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Moderating effect of access to finance of the gem and jewelry industry

Efecto moderador del acceso a la financiación de la industria de joyas y gemas

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ABSTRACT

This study aims to investigate the moderating effect of access to finance on the linkages between strategic orientations and small medium enterprises (SMEs) performance of the gem and jewelry industry in Thailand. The sample of this study consisted of 116 firms operating in the gem and jewelry business in Thailand. In this study that data were collected using the systematic sampling technique. Based on the obtained analysis results, positive and significant relationships were found between market orientation (MO), learning orientation (LO), and SMEs performance, while entrepreneurial orientation (EO) was not found to have a positive significant relationship with SMEs performance.

Keywords: Gem and jewelry industry, partial least square, SMEs, Thailand.

RESUMEN

El objetivo de este estudio es investigar el efecto moderador del acceso a la financiación sobre los vínculos entre las orientaciones estratégicas y el desempeño de las pequeñas y medianas empresas (PYME) de la industria de la gema y la joyería en Tailandia. La muestra de este estudio consistió en 116 empresas que operan en el negocio de joyas y gemas en Tailandia. En este estudio, los datos se recopilaron utilizando la técnica de muestreo sistemático. En base a los resultados del análisis obtenidos, se encontraron relaciones positivas y significativas entre la orientación del mercado (MO), orientación de aprendizaje (LO) y el desempeño de las PYMES, mientras que la orientación emprendedora (EO) no tuvo una relación positiva significativa con el desempeño de las PYMES.

Palabras clave: Industria de joyas y gemas, parcialmente menos cuadrado, PYMES, Tailandia.

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INTRODUCTION

The SMEs sector nowadays plays an important role in social and economic developments in both developed and developing countries all around the world. In Asia, SMEs play a main role in boosting the economic growth as well as providing job creation generating 42% of the gross domestic product (GDP) in the region (Central Asia, East Asia, South Asia, Southeast Asia, and the Pacific) (Yoshino & Taghizadeh-Hesary: 2018; Franklin et al.: 2019). In Thailand, a developing country located in Southeast Asia, SMEs are recognized as the backbone of the country's economy that contributed 43.9% to the national GDP in the fourth quarter 2018. Particularly, SMEs operating in the gem and jewelry industry are outstanding players in driving the international trade value of goods of Thailand since the industry constituted the highest proportions of exports for SMEs in year 2016 and 2017. According to SMEs have a high potential of employment-generating, as well as play an important role in driving the economic growth (Turner et al.: 2016), the governmental agency—the Office of Small and Medium Enterprises Promotion (OSMEP)—has been established in November 2001 in order to support Thailand's SMEs as a means of obtaining sustainable economic growth and social development in the country. The definition of SMEs in Thailand can be defined based on the number of full-time employees and fixed assets excluding land, for instance, for manufacturing sector, small enterprises are companies with employees of less than 50 people and fixed assets value of less than THB 50 million whereas medium enterprises having 51-200 employees and fixed assets value of less than THB 200 million. Although the gem and jewelry industry has been recognized as one of the most important exporters contributing 5.11% of Thailand's gross export value, the export performance of the industry during January to March 2019 compared to the same period in 2018 decreased by 6.02 %. More important, SMEs in Thailand are encountering challenges that lead to low performance include; difficulty in accessing finance, lack of marketing and management skills, and problems in developing entrepreneurial skills. Kruasom (2017) acclaims that Thailand's SMEs may overcome low performance by building up competitive advantage among themselves. There have been a lot of studies on firm performance revealed that strategic orientations—entrepreneurial orientation (EO), market orientation (MO), and learning orientation (LO)—influence firm performance. Besides, many studies indicated that access to finance (ATF) had a significant effect on firm performance. Although there have been a lot of studies of these strategic orientations and access to finance on firm performance, very few studies focus on EO, MO, LO, and firm performance as a single model, as well as the moderating role of access to finance among SMEs particularly in the gem and jewelry industry in Thailand proposed by Mohd Shariff and Colleagues (2017). Hence, it is crucial to study a combination of these strategic orientations; EO, MO, and LO on SMEs performance by adopting access to finance as a moderating variable. This study thus aims to study the moderating effect of access to finance on the relationships between EO, MO, LO and SMEs performance in the gem and jewelry industry in Thailand. The remainder of this paper is structured as follows; firstly, the paper starts with the most relevant literature on SMEs performance, EO, MO, LO, access to finance, and underpinning theory that theoretical framework is based. It further explains more on the theoretical gaps by proposing the hypotheses. This is followed by the methodology used in this study. The results thus are reported. Finally, this paper ends with discussion.

EO and Firm Performance

EO can be conceptualized as a firm's processes, practices, and decision-making activities that are related to the three entrepreneurial behavioral patterns; innovativeness, proactiveness, and risk-taking with the purpose of creating a competitive advantage to boost performance (Wales: 2015; Changqing et al.: 2018). The EO-performance relationship seems to be empirically inclusive. Since the past studies tended to indicate a positive relationship between EO and performance, the hypothesis is stated as follow;

Hypothesis 1: There will be a positive relationship between EO and SMEs performance in Thailand.

MO and Firm Performance

The concept of MO was introduced into the academic literature since 1920s that developed from the “marketing concept” considered as a business philosophy in which it was extensively studied by Kohli and Jarworski and Narver and Slater (1990) (Gheysari et al.: 2012). To this end, the notion of a relationship seems to be inconclusive that past studies tended to show a positive relationship between MO and firm performance. Therefore, the hypothesis is specified as follow;

Hypothesis 2: There will be a positive relationship between MO and SMEs performance in Thailand.

LO and Firm Performance

According to the strategic orientations such mentioned above, other orientation such as LO has also been received widespread attention among scholars from various disciplines (Hakala: 2011; Zamora-Lobato et al.: 2017). The notion of a linkage between LO and performance seems to be empirically inconclusive. Hence, the hypothesis can be specified as follow;

Hypothesis 3: There will be a positive relationship between LO and SMEs performance in Thailand.

Access to Finance as the Moderator

The importance of access to finance (hereafter referred to as ATF) towards firm performance has been confirmed repeatedly by scholars for decades since it is a major restraint of firm growth and survival. Based on the studies, the strength of the relationship between firm resources and performance would be intensified as ATF increased. Nevertheless, there have been limited studies investigating the moderating role of ATF on the relationships between firm resources such as EO, MO, and LO and SMEs performance. Hence, the following hypotheses are formulated;

Hypothesis 4: There will be a moderating effect of ATF on the positive relationship between EO and SMEs performance in Thailand.

Hypothesis 5: There will be a moderating effect of ATF on the positive relationship between MO and SMEs performance in Thailand.

Hypothesis 6: There will be a moderating effect of ATF on the positive relationship between LO and SMEs performance in Thailand.

Overall, a research framework has been developed for the study to examine the moderating effect of ATF on the relationships between EO, MO, LO, and SMEs performance as shown in Figure

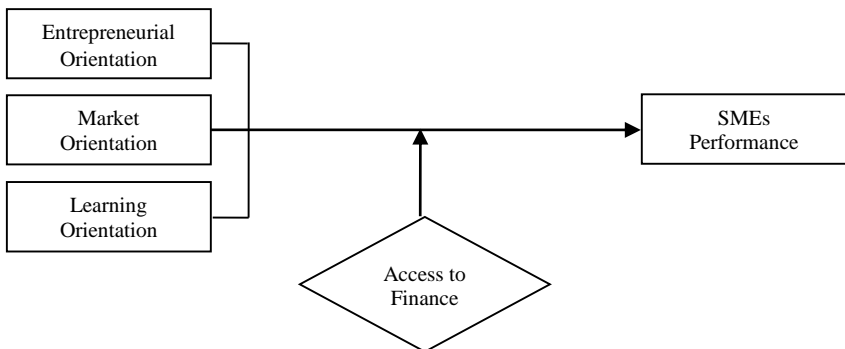


Figure 1. Research Framework

METHODS

A cross-sectional survey was employed in this study to collect the main data using the systematic sampling technique. The population of this study was all SMEs operating in the gem and jewelry industry in Thailand. The unit of analysis of the study was the firm level. The list of gem and jewelry exporters was obtained from the Gem and Jewelry Institute of Thailand that were 1,601 SMEs. According to the Dillman's (2007) formula, 310 SMEs were required to represent the population. Consequently, 310 copies of the questionnaire were sent by post to the owner-managers as respondents, and that 42 questionnaires were returned in the first four weeks. Another four weeks, 268 questionnaires were personally distributed to the owner-managers who exhibited their companies in the 59th Bangkok Gems & Jewelry Fair during February 22-26, 2017. There were five variables involved in the study; EO, MO, LO, ATF, and SMEs performance. The items of all variables were adopted from the previous studies, SMEs performance was derived from Wu and Lu (2012), EO was adopted from Eggers and Colleagues (2013). MO was obtained from Charles and Colleagues (2012), LO was adopted from Hakala (2013), and ATF was adopted from Aminu and Mohd Shariff (2015). The questionnaire elicited responses on EO, MO, LO, ATF, and SMEs performance using a five-point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree. Before proceeding the main data analysis, data screening and preliminary analysis were conducted. Firm age and firm size were included in the research model as control variables since both of them were found to affect SMEs performance in the prior studies in which it might affect the results of the current study as well (Roux & Bengesi, 2014; Ageeva & Pantea: 2019, pp. 334-348). The study adopted partial least squares structural equation modeling (PLS-SEM) using the SmartPLS software version 3.2.8 to evaluate the measurement model (outer model) and structural model (inner model).

RESULTS

Since a total of 118 usable questionnaires was received from the respondents, the data screening and preliminary analysis were performed (response rate, missing data analysis, non-response bias test, normality test, assessment of outliers, common method bias test, and multicollinearity test). The two outliers were detected and removed from the data set in this study, remaining 116 cases for data analysis. All the criteria satisfied the threshold values and that the data was suitable to be subjected to the further PLS-SEM analysis although the data were non-normally distributed (Hair et al.: 2017b). The next step was to assess the PLS-SEM results using a two-stage process through the evaluation of measurement model (Stage 1) and structural model (Stage 2) (Sarstedt et al.: 2017, p. 15). The two-stage approach was used as a means to run the moderation analysis by examining the main effects model (direct relationships) in the first stage and then continued with creating the interaction terms (moderation test) in the second stage (Hair et al.: 2017b, p. 251).

The Reflective Measurement Model

The reflective measurement models can be evaluated in Stage 1 using the PLS-SEM algorithm to determine the measurement quality (reliability and validity) by looking at; (1) indicator reliability; (2) internal consistency reliability; (3) convergent validity; and (4) discriminant validity (Sarstedt et al.: 2017). The assessment of measurement models should be drawn on the rules of thumb as suggested by Hair and Colleagues (2011) though the threshold values may vary for a rule of thumb. An indicator's outer loading should be greater than 0.70, whereas indicators with loadings between 0.40 and 0.70 should be considered to remove since deleting such items lead to an increase in composite reliability (CR) and average variance extracted (AVE). Indicators with loadings less than 0.40 always be omitted from the construct. This study used a cut-off value for loadings at 0.70 as being significant for MO and PER whereas at 0.60 for ATF, EO, and LO. The indicator ATF44 was retained although the loading less than 0.40 because Hair and Babin (2017) insist

that a two-item construct is problematic. Apart from 61 indicators, the remaining 30 indicators were in the range of 0.532 to 0.838 for loadings (see Table 1 and Figure 2). Following this, internal consistency reliability was assessed using CR that CR values between 0.60 and 0.70 are considered as acceptable whereas the values between 0.70 and 0.95 represent satisfactory to good reliability levels (Sarstedt et al.: 2017; Tarasova et al.: 2019, pp. 228-240). The results showed that CR had values of 0.688 and higher that met the recommended threshold value (see Table 1). Besides, convergent validity was examined using AVE to elucidate the items' variance across all items associated with a particular construct (Sarstedt et al.: 2017). Hair and Colleagues (2011) suggest that AVE value should be greater than 0.50 to indicate the construct explains more than half of the variance of its indicators. The results of AVE values were ranged between 0.502 to 0.688 only ATF below the recommended threshold valued (see Table 1) but was considered close to adequate convergence. In addition, AVE 0.40 is acceptable if CR is higher than 0.60. Next, discriminant validity was considered using Fornell-Larker criterion and heterotrait-monotrait (HTMT) ratio of correlation (Hamid et al.: 2017) to imply how much a construct correlates with other constructs and how distinctly the indicators represent a single construct (Sarstedt et al.: 2017). The Fornell-Larker criterion can be seen by comparing the square root of the AVE values with the latent variable correlations where the square root of each construct's AVE on the off-diagonal should be higher than its highest correlation with any other construct (Hair et al.: 2017a, p. 116). Moreover, the HTMT criterion is highly recommended by Henseler and Colleagues (2015) to assess discriminant validity since there has been criticism in using the Fornell-Larcker criterion to detect the lack of discriminant validity. Voorhees and Colleagues (2016) explain further that an HTMT value exceeding 0.85, 0.90, or close to 1.0 suggests a lack of discriminant validity. The results showed the square root of AVE value for each construct was greater than its highest correlations in the diagonal (see Table 2) as well as HTMT values ranged between 0.218 to 0.814 (see Table 3) that clearly below the threshold value of 0.85, indicating discriminant validity had been established. In a nutshell, the results of the assessment of reflective measurement model demonstrated that all the construct measures used in this study showed satisfactory levels of reliability and validity.

Table 1. Loadings, Composite Reliability, and Average Variance Extracted

Constructs	Loadings Item Deletion	Before Loadings After Item Deletion	CR	AVE
Entrepreneurial Orientation			0.856	0.543
EO1	0.475			
EO10	0.693	0.756		
EO11	0.539			
EO12	0.691	0.778		
EO13	0.507			
EO14	0.632	0.742		
EO2	0.526			
EO3	0.695	0.706		
EO4	0.467			
EO5	0.584			
EO6	0.678	0.702		
EO7	0.365			
EO8	0.429			
EO9	0.522			
Market Orientation			0.910	0.668
MO15	0.741	0.826		
MO16	0.705	0.836		
MO17	0.786	0.831		

Constructs	Loadings Item Deletion	Before Loadings After Item Deletion	CR	AVE
MO18	0.756	0.827		
MO19	0.726	0.765		
MO20	0.570			
MO21	0.628			
MO22	0.414			
MO23	0.670			
MO24	0.600			
MO25	0.672			
MO26	0.504			
MO27	0.314			
MO28	0.403			
Learning Orientation			0.875	0.502
LO29	0.647	0.717		
LO30	0.718	0.810		
LO31	0.467			
LO32	0.646	0.667		
LO33	0.647	0.668		
LO34	0.724	0.739		
LO35	0.695	0.691		
LO36	0.558			
LO37	0.583			
LO38	0.700	0.653		
LO39	0.500			
LO40	0.600			
Access to Finance			0.688	0.429
ATF41	0.637	0.647		
ATF42	0.834	0.766		
ATF43	-0.108			
ATF44	0.293	0.532		
SMEs Performance			0.941	0.613
PER45	0.297			
PER46	0.396			
PER47	0.737	0.723		
PER48	0.561			
PER49	0.616			
PER50	0.702	0.731		
PER51	0.782	0.801		
PER52	0.805	0.816		
PER53	0.665			
PER54	0.772	0.782		
PER55	0.501			
PER56	0.836	0.838		
PER57	0.763	0.778		
PER58	0.786	0.800		
PER59	0.770	0.787		

Constructs	Loadings Item Deletion	Before Loadings After Item Deletion	CR	AVE
PER60	0.752	0.766		
PER61	0.631			

Notes: EO = Entrepreneurial Orientation, MO = Market Orientation, LO = Learning Orientation, ATF = Access to Finance, PER = SMEs Performance.

Table 2. Discriminant Validity (Fornell-Larcker)

Constructs	ATF	EO	LO	MO	PER
ATF	0.655				
EO	0.242	0.737			
LO	0.178	0.653	0.708		
MO	0.135	0.679	0.586	0.817	
PER	0.247	0.570	0.667	0.614	0.783

Notes: Bold values represent the square root of AVE for each construct; EO = Entrepreneurial Orientation, MO = Market Orientation, LO = Learning Orientation, ATF = Access to Finance, PER = SMEs Performance.

Table 3. Discriminant Validity (HTMT)

Constructs	ATF	EO	LO	MO	PER
ATF	-				
EO	0.400	-			
LO	0.402	0.797	-		
MO	0.218	0.814	0.685	-	
PER	0.389	0.652	0.738	0.668	-

Notes: EO = Entrepreneurial Orientation, MO = Market Orientation, LO = Learning Orientation, ATF = Access to Finance, PER = SMEs Performance.

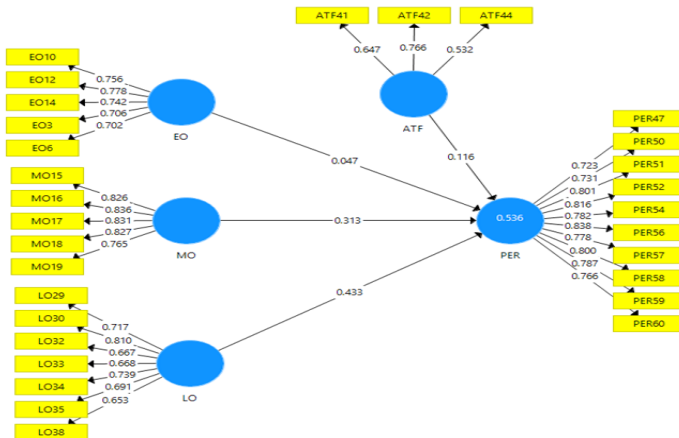


Figure 2. Reflective Measurement Model

The Structural Model

Once the goodness of the reflective measurement model in Stage 1 had been confirmed, the next stage was to evaluate the structural model in Stage 2 in order to examine the proposed hypotheses using a non-parametric bootstrap procedure. Ramayah and Colleagues (2018, p. 142) suggest that six steps should be assessed in Stage 2 are; the assessment of collinearity, R² explanation of endogenous latent variables, predictive relevance Q², significance and relevance of path coefficients, f² and q² effects size of path coefficients. According to Hair and Colleagues (2017a, p. 192), collinearity issues among constructs needed to be reassessed since indicators are deleted in Stage 1. Kock and Lynn (2012) suggest to adopt variance inflation factor (VIF) values to determine whether there are collinearity issues that VIF values should not higher than the threshold value of 3.3 particularly in PLS-SEM model. The collinearity was reassessed since 31 indicators were discarded (in Stage 1), the results showed that all VIF values were below the threshold value of 3.3 (see Table 4), suggesting that collinearity was not a critical issue in this study. Non-parametric bootstrap procedure was used to determine significance of path coefficients using 5,000 bootstrap samples for bootstrap 116 cases. After running PLS-SEM algorithm as well as bootstrapping procedure, the result for H1 indicated that EO was not significantly and positively related to SMEs performance ($\beta = 0.060$, t-value = 0.596, CI = -0.088 to 0.241), thus H1 was not supported. By contrast, the result reported that MO was significantly and positively related to SMEs performance ($\beta = 0.354$, t-value = 3.692, CI = 0.180 to 0.497), supporting H2. Similarly, the result also indicated that LO was significantly and positively related to SMEs performance ($\beta = 0.439$, t-value = 4.304, CI = 0.279 to 0.613), hence H3 was supported. Besides, the moderation test was conducted using the two-stage approach to create interaction terms since it has a high statistical power test compared to the product-indicator approach and orthogonalizing approach (Ramayah et al: 2018, p. 243). The result reported that ATF was not significantly related to SMEs performance ($\beta = 0.113$, t-value = 1.329, CI = -0.003 to 0.270), interpreting ATF did not influence SMEs performance. In addition, the result indicated that the interaction term of EO*ATF was not significant ($\beta = 0.030$, t-value = 0.198, CI = -0.215 to 0.281), thus H4 was not supported. Also, the interaction term of MO*ATF was not significant ($\beta = 0.109$, t-value = 0.867, CI = -0.105 to 0.307), suggesting H5 was not supported. In the same manner, the interaction term of LO*ATF was not significant ($\beta = -0.062$, t-value = 0.495, CI = -0.260 to 0.152), indicating H6 was not supported. Based on these results, it can be concluded that ATF did not moderate the positive relationships between EO, MO, LO, and SMEs performance (see Table 5 and Figure 3). Besides, the coefficient of determination (R²) was assessed in order to indicate variance explained of each endogenous latent variable. According to Hair and Colleagues (2017a, p. 199), it is not an easy task to provide the rule of thumb for acceptable R² values since it is subject to the research context, but a rough rule of thumb regarding an acceptable R² value of 0.75, 0.50, or 0.25 can be considered as substantial, moderate, or weak respectively. The R² value obtained for this study was 0.548 suggesting the combined three exogenous latent variables (EO, MO, and LO) explained 54.8% of the variance in SMEs performance, indicating the obtained R² value was moderate. Equally, the R² of 0.559 was the value demonstrating that all the four exogenous latent variables (EO, MO, LO, and ATF) combined together explained 55.9% of the variance in SMEs performance, which was considered as moderate. In addition to evaluating the R² value, the effect size f² was assessed to determine how well an exogenous construct contributes to explaining a certain endogenous construct (Ramayah et al.: 2018, p. 146).

According to Cohen (1988, p. 413-414), the f² values of 0.02, 0.15, and 0.35 can be respectively considered as weak, moderate, and strong effects. Hair and Colleagues (2017a, p. 201) suggest further that f² values of less than 0.02 indicate no effect. The results (see Table 6) showed that the f² of EO-PER (0.001) was no effect whereas ATF-PER (0.027) was considered weak. The results also indicated that the f² of MO-PER (0.142) as well as LO-PER (0.224) were considered moderate. Having assessed the effect size f², the next step was to evaluate the predictive relevance Q² using Stone-Geisser's criteria. Sarstedt et al. (2017) claim that, as a rule of thumb, Q² values larger than zero indicating that the model's predictive accuracy is

acceptable for a particular endogenous construct. The blindfolding procedure thus was adopted in this study using an omission distance $D = 7$ to obtain cross-validated redundancy Q^2 values for the endogenous construct (Hair et al.: 2011). The resulting Q^2 value of 0.304 was above zero (see Table 7), providing support for the model's predictive accuracy. Similar to the effect size f^2 approach for assessing R^2 , the effect size q^2 was assessed using manual computing to indicate the change in Q^2 value when a specified exogenous construct is omitted from the model (Sarstedt et al.: 2017). The obtained q^2 values indicated that most of the exogenous constructs had weak q^2 besides EO was considered no effect on their respective endogenous construct PER (see Table 8).

Table 4. Collinearity Test Based on Inner VIF Values

	ATF	EO	LO	MO	PER
ATF					1.065
EO					2.342
LO					1.869
MO					1.990
PER					

Notes: ATF = Access to Finance; EO = Entrepreneurial Orientation; LO = Learning Orientation; MO = Market Orientation; PER = SMEs Performance.

Table 5. Results of Direct Relationship and Moderation Test

Hypothesis	Relationship	Std. Beta	CI	t-value	Decision
H1	EO -> PER	0.060	[-0.088; 0.241]	0.596	Not Supported
H2	MO -> PER	0.354	[0.180; 0.497]	3.692**	Supported
H3	LO -> PER	0.439	[0.279; 0.613]	4.304**	Supported
H4	EO*ATF -> PEF	0.030	[-0.215; 0.281]	0.198	Not Supported
H5	MO*ATF -> PEI	0.109	[-0.105; 0.307]	0.867	Not Supported
H6	LO*ATF -> PEF	-0.062	[-0.260; 0.152]	0.495	Not Supported

Notes: EO = Entrepreneurial Orientation; MO = Market Orientation; LO = Learning Orientation; ATF = Access to Finance; PER = SMEs Performance. ** $p < 0.01$, * $p < 0.05$, one-tailed.

Table 6. Effect Size (f^2)

Variable	f^2	Effect Size
EO-PER	0.001	No Effect
MO-PER	0.142	Moderate
LO-PER	0.224	Moderate
ATF-PER	0.027	Weak

Notes: EO = Entrepreneurial Orientation; MO = Market Orientation; LO = Learning Orientation; ATF = Access to Finance; PER = SMEs Performance.

Table 7. Predictive Relevance Q^2

Total	SSO	SSE	Coefficient Correlation
ATF	348.000	348.000	
EO	580.000	580.000	
Firm Age	116.000	116.000	
Firm Size	116.000	116.000	
LO	812.000	812.000	
MO	580.000	580.000	

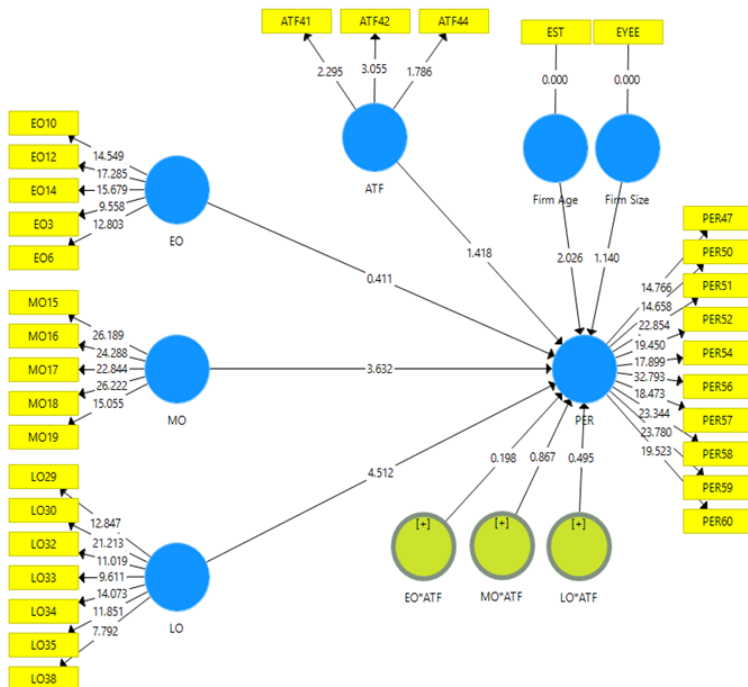
PER 1,160.000 806.942 0.304

Notes: EO = Entrepreneurial Orientation; MO = Market Orientation; LO = Learning Orientation; ATF = Access to Finance; PER = SMEs Performance.

Table 8. Effect Size (q²)

Variable	Q ² Included	Q ² Excluded	q ²	Effect Size
EO-PER	0.304	0.306	-0.003	No Effect
MO-PER	0.304	0.271	0.047	Weak
LO-PER	0.304	0.249	0.079	Weak
ATF-PER	0.304	0.299	0.007	Weak

Notes: EO = Entrepreneurial Orientation; MO = Market Orientation; LO = Learning Orientation; ATF = Access



to Finance; PER = SMEs Performance.

Figure 3. Structural Model

DISCUSSION

According to the primary objective of this study was to examine the moderating effect of ATF on the relationships between EO, MO, LO, and SMEs performance in the gem and jewelry industry in Thailand. Six hypotheses were formulated and tested, only two hypotheses were supported. In order to achieve the objective of this study, H1 was examined which stated that there is a positive relationship between EO and SMEs performance. The PLS path modeling result revealed that EO did not significantly influence SMEs performance, thus H1 was not supported. This suggests that the greater focus on EO of SMEs including;

innovativeness, risk-taking, and proactiveness might lead firms to better performance but not for SMEs in Thailand. It can be interpreted that EO may not play a critical role in enhancing the SMEs performance in Thailand. The result is inconsistent with prior studies reported the relationship exists between EO and firm performance. Nevertheless, the result is consistent with some prior studies that found no significant relationship between EO and firm performance. In the context of Thailand, EO was found to have no impact on SMEs performance explaining that firms might discourage employees from taking risks with new ideas.

This is consistent with a study found that Thailand's SMEs are less likely to take risks compared with Vietnamese SMEs (Swierczek & Ha: 2003). It can be explained further that Thailand's SMEs may not consider themselves innovative firms since they continue to prefer assembling technology to imitating technology (Wongpunya: 2016). They have been manufacturing parts and products designed by other countries' firms for more than two decades as original equipment manufacturers (OEMs). It also could be likely that Thailand's SMEs might not seek new business opportunities or markets to target and discover needs of customers which they are unaware of. Furthermore, the result does not provide support for the resource-based theory (RBT) in identifying EO as an intangible VRIN resource (valuable, rare, inimitable, and non-substitutable) that generates competitive advantage, in turn, enhances firm performance (Newbert, 2008). Hence, it can be inferred from the result of this study that EO is not a critical strategic resource for Thailand's SMEs. Secondly, H2 was examined which stated that there is a positive relationship between MO and SMEs performance in Thailand. The finding for this study indicated a strong, positive relationship between MO and SMEs performance, thus H2 was supported. A possible explanation for this result is that better performance of SMEs can be attained by exercising MO (customer orientation) since market-oriented firms strive to satisfy customers' needs by offering superior values to buyers, in turn, generates a superior performance for the firms (Narver & Slater: 1990). In Thailand, SMEs may drive their business strategies by increasing customer value as their goal. They regularly measure customer satisfaction and closely monitor, and assess their level of commitment to serving customers' needs. Also, they pay close attention to after-sales service. The obtained result for this study confirms the importance of MO to firm performance as acknowledged in existing literature.

This consistency with prior studies strengthens the RBT that identifies MO as a strategic VRIN resource that can foster firm performance. By contrast, the present result is not consistent with previous studies that found no significant impact of MO on firm performance. However, the result of this study suggests that MO is a key strategic asset that contributes to SMEs performance in Thailand. Thirdly, H3 was evaluated which stated that there is a positive relationship between LO and SMEs performance in Thailand. The outcome revealed that LO had the highest impact on SMEs performance, thus H3 was supported. This finding is consistent with previous studies that showed LO to be positively related to firm performance. A possible explanation for this finding is suggested by Hakala (2013) who argues that learning-oriented firms are more willing to generate and use knowledge through activities that reflect a commitment to learning, open-mindedness, and shared vision in order to contribute competitive advantage, ultimately firm performance. The SMEs in Thailand may view learning as the key to convince their survival. Further, their visions are shared among employees across all levels, functions, and divisions, as well as they are not afraid to critically reflect on new strategic information regarding their firm. Interestingly, the empirical finding supports the notion of RBT implying that LO plays critical role in enhancing firm performance. Since firms integrate knowledge and share it across levels and functions, the organizational capabilities are created that would be difficult for rivals to imitate (Wei et al.: 2012). In contrast, the finding is not consistent with some previous studies that found no influence of LO on firm performance. Nevertheless, the present result of this study suggests that Thailand's SMEs need to engage in LO since firms with a strong LO are more willing to invest in learning to improve the abilities that may be the key to achieving competitive advantage and enhancing firm performance. Lastly, the moderating effect of ATF on the relationship between independent variables (EO, MO, and LO) and SMEs performance was investigated through hypotheses H4, H5, and H6 as follows; First, H4 was tested which stated the positive relationship between EO and SMEs performance in Thailand is moderated by ATF. The study did not find a significant moderating effect of ATF on the positive relationship between EO and SMEs

performance, thus H4 was not supported. Second, H5 was tested which stated that the positive relationship between MO and SMEs performance in Thailand is moderated by ATF. The finding revealed that the interaction effect between MO and ATF was not significant indicating H5 was not supported. Third, H6 was tested which stated that the positive relationship between LO and SMEs performance in Thailand is moderated by ATF. The empirical finding showed that the interaction effect between LO and ATF was insignificant, thus H6 was not supported. The insignificant moderating effect of ATF can be explained that the impact of ATF on SMEs performance was not strong in Thailand. The findings might be related to the capital structure of firms that support the notion of the pecking order theory since most of companies in the industry were small firms (less than 50 employees), and half of them had been operating for more than 20 years, the owner-managers preferred to use their internal sources over external funds. Amornkitvikai and Harvie (2016) claimed that SMEs in Thailand are likely to use their own funds to operate their business because external finance is costlier than internal sources. Many SMEs do not have collateral security to obtain loans since financial institutions in Thailand still rely heavily on collateral-based lending. Further, SMEs are facing insufficient raw materials due to Thailand is no longer able to produce its own raw materials that most of rough gems and precious metals have to be imported. According to the price of raw materials is very fluctuated particularly for the precious metals, the total cost of raw materials is about 70% (Phittayanon & Rungreunganun, 2019). In addition, Bank of Thailand, disclosed that SMEs account for over 60% of firms, particularly small firms heavily rely on labor force as well as lack of using technology in manufacturing of goods in which the labor costs have been increasing continuously. It can be possibly interpreted that firms used their retained earnings to mostly invest in precious raw materials and labor force rather than strategic intangible resources to operate their business, not for generating competitive advantages.

CONCLUSION

This study attempted to examine the moderating effect of ATF on the relationships between EO, MO, LO, and SMEs performance of the gem and jewelry industry in Thailand using PLS-SEM. A total of 310 firms were targeted for data collection that usable responses from 118 firms were received. The proposed model and hypotheses were examined using the SmartPLS 3.2.8 software relied on the resource-based theory (underpinning theory) and pecking order theory (supporting theory). The findings designated MO and LO as the influencing factors of SMEs performance in Thailand whereas no evidence to support the moderating effect of ATF on the paths between EO, MO, LO, and SMEs performance. This study provides theoretical, practical, and methodological implications. Firstly, the empirical findings of this study suggesting MO and LO had a positive impact on SMEs performance support the RBT which persists that the VRIN resources generate competitive advantages, in turn, enhance firm performance. Secondly, the combining of the three strategic orientations; EO, MO, and LO in a single model in influencing SMEs performance has significant implications to the body of knowledge particularly conducting the study in the context of developing country such as Thailand as well as in a single industry of SMEs—gem and jewelry industry. Thirdly, the owner-managers of SMEs must realize that MO and LO have an influence on SMEs performance that firms needed to be strategic-oriented by focusing on MO and LO. The findings also can help educators and trainers to provide an appropriate training as well as educate owner-managers about how to adopt MO and LO strategically. Next, the insignificant moderating effect of ATF suggests the government and policy makers to recognize the importance of ATF by reducing the obstacles that can help SMEs to easily access external resources of financing. Lastly, in keeping with methodological advances in the PLS-SEM approach, this study employed HTMT method to assess discriminant validity. Besides, this study is subject to several limitations. Firstly, the scope of the study was limited to SMEs in the gem and jewelry industry in Thailand that the findings may not be generalizable to other countries. Secondly, a cross-sectional design was used in this study because of time and cost constraints that, only association, and not causation, can be inferred from the findings. Thirdly, this

study was quantitative relying on a single method of data collection that the closed-ended questionnaire failed to ascertain deeper underlying meanings of the phenomenon. Based on these limitations, several suggestions for future research are provided. Firstly, future research is recommended to adopt a longitudinal research design since it can help researchers understand the subject matter according to merely the design can provide information about the changes that occur over time in the phenomenon under study. Secondly, future research should use a qualitative method along with a quantitative method to gain a deeper understanding on SMEs performance in Thailand. Lastly, future researchers may wish to investigate further how ATF can help firms improve their performance.

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