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INTERNATIONALIZATION PROCESS FROM ENTREPRENEURIAL PERSPECTIVES - A CASE STUDY OF TOA GROUP



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Abstract

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Title	Internationalization process from entrepreneurial perspectives – a case study of TOA Group
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Research Problem	How do entrepreneurs play a vital role in the internationalization process of TOA Group?
Aim of the Thesis	The purpose of our research project is to present a perspective that includes the entrepreneurs in the analysis in order to have a comprehensive understanding about the internationalization process of TOA Group, a Thai-owned paint multinational company.
Method	The nature of the research is qualitative. The deductive and a single case study approaches have been applied. Both secondary data and primary data are used to conduct the research. The semi-structure interview is used to get the primary data.
Conclusion	The establishment chain pattern of the Uppsala Model is too deterministic and mainly on learning process at organizational level. This research project adopts three entrepreneurial perspectives with three entrepreneur types. The TOA case shows that entrepreneurial perspectives directly influence the firm's internationalization.
Key Words	Internationalization, entrepreneurs, entrepreneurial perspective.

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Västerås, Sweden

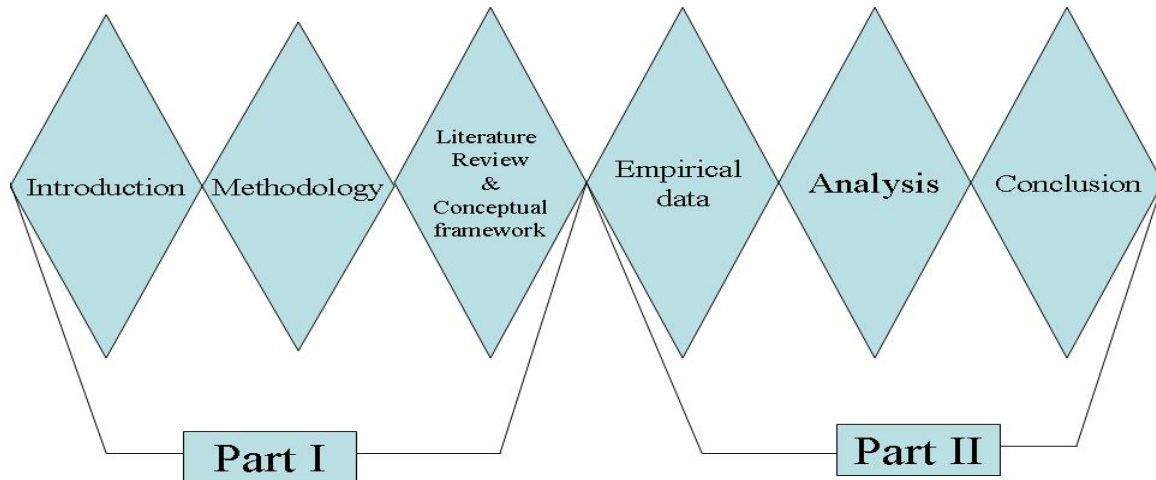
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Executive Summary

Our research project is divided into two major parts – part I and part II as the following:



The summary of the thesis project (Source: Le and Thornjaroensri 2008)

The first part includes three chapters, which are introduction, research methodology and literature review & conceptual framework, respectively. The second part covers with empirical data, analysis and conclusion including implications and suggestions for further research draw from the analysis.

The introduction chapter of part I includes problem background, motivations and aim of writing this research topic on the internationalization of TOA, research question and target audiences. We also point out some limitations as well as company background in this chapter.

Next, chapter 2 focuses on research methodology in which we explained why we chose deductive and qualitative approaches in the form of single case study of an exploratory research for our thesis. Besides, we also provide readers with the method for data collection, of which primary data were achieved through semi-structured interviews via email.

In chapter 3, we review some relevant literatures related to internationalization and entrepreneurship and then build a conceptual framework combining selected entrepreneurial perspectives with the internationalization theories.

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Chapter 4 in part II deals with specific information about the internationalization process of TOA.

Then these data are analyzed based on the conceptual framework in the following chapter – chapter 5.

As a result, conclusions of findings from analysis are discussed in the last chapter. Also in this chapter, implications and suggestions for further research are pointed out.

Finally, our thesis is wrapped up with reference lists and appendices containing the transcript for the interviews and the summary of internationalization of TOA group.

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Part I

Chapter 1: Introduction

I. Background description

The Master course in International Business and Entrepreneurship has equipped us with comprehensive knowledge about many aspects concerning Internationalization and Entrepreneurship. Early studies on internationalization neglected the role of entrepreneurs in internationalization process of firms. However, since the last decade, an emerging interest in researching on entrepreneurship has increased dramatically; it has been found necessary to include entrepreneurs in studying international behaviors of firms. We have taken this into our consideration when choosing the topic for our thesis.

Firstly, being two students coming from Thailand and Vietnam, it is our personal reason that we decided to choose TOA Paint (Thailand) Company Limited (hereafter referred as TOA, TOA group or the Group) as our case study. TOA is a Thai-owned multinational company that is the number one in Thai painting industry and currently engages in international business activities in Vietnam. The long standing over 50 years of TOA in Thailand and its successful international expansions throughout Malaysia, China, Vietnam and recently some other countries are attractive to us.

Secondly, most studies of internationalization have been emerged from empirical data based on Western multinational companies (hereafter referred to as MNC) like the United States of American and European. Although some MNCs in developed countries in Asia like Japan, South Korea and Taiwan have been covered in literature of this field; so far there has been much fewer studies on internationalization of Asian companies especially those of South East Asia (hereafter referred as SEA). This fact is another motivation for us to conduct a research on TOA Group, a real SEA multinational company. We believe that contribution from case study of TOA Group could help to diversify certain aspects of the international business and entrepreneurship research regarding Asian companies and make SEA MNCs as a noticeable research area.

The internationalization of TOA started in 1993, nearly forty years after it was founded. So clearly, it is not an international new venture. In addition, its internationalization processes do not follow the establishment chain pattern of the popular internationalization model – the Uppsala Model as TOA skipped one stage in the establishment chain, from exporting to foreign markets to establishing its own factories without a stage of establishing sales subsidiaries. Thus, we need to find out other

perspective than the Uppsala model and International new ventures to explain TOA's international behaviors.

Concurrently, we also found that Mr. Prachak Tangkaravakoon (hereafter referred as Mr. Prachak), the founder and the current President – Mr. Vonnarat Tangkaravakoon (hereafter referred as Mr. Vonnarat) as well as the whole top management of TOA, so-called here “Entrepreneurs”, have so far played vital roles in the successful business development of the Group. We, therefore, come to the question whether ‘entrepreneurial perspectives’ could be used to explain the particular internationalization process of TOA.

Beside the above critical reasons, we decided to choose TOA because we could get access to the primary data, which is very necessary for our research. Fisher (2004, p. 26) noted that you may have an excellent topic in mind, but unless you can get access to the people who can answer your research questions, whether by questionnaire, interview or whatever, then the project will be non-starter. Understanding the importance of this note, TOA has become our selected company for the thesis since we can obtain primary information through the interview with TOA's Assistant Vice President owing to our friend working there.

II. Aim of research

The purpose of our research is to present a perspective that includes entrepreneurs in the analysis in order to have a comprehensive understanding about the internationalization process of TOA Group. We use market entry modes as tools to show how different types of entrepreneurs affect different processes of internationalization.

III. Research question

How do entrepreneurs play a vital role in the internationalization process of TOA Group?

IV. Target group

Our thesis directs its results at all researchers working on Internationalization and Entrepreneurship. Findings in this thesis are also expected to be useful for managers of all levels of TOA Group in particular and other multinational companies in general when they plan to set up their activities in foreign markets as our thesis can provide them with practical information regarding internationalization. We believe that our analysis about TOA internationalization can give them broader views about the expansions to foreign countries.

V. Company background

TOA was originally named “Thai Saeng Charoen” (The Manager 1993) when it was found in 1957 by Mr. Prachak Tangkaravakoon, a 14-year-old boy, and two of his elder brothers (Prachachat Business 2004). It was just a small trading store selling lacquer and other building materials (*Paint tycoon Prachak preparing to retire* 2002). In 1960s, painting market in Thailand had started booming resulted by coming of Japanese paint companies; he then began to import premium grade plastic emulsion paints and alkyd enamel from TOA Paint of Japan (ibid). Accordingly, the store’s name was changed to “Thai Kasem Trading” in 1964 (The Manager 1993).

Until 1972, Mr. Prachak had established the first production plant in Samutprakarn province, Thailand as well as renamed his company to be TOA Paint (Thailand) Company Limited (TOA homepage) while his two brothers separately established their own paint companies (Prachachat Business 2004). The company also set up its own R&D department in the same year; nevertheless, the production was based on technology from Japan (ibid). R&D of TOA successfully developed its first own product in 1977 that was lead-free and mercury-free product formulations leading to achieve the biggest market share in the decorative paint business and being recognized as the leader in the painting market of Thailand over the next two years (TOA homepage).

In 1981, TOA’s R&D with support from Rohm and Haas, one of the largest manufacturers of specialty chemicals of USA, brought acrylic technology into Thailand and launched TOA SuperShield with Microban® protection gives paint coatings an added level of defense against damaging bacteria, which marked the beginning of a new era for the paint industry in Thailand (TOA homepage). With another support of Rohm and Haas, the first interior paint produced by the technologically superior resin was launched in 2003, namely SuperShield Duraclean (ibid). This product is specially designed to be easy to clean and for its exceptional bacteria resistant properties (ibid). In the following year, the product won a Superbrands Award from the Superbrands International Institute of U.K. (ibid).

Apart from Rohm and Hass, in order to obtain the technical supports, TOA had also jointed ventures with many Japanese partners but most of which are located in Thailand. All these supports have resulted in continuously launching of the company’s innovative products which is its aspiration, TOA Paint (Thailand) Co., Ltd. set to develop technology and the modern process of producing to make the best products to respond all needs of local and overseas customers (TOA homepage).

TOA currently dominates mainly in decorative paint with a 50% share in the middle-end market (Frost & Sullivan 2004) and approximately 40% share in the premium market in Thailand (*TOA Paint narrows the gap with ICI* 2003). After successfully creating a strong brand in domestic with its quality and innovative products, Mr. Prachak decided to bring TOA into international markets in 1993 (Toa Paint (Malaysia) homepage). The company began entering into its first neighboring country, Malaysia. China and Vietnam are the next foreign markets in which TOA entered in 1995. Seven years later, in 2002

the company continued its market expansion plan by entering ten more Asian countries which are Myanmar, Lao, Cambodia, Philippines, Indonesia, Sri Lanka, Brunei, Bangladesh, Taiwan and United Arab Emirates (U.A.E.)

VI. Delimitations

Internationalization process of a firm could be affected by both internal and external factors. Internal factors are, for example, sufficient financial capital, sufficient knowledge personnel, and perception of top management. External factors are, for example, economic and politic situations, laws and regulations. Although internationalization is a complex phenomenon, and many different perspectives as well as approaches are needed to understand it (Morgan & Bjorkman, cited in Andersson 2000, p. 64), it is too broad to discuss all perspectives here in this paper. Furthermore, taking the limited timeframe into our consideration, we have focused on studying the entrepreneurial perspectives that would affect the firms' selection of entry modes and foreign markets to achieve its internationalization objectives.

Chapter 2: Research methodology

I. Research process

The process in which our research was conducted is depicted in the following figure:

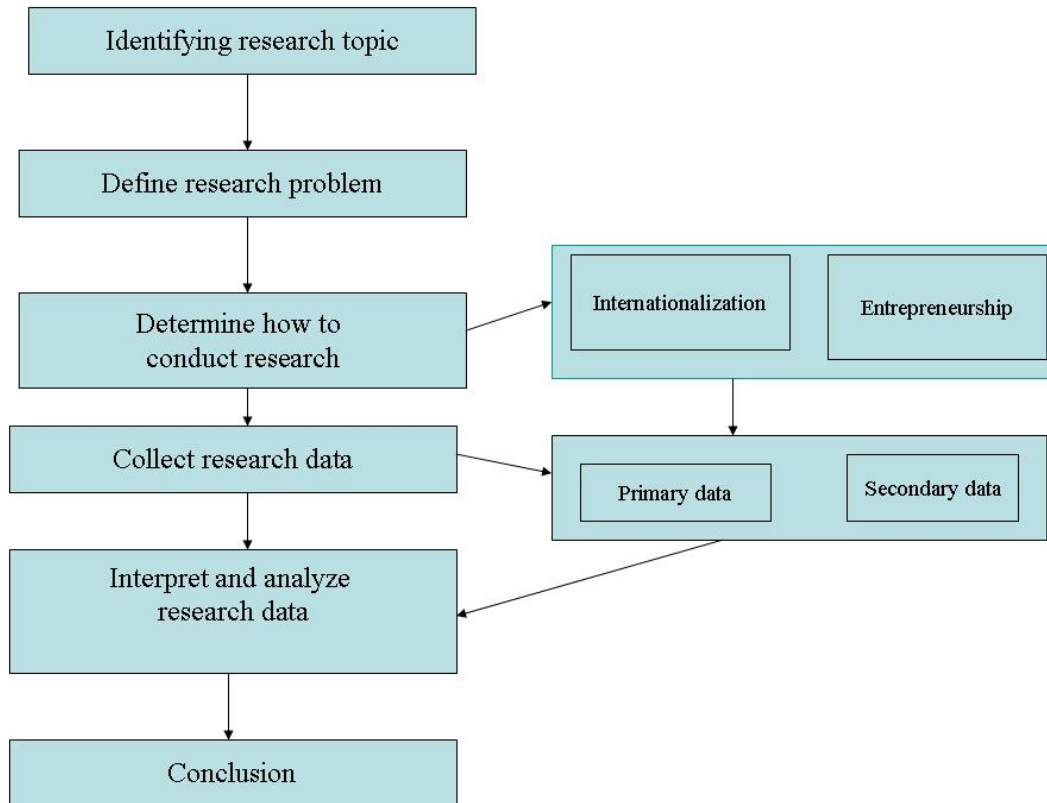


Figure 2 - 1: Research process
(Source: Le and Thornjaroensri 2008)

After identifying the research topic that can combine the two main fields in our course – internationalization and entrepreneurship, we studied literatures to formulate the research problem. With the aim to resolve the research problem, we reviewed relevant theories on internationalization and perspectives on entrepreneurs in order to reach a suitable conceptual framework. In addition to secondary data from both internal and external sources, primary data were to be collected by the semi-structured interview. Then, these data were interpreted and analyzed so that we could come to the conclusion for the research problem.

II. Research approaches

In this part, we will show the differences between approaches to research. Distinctions between induction and deduction as well as between qualitative and quantitative method are presented. By analyzing the differences between these approaches, we will explain why we have used deductive and qualitative approaches for our thesis.

1. Induction or deduction

According to Ghauri and Gronhaug (2005, p. 14), there are two ways of establishing what is true or false and to draw conclusions, induction and deduction. Induction is based on empirical evidence while deduction is based on logic.

Ghauri and Gronhaug (2005, p. 15) noted that through induction, general conclusions are drawn from empirical observations. In this approach, the process goes from observations → findings → theory building, as findings are incorporated back into existing knowledge (literature/ theories) to improve theories. In this kind of research, theory is the outcome of research.

Differently, deduction draws conclusion through logical reasoning. In this case, the process goes through the manner that hypotheses built from existing knowledge (literature) and then tested by empirical scrutiny to see whether they are right or wrong. In this type of research, theory, and hypotheses built on literature, come first and influence the rest of the research (ibid.).

While induction is the process of observing facts to generate a theory and is perhaps the first step in scientific methods, deduction involves the gathering of facts to confirm or disprove hypothesized relationships among variables that have been deduced from existing knowledge (Ghauri and Gronhaug 2005, p. 16). In other words, as said by Saunders et al. (2007, p. 115), while induction builds theory, deduction tests theory.

What's more, the time we have available will be an issue. Deductive research can be quicker to complete, albeit that time must be devoted to setting up the study prior to data collection and analysis. It is normally possible to predict the time schedules accurately. On the other hand, inductive research can be much more protracted (Saunders et al. 2007, p. 121).

In our thesis, we have used deductive approach since we have proceeded from reviewing relevant literatures related to internationalization and entrepreneurship, building a theoretical framework combining these two areas. Then, this theoretical framework has been tested empirically to see whether it responds to the internationalization reality of TOA or not. With reference to the matter of time, as our thesis is conducted under the limited timeframe of more or less two months, we believe that deductive approach is a good choice for our research project.

2. Qualitative or quantitative methods

According to Saunders et al. (2007, p. 145), the terms quantitative and qualitative are used widely in business and management researches to differentiate both data collection techniques and data analysis procedures. Quantitative is predominantly used as a synonym for any data collection technique (such as questionnaire) or data analysis procedure (such as graphs or statistics) that generates or uses numerical data. In contrast, qualitative is used predominantly as a synonym for any data collection technique (such as interview) or data analysis procedure (such as categorizing data) that generates or uses non-numerical data. The differences between two methods were showed by Ghauri and Gronhaug (2005, p. 110) as below:

Qualitative Method	Quantitative Method
Emphasis on understanding	Emphasis on testing and verification
Focus on understanding from Respondent's/informant's point of view	Focus on facts and/or reasons for social events
Interpretation and rational approach	Logical and critical approach
Observations and measurements in natural settings	Controlled measurement
Subjective "insider view" and closeness to data	Objective "outsider view" distant from data
Process oriented	Result oriented
Explorative orientation	Hypothetical-deductive; focus on hypothesis testing
Holistic perspective	Particularistic and analytical
Generalization by comparison of Properties and contexts of individual	Generalization by population membership

Table 2 - 1: Differences between qualitative and quantitative methods

(Source: Ghauri and Gronhaug 2005, p. 110)

Also mentioned by Ghauri and Gronhaug (2005, p. 112), qualitative research provides a better understanding of a given context and underlying motivations, values and attitudes. Based on these distinctions, we have applied the qualitative approach for our thesis since we aim to gain a deep understanding about the internationalization process of the TOA Group by interpreting primary and secondary data, mainly process oriented rather than result oriented.

III. Research design

Based on the purpose of the research, we may distinguish between the three main types of research design: Exploratory, descriptive and explanatory studies (Saunders et al. 2007, p. 133).

Of these three kinds of research design, exploratory study is what we have applied for our current thesis.

An exploratory study is a valuable means of finding out “what is happening; to seek new insights; to ask questions and to assess phenomena in a new light (Robson 2002, p. 59).

As a matter of fact, the internationalization theories we reviewed insufficiently explain the internationalization of TOA group. We have carried out the current research to find out what is the factual force resulted in the internationalization of TOA that omitted some stages of the traditional Uppsala model. To put it in other words, conducting this thesis, we want to gain a comprehensive understanding about the internationalization of TOA group. This is what makes our search a real exploratory study.

IV. Research strategy

As Ghauri and Gronhaug (2005, p. 112) stated that historical review, group discussions and case studies are mostly qualitative research methods. In their views, case study is often associated with descriptive and exploratory research. It is a preferable approach when “how” and “what” questions are to be answered (ibid). Furthermore, it is particularly well-suited to new research areas for which existing theory seems inadequate (Eisenhardt, cited in Ghauri and Gronhaug 2005, p. 115). Hence, it is said that case study is useful if you want to gain a rich understanding of the context of the research and the process being enacted (Saunders et al. 2007, p. 139). Depending on the research problem, researchers can use either single case or multiple cases. Single case is selected because it is typical or because it provides you with an opportunity to observe and analyze a phenomenon that few have considered before (ibid).

As we use an exploratory research and we place the “how” question for our study, the case study is chosen. The single case study of the TOA group is adopted in our thesis as the existing theories about internationalization such as the Uppsala model, network theories or theories on international new ventures do not fully explain the foreign activities of the TOA group. Also, we have selected single case study of TOA since we find it interesting to study on the internationalization of an Asian MNC which not many researchers have considered so far.

IV. Methods for data collection

1. Literature search

After we had defined the research area, we started searching for relevant literatures. Our main sources are Libris and some other database trials, i.e. ABI/ Inform, ELIN@Mälardalen, Emerald, Google Scholar , JSTOR. Key words for searching include internationalization, internationalization of Asian companies, entrepreneur, entrepreneurial perspectives, multinational corporation with various combination to maximize the searching results. Besides, we also used books and articles from our International Business and Entrepreneurship course.

2. Data gathering

We decide to use both secondary data and primary data in our study. Collecting secondary data let us know roughly how the internationalization process of TOA was going on. Primary data help us understand some undisclosed reasons as well as underpinning unavailable data from other sources. However, each kind of data has its own advantages and disadvantages. By using both kinds of data, we aim at answering our research question with the best way in limited timeframe.

2.1 Secondary data

Secondary data are the data that may have been collected for a different purpose (Ghauri and Gronhaug 2005, p. 91). The first and foremost advantage of using secondary data obviously is the enormous saving in time and money (ibid.). They also suggest suitable methods or data to handle a particular research problem. However, this kind of data may not completely fit your problem as they are collected for another study with different objectives (ibid, p. 97). Given these pros and cons, many scholars recommend that all research should, in fact, start with secondary data sources (ibid.). Researchers can get secondary data from two sources, i.e.: internal sources and external sources as the figure below:

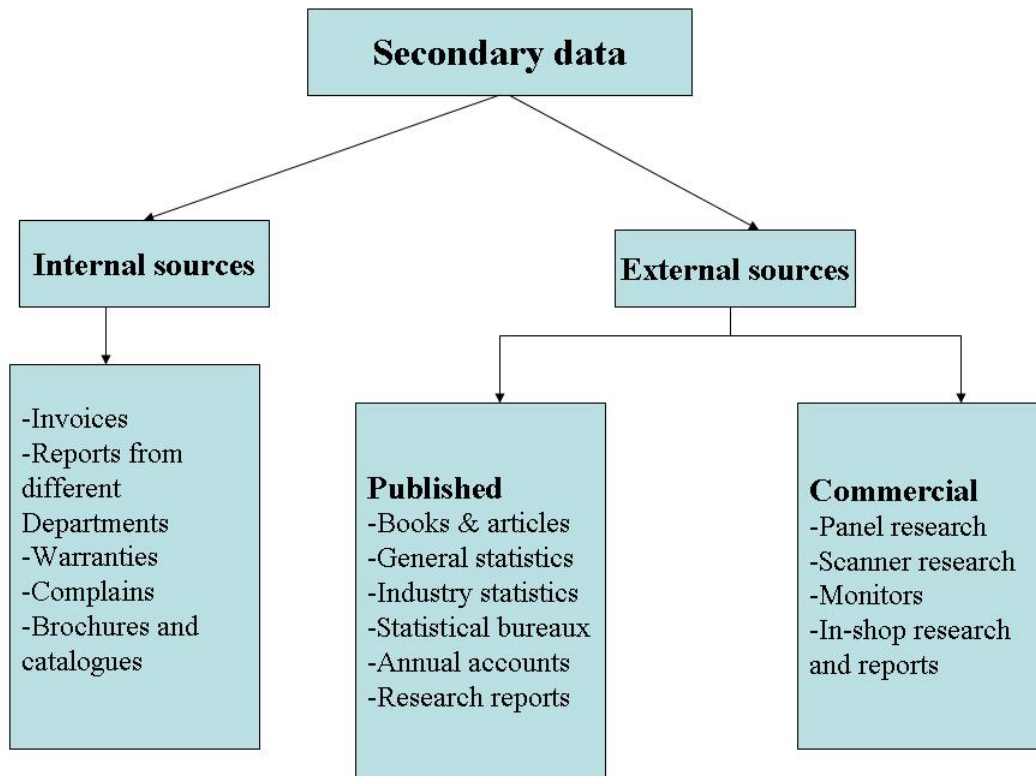


Figure 2 - 2: Types of secondary data
(Source: Ghauri and Gronhaug 2005, p. 100)

In our thesis, we have achieved secondary data from both sources. Regarding internal sources, we used reports from TOA group. The reports were sent to us from my friend working in TOA. In case of external sources, we collected data from books and articles. In addition, we have utilized information on TOA homepage and other websites which contain relevant information about the TOA group and our research areas. All of these sources ensured that we have adequate and reliable information to conduct the thesis.

2.2 Primary data

In contrast with secondary data, primary data are more consistent with the research questions and research objectives as they are collected for the particular project at hand (Ghauri and Gronhaug 2005, p. 102). Though, this type of data can take a long time and can cost a lot to collect. Moreover, it is difficult to get access and the researchers are fully dependent on the willingness and ability of respondents (ibid, p. 103).

Noted by Saunders et al. (2007), primary data are collected by three sources, i.e. observation, interview and questionnaires.

Observation is used if your research question(s) and objectives are concerned with what people do (Saunders et al. 2007, p. 282). This is not what our research question and objectives are concerned about so that we have not used observation for collecting the primary data.

Questionnaire technique is not particularly good for exploratory or other research that requires large numbers of open-ended questions (Saunders et al. 2007, p. 356). As our research has been conducted with an exploratory design, we find that questionnaire technique is not the good choice for our research.

Then, it came to the last option for us, which is the interview technique. Interviews are said to help you gather valid and reliable data that relevant to your research question(s) and objectives (Saunders et al. 2007, p. 310). However, there are many types of interviews, which are outlined in the figure below:

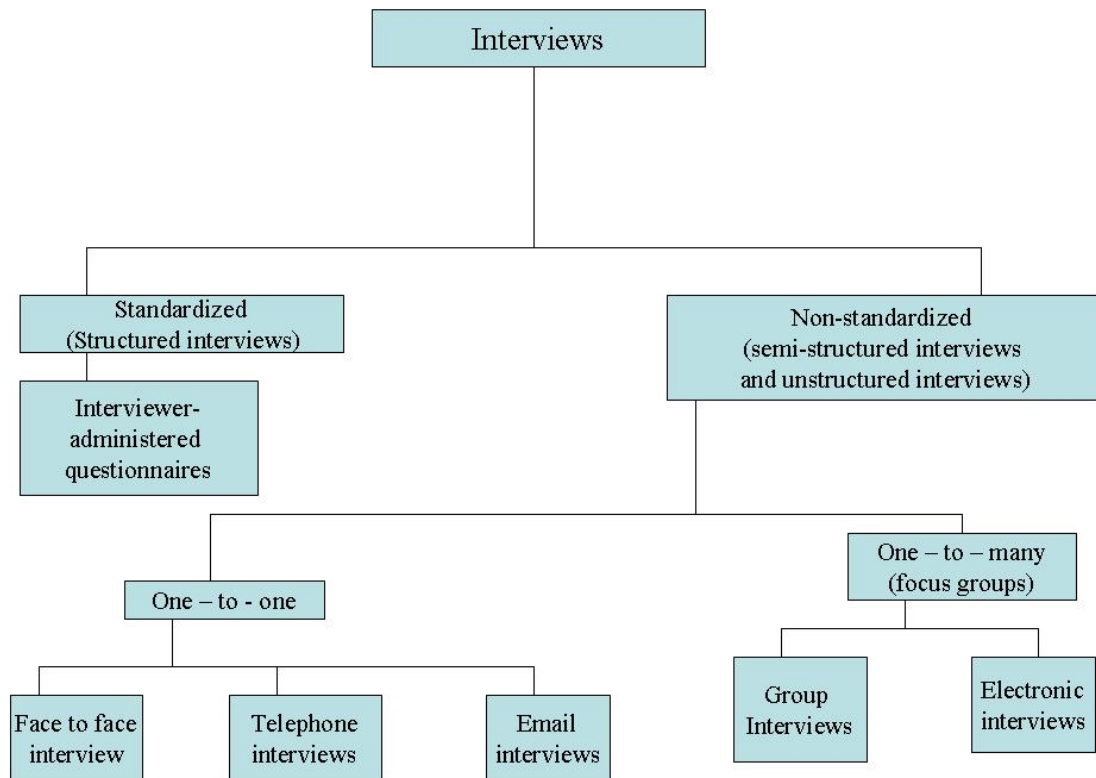


Figure 2 - 3: Types of interviews
(Source: Saunders, Lewis and Thornhill 2007, p. 313)

As standardized (structured) interviews are used to collect quantifiable data, we can not use it for our qualitative research. We, therefore, have selected non-standardized interviews to collect the data for the thesis. As one sub-type of non-standardized

interviews, unstructured interviews can help researchers to explore deeply in a specific area in which they are interested. In such interviews, there is no predetermined list of questions to work through and the interviewee is given the opportunity to talk freely about events, behaviors and beliefs in relation to the topic area (Saunders et al. 2007, p. 312). Yet, they are likely to consume time of both interviewers and interviewees. In order to have reliable and valid information from interviewing, we need to access to qualified interviewees. Those people must hold high positions in the company. Since it is impossible for them to spend much time on responding to our questions, we then have selected semi-structured interviews for our thesis.

According to Saunders et al. (2007, p. 312), in semi-structured interviews, the researchers will have a list of themes and questions to be covered, although these may vary from interview to interview. This means that you may omit some questions in particular interviews, given a specific organizational context that is encountered in relation to the research topic. The order of questions may also be varied depending on the flow of the conversation. On the other hand, additional questions may be required to explore your research question and objectives given the nature of events within particular organization. Also said by Saunders et al. (2007, p. 313), semi-structured interviews are used to gather data, which are normally analyzed qualitatively and useful for exploratory study. Since our thesis is considered as a qualitative and exploratory research, the semi-structured interview seems to be the best choice.

The semi-structured interviews can be conducted on one to one basis or group basis (focus groups). As typical focus groups involve between four and eight participants or perhaps even 12 (Saunders et al. 2007, p. 337), it was impossible for us to have enough time and resources to contact with sufficient number of qualified respondents to hold a focus group to get the necessary information. As a result, we have adopted the semi-structured interview on one to one basis.

In order to collect information via semi-structured interviews, researchers can carry out them by meeting the participants “face to face” or through telephone or email. Due to the long distance between us – the interviewers in Sweden and the interviewee in Thailand, it is impossible for us to conduct “face to face” interviews. Of the last two choices, we have decided to use email interviews in our thesis project. An email interview consists of a series of emails, each containing a small number of questions rather than one email containing a series of questions (Saunders et al. p.343). Owing to the time delay between a question being asked and its being answered, both the interviewer and the interviewee can reflect on the questions and responses prior to providing a considered response (ibid.). Furthermore, in our case study of TOA, internationalization process consists of events which mainly happened in the past. The delay in this type of interview could give the interviewee time to search and recall so that reliable answers are provided.

Understanding that semi-structured interview via email is the most appropriate technique for collecting primary data, we distributed two invitation letters to Mr.Prachak Tangkaravakoon, the founder of TOA and Ms. Feungladda Chirawiboon, Assistant Vice

President of TOA. Owing to our friends, we had obtained their email addresses. Ms. Feungladda replied with pleasure to attend our interview, so we drafted the questions and sent her at the end of March. She sent us her answers on 28 April 2008 but they were quite concise. Therefore, we sent her the second and third emails asking for some clarifications for her previous answers and also added some additional questions. She replied us on 8 and 16 May 2008 respectively. All answers in these series of email interviews are combined together and attached in the appendices of the thesis. However, so far Mr. Prachak has yet to reply our invitation.

2.3 Quality as being a respondent – Ms. Feungladda Chirawiboon

Ms. Feungladda Chirawiboon (hereafter referred as Ms. Feungladda) is currently positioned as Assistant Vice President of TOA Paint (Thailand) Co., Ltd, the headquarter of TOA group. Before being appointed to the current position, she served as senior manager in Department of Business Development of TOA (F. Chirawiboon 2008, interview, 28 April). She has been in charge of finding the way to enlarge the markets for the TOA group, especially to foreign countries. As one of the top management together with her experience working at TOA for fifteen years (ibid), she has deep knowledge about the internationalization process of the TOA group.

2.4 Reliability of our work

Concerning reliability of this project work, it might be questioned that only interview with one of Company's senior personnel enough? Although we were unable to get access to the founder – Mr. Prachak, who significantly involved in process of TOA, and the current President, Mr. Vonnarat. However, with the qualification and long years working with the TOA group of Ms. Feungladda, we believe that the information we got from the interview with her, together with the secondary data gathered from the company's homepage and other sources are sufficient to produce a reliable work.

Chapter 3: Literature review and Conceptual framework

I. Literature review

As we aim to study on the role of entrepreneurs in their firms' internationalization processes, definitions of internationalization and entrepreneur are required to be presented. They are also to help the readers understand our research scope specifically as there are various concepts for different research purposes. Furthermore, we also discuss the choice of market entry modes as they are important issues in the internationalization concept suggesting by Johanson and Vahlne (1990, 1997, cited in Andersson 2000, p. 68). Three theories on internationalization and entrepreneurial perspectives are also discussed respectively in detail so that we come up with the theoretical framework combining them in the next chapter.

1. Definitions of Internationalization and Entrepreneur

1.1 Definitions of Internationalization

Although internationalization is a key research area in international business, there has not been a common definition for internationalization. When doing research, researchers attempt to identify their own concepts on internationalization, subjected to their research purposes and interests as well as resulted from their studies. According to Wind, Douglas and Perlmutter (1973, p. 14), internationalization is a process in which specific attitudes or orientations are associated with successive stages in the evolution of international operations. While Johansson and Vahlne (1977, p. 32) defined internationalization as a sequential process of increased international involvement, Calof and Beamish (1995, p. 116) interpreted internationalization as the process of adopting firm's operations (strategy, structure, resources, etc.) to international environments. Whereas, Welch & Luostarinen (1988, p. 36) stated that internationalization is the process of increasing involvement in international operations. Given our research problem and research purpose, we have used the definition of Welch & Luostarinen in our thesis.

1.2 Definitions of Entrepreneurs

As same as the case of the concept of "internationalization", the term 'entrepreneur' has been also presented in various definitions. Nevertheless, there is no single definition that is commonly accepted or covered all what entrepreneurs are. Mises (1963, cited in Swedberg 2000, p. 20) viewed entrepreneurs that always gear to the uncertainty of future constellations of demand and supply. Casson (1983, cited in Swedberg 2000, p. 20) defined entrepreneur as a person who specializes in making decisions about how to

coordinate scarce resources. Of all the various authors studying on entrepreneurship theory in the economic field, Schumpeter is the one whose works have been most cited and referred to. While others discussed entrepreneurs regarding with resources and profits, Schumpeter saw an entrepreneur as an agent of change in economy who breaks equilibrium through an innovation (1942, cited in Swedberg 2000, p. 20). Similar view but more updated, Burns (2005, p.9) defined that entrepreneurs use innovation to exploit or create change and opportunity for the purpose of making profit. They do this by shifting economic resources from an area of lower productivity into an area of higher productivity and greater yield, accepting a high degree of risk and uncertainty in doing so (ibid).

As in all the previous theories of entrepreneurship, the entrepreneur in Schumpeter is a functional role which is not necessarily embodied in a single physical person and certainly not in a well-defined group of people (Schumpeter 1942, cited by Swedberg 2000, p. 83). Along with Schumpeter, Andersson (2000) also provided the definition, which is clearly at the individual level. As it seems to be most suitable for our thesis, we therefore selected to use his definition in which entrepreneur is an individual who carries out entrepreneurial acts in accordance with criteria (Andersson 2000, p. 67):

- the ability to see new combinations;
- the will to act and develop these new combinations;
- the view that acting in accordance with one's own vision is more important than rational calculations;
- the ability to convince others to invest in entrepreneurial project; and
- proper timing

2. Entry modes

Once a firm decides to enter into a foreign market, mode of entry must be considered. The various modes for serving foreign markets which are generally discussed in the literatures are exporting, turnkey projects, licensing, franchising, joint ventures, and wholly-owned subsidiaries. However, turnkey projects are applicable for firms specialized in design and construction, and franchising is employed primarily by service firms. These two modes are then excluded from our discussion due to the fact TOA is a manufacturing company. The rest will be described below together with their advantages and disadvantages.

2.1 Exporting

Starting first step in a foreign market, firm has little knowledge about foreign market and few and rather unimportant relationships with firms abroad (Johanson & Mattsson 1988, p. 202). The firm often begins exporting to nearby markets by using local agents. Agents are seen as nodes in network of foreign market, who already established ties or relationships with local customers, suppliers, and others.

According to Hill (2007, p. 486), exporting has two advantages. Firstly, it avoids the often substantial costs of establishing manufacturing operations in the host country (ibid). Secondly, exporting may help a firm achieve experience curve and location economies (ibid). By manufacturing the product in a centralized location (home country) and exporting it to other national markets, the firm may realize substantial scale economies from its global sales volume.

Home-base manufacturing, on the other hand, may be disadvantage if lower-cost location can be found abroad. In addition to manufacture costs, high transportation costs can make exporting uneconomical, particular for bulk products (Hill 2007, p. 487). Similarly, tariff barriers can make exporting uneconomical and risky by a threat of host government. Last, local agents often carry the products of competing firms and so have divided loyalties (Hill 2007, p. 488). Distribution of the firm's products may not be as good as expected or as it manages itself. To get around such problem, once the firm gains some experience, firm later set up its own sales office or a sales subsidiary in that market so as to handle local marketing, sales, and/or services effectively.

2.2 Licensing

A licensing agreement is an agreement whereby a licensor grants the rights to intangible property, which includes patents, inventions, formulas, processes, designs, copyrights, and trademarks, to another entity (the licensee) for a specified period, and in return, the licensor receives a royalty fee from the licensee (Winter, cited in Hill 2007, p. 489).

A primary advantage of licensing is that the firm does not have to bear the establishment and development costs of operations and risks associated with opening in a foreign market. This entry mode is attractive for firms lacking the capital or firms unwilling to commit substantial financial resources to a foreign market or when firms do not want to develop the business applications on their intangible property itself (Hill 2007, p. 489). In addition, they are useful for entering to a country where foreign direct investment is prohibited. Using this mode, the firms can build a global presence quickly and at a relatively low cost and risk (Hill 2007, p. 490).

Disadvantages for this mode are quite serious. Since the licensor has no tight control over manufacturing, marketing, and strategies of the licensee, it therefore does not realize experience curve and location economies. Further, it can lose control over its technological know-how by licensing it. To reduce this risk, two ways are urged by Hill (2007). First way is by entering into a cross-licensing agreement, under which the licensor might also request it foreign partner license some of its valuable know-how in return, in addition to a royalty payment. Thus, both parties will bear in mind that if it violates the agreement, another can do the same. Another way is to license in form of a joint venture.

2.3 Joint ventures

A joint venture can be formed by two or more independent firms. In many countries, political considerations make joint ventures the only feasible entry mode. This mode has been so far found to be a popular one.

An advantage of this entry mode is its benefits from local partner's knowledge regarding the host country's competitive conditions, culture, language, political systems, and business systems. Another appealing advantage is that the firm can share development costs and/or risks of opening in a foreign market especially when they are high. Finally, joint ventures with local partners face a low risk of being subject to nationalization or other forms of adverse government interference (Bradley, cited in Hill 2007, p. 492).

As with disadvantages of licensing, a firm is exposed to a risk in losing control over its technology to its partner and loses the tight control over its ventures as it may need to realize experience curve or location economies. When losing the tight control a firm might not be able to involve in a foreign joint venture's operation so as to coordinate global strategy attacking against its rivals and to help its venture out to go on business if it is lost. If goals and objectives change or later different views are taken, the shared ownership arrangement can lead to conflicts and battles for control between investing firms (Hill 2007, p. 492). Hill's option to avoid such risks and conflicts is to hold majority ownership in the venture in order to exercise greater control. But this can be difficult to find a foreign partner who is willing to settle for minority ownership. Only final solution to such difficult is to set up a wholly owned subsidiary.

2.4 Wholly owned subsidiaries

In a wholly owned subsidiary, a parent company owns all or nearly all voting shares of a subsidiary. Wholly owned subsidiary can be formed either by establishing a new 'greenfield' subsidiary or through merging or acquiring an established enterprise in the host country. The term 'greenfield' refers to a starting of new venture in a foreign country where no previous facilities exist. The term 'merger' is a method of combining the assets and liabilities of two equal-portray firms in order to form a new single firm while the 'acquisition' tends to be used when a larger firm absorbs a smaller firm. Merger and acquisition may give speedier entry into the new market but the greenfield offers higher or even full control.

It is clear that disadvantages of other entry modes become advantages of wholly owned subsidiaries. For instance, parent company can take higher or full control over its subsidiary. As a result, the parent company can control over its technological know-how as if it is the firm's competitive advantage. The company can engage in global strategic coordination for marketing, manufacturing, etc. Thus, when cost pressures are intense, the company can configure its value chain in a global production system in which the value added at each stage is maximized (Hill 2007, p. 493). Experience curve learning can be realized by a wholly owned subsidiary undoubtedly.

All the same, setting up a wholly owned subsidiary is generally the most costly method from a capital standpoint (ibid). It is also the most risky mode with which associated doing business in a new culture especially from the merger or acquisition. Problems raised from cultural differences may more than offset any benefits derived by acquiring an established operation (ibid).

Generally, advantages and disadvantages of each mode are associated with a number of factors such as trade barriers, economic risk, political risk, business risk, transportation costs, etc. The optimal entry mode varies by situation, depending on these factors (Hill 2007, p. 480). Thus, the best mode for some firms may not be the best for other firms.

Choice of entry modes perhaps relates to business strategy of firm: short-run profit or long-term market penetration, and the degree of parent company's control over its overseas subsidiaries besides conventional motivations such as cost-effective market penetration.

3. Theories on Internationalization

Internationalization of firms is one of the topics that gain most attention of researchers in international business. Researchers have so far issued a great deal of publications related to the internationalization process of the firms of which Uppsala Internationalization Model, Network Theories and International New Venture Theories are discussed frequently.

3.1 Uppsala Internationalization model

First developed by Johanson and Wiedersheim-Paul (1975) in their study of four Swedish firms, Uppsala Internationalization model is referred as in some other names: the incremental theory or the stages model. The model is based on the basic mechanism of internationalization that includes State Aspects and Change Aspects. The State Aspects encompass market commitment and market knowledge while the Change Aspects include commitment decisions and current activities. The two aspects interact with each other in causal cycles.

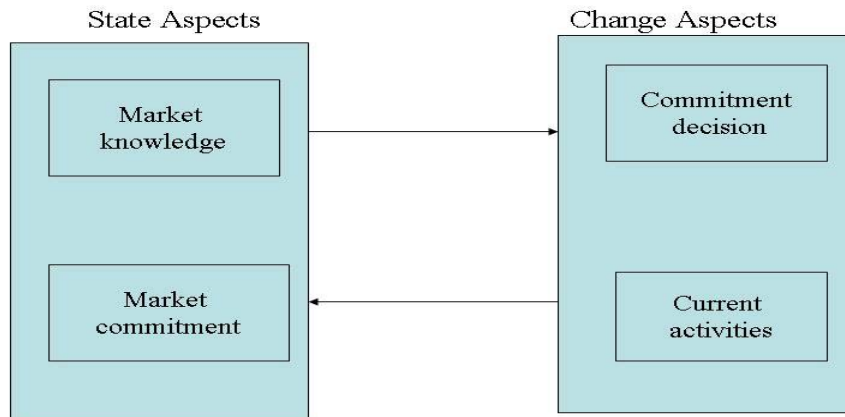


Figure 3 - 1: The basic mechanism of internationalization

(Source: Johanson and Vahlne, 1977, p. 26)

Firms make commitment decisions based on the knowledge of opportunities or problems – the market knowledge they are aware of from that market. Current activities are the prime source for firms to gain market knowledge as they provide firms with experiential knowledge – the critical kind of knowledge, which must be gained successively during the operations in the country (Johanson and Vahlne 1977, p. 28). And when firms have better knowledge about the markets, they will make stronger commitments to those markets. The internationalization process of firms under the Uppsala model evolves in an interplay between the development of knowledge about foreign market and operations on one hand and an increasing commitment of resources to foreign markets on the other (Johanson and Vahlne 1990, p. 11).

The internationalization process model can explain two patterns in the internationalization of the firm. One is that the firm's engagement in the specific country market develops according to an establishment chain, i.e. at the start no regular export activities are performed in the market, then export takes place via independent representatives, later through a sales subsidiaries and eventually manufacturing may follow (Johanson and Wiedersheim-Paul, 1975, cited in Johanson and Vahlne 1990, p.13).

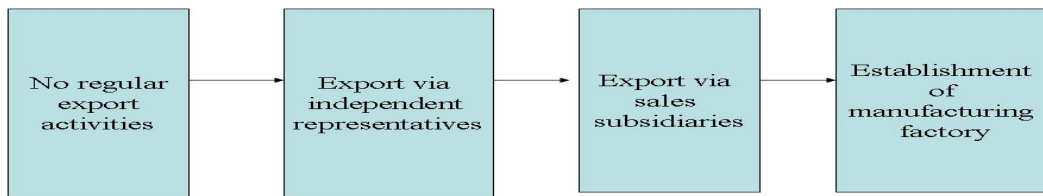


Figure 3 - 2: Establishment chain
(Source: Le and Thornjaroensri 2008)

Following the above establishment chain pattern, firms increase their involvements in foreign markets gradually. They initiate their operations in foreign countries with an entry mode which requires low resource commitments (e.g. exporting) and then gradually step up with entry modes requiring higher resource commitments (e.g. establishment of sales subsidiaries or wholly owned subsidiaries). However, in the later research, Johanson and Vahlne (1990) showed that there were three exceptional cases for this stepwise internationalization of firms (Johanson and Vahlne 1990, p. 12):

- 1. When firms have large resources, the consequences of commitments are smalls. Thus, big firms or firms with surplus resources can be expected to make larger internationalization steps.*
- 2. When market conditions are stable and homogeneous, relevant market knowledge can be gained in ways other than through experience.*
- 3. When the firm has considerable experience from markets with similar conditions, it may be possible to generalize this experience to the specific market. (ibid)*

The second pattern is that firms enter new markets with successively greater psychic distance (Johanson & Vahlne 1990, p. 13). Psychic distance is defined in terms of factors such as differences in language, culture, political systems, etc., which disturb the flow of information between the firm and the market (Vahlne and Wiedersheim-Paul, cited in Johanson and Vahlne 1977, p.13). Under this theme, firms enter to neighboring markets with similar cultural and geographical conditions to the home countries first and then gradually expand to host countries with greater cultural and geographical differences.

Though the Uppsala model is the most popular theory on internationalization, which explains clearly the choices of market to enter and the entry modes, this model has been criticized as too deterministic. If firms were developed in accordance with this model, individuals would have no strategic choices (Andersson 2000, p. 66). Nevertheless, this theory still values to be a conceptual background of studying internationalization behaviors of firms.

3.2 Network Theory

Mainly developed by Johanson and Mattsson (1988), network theory or network model presents a different view of the internationalization process as it reckons that firms can use the network to make a rapid internationalization. The network here is set up by the firms' relationships with their customers, suppliers, buyers, partners and competitors. Owing the network, firms expand to foreign markets through the establishment of relationships with foreign individuals and companies.

Oviatt & McDougall (2005) also discuss the influence of network in speeding up the internationalization. In which, Aldrich (1999, cited in Oviatt & McDougall 2005, pp. 544-545) identified two types of network ties: strong ties and weak ties. While strong ties between nodes and actors are durable while weak ties are relationships with customers, suppliers and others that are friendly and business-like. Moreover, while strong ties involve emotional investment, trust, reliability and a desire to negotiate about differences in order to preserve the tie, weak ties require less investment. The number of weak ties, therefore, are said to be able to grow relative quickly. In networks, weak ties are said to be important as they are vital sources of information and know-how. Brokers play a crucial role in weak ties since they are like nodes in networks, who tie each other to nodes that are not tied themselves. Especially in international business, they often link across the national borders people or parties who want to conduct international business with each other (ibid).

In addition, Coviello and Munro (1995, cited in Oviatt&McDougall 2005. p. 544) noted from their perspectives on the internationalization processes of entrepreneurial firm:

Foreign market selection and entry initiatives emanate from opportunities created through network contacts, rather than solely from the strategic decisions of managers in the firm' (ibid)

The accelerating internationalization process of firms can be achieved through three ways: international extension, international penetration and international integration (Johanson and Mattsson 1988, p. 293):

International extension is the way firms internationalize through establishment of positions in relation to counterparts in national nets that are new to the firm. International penetration is the way firms enter foreign markets by developing the positions and increasing resource commitments in those nets broad in which the firm already has positions. And international integration is the way firms

expand to foreign markets by increasing coordination between positions in different national nets (ibid).

3.3 Theory of International new ventures

In the 1990s, there increasingly appeared firms which rapidly internationalized. The appearance of their internationalization processes across the globe challenged the long existence of the Uppsala model with the gradually step-by-step international expansion. A new theory called Theory of International new ventures was developed by Oviatt and McDougall (1994) to explain the development of this phenomenon. The international new ventures, which are mentioned in several researches with various names such as Born Globals, Global Start-ups. International New Ventures are defined as:

A business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries (Oviatt and McDougall 1994, p. 49).

There are three driving forces for the emergence of international new ventures in many industries in various countries, such as: technological developments in the areas of production, transportation and communication, new market conditions and more elaborate capabilities of people, especially the founder/entrepreneur who starts the international new ventures. The driving forces include both subjective and objective elements in which entrepreneurs with their unique characteristics are highlighted. Compared to multinational corporations, international new ventures lack resources for successful internationalizations but these are offset by their founders or entrepreneurs with their good background educations, deep experiences from their previous jobs and broad relationships. For the successful internationalizations from formations, international new ventures need four necessary and sufficient elements i.e. internationalization of some transactions, alternative governance structures, foreign location advantage and unique resources (Oviatt and McDougall 1994, pp. 52-57). Under this theory, the most significant point is that founders or entrepreneurs of international new ventures play critical roles in creating all these four elements.

4. Entrepreneurial perspectives

We are now providing further description under our first entrepreneurial perspective – entrepreneurs as innovators. Further to Schumpeter in his definition of entrepreneur that is a functional role (ibid, p. 83), we consequently come up with other perspectives relevant to the entrepreneurial function – entrepreneurs as risk-takers and networkers as it is the fact that entrepreneurial function mainly deals with making decision on which uncertainty and risk are always influence, and network has never been disregarded.

4.1 Entrepreneurs as innovators

First of all, it is better to come across the agreeable concept of innovator since it has been interpreted in several ways in the literatures. An innovator is not an inventor. Burns (2005, p.243) argues that:

examples abound of inventions are not commercially successful. For example, Thomas Edison probably the most successful inventor of all time, was so incompetent at introducing his inventions to the market place that his backers had to remove him from every new business he founded. This shows that someone could only be an inventor, but not more than that (ibid).

On the other hand, the innovations, which are the function of entrepreneurs to carry out, need not necessarily be any inventions at all (Swedberg 2000, p. 67). This could also be implied from what Michael Porter (1990, cited in Burns 2005, p. 242) said that “entrepreneurship is the process that brings invention to the market place”. Through innovation, a creative idea can be turned into practical reality (a product, for example) (Bolton and Thompson 2000, cited in Burns 2005, p. 248).

“Innovation can be the means to break away from established patterns, in other words doing things really differently (Mintzberg 1983, cited in Burns 2005, p. 244). In addition, innovation is more than just invention and it is not, necessary, just the product of research” (ibid). Finally, pulling together all those strands by Burns (2005, p. 247), “innovation is a mould breaking development in new products or services or how they are produced – the material used, the process employed or how the firm is organized to deliver them – or how or to whom they are marketed, that can be linked to a commercial opportunity and successfully exploited”.

Burns’s definition is totally in line with that of Schumpeter whose famous typology has described five types of innovation or new combinations (Schumpeter 1942, cited in Swedberg 2000, pp. 51-52) as the followings:

- (1) The introduction of a new good – that is one with which consumers are not yet familiar – or of a new quality of a good
- (2) The introduction of a new method of production, that is one not yet tested by experience in the branch of manufacture concerned, which need by no means be founded upon a discovery scientifically new, and can also exist in a new way of handling a commodity commercially
- (3) The opening of a new market, that is a market into which the particular branch of manufacture of the country in question has not previously entered, whether or not this market has existed before

(4) The conquest of a new source of supply of raw materials, half-manufactured goods or inputs (including finance), again irrespective of whether this source already exists or whether it has first to be created

(5) The creation of the new organization of any industry, like the creation of a monopoly position (for example through trustification) or the breaking up of a monopoly position.

Since entrepreneur is one who carries out innovation (ibid) as well as breaking equilibrium through an innovation (1942, cited in Swedberg 2000, p. 20), he/she can be called innovator under this perspective.

Given the distinction between inventors and innovators, it would be useful to mention the word 'adaptor' as well. 'Adaptor' is different from 'innovator' in the way that "Innovator engages in divergent thinking aimed at innovation; adaptor engages in convergent thinking aimed at perfection" (Kirton, 1976, cited in Burns 2005, p. 244).

4.2 Entrepreneurs as risk-takers

Risk appears when a decision is made under an uncertainty condition or by inexperienced person. Even though an individual may not be able to attach a probability to an event because they have no prior experience, they may be able to 'estimate' the probability of its occurrence and the level of surprise they would experience if it were to occur (Glancey & McQuaid 2000, p. 60). Dealing with problem of imperfect knowledge is the most crucial aspect of Austrian economists (Glancey & McQuaid 2000, p. 58). Here, it is recognized that no individual can possibly have all of the correct information necessary to make an optimal decision (Glancey & McQuaid 2000, pp. 58-59).

Uncertainty is a certain thing that always comes along with risk. While risk can be measured and calculated, uncertainty can never be known (Knight 1921, cited in Swedberg 2000, p.19). Risk can be reduced when uncertainty decreased by gaining first-hand or second-hand experience and necessary knowledge. However, once all necessary knowledge has already been in-hand, they might be out of date or the market opportunity had already been seized by competitors. This is one explanation as to why entrepreneurs must be taking some risks. Taking high risk, they may receive high return as well.

Entrepreneurs are claimed to be ones who have willingness to take greater risk and greater uncertainty than others (Burns 2005, p. 20). They are willing to take risk since they desire to change as discussed in the aforementioned perspective - the ones who break equilibrium.

4.3 Entrepreneurs as networkers

Whilst network in the internationalization literature is discussed at organizational level, it is to be mentioned here at individual level. In order to explain the way entrepreneurs cope with risk, uncertainty and imperfect knowledge in the economic environment, analysis using human behavior approach alone seemed insufficient. Granovetter (cited

in Glancey & McQuaid 2000, p. 103) is a key writer who noted that economic relations between individuals and organizations are 'embedded' in social and cultural relations. Social factors as determinants of economic behavior are important in a given consideration.

Networks are important in economic terms in that knowledge can be dispersed and accessed far beyond the firms' boundaries. Networks generally come from two ways: formal and informal relationships. Formal relationships could be economic relation between individuals and organizations (ibid), or business relationship between firms and their counterparts. Informal relationships are social relationships or personal relationships which exist between individuals in families, friends, and acquaintances (Glancey & McQuaid 2000, p. 104). In contrast to the formal one, informal relationships can extend beyond these formal relationships and can tie individuals and firms together in wider social and cultural networks (Glancey & McQuaid 2000, pp. 103-104). With trustworthiness, social networks can therefore provide entrepreneurs with greater access to knowledge, which can reduce uncertainty in their environments and allow them to generate more profit opportunities (Glancey & McQuaid 2000, p.104).

Burns (2005) also saw the relationship as social capital of firms. He proposed three kinds of capital – financial capital, human capital and social capital. As competition is never perfect (Burns 2005, p. 283), criteria other than financial and human capitals to get the opportunity falls into social capital. Entrepreneurs' networks, either personal or business, may offer them an opportunity prior to others. It means that contacts in the networks will acknowledge and/or make them reach the opportunities sooner and easier than others. Players with a network optimally structured to provide the information benefits can enjoy higher rates of their investments because such players know about, and have a hand in, more rewarding opportunities (Burns 2005, p. 286).

As Berglund and Johansson (2007, p. 85) argued that entrepreneur is not a lonely-wolf and also saw networking as the solution to problem by linking entrepreneurs to a set of resources.

Networking is seen as a useful tool for entrepreneurs who wish to enlarge their span of actions and to save time. As a result, the effective entrepreneurs are more likely than others to systematically plan and monitor network activities as well as to undertake actions towards increasing their network density and diversity (Dubini, 1991, cited in Berglund and Johansson 2007, p. 84).

Perhaps only the most respected and trustworthy members of the networks, who wield a relatively higher degree of social influence, can undertake the entrepreneurial role (Glancey & McQuaid 2000, p. 106).

As not every one that can effectively use networking as a tool and can be the most trustworthy member of the networks, only real entrepreneurs are networkers.

II. Conceptual framework

Each of theories on internationalization listed in the previous literature review part holds their own reasons to explain the internationalization process of firms. In the Uppsala model, the lack of knowledge is the reason why firms have to take stepwise stages when engaging in foreign markets. Whenever entering to any new host countries, firms must go through the establishment chain: firstly exporting through independent representatives, then exporting through their own sales subsidiaries and lastly establishing their own manufacturing factories. Although three exceptions for this establishment chain were mentioned, are there any other factors that make firms skip one or more of these stages?

The network model has nothing to mention about the matter of psychic distance and establishment chain. In fact, foreign markets to enter for firms in this case would rather depend on where they can have or establish the network than psychic distance. Likewise, the entry modes firms choose when internationalizing their operations do not follow any sequences. They are now contingent on the extent of relationships between firms and their foreign partners. Firms will use the entry modes which are thought to help firms develop, support and coordinate relationships (Johanson and Vahlne 2003, p. 95). Indeed, firms' internationalization depends much on the relationships between firms and their foreign partners. Network theory used relationships of firms to explain for their accelerating internationalization. This kind of network under organizational level is very important for firms to accelerate its internationalization process. What's about the network under individual level – personal relationships? Does it have any impact on the faster internationalization of firms?

The pivotal role of entrepreneurs to the early internationalization of Born Globals was highlighted in theory of International new ventures. How about the role of entrepreneurs in multinational companies? Do they make any contributions to the speed-up internationalization process of firms?

Taking these questions into consideration, we have built a conceptual framework that combines internationalization and entrepreneurship to have deeper understanding about the internationalization process of firms. The conceptual framework is outlined in the below figure:

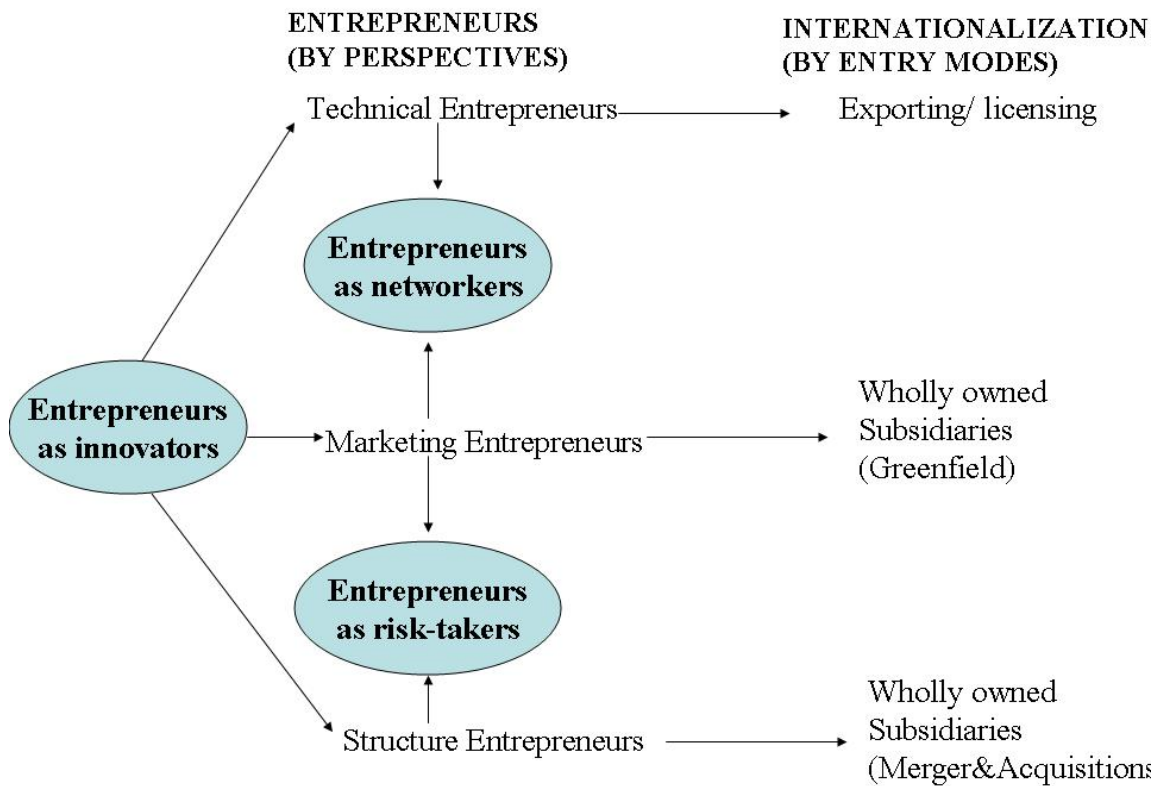


Figure 3 - 3: Theoretical framework
(Source: Le and Thornjaroensri 2008)

The strategies and internationalization processes will not start without entrepreneurial acts. It is not enough to be a firm with resources and opportunities in the environments. Internationalization must be wanted and triggered by someone (Boddewyn 1988, cited in Andersson 2000, p. 69). As a result, our conceptual framework focuses on the individual level, not the organizational level. The internationalization is to analyze under entrepreneurial view, rather than traditional views i.e. process view and economic view.

Based solely upon Schumpeter's perspective, Andersson (2000, pp. 79-80) implied from five types of combinations and divided entrepreneurs into three types: technical entrepreneur, marketing entrepreneur and structure entrepreneur. Each type of entrepreneurs has their own decisions regarding to internationalization of the firm. Indeed, different type of entrepreneurs chooses different entry modes as well as different markets to enter. These characteristics are to be summarized as below:

Type	Technical entrepreneurs – Networkers	Marketing entrepreneurs – Risk-takers and networkers	Structure entrepreneurs – Risk-takers
Interested in	Technology, orders from foreign countries lead to exporting	Marketing issues, aims at penetrating quickly	Structure of organization, aims at restructuring industries
Work in	Developing products	emerging & growing markets	mature industries
Entry mode selected	Exporting/licensing	wholly owned subsidiaries (greenfield)	wholly owned subsidiaries (merger&acquisition)
Networks	Use as a tool to internationalize	Use as a tool to internationalize	Not much important

Table 3 - 1: Characteristics of types of entrepreneurs
(Source: (Source: Le and Thornjaroensri 2008))

1. Technical Entrepreneurs – Networkers

Technical entrepreneurs are the ones who carry three out of five combinations of Schumpeter (1942, cited in Swedberg 2000, p.51), which are:

- (1) The introduction of a new goods -that is one with which consumers are not yet familiar-or of a new quality of a goods.
- (2) The introduction of a new method of production, that is one not yet tested by experience in the branch of manufacture concerned, which need by no means be founded upon a discovery scientifically new, and can also exist in a new way of handling a commodity commercially
- (3) The conquest of a new source of supply of raw materials or half-manufactured goods, again irrespective of whether this source already exists or whether it has first to be created.

As they deal with productions, technical entrepreneurs usually choose the least costly entry modes like exporting and/or licensing to enter a new foreign market (Andersson 2000, pp. 79-80). This type of entrepreneur is particularly interested in technology like developing a new innovative product or a new method of production. As internationalization is not the main interest of this type but new products can become known abroad, a request from abroad can lead to exports or licensing agreement (ibid).

In term of decisions regarding which market to enter, for the technical entrepreneurs, networks are very important to link them with potential markets. For them, new products can become known abroad through the international network of which the firm's customer is part and which markets to enter depend which countries are making

inquiries (Andersson 2000, p. 80). This is why we can call technical entrepreneurs as networkers.

2. Marketing Entrepreneurs – Networkers and Risk-takers

Handling market-related issues, marketing entrepreneurs are the ones who carry out the third combination of Schumpeter: the opening of a new market that is a market into which the particular branch of manufacture of the country in question has not previously entered, whether or not this market has existed before (Schumpeter 1942, cited in Swedberg 2000, p.51).

As market-oriented and proactive people, marketing entrepreneurs aim at penetrating into the foreign markets quickly (Andersson 2000, p. 80). This is the reason why they tend to adopt the most risky and costly entry mode that is wholly owned subsidiaries. Andersson (2000, pp. 80-81) stated that marketing entrepreneurs find a need in the market and have idea of how to fill this demand, they prefer to use the “greenfield” (building their owned factories) in the markets abroad. Compared to exporting and/ or licensing, greenfield is the entry mode that requires a lot of resources of the company. Regarding this, we can say that marketing entrepreneurs are risk-takers.

From Andersson’s view, in order to choose foreign markets to enter, marketing entrepreneurs usually select ones which are often emergent or growing (ibid). Personal networks are also very vital in doing business of marketing entrepreneurs as networks link them to potential overseas markets. They are likely to choose markets to enter based on their personal networks. This proves them to be networkers.

3. Structure Entrepreneurs – Risk-takers

Structure entrepreneurs are the ones who carry out a new organization of any industry, like the creation of a monopoly position (for example through trustification) or the breaking up of a monopoly position, which is the last combination of Schumpeter (1942, cited in Swedberg 2000, p.51).

Structure entrepreneurs act in mature industries and try to restructure companies and industries (Andersson 2000, pp. 80 – 81). In order to reduce the capacity in such mature industries, they use the entry mode of wholly owned subsidiaries as well. However, while marketing entrepreneurs choose greenfield, structure entrepreneurs would rather merger and acquisition (ibid). Merger and acquisition is the sub mode of wholly owned subsidiaries, which is the most expensive one. Using this, structure entrepreneurs are said to be risk takers.

For the structure entrepreneurs, the network is not as important as the above-mentioned two types. They select markets which have attractive merger and acquisition prospects to enter. Considering this, it is impossible to consider them as networkers comparing to other two types.

Part II

Chapter 4: Empirical data

TOA's first international step occurred nearly forty years after its foundation when it almost reached its target – be the leader of paint market in Thailand. In addition to leading Thai paint market, TOA is also willing to be the number one paint manufacturer in Asia, said Mr. Vonnarat – the current President of TOA (Frost & Sullivan 2004). The management team tries to reach these targets by developing quality products in order to satisfy all customers' needs, which vary by countries, rather than making strong brand (ibid). They need to make changes for their products by which they proud to say that their R&D is very strong and today, it is claimed to be the biggest R&D lab in South East Asia (ibid). Mr. Vonnarat said to Frost & Sullivan (2004):

“We believe in Quality. We try to provide best product and service, mostly we develop technology within our own R&D. Though, sometime we co-develop. We have to develop it at our end for our market. Because other countries have different needs, we need to make changes for our own products”.

Besides, Mr. Vonnarat noted that

“in order to expand the markets, the company finds business partners by ways of building relationships with local dealers in foreign markets and joining with overseas capitalists who have modern technologies so that the company will learn their know-how and improve its products. The company, however, will join only with the first or second producer of the world so that it can produce the best quality products” (The Manager 2003).

Main business partners TOA has co-developed with are Rohm and Hass, U.S.A. and many Japanese partners. Under the joint-venture agreements, TOA Thailand will also have the rights to export as well as expanding manufacturing facilities throughout Asia, only excluding Japan and South Korea (*Market of TOA* 2007). With the utmost focus on know-how and technology, TOA has successfully launched innovative products to markets such as:

- 1977 – Introduced lead-free and mercury-free decorative paints
- 1981 – Introduced TOA SuperShield with Microban® protection
- 2002 – Introduced TOA 7 in 1, an elastomeric paint with several special features
- 2003 – Introduced TOA SuperShield Duraclean, a washable interior paint
- 2004 – Introduced Supershield All, a total solution for interior decoration paint

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2007 – Introduced Shield One Nano Silicone, 4 Seasons Sun Block, Roof Shield Sun Block, Roof Paint Sun Block

2008 – Introduced TOA Anti Slip, TOA Rush Tech, TOA 7in1 Future Color

Beside innovative products, TOA has also focused on introducing innovative services. The automatic tinting system ‘TOA Color World’ is one of such services which is a technology imported from Italy (*TOA Paint narrows the gap with ICI* 2003). This service enables retailers to save on storage, thus allowing them to better manage costs while at the same time providing consumers with the highest standard of quality and maximum choice (Report 2004). Customers are spoiled for paint colour choices well beyond what is on the industry’s standard color menu (ibid).

Journey of TOA’s internationalization started in 1993 (Toa Paint (Malaysia) homepage and *Toa Paint to focus on 'infant' markets* 1996). At that time the company was led prevalingly by Mr. Prachak Tangkaravakoon, the founder. He started exporting to Malaysia as its first foreign market. The local importer contacted the company to place the trial order since it knew ‘TOA’ as well as its quality products (F. Chirawiboon 2008, interview, 28 April). Later that same year, it became a business partner with such importer who was a leading Malaysia businessman by establishing a joint venture, TOA Paint (Malaysia) Sdn Bhd. (TOA Paint (Malaysia) homepage). This joint venture, located in Kuala Lumpur, was founded as a sales subsidiary and a warehouse as well as training centre (ibid). This is the first joint venture of TOA and its foreign partner established outside Thailand. The reason of why the company formed joint venture there was Malaysian market is difficult for firm to do marketing itself (F. Chirawiboon 2008, interview, 28 April). So, in this case, the host business partner was needed (ibid).

TOA continued to establish its regional presence by exporting to its second foreign market, China. Starting in the middle part of China in 1995, the company exported its products through local agents (F. Chirawiboon 2008, interview, 28 April). In the following year, TOA decided to build its first own factory in Shanghai, China (*Toa Paint to focus on 'infant' markets* 1996). Mr. Prachak noted that competition in Chinese painting markets was so severe as a result of major competitors from U.S.A., European countries as well as some Thais like ICI, Captain and Jotan (*TOA moves to inter-brand* 2002). However, Chinese market is really large and average rate of paint consumption was only one kilogram per capita a year, compared with that of Thais was 5 kilograms per capita a year, it still has potential to be grown (ibid). So, he invested US\$12 million in a 30,000 tonne/year paint factory to make mainly decorative paint in Pudong, Shanghai, of which the new company called ‘Shanghai-TOA Paint Co., Ltd.’ and began operation by the end of 1997 (*Toa Paint to focus on 'infant' markets* 1996).

Next to China, TOA also started its operation in Vietnam in 1995 (ibid), to which exporting via local dealers was still the selected mode of entry (F. Chirawiboon 2008, interview, 28 April). And its own manufacturing factory was established in 1997 in Southern Vietnam. For a 50,000 tonne/year decorative paint factory in Song Be province (*Toa Paint to focus on 'infant' markets* 1996), TOA invested US\$10 million in TOA Paint (Vietnam) Co., Ltd., which was formerly known as TOA Vietnam Co., Ltd. (TOA

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homepage). The construction was begun in early 1997 and the production started by early 1998 (ibid). The establishment of the factory showed deeper involvement of TOA in Vietnam as it wanted to become the number one paint company in Vietnam within three to five years (*TOA Paint out of crisis* 2003).

During 1996 – 1997, the whole South East Asia was badly affected by the financial crisis. As a result, the Group also suffered from bad debts from its customers and was unable to repay its bank loans principle and interest by schedule, which made them face bankruptcy lawsuit during the financial crisis (*TOA Paint narrows the gap with ICI* 2003). Even worse, it was forced to sell out their interest in a lot of joint ventures that TOA had established with Japanese partners in Thailand (*TOA To Make Refinishing Paint* 2007). However, TOA group under the leadership of Mr. Prachak still successfully established two wholly owned manufacturing factories in China and Vietnam.

Marking its deep and wide performance in large Chinese market, TOA built two more owned factories in 2002 (*TOA Paint to supply for the Olympics* 2002). It invested more than US\$20 million in two new plants at Beijing and Guangzhou, serving the north and south of China respectively (ibid). Each plant has a capacity of 10,000 tonnes per annum (ibid). According to Mr. Prachak, the Beijing plant also supplies paint for the construction of stadium and sports facilities for the 2008 Olympic Games (ibid). Constructions of both additional plants were completed in 2002 and began productions in early of 2003 (*TOA moves to inter-brand* 2002). With the operations of these three wholly owned manufacturing subsidiaries, the company aimed at double the sales in China within the next two to three years (*TOA Paint out of crisis* 2003). Also in 2002, the same year with building two more factories in China, the Group built one more manufacturing joint ventured factory in Malaysia (F. Chirawiboon 2008, interview, 28 April), which was named ‘TOA Paint Products SDN., BHD.’ (TOA homepage).

All factories in foreign countries, either wholly owned subsidiaries or joint ventures were established to manufacture paints and coatings under stringent standards controlled by TOA Paint (Thailand) Co., Ltd. – the parent company. The output is to be distributed in those markets and also exported to some neighboring countries (TOA homepage). Besides these there main foreign markets – China, Vietnam and Malaysia, the company continued its foreign expansion plan by exporting to other ten Asian countries over the past six years. They are Laos, Myanmar, Cambodia, Sri Lanka, Brunei, Indonesia, Philippines, Bangladesh, Taiwan and United Arab Emirates (U.A.E.) (F. Chirawiboon 2008, interview, 28 April).

Using the same strategy, TOA started its overseas activities in those markets by exporting through local dealers. The reason why the company chooses exporting mode as its first involvement in foreign markets is that it wanted to understand the foreign customer’s behaviors through local dealers (F. Chirawiboon 2008, interview, 28 April). All dealers in the host countries offered to distribute the goods throughout the foreign countries (ibid). For most of additional foreign markets that TOA has entered by early 2000s, the Group by now has just kept its involvements at exporting its products from Thailand to these markets.

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In the year 2002, the TOA Group underwent the reorganization (F. Chirawiboon 2008, interview, 28 April). Mr. Prachak Tangkaravakoon who led TOA since its foundation decided to retire and acted as the honorable consultant for the Group (ibid). Mr. Vonnarat Tangkaravakoon, his son, became the new President of the Group (ibid). Under the new management, the Group really deepened and enlarged its operations in Asian markets as seen in the establishments of two additional factories in China and one manufacturing subsidiary in Malaysia as well as exporting to ten more markets (Frost & Sullivan 2004). He seems to follow his father's words with all these activities:

“to catch big fish in the Ocean rather than catching little fish in the Chaopraya River” (F. Chirawiboon 2008, interview, 28 April).

This follow-up in internationalization strategy is clearly shown in its further expansions abroad. Early of 2003, the TOA group built a mini factory in Myanmar of which its production began in late of such year (TOA *Paint out of crisis* 2003). Also, the Group had talked to a potential partner in Bangladesh to set up the factory there (*Paint Giant Recovers: TOA set for growth at home and abroad* 2003) but by now no plans are to be come into reality. And the latest, on 10 April 2008, TOA by Mr. Prachak just signed a joint venture agreement with Arkan Building Materials Company PJSC, one of the Emirates' foremost suppliers of building materials in U.A.E., for establishing a paint manufacturing plant in U.A.E. (*Expanding business* 2008).

In term of which foreign markets to enter, TOA's leaders made decisions partly based on competitors. Like Mr. Vonnarat said:

“the Group selected the foreign markets which its competitors, like ICI Paint (Thailand) and NIPPON Paint (Thailand), had already been there as it is easier to assess ability of the competitors which the company knew well and seize market shares from them rather than from unknown competitors” (The Manager 2005).

So far, the Group has operated in thirteen foreign countries. The internationalization process of TOA and strategies made under the management of each president are summarized in the Appendix II. In addition, its main activities by time are stated in the figure below:

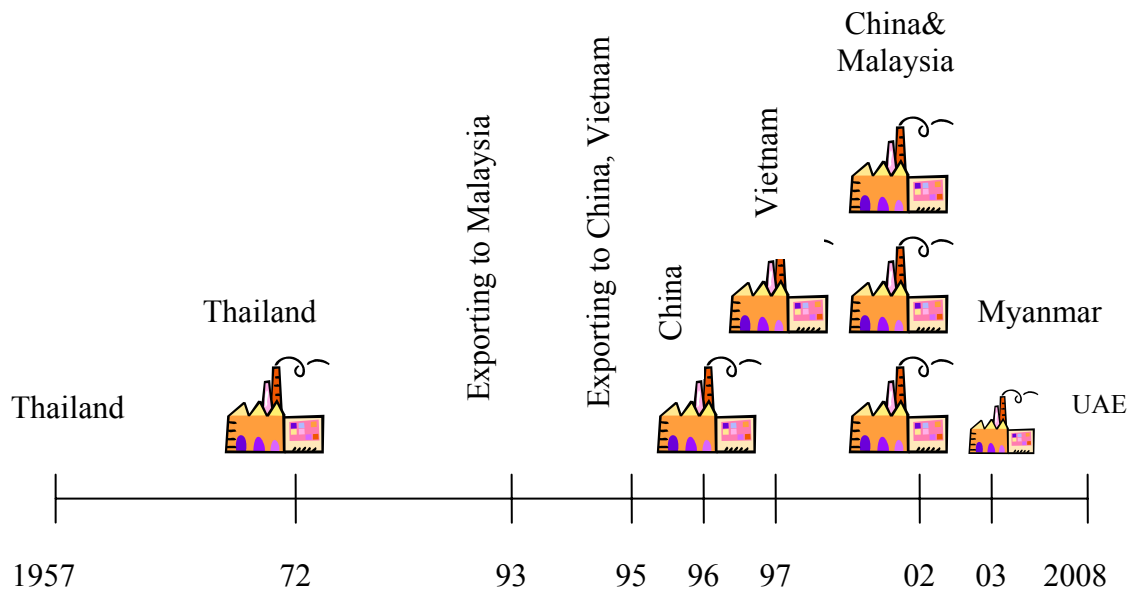


Figure 4 - 1: Main activities of TOA Group by time
(Source: Le and Thornjaroensri 2008)

Success of the TOA group could be proved by No. 1 Best Seller in South East Asia award (TOA homepage) and the Reader's Digest Trusted Brand - Platinum level of the year 2007 from the Reader's Digest magazine which TOA had been voted by consumers throughout Asia with three times votes higher than other paint companies (*TOA the Superbrand of Asia 2007*).

Chapter 5: Analysis and discussions

In this chapter, we are to discuss the crucial role of entrepreneurs in the internationalization of TOA. Three out of thirteen foreign markets, i.e. China, Vietnam and Malaysia will be analyzed in detail as they are the largest markets the Group has involved. Joint - ventures with foreign partners from Japan and U.S.A. located and mainly operated for business activities in Thailand are excluded from our analysis since they are not under our definition, which is “internationalization is the process of increasing involvement in international operations”.

I. Technical Entrepreneurs – Networkers

As we can see from the theoretical framework, technical entrepreneurs deal with all issues related to production of the companies. What they are interested is the technology to make innovative and high quality products. Since the formation, the name of TOA is always linked with high technology and best quality products as the whole management board of the Group aims at providing its customers the best painting products (TOA homepage). In the homepage, the technology - oriented guideline for the whole Group is clearly showed: TOA Paint (Thailand) Co., Ltd. sets to develop technology and the modern process of producing to make the best products to respond all need of local and oversea customers. Every company in TOA Group are supposed to bring the best technology for Thais and joins with the first class overseas companies in the world, so the consumers can be assured that every product from TOA Group has the world-class quality standard (ibid).

Following this guideline, the Group has invested a great deal of capital to set up and run the largest and the most modern R&D department in the South East Asia region (Frost & Sullivan 2004). Setting up its own R&D in just after a few years of foundation (1972), TOA was the first paint manufacturer in Thailand who developed acrylic-technology paint, lead-free and mercury free paint (Report 2004). High quality products are not only created by R&D of TOA itself but also through the co-development with high technology partners in the painting world like Rohm and Haas of the U.S.A, TOA (Japan) and Chugoku Marine Paints Ltd. of Japan.

With a number of innovative products and services launched successively as we mentioned in the empirical data, TOA group is said to implement two out of three innovative combinations that technical entrepreneurs always do. They have encouraged the Group to develop many new paint products and new method of paint production. The efforts on high technology and innovative products of TOA were paid off by many awards and certificates that the Group has gained so far. Most rewards that the company has achieved were international rewards and certifications that every painting manufacturer in the world wishes to have such as Superbands, Best Seller in South East Asia (TOA homepage). All of these awards and certificates mean international quality standards and world - class technology.

TOA has marked its appearance in thirteen foreign markets in fifteen years, which can be seen as one of their achievements for the Group led by their technical entrepreneurs. One of the main factors for this achievement is the recognition of the importance of the product technology and quality (Chirawiboon 2008, interview, 28 April). Like the present President of TOA Group said in an interview with a local credible newspaper that:

“TOA is not financially strong enough to take big risks overseas, but they are confident that they can compete because their products are superior to those of the competitors and quality is their sole selling point” (Paint Giant recovers: TOA set for growth at home and abroad 2003).

For TOA, such continual successes in creating innovative products and services are resulted from the Group management’s concerns about technology, know-how and innovation. Both the former President, Mr. Prachak and the present one, Mr. Vonnarat have the same policy to develop TOA’s products based on quality resulted from their own R&D creativity as well as co-developing with foreign partners who hold the best technologies in the world. Under the same line with characteristics of technical entrepreneurs in the theoretical framework, what the managers of TOA have done proves them as technical entrepreneurs.

Now, let’s take a look at the decisions on internationalization that TOA’s leaders made as technical entrepreneurs. With the sales of more than fifty percents in domestic market guaranteed by high quality and modern technology, TOA’s products became well-known beyond borders. This is also one of the factors leading TOA to foreign markets like Ms. Feungladda – our Interviewee - said in the interview:

“for some markets, the local dealers in the host countries contacted us. They wanted to import our painting products” (F. Chirawiboon 2008, interview, 28 April).

From the case of Malaysia, the local importer contacted the Group to establish the business relationship (ibid). Such importer knew TOA as well as its quality products, so it placed the trial order in 1993 and later became TOA’s frequent customer (ibid). This exporting was not initiated by the company itself but by the request from the Malaysian importer. As said in the theoretical framework about the characteristics of technical entrepreneurs in internationalizing their firms, internationalization is not their main interest and what usually makes their companies to enter foreign markets is a request from abroad. This is completely right with the case of TOA in Malaysia. Led by the managers as technical entrepreneurs, TOA group first entered Malaysian market by the order from the importer.

TOA started its international activities in all foreign markets by exporting through local dealers (F. Chirawiboon 2008, interview, 28 April). As said in the literature review, exporting is the entry mode that requires the least resources of the company. TOA chose

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exporting as its first action in foreign countries because they wanted to test the new markets (ibid and *TOA Paint out of crisis* 2003). For exporting paint products to the foreign countries, TOA used the local dealers to understand customers' behaviors in host markets (F. Chirawiboon 2008, interview, 28 April). They also help TOA to distribute paints and coatings throughout the host countries (ibid).

Exporting as a result of the order made by a foreign importer in Malaysia and as its first step in all other foreign countries seems to be the practical entry mode when entering foreign markets of technical entrepreneurs.

With reference to entrepreneurs as networkers, technical entrepreneurs are to enter markets by using international network in which the firm's customers is a part. Or it depends on which foreign markets making the inquiries. In the case of TOA with leaders acting as technical entrepreneurs, there are some local dealers from a few foreign countries contacted TOA, which made TOA's products exported to these markets (Chirawiboon 2008, interview, 28 April). This is under the same theme with Coviello and Munro (1995, cited in Oviatt&McDougall 2005. p. 544) who noted that 'foreign market selection and entry initiatives emanate from opportunities created through network contacts, rather than solely from the strategic decisions of managers in the firm'.

To discuss networks for internationalization in a different way, the foreign market to go is sometimes considered base upon competitors – one node in the network of the firm. It is like the case of TOA when Mr. Vonnarat, the current President of TOA said:

“the Group selected the foreign markets which its competitors, like ICI Paint (Thailand) and NIPPON Paint (Thailand), had already been there as it is easier to assess ability of the competitors which the company knew well and seize market shares from them rather than from unknown competitors”. (The Manager 2005).

Knowing the competitors in the market before penetrating seems to be a short cut to get knowledge about such market of TOA, especially when those competitors are also in the same field in its domestic battle. It, therefore, might be considered as an advantage of the later entrant.

Sometimes, network can help firms to expand to new markets by building the relationships with partners. In the case of TOA, this has been achieved by establishing joint-ventures with foreign partners. Under these joint venture agreements, TOA group has gained the rights to export the goods produced with high technology of those partners to some other countries, not only for selling in Thailand (*Market of TOA* 2007). For example, under the joint-venture agreement with Isamu Paint Japan, TOA has the rights to export throughout Asia, excluding Japan and South Korea (ibid and TOA homepage). So the relationships with these partners do not only bring TOA the high technology but also the entrance for its products to appear and be sold well in some foreign markets.

As mentioned above, “entrepreneurs as networkers” is one of crucial entrepreneurial perspectives we use to characterize TOA’s leaders. Under this perspective, they really have used networks as an effective tool not only to develop technology in production, products and services but also to internationalize their business.

II. Marketing Entrepreneurs – Networkers and Risk takers

Marketing entrepreneurs are the ones who carry out the combination – opening the new markets. Marketing does really matter for this type of entrepreneurs. They want to find new markets for dispersing their products, especially to emerging or growing markets. With market-oriented minds, they often use the modes that help them penetrate the new markets in the most quickly way.

After succeeding in exporting through local dealers, another reason why TOA decided to take a greater part in international business operations is that they wanted to increase sales volume as they foresee that Thai painting market has been saturated and the competition is intense. Finding new markets was the way out (F. Chirawiboon 2008, interview, 28 April). This is completely consistent with what Mr. Vonnarat said with a trustworthy newspaper when being asked about the presence of TOA in different geographical places, that the company is already no.1 in SE Asia but it wanted to grab more market share this area as they have done in Thailand (Frost & Sullivan 2004).

All of the foreign countries TOA group selected to enter are emerging paint markets with high potential and large demands, especially the first three markets that TOA penetrated – Malaysia, China and Vietnam (F. Chirawiboon 2008, interview, 28 April). These countries had big population with growing property and construction industry, which surely created attractive markets for TOA’s paints. They are the high potential markets for a large volume as Mr. Prachak believed that large populations would unavoidably consume large volume of paints (*TOA moves to inter-brand* 2002). Additionally, he thought that Chinese market is large and average rate of paint consumption is five times lower than Thais (ibid). These visions in looking for growing markets are in line with what marketing entrepreneurs usually care about.

As a marketing entrepreneur, expanding markets is the core factor that induced Mr. Prachak to build own factories in some foreign markets just a short time after exporting there. He decided to invest money into establishing factories in China and Vietnam only one and two years respectively after first exporting to these two countries. TOA’s first factory in China and the one in Vietnam are ‘greenfield’ wholly-owned subsidiaries (F. Chirawiboon 2008, interview, 28 April). In addition, not following the establishment chain of the Uppsala model, TOA’s manufacturing factories were built without establishing its own sales subsidiaries. The decision to increase involvements in its main foreign markets in such a short time was due to the fact that they wanted to access and seize the markets quickly. With the wholly owned factories built and then operated by

their own, TOA had the full rights to manage everything such as producing, marketing, selling and promotion (ibid). This efficient way helped TOA penetrate and seize the potential markets quickly (ibid). TOA used exporting via the local dealers to understand more about the needs, the consumption, and distribution in the new markets. Whenever they found they got enough necessary understandings about markets, they decided to operate in these markets on their own if the markets showed themselves as big size, which worth investing a big amount of capital (ibid).

The same reason was also found in Mr. Vonnarat's decisions to build two additional manufacturing factories in China and one in Malaysia in the same year - 2002. Specifically, with the operations of these three wholly owned manufacturing subsidiaries, the company aimed at double the sales in China within the next two to three years (*TOA Paint out of crisis* 2003). In Malaysia, TOA built a factory by joint-venturing with a Malaysian partner after six years exporting to this market as TOA reasoned that it was hard to do marketing themselves there (ibid). The inducement behind these decisions is nothing more than marketing, the main interest of marketing entrepreneurs.

Establishing the wholly owned manufacturing subsidiaries in overseas is the most risky entry mode, which are said to be performed by the risk takers. And performing these actions after exporting for less than two years with ignorance of incremental steps – skipping the stage of establishing sales subsidiaries – is the best reason proving that both former and present presidents of TOA are marketing entrepreneurs – risk takers.

Furthermore, during the constructions of the first two factories in China and Vietnam, South East Asia was severely affected by the financial crisis. And Thailand was not exceptional. Like other Thai companies, TOA could not avoid the serious effects of the crisis to the whole economy. In fact, TOA group had to face bad financial situation such as bad debts, bankruptcy lawsuits and selling shares in some joint ventures in Thailand. In such poor financial condition, the company still implemented and completed its constructions of two factories in China and Vietnam as planned. Making such risk taking decisions and then carrying them out in difficult financial situation for the aims to achieve bigger markets, TOA managers proved themselves nothing but both risk takers and marketing entrepreneurs.

During the financial crisis, every company in Thai economy faced financial difficulties and all of them needed money from banks to recover. Even banks themselves had their own troubles so it was very difficult for companies to borrow money from them. But TOA succeeded in achieving Baht10 billion from banks and some other creditors to recover their business (*Paint Giant Recovers: TOA set for growth at home and abroad* 2003). What made TOA succeed in persuading banks and creditors? Of course, it was on the back of the strength of the TOA brand as well as a strong relationship between the company and its dealers (*Paint tycoon Prachak preparing to retire* 2002 & F. Chirawiboon 2008, interview, 28 April). Besides, it is impossible to forget the role of the Founder – Mr. Prachak with his personal networks. It was his relationships that partly helped TOA managed to borrow necessary money to overcome the financial crisis (F.

Chirawiboon 2008, interview, 28 April). Working in painting industry since fourteen years old, owing to the experiences and networks, he turned TOA from a small trading company to the number one painting manufacturer in Thailand and the sixty in the whole world's painting industry. He was a networker since the early days managing TOA. Indeed, during 1960s, a number of Japanese painting firms came into Thailand and looked for local distributors. Mr. Prachak wrote an invitation letter to TOA Japan asking to be its distributor. A letter of credit was needed for being importer, but at that time, he had no credit with any bank. So, he asked a friend, one of Techapaiboon family of which owned a billion business in Thailand, to be a guarantor. With that help, TOA Japan allowed him to import its painting products. This made his business start and grow up till today's success (*Prachachat Business* 2004). The more he worked and managed TOA, the more personal business relationships he built. Plus, it was also his relationships that sometimes led TOA to some foreign markets as Ms. Feungladda said that network is very important. Expanding into some countries was initially resulted of network (F. Chirawiboon 2008, interview, 28 April). In addition, the valued relationships that Mr. Prachak built and maintained during the time working in painting industry partly assisted TOA to shorten its internationalization process by overcoming the difficulties regarding laws, customs, etc. when building the factories in foreign markets (China and Vietnam) (ibid).

To sum it up, by directing all their operations at expanding markets and using personal networks as one of the factors for surviving and internationalizing, the Founder and the former President of TOA are marketing entrepreneurs as well as risk-takers and networkers. Learning the roles of these entrepreneurs, we understand why internationalization of TOA took place quite rapid in the foreign countries.

III. Structure Entrepreneurs – Risk takers

Structure entrepreneurs try to restructure the industry more than handle the operation matters. Regarding internationalization, they often choose the most expensive entry mode, which is merger and acquisition. As the result, they usually present in mature markets. However, most of Asian countries especially in which TOA entered are not considered as mature countries. Conversely, painting industry in these foreign countries is an emerging one there as TOA group still grows volume in its oversea sales. No wholly owned subsidiary (merger and acquisition) has been implemented by TOA so far. Therefore, we do not have any clue to say that managers of TOA are structure entrepreneurs.

Chapter 6: Conclusions

I. Conclusions

We argued that the establishment chain pattern of the Uppsala internationalization model (U-Model) is too deterministic (Reid, Turnbull, Rosson, cited in Johanson and Vahlne, 1990, p. 14) and focused mainly on learning process at organizational level (Andersson 2000, p.65), we therefore found out other models to explain the internationalization process of the TOA group which did not follow such pattern. Emerging field of entrepreneurship has bent our focus to individual-based approach. However, important issues in the internationalization concept are market choice and choice of entry mode (Johanson and Vahlne, 1977, 1990, cited in Andersson 2000, p. 68), it was our task to look at the choices the TOA group made and still makes during its process and to see if such choices made reflection on entrepreneurial perspectives.

In order to understand the internationalization of firm under entrepreneurial perspectives, we have linked three entrepreneurial perspectives – entrepreneurs as innovators, risk-takers and networkers – together with three types of entrepreneurs – technical, marketing and structure entrepreneurs – proposed by Andersson (2000). Each category makes different choice of international market entry modes. In the other words, internationalization process of firm relates to perspectives or types of its entrepreneurs. Given this concept, TOA's entrepreneurs whom we defined as technical type by their products and process of innovativeness started their first step to international markets by exporting mode. His main interest in developing the innovative products rather than expanding abroad resulted in making a small and less risky step of internationalization process of the company. This seems to be the same with the starting point of the establishment chain stated in the Uppsala Model. However, the second step of the process was larger and faster than what U-Model suggested. The company skipped establishing sales subsidiaries to manufacturing subsidiaries in the case of Chinese and Vietnamese markets. That was the time when entrepreneurs planed to expand its market abroad and we defined them as marketing entrepreneurs. Explanation of this internationalization behavior of TOA is worth to give a credit to its entrepreneurs, especially the former and current presidents. Their rapid understanding of foreign markets and perceptions of high risks reflected on entering with the most risky mode that is establishing wholly own manufacturing subsidiaries.

Learning process of the firm to increase market commitment is still necessary. Yet it is difficult to measure knowledge of the firm as it is whose knowledge exactly referred to. In view of the fact that entrepreneurs are usually the main actors and driving forces of the firms, it would be better to study the internationalization processes by understanding their entrepreneurs in the ways they are and think. That is a reason why we selected to analyze at individual level instead of organizational level. We believe that the information presented thereon shows how perspectives of entrepreneurs influence in TOA's internationalization process.

II. Implications

1. Implication to scholars and researchers

What we have learned from the TOA case study is the entrepreneurs' visions on expanding its activities abroad. TOA has entered into the existing paint market in overseas countries rather than opening a new one, however, its entrepreneurs do not only aware of market knowledge but also market potential. They decided to establish wholly owned manufacturing subsidiaries in overseas where they found such markets have potential to grow up. This is how they discovered the opportunities. It seemed that the Uppsala Model either overlooked this potential demands or did not mention in detail of 'knowledge of firm'.

Since the construction of our research design is a case study, we draw out a framework from the chosen existing theories in order to explain the internationalization process of the TOA group only. Therefore, we are to point out that the conceptual framework used in this project work might not be generalized to all other companies. Nevertheless, we believe that the case is worth to be noted and used for further studies.

2. Implication to managements

Besides of innovation, network and relationships are invisible hands helping firm to reach its targets so soon, especially when the company's products are new to foreign customers. This is the reason why TOA keeps their dealers growing up together with it by educating them about the products as well as about how to promote sales. In globalization age where technology develops so fast and information can be reached so easy, later entrant may be failed to seize the market shares. To speed up to your success, taking high risk under the rational decision may give you high return as well.

III. Suggestions for further research

1. Andersson (2000) introduced three types of entrepreneur: technical, marketing and structure entrepreneurs. One whom is defined as technical entrepreneur might not be the others and vice versa. In the meantime, our work shows that entrepreneurs of TOA could be more than one type, both technical and marketing entrepreneurs. They firstly focused on the product development but later they pay equally attentions in products and market expansion. Contrast to marketing entrepreneur described by Andersson (2000, p.80), 'the market channels and brands may be more important than the physical product'.

In addition, Andersson (ibid) identified structure entrepreneur that does not directly intervene in operational matters but tries to restructure the structure in mature industries. We are unable to find out the answer whether finally the other two types will become structure entrepreneurs hitherto, since TOA is currently on the way of internationalization process and most of foreign markets it has entered so far are immature. Structure entrepreneur may be a consequent of marketing type as well as

marketing entrepreneur is a consequent type of technical one. We shall leave here this issue for further study.

2. Most recent studies tried to argue the validity of the Uppsala Model as there are many factors and conditions in the emerging globalization that make internationalization proceed rapidly. It was found that entry modes selected by firms or entrepreneurs do not always follow establishment chain pattern of the Uppsala Model. Nevertheless, as we noted from our case study as well as from other articles, most of them still began with the successively greater psychic distance, another pattern proposed by the Uppsala Model. It will be worth doing a research on internationalization of firm which starts its first step in a great psychic distance with success.

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Appendices

I. Semi-structured interview with TOA's Assistant Vice President

This contains questions and answers in three emails.

General questions

1. What is your position in TOA group?

Assistant Vice President

2. How long have you been in this position?

1 year. I have been working for TOA for 15 years. Before being appointed to be the Assistant Vice President, I served as the Senior Manager in Department of Business Development.

3. Please advise us your responsibilities in TOA group.

I am in charge of Business Development and Marketing for TOA.

4. How many foreign markets has TOA entered so far?

13 countries, in which we have built factories in China, Vietnam, Malaysia and the latest in Myanmar.

5. When did TOA enter its first international market?

About 15 years ago. Malaysia is our first market then China

6. Why did TOA decide to go international markets?

The painting market in Thailand was almost saturated, the competitiveness is fierce. Finding new markets is the only way for company to stay strong. Furthermore, for some markets, the local dealers in the host countries contacted us, for example Malaysia. They wanted to import our painting products.

7. If there are any other markets than Malaysian, China and Vietnam which we are going to ask for more information in the next part, kindly provide us in details:

a. Which markets are they?

Lao, Myanmar, Cambodia, Sri Lanka, Brunei, Indonesia, Philippines, Bangladesh, Taiwan and U.A.E.

b. When did TOA enter these markets?

About 5-6 years ago

c. How did TOA enter? (by exporting or other entry modes such as licensing, joint ventures, wholly owned subsidiary)?

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Exporting. And we exported through local dealers. We need to gain understanding about the nature of local customers so we need local dealers. Local dealers help us to distribute our goods.

8. Is there any country that the company established a factory or sales subsidiaries at first step?

No, all starts with exporting.

9. How is the role of network, especially personal network in the internationalization of TOA?

Once company decides to do business in a country, then relationship and network are to be considered. If company finds the market easy penetrate or it is unable to find suitable or good business partners, we will do by ourselves. However, if we find a good one, such network can help us a lot.

Please give examples.

As said above, it depends on situations and countries. Like in the case of China and Vietnam, network is one of the factors that accelerated our decision to build the factories there. Mr Prachak's relationships in these two countries helped us much to overcome the initial difficulties regarding laws, customs... when building the factories in foreign market in such a short time after presenting there.

10. We know that Mr. Prachak retired and now is the honorable consultant for TOA group of companies. When did he retired? Who took over his position? Has the company's direction regarding international markets been changed after the Founder's retirement?

Mr. Prachak retired in 2002. His son – Mr. Vonnarat Tangkaravakoon became President of the Group since then. Under the new management, we still have followed the words of the Founder – Mr. Prachak “To catch big fish in the Ocean rather than catching little fish in Chaopaya River”. We try to get much more understand the consumer behavior before investing. So, mostly start with exporting to test the markets together with studying the cost of factory and return from investment.

11. Like other companies in Thailand, TOA was badly affected by the financial crisis 1997. Yet, TOA recovered successfully with loans from banks and creditors. What are factors that helped TOA access to these loans in such difficult credit situation of the whole Thai economy then?

There are three factors that help TOA access to these loans.-

1. Mr. Prachak's good relationship with banks

2. TOA's paint have good credits with other parties in Thai paint industries, also good credits among big suppliers.

3. New young generation management, Mr. Prachak's sons, is also the key factors that banks allowed big loans. Banks thought new young generation could take company for long run terms under vibrant customers' needs among new world technology changes.

12. What is (are) the success factor(s) of company's internationalization?

It is the quality of goods, then good relationships with business partners i.e. dealers.

Market - specific questions

As our master thesis is directed to the internationalization processes of TOA in 3 (three) countries: Malaysia, China and Vietnam, we would like to ask you more questions in order to gain in-depth understanding about TOA operations in each country as follows:

I. About Chinese market

1. Why did TOA choose Chinese market as the international market to enter?

China has a big market size with high demand.

2. When did TOA enter Chinese market?

About 12 years ago

3. As far as we know, TOA has a factory in Chinese market. Regarding this factory:

a. Is this a wholly owned subsidiary or a joint-ventured company with any partners in China?

We have three factories and they are wholly owned subsidiaries.

b. When did TOA build this factory?

About 11 years ago

c. Why did TOA decide to build the factory?

We decided to build our own factories whenever the market is big. The size of market is first thing we considered. We studied the feasibilities to see whether it is worth to invest or just export. If it is worth, we will build our own factory. Furthermore, with the wholly owned subsidiary, we can control easily with the producing and selling. This is the best way for us to increase our market share there.

d. Before establishing this factory, did TOA have any other activities such as exporting or establishing its own representative office in Chinese market? If not, can you please let us know the reason "why"?

Yes. It is exporting through local dealers

4. What are the factors that made TOA confident when expanding to this market?

Products, technology and quality

II. About Vietnamese market

1. Why did TOA choose Vietnamese market to enter?

We wanted to expand our sales volume. Vietnam is a potential market for our high quality paint products to be sold with large volume

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2. When did TOA enter Vietnamese market?

About 12 years ago

3. As far as we know, TOA has a factory in Vietnamese market. Regarding this factory:

a. Is this a TOA owned subsidiary or a joint-ventured company with any partners in Vietnam?

It is TOA's owned subsidiary

b. When did TOA build this factory?

About 11 years ago

c. Before establishing this factory, did TOA have any other activities such as exporting or establishing its own trading office in Vietnamese market like exporting? If not, can you let us know why TOA expanded to this market by building the factory without any exporting activities before that?

Yes. It is exporting. We started with all foreign markets with exporting through local dealers

d. Why did TOA decide to build the factory?

Just like in the case of Chinese market. We studied all the costs and returns and we know that it was the right time to build our owned factory. The market then was big and very potential in the long future. Building the factory, we can manage everything ourselves. We can access and seize this potential market more quickly

4. What are the factors that make TOA confident when expanding to this market?

Quality and R&D

III. About Malaysian market

1. Why did TOA choose Malaysian market to enter?

We considered market size is big and high potential. And furthermore, the local importer contacted us to establish the business relationship. With the request to import our painting products to sell in Malaysian market, he placed the trial order and then become our frequent customer.

2. When did TOA enter Malaysian market?

About 14 years ago

3. As far as we know, TOA has a factory in Malaysian market. Regarding this factory:

a. Is this a TOA owned subsidiary or a joint-ventured company with any partners in Malaysia?

We jointed venture with a Malaysian company since we entered

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b. When did TOA build this factory?

About 5 years ago

c. Why did TOA decide to build the factory?

Reduce costs and faster supply goods.

d. Before establishing this factory, did TOA have any other activities such as exporting or establishing its own representative office in Malaysia? If not, could you please let us know the reason 'why'?

Yes. It is exporting to Malaysian market

4. What are the factors that make TOA confident when expanding to this market?

Products, technology and quality

II. TOA's internationalization

Time	Internationalization	Entrepreneurs with Strategy
1957-1992	No international operations	Mr. Prachak Tangkaravakoon - Technical development (building the largest R&D department in Asia, launching successive high technology and innovative products)
1993	Exporting to Malaysia via independent representative (local dealers)	Mr. Prachak Tangkaravakoon – Technical developments (maintaining on launching hi-tech and innovative products to meet customers' needs) and started its expansion to foreign markets
	Establishing a joint venture (sales subsidiary) in Malaysia	
1995	Exporting to China via independent representative (local dealers)	
	Exporting to Vietnam via independent representative (local dealers)	
1996	Establishing a wholly owned subsidiary (manufacturing factory) in Shanghai, China	
1997	Establishing a wholly owned subsidiary in Southern Vietnam	
2002	Establishing two more wholly owned subsidiaries (manufacturing factories) in Beijing and Guangzhou, China	
	Establishing a manufacturing factory (joint-venture) in Malaysia	
	Exporting to Laos, Cambodia, U.A.E, Sri Lanka, Brunei, Indonesia, Philippines, Bangladesh, Taiwan and Myanmar via independent representatives (local dealers)	
2003	Establishing a manufacturing subsidiary in Myanmar	Mr. Vonnarat Tangkaravakoon - Technical developments (maintaining on launching hi-tech and innovative products to meet customers' needs) and further expanding to foreign markets
2008	Establishing a joint - venture factory in U.A.E.	