Trust to international exporters, however, can be difficult to achieve; as from the 15,822 respondents of a Reader's Digest study it was found that only 32% of consumers trusted international companies, and only 13% trusted advertising (Pumim et al., 2017).

Piriyakul & Wingwon (2011) argued consumer trust towards a product brand play a critical role in supporting sustainable corporate growth. Brenčič et al. (2008) argued that a long-term orientation is a consequence of trust and relationship commitment. Lin (2013) found significant and positive relationships between trust and satisfaction, and between satisfaction and loyalty.

According to Moliner (2008), trust is defined as being trustworthy, honest, and having a good reputation. Stuart et al. (2011), however, saw trust as being built principally through supplier centric traditional performance metrics such as delivery reliability and product quality conformance. Trust is also earned when performance meets expectations and comes from reliable products (Valvi & West, 2013). To achieve trust, enterprises need to respond to a customer's need, have honesty and sincerity, keep commitments, and possess competency and effectiveness in their service delivery (Alsajjan, 2014). Rijkers (2014) found that trust is earned from firms being reasonable, fair, having appropriate services and price consistency.

From these and other studies concerning theories about trust (TR), we have specified the following variables: being trustworthy (TR1), ability (TR2), judgement (TR3), product trust (TR4). The following related hypotheses have been formulated in our study:

H6: Trust (TR) has a positive effect on distribution capability (DIS).

H7: Trust (TR) has a positive effect on export performance strategy (EPS).

2.4. Distribution satisfaction (DIS)

Research from Saudi Arabia showed that product and distribution capabilities had a significant direct effect on export performance for low involvement exporters (Al-Aali et al., 2013). Distribution satisfaction is also a core idea in global logistics importance, and was best expressed in the 1978 FedEx slogan "when it absolutely, positively has to be there overnight"; this helped FedEx separating its brand from its competition, and made the company the largest express transportation company in the world (Maital, 1995).

This is consistent with Zou & Stan (1998) who examined 50 papers published between 1987 and 1997. They found that of the seven categories measuring export performance, the satisfaction was a key element. Hill et al. (2015) stated that identification of the customer's needs, along with superior fulfillment of customer satisfaction over rivals, contribute to a competitive advantage. Satisfaction can also be defined broadly as a customer being satisfied with a product or service (Bei & Chiao, 2001). Additionally, Tohidinia & Haghghi (2011) indicated that relationship quality have a significant impact with customer satisfaction and that customer satisfaction has a positive impact on re-purchase intentions, positive word-of-mouth and customer's positive feedback, which leads to happiness and overall satisfaction (Tsiotsou, 2005).

The review of these studies has made us to select the following variables to our study: overall satisfaction (DIS1), product satisfaction (DIS2), exceeds expectations (DIS3), satisfied service (DIS4), purchase decision satisfaction (DIS5), and satisfied needs (DIS6). This then led to the conceptualization of the following hypothesis:

H8: Distribution capabilities (DIS) have a positive effect on export performance strategy (EPS).

2.4. Export performance strategy

Concerning export performance strategy (EPS), frequently mentioned models are Cavusgil & Zou (CZ) (Cavusgil & Zou, 1994) and the Export Performance (EXPERF) model (Zou et al., 1998). We have found the history of European SMEs, as discussed by the Dutch scholar Voerman (2003), particularly interesting as well as the detailed analysis on export performance from the Brazilian authors Carneiro et al. (2007).

Finding agreement, however, on what components actually contribute to a firm's export performance is complex, with confirmation of this difficulty coming from early research of Aaby & Slater (1989). They conducted a review of 55 studies on the management influence on export performance from 1978 to 1988, and synthesized the findings down to the independent variables such as environment, competencies, and firm characteristics (i.e. firm characteristics, firm capabilities, and management characteristics), and strategy (Voerman, 2003).

Madsen (1987) also synthesized 17 export performance studies from 1964 to 1985 into 23 latent variables grouped into three categories, which were referred to as organizational performance (O-performance), the structure and performance of its environment (E-structure), and strategies (strategy). Sousa (2004) later reviewed 43 empirical studies published between 1998 and 2004, and noted 50 different operational aspects of export performance. While Leonidou (2004) on the other hand compiled data from 32 empirical studies, and identified 39 barriers to export performance of small businesses.

Zou et al. (1998) are also recognized for their EXPERF model whose key dimensions for measuring export performance include finance, strategy, and satisfaction. This scale has been empirically validated in a cross-national study of US and Japanese exporters, as well as in a study of UK and Australian exporters (Styles & Ambler, 1994), and a study of

British exporters, strengthening its value as a valid generalized export performance measure (Beleska-Spasova, 2014).

The literature suggests that export performance is closely associated with the characteristics of the enterprise, including such things as the size, the firm's age, and who the entrepreneurs are (e.g. see Zou et al., 1998). Our research, have found other studies concerning export performance which were focused on smaller SME organizations. This included Bartlett & Bukvić (2001), Leonidou (2004), Leonidou et al. (2002), and Styles & Ambler (1994).

Styles & Ambler (1994) revised an earlier export performance framework from Aaby & Slater (1989), and concluded that it was the partnership and relationship factors which had the greatest influence on export performance improvement. Later Styles (1998) refined Cavusgil & Zou's (1994) model for use in the analysis of SMEs in Australia and the United Kingdom, and found that economic performance, improvement of competitive position, future expansion, and passive exporting were the keys to SME export performance. Research from Bartlett & Bukvić (2001) also focused on SMEs and investigated what hindered their growth the greatest, and strongly suggested that unless flexibly and deregulation are embraced, there will be significant barriers to small business growth.

Bilkey (1978) determined that management quality is the greatest single determinant of a firm's export success. Ayan & Percin (2005) also determined that export market success depends on foreign environments, managerial characteristics, and the firm's marketing strategies. Brenčić et al. (2008) defined export performance as profitability, which was consistent with Abu-Jarad et al. (2010).

Ural (2009) also demonstrated that there is a positive impact of information sharing, strategic positioning, and performance on financial export performance and satisfaction with the export venture. This was similar to Laosirihongthong et al. (2013) who emphasized the importance of market share, profitability, sales growth, and market growth on export performance.

From these and other studies concerning theories about export performance strategy, a review of the literature and theory led to the following observed variables being determined which included market share (EPS1), profitability (EPS2), rapid growth (EPS3), sales volume (EPS4), strategic position growth (EPS5), satisfied performance (EPS6), and global competitiveness (EPS7).

3. Methodology

From the 2015 Thai Exporter Directory Database from the Ministry of Commerce's Department of International Trade (DIP), 1,353 Thai OTOP exporters which were listed were extracted. Starting in November 2014, phone calls were placed to 720 enterprise entrepreneurs involved in export of Thai handicraft and food related products. Upon contact with these owners, the best method for sending the export performance strategy questionnaire was determined (post, e-mail, courier, etc.). Subsequent follow-up calls and emails were made in December 2014 and January 2015 to those owners who had not returned the survey, with the completion of the follow-up process ending in February 2015. From this process, the targeted collection number was not achieved.

Therefore, ten teams were selected and deployed to physically travel to the enterprises' location in May 2015 and gather a completed survey. From this added level of collection, the researchers could obtain 545 questionnaires. This represented a collection rate of 75.69% (545 of the original 720 enterprises identified). Subsequent quality control and auditing of the responses eliminated 45 sets, leaving a final survey response rate of 69.44% or 500 of the originally identified 720 enterprises, exceeding statistical sampling criteria by Krejcie & Morgan (1970) and Yamane (1967). Furthermore, during the period between March to May 2015, qualitative research was further conducted by use of in-depth, semi-

structured, guided interviews with seven owners and executives covering the measurement of product quality, competitiveness, trust, distribution satisfaction, and export performance strategy.

For the study, Cronbach's alpha (Tavakol & Dennick, 2011) was used to evaluate the initial 30 "try-out" samples which used a 6-point, unipolar scale survey rating matrix with "5" indicating "excellent" and "0" indicating "no opinion". The value of alpha (α) that is considered acceptable has a reliability score of 0.70 or higher (Hair et al., 2016). The correlation coefficient indicated high reliability with a score of 0.953.

3.2. Quantitative data analysis

By use of simple random sampling, 500 OTOP exporters were eventually surveyed for the study. The questionnaire used a 6-point unipolar scale, with 5 indicating 'excellent' and 0 indicating 'no quality' (Krosnick & Presser, 2009). This was adapted from the export performance rating scale used by Pope (2002) to measure small firms. Analysis of Thai owner and entrepreneur export performance was conducted using descriptive statistics including frequency, percentage, mean, and standard deviation (Keengwe & Onchwari, 2011). From literature reviews and theory, the following latent and observed variables shown in Table 1 were analyzed for this study.

4. Empirical results

4.1. Respondents' characteristics

Of the 500 respondents for the study, 301 were female (60.2%) and 199 were males (39.8%). These respondents were divided into five age groups: 41-50 years old (156 respondents or 31.2%); 154 respondents who were 31-40 years old (30.8%); 51-62 years old (85 respondents or 17.0 %); 76 respondents who were under 30 years old (15.2%), with the remaining group over 60 years old of age with 29 respondents (5.8%).

Regarding education, 220 of the 500 surveyed respondents had Bachelor's Degrees (44.0%); the second largest group with 141 respondents had vocational education (28.2%); the remaining respondents represented other types of education including 15 with Master's Degrees (3.0%), with the remaining 124 respondents representing other or lower educational levels (24.8%).

Among the total 500 respondents, 440 (88% of the total) respondents were business owners, and 60 respondents (12.0%) - business executives. Work experience was broken down into those with 10 or more years' experience (231 or 46.2%), those with 6-10 years of work experience (124 or 24.8 %), those with one to five years of experience (120 or 24.0%), and those with less than one year of experiences (25 respondents or 5.0%).

The vast majority of the entrepreneurs surveyed either owned or worked in groups that had 50 or fewer employees representing 472 of the respondents (94.4%). This was followed by 22 respondents (4.4%) working in groups with 51-100 employees, with only two of the total of 500 surveyed working in organizations larger than 101 employees (0.4%).

Additionally, the respondents were divided into 10 groups according to their assets. The largest group was represented by those with maximum assets not exceeding five million THB (US\$144,000) which had 216 members (43.2%). This was followed by 76 exporters (15.2%) with assets between 26-50 million THB. Another group with 56 respondents (11.2%) had assets between 51-75 million THB, followed by 53 respondents having 6-25 million THB (10.6%). Respondents with assets 76-100 million THB included 42

respondents (8.4%), with 101-125 million THB - 21 respondents (4.2%), with 126-150 million THB - 20 respondents (4.0%), with 151-175 million THB - 9 respondents (1.8%), with 176-200 million THB - 6 respondents (1.2%), with assets over 200 million THB - just one respondent (0.2%).

4.2. Construct validity

Overall validity was determined by testing both convergent and discriminant validity in combination. Convergent validity uses three tests including item reliability, construct reliability (CR), and average variance extracted (AVE) (Chau, 1997) (Table 1). Furthermore, item reliability is confirmed if factor loadings are 0.50 or above, while CR is assessed based on the criteria that the indicator's estimated pattern coefficient is significant on its underlying factor, which should have a threshold value for construct reliability at 0.70 or higher. Table 1 shows that the CR was higher than 0.60, with all AVE values higher than 0.50, and all R² values classified as "substantial" (Hair et al., 2016).

TABLE 1. CORRELATION COEFFICIENTS AMONG LATENT VARIABLES, CONSTRUCT RELIABILITY (ρ_C), AND THE AVERAGE VARIANCE EXTRACTED (AVE)

Latent Variables	PRO	COM	VAL	DIS	EPS
Product Quality (PRQ)	1.00				
Competitiveness (COM)	0.543	1.00			
Trust (TR)	0.415	0.563	1.00		
Distribution Satisfaction (DIS)	0.410	0.673	0.635	1.00	
Export Performance Strategy (EPS)	0.396	0.473	0.443	0.437	1.00
ρ_C (Construct Reliability)	0.780	0.763	0.806	0.881	0.924
ρ_V (AVE)	0.470	0.395	0.511	0.554	0.636

Note: Statistical significance level is at the 0.01 level and the numbers in the bolded diagonal figures indicate \sqrt{AVE} , AVE - average variance extracted.

4.3. SEM results

In structural equation modeling, the fit indices establish whether the model is acceptable, which can be classified into several classes. Researchers such as Marsh et al. (2004) and Jaccard & Wan (1996) recommend researchers to use a range of fit indices to overcome the limitations of each index. From these suggestions to determine model fit, R² values were shown to be higher than 0.25. (Hair et al., 2016), goodness of fit (GFI) was 0.96 which was acceptable (Hooper et al., 2008), with the adjusted goodness-of-fit statistic (AGFI) for the study calculated as 0.96, which was also acceptable. The final results are shown in Table 2, Table 3, and Figure 1.

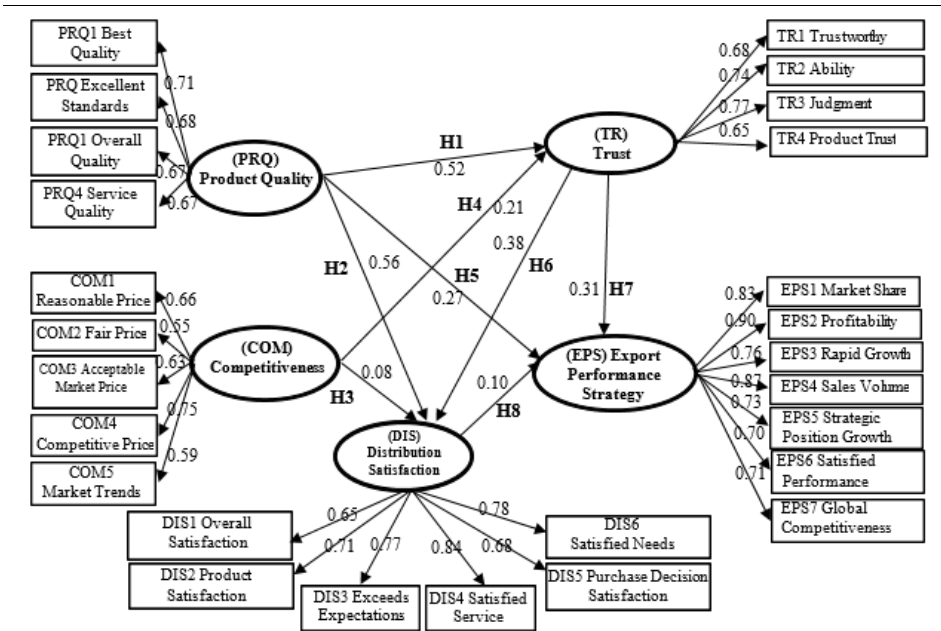
Furthermore, Table 2 shows the direct effect (DE), indirect effect (IE), and total effect (TE) of each construct with the sum of direct and indirect effects is referred to as the total effect. The "*p*" value is the "level of significance" with a *p*<0.01 indicating that the probability that the result is observed due to chance is 1% (a "false positive" result).

TABLE 2. STANDARD COEFFICIENTS OF INFLUENCE (N=500)

Dependent variables	Independents					
	Effect	R ²	PRQ	COM	TR	DIS
Competitiveness	DE	0.37	0.27*	0.00	0.31*	0.10
	IE		0.23*	0.07	0.04	0.00
	TE		0.50*	0.07	0.35*	0.10
Service Quality	DE	0.49	0.52*	0.21*	-	-
	IE		0.00	0.00	-	-
	TE		0.52*	0.21*	-	-
Distribution	DE	0.65	0.56*	0.08	-	-
Satisfaction	IE		0.20*	0.08	-	-
(DIS)	TE		0.76*	-0.01	-	-

Note: * = p < .01, TE = Total effect, IE = Indirect effect, DE = Direct effect, values are estimated. PRQ = product quality, COM = competitiveness.

FIGURE 1. FINAL MODEL



Note: Chi-Square=110.40, df=132, p-value=0.91431, RMSEA=0.000.

TABLE 3. HYPOTHESES TESTING RESULTS (N=500)

Hypotheses	Coef.	t-value	Results
H1: Product quality (PRQ) has a positive effect on trust (TR)	0.52	5.29*	Supported
H2: Product quality (PRQ) has a positive effect distribution satisfaction (DIS)	0.56	5.71*	Supported
H3: Competitiveness (COM) has a positive effect on trust (TR)	0.21	2.31*	Supported
H4: Competitiveness (COM) has a positive effect on distribution satisfaction (DIS)	0.08	1.06	Rejected
H5: Product quality (PRQ) has a positive effect on export performance strategy (EPS)	0.27	3.24*	Supported
H6: Trust (TR) has a positive effect on distribution satisfaction (DIS)	0.38	5.32*	Supported
H7: Trust (TR) has a positive effect on export performance strategy (EPS)	0.31	3.59*	Supported
H8: Distribution satisfaction (DIS) has a positive effect on export performance strategy (EPS)	0.10	1.16	Rejected

Note: Relationships are significant at the * < 0.01 level, Coef. - standardized regression coefficients.

5. Discussion

From the research concerning Thai entrepreneurial OTOP export performance strategy, product quality (PRQ) was determined to play a key role and supported three of the study's eight hypotheses (H1, H2, and H3). In H1, product quality (PRQ) was found to have a significant role in the export customer's trust, which is consistent with numerous studies (Piriyakul & Wingwon, 2011).

The medium, in which the message is communicated, also plays a significant role as to how the message is 'trusted' (Pumim et al., 2017). An excellent example of this is the use of events, complimentary sampling, and social media (such as Facebook) in establishing customer trust for a Myanmar organic coffee company (Consult-Myanmar, 2017).

Also, Thai OTOP product exporters need to support product quality that meets standards for both the domestic and international markets (Natsuda et al., 2011), while also meeting production standards that are suitable for customer needs, including durability and good customer service. These factors have a significant influence a customer's trust.

In H2, product quality (PRQ) was also determined to have a positive impact on distribution satisfaction (DIS), with requires products to be durable and maintained through an excellent product service system. This is consistent with the European Consumer Organization (2015), which has stated that reliable and durable products provide value for money to consumers and prevent overuse of resources and waste.

Product quality (PRQ) was also hypothesized to affect export performance strategy (H5), which was confirmed and consistent with Leonidou et al. (2002). However, in a United

Sates Agency for International Development (USAID) (2005) study of Thai OTOP village cluster competitiveness, it was stated that the villages were in dire need of basic management training, product standardization, maintaining uniform output, understanding costs, and cash flows. This is consistent with Lakhanapipat, Smith, & Tubsree (2016), which indicated that leadership is a vital factor for the success of the local OTOP schemes.

Concerning the hypothesized relationships of (H3) competitiveness (COM) to trust (TR), and (H4) competitiveness (COM) to distribution satisfaction (DIS), results were mixed, with H3 supported and H4 rejected. Research from Ismail (2011) has also given support to H3, as it was determined that trust is important in developing and maintaining productive cross border business relationships, and thus a firm's competitiveness. Other research confirming this include Moliner (2008), Valvi & West (2013), and Wang & Tsai (2012).

However, H4 was rejected and found as not having a significant influence on OTOP entrepreneur's export performance distribution satisfaction (DIS). Speculation for this most probably comes from OTOP product pricing for export being 'standardized' by various organizations involved in the process. This comes from the 'top down' style of Thai business culture, and the OTOP program in Thailand. This 'top-down' price control however, has also been stated to be a fundamental flaw within the OTOP program's export performance success in Thailand in the past. According to Liu & Li (2017), giving industry owners and managers the rights to set prices encourages villagers to develop their skills, as well as adding flexibility and competitiveness in following market changes and consumer preferences.

Concerning H6's relationship of trust (TR) on distribution satisfaction (DIS) and H7's relationship of trust (TR) on export performance strategy (EPS), both were supported. According to the USAID (2005), establishing direct relationships with customers exposes members to overseas buyers' preferences and trends, and facilitates the establishment of long-term relationships based on trust and customer service. Trust (TR) also directly influences export performance strategy (EPS), which is supported by past studies indicating that Thai agricultural and handicraft exporters have experienced various challenges in overseas markets, including customer confidence, trust, and lack of product branding and identification (Hilman et al., 2017).

Lastly, H8's hypothesized relationship of distribution satisfaction (DIS) to export performance strategy (EPS) was rejected, most probably because the processes of distribution and export for OTOP products in Thailand are government controlled, and take place at airport shops, in-flight catalogs, national gas stations shops, etc. However, if product orders come from online OTOP portals, it is imperative that communications are established with the customers which is maintained though order completion. SMEs must therefore fulfil their orders and deliver their products to worldwide buyers promptly, and be aware of local regulatory issues which can delay or lead to the cancellation of an order (Phetcharat, 2017).

6. Conclusion

The importance of export performance strategy (EPS) to the OTOP/OVOP world movement and rural communities has taken even greater importance due to the continued urbanization of the planet's population, and the consequent rural decline and 'brain drain'. Global agencies and scholars state that OVOP/OTOP type programs are an effective tool to alleviate rural poverty; such programs are being implemented in many countries. However, top-down policies often fail, with government-led initiatives not fully considering the peculiarities of each rural community (Liu & Li, 2017). If people's voices are not heard, they will not cooperate, with engaging locals the key to success. Organizational achievement is based on effective leadership as a core value, with "bottom-

up" initiatives acting as "social glue", encouraging people to work together; as compared to "top-down", which disengages communities. Also, scientific methods and technologies are needed to suggest the best strategies for improving rural conditions, with digital innovation (smartphones, Internet, product portals, etc.) used to improve export performance strategy.

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