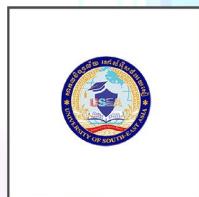




INTERNATIONAL CONFERENCE IN BUSINESS INNOVATION 2019 (ICBI)

“Business Foresights: Exploring Trends for Transformation”



DHURAKIJ PUNDIT UNIVERSITY (DPU)

BANGKOK, THAILAND

25-27 JULY 2019

Title : The International Conference in Business Innovation 2019 (ICBI)

Publication date : July 2019

Editorial Team : Assistant Professor Dr. Leela Tiangsoongnern
Dr. Sayamol Nongbunnak
Mr. Stephen John Cannell
College of Innovative Business and Accountancy
(CIBA), Dhurakij Pundit University (DPU), Bangkok, Thailand

Artwork : Mr. Somchai Noonla-aong
Miss Nattaya Charoenphan
Miss Kanokwan Lattanapeecachai
Miss Pramwadee Kraturork



Publishing by : College of Innovative Business and Accountancy (CIBA),
Dhurakij Pundit University (DPU), Bangkok, Thailand

Place of publication : DPU Coolprint
110/1-4 Prachachuen Rd., Laksi, Bangkok 10210 Thailand
Tel. 0-2954-7300 Ext. 277

International Conference on Business Innovation 2019 (ICBI 2019)

Organized by

College of Innovative Business and Accountancy and Partner Institutions

25-27 July 2019

At Dhurakij Pundit University, Laksi, Bangkok, Thailand

1. Rationale

Currently, there are many innovations in the world such as creative technology, creative products, new services, and new ways to increase efficiency in business process management. These innovations derive from the creativity and development of mankind to modernize and to bring convenience to people's lives. Similar to business process management, innovation in business allows opportunities for new businesses. Innovation has also driven growth and prosperity by creating competitive advantage for businesses. Hence, innovation is able to enhance competitiveness and business development.

The College of Innovative Business and Accountancy (CIBA) acknowledges the importance of business innovation. Consequently, we are organizing an international conference on the theme of "Business Foresights: exploring trends for future transformation" in collaboration with partner institutions in Thailand and overseas. The aims are to publish academic and research works of lecturers, researchers, practitioners, and students; and to strengthen relationships with other academic institutions.

2. Objectives

2.1 To be a platform for lecturers, researchers, practitioners, and students of academic institutions in the international arena to publish their academic and research works.

2.2 To encourage knowledge sharing including experience in research, research literature, and research innovation for lecturers, researchers, practitioners, and students of academic institutions in the international arena.

2.3 To foster opportunities to establish networks and collaboration in terms of academic and research works for lecturers, researchers, practitioners, and students of academic institutions in the international arena.

3. Content and theme

The main topics and themes for full paper presentation at ICBI 2019 are as follows:

Main Topic: Business Foresights: exploring trends for future transformation

Conference Theme "Business Enovation"

Research on the ways in which business organizations leverage ideas and knowledge to transform business processes into business innovations. Business innovation research contributes to improvements in productivity and quality, business strategy and success, applications of business and entrepreneurship innovation strategies, and methods and tools to innovate to enhance business competitiveness in the digital era.

Topics covered

- Innovation in business processes such as
 - Innovation in human resources and organizational development (HROD)
 - Innovation in finance and accounting
 - Innovation in logistics and supply chain management
 - Innovation in global supply chain/networks, outsourcing, export/import, retailing
 - Innovation in marketing activities (i.e., digital tools for marketing activities etc.)
 - Buyer/consumer behavior in the digital age, CSR
 - Knowledge management, technology transfer
 - Digital business
 - Strategy innovation
 - Role of IT/IS, e-business, technological innovation
- Innovation in business applications/activities/services/products such as
 - Innovation in service industries, healthcare, new product/process innovation
 - Benchmarking/best practices in innovation activities
 - Business laws
 - Technological innovation
 - New product/process innovation
- Business innovation in industries
 - Food industry
 - Hospitality industry
 - Healthcare
 - Other service industries
- Case studies on business innovation
 - Business law, ethics, environmental standards in innovative industries

4. Conference Chair and Committee

We are pleased to welcome all of the researchers and practitioners from around the world to participate in International Conference on Business Innovation (ICBI) in Bangkok, hosted by Dhurakij Pundit University, Thailand in 25-27 July 2019. The main theme of the conference is “Business Foresights: Exploring Trends for Future Transformation”. Manuscripts covering any topical areas relating to business innovation are accepted. They can be theoretical, teaching-based or practice-oriented.

The main objective of the conference is to help steer the future directions on the ways in which innovation creates and cultivates business and vice versa. The theme will shed light on the development of theories and methodologies on business innovation and related areas. We are looking forward to meeting and sharing research acumen with researchers and practitioners from different disciplines. We hope that the ICBI 2019 will provide an opportunity for us to have productive experiences as well as to build potential collaborative research networks for digital future.

Dr. Pattanant Patchchedchoo

Chief Executive Officer
College of Innovative Business and Accountancy, Dhurakij Pundit University

Dr. Siridech Kumsuprom

Dean
College of Innovative Business and Accountancy, Dhurakij Pundit University

Session Chairs

Assoc. Prof. Dr. Thanida Chitnomrath, CFP®

Deputy Dean for Research and Academic Services, College of Innovation Business and Accountancy, Dhurakij Pundit University

Dr. Phoommiphat Pongpruttikul

College of Innovation Business and Accountancy, Dhurakij Pundit University

Dr. Rachata Khumboon

Deputy Dean for Academic Affairs, College of Innovation Business and Accountancy, Dhurakij Pundit University

Asst. Prof. Dr. Leela Tiangsoongnern

Deputy Dean of International Programs and Connectivity, College of Innovation Business and Accountancy, Dhurakij Pundit University

5. Conference methods

- 4.1 Academic dialogue and discussion
- 4.2 Showcase on Business Innovation
- 4.3 Presentation of full papers

6. Registration fee and important dates

5.1 Important dates

| | |
|--------------------------------------|--|
| Submission dates | 1 Feb – 30 June 2019 (early submission – early notification) |
| Submission deadline | 30 June 2019 |
| Notification of acceptance | 1 -10 July 2019 |
| Final full paper submission deadline | 15 July 2019 |
| Registration Deadline | 20 July 2019 |
| Conference dates | 25 – 27 July 2019 |

5.2 Registration fees

Registration fees for presenters

| Type | By 15 July 2019 (early bird) | From 16 July 2019 (regular) |
|----------------|------------------------------|-----------------------------|
| All presenters | USD 220 | USD 300 |
| Students | USD 200 | USD 250 |

Registration fees for participants not presenting a paper

| Type | By 15 July 2019 (early bird) | From 16 July 2019 (regular) |
|-------------------------------|------------------------------|-----------------------------|
| All participants and students | USD 100 | USD 150 |

Note: the registration fee comprises fees for all seminars and presentations, coffee-tea breaks, lunch, welcome dinner and one-day cultural trip, including documents and souvenirs.

The registration fee for research / academic papers that are accepted for publication at ICBI 2019 has to be paid by 20 July 2019. The early bird registration and normal registration starts from

21 July 2019. Each person is allowed to present one registered paper. Research / academic papers without registration will be removed from the program and the process.

7. The expected results

6.1 Able to publish academic / research papers of lecturers, researchers, practitioners, and students of academic institutions

6.2 Able to add knowledge and experience of lecturers, researchers, practitioners, and students of academic institutions from the world arena

6.3 Able to create academic collaboration and strengthen the relationships between academic institutions in Thailand and other countries

8. Responsible organization and partners

7.1 Responsible organization – College of Innovative Business and Accountancy, Dhurakij Pundit University

7.2 Partners – comprise two universities from the Prachachuen University Network, 2 universities from Asia Pacific, and over 10 academic partners from Thailand and overseas.

9. Target group

8.1 One hundred participants: lecturers, researchers, practitioners, and students of local and international institutions.

8.2 One hundred interested individuals.

10. Date, time and venue

25-27 July 2019 at Dhurakij Pundit University

Address: 110-1-4 Prachachuen Road, Laski, Bangkok, Thailand.

Advisory Committee

Chairs

Dr. Pattanant Petchchedchoo
Dr. Siridech Kumsuprom

Dhurakij Pundit University, Thailand
Dhurakij Pundit University, Thailand

Committee

| | |
|--|---|
| Professor Dr. Kullapapruk Piewthongngam | Khonkaen University |
| Assoc. Prof. Dr. Mark Speece | American University of Kuwait |
| Assoc. Prof. Dr. Nila Weise | University of Puget Sound-School of Business & Leadership |
| Assoc. Prof. James M. McCullough | University of Puget Sound, USA |
| Associate Professor Sompoab Talabkaew | KMUTNB |
| Assistant Professor Dr. Kom Campiranon | Thammasat University |
| M.L. Dr. Kuntonrat davivongs, | Kasetsart University |
| Dr. Asma Campiranon | Srinakharinwirot University |
| Dr. Tatsika Jarukamjorn | College of Asian Scholar |
| Dr. Chintanai Praisont | Thummasat University |
| Dr. Damrong Satayavaksakoon | Asia-Pacific International University |
| Dr. Kittichai Atikulrat | KMUTNB |
| Assoc. Prof. Dr. Thanida Chitnomrat | Dhurakij Pundit University |
| Asst. Prof. Dr. Leela Tiangsoongnern | Dhurakij Pundit University |
| Assistant Professor Dr. Charunya Parncharoen | Dhurakij Pundit University |
| Assistant Professor Dr. Sivanun Sivapitak | Dhurakij Pundit University |
| Asst. Prof. Dr. Daranee Uachanachit | Dhurakij Pundit University |
| Asst. Prof. Dr. Eakapol Kongma | Dhurakij Pundit University |
| Dr. Arisara Thaneerananon | Dhurakij Pundit University |
| Dr. Arthorn Jitsoonthornchaikul | Dhurakij Pundit University |
| Dr. Benjamaporn Isaradech | Dhurakij Pundit University |
| Dr. Chalida Kanjanajuta | Dhurakij Pundit University |
| Dr. Jiraporn Chomsuan | Dhurakij Pundit University |
| Dr. Jul Thanasrivanitchai | Dhurakij Pundit University |
| Dr. Pasutida Tantrajin | Dhurakij Pundit University |
| Dr. Piyavit Thipbharos | Dhurakij Pundit University |
| Dr. Rachata Khumboon | Dhurakij Pundit University |
| Dr. Sayamol Nongbunnak | Dhurakij Pundit University |
| Dr. Suravee Sunalai | Dhurakij Pundit University |

International Conference on Business Innovation 2019 (ICBI 2019)

ICBI 2019 PROGRAM

Conference Dates: 25-27 July 2019 @ Dhurakij Pundit University, Thailand

| 25 th July 2019 (Thursday) | | |
|--|---|---|
| Time | Program | Venue |
| 04.00 pm - 06.00 pm | Registration Welcome drinks | Sanom Sudhipitak Hall, Building 4, Floor 1 |
| 06.00 pm - 08.00 pm | Dinner party | |
| End of the day | | |
| 26 July 2019 (Friday Morning) | | |
| Time | Program | Venue |
| 09.30 am - 10.20 am | Registration Morning Tea & Coffee Break | |
| 10.30 am - 10.35 am | Opening Address by President of DPU, Dr. Darika Lathapipat | |
| 10.30 am - 10.40 am | Welcoming Address by VP-Strategic Alliance of DPU, Dr. Pattanant Petchchedchoo | |
| 10.40 am – 10.45 am | Conference Highlights by Conference Chair and Dean of CIBA – DPU, Dr.Siridech Kumsuprom | |
| 10.50 am - 10.55 am | Group Photo | Dr. Sawai Hall, Building 6, Floor 7 |
| 11.10 am – 12.00 am (Thai language with simultaneous translator to English) | Panel Discussion and Q&A Topic: Digital Currency and Blockchain for Business in Thailand by | |
| | <ul style="list-style-type: none"> • CEO and Founder of SmartContract and Block M.D. Mr. Sathapon Patanakuha, • Deputy Director, Bank of Thailand Mr. Vijak Sethapu, • CEO and Founder of Builk One Group Mr. Patai Padungtin, Moderator: Ms. Chatpawee Trichachawanwong | |
| 12.00 pm - 01.00 pm | Lunch | Satja 1 Hall, President Building, Floor 1 |

| 26 July 2019 (Friday Afternoon) | | |
|---------------------------------|---|---------------------------------------|
| Time | Program | Venue |
| 01.00 pm - 02.30 pm | Presentation: Oral session#1 Tracks: Innovation in business applications/ activities/ products/ services and Innovation in business processes | -Room 212, Building 2, Floor 1 |
| | Tracks: Business innovation in industry and Interdisciplinary | -Room 213A & 213B Building 2, Floor 1 |
| 02.30 pm - 02.45 pm | Tea & Coffee Break | Building 2, Floor 1 |
| 02.45 pm - 04.00 pm | Presentation: Oral session#2 | Continue at the same venue |
| End of the day | | |
| 27 July 2019 (Saturday) | | |
| Time | Program | Venue |
| 08.00 am - 09.00 am | Cultural Trip Registration | CIBA, Building 1, Floor 1 |
| 09.00 am - 04.00 pm | Cultural Trip | Ayutthaya Province |
| 04.00 pm | Return to Bangkok | Dhurakij Pundit University |
| End of Conference | | |

ICBI 2019
Presentation Schedule

Room 212 Building 2, Floor 1

Track 1: Innovation in business applications/activities/services/products

(Session Chair: Dr. Rachata Khumboon)

| No. | Title and Author(s) | Time | Paper_ID |
|-----|---|---------------|----------|
| 1 | The Elderly Nutrition Strategies in Game Based Learning : Sodium Game <i>Dr. Wilawan Inchamnan Dr. Aurawan Imsombut</i> | 13.00 – 13.15 | 01 |
| 2 | The effect of internal and external factors of green innovation on competitive advantage and financial performance <i>Dechawat Trithossadech Napatporn Rodcha</i> | 13.16 – 13.30 | 03 |
| 3 | A literature review on the relationship between financial decisions and market value of large company <i>Assoc.Prof. Dr. Thanida Chitnomrath</i> | 13.31 – 13.45 | 07A |
| 4 | Skill Set for Future Workforce in Thailand <i>Duangjan Varakamin Pairin Cholpaisal Dr. Panachit Kittiphanyangam</i> | 13.46 – 14.00 | 14 |
| 5 | Models and Development Strategies for Coffee Commodities in Jambi Province in Fulfilling Global Market Demand <i>Rosmeli, Nurhayani Dearmi Artis</i> | 14.01 – 14.15 | 15 |
| 6 | Model Performance Supported SMEs Strategy-Based Applications Through E-Money Gofood Business Customer Satisfaction And Grabfood <i>Novita Ekasari Nurhasanah Fitri Chairunnisa</i> | 14.16 – 14.30 | 16 |
| | <i>Coffee / Tea Break</i> | 14.31 – 14.45 | |

Room 212 Building 2, Floor 1

Track 1: Innovation in business applications/activities/services/products
(Session Chair: Dr. Rachata Khumboon)

| No. | Title and Author(s) | Time | Paper_ID |
|-----|--|---------------|----------|
| 7 | What can hotels learn from their OTA partners? A Literature Review <i>Asst. Prof. Dr. Montakan Chubchuwong</i> | 14.46 – 15.00 | 17 |
| 8 | A Review on Internet Financial Risk Management Based on the ERM Framework <i>Min Chen</i> <i>Yanping Shan</i> <i>Yi Zhao</i> | 15.01 – 15.15 | 28 |
| 9 | Huawei in Europe: From A Chinese National Indigenous Innovation to A Global Giant <i>Wiranya Sutthikul</i> <i>Waran Thiya Sutthikul</i> <i>Sujittra Hongyon</i> <i>Kongkiat Sahayarak</i> <i>Rati Thapo</i> | 15.16 – 15.30 | 31 |
| 10 | Challenge of Information and Communication Technology Towards Accounting in Thailand <i>Warangkanang Sakulwong Lee Yan</i> <i>Dr. Siridech Kumsuprom</i> <i>Dr. Pattananant Petchchedchoo</i> | 15.31 – 15.45 | 35 |
| 11 | The Relationship Between Business Models and Startup Success <i>Sasipa Atisnjongkol</i> <i>Sukanya Singtui</i> <i>Settawud Machimarat</i> <i>Dr. Lien Chao Lung</i> <i>Dr. Yang Xiugang</i> <i>Mr. Sittichok Jalernkij</i> | 15.46 – 16.00 | 36 |

Room 213A Building 2, Floor 1

Track 2: Innovation in Business Processes and Business Innovation in Industry
(Session Chair: Dr. Phoommiphat Mingmalairaks)

| No. | Title and Author(s) | Time | Paper_ID |
|-----|---|----------------------|----------|
| 1 | The Relationships between Consumer Trust and Purchase Intention of Social Commerce <i>Asst. Prof. Dr. Charunya Parncharoen</i> | 13.00 – 13.15 | 04 |
| 2 | Innovative system development for Store Allocation Management <i>Chaichana Jaruwannakorn</i> <i>Assoc. Prof. Dr. Waraporn Jirapanthong</i> | 13.16 – 13.30 | 05 |
| 3 | Purchasing Behavior of Senior Tourists for Slow Tourism Services in Thailand <i>Sirikanyah Lane Dasom</i> <i>Asst. Prof. Dr. Leela Tiangsoongnern</i> | 13.31 – 13.45 | 06 |
| 4 | The Significance Factors of Business Negotiations in Japan <i>Ogochukwu Michael Osakwe</i> <i>Dr. Tanakorn Limsarun</i> | 13.46 – 14.00 | 07 |
| 5 | Innovation Technologies in Hotel Businesses <i>Dr. Jiraporn Chomsuan</i> | 14.01 – 14.15 | 08 |
| 6 | Effectiveness of the Supervision of Commissioners and Aggressive Tax on Financial Reporting Fraud <i>Wiralestari</i> <i>Riski Hernando</i> | 14.16 – 14.30 | 10 |
| | <i>Coffee / Tea Break</i> | <i>14.31 – 14.45</i> | |
| 7 | Towards the Concept of Health Food Business Model Innovation for New Product Development for Elderly Consumers <i>Asst. Prof. Dr. Piyavit Thipbharosa</i> | 14.46 – 15.00 | 11 |
| 8 | Internationalization Attributes of New and Small Firms Pursuing the Born Global or International New Venture Pathway Favorable to Small Emerging Economies in ASEAN <i>Norapatra Janpong</i> | 15.01 – 15.15 | 13 |

Room 213A Building 2, Floor 1

Track 2: Innovation in Business Processes and Business Innovation in Industry
(Session Chair: Dr. Phoommiphat Mingmalairaks)

| No. | Title and Author(s) | Time | Paper_ID |
|-----|--|---------------|----------|
| 9 | Market Opportunities and Accessibilities for Consumers of Thai Tea: Trend, Trade, Consumer Behavior, and Marketing Strategy in ASEAN <i>Dr. Phoommiphat Pongpruttikul</i> <i>Dr. Suthep Nimsai</i> <i>Teerapun Tadniyom</i> <i>Narathip Kiewkalong</i> <i>Dr. Lien Chao Lung</i> <i>Dr. Yang Xiugang</i> | 15.16 – 15.30 | 20 |
| 10 | Human Resource Development in the Organization According to the Performance Analysis Model <i>Pimvimon Poramatworachote</i> <i>Anan Suntramethakul</i> | 15.31 – 15.45 | 23 |
| 11 | Factors influencing the organizational commitment of personnel at Institutes of Vocational Education in Champassak. Laos PDR <i>Ladsamay Vorachith</i> <i>Anan Suntramethakul</i> | 15.46 – 16.00 | 26 |
| 12 | Employee's Burnout Syndrome: Cause Effect and Prevention Guideline <i>Siripapun Leephajaroen</i> | 16.01 – 16.15 | 27 |
| 13 | Thailand Hotel Sustainability Index <i>Nattapan Kongbuamai</i> <i>Samatthachai Yamsa-ard</i> <i>Dr. Phoommiphat Pongpruttikul</i> <i>Liu Yun</i> <i>Dr. Lien Chao Lung</i> <i>Dr. Yang Xiugang</i> | 16.16 – 16.30 | 38 |

Room 213B Building 2, Floor 1
Track 3: Interdisciplinary Topics
(Session Chair: Assoc. Prof. Dr. Thanida Chitnomrath)

| No. | Title and Author(s) | Time | Paper_ID |
|-----|--|---------------|----------|
| 1 | Customer Satisfaction at Fast Food Restaurant in Cambodia <i>David Chhun</i> <i>Dr. Sayamol Nongbunnak</i> <i>Navapong Pontonthadilok</i> <i>Arthur Gogatz</i> | 13.00 – 13.15 | 09 |
| 2 | The Determinants of the Effectiveness of Implementation Performance Based Budgeting and Budget Absorption in Local Governments (Study on Jambi City Government) <i>Rita Friyani</i> <i>Riski Hernando</i> | 13.16 – 13.30 | 12 |
| 3 | A Study of Competitive Advantage of Local Steakhouse in Thailand <i>Asst. Prof. Dr. Adilla Pongyeela</i> <i>Katanyu Hiransomboon</i> | 13.31 – 13.45 | 21 |
| 4 | The Level of People's Participation at the Candle Festival: A Case Study of People at Nai-Mueang Sub-district, Mueang District, Ubon Ratchathani Province <i>Dr. Jaturong Sriwongwanna</i> <i>Vikanda Kasetiam</i> | 13.46 – 14.00 | 24 |
| 5 | Morale in the Operation of the Personnel: A Case Study of Personnel in the Juvenile and Family Court <i>Vikanda Kasetiam</i> <i>Dr. Jaturong Sriwongwanna</i> <i>Wanna Piyaratmanon</i> | 14.01 – 14.15 | 29 |
| 6 | Factors Affecting Organizational Citizenship Behavior <i>Malinee Srimaitree</i> <i>Piyakanit Chotiwani</i> | 14.16 – 14.30 | 30 |
| | <i>Coffee / Tea Break</i> | 14.31 – 14.45 | |

Room 213B Building 2, Floor 1
Track 3: Interdisciplinary Topics (Continue)
(Session Chair: Assoc. Prof. Dr. Thanida Chitnomrath)

| No. | Title and Author(s) | Time | Paper_ID |
|-----|---|---------------|----------|
| 7 | Factors on Marketing Mix Influencing Decision to Buy the Condominiums in Ubon Ratchathani City <i>Pimook Somchob</i> <i>Seri Somchob</i> <i>Nareenooch Yuwadeeniwes</i> <i>Rattanaporn Saelee</i> | 14.46 – 15.00 | 32 |
| 8 | Purchasing Behavior of Consumers in Bhutan Towards Frozen Raw Meat Products <i>Sonam Choden Penjore</i> <i>Dr. Sayamol Nongbunnak</i> | 15.01 – 15.15 | 33 |
| 9 | Purchase Intention of Cambodian Consumers for Healthcare Services in Thailand <i>Sunleang Kim</i> <i>Sirikanyah Lane Dasom</i> <i>Kultiwa So-ngern</i> <i>Asst. Prof. Dr. Leela Tiangsoongnern</i> | 15.16 – 15.30 | 34 |
| 10 | The Relationship between Corporate Governance and the Firm Performance of A Listed Company <i>Hathairat Khuanrudee</i> <i>Puthita Khuanrudee</i> <i>Piyakanit Chotivanich</i> | 15.31 – 15.45 | 25 |
| 11 | Thai Restaurant Opportunity in Phnom Penh <i>Assoc. Prof. Thammarak Laongnuan</i> <i>Asst. Prof. Hathairat Khuanrudee</i> <i>Asst. Prof. Dr. Pimook Somchob</i> <i>Dr. Walaiporn Sookplung</i> <i>Assoc. Prof. Dr. Piyakanit Chotivanich</i> <i>Miss Wiranya Sutthikulf</i> | 15.46 – 16.00 | 22 |
| 12 | The Impacts of Artificial Intelligence on the Digital Accounting <i>Premarat Vilalai</i> <i>Kongrit Thaneerananon</i> <i>Dr. Arisara Thaneerananon</i> | 16.01 – 16.15 | 37 |

Content

Track 1: Innovation in business applications/activities/services/products

| | | |
|----|--|----|
| 1. | A Literature Review on The Relationship between Financial Decisions and Market Value of Large Company <i>Thanida Chitnomrath</i> | 1 |
| 2. | A Review on Internet Financial Risk Management Based on the ERM Framework <i>Min Chen, Yanping Shan and Yi Zhao</i> | 12 |
| 3. | Challenge of Information and Communication Technology Towards Accounting in Thailand <i>Warangkanang Sakulwong Lee Yan, Siridech Kumsuprom and Pattanant Petchchedchoo</i> | 18 |
| 4. | Huawei in Europe: From A Chinese National Indigenous Innovation to A Global Giant <i>Wiranya Sutthikul, Waranthyia Sutthikul, Sujitra Hongyon, Kongkiat Sahayrak and Rati Thapo</i> | 30 |
| 5. | Model Performance Supported SMEs Strategy-Based Applications Through E-Money Gofood Business Customer Satisfaction And Grabfood <i>Novita Ekasari, Nurhasanah and Fitri Chairunnisa</i> | 36 |
| 6. | Models and Development Strategies for Coffee Commodities in Jambi Province in Fulfilling Global Market Demand <i>Rosmelia, Nurhayyanib dan and Dearmi Artisc</i> | 50 |
| 7. | Skill Set for Future Workforce in Thailand <i>Duangjan Varakamin, Pairin Cholpaisal and Panachit Kittiphanyangam</i> | 61 |
| 8. | The Effect of Internal and External Factors of Green Innovation on Competitive Advantage and Financial Performance <i>Dechawat Trithossadech and Napatporn Rodcha</i> | 70 |
| 9. | The Elderly Nutrition Strategies in Game Based Learning: Sodium Game <i>Wilawan Inchamnan and Aurawan Imsombut</i> | 80 |
| 10 | The Relationship Between Business Models and Startup Success <i>Sasipa Atisnjongkol, Sukanya Singtui, Settawud Machimarat, Lien Chao Lung, Yang Xiugang and Sittichok Jalernkij</i> | 88 |
| 11 | What can hotels learn from their OTA partners? A Literature Review <i>Montakan Chubchuwong</i> | 98 |

Track 2: Innovation in Business Processes and Business Innovation in Industry

| | | |
|----|--|-----|
| 1 | Effectiveness of the Supervision of Commissioners and Aggressive Tax on Financial Reporting Fraud <i>Wiralestari and Riski Hernando</i> | 106 |
| 2 | Employee Burnout Syndrome: Cause Effect and Prevention Guideline <i>Siripapun Leephaijaroen</i> | 114 |
| 3 | Factors influencing the organizational commitment of personnel at Institutes of Vocational Education in Champassak. Laos PDR <i>Ladsamay Vorachith and Anan Suntramatethakul</i> | 119 |
| 4 | Human Resource Development in the Organization According to the Performance Analysis Model <i>Pimvimon Poramatworachote and Anan Suntramatethakul</i> | 126 |
| 5 | Innovation Technologies in Hotel Businesses <i>Jiraporn Chomsuan</i> | 132 |
| 6 | Innovation system development for Store Allocation Management <i>Chaichana Jaruwannakorn and Waraporn Jirapanthong</i> | 141 |
| 7 | Internationalization Attributes of New and Small Firms Pursuing the Born Global or International New Venture Pathway Favorable to Small Emerging Economies in ASEAN <i>Norapatra Janpong</i> | 151 |
| 8 | Market Opportunities and Accessibilities for Consumers of Thai Tea: Trend, Trade, Consumer Behavior, and Marketing Strategy in ASEAN <i>Phoommiphat Pongpruttikul, Suthep Nimsai, Teerapun Tadniyom, Narathip Kiewkalong, Lien Chao Lung and Yang Xiugang</i> | 163 |
| 9 | Purchasing Behavior of Senior Tourists for “Slow Tourism Services” in Thailand <i>Sirikanyah Lane Dasom and Leela Tiangsoongnern</i> | 174 |
| 10 | The Relationships between Consumer Trust and Purchase Intention of Social Commerce <i>Charunya Parncharoen</i> | 180 |
| 11 | The Significance Factors of Business Negotiations in Japan <i>Ogochukwu Michael Osakwe and Tanakorn Limsarun</i> | 188 |
| 12 | Towards the Concept of Health Food Business Model Innovation for New Product Development for Elderly Consumers <i>Piyavit Thipbharosa</i> | 194 |
| 13 | Thailand Hotel Sustainability Index <i>Nattapan Kongbuamai, Samaththachai Yamsa-ard, Phoommiphat Pongpruttikul, Liu Yun, Lien Chao Lung and Yang Xiugang</i> | 203 |

Track 3: Interdisciplinary Topics

| | | |
|----|---|-----|
| 1 | A Study of Competitive Advantage of Local Steakhouse in Thailand <i>Adila Pongyeela and Katanyu Hiransomboon</i> | 212 |
| 2 | Customer Satisfaction at Fast Food Restaurant in Cambodia <i>David Chhun, Sayamol Nongbunnak, Navapong Pontonthadilok and Arthur Gogatz</i> | 222 |
| 3 | The Determinants of the Effectiveness of Implementation Performance Based Budgeting and Budget Absorption in Local Governments (Study on Jambi City Government) <i>Rita Friyani and Riski Hernando</i> | 233 |
| 4 | Factors Affecting Organizational Citizenship Behavior <i>Malinee Srimaitree and Piyakanit Chotivanit</i> | 245 |
| 5 | Purchase Intention of Cambodian Consumers on Healthcare Services in Thailand <i>Sunleang Kim, Sirikanyah Lane Dasom, Kultiwa So-ngern and Leela Tiangsoongnern</i> | 253 |
| 6 | Purchasing Behavior of Consumers in Bhutan Towards Frozen Raw Meat Products <i>Sonam Choden Penjore and Sayamol Nongbunnak</i> | 263 |
| 7 | Thai Restaurant Opportunity in Phnom Penh <i>Thammarak Laongnuan, Hathairat Khuanrudee, Pimook Somchob, Walaiporn Sookplung, Piyakanit Chotivanich and Wiranya Sutthikulf</i> | 274 |
| 8 | The Impacts of Artificial Intelligence on the Digital Accounting <i>Premarat Vilalai, Kongrit Thaneerananon and Arisara Thaneerananon</i> | 282 |
| 9 | The Level of People's Participation at the Candle Festival: A Case Study of People at Nai-Mueang Sub-district, Mueang District, Ubon Ratchathani Province <i>Jaturong Sriwongwanna and Vikanda Kasetiam</i> | 289 |
| 10 | Morale in the Operation of the Personnel: A Case Study of Personnel in the Juvenile and Family Court <i>Vikanda Kasetiam, Jaturong Sriwongwanna and Wanna Piyaratmanon</i> | 297 |
| 11 | The Relationship between Corporate Governance and Firm Performance of Listed Company <i>Khuanrudee Hathairatm Khuanrudee Puthita and Chotivanich Piyakanit</i> | 304 |
| 12 | Factors on Marketing Mix Influencing Decision to Buy the Condominiums in Ubon Ratchathani City, Mueang District, Ubon Ratchathani Province <i>Pimook Somchob, Seri Somchob, Nareenooch Yuwadeeniwes and Rattanaporn Saelee</i> | 312 |

A LITERATURE REVIEW ON THE RELATIONSHIP BETWEEN FINANCIAL DECISIONS AND THE MARKET VALUE OF A LARGE COMPANY

^aThanida Chitnomrath

ABSTRACT

This study reviews literature relating to the relationship between financial decisions, which consists of decisions in financing, investment and dividend policy, and the market value of listed companies in the stock exchanges of various countries from 2010 until 2019. The purposes of the study are to explore empirical research as to how the results of all three types of financial decisions and the value of large companies are presented. In addition, both the independent and dependent variables of past studies are also examined in order to create a conceptual framework for future research. The review found that the results of the relationships were both significantly positive and negative including no significant to market value. The inconclusive findings confirm that their relationships still require more research.

Keywords: Financial decisions, Financing decisions, Investment decisions, Dividend decisions, Market value

^aAssoc.Prof. and Ph.D, College of Innovative Business and Accountancy, Dhurakij Pundit University, Thailand, thanida@gmail.com

INTRODUCTION

Doing business involves many aspects of financial decisions. According to principles of financial management, there are three types of financial decisions in managing the company including financing, investment and dividend decisions (Brigham & Houston, 2018). The decisions that have to be taken with respect to the capital structure and proper financing with liabilities and shares are known as financing decisions. The appropriate capital structure makes the company low in costs and risks, in addition, the right proportion of debt and equity can generate business growth. The decisions that relate to put funds in procuring fixed assets and current assets are known as investment decisions. Allocation of funds into current assets helps smooth business operations and have a sufficient working capital to pay short-term debts. While putting funds to fixed assets or profitable assets help managers make profits and expand business. The decisions that concern with the distribution of profits to be retained earnings as internal funds for further investment or to pay return in terms of dividend back to shareholders or investors are known as dividend decisions.

It has been found that financial decisions of the company influence its market value. There has been a number of research studies which suggest that financial decisions of companies affect their market value, especially large companies listed on the stock exchange. Ligocka and Stavarek (2019) explored financial ratios which reflect financial decisions of the company and stock prices of food companies listed on selected European Stock Exchange in three countries - Poland, Switzerland and Austria. They found the strongest relationship between financial decisions regarding net working capital as a result of liquidity management and return on equity (ROE) as a result of profit management and stock price as measured by market price per share in Polish and Austrian food companies. Although they did not find such a significant relationship in Swiss companies, this is in line with the old study of Drummen and Zimmermann (1992) that stated that financial decision activities of each company affect up to 50% of its stock price. Furthermore, these findings are consistent with research in various countries (Anton, 2016; Herawati & Putra, 2018; Hong, 2017; Mohamad, 2018; Utami and Darmawan, 2019).

Therefore, a review of literature from empirical research over the past decade between years 2010-2019 should help to clearly understand the impact of financial decisions on market value and the direction of their relationship. This leads to the objectives of the study which are to examine the relationship between financial decisions and the market value of large companies and explore criteria that reflect variables of financial decision making and market value. The results of literary study can be used to create a conceptual framework for future research.

LITERATURE REVIEW

Financing Decisions and Market value - Financing Decisions relate to the proportion of company funds between debt and equity. Modern capital structure theory including M&M theory and pecking order theory support financing corporate funds with debt. The theories state that debt financing makes company have low weighted cost of capital and increase firm value (Brigham & Houston, 2018; Hong, 2017). Hong (2017) studied the type of debt financing on firm value of listed companies on the Korea Exchange from 1990-2015. He found that debt ratio as a proxy of debt choice

can influence firm value as measured by both market price to book ratio (PBV) and Tobin's Q. Aggarwal and Padhan (2017) also studies impact of capital structure on firm value of hotel and tourism companies listed on Bombay Stock exchange in India during 2001 - 2015. Their results confirmed a significant relationship between leverage as measured by debt ratio and firm value as measured by market price to book ratio (PBV) as well. Their discovery are consistent with the studies of Cheng & Tzeng (2011) and Chowdhury & Chowdhury (2010). Cheng and Tzeng (2011) employed 645 companies listed in Taiwan Securities Exchange from 2000 – 2009 to examine the effect of leverage (debt ratio) on firm value (market price to book value ratio). They concluded that the positive and significant influence of leverage to firm value tends to be stronger when firm financial-decision quality is better.

Chowdhury and Chowdhury (2010) tested the influence of debt-equity structure on the value of shares with the companies incorporated in Dhaka Stock Exchange and Chittagong Stock Exchange of Bangladesh. The study analyzed 77 companies from four different dominant sectors of Bangladesh capital market, i.e. pharmaceuticals and chemicals, fuel and power, food, and engineering industry from 1994 - 2003 by considering share price as proxy for value and long-term debt to equity ratio for financing decision. The results showed that long-term debt ratio in capital structure can increase the market value of the company. The interesting finding of the study suggested that a perfect combination of debt and equity can decrease cost of capital and enhance maximizing the wealth of shareholders.

On the contrary, Herawati and Putra (2018) discovered that a DR (debt to total assets ratio) variable as a proxy of financing decisions had no effect on the stock price of 17 food and beverage companies listed on the Indonesia Stock Exchange for the period of 2012 – 2015. Utami and Darmawan (2019) examined the effect of debt to equity ratio on stock price in 53 manufacturing companies listed in Indonesian Sharia Stock Index during 2012- 2016 and found that the variable debt to equity ratio has no effect on stock prices as well. Paminto, Setyadi and Sinaga (2016) tested the effect of capital structure (debt to equity ratio - DER) on the firm value (market price to book value ratio – MBV) of the oil palm plantation companies listed in the Indonesia Stock Exchange during the period of 2007- 2011. Their results showed that DER had negative significant effect on MBV and indicated that the companies have been pursuing a policy of capital structure that goes beyond the optimal capital structure that will maximize the company's share price. In addition, the increased DER has become a negative signal to investors.

Measurement and results of empirical studies regarding the relationship between financing decisions and market value of the company are collected and shown in Table 1 as follows:

Table 1: Measurement and results of empirical studies regarding the relationship between financing decisions and market value of the company during years 2010 - 2019

| Authors (Researchers) (Year of publication) | Independent variables of financing decisions as measured by | Dependent variables of market value as measured by | Results at 95 percent confidence level |
|--|---|--|--|
| Aggarwal and Padhan (2017) | Debt ratio (DR) | market price to book value ratio (MBV) | Positive and significant effect |
| Cheng and Tzeng (2011) | Debt ratio (DR) | market price to book value ratio (MBV) | Positive and significant effect |
| Chowdhury and Chowdhurry (2010) | long-term debt to equity ratio (LDER) | Market price per share (MPS) | Positive and significant effect |
| Herawati and Putra (2018) | Debt ratio (DR) | market price per share (MPS) | No effect |
| Hong (2017) | Debt ratio (DR) | market price to book value ratio (MBV) | Positive and significant effect |
| Paminto et al. (2016) | Debt to equity ratio (DER) | market price to book value ratio (MBV) | Negative but significant effect |
| Utami and Darmawan (2019) | Debt to equity ratio (DER) | Market price per share (MPS) | no effect |

Note: DR = Total debt / Total assets, LDER = Long-term debt/ Equity, DER = total debt/ Equity, MBV = Market price per share/ Book value per share

Investment Decisions and Market value - Investment decisions relate to asset allocation into current assets and fixed assets. Good allocation enhance company have efficiency of asset management in liquidity, risk and profit (Brigham & Houston, 2018). The decisions involve liquidity management and management in fixed assets or profitable assets. In liquidity management, managers should allocate funds for use as working capital in the daily operations appropriately which this makes the company have enough capital to invest in positive net present value projects. Ligocka and Stavarek (2019) analyzed the impact of selected financial ratios (including net working capital – NWC, return on asset-ROA, return on equity-ROE, return on capital employed – ROCE) on market price per share – MPS as a proxy of stock price, using 20 food and beverage companies listed on selected European Stock Exchanges, mainly Central European countries in three countries – Austria, Switzerland and Poland. They explained variables in their analysis that the NWC is a part of current assets that is financed by long-term financial resources; the NWC shows whether a company has enough short-term assets to cover its short-term debt and the ratio measures operational efficiency and financial health while the ROA and ROE indicate how well the firm uses its resources in generating profit and the ROCE is profitability ratio that reflects how efficiently the company using own capital and debt capital in generating profit. The positive values of the correlation coefficients show that the increase in financial ratios should be related with increasing of stock prices of some countries. It was found that Austrian stock prices were influenced by the ROE, the Polish stock prices

were affected by the ROE, the ROCE and the NWC, and the Swiss stock prices were not influenced by selected financial ratios.

Bui and Nguyen (2015) also examined the linkage between working capital management (WCM) and firm value from 634 manufacturing companies in Vietnam stock market from 2006 to 2014. They used a regression equation to estimate a WCM independent variable from five variables – the growth of total assets; debt ratio; firm size; return on asset - ROA; and operating profits on total asset and use two measures – market price to book value ratio and Tobin's Q to represent firm value which was a dependent variable. Their results showed that the deviation from estimating working capital can reduce firm value, thus, firm manager should enhance performance in working capital management at optimal level which this would lead to increase the firm value. Mohamad (2018) investigated the ability of working capital management in enhancing the shareholders' value from Malaysia perspectives by concentrating on 36 Government Linked Companies (GLC) listed on Bursa Malaysia spanning during 2000 to 2016. Tobin's Q ratio was used as an indicator of GLC's firm value whereas the working capital investment policy, financing policy and the cash conversion cycle were used as proxies for working capital. His results demonstrated the importance of efficient management of working capital in enhancing the GLC's firm value. Unlike Mohamad (2018)'s study, Shah and Arif (2018) evidenced a significant negative relationship between net working capital with total market value of 49 Pakistani firms from Karachi Stock Exchange for the period 2004 to 2016. Arachchi, Perera and Vijayakumaran (2017) also demonstrated a significant negative association between cash conversion cycle with Tobin's Q by using a panel of 44 companies listed on the Colombo Stock Exchange over the period 2011 - 2015. However, they suggested that an efficient working capital management can lead to an increase in the market value of the firms and able to increase the shareholders' wealth.

About profit and risk management, Herawati and Putra (2018) tested investment decisions in both liquidity, profit and risk management with stock price by using current ratio, return on assets and asset turnover to be independent variables and employing market price per share to be as a proxy of stock price. They analyzed 17 listed companies on the Indonesia Stock Exchange for the period of 2012 – 2015 and found mixed results that return on assets and asset turnover were positive and significant effects on stock price and the relationship between current ratio and stock price became significant but negative. Moridipour and Farrahipour (2013) and Paminto et al. (2016) evaluated the relationship between current ratio (CR) and return on equity (ROE) as measurement of investment decisions and price to book ratio (MBV) as a ratio of market value of the company. Moridipour and Farrahipour (2013) found significant positive relationship of MBV and ROE but insignificant and negative relationship with CR, using 56 listed companies at Tehran Stock Exchange during 2005 – 2009. While Paminto et al. (2016) discovered profitability by ROE positively and significantly influencing market value (MBV) of listed companies in the Indonesian Stock Exchange for period 2007 - 2011. Their results showed that price- to- book ratio was suitable criterion for measuring created value for stockholder and gave a signal to investors who expect efficiency of the company management.

Measurement and results of empirical studies regarding the relationship between investment decisions and market value of the company are collected and shown in Table 2 as follows:

Table 2: Measurement and results of empirical studies regarding the relationship between investment decisions and market value of the company during years 2010 - 2019

| Authors (Researchers) (Year of publication) | Independent variables of investment decisions as measured by | Dependent variables of market value as measured by | Results at 95 percent confidence level |
|--|---|--|--|
| Arachchi et al. (2017) | Cash conversion cycle (CCC) | Tobin's Q ratio | Negative but significant effect |
| Bui and Nguyen (2015) | Use a regression equation to estimate a WCM independent variable | Tobin's Q ratio Market price to book ratio (MBV) | Positive and significant effect |
| Herawati and Putra (2018) | Current ratio (CR) Return on Asset (ROA) Asset turnover (ATO) | Market price per share (MPS) | Mixed results |
| Ligocka and Stavarek (2019) | Net working capital (NWC) Return on Asset (ROA) Return on Equity (ROE) Return on Capital employed (ROCE) | Market price per share (MPS) | Mixed results |
| Mohamad (2018) | Investment Policy (IVP) Financing Policy (FIP) Net working capital (NWC) Current ratio (CR) | Tobin's Q ratio | Positive and significant effect |
| Moridipour and Farrahipour (2013) | Current ratio (CR) Return on Equity (ROE) | Market price to book ratio (MBV) | Mixed results |
| Paminto et al. (2016) | Return on Equity (ROE) | Market price to book ratio (MBV) | Positive and significant effect |
| Shah and Arif (2018) | Net working capital (NWC) | Total market value | Negative but significant effect |

Note: CCC = Days inventory + Days sales – Days payable, CR = Total current assets/ Total current liabilities, ROA = Net profits/ Total assets, ATO = Net sales/ Total assets, NWC = Current asset – Current liabilities, ROE = Net profits/ Total assets, ROCE = Net profits/ Capital employed, IVP = Total Current Assets / Total Assets, FIP = Total Current Liabilities / Total Assets, Tobin's Q ratio = Market value of outstanding shares + book value of debt/ Book value of the company's assets, a regression equation to estimate a WCM independent variable from five variables – the growth of total assets; debt ratio; firm size; return on asset - ROA; and operating profits on total asset

Dividend Decisions and Market value - Dividend decisions relate to divide company earnings to be dividend for shareholders and retain some earnings for managers using as an internal funds for investment and expansion (Brigham & Houston, 2018). The ability of large company to pay dividend can maximize its market value. This is because that Investors view large companies having professional management and financial decisions of these companies lead to the growth of the company. It can be seen that there are many past studies that have analyzed the relationship between dividend policy and the market value of large company and found dividend policy of large companies in terms of dividend per share, dividend payout ratio and dividend yield having significant influences on market value (Anton, 2016; Gunawan, Pituringsih, and Widyastuti, 2018; Matthew, Enekwe and Anyanwaokoro, 2014; Moridipour and Farrahipour, 2013; Nwamaka and Ezeabasili, 2017; Soewarno, Arifin and Tjahjadi, 2017. Anton (2016) investigated the impact of dividend policy on firm value of 63 non-financial firms listed on the Bucharest Stock Exchange over the period 2001-2011 and found that dividend payout ratio (DPR) positively influenced Tobin's Q as company market value. Gunawan et al. (2018) analyzed the effect of dividend policy (dividend per share - DPS) on market value (market price to book value ratio - MBV) of 15 manufacturing companies listed in Indonesia Stock Exchange and paid dividends in consecutive for 2014 through 2016. Their results showed that DPS was significant and positive effect on MBV.

Matthew et al. (2014) used three independent variables (DPS, DPR and dividend yield) to measure dividend policy and market price per share (MPS) as a dependent variable to measure market value, analyzing 17 quoted firms on the Nigeria Stock Exchange between 2000 and 2011. The results showed that significantly, there was a positive relationship between dividend payment (DPS and PPR) and market share prices (MPS) but there was a negative relationship between dividend yield and MPS. Moridipour and Farrahipour (2013) used the data of 56 companies in Tehran Stock Exchange for a period of 2005-2009 to test their hypothesis. The results showed that price- to- book has significant positive relationship with DPS and DPR as measurement of dividend policy. Results also confirmed that price- to- book is suitable criterion for measuring created value for stockholder. Nwamaka and Ezeabasili (2017) examined the possible effects of dividend policy on firm value of 10 quoted companies in the Nigerian stock exchange for the period of 1995-2015 with models MPS (Market Price Per Share - MPS) as dependent variable and DPS (Dividend Per Share) as independent variables. Their study showed the relevance of dividend, dividend as a signaling model and proves that firm value is greatly influenced by dividend policy as far as public limited companies are concerned. Soewarno et al. (2017) examined the direct effect of dividend policy on firm value (Tobin's Q and market to book value ratio – MBV) of 181 companies listed on the Indonesian Stock Exchange in the year of 2014. The results showed that dividend policy (Dividend payout ratio – DPR and dividend yield) positively influenced both Tobin's Q and market to book value ratio – MBV as firm value and indicated that good corporate governance through dividend policy can create firm value. Inconsistent with Nwamaka and Ezeabasili (2017), Egbeonu, Edori and Edori (2016) also tested quoted firms from the Nigeria stock exchange. The result of the study revealed that dividend per share as a proxy of dividend policy was significant but inversely related to share value of the firm as computed 5 years average prices from the capital market. In addition, in the study of Paminto et

al. (2016) with companies listed in the Indonesian Stock Exchange for period 2007-2011, they also found the relationship of price to book value ratio (MBV) with dividend policy as measured by dividend payout ratio (DPR) was positive but insignificant.

Measurement and results of empirical studies regarding the relationship between dividend decisions and market value of the company are collected and shown in Table 3 as follows:

Table 3: Measurement and results of empirical studies regarding the relationship between dividend decisions and market value of the company during years 2010 - 2019

| Authors (Researchers) (Year of publication) | Independent variables of dividend decisions as measured by | Dependent variables of market value as measured by | Results at 95 percent confidence level |
|--|--|--|--|
| Anton (2016) | Dividend payout ratio (DPR) | Tobin's Q ratio | Positive and significant effect |
| Egbeonu et al. (2016) | Dividend per share (DPS) | Market price per share (MPS) | Negative but significant effect |
| Gunawan et al. (2018) | Dividend per share (DPS) | Market price to book value ratio (MBV) | Positive and significant effect |
| Matthew et al. (2014) | Dividend per share (DPS) Dividend payout ratio (DPR) Dividend yield | Market price per share (MPS) | Mixed results |
| Moridipour and Farrahipour (2013) | Dividend per share (DPS) Dividend payout ratio (DPR) | Market price to book value ratio (MBV) | Positive and significant effect |
| Nwamaka and Ezeabasili (2017) | Dividend per share (DPS) | Market price per share (MPS) | Positive and significant effect |
| Paminto et al. (2016) | Dividend payout ratio (DPR) | Market price to book value ratio (MBV) | Positive but insignificant effect |
| Soewarno et al. (2017) | Dividend payout ratio (DPR) Dividend yield | Tobin's Q ratio Market price to book value ratio (MBV) | Positive and significant effect |

Note: DPR = Dividend per share/ Earnings per share, DPS = Dividend paid/ Outstanding shares,
Dividend yield = Dividend per share/ Market price per share

Conceptual research framework

This study reviews literature relating to the relationship between financial decisions, which consists of decisions in financing, investment and dividend policy, and the market value of listed companies in the stock exchanges of various countries from 2010 until 2019. All literature from conclusion in table 1, 2 and 3 are collected to create a conceptual research framework on the

relationship between three aspects of financial decisions and market value of large company which includes measurements of independent and dependent variables. It is shown in Figure 1 as follows.

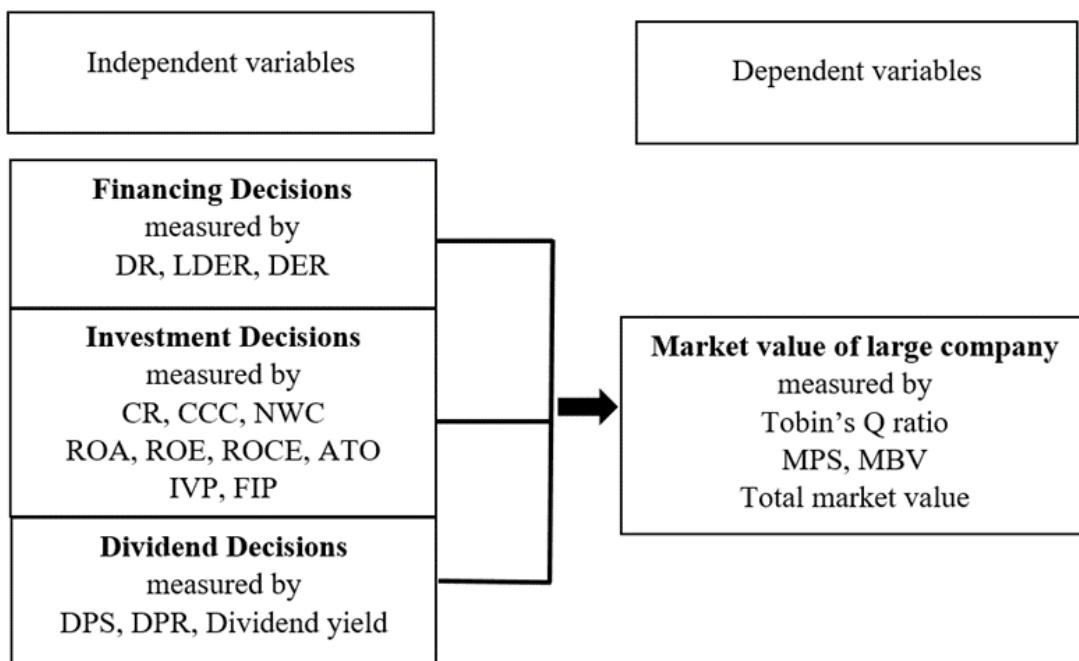


Figure 1: Conceptual research framework on the relationship between financial Decisions and market value of the company (Source: Author)

CONCLUSIONS

The purpose of the study is to examine the literature on business financial decisions and the market value of large companies listed on various stock exchanges around the world during the period 2010-2019. This examination is not only useful for generating a conceptual framework for researchers. It is also beneficial to investors, shareholders and managers of the company. Discovered results from empirical research may give a signal for investors and shareholders that they should buy or sell common shares of that company. Managers also get a benefit from past research. They can know how to make the best financial decisions that will be good for the company and promote the increase in market value. However, the review finds that the relationship of financial decisions to the market value of the company has mixed results - significant and positive relationship, significant but negative relationship, and no relationship. This means that it is necessary to encourage more relevant research in this area to verify whether current financial decisions are still influencing market value or not.

REFERENCES

- Aggarwal, D. & Padhan, P.C. (2017). Impact of Capital Structure on Firm Value: Evidence from Indian Hospitality Industry. *Theoretical Economics Letters*, 7, 982-1000. Retrieve September 15, 2018, from http://file.scirp.org/Html/20-1501157_77070.htm.
- Anton, S. G. (2016). The impact of dividend policy on firm value: A panel data analysis of Romanian listed firms, *Journal of Public Administration, Finance and Law*, 10, 107-112.
- Arachchi, A.N.H., Perera,W. & Vijayakumaran, R. (2017). The impact of working capital management on firm value: Evidence from a frontier market. *Asian Journal of Finance & Accounting*, 9(2), 399-413.
- Brigham, E. F. & Houston, J. F. (2018). *Fundamental of Financial Management* (15th ed.). Boston, U.S.A: Cengage.
- Bui, N. D. & Nguyen, L. (2015). *Working Capital Management and Firm Value: Evidence from the Vietnamese Stock Market*. Retrieve September 15, 2018, from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2648066.
- Cheng, M. & Tzeng, Z. (2011). The Effect of Leverage on Firm Value and How the Firm Financial Quality Influence on this Effect. *World Journal of Management*, 3(2), 30-53.
- Chowdhury, A. & Chowdhury, S. P. (2010). Impact of Capital Structure on Firm's Value: Evidence from Bangladesh. *Business and Economic Horizons*, 3(3), 111-122.
- Drummel, M. & Zimmermann, H. (1992). The structure of European stock returns. *Financial Analyst Journal*, 48(4), 15-26.
- Egbeonu, O. C., Edori, I. S. & Edori, D. S. (2016). Effect of dividend policy on the value of firms (Empirical study of quoted firms in Nigeria Stock Exchange). *Research Journal of Finance and Accounting*, 7(3), 17-24.
- Gunawan, I. M., Pituringsih, E. & Widyastuti, E. (2018). The effect of capital structure, dividend policy, company size, profitability and liquidity on company value (Study at manufacturing companies listed on Indonesia Stock Exchange 2014-2016). *International Journal of Economics, Commerce and Management*, VI(6), 405-422.
- Herawati, A. & Putra, A. S. (2018). The influence of fundamental analysis on stock prices: The case of food and beverage industries. *European Research Studies Journal*, 21(3), 316-326.
- Hong, S. (2017). The effect of debt choice on firm value. *The Journal of Applied Business Research*, 33(1), 135-140.
- Ligocka, M. & Stavarek, D. (2019). The relationship between financial ratios and the stock prices of selected European food companies listed on Stock Exchanges. *Acta Universitatis Agriculturae et Silviculturae mendelianae Brunensis*, 27, 299-307.
- Matthew, O. M., Enekwe, C. I. & Anyanwaokoro, M. (2014). Effect of dividend payment on the market price of shares: A study of quoted firms in Nigeria. *IOSR Journal of Economics and Finance (IOSR-JEF)*, 5(4), 49-62.
- Mohamad, N. E. A. (2018). Does Working Capital Relevant in Enhancing the Malaysia's Government Linked Company (GLC) value?. *Global Business and Management Research: An International Journal*, 10(3), 418-428.
- Moridipour, H. & Farrahipour, Z. (2013). The evaluation of the relationship between price-to-book ratio and accounting variables. *International Research Journal of Applied and Basic Sciences*, 6(10), 1485-1488.
- Nwamaka, O. C. & Ezeabasili, V. (2017). Effect of dividend policies on firm value: Evidence from quoted firms in Nigeria. *International Journal of Management Excellence*, 8(2), 956-967.
- Paminto, A. Setyadi, D. & Sinaga, J. (2016). The Effect of Capital Structure, Firm Growth and Dividend Policy on Profitability and Firm Value of the Oil Palm Plantation Companies in Indonesia. *European Journal of Business and Management*, 8(33), 123-134.
- Shah, B. & Arif, M. (2018). Working capital efficiency and firm value: Evidence form Pakistani firms. *Journal of Business & Financial Affairs*, 7(1), 1-10.

- Soewarno, N., Arifin, S. Y. & Tjahjadi, B. (2017). The mediating effect of leverage and dividend policy on the influence of corporate governance towards firm value. *SHS Web of Conferences*, 34, 04002 (2017), <https://doi.org/10.1051/shsconf/20173404002>
- Utami, M. R. & Darmawan, A. (2019). Effect of DER, ROA, ROE, EPS and MVA on stock prices in Sharia Indonesian Stock Index. *Journal of Applied Accounting and Taxation*, 4(1), 15-22.

A REVIEW ON INTERNET FINANCIAL RISK MANAGEMENT BASED ON THE ERM FRAMEWORK

^a Min Chen

^b Yanping Shan

^c Yi Zhao

ABSTRACT

The financial industry has experienced extensive innovation. With internet technology, the integration of the internet and traditional financial business has rapidly occurred, which, with its new features, has advanced and developed, so that the time of financial transactions has been greatly reduced, the cost lowered and the boundaries of financial services extended. This integration expands the market of financial service and penetrates steadily into the traditional financial field with the concepts of “being sharing, open, equal and cooperative”. Furthermore, crucial issues like virtualization, technicality, high leverage, high sci-tech and the absence of supervision specifications also lead to higher complexity of risk management than that of traditional finance.

This conceptual paper is based on the Enterprise Risk Management (referred to as the ERM) framework, with an example of Chinese internet finance. By analyzing the cause of internet finance risks, and risk category, this paper aims to make clear the limitations of traditional risk management theory over internet financial business and propose policy suggestions for the risk management of internet finance, with the purpose of advancing internet finance to better serve the real economy.

Keywords: Internet Finance; Risk Management; Risk Supervision

^a Min Chen, Vice Dean of School of Economics, The College of Arts and Sciences, Yunnan Normal University, Email: 707026082@qq.com.

^b Yanping Shan, Vice Director of General Education Department, The College of Arts and Sciences, Yunnan Normal University, Email: 79404512@qq.com.

^c Yi Zhao, Chief of the Teaching Section in School of Humanities, The College of Arts and Sciences, Yunnan Normal University, Email: 758942187@qq.com

1. INTRODUCTION

Enterprise risk management (ERM) is a method and process that attempts to control the outcomes of various uncertain factors within an expected acceptable range in the process of achieving future strategic goals to ensure and promote the overall interests of the organization (Su, 2008). In China, ERM is now becoming commonplace, especially within the fast-developing finance industry. Internet finance is a new finance industry innovated from the financial business of internet enterprises and financial institutions, which share the qualities of internet and traditional finance. From its development, the internet financial industry featured by P2P internet loan, the 3rd party payment, crowd-funding and mobile finance has been the focus interested by all circles. Set off in 2005, influenced by series of factors including technological development, financial deepening, grouped customer, internet finance in China has been developing rapidly, posing positive effect over developing inclusive finance, promoting the quality and efficiency of financial service, satisfying multi-demands of investment and suggesting huge market and potential. However, as a new finance mode in rapid development, with hidden risks, internet finance put dramatic influence and sever challenges over traditional finance, finance market and financial regulators. Finance is of high risks. Financial risks feature uncertainty, relativity, high-leverage and high-contagion. The combination of stakeholders and technology from internet and financial risks will definitely bring new risks with stronger conductivity and broader range (He & Yang, 2014). Due to China's unique context of internet development, it is a must to establish risk regulation system for healthy development of national finance with consideration real finance in China and thorough analysis of the origin in internet financial risks. From the present development of internet financial service in China, based on the analysis of both internet financial risks and measurement, this paper includes ERM risk regulation into internet finance system and proposes policies and suggestions of regulation measures, with the comparison of its differences with traditional financial risks and internet finance practices.

2. MAIN CONTENTS

2.1 TYPES OF INTERNET FINANCE RISKS

2.1.1 Liquidity Risk

Being of adequate liquidity determines the running of financial services. Compared with traditional finance, internet finance is lack of effective measures to cope with capital outflow, so internet finance faces higher liquidity risk. In real practice, the reasons for liquidity risks can be categorized as uncomplete reserve system, embezzlement, mismatch or abnormal operation of payment system caused by technological issues (Xue, 2016). There is no right or function for internet financial institutions to borrow funds in market through banks, nor urgent support as the borrower of last resort. For example, P2P online loan platforms are facing bankruptcy or have already bankrupted, the main problem lies in the difficulty in cash withdraw, due to poor liquidity of these platforms, then triggering liquidity risk.

2.1.2 Credit risk

Credit risk, as a prominent one in the development of internet finance in China, occurs when the financial product fails to realize the promised investment gains. Most Internet financial institutions or platforms fail to realize their promised earnings due against maturity, which damages the legitimate rights and interests of investors when they close down (Yao & Zhao, 2014). In addition, Internet financial enterprises lie to users about their rating standards, while the actual rating cannot meet the requirements of high standards. Enterprises lure consumers into investment through

information asymmetry. Internet credit is often unsecured for there is nothing to be mortgaged, so the demander of unsecured credit faces a higher credit risk. Once the amount of default exceeds the range the Internet financial platform can hold, facing excessive total bad debts means the rupture of the capital chain, or even failure to operate normally, and then bankruptcy.

2.1.3 Technological risk

Computer network technology is the cornerstone of Internet finance. Because of the security risks in internet technology, the security of Internet finance is also affected. In internet transactions, once a link fails, the consequences will be incalculable. Technical risk mainly includes technical safety risk and technical support risk. Technological security risk means the potential loss of customer property caused by the flaws in Internet information technology itself, including software, operating system and identity authentication system. If network viruses or hackers use the firewall vulnerabilities of computer systems to invade customers' computers and accounts, destroy computers and cause economic losses to customers at the same time. Technical support risk is that Internet financial companies often seek external technical support to solve internal management problems out of the idea of saving operating costs. However, external technology cannot meet the needs of internal management, and can even lead to service interruption, further triggering technical support risk.

2.1.4 Information Security Risk

Internet financial information security risk refers to the fact that Internet financial institutions neglect the specific links of "transmission, use, storage and destruction" of customer information due to their imperfect system and system, fail to protect the information of customers, resulting in the misappropriation, leakage, tampering and abuse of customer information, resulting in certain loss of customers. Internet is an open platform on which massive data are exchanged, and forms of network fraud and illegal operation are common. The leakage of personal information has become a huge hidden danger of information security. In particular, sensitive information such as personal transaction data is collected intentionally, resulting in abnormal accounts and property losses. This puts forward higher requirements for the establishment and improvement of information security mechanism and standards for the rigor of Internet financial trading platform. Some trading platforms have not established a complete mechanism to protect privacy, which greatly aggravates the risk of information leakage.

2.2 THE CAUSE OF INTERNET FINANCIAL RISKS

2.2.1 Information Asymmetry and Conflict of Interests

Although Internet Finance reduces the transaction cost between transaction subjects, it also increases the information asymmetry, mainly including: the innovation and complexity of Internet financial products, which brings information asymmetry widely to the product market. Many Internet financial consumers lack sufficient expertise and discrimination ability for products. Salesmen can easily sell products to consumers through false propaganda and improper sales; information asymmetry may also occur within the Internet financial institutions, in that legal, regulatory and risk management departments cannot properly handle all the information at the front office and product innovation department, resulting in insufficient risk control capabilities; Internet financial enterprises and other financial institutions may also have conflicts of interest because of information asymmetry, such as consulting companies and audit institutions hired by Internet financial enterprises fail to obtain effective information, Internet financial enterprises kidnap bank reputation, etc.

2.2.2 Insecurity of Information Technology

Because Internet Finance and Internet system are interdependent and more open, and Internet system is not absolutely safe and perfect either in hardware or software, this situation also leads to the Internet financial system may be attacked by virus or Trojan horse. In addition, Internet finance replaces money by digitized information, which has many characteristics such as high speed, wide range and large scale in the process of specific exchange and transmission. Overuse of digital information can easily overlook the nature of Finance and money. Once information security problems arise, the system will be attacked, which may lead to systemic risk in financial risk.

2.2.3 Insufficient proficiency

Chinese traditional financial institutions have experienced decades of development (Peng & Zhuo, 2016) Under the strict supervision of the government, they have high entry threshold and standardized business operation, and have high professional ability and credit level. Compared with Internet financial institutions or platforms, Internet financial institutions or platforms are still in an emerging stage, with weak overall industry foundation, lack of experience and relatively low access threshold. In addition, Internet technology is relatively backward compared with the world average level, which makes the professional competence of Internet financial institutions unbalanced. Even some unapproved private lending companies are free from supervision and engage in illegal business outside non-main business, which can easily trigger financial risks.

2.3 CURRENT SITUATION OF CHINA'S INTERNET FINANCIAL RISK REGULATION

Throughout the current situation of Internet financial regulation, although the Internet financial regulatory system is increasingly perfect, for example, to formulate and implement the Internet financial license system, the electronic banking business management method ", "agency Internet payment business management guidelines" and so on, at the same time, industry self-discipline organization convention also introduced a series of management measures to strengthen the network payment regulation, but the current Internet financial risk supervision still exist some problems:

2.3.1 Lack of specific laws and regulations

Along with the development of the Internet financial business, so far, China has not set up specifically for the Internet financial laws and regulations, as a result, the Internet financial cannot be covered by the existing regulations, the most striking phenomenon is represented by the currency at present the existence of the virtual currency trading without access to relevant regulations on the supervision, but after produce harm result, only punishment by government departments.

2.3.2 Inadequate supervision

Internet financial belong to emerging industries, is by using Internet platform to carry out financial business, because of the financial development of China's Internet started late(Zheng, 2014), so the definition of the Internet financial is not clear, especially in the network environment, the financial and the depth of the traditional financial integration led to more complex, the Internet financial business risk is wide and thus lead to the government because to manage the dispute caused by supervision is not enough. For example, Yu 'ebao designs a variety of financial businesses, and its supervision involves multiple departments, which results in disputes over supervision.

2.3.3 Industry self-regulatory organizations and enterprises lack risk management ability

On the one hand, China's Internet banking association established as a national industry self-discipline organization, its function is to supervise and guide the healthy development of the industry, but in the context of the actual situation, because the industry self-discipline "officer half people" nature of the organization and the lack of supervision, leading to its actual effect to stay on the report, statistics, training level, such as surface specifications, guidance, supervision and other core duty not to value; On the other hand, Internet financial enterprises pursue economic benefits too much, and they often take a perfunctory and dismissive attitude towards the positive role of risk management, while the lack of risk management ability will increase the probability of risk occurrence.

3. FINDINGS

COUNTERMEASURES TO STRENGTHEN INTERNET FINANCIAL RISK SUPERVISION

Based on the risks existing in China's Internet finance, government departments should establish a sound Internet financial risk supervision system based on the current situation of Internet finance development and the healthy development of the capital market.

3.1 ESTABLISH RELEVANT LAWS AND REGULATIONS ON INTERNET FINANCIAL SUPERVISION

Based on Internet financial conflicts law vacuum machine code, Internet financial regulatory laws and regulations should be improved(Liu & Luo, 2014): first of all, the legislature should clarify responsibilities, in view of the problems existing in the financial supervision and regulation of the Internet, based on the Chinese Internet financial development trend of the Internet financial regulatory authority clear, such as Internet banking business under centralized problem identified in the form of administrative regulations, in order to avoid regulatory conflict. Secondly, we should make clear the main position and business scope of Internet finance. Based on the lack of supervision of Internet financial subjects, administrative and legislative departments should determine the business scope of financial subjects in the form of laws and regulations, clarify their legal status and eliminate the gray zone of regulatory policies. Finally, implement laws and regulations. After the state formulates relevant laws and regulations, relevant departments should strictly implement them and refine the regulatory system to avoid excessive or out-of-bounds supervision.

3.2 IMPROVE THE INTERNET FINANCIAL RISK SUPERVISION

Institutions play a fundamental, long-term and stable role (Peng & Zhuo, 2014). To strengthen China's Internet financial risk supervision, we must attach great importance to the construction of risk supervision system. We will further improve the administrative supervision system, strengthen the government's supervision of Internet financial risks, give play to the government's important role, and make Internet financial risk supervision more policy-based. We need to strengthen industry supervision, and actively guide Internet financial institutions to set up industry associations and Chambers of commerce, so that the Internet financial industry can form a benign mechanism of self-supervision, self-management and self-development. We need to strengthen social supervision, and give full play to the power of the media and the public to carry out supervision of Internet financial risks.

3.3 STREGTHEN INDUSTRY SELF-DISCIPLINE AND UNIFIY STANDEARDS

At present, the internet finance industry does not have a complete control system, so there are many uncertainties. At the same time, the strength of Internet finance companies is uneven due to the wide access conditions and imperfect review mechanism of the industry. Due to its own self-

consciousness, industry self-discipline will make the effect of industry supervision better. Therefore, strengthening the self-discipline of China's Internet finance industry plays a very important guiding role in regulating the possible problems of China's Internet finance. First of all, to speed up the Internet industry self-discipline standards and norms, secondly, from the law of Internet admit or authorized, self-discipline rules of the financial industry of self-discipline rules of the optimal method and the content of self-discipline management to make detailed regulations, clear the legal status and function of the financial industry, the Internet association, safeguard the effectiveness of the Internet financial industry management.

4. CONCLUSION

Internet finance started faster and developed rapidly. In just ten years, it has become an important driving force for China's economic development. However, compared with the development of the financial Internet industry, China's Internet financial industry development and laws and regulations. The disconnection has become the main cause of internet financial risks. The generation of financial risks is not only the improper control of business and technology risks, but also directly related to China's market economic order and legal space system. Therefore, Internet financial risk supervision should proceed from China's national conditions and formulate effective strategies. Enterprise risk management (ERM) framework has referential significance for the development of internet finance industry in China. Implementing the ERM framework is conducive to China's internet finance industry to better meet regulatory requirements, but the application of ERM framework for internet finance construction is still in its infancy. The comprehensive risk management theory, method and experience guided by the ERM framework will help improve the risk management system of China's internet finance industry. China's internet finance is still in the ascendant, and it still maintains ample momentum. In its growth and development stage, the government and the corresponding regulatory authorities should plan their development direction, explore new development models, and incorporate the Internet finance industry into the formal, reasonable. Avoiding financial risks has made the Internet financial industry a driving force for China's economic development.

REFERENCES

- He, W. H., & Yang, Y. L. (2014). Research on Internet financial Risk Supervision in China--Based on the Perspective of Institutional and Non-institutional Factors. *Financial Development Research*, 8, 48-54.
- Liu, Y., & Luo, M.X. (2014). Thoughts on Internet financial Model and Risk Supervision. *China Market*, (01).
- Peng, J., & Zhuo, W. Y. (2016) The Characteristics, Causes and Supervision of the Financial Risks of China's Mutual Network. *West China Finance*, 10, 3-7.
- Su S. M. (2008). Enterprise Risk Management (ERM) framework in China Application in Internal Control of Commercial Banks. *Journal of Beijing Normal University (Natural Science)*, 8, 444-447.
- Xue, Z. C. (2016). Causes and Prevention of Internet financial Liquidity Risk. *China Development Observation*, 12, 26-28 and 64.
- Yao, G. Z., & Zhao, G. (2015). Interconnected Network Finance and Its Risk Research. *Nanjing University of Posts and Telecommunications (Natural Science Edition)*, 2, 8-21.
- Zheng, L. S. (2014). China Interlinking Network: Model, Impact, Quality and Risk. *International Economic Review*, 5, 103-118 and 6.

CHALLENGE OF INFORMATION AND COMMUNICATION TECHNOLOGY TOWARDS ACCOUNTING IN THAILAND

^a Warangkanang Sakulwong Lee Yan

^b Pattanant Petchchedchoo

^c Siridech Kumsuprom

ABSTRACT

This paper seeks to reveal the challenges of Information and Communication Technology (ICT) in book keeping and accounting in Thailand. The study presents a brief introduction of how organisations rely solely on implementing ICT to improve organisational performance. It then demonstrates how appropriate implementation, security procedures, IT audits and IT controls are crucial aspects of an organisation's governance system and the ability to manage risk associated with the implementation of ICT. The empirical evidence shows that most organisations implement as-is accounting information systems without an appropriate set of goals and actions to mitigate the risk associated with the dangers of being permanently connected to the Internet. In addition, the results of the empirical finding reveal that most system administrators lack the appropriate capabilities to perform the required daily security routine tasks to hardened systems. Due diligence is also found to be missing in cases where organisations rely heavily on cloud computing to host critical and confidential data. From a safety perspective, this study emphasises the need to take into account appropriate implementation, security procedures, IT audits and IT controls.

Keywords: Accounting Information System, Accounting and Book Keeping, Issues and Challenges,Benefits and Drawbacks, Information and Communication Technology

^a Assistant Professor, Management Science Faculty, Bansomdejchaopraya Rajabhat University

^b Vice President, Strategic Alliance, Dhurakij Pundit University

^c Dean, College of Innovative Business and Accountancy, Dhurakij Pundit University

INTRODUCTION

Information and Communication Technology is fast changing and has improved significantly over the past decades. Many big corporations to small enterprises have adopted ICT in their day to day operations providing processing power to staffs in terms of hardware and software. Advancement in new computer hardware has boosted the performance of computer systems, which subsequently increased the reliability of accounting information systems. However, the usage of ICT is a challenge due to the constant evolution of technologies used in programming languages to design, develop, implement and maintain old and new accounting information systems. Therefore, requiring staffs to undergo rigorous training before reaping the benefits. Though ICT has brought positive changes in organisations, the cost of implementing and maintaining computer systems, and training staffs are relatively high. According to Gartner (2018), worldwide IT spending has reached \$3.7 trillion in 2018, an increase of 6.2 percent from 2017. Organisations still have to follow the trend, keep up to date with new emerging technologies and invest as much as they can despite the difficulty of measuring cost versus benefits of ICT.

Usage of computers systems has been increasingly involved in the accounting practice for decades. According to Francis, P. (2013), book keeping started to be easy as records can be kept in electronic form in databases which can be accessed quicker and easier with the help of computer systems. Errors have been reduced and the accuracy in entering records has been improved drastically with the introduction of accounting information systems. However, accountants have to familiarise themselves with the moving trend and the various accounting information systems available on the market such as SAP, Sage, Intuit and Express Solutions which is famously used in Thailand rather than the more robust and sophisticated counterparts. From an educational point of view, Elliot (2002) discussed that accounting professionals have been pressured to develop competencies in ICT as far greater skills are required to manage accounting information systems. In addition, ICT comes with limitations and the drawbacks are more pertinent when compared to the benefits. Despite the drawbacks, ICT has improved productivity and increased value for organisations. ICT is important for any organisation's growth and survival as it is integral and fundamental to support, sustain and grow businesses (Ali, Abbas & Reza, 2013).

The paper presents a reflection based on existing literature review and some answers to the limitation of ICT and accounting information systems.

LITERATURE REVIEW

According to Izzo (2008), organisations continue to invest significant amounts of capital into ICT despite studies research report contradicts the relationship benefits between IT spending and organisation productivity and performance. The evaluation of IT spending will remain a necessity if the benefits of ICT are to be fully realised considering the growing needs of businesses to gain a competitive advantage in their respective marketplaces. Izzo (2008) further discussed that ICT has more or less direct impact on financial performance of an organisation. However, it does have a partial facilitation on process performance through inside-out and outside-in capabilities involving organisation structure. In recent studies (Ali, Abbas & Reza, 2013) on the relationships among information technology, organisational structure and performance, the empirical results provided moderate support that information technology and organisational structure have driven organisational performance. Nonetheless, Izzo (2008) argued that many businesses have fallen victim to the productivity paradox and have experienced negative returns from IT spending while some businesses have realised positive benefits. Subsequently, Izzo (2008) concluded that ICT itself may not hold the

answer to enhanced performance, but rather must be incorporated into organisations and combined with other capabilities to streamline positive effects.

DEFINITION OF INFORMATION AND COMMUNICATION TECHNOLOGY.

ICT refers to technologies that provide access to information through telecommunications (Christensson, 2010). It is similar to Information Technology (IT), but focuses primarily on communication technologies which includes the Internet, wireless networks, mobile phones, and other communications methods.

DEFINITION OF INFORMATION TECHNOLOGY.

IT is a generic term related to computing technology, such as networking, hardware, software, the Internet, or the people that work with these technologies. IT also allows the handling of information with the application of computer to collect, manipulate, store and distribute data using telecommunication technologies. In 2008, Information Technology is defined as hardware and software products, information system operations and management processes, IT controls frameworks, and the human resources and skills required to develop, use and control these products and processes to generate the required information (Greenstein-Prosch, McKee & Quick, 2008). In 2013, Choo, W., & Shahryar, S. (2013) redefined IT as a wide range of information processing and computer application in organizations. In addition, IT covers systems of information, Internet, information and communication related technologies, and their infrastructure including computer software, networks and hardware, which processes or transmit information to enhance the effectiveness of individuals and organizations. The IT term also includes any computer application and required packages of hardware, Computer Aided Manufacturing, Computer Aided Design, Electronic Data Interchange and Enterprise Resource planning that positively affects the productivity of cooperation.

DEFINITION OF ACCOUNTING INFORMATION SYSTEM

Francis (2013) referred information system as a combination of systems that work together to collect, process and store, transform, and distribute information for planning and decision making in organisations. The use of computers in information system facilitates the collection, processing, storing, transformation and distribution. Francis (2013) further stated that accounting information system is used as a tool which was introduced in the field of IT and by which is very important for organisations. AIS is responsible in generating reliable financial information for decision making. Taiwo and Agwu (2016) referred information system as a particular method in which organisation records and reports financial information. Moreover, information system refers to the principles, procedures, controls, and standards which are used to gather, record, classify, analyse, summarise, interpret and present accurate and timely financial data for management decisions.

TYPES OF ACCOUNTING INFORMATION SYSTEMS

Organisations uses three types of information systems namely manual system, computerised system, and database systems.

MANUAL SYSTEM

This is the first type of accounting system and it refers to where no computer is involved in the accounting process. Financial transactions and reports are recorded and prepared using paper-

based journals and ledgers. This is the most commonly used system among small businesses. The manual system is labour intensive and relies on human processing which is prone to error.

COMPUTERISED SYSTEM

This is the second type of accounting system and because of the advancements in information technology, the system makes use of computers and software programs for all the accounting processes (Francis, 2013; Taiwo, and Agwu, 2016).

The treatment of information is the same as the manual system. The only difference is that the user is filling in fields using a particular layout which often matches the source document of transaction (Francis, 2013). Transactions can be posted to appropriate accounts, by passing journalising process. Further, detailed listing of transactions can be printed for review anytime as a wide variety of reports can be prepared. Internal controls and edit checks can be performed timely to prevent and detect errors.

Accounting system packages consists of modules that deals with the organisation accounting systems. The stand-alone module also known as the simple accounting package is often used in small organisations. An example of the stand-alone module used in Thailand is the Express Solutions. However, most of the time, accounting system packages consist of several modules incorporated together, for example, SAP, Sage and Intuit. This type of accounting system packages is most common in large multi-national organisations.

However, this type of system is costly. The computerised system requires organisation to invest in the technical infrastructures and to train accountants to use the system efficiently. On top of training accountants, organisations require IT experts and specialists.

DATABASE SYSTEM

The database system consists of two types of databases, the flat-file database and the relational database.

Figure 1 shows a flat-file database which stores its data in one table. It is organised by rows and columns. For example, each row in the table is considered as the record and the column in the table is considered as the field.

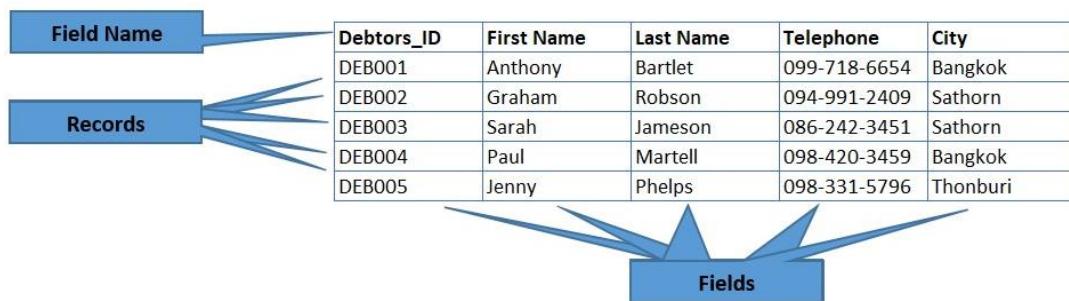


Figure 1: Flat-file Database

A relational database stores data in more than one linked table, stored in a file (Brown, Sargent, and Watson, 2015). Relational databases are designed so that same data is not stored many times. Both flat-file database and relational database reduce inefficiencies. However, relational database system helps in minimising information redundancies. Figure 2 shows how a flat-file database can be broken into a relational database using two tables which is linked using a primary key and a foreign key.

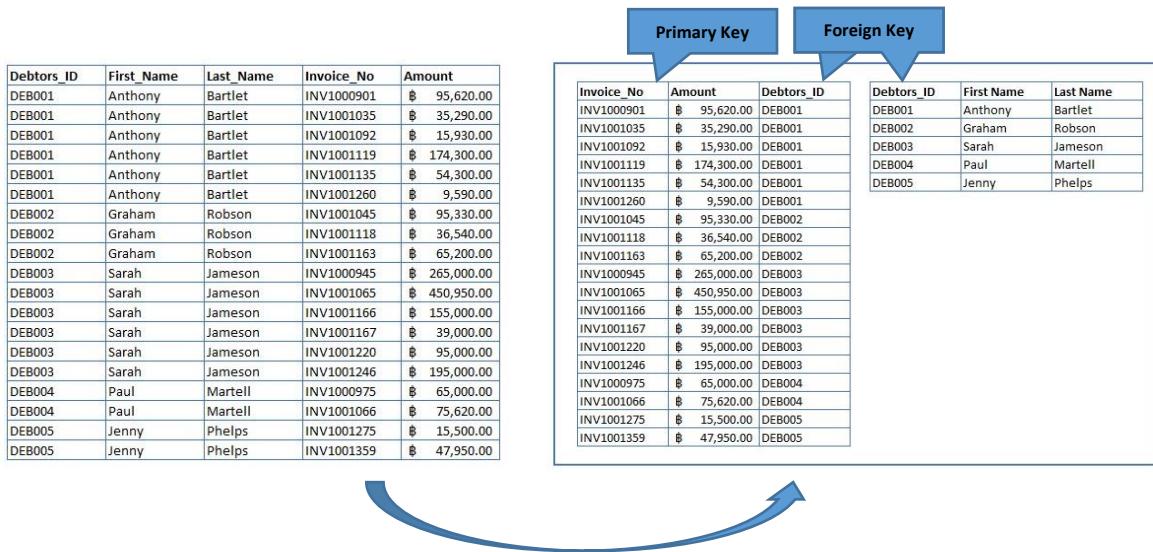


Figure 2: Flat-file Database versus Relational Database

Relational database systems such as enterprise resource planning (ERP) captures both financial data and non-financial data, and then it stores such information in the database system.

IMPACT OF ICT ON ACCOUNTING SYSTEM

According to Francis (2013) information technology advancement has improved altogether with accounting system as computers, Internet, software or even personal digital devices have changed the way organisations operate. ICT has streamlined the accounting work flow procedure with increased efficiency. This helps employees to process greater level of work in a short period of time. In addition, ICT can be used in automating tasks such as batch processing. This allows employees to concentrate on other tasks at hand while the accounting system processes data automatically without affecting the accuracy in computing records and reports. The combination of multiple technologies boost the speed of generating information from accounting information systems. This results in faster transactions and results as computations are done in matters of second.

With the utilisation of information technology resources, organisations can reduce operating costs. The needs for employee overhead and redundant tasks were reduced considerably. ICT has allowed big organisations to outsource part of their business, mainly the back office, to other professional services providers at a fraction of their operating costs. According to Taiwo and Agwu (2016), ICT has also increased the cost as expenses are incurred on the purchase of IT infrastructure, and the additional training required for some employees to use the newly implemented infrastructure. Nowadays, technological advancement in organisations can be seen with the usage of digital devices such as computers, tablets, printers, scanners, fax machines, and other innovative equipment. According to Amidu et al. in 2011, a study survey showed that 97% of organisation respondents were using computers in their operations. This serves as evidence on how essential computer is in any business.

Advancement in software has also helped organisations in creating a positive impact. Commonly used software in a business are accounting software, word processors, spreadsheets, presentations, databases, graphic editors, VoIP software, and electronic data interchange (EDI) software. Amidu et al. (2011) discussed the different accounting information systems available on the market. These are the turnkey systems, backbone systems, and vendor support systems. The

turnkey systems are applications that are ready for implementations as they are complete and tested systems. The backbone systems are applications that are uniquely designed to meet the requirements of the organisation. The vendor support systems are applications that are fully supported by the software vendor. This means that the software vendor designs, implements and maintains the system all throughout the contractual period.

With access to Internet, remote work options is possible using Virtual Private Network (VPN) and lowers communication cost using Voice over Internet Protocol (VoIP) technology. On the other hand, Internet has introduced online banking which allows organisations to perform transfers of sums of money between accounts, payment of bills, and ordering of statements in real-time. Malls and shopping department stores offers payments through debit and credit cards using Electronic Funds Transfer at Point-of-Sale (EFTPOS) terminals. The use of barcodes, magnetic stripes, chip and pin, contactless card, and radio frequency identification (RFID) readers helps improving sales transaction, at the same time providing real-time inventory.

Cloud computing technology is the latest trend. It helps organisations to offset part of their processing power online. Rather than installing a software on a computer or server running in house, the software is installed on a server in a different location. Employees can connect to the server and store their information or documents online. Through this, employees can access to information anywhere they may be. Cloud service providers often provides value added services such as scheduled automated backup providing a sense of security to organisations where the backup is saved in an off-site location. Thus, helping fast recovery in case of a disaster.

CHALLENGE OF ICT ON ACCOUNTING SYSTEM

SECURITY

ICT provides a great deal of security of information compared to manual systems where access to information is segregated to different levels of access. This provides high level of privacy and confidentiality. Using encryption program, information can be encrypted in a way to prevent unauthorised use. For instance, the hard drive of a lost, stolen or misplaced laptop or desktop computer cannot be placed into another computer systems to retrieve information. The use of identifications and password also provides a strong control in accessing information. However, there are a number of security risks associated with electronic devices that connects to a network, more specifically the Internet. As cloud computing technology has organisations, it also pose a high security risk if policies are not followed rigorously by employees.

HACKING

Hacking is defined as the act of gaining unauthorised access to a computer system. This can lead to identify theft or the misuse of personal information where data can be deleted, changed or corrupted (Brown, Sargent, and Watson, 2015). To prevent hacking, organisations has to

- Use firewalls to block unauthorised access to the internal network. There are two types of firewalls. These are software and hardware firewalls. Hardware firewalls are most preferred by big organisations and are costly to implement. Figure 3 shows how a firewall can help in preventing access to devices in the internal network.

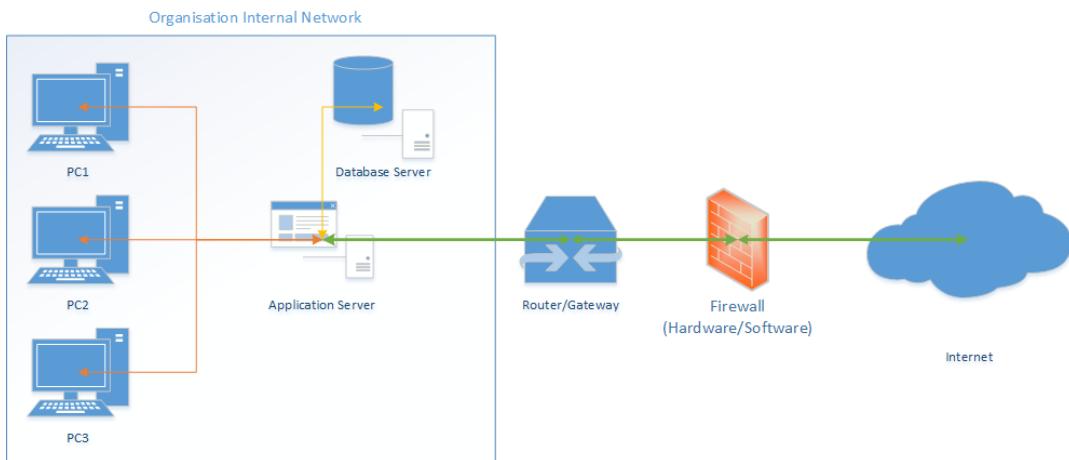


Figure 3 How a firewall can help in preventing access to devices in the internal network

- Use of strong passwords which is frequently changed. Best practices suggest that password must be over 8 characters in length including letters, numbers and symbols with a mixture of upper case and lower case. Passwords should be clear from the obvious and patterns. Figure 4 shows how the Domain Administrators can enforced these hardened policies on the active directory:

| Policy | Security Setting |
|---|------------------------|
| Enforce password history | 0 passwords remembered |
| Maximum password age | 30 days |
| Minimum password age | 0 days |
| Minimum password length | 8 characters |
| Password must meet complexity requirements | Enabled |
| Store passwords using reversible encryption | Disabled |

Figure 4: Hardened Policies that can be implemented by the Domain Administrator

- Use of intrusion detection software which monitors a network for malicious activity or policy violations. Any malicious activity or policy violations is redirected to an administrator or collected centrally using a security information system such as SolarWinds, Keeper, and AirWatch.

PHISHING

Phishing is defined as the act of sending out legitimate-looking emails to target employees. As soon as the recipient clicks on a link in the email or the attachment, they are redirected to a fake website. The recipients are often fooled into providing their personal data in replying to the email or filling out field boxes on the fake website. The email often appears to come from a trusted source, such as a bank or well-known service provider (Brown, Sargent, and Watson, 2015). This can lead to identity theft or fraud. Many Internet Service Providers or web browsers filter out phishing emails. However, employees should always be cautious when opening emails and do not click on attachments that ends with the following file extensions .exe, .bat, .com, .ps1, .php, and .aspx.

SMISHING

SMS Phishing is defined as the act of using SMS system of mobile phones to send out fake text messages which is very similar to phishing. These text messages often contains a uniform resource locator (URL) or web address, and a telephone number. The recipient is asked to log on to the website or make a telephone call and to supply their personal details such as debit/credit card numbers or passwords. The text messages appear to come from a legitimate source and make certain claims that the recipients have won a prize or that they need to contact their bank urgently.

PHARMING

Pharming is a malicious code installed on an employee's computer or server, the code will redirect the user to a fake website without their knowledge. Usually, the website appears to be that of a well-known source or trusted provider where the employee is asked to enter their personal data such as user identifications and passwords. This can lead to identity theft and fraud.

SPYWARE AND KEY-LOGGING SOFTWARE

This is a software that gathers data by monitoring key presses on the employee's keyboard. The gathered data is then sent back to the person who sent the software. Spyware gives access to all data entered using a keyboard on the employee's computer. The software is able to install other spyware, read cookie data and also change the employee's default browser. The use of anti-spyware software should reduce the risk. Employees should always be alert and check for clues that their keyboard activity is being monitored. When entering a password, use a pointing device or a touch screen to select characters to minimise risk.

VIRUSES

Viruses are a program codes that can replicate itself with the intention of deleting or corrupting files on a computer. They often cause the computer to malfunction by filling up the hard drive with data. This leads to the computer to crash, stop functioning properly or become unresponsive. Viruses can also corrupt operating system files and delete files or data on a computer. Recently, ransomware viruses have been used by encrypting the hard drive using a private key only known to the creator of the virus. The user will then receive a message that the hard drive has been encrypted and request the user to make cryptocurrency payment as ransom. Failure to make the payment within provided deadline, the user is unable to access data on the computer. It is recommended to install anti-virus software and to update regularly the virus signature database. Employees should be careful not to use software from unknown sources and when opening emails or attachments from unknown senders.

SPAMMING

Spam is defined as the act of sending out junk email to a recipient. It can lead to denial of services (DoS) by clogging up the network bandwidth on the Internet. DoS is referred as an attack on a network to slow down the network down by flooding it with useless traffic. Spamming can also lead to other attacks such as phishing or even to spread viruses. Though ISPs provide filters, many organisations implement their own to mitigate risk and allow redundancy in case the ISPs' filter do not work out appropriately. However, to prevent spamming, employees must ensure to:

- Block images in hypertext markup language (HTML) messages that spammers use as web beacons to verify the validity of email addresses.

- Use a junk mail filter and set protection to high or use a safe list only. Make sure that the filter is updated regularly.
- Look out for check boxes when signing up online, these boxes are often already selected to indicate agreement to sell or give email addresses to third party users. Make sure these boxes are unticked.
- Do not sign up to commercial mailing lists.
- Do not reply to email.
- Unsubscribe from a mailing list.

RISK MANAGEMENT

Risk management is the identification and the evaluation of financial risk to be understood and managed proactively, optimising success by mitigating threats and opportunities (Lawrence, S., and Ba, R. 2008). Risk generally arises of uncertainty. In risk management, risk is different from uncertainty because risk becomes predictive and some risks can be measurable. Unlike big organisations, small organisations does not have risk management implemented. Many risks are associated with the usage of ICT.

STORAGE

Storage is defined as process through which data is saved within a data storage device using computing technology. Storage enables a computer to retain data, either temporarily or permanently. There are two types of storage. These are primary storage and secondary storage. Primary storage refers to random access memory (RAM) while secondary storage refers to the computer's internal hard drive.

Typically, ICT is known to provide assurance with the back-up technology where data are stored on storage mediums such as magnetic storage media (Hard Disk Drive and Tape), optical storage media (CD/DVD Disk, DVD RAM, Blu-ray Disk), solid state storage media (Solid State Drive, Memory Stick/Pen Drive and Flash Memory Card). Still, these back-up mediums are often kept in a safe location within the organisation's premises which could potentially pose a risk to business continuity in case of an incident, or a disaster, such as floods, earthquakes, and fires. Best practices suggests that back-up mediums should be sent offsite in a different location, hundred to thousand kilometres away.

For the instance of cloud computing, private and confidential data is kept on a third-party server. Some cloud service providers completely disappears overnight, all data could be lost if not properly back-up somewhere trustworthy. Organisation also faces outages from cloud service providers. Though this is extremely rare, there are a few examples of server breaking bugs in cloud centres that knock out the service. Thus, crippling the operations of the organisations. Though cloud data is not shared, but the facilities are. There might be a problem if a malicious file is uploaded to the same server, thus increasing the risk of deleting and corrupting important data. Another risk factor when using cloud computing is data ownership. Many cloud service providers does not state in their license agreement who is the owner and who is legally liable of data uploaded to the cloud. It is imperative to check license agreement before signing up for a cloud service. Putting legal issues aside, often tech support from cloud service providers are slow and some are even non-existent.

AUDITS AND INTERNAL CONTROL

In accounting, audit is defined as the official examination of books, accounts, statutory records, and documents of an organisation or an individual. The objective of an audit is to ensure that records are fair and accurate representation of transactions, and have been properly prepared in accordance with accounting standards. Audits can be performed internally by employees of the organisations, or externally by a third party. Internal control is defined as a process mechanism to ensure the integrity of financial and accounting information, promote accountability and to prevent fraud. An auditor assess the financial statements of an organisation, whether the procedures and records are used in accordance with the organisation's internal control, corporate governance, and accounting process.

In the IT industry, information technology audit is defined as the official examination of management controls within an organisations IT infrastructure. There is a need to attests the availability of information system and the ability to recover the business in the event of an incident, or a disaster. Therefore, the objective of IT audit is to ensure that information systems are safeguarding information with respect to confidentiality, maintaining data integrity, and operating effectively to achieve the organisation's goals (Lovaas, & Wagner, 2012). IT audits can be performed internally by employees of the organisations, or externally by a third party. Information technology (IT) control is defined as a process mechanism performed ensuring the confidentiality, integrity and availability of data and the overall management of the IT function within an organisation in compliance with applicable laws and regulations. IT control consists of IT general control and IT application control.

IT general control is defined as a process ensuring that an organisation has proper procedure or policy in place for technology that affects the management of fundamental organisational processes such as risk management, change management, disaster recovery, and IT security.

IT application control is defined as a process ensuring that software applications used for a specific business processes, for example payroll, are properly maintained, are used with proper authorisation, are monitored, and are creating audit records.

Taking these into consideration, IT audits and IT controls work hand in hand to prevent, detect and correct threats with feedback and feedforward controls. Any organisations needs human power that understand IT requirements, process, and standards to begin with. Without adequate training in IT and fundamental organisational processes, sensitive data may be put at risk.

Many organisations in Thailand does not have these IT capabilities rigorously implemented as such, and some even non-existent. IT audits and IT controls could have prevented data leakage from a unit of a major telecom service provider (Anonymous, April 2018), and another data leakage from another major telecom service provider (Waring, 2016). There are also many instances of sensitive data leak by a server bug (Waring, 2016), sensitive data leak from employees lacking proper IT and process training (Anonymous, 2016), and hackers leaking sensitive data (Anonymous, 2016).

With these data leakages happened Thailand, we can fairly conclude that organisations neither have fundamental organisational process implemented, nor have adequate staffs training.

CONCLUSIONS

From the foregone study work, we can say that there is significant impact and challenge of ICT on accounting systems. Organisations invest greatly in ICT without being guaranteed benefits in return, which also involve huge risk if not implemented properly and as intended. The findings in this study show that in the implementation of ICT and adoption of ICT, many factors, such as risk and controls, determined in which ICT can be adopted. As a way to add to existing knowledge, this study aims to educate managers, employees, government and other stake holders.

REFERENCES

- Ali, A., Abbas, A., & Reza, A. (2013). The effect of Information Technology on Organizational Structure and Firm Performance: An analysis of Consultant Engineers Firms (CEF) in Iran. *Procedia- Social And Behavioural Sciences*, 81,644-649.
- Amidu, M., Effah, J., & Abor, J. (2011). E-accounting practices among small and medium enterprises in Ghana. *Journal of Management Policy and Practice*, 12(4), 146-155.
- Anonymous. (2016). Data breach puts southern expats' personal details online. Retrieved from <https://www.bangkokpost.com/news/general/913068/data-breach-puts-southern-expats-personal-details-online>.
- Anonymous. (2016). Hackers leak Thai prison data files in ongoing protest against Koh Tao convictions. Retrieved from <https://asiancorrespondent.com/2016/02/hackers-leak-thai-prison-data-files-in-ongoing-protest-against-koh-tao-convictions/>.
- Anonymous. (2018). "nit of Thai telco True says customers' data leakage fixed. Retrieved from <https://www.reuters.com/article/us-true-data/unit-of-thai-telco-true-says-customers-data-leakage-fixed-idUSKBN1HL154>.
- Brown, G., Sargent, B. and Watson, D. (2015). *Information and Communication Technology* (Second Edition). UK: Cambridge International Education.
- Choo, W., and Shahryar, S. (2013). Mini Literature Analysis on Information Technology Definition. *Information and Knowledge Management*.
- Christensson, P. (2010). *ICT Definition*. Retrieved from <https://techterms.com>.
- Christensson, P. (2006). *IT Definition*. Retrieved from <https://techterms.com>.
- Elliott, R. K., & Jacobson, P. D. (2002). The evolution of the knowledge professional. *Accounting Horizons*, 16(1), 69-80.
- Francis, P. (2013). Impact of Information Technology on Accounting Systems. *Asia-pacific Journal of Multimedia Services Convergent with Art, Humanities, and Sociology*, 3 (2), 93-106.
- Gartner. (2018). Global IT Spending to Grow 6.2 Percent in 2018. Retrieved April 12, 2019, from <https://www.gartner.com/en/newsroom/press-releases/2018-04-09-gartner-says-global-it-spending-to-grow-6-percent-in-2018>.
- Greenstein-Prosch, McKee, and Quick,. (2008). A Comparison of the Information Technology. *The International Journal of Digital Accounting Research*, 45-79.
- Izzo, M.F. (2008). IT Investments and Firm Performance: An Analytic and Empirical Investigation. (Doctoral dissertation, LUISS Guido Carli).
- Lawrence, S., and Ba, R. (2008). "Risk Management and Management Accounting." available at: https://www.researchgate.net/publication/252551312_Risk_management_and_management_accounting.
- Lovaas, P., & Wagner, S. (2012). IT audit challenges for small and medium-sized financial institutions. In *Annual Symposium on Information Assurance & Secure Knowledge Management* (16-22).
- Spira, L. F., and Page, M. (2003). Risk management: The reinvention of internal control and the changing role of internal audit. *Accounting, Auditing & Accountability Journal*, 16(4), 640-661.
- Taiwo, J. N. and Agwu, E. (2016). Effect of ICT on Accounting Information System and Organizational Performance. *European Journal of Business and Social Sciences*, 5(2), 1-15.
- Waring, J. (2016). Thai regulator clears AIS in data leak. Retrieved from <https://www.mobileworldlive.com/asia/asia-news/thai-regulator-clears-ais-in-data-leak>.

HUAWEI IN EUROPE: FROM A CHINESE NATIONAL INDIGENOUS INNOVATION TO A GLOBAL GIANT

^aWiranya Sutthikul

^bWaranthyia Sutthikul

^cSujitra Hongyon

^dKongkiat Sahayrak

^eRati Thapo

ABSTRACT

Huawei is currently the largest telecommunications company in China. However, the significance of the company is not only felt in China but also in the global market. The unremitting influence of Huawei in the global market is attributed to its pledge to technology innovation as well as R&D investment. This paper aims to identify Huawei's Europe expansion of telecommunication equipment, brand strategy, operations in R&D expenditure and the challenges as it makes the transition from a Chinese business brand to a potentially competitive global brand.

Keywords: Huawei, R&D, Innovation, Brand Strategy

^{a,c,d,e}Faculty of Business Administration and Management, Ubon Ratchathani Rajabhat University,
E-mail: wiranya.s@ubru.ac.th

^bCollege of Business, Columbia Southern University, E-mail: swaranthyia@yahoo.com^b

INTRODUCTION

Huawei, a telecommunication corporation headquartered in Shenzhen, Guangdong, China, is the biggest telecommunication device producer across the globe. The company had an initial mission of providing consulting and operation services to businesses in China and the entire global at large. Huawei employs 140,000 people, among which 46% work in research and development (Hyman et al., 2018). Huawei products and services are in over one hundred and forty countries. It was first established as a sales agent where it used to manufacture private branch exchange switches. The brand has appeared in various international media group companies (Xia and Gan, 2017). Forbes is one of the major media group companies that have ranked Huawei among the best brands in the world. In 2018, Huawei was ranked 79th by Forbes (Herciu, 2018). According to the statistics in the rankings, the firm was valued at 8.4 billion US dollars. Its entrance into the list of Forbes most valuable brands for the first time in 2017 was associated with its rapid global development by manufacturing a range of products which did well in the worldwide market (Herciu, 2018). Some of the products which helped Huawei increase its value include the Mate, P, and Nova series (Herciu, 2018). Launching the products helped the company raise its premium credentials an aspect which raised the firm's influence in the global telecommunication market.

Huawei also performed well in other brand rankings, conducted by other international audit companies. Herciu (2018) underlines that Brand Finance, one of the most influential brand ranking companies, numbered Huawei 25th in the list of the most valuable companies, with a brand value of 38 billion US dollars.

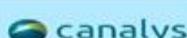
Huawei's EU Expansion: Telecommunication Equipment

The European market is well known for high technology and service standards. Huawei is considered to be the largest telecommunications equipment supplier worldwide with the revenue of 712.2 billion yuan or \$107.13 billion in 2018 (CNBC, 2019). In 2004 Huawei able to win its first major contract in Europe with the Dutch mobile operator Telfort later on 2007 Huawei was qualified to secure contracts with all first-tier network operators in Europe. In 2009 Telenor choosing Huawei offer over Ericsson' and Nokia Siemens Network's. In 2014 Vodafone awarded Huawei the contract to upgrade its networks in 15 countries in Europe and Africa (Jan Drahokoupil, 2017).

Huawei's new product development is customer driven. The company is employee-owned with approximately half of the total employees working in research and development (Zidane et al., 2013). The organization considers its workforce as the most significant asset possessed by the company. Ren Zhengfei, the owner of the company, maintains that Huawei exists to satisfy its customers.

Table 1: European smartphone shipments and annual growth

| Vendor | Q4 2018 shipments (million) | Q4 2018 Market share | Q4 2017 shipments (million) | Q4 2017 Market share | Annual growth |
|------------|-----------------------------------|-------------------------|-----------------------------------|-------------------------|------------------|
| Samsung | 16.2 | 28.7% | 16.4 | 28.3% | -1.0% |
| Apple | 14.7 | 26.0% | 15.5 | 26.8% | -5.1% |
| Huawei | 13.3 | 23.6% | 8.6 | 14.8% | +55.7% |
| Xiaomi | 3.4 | 6.0% | 2.1 | 3.6% | +62.0% |
| HMD Global | 1.3 | 2.4% | 1.6 | 2.8% | -18.3% |
| Others | 7.6 | 13.4% | 13.8 | 23.7% | -44.8% |
| Total | 56.6 | 100.0% | 58.0 | 100.0% | -2.3% |

 canalys

Source: Canalys smartphone analysis (sell-in shipments), February 2019

The latest figures from Canalys the market analyze have certified a trend of the rise of the Chinese phone in Europe. Canalys states that 32 percent, or one-third of smartphone shipments in Europe in 2018 were from Chinese manufacturers. On the other hand, Huawei uses design to value

strategy. The company uses its resources and assets to better its services and products each day. Before its product penetrated Western countries, the brand engaged in processes which would help it design products suitable for the taste of European countries (Balmer and Chen, 2017). At one particular time, the company offered its designers a few weeks to develop cell-phones which would meet the market expectation of different markets in the world.

Brand Strategy

To remain the most successful telecommunication choice in the world, Huawei has mastered the current technological advancements in the field of communication. Moreover, the firm has invested a lot in research and development with a view of anticipating future customer needs. Establishing a competitive advantage by outsmarting current technology is an essential strategy for Huawei. There are approximately two hundred 4th generation (4G) networks operating in over seventy countries in the world. However, Huawei has been planning to develop a 5G network for several years. Their projection is to establish the 5G network by 2020. The company's foresight will place it as one of the first movers in the fifth-generation network. According to the projection of the company, the fifth-generation network will be up to 100 times faster compared to the fourth-generation network. Huawei is taking advantage of its significant increase in economies of scale by leading the way in various industrial standards. As a result of its place in the global market, Huawei can establish technology policies which will facilitate its stay ahead of its immediate competitors.

On the other hand, the organization has been taking great strides in aligning its leadership management to stay responsive in the dynamic technological environment (Alvim, 2017). The company is operating under a string of leadership that promotes uniformity and control excellence. Despite the negative impact that the strategy may have on the firm, Huawei has managed to implement it successfully since it is usually crucial for branding as well as the development of innovations (Demestichas et al., 2013). Decentralized decisions are generally vital in improving and facilitating the growth of organizations. It utilizes decentralization of decision-making by delegating decision-making processes to customer-facing roles, an aspect which enhances the flow of ideas. Huawei also has one of the riskiest but brilliant jobs posting, which is based on rotating CEOs. The company has a docket of executives who rotates their duties in the organization (Chakravarthy and Yau, 2017). According to studies, CEO rotation is effective in improving the productivity of a company since executive members have time to prepare for their duties prior before reaching their term as acting CEOs. The organization can benefit from a broad breadth of expertise. The unique senior management strategy in Huawei enables it to possess fresh thinking regarding its brand strategy. Building a better-connected world is a major corporate brand theme that Huawei established in 2014 (Chakravarthy and Yau, 2017). Huawei has out-competed many telecommunication firms because of its sensitivity to customers' need. The company builds awareness as well as invests in public relations, an aspect which accompanies it with significant growth in the global market.

The marketing strategy of Huawei is attributed to its product positioning, which epitomizes excellence. The launching of P7 Smartphone in 2014 justifies Huawei's unique product positioning portraying a trendsetting company in the telecommunication sector (Chakravarthy and Yau, 2017). To express their leadership position in the global market, Huawei used a picture of light beam piercing the darkness to symbolize its authority in the global market. In 2012, other telecom providers exhibited their concern to Huawei's decision to distribute its products under its brand name, rather than the Telecom Umbrella (Chakravarthy and Yau, 2017). However, the company never relented about its actions as it was committed to building its brand visibility.

Huawei's Operation in EU: R&D Expenditure

Huawei has invested in R&D in various European countries including the UK, Finland, France, Belgium, and Germany, among many others (Schaefer and Liefner, 2017). According to reports, the company planned to increase its R&D expenditure to approximately 20 billion dollars

(Schaefer and Liefner, 2017). The increase in spending came at a time when the company wanted to become a global leader in 5G technology. In 2017, Huawei spent over 13 billion dollars on R&D. The amount consumed approximately 15% of the company's total revenue that year (Schaefer and Liefner, 2017). Also, the company pledged to dedicate about 30% of the total R&D expenditure on basic science research (Schaefer and Liefner, 2017). The telecommunication firm provided the statistics in a statement in 2017.

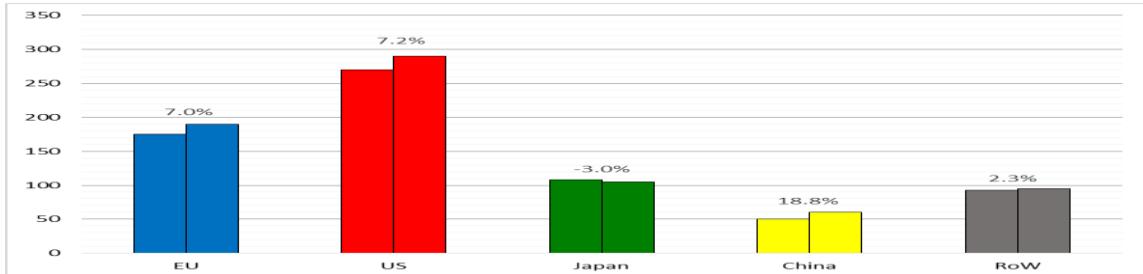


Figure 1: R&D investment by main world region in 2015-2016

Note : growth rates have been computed for 566 EU, 818 US, 364 Japanese, 375 Chinese and 370 RoW companies for which data are available for both years 2015 and 2016.

Source: The 2017 EU Industrial R&D Investment Scoreboard, European Commission, JRC/DG RTD.

Based on the figures, Huawei forms one of the world's top R&D spenders. According to financial data company fact set, Amazon and Alphabet are a few companies which spent more in R&D compared to Huawei. However, based on the history of the brand as well as its magnitude, its expenditure had a considerable significance in the future dynamics of global business. The largest contribution to the R&D growth of non-EU companies was made by ICT services showing high R&D growth were HUAWEI 29%. The 376 Chinese firms showed a strong growth in net sales +7.4% and net profits +13.4% reaching a profitability level of 6.9%. Chinese companies escalate employees' 4.4%. On the other hand, Huawei's R&D expenditure is exhibited in its workforce orientation, where over 46% of employees are engaged in research and development (Deng and Mao, 2018). Huawei's increased cost comes at a time when the US, Australia, and other nations have subjected the company to bans, which target its products (Deng and Mao, 2018). The decisions to ban Huawei products are based on the allegiance that the company subjects other countries to security issues amid international political tensions. For instance, in 2018, the UK reported the presence of technical and supply-chain issues with Huawei (Deng and Mao, 2018). According to the report, Huawei exposed telecom networks based in the UK to security risks.

Also, the business committed to open R&D centers in France in 2018. The centers were projected to focus on Smartphone sensors and the invention and innovation of parallel computing software. Huawei also projected the number of workers in the expected R&D center to grow to 30 at the turn of 2020 (Lin et al., 2018). At the time of its plan to open a research and development center in France, Huawei had around 350 employees working in different R&D stations in Switzerland. By 2021, Huawei will invest another US\$ 50 million to construct more of the OpenLabs to assist more European companies go digital and enlarge their influence in the global (Abraham Liu, 2019).

Management Method and Employee Relation

Huawei has one of the most successful management strategy and employee relations in the business sector. As a global organization, the company promotes synchronized social development besides focusing on the development of the firm (Huang and Huawei, 2010). Also, the organization incorporates sustainable requirements in its business undertakings and establishes management systems which help in achieving desired sustainable initiatives. Huawei looks into the future with the successful projection of its performance in the telecommunication industry. However, the firm makes

it open for the public to understand that its purpose revolves around empowerment of society. To achieve all its desires, Huawei works harmoniously with other stakeholders in the business ecosystem.

One of the most standing out management method that Huawei has used over time is concentrating on cost leadership. Huawei was able to build its brand name from the production of affordable products. The corporation was able to strategize on low-cost product manufacturing since labor cost in China was economical as well as readily available (Yusheng, 2013). Over the years, the company was able to produce cheap products successfully while building its brand name (Chakravarthy and Yau, 2017). However, to export its presence in the global market, Huawei got the cutting edge from other foreign companies such as Intel. The company's product differentiation was able to be recognized in most parts of the world because of its decision to increase R&D centers' expenditure.

On the other hand, Huawei has a management system which is grounded on empowering people through communication. The concept is derived from the firm's vision and mission statements which translate to a common goal of focusing on customers' requirements and providing them with necessary ICT solutions and services needed to improve their communication experience.

FUTURE CHALLENGES FOR HUAWEI

Although Huawei has experienced unprecedented success in the field of telecommunication, it has also its set of business challenges which have affected its operation for the past three decades. However, the company is more concerned with its future problems, which are projected to be more based on the changing dynamics of technology in the current world (Nakai and Tanaka, 2010). Among the primary future problem of Huawei is continuing the pace of innovation. Past experiences have shown that monopolistic powers are temporary (Fan and Bifet, 2013). Therefore, the organization has to avoid complacency since many big companies fell as a result of ignorance. Brand image in the US is another future challenge which has already started manifesting itself. The US government has recently expressed its dissatisfaction with Huawei because of potential Chinese state security concerns. For the past decade, Huawei has been a subject of political scrutiny (Wu, Hoon and Yuzhu, 2013). US government officials have occasionally been seen warning on doing business with Huawei. Therefore, the company's greatest future challenge is how the US's government perceives the brand and its honesty.

CONCLUSION

In conclusion, Huawei needs to review its global business strategy and establish another crucial step which will help move it further in the global market position. Moreover, the company should focus on the possible future challenges to ensure its leadership position is not ruined because of complacency. Even though investing in R&D is vital in building its brand, Huawei needs to focus more on the customers' needs. However, small the number of people who would want certain features installed in their products. Nokia should serve as an example of a company which saw her brand value fall because of complacency. While Nokia invested more in R&D compared to Apple, it lost its position since it failed to deliver customers' interest concerning touch-screen between 2004 and 2007. Therefore, Huawei should learn from other great corporations which saw their brand name fall as a result of complacency.

REFERENCES

- Alvim, M.M.M.V.C., (2017). *Huawei case study: A reposition challenge to achieve leadership*. Doctoral dissertation.
- Balmer, J.M. and Chen, W., (2017). China's brands, China's brand development strategies and corporate brand communications in China. In *Advances in Chinese brand management* (pp. 19-47). Palgrave Macmillan, London.
- CNBC. (2019). Retrieved from <https://www.cnbc.com/2019/03/29/huawei-earnings-full-year-2018.html>
- Chakravarthy, B. and Yau, D., (2017). Becoming global leaders: Innovation challenges for five large Chinese firms. *Strategy & Leadership*, 45(2), pp.19-24.
- Demestichas, P., Georgakopoulos, A., Karvounas, D., Tsagkaris, K., Stavroulaki, V., Lu, J., Xiong, C. and Yao, J., (2013). 5G on the horizon: Key challenges for the radio-access network. *IEEE Vehicular Technology Magazine*, 8(3), pp.47-53.
- Deng, Z., Zou, Y. and Mao, J.Y., (2018). Unconventional internationalization of Huawei: The role of core values. In *Business despite borders* (pp. 179-191). Palgrave Macmillan, Cham.
- Fan, W. and Bifet, A., (2013). Mining big data: Current status, and forecast to the future. *ACM SIGKDD Explorations Newsletter*, 14(2), pp.1-5.
- Herciu, M., (2018). Market capitalization, enterprise value and brand value of the worlds most reputable companies. *Economic and Social Development: Book of Proceedings*, pp.420-428.
- Huang, S., Huawei Technologies Co Ltd, (2010). *Method and system for a traditional terminal user to access an IMS domain*. U.S. Patent 7,643,474.
- Hyman, J., Acker, J., Ackers, P., Marchington, M., Wilkinson, A., Goodman, J., Ackroyd, S., Thompson, P., Adams, S., Addison, J. and Schnabel, (2018). Employee stock ownership plans and their effect on productivity: the case of Huawei. In *Employee voice and participation: Contested past, troubled present, uncertain future* (Vol. 20, No. 4, pp. 1-13). London: Sage.
- Jan Drahokoupil, (2017) . Chinese investment in Europe:corporate strategiesand labour relations pp 26-277
- Lin, X., Liu, B., Han, J. and Chen, X., (2018). Industrial upgrading based on global Innovation chains: A case study of Huawei technologies Co., Ltd. Shenzhen. *International Journal of Innovation Studies*, 2(3), pp.81-90.
- Liu, A. (2019). Retrieved from <https://www.huawei.eu/story/why-europe-and-huawei-need-stick-together>
- Nakai, Y. and Tanaka, Y., (2010). Chinese company's IPR strategy: How Huawei technologies succeeded in dominating overseas market by Sideward-Crawl Crab Strategy. In *Picmet 2010 Technology Management for Global Economic Growth* (pp. 1-5). IEEE.
- Schaefer, K.J. and Liefner, I., (2017). Offshore versus domestic: Can EM MNCs reach higher R&D quality abroad? *Scientometrics*, 113(3), pp.1349-1370.
- Wu, F., Hoon, L.S. and Yuzhu, Z., (2011). Dos and don'ts for Chinese companies investing in the United States: Lessons from Huawei and Haier. *Thunderbird International Business Review*, 53(4), pp.501-515.
- Xia, W. and Gan, D.Z., (2017). The marketing strategy of HUAWEI Smartphone in China. *ICMSIT 2017: 4 th International Conference on Management Science, Innovation, and Technology 2017*, pp. 144-155.
- Yusheng, W.J.B., (2013). TMT attention distribution and international expansion strategy choice: A case study on Huawei Technologies Ltd.[J]. *Chinese Journal of Management*, 9.
- Zidane, R., Huberman, S., Leung, C. and Le-Ngoc, T., 2013. Vectored DSL: benefits and challenges for service providers. *IEEE Communications Magazine*, 51(2), pp.152-157.

**MODEL PERFORMANCE SUPPORTED SMEs
STRATEGY-BASED APPLICATIONS THROUGH E-MONEY
GOFOOD BUSINESS CUSTOMER SATISFACTION AND GRABFOOD**

^aNovita Ekasari

^bNurhasanah

^cFitri Chairunnisa

ABSTRACT

Advances technology and modern lifestyle makes many emerging companies based on financial technology (fintech), which offers various e-based money and service applications such as culinary choice. This study aims to determine the effect of the marketing strategies used by the SMEs, culinary application providers the gofood and grabfood on its business performance through customer satisfaction. Gofood and grabfood is a leading provider of Indonesia's biggest culinary applications that has a large number of users in Indonesia. This study uses a sampling method to collect data from 110 respondents who are business owners (business customers) of small and medium businesses that have joined and cooperated with gofood and grabfood applications.

This study has found that there is a direct or indirect effect of a positive and significant marketing strategy on the performance of SMEs has a percentage of 15.76%, while the influence of marketing strategies on the performance of SMEs through business customer satisfaction by 11.46%, while the influence overall 84.9%. From the research, it is recommended businesses (SMEs) can be more creative in creating a product presentation, updating prices, and provide promotional package that is more diverse and this strategy was evaluated in a certain period of time, other than that businesses can utilize the features of merchant review to assess the results business in the eyes of end consumers and improve the brand image of their business.

Keywords: *Business Performance, E-Money, Marketing Strategy, Customer Satisfaction.*

^aUniversitas Jambi, Indonesia, e-mail: Ekasari.novita01@yahoo.com

^bUniversitas Jambi, Indonesia, e-mail: Nur_hasanah@unja.ac.id

^cUniversitas Jambi, Indonesia, e-mail: Fitri_chairunnisa@unja.ac.id

INTRODUCTION

A few years many emerging companies based financial technology (fintech) which offers various facilities through application-based e-money. things into new business opportunities, especially for micro-enterprises, small and medium enterprises (SMEs) to expand the market at a cost that is not too high so as to expand the market through collaborations with the provider of the application. The problem often faced by SMEs such as less capable of doing promotion in a professional, unbiased expand the sales area, not literate in technology and a myriad of other problems can be solved through cooperation with application providers and digital payments that are expected to improve their business performance for many SMEs who have not received the maximum benefit from advances in digital technology are controlled by venture capital firms.

The purpose of this study was to see whether the use of marketing by using digital technology application has been carried out to the maximum by the micro, small and medium enterprises so as to improve its business performance. Among the providers of application services are much in demand in Indonesia is gofood and grabfoood providing booking feature food (culinary) where specifically in the provinces of Jambi number of SMEs Culinary according to labor offices and co-operatives have amounted to 4,634 units of the business which is largely a micro business and small capital up to 50 million rupiah so the chances of culinary products to evolve and gain a huge market for jambi city itself.

LITERATURE REVIEW

a. Marketing strategy

According to Kotler and Armstrong (2008), the definition of the marketing strategy is a marketing logic where the business unit hopes to create value and benefit from its relationship with the consumer.

Tjiptono Fandy (2011: 40) formulate marketing mix be:

1. Product Is a form of organization offers services that are intended to achieve the objectives through the satisfaction of customer needs and desires. Products here can be anything (either physical tangible or not) which can be offered to potential customers to meet the needs and specific keingina. The products are all offered to the market

for the note, obtained and used or consumed in order to fulfill the needs and desires be physical, services, people, organizations and ideas)

2. Price, Mix price with respect to strategic and tactical policies such as price level, the structure of discounts, payment terms and the level of price discrimination between different groups of customers. Price describes the amount of rupiah that must be issued a consumer to obtain one product and should the price will be affordable for consumers.

3. Promotion promotion mix includes a variety of methods, namely advertising, sales promotion, face-to-face sales, and public relations. Reflects the different way in which the company in order to sell products to consumers.

4. Place is a decision concerning the distribution of the ease of access to services for customers. The place where the products are available in a number of distribution channels

b. Digital Payment (e-money)

According Rival (2001) electronic money is a means to pay electronically obtained by depositing a first amount of money to the issuer, either directly, or through agents of the issuer, or by debiting an account at the Bank, and the value of the money is entered into the value of money in media electronic money, which is expressed in units of Rupiah, which is used to perform payment transactions by eliminating direct monetary

value to the electronic money media.

Payment card now evolved into e-money or commonly known as electronic money. Chip-based electronic money are typically published in bentuj cards issued by banks such as E-money, Tapcash, Brizzi, Flass, and so on. While the e-wallet server base such as T-cash, paypro, DOKU, Gopay. The difference between e-money and e-wallet balance lies in the maximum amount possible. But e-money and e-wallet is now very popular to make small-scale transactions for various types of payments and shopping at retail stores.

c. Micro, Small and Medium Enterprises (SMEs)

Criteria for SMEs According to Article 6 of the Law No.20 of 2008 concerning the criteria for SMEs in the form of capital is as follows:

- 1) Criteria for Micro are as follows: i. have a net worth of at most Rp50,000,000.00 (fifty million rupiahs), excluding land and buildings; or ii. has annual sales results Rp300,000,000.00 (three hundred million rupiah).
- 2) Criteria for Small Business is as follows: i. have a net worth of more than Rp50,000,000.00 (fifty million rupiah) up to at most 500,000,000.00 (five hundred million rupiah) not including land and buildings
- 3) Criteria Medium Enterprises are as follows: i. have a net worth of more than Rp 500,000,000.00 (five hundred million rupiah) up to at most 10,000,000,000.00 (ten billion rupiahs), excluding land and buildings; or have an annual sales turnover of more than Rp2.500.000.000,00 (two billion five hundred million rupiah) up to at most Rp50.000.000.000,00 (fifty billion rupiah).

d. consumer satisfaction

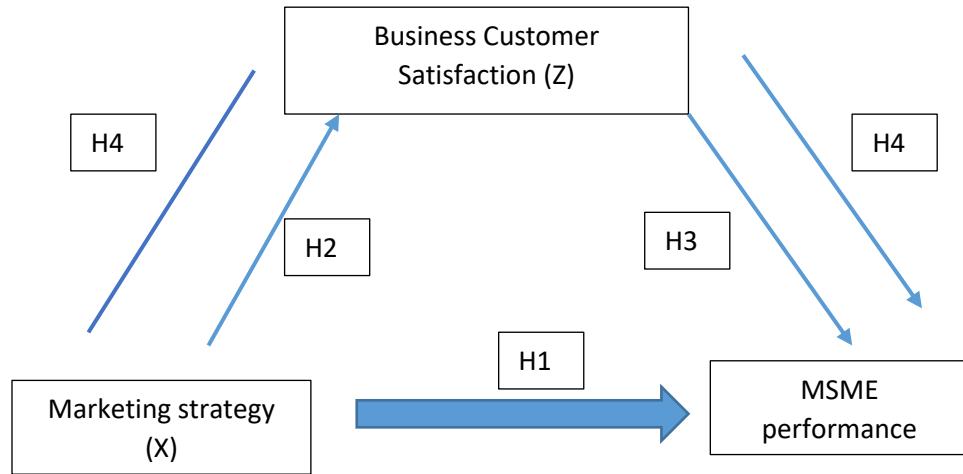
According to Philip Kotler and Kevin Lane Keller Consumer satisfaction is feeling happy or disappointed someone who emerged after comparing the performance (yield) of the product thought to the expected performance (2007: 177). According to the theory in the journal Suwardi Kottler (2011), said that the key to retaining customers is customer satisfaction. Consumer satisfaction indicators can be seen from

1. Re-Purchased : Buy back, which the customer will return to the company to look for goods / services.
 2. Creating word of mouth: in this case, pelanggan will say good things about the company to others.
 3. Creating a Brand Image: Customers will pay less attention to the brand and advertising of competitors' products.
 4. Creating a purchase decision in the same company: purchase another product from the same company.
- e. MSME performance

Performance for Micro, Small and medium-sized enterprises (SMEs) According Munizu (2010) the performance of small and medium enterprises can be measured by the following indicators:

1. The rapid growth of sales
2. growth capital
3. The growth of labor
4. market growth
5. Profit growth.

f. Framework



RESEARCH METHOD

a. Data source

The data source is anything that can provide information on

data. Based on the source, the data can be divided into two, namely primary data and secondary data.

1. Primary data is data created by researchers for the special purpose of solving the problems that are being handled. The data were collected by researcher directly from the first source or object where research is conducted.
2. Secondary data is data that has been collected for purposes other than to solve the problem at hand. This data can be found quickly. In this study, the secondary data source is literature, articles, journals and websites on the internet with regard to the research conducted.

b. Operationalization of Research Variables

The operational definition describes a particular method that is used by

researchers to operationalize the construct, thus allowing other researchers to conduct repeatability of measurements in the same way or trying to distribute construct a better measurement. In this study, the operational definition outlined in the following table:

Variable Operational Research:

| No. | Variable / Sub variables | variable concept | Indicator | scale Ruler |
|-----|---------------------------|---|--|-------------|
| 1 | Customer Satisfaction (Z) | feeling happy or disappointed someone who emerged after comparing the performance (yield) of the product thought to the expected performance | <ul style="list-style-type: none"> • <i>Re-Purchase</i> • Creating word of mouth • Creating a brand image • Purchasing decisions (application usage) | ordinal |
| 2 | Marketing strategy (X) | Logic Marketing where business units expect to create value and benefit from the relationship with the consumer | <ul style="list-style-type: none"> • product • Price • Place • Promotion | |
| 3 | Performance of SMEs (Y) | is a function of the interaction between ability or abilities (A), motivation (M) and the chance or opportunity (O) that can be expressed in the formula of performance = f (A x M x O), meaning that performance is a function of ability, motivation and opportunity. | <ul style="list-style-type: none"> • sales growth • growth Capital • Employment growth • Market growth • Profit growth | ordinal |

c. Population and Sample

In this study, researcher use the non probability sampling method with convenience sample to the reacheable population around jambi area. the population of business customers (SMEs) application users Gojek (gofood) and Grab (grabfood) specialized in Jambi unknown number with certainty, so that the sample used in the formula Hair et al., (2010) that the determination of the number of samples in accordance with the large number of items indicator assuming n x 5 to 10 observations. In this study the authors used n x 8 so that the sample size is not too small of which $13 \times 8 = 104$ respondents, which is rounded to 110 respondents .

d. Data analysis method

In this research using descriptive analysis. Descriptive analysis is used to describe the study variables, namely marketing strategy, customer satisfaction business (merchant) and the performance of SMEs descriptive analysis performed to establish a table of frequency distribution to determine whether the rate of value (score) variables studied into theExcellent category / very high, good / high, fairly good / high enough, not good / low, and is not very good / very low. Further analysis tool used is multiple linear regression analysis and path analysis (path analysis).

FINDINGS

Characteristics of Respondents :

This study analyzed the influence of marketing strategies using e-money applications based on the performance of SMEs culinary business customer satisfaction as an intervening variable in Culinary SMEs in cooperation with food go and grab food in the city of Jambi. The number of samples in this

research were 110 respondents owner culinary specialty SMEs in cooperation with the applications go grab food in the food and culinary products penjual online. While the distribution characteristics of the respondents can be seen in the following table:

Distribution Characteristics of Respondents Table Research

| respondent characteristic | | Frequency | Percentage | Total |
|----------------------------------|---------------------|------------------|-------------------|--------------|
| Sex | Male | 60 | 54.5% | |
| | Female | 50 | 45.5% | |
| | | 110 | | 100% |
| Age | <20 years old | 10 | 9.1% | |
| | 20-30 years old | 60 | 54.5% | |
| | 31-40 years old | 23 | 21% | |
| | > 40 years old | 17 | 15.4% | |
| | | 110 | | 100% |
| owned Business | <1 year | 37 | 33.6% | |
| | 1-2 year | 43 | 39.1% | |
| | 2 year 1 day-3 year | 8 | 7.3% | |
| | > 3 year | 22 | 20% | |
| | | 110 | | 100% |
| Applications used | Gofood | 29 | 26.3% | |
| | Grabfood | 40 | 36.4% | |
| | Gofood and grabfood | 41 | 37.3% | |
| | | 110 | | 100% |
| Length of cooperation | <1 year | 64 | 58.2% | |
| | 1-2 year | 41 | 37.3% | |
| | 2 year 1 day-3 year | 4 | 3.6% | |
| | > 3year | 1 | 0.9% | |
| | | 110 | | 100% |

Results Description of Respondents

To get a picture of variable marketing strategy (x),

Consumer satisfaction (Z) and MSME Performance (Y), then it can be explained in the form of descriptive results of the frequency distribution table as follows:

**Respondents Regarding tabulation
Marketing strategy, customer satisfaction and performance of SMEs**

| No. | Indicator | N | Min | Max | mean |
|------------------------------|---|-----|-----|-----|-------------|
| Marketing strategy | | | | | |
| 1. | Being able to sell more product variants | 110 | 2 | 5 | 3.86 |
| 2. | Prices were sold through the application of a higher refractive | 110 | 1 | 5 | 3.15 |
| 3. | Wider range of sales | 110 | 2 | 5 | 4.07 |
| 4. | More widely known business brand | 110 | 3 | 5 | 4.34 |
| Total | | | | | 3.85 |
| Consumer satisfaction | | | | | |
| 5 | Repurchase | 110 | 2 | 5 | 4.03 |
| 6 | WOM among consumers | 110 | 2 | 5 | 3.96 |
| 7 | Business brand is known more positive | 110 | 3 | 5 | 4.07 |
| 8 | Continue to work with application providers | 110 | 3 | 5 | 4.12 |
| Total | | | | | 4,05 |
| MSME performance | | | | | |
| 9 | The sales volume is increasing | 110 | 2 | 5 | 3.90 |
| 10 | The sales turnover increased | 110 | 2 | 5 | 3.81 |
| 11 | Be able to hire more employees | 110 | 2 | 5 | 3.23 |
| 12 | Greater profit | 110 | 2 | 5 | 3.65 |
| Total | | | | | 3.64 |

Regression analysis

Regression analysis was used to determine how much

variable effect on other variables. In this case, the equation that can be used are: $Y = a + b_1 X + e$ following simple linear regression test results are presented in the table below:

Regression Results

Coefficientsa

| Model | Coefficients unstandardized | | standardized Coefficients beta | t | Sig. |
|-------|-----------------------------|------------|--------------------------------------|-------|------|
| | B | Std. Error | | | |
| 1 | (Constant) | 1,498 | ,419 | 3.577 | .001 |
| | X1 | ,543 | ,121 | | |

a. Dependent Variable: Y

Coefficientsa

| Model | Coefficients unstandardized | | standardized Coefficients beta | t | Sig. |
|-------|-----------------------------|------------|--------------------------------------|-------|------|
| | B | Std. Error | | | |
| 1 | (Constant) | 1,674 | ,267 | 6.266 | ,000 |
| | Z | ,545 | ,084 | | |

a. Dependent Variable: Y

From the table above can be obtained by the equation:

$$Y = 1,498 + 0,543X + e$$

so that it can be interpreted as follows:

1. Constants worth 1,496 shows that if variable marketing strategy (X) is 0 then it can raise SMEs performance variable (Y) of 1,496.
2. The regression coefficient marketing strategy (X) of 0.543 is positive on the performance of SMEs. This indicates that any value variable marketing strategy promoted one unit, then the variable performance of SMEs will increase by 0.543.

$$Y = 1.674 + 0,545Z + e$$

So it can be interpreted as follows:

1. Constants worth 1.674 indicates that if variable customer satisfaction (Z) is 0, it can increase the performance of SMEs variable (Y) of 1,674.
2. The regression coefficient business customer satisfaction (Z) of 0.545 is positive on the performance of SMEs. This shows that every business customer satisfaction variable value increase by one unit, then the variable performance of SMEs will increase by 0.545.

The coefficient of determination (R2)

Analysis of the coefficient of determination adjusted and used to determine how large a percentage of the independent variable (X) to the dependent (Y) in the form of a percentage. Here is the coefficient of determination test results are presented in the table below:

Coefficient of Determination Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
|-------|-------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
| | | | | | R Square Change | F Change | DF1 | DF2 | Sig. F Change | |
| 1 | ,397a | ,158 | ,150 | ,67134 | ,158 | 20.238 | 1 | 108 | ,000 | 1.685 |

a. Predictors: (Constant), X1

b. Dependent Variable: Y

According to the table above figures obtained Adjusted R Square of 0.150. This shows the influence of marketing strategies simultaneously to affect the performance of SMEs by 15% while the remaining 85% are influenced or explained by other variables not included in this research model.

Research Hypothesis Testing

- **First Hypothesis (H1)**

$$H_1 : X \rightarrow Y$$

The first hypothesis (H1) that is partially significant X to Y.

Test result

Coefficients^a

| Model | Coefficients unstandardized | | standardized Coefficients beta | t | Sig. |
|--------------|-----------------------------|------------|-----------------------------------|-------|------------|
| | B | Std. Error | | | |
| 1 (Constant) | 1,498 | ,419 | | 3.577 | .001 |
| | X1 | ,543 | ,121 | ,397 | 4.499 ,000 |

a. Dependent Variable: Y

As shown on test result table, the influence of marketing strategy (X) partially significant to the performance of SMEs (Z) with percentage by 39,7%.

- **Second Hypothesis (H2)**

$$H_2 : X \rightarrow Z$$

The second hypothesis (H2) that X is partially significant effect on Z.

Test result
Coefficientsa

| Model | Coefficients unstandardized | | standardized Coefficients beta | t | Sig. |
|--------------|-----------------------------|------------|--------------------------------------|-------|------|
| | B | Std. Error | | | |
| 1 (Constant) | 618 | ,371 | | 1.664 | ,099 |
| X1 | ,723 | ,107 | ,545 | 6.748 | ,000 |

a. Dependent Variable: Z

As shown on test result table, the influence of marketing strategy (X) partially significant to the Customer Satisfaction (Z) with percentage by 54,5%.

- **Third Hypothesis (H3)**

H3: Z → Y

The third hypothesis (H3) that Z is partially significant effect on Y.

Test result

Coefficientsa

| Model | Coefficients unstandardized | | standardized Coefficients beta | t | Sig. |
|------------|-----------------------------|------------|--------------------------------------|-------|------|
| | B | Std. Error | | | |
| (Constant) | 1,674 | ,267 | | 6.266 | ,000 |
| Z | ,545 | ,084 | ,529 | 6.473 | ,000 |

a. Dependent Variable: Y

As shown on test result table, the influence of Customer Satisfaction (Z) partially significant to the performance of SMEs (Y) with percentage by 52,9%.

- **Fourth Hypothesis (H4)**

H₄ : X Ω Z → Y

The fourth hypothesis (H4) that X through Z simultaneously significant effect on Y.

Test result

ANOVA^{a,b}

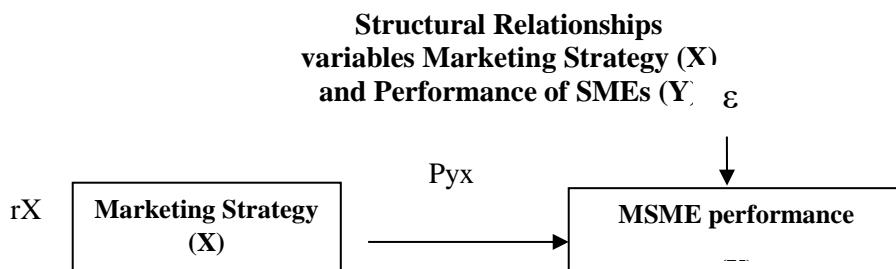
| Model | Sum of Squares | df | mean Square | F | Sig. |
|--------------|----------------|-----|-------------|--------|-------|
| 1 Regression | 17.136 | 2 | 8.568 | 22.548 | ,000a |
| residual | 40.660 | 107 | ,380 | | |
| Total | 57.796 | 109 | | | |

a. Predictors: (Constant), Z, X1

b. Dependent Variable: Y

As shown on test result table, the influence of Marketing Strategy (X) Simultaneously significant to the performance of SMEs (Y) through Customer Satisfaction (Z).

Variable Path Analysis Research



$$Y = Pyx + \varepsilon$$

Coefficients^a

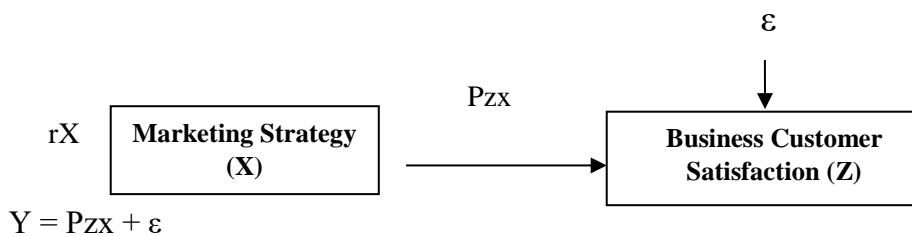
| Model | Coefficients unstandardized | | standardized Coefficients | t | Sig. |
|--------------|-----------------------------|------------|------------------------------|-------|------|
| | B | Std. Error | | | |
| 1 (Constant) | 1,498 | ,419 | | 3.577 | .001 |
| X1 | ,543 | ,121 | ,397 | 4.499 | ,000 |

a. Dependent Variable: Y

Effect of X on Y

$X \rightarrow Y$ is $Pyx \cdot Pyx = (0.397) (0.397) = 0.157609$ or rounded 15.76%

**Structural Relationships
variables Marketing Strategy (X)
and Customer Satisfaction Business (Z)**



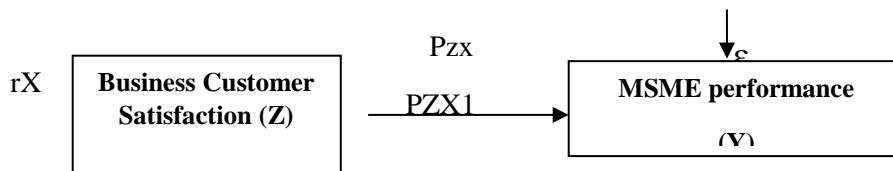
Coefficientsa

| Model | Coefficients unstandardized | | standardized Coefficients beta | t | Sig. |
|--------------|-----------------------------|------------|--------------------------------------|-------|------|
| | B | Std. Error | | | |
| 1 (Constant) | 618 | ,371 | | 1.664 | ,099 |
| X1 | ,723 | ,107 | ,545 | 6.748 | ,000 |

a. Dependent Variable: Z

Effect of X on Z
 $X \rightarrow Z$ is $P_{ZX} \cdot P_{ZX} = (0.545) (0.545) = 0.297025$ or rounded 29.70%

**coefficient of Relationship
Business Customer Satisfaction (Z)
and Performance of SMEs (Y) ϵ**



$$Y = P_{ZY} + \epsilon$$

Coefficientsa

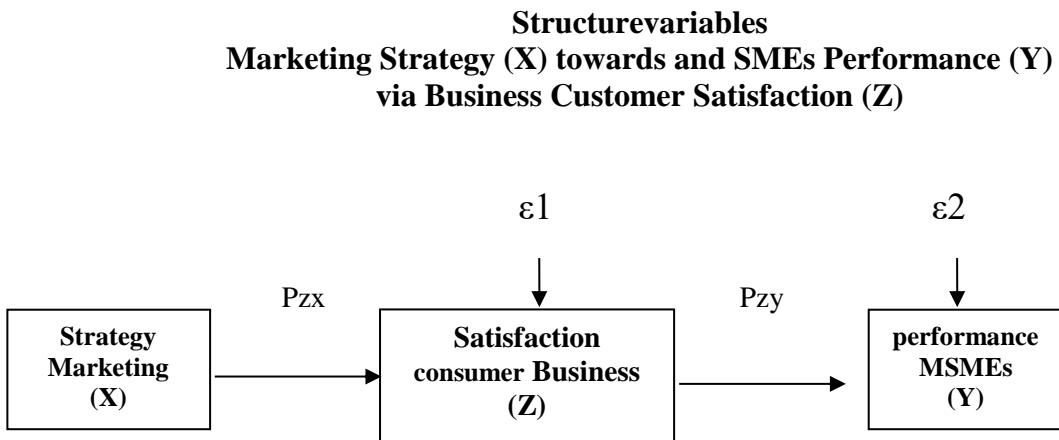
| Model | Coefficients unstandardized | | standardized Coefficients beta | t | Sig. |
|--------------|-----------------------------|------------|--------------------------------------|-------|------|
| | B | Std. Error | | | |
| 1 (Constant) | 1,674 | ,267 | | 6.266 | ,000 |
| Z | ,545 | ,084 | ,529 | 6.473 | ,000 |

a. Dependent Variable: Y

So that the effect of $Z \rightarrow Y$ is $P_{ZY} \cdot P_{ZY} = (0.529) (0.529) = 0.279841$ or rounded 27.98%.

Effect of X on Y through Z

Path analysis developed from the entire structure of the equation mentioned earlier, so that the display structure of this merger can be seen as follows:



The calculation of the effect of X1 to Y by Z:

Effect of X on Y by Z:

$$\begin{aligned}
 X \rightarrow \Omega Y Z &= Pyx.Pzx.Pzy \\
 &= (0.397)(0.545)(0.529) \\
 &= 0.114457 \\
 &= 11.46\%
 \end{aligned}$$

So it can be concluded that there are significant marketing strategies on the performance of SMEs through business customer satisfaction (Z) of 0.114457, or 11.46%.

Interpretation summary

| No. | Information | % | % |
|-----|-------------------------------------|-------|------|
| 1 | Effect of X on Y | 15.76 | |
| 2 | Effect of X on Z | 29.70 | |
| 3 | Effect of Z on Y | 27.98 | |
| 4 | Effect of X on Y through Z | 11.46 | |
| | The total effect of study variables | - | 84.9 |
| | The total effect of other variables | - | 15.1 |
| | Total | | 100 |

DISCUSSIONS AND RECOMMENDATIONS

Discussions :

The development of electronic technology is a challenge for businesses, especially the micro, small and medium enterprises (SMEs) so as to be able to adjust the marketing strategy that has been done conventionally with offline sales is becoming more up to date by opening to the technological advances of sales (selling) by using the online sales application that is more convenient to use by this customer , analyze the impact of marketing strategies used by SMEs culinary to the performance of SMEs after using the application of sales go grab food and food through customer satisfaction business enterprises (SMEs).

The results showed the interrelations between variables with the conceptual framework of research as evidenced from the results of several models that significant matches. Based on the results of the study shows that the marketing strategy has a higher impact on the performance of SMEs directly in the amount of 15.76% compared with the mediation variable customer satisfaction business that only has the effect of 11.46%. This shows that satisfied or absence of business consumers on the performance of the application is not too improve business performance (profit, turnover, etc.), this is in line with research conducted by Dita mandate (2015) which states that businesses must always evaluate marketing mix in order to get periodically for optimal results. The results also show that most influence is shown by the decision of a marketing strategy using business applications to consumer satisfaction with 29.70% of influence, so that it can be concluded that the service providers can join the application is able to provide satisfaction was high for small micro business and intermediate. This is reinforced by research Amalia Suri, et al (2016), which explains that the marketing mix consisting of product, price, place and promotion significantly influence the customer satisfaction of 41.7%. While the business customer satisfaction were considered to improve business performance with a yield of 27.98%. So we can conclude that a marketing strategy can improve business performance of SMEs either directly or indirectly through business customer satisfaction 84.9% while the remaining 15.1% is explained by other variables that are not included in this study.

Recommendations :

1. The food vendors online (businesses)should be more active in making marketing through renewed marketing strategy in order to attract consumer appeal. Such as by providing attractive promo when thereevent in a given month (example: Christmas and New Year). Gives a good picture of food products to appeal to appeal to consumers. And food vendor on line should be more creative in providing packages for consumers.
2. Utilizing the features merchant review that will be issued by the application so that the merchant obtain a high rating and be able to increase the number of sales, a reference merchant for the end consumer to create and make the brand enterprises become more widely known.

REFERENCES

- Adityawarman. Jasa Marga 2014. Difficulties Prepare Money Refund.<https://goo.gl/GN7fMo>, 2016 Buchari, Alma, 2009, *Marketing Management and Marketing Services*, Molds eighth, Bandung: Alfabeta.
- Dita Amanah. 2015. Influence of Marketing Mix on Performance of Small and Medium Enterprises (SMEs). Journal of Community Service Vol 21 No. 81Tahun XXI September 2015.
- Fanny Octaria Zuari, Hapsari Widayani, Raycard D. 2013. Influence Marketing Strategies Against Net Revenue Omah pincuk. Proceeding PESAT Volume 5 October 2013, Bandung.
- Idrus, M (2009). Social Science Research Methods. Yogyakarta. PT.Gelora Script Primary.
- Kotler, Philip and Gary Armstrong (2008). Principles of Marketing, 13. Issue Volume 1. Jakarta: Erland.
- Musran Munizu (2010). *Influence Factors and Performance Against Internal Micro and Small Enterprises (MSEs) in South Sulawesi*, Journal of Management and Entrepreneurship, Vol 12, No.1, March 2010: 33-41.

- Noe, Hollenbeck, Gerhart, Wright. 2003. Human Resource Management, *International edition*. New York: McGraw-hill Compan
- Rival, V., et., Al. 2001. Banks and Financial Institution Management. Jakarta: PT. King Grafindo Persada
- Tjiptono, Fandy. 2009.,*Marketing strategy*, Yogyakarta: Andi.
- Ramdani, A., 2015. *Against Separation Policy Influence Profits at Bank BNI Syariah*. *journal Etikonomi*, 14 (1).
- Robbins, Stephen P. 2001. Organizational Behavior: Concepts, Controversies, Applications, Volume 1, Issue 8, Prenhallindo, Jakarta.
- Suwardi. 2011.*Towards the Creation of Customer Satisfaction Through Quality of Service*, State Polytechnic of Semarang.

MODELS AND DEVELOPMENT STRATEGIES FOR COFFEE COMMODITIES IN JAMBI PROVINCE IN FULFILLING GLOBAL MARKET DEMAND

^aRosmeli

^bNurhayani

^cDearmi, Artis

ABSTRACT

Indonesia is one of the biggest coffee producers in the world following Brazil, Vietnam, and Colombia. Although Jambi, an Indonesian province, is not the biggest coffee producer, it has 3 types of coffee, Robusta, Arabica and Libtucom, which are considered as the leading types in the province of Jambi. The demand for these 3 types of coffee is quite significant; however, there are several problems facing the distribution of the coffee, such as lack of production from farmers, crop failure and unfavourable distribution pathways. The development of coffee commodities does not focus only on developing coffee production in Jambi, but also on maintaining the quality of coffee production, and product diversification. Therefore, it is important to formulate models and strategies for coffee commodity development in Jambi. Data and the required information consists of primary and secondary data. The data collected were analysed with the SWOT and QSPM approach.

The results of the research show that there are several strategies applied in developing coffee commodities, which are cutting the distribution pathway and working with related departments, boosting coffee promotion, developing collaboration with exporter countries, developing the innovation of coffee products and improving knowledge and technology on coffee management. From the available strategies, the best development model involves all elements starting from farmers, local government and exporter countries, to enable Indonesia to meet global market demand.

Keywords: Development Strategies, SWOT Analysis, Models

^aRosmeli, Universitas Jambi. Indonesia. zeadevina@gmail.com

^bNurhayani Universitas Jambi. Indonesia. Nurhayani2106@yahoo.com

^cDearmi Artis' Universitas Jambi. Indonesia. Dearmi.artis@yahoo.com

INTRODUCTION

Coffee plantation is an important commodity for Indonesia economy. It can be proven from its significant contribution for foreign exchanges which worth 469.4 million dollars in 2017. Indonesia is one of the biggest coffee producers in the world following Brazil, Vietnam, and Colombia. According to general directorate in the plantation sector, in 2017 coffee plantation in Indonesia is as big as 1.23 million acres and it significantly decreased since 2013 in which it is as big as 1,24 million acres. With the decrease of coffee plantation were there also the decrease of coffee production. In 2017 the coffee production reached 637.539 tons. In 2016 it reached 639.304 tons and in 2015 it reached 639.412 tons. It is quite different with the competitors, like Vietnam. Indonesia doesn't have big coffee plantation, so it finds more challenges than competitors do to keep the production volume and stable quality, which make Indonesian coffee in international market less powerful (Indonesia Investment, 2018).

Jambi province is not the biggest coffee producer in Indonesia. However it produces coffee which has different characters. There are 3 leading types of coffee in Jambi, Robusta, Arabica, and Libtocom. These 3 kinds of coffee are cultivated in different areas; The Robusta coffee is mainly cultivated in Merangin, the Arabica coffee is mainly cultivated in Kerinci and Libtocom coffee is cultivated in Tanjabbar. Coffee plantation in Jambi province is as big as 26.666 acres in total, consisting of 22.521 acres of the Robusta coffee, 1.535 acres of Arabica coffee and 2.610 acres of Libtocom coffee. Coffee production in Jambi in 2017 reached 14.323 tons, with 2.043 kg/acre productivity. The number of coffee farmer in Jambi is as many as 20.814 patriacrhes (Disbun Provinsi Jambi, 2019)

Jambi coffee is one of the favourite coffees for people around the world, such as in Malaysia, Singapore, Belgium and Netherland due to its special characters which distinguish it from other coffee from other places. The high demand of coffee commodity is not followed with the development of coffee production in Jambi. Several constraints and obstacles have become serious problems in increasing coffee production in Jambi. The increasing demand for coffee followed by the increase of selling price is not accompanied with the increase of coffee production. Several efforts have been done by the coffee farmers to increase the production, yet there are still number of problems faced by the farmers, such as corps failure and unfavourable distribution pathway. There must be models and strategies required to develop the coffee commodity in Jambi.

LITERATURE REVIEW

2.1. Farming efforts concept

According to Soekartawi (2006) farming effort is a purpose to achieve maximum benefit, where someone must allocate available resources effectively and efficiently.

Production activity in farming effort is one of the efforts in which cost and profit is necessary, because farmers always try to find the efficient and new farming effort as well as increase their production. According to Soekartiwi (1994) there are 4 primary elements in farming effort:

- a. Field
- b. Labor
- c. Capital
- d. Management

Production activity includes farming in narrow sense, fishing, breeding, planting, forestry, managing and marketing produce (farming in broad sense).

2.3. Production Theory

Production can be briefly defined as economic activities which produce or increase added value. Creation or added value increase can happen through a production process which combine various primary inputs (plot and natural resources, labor and capital) and intermediate inputs (raw materials, basic materials and fuel) with certain technology to produce number of outputs (goods and services), including intermediate product and final product.

Production theory depicts correlation between production level of goods with number of labors used to produce various production levels (Sukirno, 2005). Based on production time period, production can be categorised into 2:

1. Short term production, in which half of production factor is constant and the others change
 2. Long term production, in which all factors can change and be added based on needs.

In economic theory, production theory includes all functions which show correlation between production result, output and production factor, which can be written as follows:

Where:

Y : Production

$f(x_1, x_2, x_3, \dots, x_n)$: Production Factors

$$Q = f(K, L)$$

Where Q = Output level

K = Capital Input

L = Labor input

2.3. Previous Research

Research on coffee commodity has been conducted so many times, one of those is the research by Zakaria Akhmad et al (2017), entitled development strategies of Arabica coffee farming effort (a case study of coffee farmers in Suntenjaya village, Lembang, Bandung Barat, West Java). This research reveals problems facing coffee farmers in Suntenjaya village which need quick problem-solving strategies to develop coffee commodity in research side. The research concludes there are 3 important strategies in developing farming effort, which are increasing management of farming effort, increasing technical skills in farming effort and empowering farmers community to increase their effort and processing coffee from seed to coffee powder in order to boost farmers income.

RESEARCH METHODS

3.1 Research side

This research was conducted in 3 regencies in Jambi, Merangin, Kerinci, Tanjung Jabung Barat.

3.2. Types and Data Source

This research uses primary and secondary data. To determine strength, weakness, opportunities and threats, sample collection of coffee farmers was conducted. Sample collection applied cluster sampling method. The number of coffee farmers in 3 research regencies is as many as 20.814 people, therefore the number of samples in this research is as many as 100 coffee farmers, 45 people from Merangin, 44 people from Kerinci and 11 people from Tanjung Jabung Barat.

After the strength, weaknesses, opportunities and threats in coffee commodity development were revealed, questionnaires were handed out to 4 respondents coming from different offices in Jambi, Plantation office, industry and trade office, development planning board and Jambi University lecturers.

3.2 Data Analysis Method

SWOT analysis was used in order to formulate models and strategies for coffee commodity development in Jambi. David (2006) and Rangkuti (2006) stated that analysis tools used in formulating companies strategis are IFE matrix, EFE matrix, IE matrix, SWOT matrix and grand strategy matrix. The Important strategy formulation techniques can be integrated into three steps of decision-making frameworks:

1. First step is called input stage, summarizing basic input information required to formulate strategies. Formulation framework consists of EFE matrix, EFI matrix and competitive profil matrix.
2. Step 2 is called matching stage, focusing on alternative strategies creation efforts which are feasible by combining external and internal factors. Techniques in step 2 consist of strength matrix, weakness matrix, opportunity matrix, threat matrix abbreviated with SWOT. BCG matrix, IE matrix and grand strategy matrix.
3. Step 3 is called decision stage, applying a kind of technique, quantitative strategic planning matrix (QPSM). QSPM uses the input information from first stage to evaluate objectively alternative strategies identified in the second step. QSPM reveals attractiveness from alternative strategies and becomes objective basis to select specific strategies. There are six steps which must be followed to make QSPM matrix:
 - 1) Arranging strength, weakness, opportunity, and threat lists which are equal to SWOT matrix.
 - 2) Providing score for each strength, weakness, opportunity and threat.
 - 3) Compiling alternative strategy which will be evaluated.
 - 4) Setting up attractiveness scores, ranging from 1 to 4. 1 means unattractive, 2 means fairly attractive, 3 means quite attractive and 4 means very attractive.
 - 5) Calculating total attractiveness scores (TAS)
 - 6) Calculating number of total attractiveness scores (TAS). Alternative strategies which has the highest total scores, which are considered the best.

FINDINGS

4.1. Development strategies for coffee commodity in Jambi.

4.1.1. Identification of strengths, weaknesses, opportunities and threats.

1. Strengths

Strengths owned by coffee in Jambi are:

a. Good quality coffee

The cultivated coffees are the high-quality coffees growing in several places with different kinds of coffee. Arabica coffee is the best coffee in kerinci. Meanwhile Meranging and Tanjung Jabung Barat have Robusta and Liberica respectively as their best commodity.

b. Coffee fields which are still possible to develop.

In Jambi province, coffee fields owned by farmers are as big as 26.446 acres, which are still possible to develop by clearing the lands for coffee commodity or replacing unproductive old plants.

c. Sustainable coffee production.

Coffee production in jambi increases every year. In 2016 coffee production in Jambi is as big as 13.181 tons and increased to as big as 14.082 tons, the sustainable coffee production is not useparable with the huge plantation fields as well as the plants which produce as many as 16.036 acres in 2017.

d. Availability of IG certificate.

IG certificate is a qualification which shows the origin place of a product. Because geographic factors provide specific character and quality of a resulted product, IG certificate can guarantee and keep the quality of coffee originality.

e. Different signature of Jambi coffee from other coffee.

Produced coffees in Jambi have different taste from other kinds of coffee in Indonesia. The taste make Jambi coffees as the best Indonesia speciality of coffee in 2017.

f. Personal Capital.

Coffee plantations owned by local farmers are inherited from their parents with their own capital without financial support from bank.

2. Weaknesses

Despite the strength Jambi coffees have, they also have some weaknesses:

a. Selling price is not determined by local farmers.

Coffee farmers in Jambi are just the buyers. They sell dried coffee beans with the price which has been determined by buyers.

b. Selling coffee beans through middlemen.

The inavailability of special place functioned as coffee beans sale causes inability of coffee farmers to sell the coffee beans without middlemen, which directly impacts to the coffee beans price.

c. Lack of produced product.

Products produced by coffee farmers in Jambi are very limited. Most of the farmers mainly sell their coffee bean, and they just process few of coffee beans into coffee powder.

d. Lack of good marketing and broad distribution links.

Promotion for coffee in Jambi is very limited. The coffee promotion is just conducted by local government by taking a part in national and international scale exhibitions.

e. Lack of innovation on technology and knowledge.

Innovation done by coffee farmers in Jambi is very limited, because farmers still apply traditional methods.

3. Opportunities

Opportunities of coffee development as a commodity in Jambi are still big, because of following reasons:

a. Big export market.

The different characters of Jambi coffee open the export market segment, since Jambi coffees are favorite ones for people in other countries. There is a big export opportunity to Malaysia and Singapore as well as Arabica coffee consumed by people in Europe.

b. Low coffee product diversification.

Average coffee products are sold in the form of beans. Meanwhile the price is far lower than the coffee products diversification which is produced by the coffee and will give impact on farmers income.

c. UMKM availability in small scale.

There are several UMKM in Jambi which process coffee beans into various products. However, the number is not enough. Products resulted are not optimal and output result is rather small.

d. Online marketing.

With the advancement of technology, marketing is not a main problem. Online marketing is the best method which requires low cost.

4. Threats

The threats which possible to happen are:

a. Cheaper coffee production from other areas.

Coffee productions from other areas are a threat for Jambi coffee due to their cheaper price compared to the Jambi coffee.

b. Disease attacks.

Disease attack is a real threat for coffee production, because the diseases attack all coffee plants. One of the diseases is sudden death.

c. Unstable coffee price.

Price is a threat for coffee plantation sustainability in Jambi. Coffee beans price is still fluctuating, so coffee plantation is not the main source of income for farmers in Jambi.

4.1.2. Alternative formulation for coffee development strategies.

Strategy formulation is conducted through three steps which include IFE matrix, and EFE matrix. A matching process includes IE matrix and SWOT matrix, and decision-making step uses QSPM matrix.

1. IFE matrix.

Based on internal factor identification result, strengths and weaknesses, IFE matrix calculation can be seen below on table 1.

Table 1: IFE matrix model and commodity development strategies in Jambi

| Internal strategic factors. | Weight | Rating | score |
|---|---------------|---------------|--------------|
| strengths | | | |
| 1. Good quality of coffee | 0,073 | 4 | 0,291 |
| 2. Coffee plantation field which can be developed | 0,099 | 3,5 | 0,346 |
| 3. Sustainable coffee production | 0,073 | 4 | 0,291 |
| 4. IG certificate Availability | 0,116 | 3,75 | 0,435 |
| 5. Different coffee characters | 0,107 | 4 | 0,427 |
| 6. Personal capital | 0,092 | 3,75 | 0,345 |
| Weaknesses | | | |
| 1. Uncertain coffee beans price | 0,063 | 1,5 | 0,094 |
| 2. Middlemen roles | 0,074 | 1,25 | 0,092 |
| 3. limited innovation of products | 0,108 | 1,5 | 0,162 |
| 4. lack of promotion and small distribution links | 0,092 | 2 | 0,184 |
| 5. Limited innovation of knowledge and technology | 0,103 | 1,5 | 0,155 |
| Total | 1 | | 2,822 |

Source: processed from 2019 questionnaire

Based on IFE matrix, it is known that strength factor which has the highest score is IG certificate availability, as big as 0,435. IG certificate becomes the guarantee of coffee quality in Jambi, which has impact to coffee commodity development.

The primary weakness in coffee commodity development in Jambi is the roles of middlemen with score as big as 0,092. The unavailability of coffee selling alternatives causes farmers to sell the coffee bean to middlemen and farmers can bargain the coffee prices. Another weakness is uncertain coffee price with score as big as 0,094.

Overall, the total score obtained from strength and weakness in IFE matrix is 2,822, above average score 2,50. Based on the total score it can be concluded that coffee commodity development in Jambi is strong and can handle the weaknesses.

2. EFE matrix

EFE matrix is used to know how much the impact of external factors faced. IFE matrix is arranged based of identification result from external condition, such as opportunities and threats faced.

Table 2: EFE matrix model and development strategy for coffee commodity development in Jambi

| External strategic factors | | weight | Rating | score |
|---|--|----------|--------|--------------|
| Opportunities | | | | |
| 1. Big export market segment | | 0,167 | 3,5 | 0,583 |
| 2. Low diversification of coffee products | | 0,176 | 2,25 | 0,395 |
| 3. Availability of Small scale UMKM coffee beans processing | | 0,152 | 3,75 | 0,569 |
| 4. Social media marketing | | 0,164 | 2 | 0,327 |
| Threats | | | | |
| 1. Cheap coffee products from other areas | | 0,134 | 1,5 | 0,201 |
| 2. Diseases attack | | 0,092 | 3,25 | 0,300 |
| 3. Unstable coffee price | | 0,116 | 3,5 | 0,406 |
| Total | | 1 | | 2,782 |

Source: processed from 2019 questionnaire

Based on EFE matrix table, the primary opportunity is big export market segment with score as big as 0,583. This score shows that coffee commodity in Jambi is still wanted by international market due to its special characters and the taste. The score of 0,569 obtained because of the availability of small UMKM coffee beans processing.

The primary threat which must be faced on coffee commodity development in Jambi is the existence of cheap coffees from other areas with score as big as 0,201. Diseases attack is also a big threat. The diseases attack can cause sudden death of the coffee plants. It drives coffee farmers confused and desperate, causing the decrease of production and the farmer's spirit.

Overall, total score from four opportunities and three threats on EFE matrix is as big as 2,782 or above average score 2,50. Based on the total score it can be concluded that coffee commodity development in Jambi can respond external environment by using opportunities to deal with threats.

3. IE matrix

IE matrix is arranged based on external and internal factors analysis result cobined with IFE and EFE matrix. IE matrix is shown from 5.1 picture below.

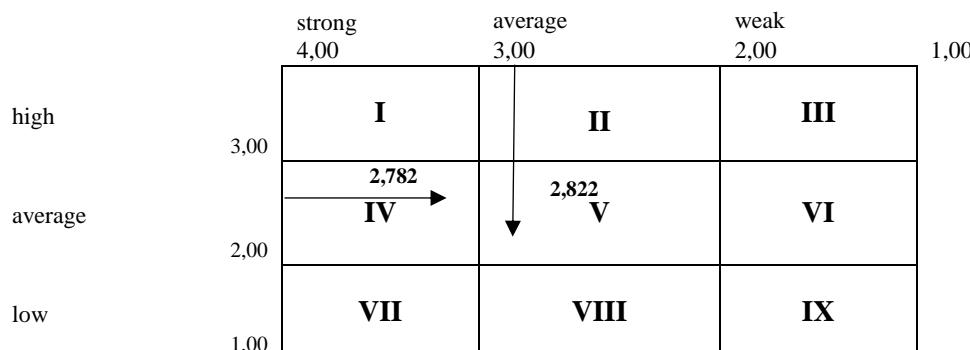


Figure 1: IE matrix of coffee commodity development in Jambi

Analysis result from internal factors using IFE matrix shows total score as big as 2,822. Meanwhile, analysis result from external factors using EFE matrix shows total score as big as 2,782. Based on total score from IFE and EFE matrix, coffee commodity development is placed in V cell on IE matrix. Strategy which can be obtained from the cell is hold and maintain. The best strategy which can be done is market penetration strategy and product development.

4. SWOT matrix

SWOT matrix is arranged based on external and internal identification result, including strengths and weaknesses as well as opportunities and threats. The combination of external and internal factors on SWOT matrix will result some alternative strategies which can be used to develop coffee commodity in Jambi. The SWOT matrix can result four possibility sets which are S-O, S-T, W-O and W-T. It is shown below:

| | Internal Factors | Strengths: (S) | weakness: (W) |
|---------------------------|---|--|---|
| | | 1. Good quality coffee 2. Coffee plantation field which can be developed 3. Sustainable coffee production 4. Availability IG certificate 5. different coffee characters 6. personal capital | 1. uncertain coffee beans price 2. middlemen roles 3. Lack of resulted products 4. lack of promotion and broad distribution links 5. limited innovation of knowledge and technology |
| External factors | | | |
| Opportunities: (O) | Strategu S-O (S3, S4, S5 and O1, O2) 1. Cooperation development with export destination countries 2. Development of coffee products | Strategy W-O (W1, W2 and O1) 3. . Cutting distribution line 4. Creating cooperation with related offices | |
| Threats: (T) | Strategy S-T (S3, S4, S5 and T1) 5. Developing promotion of Jambi coffee 6. Made a Coffee Jambi as icon Jambi Province | Strategy W-T (W3, W5 and T1) 7. Development of knowledge and technology 8. Development of Human Resources | |

Source: processed from 2019 questionnaire

QSPM matrix

After some alternative development strategies of coffee in jambi to fulfill global demand obtained, alternative strategies selection for coffee commodity is conducted using QSPM matrix. Selected strategies for implementation is are based on calculation result from QSPM which is shown below: Setelah diperoleh beberapa alternatif satrategi pengembangan komoditas kopi Provinsi Jambi dalam memenuhi permintaan global.

Table 4: QSPM matrix of alternative strategic development for coffee commodity in Jambi in fulfilling global market demand

| strategies | connection | TAS | Ranking |
|--|-------------------|-------|---------|
| 1. Cooperation development with export countries destination | S3, S4, S5 and O1 | 5,340 | V |
| 2. Development of coffee product innovation | S3, S5 and O2 | 5,458 | IV |
| 3. Cutting distribution line | W1, W2 and O1 | 5,636 | I |
| 4. Creating relationship with related offices | W5 dan O3 | 5,124 | VI |
| 5. Developing promotion Jambi coffee | S4, S5 and T1 | 5,584 | III |
| 6. Made Coffee Jambi as icon of Jambi Province | S4, S5 and T1 | 5,598 | II |
| 7. Development of knowledge and technology coffee processing | W3, W5 and T1 | 5,025 | VII |
| 8. Development of Human Resources | W1, W2 and T2 | 4,878 | VIII |

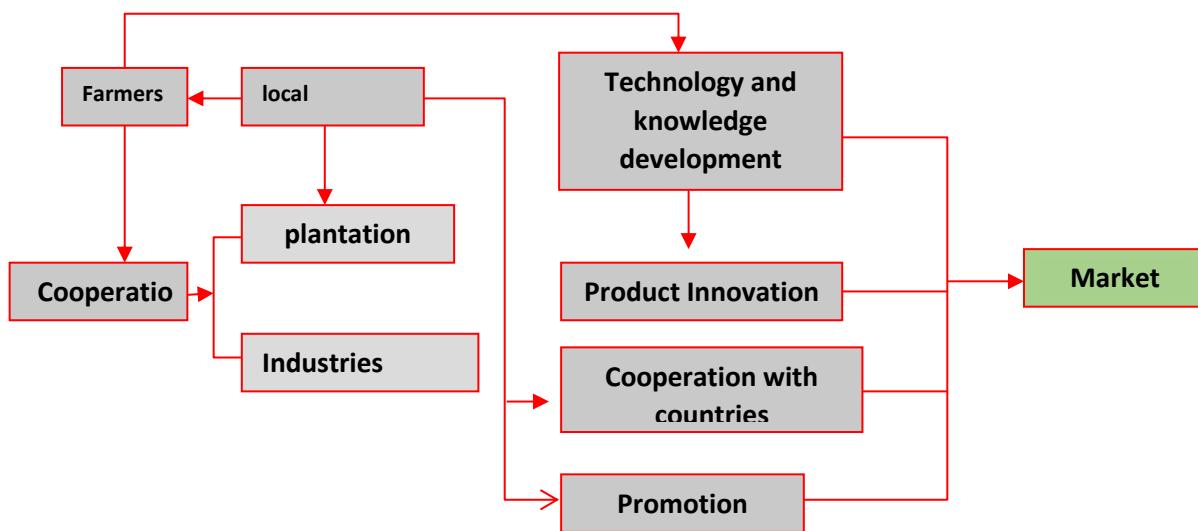
Source: Processed data, 2019

Based on QSPM matrix analysis result, appropriate strategies is obtained:

1. Cutting distribution line with the highest TAS score as big as 5,636. This idea gives impact on coffee price increase, which can not be done by farmers this far. One way to do it is to establish special place to collect coffee beans produced by farmers.
2. Made Coffee Jambi as icon of Jambi Province with TAS score 5,598. Beside Jambi batik, three other Jambi commodities are Arabica, Robusta and Libtocom coffee, which can be used as a regional specialty
3. Developing Jambi coffee promotion score 5,584. The promotion can be conducted by declaring Jambi coffee as one of the best gift for visitors and conducting exhibitions to introduce Jambi coffee to the locals as well as national and international scale exhibitions.
4. Development of coffee product innovation with TAS score 5,458. Innovative coffee product must be developed to give additional credit for the coffee commodity.
5. Developing cooperation with countries export destination reaches TAS score 5,340. With the cooperation with countries export destination, it is going to be easy for farmers to market their coffee in order to fulfill global market demand.
6. Creating cooperation with related offices with TAS score as 5,124. strategy and the coffee product can be sold directly to market without middlemen.
7. Increasing knowledge and technology for coffee production processing reaches with TAS score 5,025. It is the seventh strategy which must be developed by conducting workshop on knowledge development and technology. It can allow the farmers to process efficiently and effectively and allow them to press the cost.
8. Development of human Resources with TAS score 4,878. by increasing human resources it can have an impact on increasing farmers' knowledge and the development of coffee commodities themselves

Coffee commodity development models in Jambi.

The higher price of coffee commodity than the other commodities like rubber and palm is one of reasons why there are so many farmers who get interested to cultivate it. Unfortunately, the farmers cannot get the high price because of the role of middlemen in this business. The middlemen make the coffee price lower. Coffee business in Jambi is still promising due to global market demand. The coffee from Jambi has different characters compared to others. The availability of IG certificate acts a guarantee of the coffee quality. Coffee production in Jambi is quite huge, however the farmers do not have access to know the distribution line of their commodity. The main problem is that there is a huge demand from global market, but it is not fulfilled. From some strategies in coffee commodity development, model is depicted below:



DISCUSSIONS AND RECOMMENDATIONS

Discussions

There are 8 strategies in coffee commodity development in Jambi, cutting line distribution and Made Coffee Jambi as icon of Jambi Province, Developing Jambi coffee promotion, Development of coffee product innovation, Developing cooperation with countries export destination, Creating cooperation with related offices, Increasing knowledge and technology for coffee production processing and development of human Resources From all strategies, it can be concluded that the best development model is involving all related components from farmers, local government, other countries, which at the end Jambi can fulfill global market demand.

Recommendations

Government and farmers should cooperate and work hand in hand especially in deciding coffee distribution which disadvantages farmers a lot. Workshop and empowerment on UMKM should be the focus of all components in order to develop innovation from the coffee product. The current cooperation with other countries should be empowered to allow the export process run well.

REFERENCES

- AEKI. (2017). *Ekspor Kopi*. Retrieved from <http://www.aeki-aice.org/page/ekspor/id>, diakses tanggal 22 Februari 2019.
- Badan Pusat Statistik. (2018). *Statistik Kopi Indonesia*, Jakarta
- David, F. R. (2006). *Manajemen Strategi :Konsep*. Terjemahan. Edisi Kesepuluh. Jilid 1. Salemba Empat. Jakarta.
- Dinas Perkebunan. (2019). *Statistik Perkebunan Provinsi Jambi*.
- Dirjen Perkebunan. (2017). *Statistik Perkebunan Kopi Indonesia*. Jakarta

- Dwiky. (2018). Analisis Determinan Ekspor Kopi Indonesia pada Empat Negara Importir Terbesar. *Jurnal Ilmiah Mahasiswa FEB Universitas Brawijaya*.
- Fadhli, R. (2018). Development Strategy for a Quality Management System of Gayo Coffee Agro – Industry Using Soft System Methodology. *Journal Periodica polytechnical Sosial and Management Sciences*, 168 – 178.
- International Coffee Organization. (2017). *World Coffee Market Outlook*. Retrieved from <http://.ico.org>. (diakses tanggal 23 Februari 2019).
- Indonesia Investment. (2018). *Produksi domestik, ekspor dan konsumsi kopi indonesia*. Diperoleh melalui situs. Retrieved from <http://www.indonesia-investments.com/id/bisnis/komoditas/kopi/>. Diunduh pada 16 Februari 2019.
- Rangkuti, F. (2006). *Analisis SWOT: Teknik membedah kasus bisnis*. Jakarta: Gramedia Pustaka Utama.
- Rosmeli dan Dwi Hasturi. (2017). *Determinan Produksi Perkebunan Karet di Desa Purwasari Kabupaten Bungo*.
- Rika hariance, rudi febriamansyah, dan faidil tanjung. (2016). Strategi pengembangan agribisnis kopi robusta Di kabupaten solok. agrisep, 15(1), 111 – 126
- Silitonga, C.M. (2008). *Analisis keunggulan bersaing kopi arabika gayo organik di indonesia* Medan: Tesis Program Magister, Universitas Terbuka, Medan. (Unpublish). Holtz-Eakin, D., dan M. E. Lovely (1996). Scale economies, return to variety, and the productivity of public infrastructure. *Regional Science and Urban Economics*, 26, 105-123.
- Sudjarmoko. B. (2013). *Peluang dan Tantangan Pasar Kopi Indonesia di Pasar Domestik dan Pasar Internasional*. Media Komunikasi Tanaman Industri dan Penyegar. Pusat Penelitian dan Pengembangan Perkebunan. Bogor, 1 (2). Februari 2013
- Soekartawi. (2006). *Agribisnis Teori dan Aplikasi*. Rajawali, Jakarta.
- Zakaria, Ahmad dkk. (2017). *Strategi pengembangan usaha tani kopi arabika (kasus pada petani kopi di desa suntenjayakecamatan lembang Kabupaten bandung barat, provinsi jawa barat)*. *Jurnal Sosioteknologi*, 16 (3), Desember 2017.

SKILL SET FOR FUTURE WORKFORCE IN THAILAND

^aDuangjan Varakamin

^bPairin Cholpaisal

^cPanachit Kittiphanya-ngam

ABSTRACT

This paper examines future human skill sets for working in Thailand through three timeframes - AI developing (2020 - 2029), working with AI (2030 - 2059), and living with AI (2050 –2060). The Delphi method and PESTEL analysis are used to identify the future skill set of Thai workers. The findings are as follows: Thailand is in the AI developing phase, while working with AI and living with AI phases have not yet begun. The evolution of AI in Thailand occurs in the financial and banking industry, and the ICT industry such as Bank of Thailand, and the Revenue Department. The skill set for future workers includes creativity, digital skill, quantitative analytical and statistical skill, coding, data analytical skill, open-mindedness to adaptation and lifelong learning, people management skill and biotech literacy. The external environment that affects the future skill set includes - no clear plan or government policy for future skill, economic factors influenced by China, change in people's livelihoods and population structure, legal structure and mechanisms. Most organizations do not have clear plans to use AI or for worker skill development. To do this, the operations of the firms need to be redesigned by incorporating AI and cultivating related employee skills.

Keywords: Future skills, future workforce, skill set, Artificial Intelligence, Delphi method, PESTEL analysis.

^a Lecturer, College of Innovative Business and Accountancy, Dhurakij Pundit University, Thailand, duangjan@dpu.ac.th

^b Lecturer, College of Innovative Business and Accountancy, Dhurakij Pundit University, Thailand, pairin.nak@dpu.ac.th

^c Director, Institute for Developing Entrepreneurship and Future Workforce (DPUX), Dhurakij Pundit University, Thailand, panachit.kit@dpu.ac.th

1. BACKGROUND

In the last 10 years, there have been research articles around the world that present the topic of artificial intelligence (AI). Impact on human labor will occur when AI can replace some human skills and how the labor would adapt their skills to survive from the AI development. Various organizations of a private sector, a government sector have realized the upcoming changes and adaptations, especially the human labor issue. However, AI will destroy our jobs and the future of work, it cannot replace all human jobs. According to Kasriel's study, AI and robots are expected to create new jobs in the future (Kasriel, 2017). Thus, there will be a higher demand on new skill set of human labor in order to collaborate between human and machine. There will also be a shortage in some skills which are high skills. Then, many countries will compete for high skill workers in these professions, such as data scientist, engineer solutions, UX designer, QA engineer software, software developer and front end developer, etc. As working style will change from full-time job to freelance, what students learn in higher education has to meet the worker and entrepreneur needs for readiness to work in the future.

The purpose of the research is to study the skill sets for future workers in Thailand in three periods as follow: (1) AI developing (2020 - 2029), (2) working with AI (2030 - 2059), and (3) living with AI (2050 –2060).

2. LITERATURE

The researchers have studied the articles related to future workforce through timeline and implement the relevant concepts on the timeframe. Then, skill needs in each timeframe are considered by using AI computing power capability compared with human brain ability. As a result, the timeframe of study is divided into 3 period. When AI computational power capacity equal to human brain ability in 2030 (Connor, 2008), the year of 2020 to 2029 are set to be the first period, namely, AI developing period. Next, the second period which will start in 2030 and continue until the period before AI has more computational capability thousand times than today computer capacity. According to the Life in 2050 book: How We Invent the Future Today, this scenario will occur in 2050 (Eberl, 2011), therefore, the year 2050 is considered to be the start year of the third period. That is, three time frames of the study are as follow:

Phase 1: 2020 – 2029 Evolving with AI. The period of AI developing in the first 10 years through data, creativity, empathy. Also, involved in social and economic aspects, time management, solid intelligence, laws such as rights, regulations, and facts based on technology in the first 10 years, data preparation, data cleansing, and various definitions.

Phase 2: 2030-2049 Working with AI. This is the period of using creativity of human skills for AI developing in order to generate value creation. That is, working with AI period is based on creativity and value creation.

Phase 3: 2050 – 2060 Living with AI. It is the period of working and daily living with AI. During this period, AI capacity over thousand times of human ability. In addition, living purposes will change dramatically for both economic and social ways.

3. METHODS

The paper considers two methods:

3.1 Delphi method First, research team does the literature review to understand the conceptual direction of future labor skills from related research studies. Second, create a set of questions for soliciting information from experts, academics, administrators (top visionary) to brainstorm ideas on the scenario from literature review. Ten experts (from Securities and Exchange Commission (SEC), National Innovation Agency (NIA), Digital Economy Promotion Agency (DEPA), Federation of Thai

Industries, CP All Public Company Limited, Microsoft (Thailand) Limited, Kasikorn Bank, and Builk One Group) participate in two rounds of consultation. In the first, they identify the time frames for future skills from the literature review. In the second round, they evaluate future human skills over the coming time frames and the expected timing of skill adoption, the impact of technology on workers' skills needs for Thai workers. Whether they are similar to/or different from the literature review studies, then bring the expert comments on contents that needs to be improved to suit Thailand case.

3.2 PESTEL Analysis as a tool used to analyze and monitor the external environment factors that have an impact on an organization and future skill sets of working as follow:

- 1) Political factors are all about how and to what degree a government intervenes in the economy, including government security, rules and regulations, government support on research and development. Process of training data for AI should also be designed with bias detection. The algorithmic bias occurs when AI and computing system act not in objective fairness.
- 2) Economic factors have significant impact on how an organization does business. Factors include - economic growth, interest rate, inflation, labor cost, labor skills, etc.
- 3) Social factors such as population growth, age distribution, population structure change, social and cultural changes. Regarding lack of information on labor skill gap, it is necessary to survey on skill needs that have to be developed. Also, the labors that will be affected by unemployment would be considered first.
- 4) Technological factors such as new technology of producing and distributing goods and services, internet impact on communicating, research and development.
- 5) Environmental factors such as climate change, pollution, and risk from natural disasters.
- 6) Legal factors include – health and safety, consumer rights and laws, regulations, laws relating to AI development.

4. FINDINGS

Phase 1: Evolving with AI. First, AI capability is not as good as human. Human skills have developed along with AI until AI and humans have equal capacities. At this point, AI has no creativity skill. AI working could replace some workers that do not require creativity skills. The creative works still need to use human labor.

During the evolving with AI, the skills needed for human labor include design thinking or design mindset, adaptive thinking, mobile technology, and team working as virtual collaboration.

What AI cannot do during this period is sense making skills for making decisions. In addition, future skill of workers is coding in order to understand logic of working with AI. Also, skills to use new media and understand information management.

Overview of this period is a preparation for people to have skill set for managing big data to be ready before entering the second period.

Phase 2: 2030 - 2049 Working with AI. A period in which humans work with AI, people need to be developed more skill sets than the Evolving with AI period, such as working mindset change, learning and adaptability skills. That is, everyone has to increase skills or learn new skills (reskills or update skills) to keep up with changing. During this period, full form of working with AI would cause a decrease in communication between humans. Therefore, social and emotional skills are important to develop as well.

Entrepreneurial capability is a very important skill or the core skill of doing business. Although this period most works are done by AI, humans and AI still have to work together. Human works focus on analytical skills, value creation for products or services with more experienced base.

Office working style: role of large offices have been reduced, changing to co-working space. Technology and information developing are based on knowledge-based and creative build-technology.

Human health, bio-wellness will be implemented. Embedding chips in the body for health check, not just wearable. Use of technology is form of social mobile analytics and cloud (SMAC).

Phase 3: 2050 – 2060 Living with AI. AI development will progress to thousand times over human ability. During this period, AI will fully replace human labor. Humans may not have to work hard since the employment of human labor has higher cost than AI.

Although, AI works for human, workers need to have other skill set to be able to work with AI in a different manner, for instant, virtual collaboration that primarily uses programming and algorithms. New career such as philosophical consultant, virtual room designer, occupation designer, free time designer, etc.

Table 1: Summarize the key skills of future worker in the three periods

| Evolving with AI 2020-2029 | Working with AI 2030-2049 | Living with AI 2050-2060 |
|---------------------------------------|---|---|
| Creativity | Interpersonal skills (social skills) | Life skills |
| Virtual collaboration | High cognitive skills (fluency of ideas and active learning) | Programming and algorithms |
| Critical thinking | Systems skills (judgement and decision making, system analysis, system evaluation) | Emotional intelligence and mental resilience |
| Active learning with a growth mindset | Broad-based knowledge (English language, history, biology, philosophy, administration & management) | Adaptation to change |
| Sense making | Value creation | New Job emerge: -designer for virtual room |
| Complex problem solving | Entrepreneurship | -personal health assistant |
| Transdisciplinary | SMAC (social, mobile, analytics and cloud) | -free time and occupation designer |
| Cross cultural competency | People Skills | |
| Coding/programming language | Advanced STEM skills | |
| New media literacy | Digital knowledge management | |
| Data skills | Bioskills (bio data, bio communication, bio practice) | |
| Design thinking/ Design mindset | | |
| Technological skills | | |
| Social intelligence | | |

Due to the three period of study, the results of expert interviewing who work in the organizations that are related to skill worker users. We found that the length of time period in the three division of time period of the study is too far due to a rapid technology changing in only a few years. For the first phase, Evolving with AI which is a period of AI developing, Thailand could be in this phase, while the other two phases would be far beyond predictable. Some expert opinions indicate that working with AI and living with AI could occur simultaneously or could not be clearly separated.

For the case of Thailand, time period of changes in developing skills for future work will be slower than developed countries. It is hard to develop skill set for workers associated with AI creators

since there are small numbers of AI creator company. In other words, Thai people are likely to be AI users.

Evolving with AI for Thailand would not be equally developed in each industry or sector because of having different contents. Considering the industry sector, with clear standard data and more use of AI technology, for example, financial and banking industry currently (2019) have already applied AI technology related to payment since there are more big data in this industry than other industries. In addition, the ICT industry which uses mobile technology also has a large amount of data and clear transaction. As a result, information policy could be quick, whereas most agencies in the government sector cannot develop AI, only some agencies are using AI such as Bank of Thailand, Revenue Department, etc.

In Working with AI period, characteristic of working within a single section will be less since there are more working cross section with many parties and professional field. Experts have commented that banking industry is currently working with AI, for example, uses of information from AI to analyze customers. At the same time, banking service behavior of customers has changed. In addition, it is necessary for skills developing for people to integrate with AI, and could be a new career in the future.

As very far of Living with AI period, experts could not comment on what would obviously happen, but one thing will occur, that is, the more gap between humans and AI, resulting in a disparity between generations. In the view of the experts, the important skill set of people in this period is the interaction between people since communicating AI to work for them causes a decrease interactions between people. Impact on people while living with AI, for example, a law in Europe that people have the right to ask for “people” to review or decide on the final step. The skills of living with AI in the future may be comparable to living with the smart phones now.

For Thailand's skill set, it may not be able to reach the objective as foreign country. In the view of the experts, the skills that should be at present, including: Creativity: technology understanding, big data understanding and capability of big data management, creative ideas for use of information for business benefits.

Digital Skills: be able to use digital tools and AI without the need to be programmers. For example, after training accounting finance clients to use tools, they can apply innovatively to their work with open-minded to technology.

Quantitative analytical and statistical skills: Need knowledge on data and big data for uses of AI.

Mindset: preparation for adaptation of working and lifelong learning since each age group has different upskill and reskill level.

People Management Skill: more team working at present and in the future. A maintain balance between hard skills, soft skills, and social intelligence for youth.

Coding: is a practice of Logic thinking, system thinking, and process thinking for developing to programming. Coding will strengthen the cognitive information management.

Biotech Literacy: analysis of data derived from motions. Information on genes and DNA level.

Data Skill: use of data effectiveness, understanding data structure, data science, data miner, data analysis and data architect.

Internationalization: skills in looking at the world, skills in seeing the world, and understanding the world.

Digital Footprint: understanding and realizing in digital record for youth, cultivate appropriate digital lifestyle.

Soft skills:

The skills that AI has not been able to replace humans. For example, situation related to understand feelings, i.e., whether he/she is hurt or stressed. AI does not understand feeling or is not trained to understand about stress.

Analysis of data using PESTEL technique which is analysis of external environment affecting future skill set, includes

1) Politics factors: The state should play a role in facilitating. A slow adaptation of government sector because of tying with government officials. Thailand's private sector is very fast in adopting AI technology, for example, Thai banking is at the forefront of digital issues. Banks have invested in many financial innovations since they are private entity with enough capital. Private sector's not much capital will be difficult to develop skills. In addition, Telecom industry has developed well, but shortage of worker skills in health care sector is quite large.

For the government policy regarding future labor skills, there is no clear plan and is inconsistent. The government policy on future skills at present is still far from being developed. The agency that should be most digital is Digital Government Office which is still not modern, and has no link among government agencies. Dr. Phum's perspective views this is not a difficult problem. The Digital Government Office should be the owner of data. There other agencies could ask for information from this office.

At present, ownership of the information is the Ministry of Interior, Ministry of Finance, Ministry of Commerce, etc., where the Ministry of Interior is the linking point. For example, a data linkage project allows only government agencies to use data while. The private sector is still unable to use the data. At present, Thailand has a lot of information, but still not enough and need to develop more information. The problem is the structure level, if not corrected, the part that needs to be done will not be fully developed.

Information distribution still concentrated on the government agencies. In this case, it is necessary to have a clear act on what the main agency could do since it does not currently. Moreover, the private sector and public must be allowed to access data. For example, trade data with the Ministry of Commerce, people who do online trading cannot access to the data. The important information is at the Ministry of Interior who's claiming insecurity, thus, not allow the private sector and public to use the data for benefits despite the duty of government ministries is to promote and support the use of information effectively.

The government should have a concrete national AI plan, as the China AI 2030 plan of China.

2) Economic factors: at present, the western economic power is the United States of America, while the eastern economic power is China. Thailand is more easily influenced by China because of a similar culture. Therefore, AI developed by China will be adopted more easily.

3) Social factors: changing of people's livelihoods. As AI is replacing human labors, people will reduce their work time. The expert's point of view still has no idea of how the economy, politics and society live together because some people do not have income or have less income. This is more concern to a replacement of AI or a coming of new technology.

Social sector: is another problem for who could not reach technology. For example, some NGOs want to use technology but do not have one. Besides, some groups cannot even use the technology. But now the social sector is getting better because of the application LINE.

In addition, should be aware of AI bias, ethics, define scope of AI using – scope of work that AI should not do, and scope of human work.

An important issue is entering elderly society. Occupations that are related to the elderly will occur, including products and services related to the elderly. People who have to take care of the elderly need to rely on technology as a supplement.

The society has changed from scatter area to now people live in town, where there are new professions, such as coin laundry shop.

- 4) **Technological factors:** Using technology to be useful for quality information creation. Using new science such as bio informatics, bio engineering.
- 5) **Environmental factors:** Using AI technology to predict and protect environmental problem.
- 6) **Legal factors.** Legal structure, mechanism, and social structure for protecting the loss to people who get negative impact. Moreover, learning to work with AI need to understand limitations of AI, consumer protection laws, and rights protection laws.

5. DISCUSSIONS

The organization does not have a plan for preparation of labor skills developing, based on data from the Microsoft research team, collaborated with IDC who conducted a survey of companies in Asia Pacific and Thailand. By surveying the management and employees 101 companies, being C level 52% (CIO, COO, CEO), C1 level 29% (VP, Director, Executives) and C2 level 29% (Senior Manager). For corporate size, SME 54%, large enterprise 46%. Considering industry sector consists of agricultural, healthcare, automotive, manufacturing, education, retail, FSI, services, government and telco / media. The study finds that the problems and obstacles in future workforce development are - many organizations want to invest in skills developing for workers, but do not have clear plans, guidelines, skills for creating tools to measure skills. The proportion of organizations that do not have plans is as many as 21%, have some plans but not yet done 27%. That is, a total of 48% have not done anything. It is noticed that many skills want to be developed but still not started. About a half of large organizations have already gone ahead with plans to use AI. Furthermore, operations of the firms need to be redesigned by incorporating AI and cultivating related employee skills.

Change mindset from anxious about jobs being replaced by AI to get an opportunity of new jobs created by AI. Workers could get higher level tasks and enhance human skills to extend physical capabilities. On the other hand, Thai entrepreneurs can find opportunities from CLMV neighbors.

The important resource is human labor. In addition, workers in government sector, business and SME need to upskill or reskill to understand data and AI. Data is the key role of technology.

Problems and obstacles in future labor development

- 1) Lack of lifelong learning culture in social. Instead, people have to be fast thinking, short action, and fast measurement.
- 2) Need good information strategies for continuous data collection.
- 3) Infrastructure, rules and regulations to support new businesses for living together and creating new opportunities.
- 4) Patent is also important factor. To attract patent creation, one way is to develop new skills. Alternatively, hiring talented people with new skills from abroad.
- 5) Technological obstacles. Thai workers who are technological creators work abroad because of the unfavorable ecosystem of Thailand. For example, Singapore is a small country, but can do a lot of unexpected things. Many agencies in Thailand, for example, National Science and Technology Development Agency (NSTDA) that have supported for many years, but not for commercial purposes because they do not look at the market as a key. The KPI of these agencies should be adjusted to the amount of research that enhance country output. As Dr. Sumet Tantivejkul said that we have good resource but not using them. Thus, researchers leave Thailand for foreign countries because the country is not taking good care of our people. However the government lately push for researches that lead to business with both the state and researchers benefits. The government has an important role in macro level, while a need for

adaptation for survival of the private sector. How to modify study from prosperous countries. The obstacles of developing are people and benefits.

6. RECOMMENDATIONS

Preliminary results of the study: Although studies from abroad have predicted future skills for the next 50 years, the experts who the research team interviewed commented that it is too far. As changing in the world today takes a very short time, their opinions about future skills for Thailand would concentrate on period of 2020 to 2029 (Phase 1 of the study). The skills for worker in the future workforce would include creativity, digital skill, quantitative analysis, people management skill, etc. It is noticed that all of them are soft skills. The problems and obstacles of future worker skill are that many organizations do not have any plan and investment on the future skill development for their staffs. As well as, the workers themselves do not plan to develop their skills because of a very high cost of reskill and upskill.

Meanwhile, as the government sector could become an intermediary in reducing these problems and obstacles, such as issuing tax deduction or subsidy policies for lowering the cost of reskill and Upskill, these would have provided the future skill development to be more efficient for future workforce development.

7. REFERENCES

- Australia Industry and Skills Committee. (2017). *Future skills and training: A practical resource to help identify future skills and training*. Retrieved from <https://www.aisc.net.au/sites/aisc/files/documents/Future%20Priority%20Skills%20Resource.pdf>
- Bridge. (2016). *7 Trends for Workforce 2020: How to Make Today's Ever-Changing Workplace Work for You*. Retrieved from <http://www.sewi-astd.org/resources/Pictures/7%20TRENDS%20FOR%20WORKFORCE%202020.pdf>
- Bughin, J., Hazan, E., Lund, S., Dahlström, P., Wiesinger, A., & Subramaniam, A. (2018). *Skill shift: Automation and the future of the workforce*. (Discussion Paper). McKinsey Global Institute: McKinsey & Company.
- Conner, S. (2008). Computers to match human brains by 2030. *The Independent Tech*. Retrieved from <https://www.independent.co.uk/life-style/gadgets-and-tech/news/computers-to-match-human-brains-by-2030-782978.html>
- Crimson. (n.d.). Top 10 Jobs in 2030: Skills You Need Now to Land the Jobs of the Future. Retrieved from <https://www.crimsoneducation.org/za/blog/jobs-of-the-future>
- Daheim, C. and Wintermann, O. (2016). 2050: The Future of Work. Findings of an International Delphi-Study of The Millennium Project. Retrieved from https://www.bertelsmann-stiftung.de/fileadmin/files/BSt/Publikationen/GrauePublikationen/BST_Delphi_E_03lay.pdf
- Davies, A., Fidler, D., & Gorbis, M. (2011). Future work skills 2020. *Institute for the Future for University of Phoenix Research Institute*, 540.
- Global Workplace Solutions. (n.d.). *Smart Workplace 2040: The Rise of the Workplace Consumer*. Retrieved from http://f.tlcollect.com/fr2/816/52576/Smart_Workplace_2040.pdf
- Insight Report. (n.d.). *The Future of Jobs Report 2018*. *World Economic Forum*. Retrieved from <https://www.weforum.org/reports/the-future-of-jobs-report-2018>
- Kasriel, S. (2017). 4 predictions for the future of work. *World Economic Forum*. Retrieved from <https://www.weforum.org/agenda/2017/12/predictions-for-freelance-work-education/>
- OECD. (2017). Future of Work and Skills. Paper presented at the 2nd Meeting of the G20 Employment Working Group. [online] https://www.oecd.org/els/emp/wcms_556984.pdf
- PWC. (n.d.). *Workforce of the future: The competing forces shaping 2030*. Retrieved from <https://www.pwc.com/gx/en/services/people-organisation/workforce-of-the-future/workforce-of-the-future-the-competing-forces-shaping-2030-pwc.pdf>

- Toossi, M. (2016). A look at the future of the US labor force to 2060. *US Bureau of Labor Statistics*. Retrieved from <https://www.bls.gov/spotlight/2016/a-look-at-the-future-of-the-us-labor-force-to-2060/home.htm>
- UK Commission for Employment and Skills (UKCES). (n.d.). The Future of Work Jobs and Skills in 2030. Retrieved from https://www.oitcinterfor.org/sites/default/files/file_publicacion/thefutureofwork.pdf
- Eberl, U. (2011). *Life in 2050: How We Invent the Future Today*. Beltz & Gelberg.
- Wilson, H. J., & Daugherty, P. R. (2018). Collaborative intelligence: humans and AI are joining forces. *Harvard Business Review*, 96(4), 114-123.

THE EFFECT OF INTERNAL AND EXTERNAL FACTORS OF GREEN INNOVATION ON COMPETITIVE ADVANTAGE AND FINANCIAL PERFORMANCE

^a Dechawat Trithossadech

^b Napatporn Rodcha

ABSTRACT

Green innovation is a strategy that can help to solve environmental problems and increase the competitive advantage of a company. However, previous studies have shown that the effects of drivers and pressures on green innovation are still inconclusive. Moreover, the benefits of the green innovation on competitive advantage and firm financial performance are still unclear. To answer these inconclusive questions, we develop a conceptual framework including internal factors (i.e., leadership, financial investment and adaptive capability) and external factors (i.e., organizational partnership, law & regulation and market competition). Also, the green innovation acts as a mediator between internal/external factors and its consequences (i.e., competitive advantage, firm financial performance). This conceptual framework will provide a clear picture of the antecedents of green innovation.

Keywords: Green innovation, Factors, Competitive Advantage, Financial Performance

^a D.B.A. Candidate, Doctor of Business Administration Program, College of Innovative Business and Accountancy (CIBA), Dhurakij Pundit University (DPU), Email: 607191030003@dpu.ac.th

^b D.B.A. Candidate, Doctor of Business Administration Program, College of Innovative Business and Accountancy (CIBA), Dhurakij Pundit University (DPU), Email: 607191030004@dpu.ac.th

INTRODUCTION

The current stage of environmental situation and environmental depletion lead to environmental pollution and global warming causing major natural disasters such as drought, flood, storm etc. (United Nations Environment Programme [UNEP], 2018; Office of the Nation Economic and Social Development Council [NESDB], 2017). Currently, the mentioned problems occur more and more frequent and more intense. Moreover, these problems are the cause of degradation of life quality and wellbeing as well as lower natural economic capital (NESDB, 2017). The greenhouse gas or “GHG” emission, the most important factor causing the global warming, has grown rapidly since 1971 to 2017 (Figure 1) and tends to increase in the future (Figure 2).

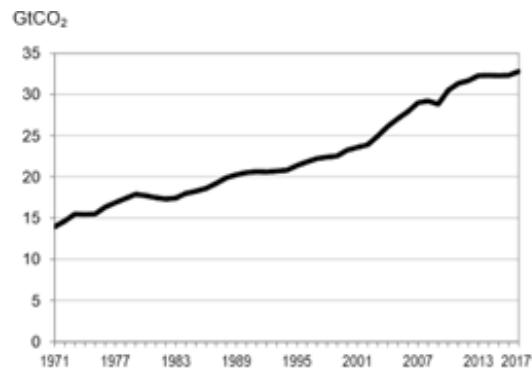


Figure 1: The global greenhouse gas emission from fossil fuel combustion 1971 – 2017
Source: International Energy Agency [IEA] (2018, p.9)

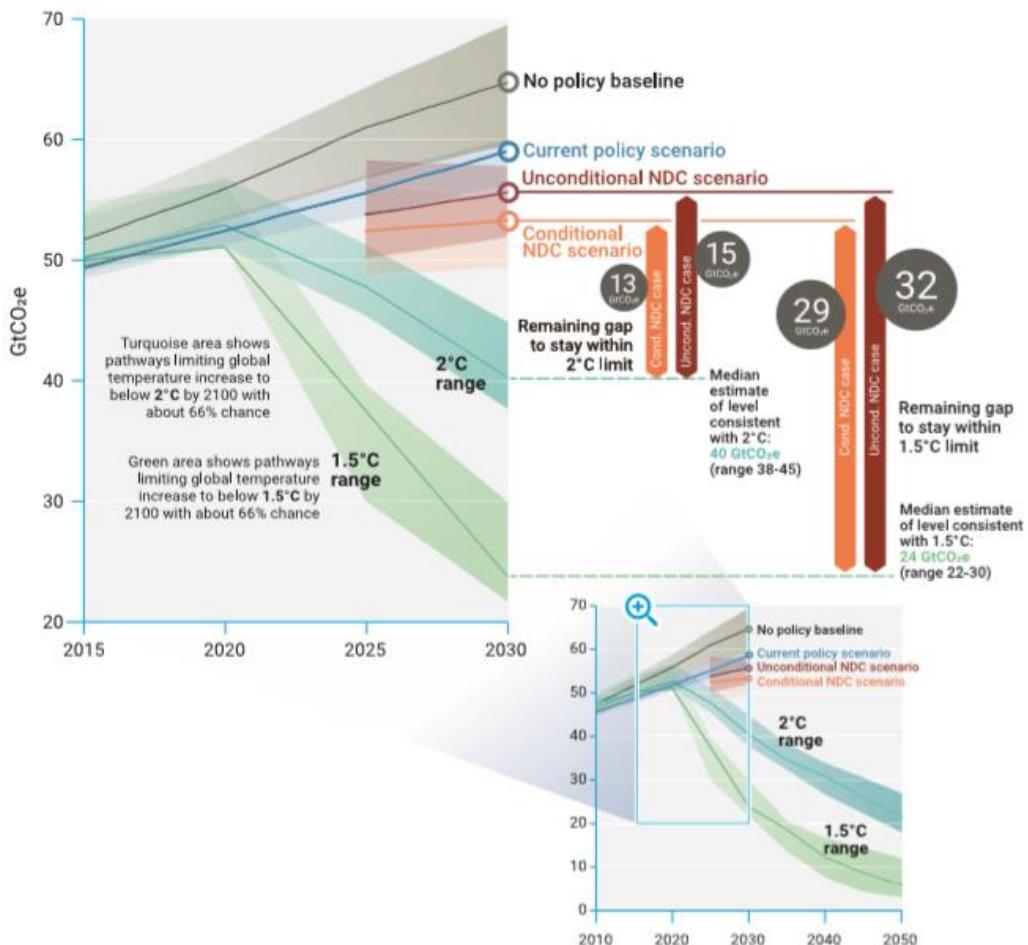


Figure 2: The forecasted Greenhouse gas emission on each scenario
Source: UNEP (2018, p.20)

To promote global sustainability, national government and many institutions have paid more attention on resource and energy conservation, pollution control, environmental management and environmental regulation. For example, Global Reporting Initiative or “GRI” announced GRI300 that voluntarily guide company to disclose their environmental policies, measures and consequences to the public (Global Reporting Initiative [GRI], 2016). Also, International Organization for Standardization or “ISO” announced environmental standard “ISO14000” and energy conservation standard “ISO50001” (International Organization for Standardization [ISO], 2017). From these reasons, the current business sectors are pressured to solve the confronting environmental issues by implementation of new environment-friendly ways to operate their business or “Green Growth/Green Strategy” as well as gain national competitive advantage (Saufi, Daud & Hassan, 2016). Thus, the importance of “Green Growth” becomes more obvious. It accompanies the organization to improve and create its competitive advantage beyond its rivals in the same industry (Porter, & Van der Linde, 1995).

LITERATURE REVIEW

The definition and typology of Green innovation

“Innovation” is a widely used word and it embraces several meanings. But the most acceptable definition is from Organization for Economic Co-operation and Development or “OECD” that defines “Innovation” as “The creation and diffusion new products, new processes, new (Organization for Economic Co-operation and Development [OECD], 2015, p. 16). Therefore, the business sectors attempt to invest in asset, human skill, research and development to create new innovations. Also, the new innovations can be divided by degree of novelty into 3 levels: 1.new-to-the-firm innovation 2.new-to-the-market innovation and 3.new-to-the-world innovation (OECD, 2015, p. 16). In addition, OECD (2015, p. 40) also classified innovation into 4 major categories:

1. Product and service innovation defines as the introduction of unique products and services to the market by improving its attributes, components or materials
2. Process innovation defines as the development in production or delivery process as well as installation of a new machine and equipment that improve total operational process.
3. Marketing innovation defines as the implementation of new marketing solution such as new design, new packaging, new pricing and promoting strategy.
4. Organizational innovation defines as the change in the organizational operation, organizational structure, new organizational partnership with outsiders.

From the definition of innovation and the recent environmental problems mentioned above, the concept of green management is emerged in the managerial way that an institution can implements to solve environmental issues and improve the competitive advantage (Porter & Van der Linde, 1995). According to Angelo, Jabbour and Galina (2012), the green management are classified into 3 types based on their evolutionary stage of the green management at organization. There are 3 different degrees of response to the business environmental stimulants as following.

1. Reactive management: the company has no environmental policy, but it only exercises mandatory practices complying with laws and regulations.
2. Preventive management: the company has no environmental strategy. It respects to the interest from their demand and market.
3. Proactive management: the company try to explore new opportunities from environmental activities influenced by external pressures and internal drivers. This stage helps company to build their competitive advantages.

These 3 types of green management above are originally “green innovation” concept. From many research papers, green innovation has been interchangeably called in these 3 main terms “environmental innovation”, “green innovation” and “eco-innovation”. Moreover, the meaning of the green innovation is the environmental practice that the organization implement for achieving environmental purposes (Angelo et al., 2012). From Figure 3, Green innovation can be radical

innovation or continuous innovation that have low degree of novelty and provide only short-term advantages, on the other hand, incremental innovation or discontinuous innovation have enormous degree of novelty. (Vaccaro, 2009)



Figure 3: Green management and degree of novelty

Source: adapted from (Vaccaro, 2009, p.318)

The benefits of green innovation

The green innovation can provide many benefits to the organization. Doran and Ryan (2014) suggested green innovation can benefit to the organization in various ways depending on type of green innovation (Table 1). From these benefits, we describe the benefits of green innovation into 2 dimensions: competitive advantage and firm financial performance.

Table 1: The benefits of Green product and process innovation to the organization

| Green Process Innovation | Green Product Innovation |
|--|--|
| Reduced material used per unit of output | Reduced energy used |
| Reduced energy used per unit of output | Reduced air, water, soil or noise pollution |
| Reduced CO ₂ “footprint” (total CO ₂ production) | Improved recycling of production after usage |
| Replaced materials with less polluting or hazardous substitutes | |
| Recycled soil, water, noise, or air pollution | |
| Recycled waste, water, or materials | |

Source: Doran & Ryan (2014, p.1118)

Effect of green innovation on competitive advantage

With respect to Porter (1990), the national competitive advantage is created and originated from the capacity of industry to innovate. A company having more competitive advantage will have higher productivity comparing with others in the same industry. In eco-concerned market environment, green innovation may enhance its competitive advantage. Thus, if policymakers regulate their policies or regulations properly, it might motivate the complied companies to embrace green innovation strategy and enhance national competitive advantages (Porter & Van der Linde, 1995).

From previous research papers, several authors found positive relationship between green innovation and competitive advantage (Chen, Lai & Wen, 2006; Dong, Wang, Jin, Qiao & Shi, 2014; Hojnik & Ruzzier, 2017). For example, Dong et al., (2014) found that eco-innovation has positive effect on competitiveness and the most effective type is green product innovation followed by green organization innovation and green process innovation. Moreover, Hojnik and Ruzzier (2017) also found the positive effect of eco-innovation on competitive benefits and the most effective type is green organizational innovation followed by green process innovation and green product innovation.

Effect of green innovation on firm financial performance

To invest in a green innovation, a company has to tradeoff between environmental benefits and private capital investment (Porter, & Van der Linde, 1995). Consequently, the companies may attempt to avoid investing in green innovations due to unclear economic return which might be harmful to the firm performance. For instances, Ganda (2018) had found that there has no significance relationship between carbon performance and firm financial indicators. Another example, Doran and Ryan (2014) had also found that eco-innovations have a little reward which only carbon dioxide reduced innovation can higher firm performance. From these referred reasons, many organizations neglect investing in green innovation (Chen et al., 2006; Porter, & Van der Linde, 1995). Presently, green innovation is not only important to the environment, but it is also important for the economic development (Halila & Rundquist, 2011; Lazaretti, Giotto, Sehnem & Bencke, 2019).

Thus, the positive association between green innovation and firm financial performance is the most expected result. However, the relation is still inconclusive (Tariq, Badir, Tariq & Bhutta, 2017). There may be 3 probable relationships: negative relationship (Mithini, 2017), positive relationship (Chan, Yee, Dai & Lim, 2016; Olivera Brasil, Abreau, Silva Filho, Leocadio, 2016; Doran & Ryan, 2012; Hojnik & Ruzzier, 2017; Green ,Zelbst, Bhudauria & Meacham 2012; Tariq, Badir & Chonglertham, 2019) and weak relationship or no relationship (Doran & Ryan, 2014).

Main theory regarding internal and external factors on green innovation

From literature review, internal drivers and external pressures that lead the firm to adopt green innovation strategy were explained by 3 major theories (Tariq et al., 2017; Wagner, 2015) (Figure 4):

1. Stakeholder theory: the theory that explain that company must analyze the relationship between the company and their primary & secondary stakeholders involving to the business activities ex. customer, supplier, employee, environment, society, regulator etc. to sustain their operation (Parmar, Freeman, Harrison, Wicks, Purnell & Colle, 2010).
2. Institutional theory: the theory that explain that the survival of the firm operation depends on regulations and external pressures from formal and informal institutions. The organizations must adapt the operations or comply with the external pressure for surviving (Oliver, 1991).
3. Resource-based theory: the theory that explain the company which have plenty of resource can lead to higher competitiveness. The resource is classified into 3 types: 1. physical capital 2. Human capital and 3. organizational capital. And, the useful resource must be 1. Valuable 2. Rare 3. Inimitable and 4. Non-substitutable (Barney, 1991)

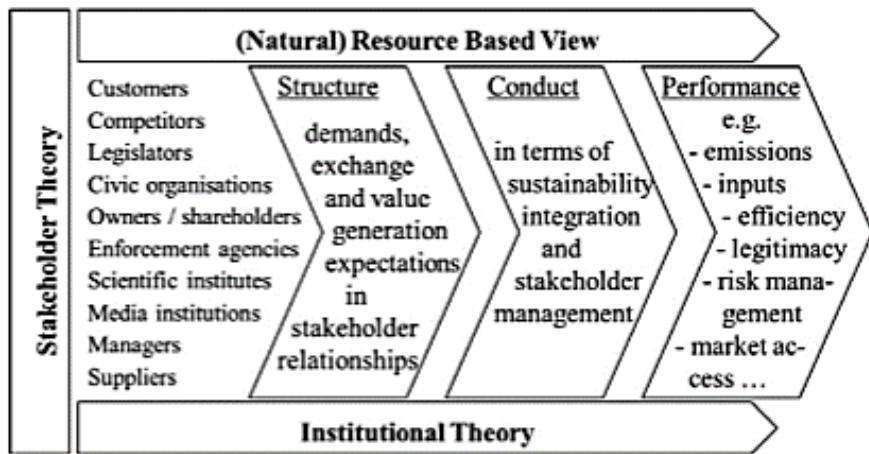


Figure 4: The integrated framework of three major theory

Source: Wagner (2015, p.1307)

Effects of internal factors on green innovation

Leadership role

Lazaretti et al. (2019) found that most of top-ten criticized systemic literature reviews are the effect of leadership and leader's role on sustainable development. Moreover, Szekely and Strelbel (2013) suggested that visionary leadership is the key component for green innovation success which help the company to survive in the intensively competitive environment. In the same time, green innovation leads the companies to expand their operational boundary or disrupt their traditional process. For instances, Cao and Chen (2018) found that top management awareness has moderate the effect of internal & external drivers on green innovation strategy. Also, Chen, Chang and Wu (2012) found that environmental leadership has positive effect on reactive green innovation and proactive green innovation.

R&D investment

To drive innovation, many firms have invested in knowledge-based assets such as technology, organizational capital, research and development (OECD, 2015, p. 16). Mithini (2017) found that R&D investment has positive effect on firm profitability. However, Olivera, Basso, Kimura and Sobreiro (2018) found that innovative effort (including R&D) has positive relationship with innovation impact. From literature review, there is a positive relationship between R&D expenditure and green innovation (Doran & Ryan, 2012; Chang & Chen, 2013; Huang, Yang & Wong, 2016; Cao & Chen, 2018). For example, Cao and Chen (2018) found that there is a positive relationship between innovative resources (i.e., financial support, technology support, human resource, asset) and green innovation strategy. Therefore, the result is consistent with resource-based theory.

Adaptive capability

Tariq et al. (2019) found that green innovative firm have better financial position including firm's profitability and risk in the market-turbulence and technology-turbulence environment. In another word, green innovation may be an important surviving strategy for the present-day company to deal with business turbulence (Chan et al., 2016). Consequently, adaptive capability is the key for today organization to deal with environmental issues and implement green innovation. From previous studies, many authors found the positive relationship between adaptive capability and green innovation (Albort-Morant, Leal-Millán & Cepeda-Carrión, 2016; Cao & Wen, 2018; Chen et al., 2012; Green et al., 2012)

Effects of external factors on green innovation

Organizational partnership

According to stakeholder theory, supplier and customer are categorized as primary stakeholder which directly engage with the organization's operation (Parmar et al., 2010). From literature review, many authors proposed the relationship between partnership with supplier & customer and green innovation (Szekely & Strelbel, 2013; Yarahmadi & Higgins, 2012; Tariq et al., 2017). Also, Halila and Rundquist (2011) suggested that green innovators need network providing technological skills while, general innovators need network providing financial and marketing supports. To explain, the backward linkage and forward linkage of the organization lead to knowledge and skill sharing process or even "co-creation" for green innovation (Doran & Ryan, 2012; Albort-Morant et al., 2016). As a result, the cooperation with supplier can reduce R&D cost and the cooperation with customer can eliminate the market uncertainty (Cao & Wen, 2018). From previous researches, several authors found positive relationship between partnership with supplier & customer and green innovation (Green et al., 2012; Albort-Morant et al., 2016). Furthermore, Doran and Ryan (2012) found that supplier relationship has a positive association with green innovation.

Law and regulation

Porter and Van der Linde (1995) suggested that issuing environmental regulations and policies properly can motivate business sectors to create green innovation and competitive advantage as well. Government's role is to drive the companies to higher their competitiveness (Porter, 1990). Referring institutional theory and stakeholder theory, legal controlling and stakeholder monitoring may affect the organization activities. From literature review, several authors found that the legal and policy pressures from external institutions have positive effect on green innovation (Sanni, 2018; Chan et al., 2016; Chen et al., 2012; Doran & Ryan, 2012). Interestingly, Cao and Chen (2018) had studied the effect of policy by dividing into 2 subcategories: coercion policy and incentive policy. These 2 types of innovation have different relationship on green innovation. Incentive policy has positive effect on green innovation, on the other hand, coercion policy has "inverted bell-shaped" relation with green innovation. Briefly, there is an optimal level for coercion policy on green innovation.

Market competition

Porter (1990) proposed that firm strategy, structure and rivalry is the determinant in the diamond model of national competitive advantage. Thus, in the highly competitive industry, companies are forced to improve performance against their competitors. Competitors are the cause of environmental pressure because they compete to fulfill consumer favors (Cao & Chen, 2018). With the growing of environmental awareness, green marketing is a marketing strategy creating value and competitive advantage (Dean & Pacheco, 2014). Chang and Chen (2013) found that green organizational identity has positive direct and indirect effect on green innovation. From literature review, there are only few authors studying the association of market competition and green innovation. Sanni (2018) found that market competition has positive effect on green innovation. On contrary, Doran and Ryan (2012) found that there is no significance relationship between competitors (horizontal linkage) and green innovation.

CONCLUSION

The objectives of this conceptual framework are 1) which factor leads to green innovation and 2) how green innovation effects competitive advantage and financial performance. Hence, we propose the conceptual framework which has 2 stages of association. Firstly, internal factors and external factors are drivers or pressures toward the company to adopt green innovation. Secondly, green innovation affects competitive advantage of the company as well as firm financial performance (Figure 5). This proposed conceptual framework will provide profound understanding regarding rational relationship of green innovation for business sectors as well as governmental sectors.

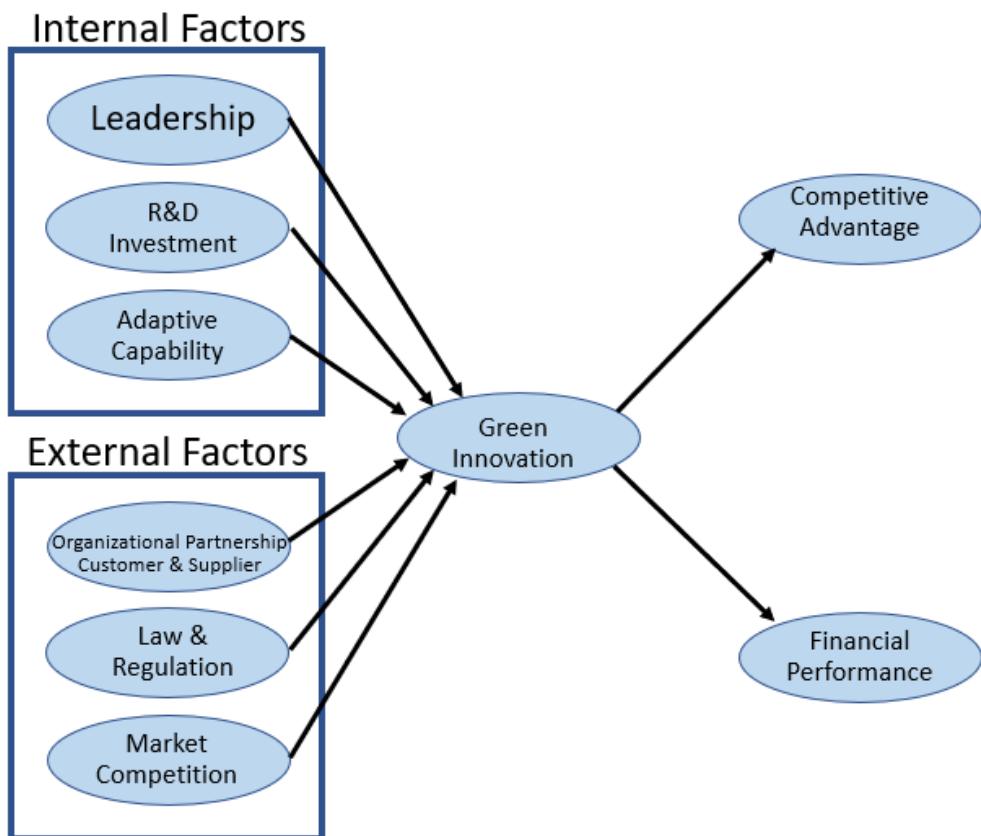


Figure 5: The proposed framework

Source: Authors

REFERENCES

- Albort-Morant, G., Leal-Millán, A., & Cepeda-Carrión, G. (2016). The antecedents of green innovation performance: A model of learning and capabilities. *Journal of Business Research*, 69, 4912-4917. doi:10.1016/j.jbusres.2016.04.052
- Angelo, F.D., Jabbour,C.J.C., & Galina, S.V. (2012). Environmental innovation: in searching of a meaning. *World Journal of Entrepreneurship, Management and Sustainable Development*, 8, 113-121. doi:10.1108/20425961211247734
- Barney, J. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management*. 17(1), 99-120
- Cao, H., & Chen, Z. (2018). The driving effect of internal and external environment on green innovation strategy-The moderating role of top management's environmental awareness. *Nankai Business Review International*. doi:10.1108/NBRI-05-2018-0028
- Chan, H.K., Yee, R.W.Y., Dai, J., & Lim.M.K. (2016). The moderating effect of environmental dynamism on green product innovation and performance. *Int J.Production Economics*. 181, 384-391. doi:10.1016/j.ijpe.2015.12.006
- Chen, Y.S., Lai, S.B., & Wen, C.T. (2006). The Influence of Green Innovation Performance on Corporate Advantage in Taiwan. *Journal of Business Ethics*. 67, 331-339. doi:10.1007/s10551-006-9025-5
- Chang, C.H., & Chen, Y.S. (2013). Green organizational identity and green innovation, *Management Decision*. 51(5), 1056-1070. doi: 10.1108/MD-09-2011-0314
- Chen, Y.S., Chang, C.H. Wu, F.S. (2012). Origins of green innovations: the differences between proactive and reactive green innovations. *Management Decision* 50(3), 368-398. doi: 10.1108/00251741211216197

- Dean, T.J., & Pacheco, D.F. (2014). Green Marketing a Strategic Balancing act for creating value. *Journal of Business Strategy*, 35(5), 14-22.doi:10.1108/JBS-11-2013-0109
- Dong, Y., Wang, X., Jin, J., Qiao, Y., & Shi, L. (2014). Effects of eco-innovation typology on its performance: empirical evidence from Chinese enterprises. *Journal of Engineering and Technology Management*. 34, 78-98. doi:10.1016/j.jengtecman.2013.11.001
- Doran, J., & Ryan, G. (2012). Regulation and firm perception, eco-innovation and firm performance. *European Journal of Innovation Management*. 15(4), 421-441. doi:10.1108/14601061211272367
- Doran, J., & Ryan, G. (2014). Eco-Innovation - does additional engagement lead to additional rewards?. *International Journal of Social Economics*. 41(11), 1110-1130. doi: 10.1108/IJSE-07-2013-0169
- Ganda, F. (2018). The effect of carbon performance on corporate financial performance in a growing economy. *Social Responsibility Journal*. 14(4), 895-916. doi: 10.1108/SRJ-12-2016-0212
- Global Reporting Initiative. (2016). *GRI 101: Foundation*, Armsterdam, Netherlands.
- Green, K.W., Zelbst, P.J., Bhudauria, V.S., & Meacham, J. (2012). Do environment collaboration and monitoring enhance organizational performance?. *Industrial Management & Data Systems*. 112(2), 186-205.doi:10.1108/02635571211204254
- Halila, F., & Rundquist, J. (2011). The development and market success of eco-innovations: A comparative study of eco-innovations and “other” innovations in Sweden. *European Journal of Innovation Management*. 14(3), 278-302. doi:10.1108/1460106111148807
- Hojnik, J., & Ruzzier, M. (2017). Does it pay to be eco? The mediating role of competitive benefits and the effect of ISO14001. *European Management Journal*. 35, 581-594. doi: 10.1016/j.emj.2017.07.008
- Huang, Y.C., Yang, M.L., & Wong, Y.J. (2016). The effects of internal factors and family influence on firms' adoption of green product innovation. *Management Research Review*, 39(10). 1167-1198. doi: 10.1108/MRR-02-2015-0031
- International Energy Agency. (2018), *CO₂ Emissions from Fuel Combustion Highlights*. United Nations Environment Programme. (2018). *The Emissions Gap Report 2018*, Nairobi, Kenya.
- International Organization for Standardization. (2017). *ISO Annual Report 2017*, Geneva, Switzerland.
- Lazaretti, K., Giotto, O.T., Sehnem, S., & Bencke, F.F. (2019). Building sustainability and innovation in organizations. *Benchmarking: An international Journal*. doi:10.1108/BIJ-08-2018-0254
- Mithani, M.A. (2017). Innovation and CSR - Do they go well together?. *Long Range Planning*. 50, 699-711. doi:10.1016/j.lrp.2016.08.002
- Office of the Nation Economic and Social Development Council. (2017). *The Twelfth National Economic and Social Development Plan 2017-2021*.
- Oliver, C. (1991). Strategic Responses to Institutional Processes. *The Academy of Management Review*, 16(1), 145-179
- Oliveira Brasil, M.V., Abreu, M.C.S., Silva Filho, J.C.L., & Leocadio, A.L.L. (2016). Relationship between eco-innovations and the impact on business performance: an empirical survey research on the Brazilian textile industry. *Revista de Administração*. 51, 276-287. doi: 10.1016/j.rausp.2016.06.003
- Oliveira, J.A.S., Basso, L.F.C., Kimura, H. & Sobreiro, H. (2018). Innovation and financial performance of companies doing business in Brazil. *International Journal of Innovation Studies* 2. 153-164. doi: 10.1016/j.ijis.2019.03.001
- Organization for Economic Co-operation and Development. (2015), *The Innovation Imperative: Contributing to Productivity, Growth and Well-Being*, OECD Publishing, Paris, France.
- Parmar, B.L., Freeman, R.E., Harrison, J.S., Wicks, A.C., Purnell, L., & Colle, S. (2010). Stakeholder Theory: The State of the Art, *The Academy of Management Annals*. 4(1), 403-445
- Porter, M.E. (1990). The Competitive Advantage of Nations. *Harvard Business Review, March-April*.
- Porter, M.E., & Van der Linde, C. (1995). Toward a new conception of the environment-competitiveness relationship. *Journal of Economic Perspectives*. 9(4), 97-118

- Sanni, M. (2018). Drivers of eco-innovation in the manufacturing sector of Nigeria. *Technological Forecasting & Social Change*. 131, 303-314. doi:10.1016/j.techfore.2017.11.007
- Saufi, N.A.A., Daud, S., & Hassan, H. (2016). Green growth and corporate sustainability performance. *Procedia Economic and Finance*, 35, 374-378. doi:10. 1016/ S2212-5671(16)00046-0
- Szekely, F., & Strebler, H. (2013). Incremental, radical and game-changing: strategic innovation for sustainability. *Corporate Governance*. 13(5), 467-481.doi:10.1108/CG-06-2013-0084
- Tariq, A., Badir, Y.F., Tariq, W., & Bhutta, U.S. (2017). Drivers and consequences of green product and process innovation: A systemic review, conceptual framework, and future outlook. *Technology in Society*. 51, 8-23. doi:10.1016/j.techsoc.2017.06.002
- Tariq, A., Badir, Y., & Chonglertham, S. (2019). Green innovation and performance: moderation analyses from Thailand. *European Journal of Innovation Management*. doi: 10.1108/EJIM-07-2018-0148
- Vaccaro, V.L. (2009). B2B green marketing and innovation theory for competitive advantage. *Journal of Systems and Information Technology*, 11(4), 315-330. doi:10.1108/13287260911002477
- Wagner, M. (2015). The link of environmental and economic performance: Drivers and limitations of sustainability integration. *Journal of Business Research*, 68(6), 1306-1317. doi:10.1016/j.jbusres.2014.11.051
- Yarahmadi, M., & Higgins, P.G., (2012). Motivations towards environmental innovation: A conceptual framework for multiparty cooperation. *European Journal of Innovation Management*. 15(4), 400-420. doi:10.1108/14601061211272358

THE ELDERLY NUTRITION STRATEGIES IN GAME BASED LEARNING: SODIUM GAME

^a Wilawan Inchamnan

^b Aurawan Imsombut

ABSTRACT

This study aims to design game to include nutritional strategies in game-based learning for elderly people. The study illustrates the relationship between game-based learning and nutrition strategies. The game-based strategies may contribute to the existence of a sustainable healthcare society in Thailand. In terms of health, the game supports nutritional strategies for stroke survivors. The games' design is based on a combination of well-known game-design principles and principles of task-oriented training and involves the manipulation of everyday health objects. Knowledge and skills can be improved by using game-based learning. Games can provide different types of learning content in different settings. In this study, a sodium game is designed that may contribute to the prevention of strokes in Thailand. The game is designed as a two dimensional nutrition game that can be played on portable devices. The game is designed by using a Unity platform on mobiles. The game data are collected to file based storage. The study included nutritional strategies in game-based learning for elderly people. The game is a self-contained unit with start, game play and ending activities. Knowledge and sodium control tools can help people to evaluate their health and prevent strokes. In Thailand, young adults tend to care about their health and well-being and, consume new technology. The game may contribute to trending technology as an elderly nutrition strategy.

Keywords: Elderly Nutrition; Game-Based Learning; Game; Sodium Nutrition; Nutrition Strategies

^a College of Creative Design and Entertainment Technology , Dhurakij Pundit University, Thailand, wilawan.inn@dpu.ac.th

^b College of Creative Design and Entertainment Technology , Dhurakij Pundit University, Thailand, aurawan.ims@dpu.ac.th

1. INTRODUCTION

This study focuses on the approaches for the development of socially interactive health, activity programs with the goal of increasing positive lifestyle motivations in terms of sodium intake. Thailand is an aging society in which the percentage of elderly people is increasing (Inchamnan, 2018). Selfcared in health may contribute to wider society by using technology in hand as a gameplay. The gameplay concept allows people to measure things like how many steps they take, how much they sleep and how much they exercise, which can help them to become healthier and improve their performance. The increasing relevance of game based learning like physical training at 30.50% (Mora, et al., 2016). However, the interactive healthcare training has yet to be explored for older adults in Thailand. Healthcare is the main focus of this study and includes the enhancement and motivation for better health behaviors related to exercise, nutrition, medication adherence, weight control, etc. This study designs the game concept for training in sodium control and how to care about sodium daily intake. The game concept aims to educate how people can reduce their sodium. The game is designed to educate the nutritional strategies that involve a self-contained unit with start, game play and ending activities. The SomuchSodium game can help people evaluate their health in terms of sodium daily intake that the key essential for the preventing stroke (Cook, et al., 2007). This study reviews the research background to design gameplay. The player's experiences are not evaluated because of the time limitation. The future may assess the players' experiences.

2. BACKGROUND

2.1 The Elderly Nutrition

By growing market of aging baby boomers, Thailand is increasing aging people. The nutrition is a key factor to care the older healths. Home-based preventive nutrition and health-related services and wellbeing are getting attention. According to the costs of its nutrition services, the nutrition, individual program is a key success in all nations. Thailand changes rapidly in food intake and lifestyle patterns (Kosulwat, 2002). The causes demonstrate a significant impact on the shifting pattern of the elderly population. These impacts of ageing society change should be monitored carefully and must be reversed through appropriate behavior modification and the promotion of appropriate eating practices and physical activities (Kosulwat, 2002). These reviews focus on the reduction of sodium that decrease the risk factors for stroke diseases.

2.2 Sodium

Excess intake of salt (sodium chloride) has a major role in the pathogenesis of elevated Blood pressure (BP) that related diseases, specifically, stroke, coronary heart disease, heart failure, and kidney disease. The Importance of sodium reduction as a means to prevent cardiovascular disease and stroke (Appel, 2001). Sodium is a necessary element for the body. Excessive intake of sodium is known as one of the risk factors for chronic diseases (HyunKyung, SoonOk, & JungEun, 2009). The cause of sodium reduction or weight loss, and increased physical activity. However, the effects of a reduced sodium intake on BP and hypertension control (Appel, 2001). One study of nearly 2,000 elderly people showed a decrease in mortality caused by cardiovascular disease when a switch was made a reduction sodium (Chang, et al., 2006). Sodium reduction shows to lower blood pressure, may also reduce long term risk of cardiovascular events (Cook, et al., 2007). Low blood sodium is common in older adults, especially those who are hospitalized or living in long-term care facilities (Takahashi, 2018). Then, the reduced sodium will have a vital issue in long-term living.

2.3 Nutrition Strategies

Several studies have been conducted on the nutrition of the elderly. Grimes, A., et. al. 2010, created OrderUp!, a casual mobile health game for adults learning how to make healthier meal choices (Grimes, Kantroo, & Grinter, 2010). In the game, the player assumes the role of a server in a restaurant

and his goal is to make meal recommendations to customers as quickly and healthfully as possible. The health score of customer will decrease if they select the unhealthiest food. The results showed that the game helped participants to improve their understanding of how to eat healthfully and engaged in nutrition-related analytical thinking and replacing unhealthy meals with more nutritious foods. Technology can influence people to care their health and be wallowing in this era. The prevention factor in terms of lifestyle is a routinely warranted: aerobic exercise to country inactivity, weight loss in obesity, food control in diabetics, and diet (Di Legge, et al., 2012).

2.4 Game Based Learning

Today, game play may help a real-world training or rehabilitation paradigms. The game activities can enhance the ability to learn new tasks (Green, & Bavelier, 2012). The training as a day-to-day existence can improve. The game can influence people to change behavioral performance. The sub goals or mini-tasks in game play approach undergoes repeated practice, for instance. The game tasks can encourage players to improve in performance over time (Green, & Bavelier, 2012). Game tasks can mediate material of learning. Playing games have a significant role to help people to learn to solve their problem (Myers, Well & Lorch, 2010). However, the efficiency strategies may base on how elderly people care about their health by using the new technology. The elements in the game will encourage elderly people to care their health in terms of trust, motivation and goal setting, and usability. Video games have been demonstrated to improve visual perception, processing and attention (MacLean, et al., 2010). Games may present a series of challenges and can provide the incentive to engage in the act of gaining knowledge. Then, the game concept may help encourage elderly people to play the game.

2.5 The Technology in Elderly Nutrition Strategies

Previous studies have shown that the interactive multimedia-based learning is effective to enhance the elderly's understanding of the health-related knowledge. The elderly nutrition strategies base on new technology. For instance, the assistive mobile application designs for older adults with age-related macular degeneration to self-monitoring their intake of food. The findings suggest that using the application enhances the participants' awareness of eating foods. And there is a positive change in behavior (food) and encouraging learning (Hakobyan, Lumsden, Shaw, & O'Sullivan, 2016). Mohamad Ali, N., et. al. (2013) also developed the 3D animation of a nutritional educational digital package based on an elderly interface design approach. 3D animation was used to simulate the content with the effect of food intake on organs, such as blood circulation simulation. An experiment was carried out to measure user acceptance; and a comparison was made between the digital package and a booklet. The result of the questionnaire indicated that all elderly subjects of the experiment agreed that the animation helped them to understand the contents. The finding indicates that the content exploration using the digital package was faster than using the traditional booklet (Mohamad Ali, Norizan, & Shahar, 2013). Meanwhile, Haslinda, Z., et. al. (2017) developed a tablet computer application to support older adults in maintaining good nutrition and hydration. The aim of the app is to allow them to track their intake of fruit and vegetables and appropriate liquids. The study showed that the application acted as a motivational tool helping them to change their daily diet to eat more fruit and vegetables, and to drink more liquid. Moreover, Mhd Salim, M., developed the Nutrihealth application that comprises information on Body Mass Index (BMI), suggested menus, and calorie intake. Persuasive techniques were implemented in the design of the mobile apps, to increase user engagement and behavior change in a healthy diet (Mhd Salim, Mohamad Ali, & Mohd Noah, 2017). This application causes the participants to be careful in choosing meals instead of monitoring the participant's diet and also an improvement in their calorie intake during the study.

3. THE ELDERLY NUTRITION BY USING SODIUM GAME

This section illustrates a detailed description of the game concept based on the review of previous literatures in new technology and game theory. The sustainable health care consequences of

the self-care training which older people can take care themselves. These game play involves players performing actions and assessing the outcomes. It is through interpreting and reflecting upon feedback within a game that players refine their behaviors. The game key concepts may encourage elderly people to care their health. Then, the self-care training is a key concept of the therapeutic strategies by using game-based learning as a tool. People may sustain good health by self-concern the tools through trust, motivation and goal setting. Then, the game for self-care training will include (Inchamnan, 2018):

- The evaluate action;
- The reward game which link to real-life action;
- Role plays for fulfillment, such as player Avatar
- Share the positive moment to their community (Intrinsic motivation);
- Providing sub-goal.

This concept may change player's behavior in terms of sodium intake. The conception of the game focuses on establishing knowledge with players and finding the right way to motivate the players to care for their health and to encourage the players to set eating goals.

3.1 Game Design

The game is aimed at young adults (more than 35 years old) who use technology in daily life such as the mobile phones. The gameplay is concerned about people's health in terms of stroke prevention and the players have no or little previous gaming experience. The game is designed to give the mini tasks by using daily food intake. The player has to select the menu for breakfast, lunch and dinner. The selection menu allows the player to pick the right ingredients. The score shows the results for sodium in the selection dish. This gameplay may encourage players to control their daily dishes that impact on BP.

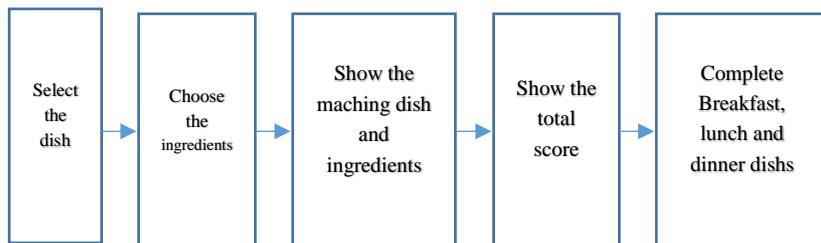


Figure 1 So Much Sodium Game Play

Figure 1 illustrates the process of game tasks. The player has to choose the ingredients to educate which one is more sodiums. The game activities allow players to complete all daily dishes to see the sodium intake. The game design plan to give the mini goals such as complete breakfast, lunch and dinner. The storyline allows players to plan their food in the future by game scores. People try to get more score when they play. The game mechanic will fulfill the virtual dish to look the real life.

3.2 Game Interface

To account for the needs of its target audience, the game features primary input devices that are accessible to seniors. Players are free to engage in the game by using a mobile phone. Regarding the graphical user interface, in-game graphics were designed to meet the needs of older persons, including large fonts that are easy to read. The relevant game objects are highlighted through contrast and color settings.



Figure 2 Meal Menu

Figure 2 (A,B) shows the food choices that vary in sodium ingredients. The designing game should provide the game tasks that help people happy with activities. This study examines the therapeutic strategy game by establishing a technology- driven trust relationship with players, and then determining the best way to motivate the players to care for their health and to encourage the players to set eating goals.

Figure 2 (C) shows the ingredients that try to educate people when they eat. The sodium game is including tasks that are usability and easy rewards. Older adults play easy games and with short time frames for each quest as the good sodium intake. These tasks may encourage the elderly behavior in food intake. There is a need to establish trust with players, and then to determine the best way to motivate the players to take care of their health and to encourage the players to set daily eating goals.

3.3 Game Data

This game corrects the play activities in a file level storage system that is the most common storage system (Rajesh, 2011). In this type of storage, the storage disk is configured with a particular protocol (Like NFS, etc) and files are stored and accessed from it as such, in bulk. The file level system is simple to implement and simple to use. The file level storage device itself can generally handle operations like access control, integration with corporate directories, etc.

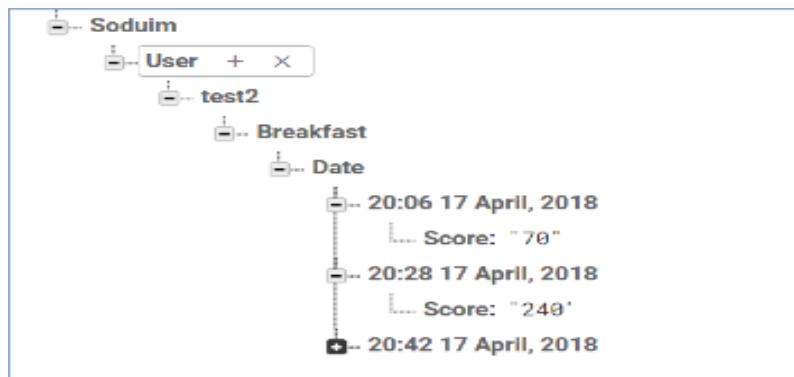


Figure 3 Sodium Game Data Collection

The data show the time, meal and scores. The summary data will evaluate in the game dashboard for future work. The evaluate, score may influence the players to see their health and fulfill progressive in game tasks. People fulfill the task his/her own self-efficacy expectations are enhanced (Omer, 1985).

3.4 Core Mechanics

The core mechanics of the game were designed to meet the special requirements of older people. Basically, the game features a drastically reduced level of complexity in order to allow senior citizens without prior gaming experience to play. The game design bases on the usability that illustrate the big font, color, and Thai language. The game tutorial uses the sound to guideline for some elderly. The game offers the possibility of deactivating one or more roles in order to reduce the complexity of the game and allow the player to focus on his or her tasks to encourage a positive gaming experience.

4. THE ELDERLY NUTRITION STRATEGIES IN GAME BASED LEARNING

4.1 Methodology

This study aims to design game for aging people with motivation to invoke their health care. The 100 participants completed a questionnaire that includes the sense of well-being for the aging, which may be the most important feature in the relationship with health-promoting behaviors (Thanakwang, 2008). The survey attempts to examine Thai culture in terms of game technology and family networks and supports the influence the health-promoting behaviors among older persons. This finding will be used to apply for sodium game designing.

4.2 Results

This study surveys the health behavior and gameplay behavior of adults in Thailand. The mean participants' age is 38 (69% female). The educational background is less than undergraduate (11%), undergraduate (49%), Master (32%), and PhD (5%). The rate of strokes in the family was around 17%. Normally, they play games one a week and use a mobile phone for playing games (60%).

Table 1 The reason to play game

| Source | Variable | F | Significance |
|-----------------------|--------------------------|-------|--------------|
| Play Health Care Game | Family History of Stroke | 5.235 | .001 |
| | Knowledge about Stroke | 2.671 | .037 |
| | Play Games | 6.012 | .000 |

These results show the participants who played the health game based on their family history of stroke, knowledge about stroke and regular gamers ($\alpha < .05$). Significantly, people would like to care their health because the background of their family. This is the prototype of mobile application in Thailand. The health care industry continues to invest in the development of online information resources, mobile applications, and personal health devices. These tools are designed to increase consumer engagement. The design aims to help individuals take action to improve their health, make informed decisions, and engage effectively and efficiently with the health care system, such as mobile application.

5. DISCUSSION/SUMMARY

This study designs the sodium game that may contribute to the prevention stroke in Thailand. The Blood Pressure (BP) is a vital factor in stroke. The reduction sodium therapy that can lower BP and control hypertension in older individuals. This paper designs 2 dimensions nutrition game that play on portable devices to educate daily sodium intakes. The study finds the nutritional strategies in a game based learning for elderly people. The game is a self-contained unit with start, game play and ending tasks. Knowledge and control sodium tools can help people evaluate their help in preventing stroke. These survey results would be used for designing game in terms of goal setting. The family factors will be used in guest design and reward outcome during play. The game designing should include knowledge when people play. The health, family history and knowledge in stroke will influence people for health caring. The game is a learning game in terms of eating salty. In Thailand, people tend to care their health, consume new technology and well being concerned. The game may contribute to trending technology in health cares. The design of the game relates the use of game thinking and game mechanics in non-game contexts to engage the player to take care of themselves. The score of the game play aims to fill the personal or social connection gap. The rewards of the mobile game can encourage players to play more and enhance their health. This study focuses on the relationship between game design for the aging. A therapeutic strategy game for the aging may encourage them in terms of encouraging individual healthcare training.

REFERENCES

- Appel, LJ. Et al. 2001. Effects of Reduced Sodium Intake on Hypertension Control in Older Individuals, Arch Intern Med. 161(5).
- Chang, HY., et al. 2006. Effect of potassium-enriched salt on cardiovascular mortality and medical expenses of elderly men. Am J Clin Nutr. 83:1289-96.
- Cook, NR. , et al. 2007. Long term effects of dietary sodium reduction on cardiovascular disease outcomes: observational follow-up of the trials of hypertension prevention (TOHP) BMJ; 334 :885.
- Di Legge, S., et al., 2012. Stroke prevention: managing modifiable risk factors. Stroke research and treatment. Exercise and stroke, stroke.org.uk (Access 29 Jan 2017).
- Green, C. S., & Bavelier, D. 2012. Learning, attentional control and action video games. Current Biology : CB, 22(6), R197–R206. <http://doi.org/10.1016/j.cub.2012.02.012>.
- Grimes, A., Kantroo, V. and E. Grinter, R. 2010. Let's Play!: Mobile Health Games for Adults. UbiComp'10 - Proceedings of the 2010 ACM Conference on Ubiquitous Computing. p. 241-250.
- Haslinda, Z., Sani, A., and Petrie, H. 2017. Evaluation of an app to support healthy living by older adults, HCI '17 Proceedings of the 31st British Computer Society Human Computer Interaction Conference.
- Hakobyan, L., Lumsden, J., Shaw, RL. and O'Sullivan, D. 2016. A longitudinal evaluation of the acceptability and impact of a diet diary app for older adults with age-related macular degeneration. Mobile, HCI2016: proceedings of the 18th International Conference on Human-Computer Interaction with Mobile Devices and Services. pp. 124-134.
- HyunKyung, M., SoonOk, C., JungEun, K. 2009. Dishes contributing to sodium intake of elderly living in rural areas, Journal article: Korean Journal of Community Nutrition, Vol.14 No.1 pp.123-136.
- Inchamnan, W. 2018. Therapeutic Strategy in gamification and game based learning for elderly people in. Humanities & Social Sciences Reviews, 6(1), 44-52.
- Kosulwat, V. 2002. The nutrition and health transition in Thailand, Public health Nutr. Feb;5(1A):183-9.
- MacLean, K. A., et al. 2010. Intensive meditation training improves perceptual discrimination and sustained attention. Psychological science 21(6): 829-839.

- Mhd Salim, M., Mohamad Ali, N. and Mohd Noah, S. A. 2017. Mobile Application on Healthy Diet for Elderly based on Persuasive Design. International Journal on Advanced Science, Engineering and Information Technology. Vol. 7 No.1.
- Mohamad Ali, N., Norizan, A. R. and Shahar, S. 2013. Enhancing user interaction in a nutritional educational package for the elderly using 3D animation. Journal of Theoretical and Applied Information Technology. Vol. 47 No.3, p. 1323-1330.
- Mora, A., et al., 2016. Gamification of cognitive training: a crowdsourcing-inspired approach for older adults. in Proceedings of the XVII International Conference on Human Computer Interaction, ACM.
- Myers, J.L., A. Well, and R.F. Lorch. 2010. Research design and statistical analysis. Routledge.
- Omer, H. 1985. Fulfillment of Therapeutic Tasks as a Precondition for Acceptance in Therapy, American Journal of Psychotherapy, 39:2, 175-186.
- Rajesh, K. 2011. Advantages of File level storage (vs) Advantages of Block level Storage <http://www.excitingip.com/2447/advantages-of-file-level-storage-vs-advantages-of-block-level-storage/> (Acesses 10 May 2018).
- Takahashi, P. Y. M.D., Newsletter: Mayo Clinic Health Letter. 2018.
<https://www.mayoclinic.org/diseases-conditions/hyponatremia/expert-answers/low-blood-sodium/faq-20058465> (Acesses 10 May 2018).

THE RELATIONSHIP BETWEEN BUSINESS MODELS AND STARTUP SUCCESS

^a Sasipa Atisijongkol

^b Sukanya Singtui

^c Settawud Machimarat

^d Lien Chao Lung

^e Yang Xiugang

^f Sittichok Jalernkij

ABSTRACT

In a highly competitive environment, startup firms need to balance operating the business while creating value for their target customers. A business model is one of the most effective tools to generate a firm's competitive advantage. A valid business model will increase the likelihood of a firm's startup success. However, there is lack of evidence on business models. Thus, the objectives of the current research are to explore and examine the relationship between business models and startup success as well as to identify the appropriate performance measurements that indicate startup success. The results of the study will provide a better understanding about business model literatures and be a guideline for startup entrepreneurs in designing an effective business model.

Keywords: Business Model, Business Model Canvas, Startups, Firm Performance, Success

^a Lecturer, College of Innovative Business and Accountancy, Dhurakijpundit University, Thailand. Email: sasipa.ati@dpu.ac.th

^b Lecturer, College of Innovative Business and Accountancy, Dhurakijpundit University, Thailand. Email: sukanya.sin@dpu.ac.th

^c D.B.A. Student, College of Innovative Business and Accountancy, Dhurakijpundit University, Thailand. Email: 607191030005@dpu.ac.th

^d Lecturer, China-ASEAN International College, Dhurakij Pundit University, Thailand

^e Lecturer, China-ASEAN International College, Dhurakij Pundit University, Thailand

^f Lecturer, College of Innovative Business and Accountancy, Dhurakij Pundit University, Thailand

INTRODUCTION

“The right business model is rarely apparent early on... entrepreneurs/managers who are well positioned and can learn and adjust are more likely to success”

(Teece, 2010, p. 187)

Startups are a buzz in Thailand these days. There are many articles in startup's blogs, news, and podcast that published and broadcast, include many courses that aim to coach startup entrepreneur in Thailand. This is not a fashion, Thai entrepreneurs are interested and have big ambition to be the “unicorn.” However, there is no path of flowers leads to glory, startup entrepreneurs always face with many challenges to be success and want to be counted as a “little pony” and to be touched the word of “decacorn.” One of the obstacles that be a big barrier for startup to be unicorn, it's rarely seen startup firm that have distinct competitive advantage (Poonpol, 2018).

In fact, this is not just an only problem for Thai startup entrepreneurs. Regarding the developments in global economy impact entrepreneurs and firm to change their way of doing business (Teece, 2010) from the traditional “goods-dominant” to the present logic “value creation” (Lusch & Vargo, 2006). Firms forced to challenge in a highly competitive business environment. Startup entrepreneurs need to consider not only how to address customers need or solve their problem but it treats firm creates value and propose to their customers (Teece, 2010; Teece, 2018). Firm needs to cooperate while create and capture value to create competitive advantages, and one of the effective tools are business models.

Business models have been recognized as the business world's jargon and its concept has been increasingly interested by scholars and business practitioners (Casadesus-Masanell & Ricart, From strategy to business models and onto tactics, 2010; Osterwalder & Pigneur, 2010). Business models represent as one of the important tools for startup entrepreneurs to create and shared comprehensive idea of how their business venture will be generating value, as well as to communicate it among internal and external stakeholders. Business models describe how a firm, a person or an organization does business (Ritter & Lettl, 2018; Teece, 2018; Teece, 2010), also how are they capitalize upon new market and new opportunity (Foss & Saebi, 2017) and key activities to achieve firm's goals or firm's performance (Cosenz & Noto, 2018). Business models are benefit to both incumbents and to entrants (Casadesus-Masanell & Zhu, 2013), nevertheless, this is not easy to innovate and/or develop an effective business model. Since there is a few iconic business models, and it has been imitated across industries (Mikhalkina & Cabantous, 2015). Effective business models that provide more validate information and communication have more opportunities to attractive angle investors (Sort & Nielsen, 2018) and better performance among ventures (Ladd, 2018).

Even though there are number studies about business models, it is still unclear in several points. Firstly, if firms that enter emerging markets tend to focus on specific business model elements, then which elements are the distinctive that represent high-performing business models (Wahyono, 2018; Dasilva & Trkman, 2014; Casadesus-Masanell & Ricart, 2010). Secondly, there are still questions concerning the relationship between business models and firm's performance (Sorescu, Frambach, Singh, Rangaswamy, & Bridges, 2011). There is evidence that shows modifications in business models are positively associated with firm's performance (Cucculelli & Bettinelli, 2014) but some evidence shows the negative outcomes (Visnjic, Wiengarten, & Needly, 2014). Thirdly, there have been requests for more studies to generate more evidence and to examine how to evaluate firm's performance by measuring both financial and non-financial performances of startup (Yunus, Moingeon, & Lehmann-Ortega, 2010). Lastly, there is a lack of literature of startups in Thai context.

Thus the current study aims to explore and examine the relationship between business models and a firm's performance that drives a startup's success.

MAIN CONCEPT

Business Model

In current study plans to explore, examine and investigate the relationship between business models and firm's performance that drives a startup's success regard to Business Model Canvas by following reasons. The Business Model Canvas offered by Osterwalder & Pigneur (2010) is a popular and comprehensive description of the nine non-overlapping components of a business model (Ladd, 2018). The Business Model Canvas (BMC), became widespread and is used in entrepreneurial education and business practice (Ladd, 2018) and it is a mitigating framework as a weapon that facilitates startup entrepreneurs in communicating and structuring their business idea and plans to stakeholders (Sort & Nielsen, 2018). However, there are seldom studies that explain the BMC structure (Ladd, 2018; Sort & Nielsen, 2018; Wahyono, 2018). The followings are the explanations about the BMC concept and its elements that are provided by Osterwalder & Pigneur (2010).

Business Model Canvas

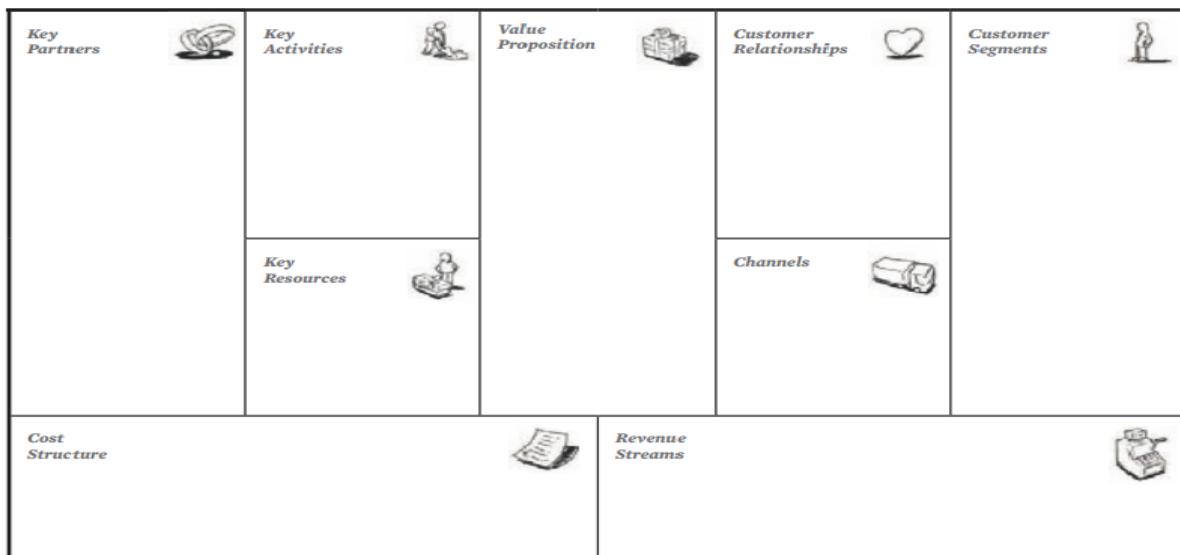


Figure 1: Business Model Canvas

Source: Osterwalder & Pigneur (2010, p. 44)

BMC according to Osterwalder & Pigneur (2010), there are nine elements as the followings.

1. Customer Segments (SG): Customers are the heart of any business, without customers there will be no revenue, no profit, the firm won't be able to survive. To satisfy customers is a major responsibility of every firm. There are several types of customer segments: mass market, niche market, segmented, diversified, and multi-side. Therefore, firms should group their customers into distinct segments with their needs, behaviors, or other attributes.
2. Value Proposition (VP): The reason that persuades customer interest or attraction is value that firms offer to customers. The value that a firm could offer to customers, for example, newness, performance customization, getting the job done, price, design, brand / status, cost reduction, risk reduction, accessibility, and convenience / usability. The value that is proposed to the customer should solve the customers problem. The value proposition may be innovative and represent a

new or disruptive offer to specific customers segment and it must fit their need and desire or solve a problem to the specific customer requirements.

3. Channels (CH): CH refers to the method on how firms deliver and reach its customer segment and how firms interact with the customer to deliver the product or service. CH is the customers touch point that play a significant role in the customer experience. CH's objectives are raising customer awareness, helping customers evaluate a firm's VP, allowing customers to purchase specific products and service, delivering a VP to customers, and providing post-purchase customer support. However, CH should be fit with customer segment and its behavior.
4. Customer Relationships (CR): CR describes the types of relationships that a firm creates with specific customer segments. CR may be driven by customer acquisition, customer retention and busting sales. In addition, CR also has an important role that influence customer experience. There are several types of CR, for example, personal assistance, delicate personal assistance, self-service, automated services, communities, and co-creation.
5. Revenue Streams (RS): RS represents the cash a firm generates from each customer segment. That is related to VP because firms should ask itself why customers need to pay for the value that is being offered to them. Firm should generate one or more RS form each CS. There are several ways to generate RS, for instance; asset sales, usage fees, subscription fees, lending/renting/leasing, licensing, brokerage fees, and advertising. This element also includes pricing mechanisms such as fixed menu pricing and dynamic pricing, fixed menu pricing pre the prices that are based on static virables, for examples, list price, product feature dependent, customer segment dependent, and volume dependent. And dynamic pricing refers to prices change based on market conditions, for examples, negotiation, yield management, real-time-market, and auction.
6. Key Resources (KR): Firm needs to have resources and/or assets to build and create value offered to customers, deliver value to customers to generate revenue. KR refers to the firm's physical capital, financial capital, intellectual capital, and human capital. KR also includes leadership and organizational structure. KR also refers to firm's core competency or other resources-based view of the firm too (Ladd, 2018).
7. Key Activities (KA): KA is one of the most important elements in the BMC. KA refers to the action that firms must take to operate successfully. Since KR requires to create and offer VP to reach the market and maintain CR and generate R\$, while, KA is an action that makes its business model work and it depends on the busienss model type. KA can be categorized as production, problem solving, and platform/network.
8. Key Partners (KP): It describes the network of suppliers and partners that make the business model work and be successful. Sometimes, firms may not have the ability and capability to create and operate every resource and activity. Therefore, firm needs partners to leverage its resource regarding the resources-based view in order to create firm's competitive advantage. This element is not only to create partnership networks but also the need to increase and sustain networks too. The aim of KP is to optimize the economy of scale, reduce the risks and uncertainty, and acquire particular resources and activities.
9. Cost Structure (CS): This element describes all costs that occur while firms establish and operate the business model through creating and delivering value, maintain customer relationships and generate revenue, while also requires key resources, key activities, and key partnership. Costs should be minimized in every business model, however, firm needs to balance between cost-driven and value driven. In addition, CS should include fixed costs, variable costs, economies of scale and economies of scope.

Startup Success

Startup's Performance

Performance represents that firm has capability to achieve a set of objectives and goals in an expected or superior manner (Caseiro & Coelho, 2018). In the terms of organizational performance always involved with stakeholders, organizational goals, and another perspective such as marketing indicators, firms that satisfy all stakeholders are tended to be success (Gerschewski & Xiao, 2003). As it's generally known, startups must have distinct competitive advantages to become a unicorn (Poonpol, 2018). Again, there is evidence shown that business model designs have positive relationship with firm's performance. Firm that establishes innovative business model tend to better firm's performance (Zott & Amit, 2007). The validated business model canvas elements performed significantly better than competitors in the competition (Ladd, 2018), tends to attractive from venture capital (Sort & Nielsen, 2018) and angel investors (Sort & Nielsen, 2018; Kohler & Nickel, 2017). Moreover, the previous studies indicate that business models can be the important factor that impact to firm success (Dunford, Palmer, & Benveniste, 2010).

Business models that can fit customer segments and value propositions may be associated with a particular high willingness to pay; firms that can utilize all resources and well-managed organizational value chain may contribute cost efficiency; and distinct revenue model could create value (Peteraf & Barney, 2003). These represent the great combination to firms to have stand out performances and success. However, there is a lack of research evidence, and scholars require more evidence regarding the suggestions to explore and examine the relationship between business models and both financial and non-financial performances (Wahyono, 2018; Cucculelli & Bettinelli, 2014; Visnjic, Wiengarten, & Needly, 2014; Yunus, Moingeon, & Lehmann-Ortega, 2010). The following table are several performance measurements that are obviously seen in SMEs firms used measure their success when they transform to a new business model.

Table 1: Types of performance and measure of firm's performances

| <i>Authors</i> | <i>Research study</i> | <i>Industry</i> | <i>Financial performance</i> | <i>Non-financial performance</i> |
|-------------------------------|---|--|---|---|
| Velu (2015) | Business model innovation and the survival of new firms | Traditional businesses that transformed to new business model, e-trading firms | Number of times that firm raised external financial | Number of times that firm launched and diversified a separate product |
| Lee, Kim, Seo, & Hight (2015) | Market orientation and firm's performance | Franchise Industry in Korea | Goal; net profit, sales, Increase; net profit, sales, Achieve number of franchises contract | Improved the capability of new products and services, Increase; employee satisfaction, customer satisfaction, franchisee's satisfaction |
| Nisar, Baoteng, & Wu (2018) | Mode of strategy and performance | SMEs in Norway | Profitability, Sale growth, Market share, ROA, ROS, Labor productivity, | Quality control, Product reputation, Technology transfer, improved distribution channels, improved R&D capacity, Employee satisfaction |

| <i>Authors</i> | <i>Research study</i> | <i>Industry</i> | <i>Financial performance</i> | <i>Non-financial performance</i> |
|---------------------------------------|---|--|--|---|
| Sadiku-Dushi, Dana, & Ramadani (2019) | Entrepreneurial marketing dimensions and SMEs performance | SMEs in Kosovo | Efficiency, Growth profit | Owner personal goals, reputation |
| Hamelink & Opendenakker (2019) | Business model innovation affects firm performance | Energy storage industry in Netherlands (large and small scale of energy storage) | Growth, Profitability, Market Value | Customer satisfaction, Employee satisfaction, Social performance, Environmental performance |
| Bouwman, Nikou, & de Reuver (2019) | Business model innovation and SMEs | SMEs that transform to new business model in Finland | Sales growth, profit growth, Market share, Market value, Net income, ROI | Speed to market |

CONCEPTUAL FRAMEWORK

According to the conceptual framework proposed, there is the research framework for the current research problem, “*how efficient is the business model for the success of startup firms?*” And the objectives of the current study are: 1) to explore and examine how the efficient the business models for the success of startup firms, 2) to explore and examine the relationship between business models and startup success, and 3) to explore and examine the performance measurement that indicate the startup firm’s success.

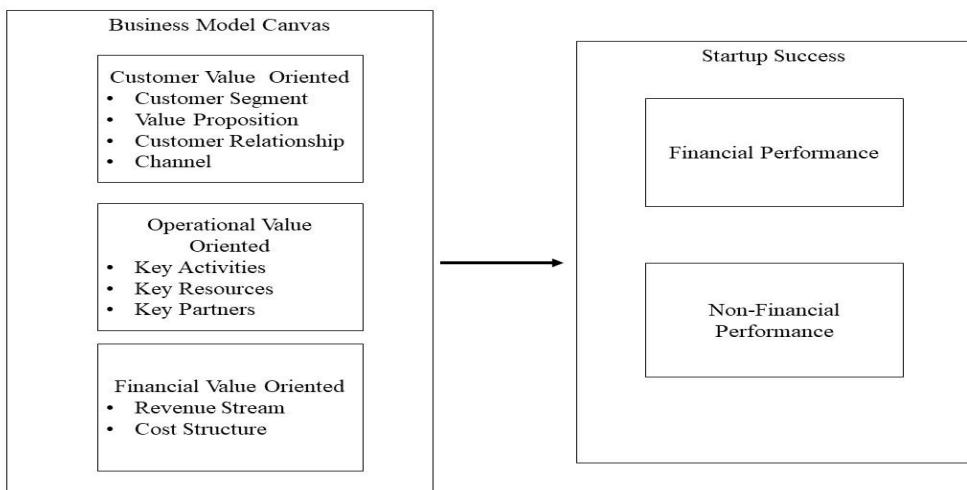


Figure 2: The Proposed Framework from the Current Study
Source: Developed for this study

Research Questions, Research Objectives, and Research Propositions and Hypotheses

The research problem of the current study; “How efficient is the business models for the success of startup firms in Thailand?” And, the followings are the research questions, research objectives, and research hypotheses regarding the current research study.

| Research Questions | Research Objectives | Research Propositions | Research Hypotheses |
|--|---|---|--|
| <p>1. What are the relations hips between business models and startup success?</p> | <p>1.1. To study the importance of each element of the business model and startup success.</p> <p>1.2. To examine the relationships between business model and startup success.</p> | <p>P_1 Startup entrepreneurs who give value in all business model elements increase their likelihood of success.</p> | <p>H_1 Startup entrepreneurs who give value in all business model elements increase their likelihood of success.</p> |
| <p>2. What are the performance measurements for success startup firms?</p> | <p>2.1. To explore and examine the performance measurements for success startup firms.</p> <p>2.2. To examine the relationships between business model and performance measurements of success startup firms.</p> | <p>P_2 The performance measurements for success startup firms are more than financial performance indicators.</p> | <p>$H_{2,3,4,5,6,7,8,9,10}$ Startup entrepreneurs that validate at least one of hypothesis within CS₂, VP₃, CH₄, CR₅, RS₆, KR₇, KA₈, KP₉, CS₁₀ increase their likelihood of success.</p> <p>H_{11} Startup entrepreneurs who are focus on customer value orientation, operational value orientation, and financial value orientation generate a better startup success than startup entrepreneurs who focus on fewer values within this triumvirate strategies.</p> |

Figure 2: Research questions, research objectives, Research Propositions and Hypotheses
Sources: Developed for this study

CONCLUSION

Data collection and analysis of the current study will be directed by the research questions. And the research problem will be revealed according to the questions. Owing the research questions, the findings should provide empirically based contributions for researchers, academics, practitioners and startup entrepreneurs. The current study will provide deeper knowledge to become experts in startup firms and the community. Though personal interest in startups, business models, and performance measurements. As a competency, this will require considerable practical experience to provide a deep understanding of these phenomena. Moreover, the findings will provide a guide line for startup entrepreneurs in order generate a startup firms' success. And, the results from the current study will fulfill knowledge and the situation of startup firms in Thai context.

REFERENCES

- Barringer, B. R., & Ireland, R. D. (2019). *Entrepreneurship Successfully Launching New Ventures*. New York: Pearson.
- Bouwman, H., Nikou, S., & de Reuver, M. (2019). Digitalization, business models, and SMEs: How do business model innovation practices improve performance of digitalizing SMEs? *Telecommunications Policy, 2019*, 101828.
- Casadesus-Masanell, R., & Ricart, J. E. (2010). From strategy to business models and onto tactics. *Long Range Planning, 43*, 195-215.
- Casadesus-Masanell, R., & Zhu, F. (2013). Business model innovation and competitive imitation: The case of sponsor-based business models. *Strategic Management Journal, 34*(4), 464-482.
- Caseiro, N., & Coelho, A. (2018). The influence of business intelligence capacity, network learning and innovativeness on startups performance. *Journal of Innovation & Knowledge, 83*, 1-7.
- Cohen, S., Fehder, D. C., Hochberg, Y. V., & Murray, F. (2019). The design of startup accelerators. *Research Policy, 48*, 1781-1797.
- Cosenz, F., & Noto, G. (2018). A dynamic business modelling approach to design and experiment new business venture strategies. *Long Range Planning, 51*, 127-140.
- Cucculelli, M., & Bettinelli, C. (2014). Business models, intangibles and firm performance: evidence on corporate entrepreneurship from Italian manufacturing SMEs. *Small Business Economics, 45*(2), 329-350.
- Dasilva, C. M., & Trkman, P. (2014). Business Model: What it is and what it is not. *Long Range Planning, 47*(6), 379-389.
- Dunford, R., Palmer, I., & Benveniste, J. (2010). Business model replication for early and rapid internationalization: The ING Direct Experience. *Long Range Planning, 43*(5-6), 665-674.
- Ferreira, F. N., Proen  a, J. F., Spencer, R., & Cova, B. (2013). The transition from products to solutions: External business model fit and dynamics. *Industrial Marketing Management, 42*(7), 1093-1101.
- Foss, N. J., & Saebi, T. (2017). Fifteen years of research on business model innovation: how far have we come, and where should we go? *Journal of Management, 43*(1), 200-227.

- Gerschewski, S., & Xiao, S. S. (2003). Beyond financial indicators: An assessment of the measurement of performance for international new ventures. *International Business Review*, 24(2015), 615-629.
- Gracht, H. A., & Darkow, I.-L. (2016). Energy-constrained and low-carbon scenarios for the transportation and logistics industry. *International Journal of Logistics Management*, 142-166.
- Graham, S. J., & Sichelman, T. S. (2016). Intellectual property and technology startups: what entrepreneurs tell us. *Technological Innovation: Generating Economic Results*, 26, 163-199.
- Hamelink, M., & Opdenakker, R. (2019). How business model innovation affects firm performance in the energy storage market. *Renewable Energy*, 131, 120-127.
- Kohler, T., & Nickel, M. (2017). Crowdsourcing business model that last. *Journal of Business Strategy*, 38(2), 25-32.
- Ladd, T. (2018). Does the business model canvas drive venture success? *Journal of Research in Marketing and Entrepreneurship*, 20(1), 57-69.
- Lee, Y.-K., Kim, S.-H., Seo, M.-K., & Hight, S. K. (2015). Market orientation and business performance: Evidence from franchising industry. *International Journal of Hospitality Management*, 44, 28-37.
- Lusch, R. F., & Vargo, S. L. (2006). *Service dominant logic as a foundation for a general theory*, in Lusch, R.F. and Vargo, S.L. (Eds), *The service-Dominant Logic of Marketing: Dialog, Debate, and Directions*. New York: ME Sharp, Armonk.
- McNamara, P., Peak, S. I., & Sasson, A. (2013). Competing business model, value creation and appropriation in English Football. *Long Range Planning*, 46(6), 475-487.
- Mikhalkina, T., & Cabantous, L. (2015). Business Model Innovation: How Iconic Business Models Emerges. *Business Models and Modelling*, 33, 59-95.
- Munkongsujarit, S. (2016). Business Incubation Model for Startup Company and SEM in Developing Economy: A case of Thailand. *Portland International Conference on Management of Engineering and Technology (PICMET)* (pp. 74-81). Portland : PICMET.
- Nisar, S., Baoteng, A., & Wu, J. (2018). The entry mode strategy and performance of SMEs: Evidence from Norway. *Research in International Business and Finance*(45), 323-333.
- Ojasalo, J., & Ojasalo, K. (2018). Service Logic Business Model Canvas. *Journal of Research in Marketing and Entrepreneurship*, 20(1), 70-80.
- Osterwalder, A., & Pigneur, Y. (2010). *Business Model Generation*. New Jersey: John Wiley&Sons, Inc., Hoboken.
- Peteraf, M., & Barney, J. J. (2003). Unraveling the resource-based tangle. *Managerial and Decision Economics*, 24, 309-323.
- Poonpol, R. (2018, March 1). Knowing startup unicorn and the direction to be an unicorn in Thailand. (T. Team, Interviewer, & F. T. English, Translator) Thailand. Retrieved July 1, 2019, from <https://techsauce.co/tech-and-biz/what-is-unicorn/>

- Reuver, M. d., Bouwman, H., & Haaker, T. (2010). Business model roadmapping: A practical approach to come from an existing to a desired business model. *International Journal of Innovation Management*, 17(1), 1340006.
- Reuver, M. d., Bouwman, H., & MacInnes, I. (2009). Business model dynamics for start-ups and innovating e-businesses. *International Journal of Electronic Business*, 7, 269-286.
- Rise, E. (2011). *The Lean Startup: How Constant Innovation Creates Radically Successful Businesses*. London: Penguin Book Ltd.
- Ritter, T., & Lettl, C. (2018). The wider implications of business-model research. *Long Range Planning*, 51, 1-8.
- Sadiku-Dushi, N., Dana, L.-P., & Ramadani, V. (2019). Entrepreneurial marketing dimensions and SMEs Performance. *Journal of Business Research*, 100, 86-99.
- Sorescu, A., Frambach, R. T., Singh, J., Rangsawamy, A., & Bridges, C. (2011). Innovations in Retail Business Models. *Journal of Retailing*, 87, S3-S16.
- Sort, J. C., & Nielsen, C. (2018). Using the business model canvas to improve investment processes. *Journal in Marketing and Entrepreneurship*, 20(1), 10-33.
- Teece, D. J. (2010). Business Models, Business Strategy and Innovation. *Long Range Planning*, 43, 172-194.
- Teece, D. J. (2018). Business models and dynamic capabilities. *Long Range Planning*, 51, 40-49.
- Velu, C. (2015). Business model innovation and third-party alliance on the survival of new firm. *Technovation*, 35, 1-11.
- Visnjic, I., Wiengarten, F., & Needly, A. (2014). Only the brave: Production innovation, Service business model innovation, and their impact on performance. *Journal of Product Innovation Management*, 33(1), 36-52.
- Wahyono, W. (2018). Business model innovation: a review and research agenda. *Journal of Indian Business Research*, 1755-4195.
- Wirtz, B. W., Schilke, O., & Ullrich, S. (2010). Strategic development of business models: Implications of the Web 2.0 for creating value on the Internet. *Long Range Planning*, 43, 272-290.
- Yunus, M., Moingeon, B., & Lehmann-Ortega, L. (2010). Building social business models: lessons from the garmen experience. *Long Range Planning*, 43, 308-325.
- Zeng, Z., & Honig, B. (2016). How should entrepreneurship be taught to students with diverse experneice? A set of conceptual models of entrepreneurship education. *Model of Start-up Thinking and Action: Theoretical, Empirical and Pedagogical Approaches*, 18, 237-282.
- Zott, C., & Amit, R. (2007). Business model design and the proformance of entrepreneurial firms. *Organization Science*, 18(2), 181-199.

WHAT CAN HOTELS LEARN FROM THEIR OTA PARTNERS? A LITERATURE REVIEW

^a Montakan Chubchuwong

ABSTRACT

Online travel agencies (OTAs) are increasingly used as a reservation channel particularly by small and medium-sized hotels. The three most popular brands of OTA in Thailand are Booking.com, Agoda.com and Expedia.com. However, in the past decade, where there was strong growth in bookings from this segment, scholars and hoteliers have observed a troubled relationship between the two parties. Hotels feel that they receive benefits from working with OTAs such as increased numbers of bookings and global market exposure; however, they also feel that they receive unfair treatment in terms of price cutting and high commission. This article provides a literature review on the relationship between hotels and OTAs, and also identifies significant OTA attributes that impact consumer satisfaction when using OTAs for hotel reservations. The major attributes are convenience, safety/security, instant confirmation, customer relationship, website functionality, information and content, price and frequency of update, lower rate, and reviews by other people. Literature reveals that hotels also have advantages over OTAs as the clients stay at their property and services and digital technology can be used to build relationships with clients.

This paper suggests that initially hotels should learn from the strong attributes of OTAs and use them to improve their online direct booking. This literature review can be used as a basis for further empirical research to design business strategies to improve direct online hotel bookings.

Keywords: Online Travel Agency; OTA; Online Marketing; Hotel Reservation

^a Faculty of Tourism and Hospitality, Dhurakij Pundit University, Thailand
Email: montakan.chu@dpu.ac.th

INTRODUCTION

Over the past two decades, the marketing and selling of tourism products have changed from conventional methods to online marketing or e-commerce. The strong growth of online marketing is a result of the growth of computer and mobile phone usage (Verma, Stock, & McCarthy, 2012). In 2009, hotels worldwide sold 40% of their rooms online (National Electronics and Computer Technology Center, 2009). In the first quarter of 2015, individual leisure and business bookings showed year-on-year growth in bookings made by OTAs at 15.1%, (hotel) brand.com 7.1%, and GDS 1.1% whereas direct and computer reservation system (CRS) bookings decreased by 8.4% and 6.1%, respectively (Barthel & Perret, 2015). Chubchuwong (2018) found that bookings from online travel agencies (OTAs) had a strong impact on hotel sales revenue. The research indicated that individual business travelers from corporations and officials from government segments tended to use OTAs because the room rates were more competitive. Barthel & Perret (2015) found that the OTA segment was a strong competitor to the individual booking sector and distribution channels and has already taken a substantial share from traditional contracted booking channels, who are mainly wholesalers and tour operators. Gazzoli stated that one of the main reasons for the success of OTAs was their ability to offer cheaper rates than those offered by hotels and their reservation offices (Gazzoli et.al., 2008). Literature revealed that small, independent hotels have gradually come to depend more and more on OTAs (Barthel & Perret, 2015). However, research also revealed that hotels have complained about the high commission rates that they paid to OTAs and the impact on their revenue (Barthel & Perret, 2015; Gazzoli et.al., 2008; Hutchinson, 2018). Even though OTAs provide a lot of benefits to hotels such as online bookings and market exposure, literature has indicated a growing concern of hotels about price cutting by OTAs (Hutchison, 2018; Lawson, 2018; Mest, 2017). Some hotels have tried to find solutions while others have not.

The objective of this article is to conduct a literature review about the relationship between hotels and OTAs, and the important attributes which make OTAs preferred by consumers. This literature review aims to be a foundation for further study on how hotels can improve their own online booking tools to be used in conjunction with OTAs to achieve higher sales.

LITERATURE REVIEW

An Online Travel Agency (OTA) is an agency engaged in selling and arranging accommodation, tours, transportation and trips for travelers on an online platform (Hotel Technology Index, 2019). In the 1990s, online travel intermediaries were established (Barthel & Perret, 2015; Gazzoli et.al., 2008) and have become the main global e-intermediaries. Based on Barthel & Perret (2015), the two most important OTA players are Expedia and Priceline. Expedia Travel Service was launched by Microsoft in 1996 in the USA, followed by its European counterpart, Priceline, in 1997 (Barthel & Perret, 2015; Gazzoli et.al., 2008). Both platforms allowed customers to book their holidays online. Expedia gained first position in terms of worldwide gross bookings whereas Priceline was the largest OTA by revenue.



Figure 1: The two major OTA companies and their brands Source: HVS Research in Barthel & Perret (2015)

Booking.com B.V. is part of the Price Line group. It was established in 1996 and was translated into 40 languages. It included 913,667 hotels in the network. Agoda Company Pte. Ltd. was established in 2005, and was acquired by Price Line in 2007. It has offices in more than 20 countries including Thailand. Agoda.com has more than 100,000 hotels in their network and the website has been translated into 38 languages.

In 2015, there were 38 million people in Thailand using the internet, which was 56% of the total population. The activities that they used were social network 82.7% searching information 56.7% reading news 52.2%. If classified by age group, the highest number of internet users was GenY (54%) who used the internet for about 54.2 hours/week followed by GenX, GenZ, and Baby Boomers, respectively.

In Thailand, there are several OTAs used by Thai consumers. Booking.com and Agoda.com are the most popular brands, followed by Expedia (Patchamas, 2017). However, Booking.com seems to be more preferred by customers as they do not request an advanced deposit or payment upon making the reservation.

Significant OTA attributes

Patchamas (2017) studied the opinions and confidence of 400 Thai consumers towards hotel room bookings via OTAs in terms of product, price, distribution and promotion. She found that the top five popular OTAs used by Thai people were Booking.com (32%), Agoda.com (30.5%), Traveloka.com (24.5%), Trivago.com (4.8%) and Hotels.com (3.5%). The research found that the highest satisfaction score for OTA usage was for distribution, followed by price, product and promotion. In regard to distribution, the highest score was for the convenience of payment through credit card or internet banking, followed by the convenience of booking by computer or mobile phone, instant confirmation, and the ease of making the reservation online. In terms of price, the highest score was for ‘rates often adjusted and updated’ followed by ‘there are a variety of prices for purchasing’, ‘prices are cheaper than booking with other channels’, and ‘price is suitable for the level of the hotel’. As for the product, the highest score was for ‘the hotels on the OTAs meet expectations’ followed by ‘the name of the website is easily remembered’, ‘there is a variety of hotel information’, and the ‘information of the hotel is interesting’. In regard to promotion, the highest score was for

'receiving the promotion via email', followed by 'early bird booking discount if pay now', and 'other special deal such as collecting points for loyalty'.

Tsang, Lai & Law (2010), studied the satisfaction of OTA customers and found four dimensions that significantly influenced online customers' overall satisfaction and repurchase intention. They were 'website functionality', 'information quality and content', 'safety and security', and 'customer relationship'. The results show that 'website functionality' was the most powerful factor in predicting customer satisfaction and repurchase intention.

Park, Gretzel & Sirakaya-Turk (2007)'s research examined the influence of perceived website quality on the willingness to use online travel agencies. Six core dimensions were identified and empirically tested regarding their impact on behavioral intentions using a survey of 311 local residents in the United States. 'Ease of use' was found to be the most important dimension in determining willingness to use, followed by 'information/content', 'responsiveness', 'fulfillment', and 'security/privacy'. User appeal, however, was a not significant factor.

Kim, Kim & Soohan (2007) studied the perceptual mapping of online travel agencies and preference attributes with two objectives: first, to investigate the important choice attributes of online travel agencies from which online customers may select, and second, to identify the current positions of seven online travel agencies based on customer perceptions. The data for this study were collected from the directories of seven universities through an online survey. The results revealed that 'finding a low fare' was the most critical, followed by 'security'. Customers considered various attributes simultaneously, rather than price and security alone. The results also revealed that each online agency had a different pattern based on travelers' perceptions in terms of web features, user friendliness, security, and low fares.

Ye, Law, Gu & Chen (2011) explored the influence of user-generated content on travel behavior. They employed an empirical investigation of the effects of e-word-of-mouth on hotel online bookings. The research used data extracted from a major online travel agency in China. The empirical findings showed that traveler reviews had a significant impact on online sales, with a ten percent increase in the traveler review rating boosting online bookings by more than five percent. Our results highlight the importance of online user-generated reviews on business performance in tourism.

Unfair partnership between hotels and OTAs

In the past two decades, marketing literature revealed the unfair relationship between hotels and OTAs. Barthel & Perret (2015) and Gazzoli et.al.(2008) mentioned the high commission demanded by OTAs from hotels. Complaints and unsolved relationship problems between the two have also been discussed at several tourism and hotel conferences. Lee et.al. (2013) wrote that online travel agencies (OTAs) seem to act as more than just intermediaries and more as business partners or vendors. He also studied literature that observed troubled relationships between hotels and OTAs.

Lawson (2018) reported that hoteliers have been undercut by third party OTAs

"The general consensus was that maintaining rate parity was now more crucial than ever, with some alluding to the fact that they were not sure how to address this issue and that it was an increasing concern. All hotels around the world are affected, but its hoteliers in Asia who are currently feeling it the most, due to wholesale rates being particularly prominent within Agoda and Ctrip. Rumour also has it that Expedia is set to go this way too, but the major innovation in this space can currently be found within the introduction of Booking.com's Booking.Basic."

Hutchison (2018) wrote in TTR Weekly under the heading "Online travel agents have captured a huge portion of the hotel market in Asia-Pacific. She reported that

"across the region, OTAs on average undercut prices on hotel websites by an average of

11.4 per cent or US\$12.06, according to data from Triptease, the company behind the Direct Booking Platform". "A breakdown of undercutting rates, based on Triptease's clients in the region, shows that the scale of undercutting is far worse in certain countries, including Vietnam, China, Thailand and Malaysia, with some seeing a rate as high as 30 per cent".

Mest (2017) reported from the annual hotel conference on 11-12 October 2017 in Manchester, U.K. where Michael McCartan, who had been a managing director at Duetto for Europe, the Middle East and Africa since 2014, led a panel discussion on the relationship between hotels and OTAs entitled "Make love not war, embrace OTAs for a brighter future".

He said "*what we don't want is to agree that the current situation is the status quo, and just throw our hands up and say 'it is what it is'*".

This means that the relationship between hotels and OTAs was not good and hotels are in a difficult situation.

McCartan also stated at the conference which was held on 17–19 October 2018, that "direct booking campaigns have limitations" (Mest, 2017).

He stated that "*While OTAs are willing to work on more equitable terms with hoteliers than before; these terms are often still not to the hotels' liking in many cases. Hotels still feel like they are held hostage by the power and sway of OTAs, which is why there has been such a groundswell of support for direct booking campaigns as hoteliers feel pressured to find new avenues for guest acquisition*".

He added that hotels had tried to improve their own direct bookings but there were some limitations.

"The push for direct bookings has been profitable for many operators, and particularly applauded 'Hilton's don't Click Around'" movement for educating the market on direct bookings".

However, he also commented that these direct booking campaigns have serious limitations because they are almost all based on cutting prices and offering deals to acquire customers".

"Sacrificing price for direct bookings strikes me as an odd thing to do," he said. "It's not a sustainable methodology for ensuring repeat business, and in many cases, it dilutes your existing base of customers. Hotels need to be careful that they don't jeopardize or hurt their own business in their desire to get back at OTAs."

The advantages of hotels over OTAs

There are some characteristics of hotels that provide advantages over OTAs i.e. clients have to stay at the hotels. Hotels can provide good service to clients during their stay, impress them and build relationships for the future. Hotels should be able to use digital technology to analyze client preferences and use the data to improve services to build long term relationships.

According to Mest (2017), despite their immense reach and the power of their distribution system, OTAs are not able to service guests on property, and so despite whatever they do to encourage guests to book at hotels, at the end of the day, OTAs , have to hand that guest over to hotels.

“The fact that the hotel engages the guest and has them physically on property at the same time is a huge benefit to the hotel,” “If hotels can enhance the quality of their relationship with guests during the stay because of what they know about the guest before and after they arrive, they can demonstrate more value than the OTAs can.” stated by McCartan.

Mest (2017) suggested that *“the digital experience behind hotels must become more personalized to allow hotels to understand the likes and dislikes of individual guests, then translate that information into action once they are on property. Because of this, OTAs will always be at a disadvantage due to lacking the physical aspect of the hotel experience.”*

FINDINGS

Based on the literature review, it is confirmed that there is a troubled relationship between hotels and OTAs mainly as a result of high commission rates and price cutting as well as the decline in direct hotel booking. However, literature has indicated several factors that impact customer satisfaction when using OTAs. The strengths of the OTAs can be studied and used as guidelines to create a business strategy to improve direct bookings for independent hotels. The benefits of OTAs identified by various authors are shown in Table 1.

Table 1: Preferred Attributes of OTAs

| Preferred Attributes of OTAs | Patchamas, 2017 | Tsang et.al., 2010 | Park et.al., 2007 | Kim et.al., 2007 | Gazzoli et.al., 2008 | Ye et. al., 2011 | Mest, 2017 |
|--|--------------------|--------------------------|-------------------------|------------------------|----------------------------|------------------------|---------------|
| Convenience | ✓ | ✓ | ✓ | | | | |
| Safety and Security | | ✓ | ✓ | ✓ | | | |
| Instant Confirmation /Responsiveness | ✓ | | | ✓ | | | |
| Customer Relationship/User friendliness | | | ✓ | ✓ | ✓ | | |
| Website Functionality /Fulfillment/Web Features | | | ✓ | ✓ | ✓ | | |
| Information and Content | | | ✓ | ✓ | | | |
| Price and Frequency of Update | ✓ | | | | | | |
| Lower Rate | | | | ✓ | ✓ | | |
| Reviews by other customers | | | | | | ✓ | ✓ |

CONCLUSION

Base on the literature review, the majority of authors believe that hotels still need to continue to working with OTAs; however, they should be able to understand the attributes of OTAs and use them as guidelines to improve their direct online bookings. According to Mest (2017), hotels also have a significant advantage over OTAs in that clients stay at the hotels who strive to provide good services during their stay and most importantly, build relationships to encourage clients to return. Hotels can use digital technology to analyze client preferences to improve the services and to build long term relationships. They can also improve the online marketing platform. In doing so, hotels will be more efficient and can compete with OTAs and not be over-dependent on them. It is recommended that further empirical research be conducted with travelers on what kind of problems they encounter when making online reservation with hotels, and what factors would encourage them to do so.

REFERENCES

- Barthel, J., & Perret, S. (2015). *OTAs-A Hotel's Friend or Foe: How reliant are hotels on OTAs?* Retrieved from <http://www.hospitalitynet.org/file/152005663.pdf>.
- Chubchuwong, M. (2018) Impact of online marketing on the role of hotel sales manager: An experiential learning of hotel sales management students. *The Proceedings of the International Conference on Higher Education for Diversity and Global Citizenship*” organized by the Association of Southeast Asian Institutions of Higher Learning (ASAHL) at Kasem Bundit University, Bangkok on 8 January, 2018.
- Creswell, J.W. (2007). *Qualitative Inquiry and Research Design: Choosing among five approaches*. Sage Publications, Inc. Singapore.
- Gazzoli, G, Kim, W.G., & Palakurthi, R. (2008). Online distribution strategies and competition: are the global hotel companies getting it right? *International Journal of Contemporary Hospitality Management*. 20(4), 375-387.
- Hotel Technology Index (2019). *Definition of Online Travel Agency (OTA)*. Retrieved from <http://hoteltechnologyindex.com/online-travel-agency/>.
- Hutchison, C. (2018). OTAs and wholesale rates- the growing problem for hotels. *TTR Weekly*. Retrieved from <http://www.travelweekly.com.au/article/otas-serve-up-even-bigger-trouble-for-hotels/>.
- Kim, D.J., Kim, W.G., & Soohan, J. (2017). A conceptual mapping of online travel agencies and preference attributes. *Tourism Management*. 28(2), 591-603.
- Lawson, V.C. (2018). OTAs and wholesaler rates- a growing problems for hotels. *The Hotel Story*. Retrieved from <https://medium.com/the-hotels-network/otas-and-wholesaler-rates- the-growing-problem-for-hotels-67507889420a>.
- Lee, H., Guillet, B.D. & Law, R. (2013). An examination of the relationship between online travel agents and hotels: a case study of Choice Hotels International and Expedia.com. *Cornell Hospitality Quarterly*. 54 (1), 95-107.
- Mest, E. (2017). *Hotels, OTAs find limitations in failing to work together*. Retrieved from <https://www.hotelmanagement.net/operate/hotels-otas-find-limitations-failing-to-work-together>.
- National Statistical Office (2014). *The 2014 Hotels and Guest Houses Survey*. Ministry of Information and Communication Technology, Bangkok.
- Park, Y., Gretzel, U., & Sirakaya-Turk, E. (2007). Measuring web site quality for online travel agencies. *Journal of Travel & Tourism Marketing*. 23(10), 15-30.

- Patchamas,P. (2017). *Opinions and Confidence of Thai consumers towards hotel room booking via online travel agencies*, M.A. Dissertation, Faculty of Tourism and Hospitality, Dhurakij Pundit University, Thailand.
- Penn State Index of U.S. Hotel Values. *The OTA Conundrum*. Retrieved from <http://hhd.psu.edu/shm/Hotel-Values/ota-conundrum>.
- Strauss, A., & Corbin, J. (1990). *Basic of qualitative research: Ground theory procedures and techniques*. Newbury Park, CA: Sage.
- Tsang, N.K.F., Lai, M.T.H., & Law, R. (2010). Measuring e-service quality for online travel agencies. *Journal of Travel & Tourism Marketing*, 27(3), 306-323.
- Verma, R., Stock, D. & McCarthy, L. (2012). Customer preferences for online, social media, and mobile innovations in the hospitality industry. *Cornell University Quarterly*, 53(3), 183-186.
- Ye, Q., Law, R., Gu, B., & Chen, W. (2011). The influence of user-generated content on traveler behavior: an empirical investigation on the effects of e-word-of -mouth to hotel online bookings. *Computers in Human Behaviors*. 27 (2), 634-639.

EFFECTIVENESS OF THE SUPERVISION OF COMMISSIONERS AND AGGRESSIVE TAX ON FINANCIAL REPORTING FRAUD

^aWiralestari
^bRiski Hernando

ABSTRACT

This study aims to test the effectiveness of commissioner supervision and aggressive tax on financial reporting fraud. This research was conducted at manufacturing companies listed on the Indonesian stock exchange. The research sample was conducted using a random sample and obtained 61 samples from 155 total manufacturing companies listed on the Indonesia stock exchange. The results of the study showed that the effectiveness of commissioner supervision and aggressive tax had an effect on financial reporting fraud.

Keywords: Commissioners, Agresive Tax, Financial Reporting Fraud

^aUniversitas Jambi, Indonesia, e-mail: wiralestari11@unja.ac.id

^bUniversitas Jambi, Indonesia, e-mail: riskihernando@unja.ac.id

INTRODUCTION

Tax is a compulsory contribution to the state that is owed by an individual or entity as a taxpayer by not receiving direct, compelling, and reciprocal reciprocity based on the law. The government uses taxes to carry out national development in order to achieve general welfare in various sectors of life (Rochmat Soemitro, 2011).

Taxpayers in Indonesia can be divided into two, namely individual taxpayers and corporate taxpayers. For taxpayers, tax is a manifestation of service and a role to contribute to increasing national development (Rochmat Soemitro, 2014). Based on data from the Ministry of Finance of the Republic of Indonesia (2018), the manufacturing industry is an industry that contributes the largest tax revenue (30.03%). The manufacturing industry experienced the largest growth in industrial sectors, namely 17.1% in 2017 (Airlangga Hartarto, 2018). According to the law, the government uses taxes to carry out national development in order to achieve general welfare in various sectors of life (Rochmat Soemitro, 2011).

Indonesia adheres to a self-assessment system where this system provides convenience to taxpayers, but this convenience is used by taxpayers to carry out tax avoidance according to or contrary to applicable tax regulations called aggressiveness tax or aggressive tax (Frank et al. 2009). Furthermore Frank et al. (2009) said that aggressive tax actions can be carried out by manipulating corporate taxable income through tax planning, both using legal (tax avoidance) or illegal (tax evasion) methods.

The Association of Certified Fraud Examiners (ACFE) (2018) places the manufacturing industry in the first position of the industry that was disadvantaged caused by the fraud in Asia Pacific financial reporting with a percentage of 17% with a total of 33 cases of fraudulent financial reporting. The impact caused by the fraud, the manufacturing industry suffered an average loss of US \$ 500,000 (US \$ 500,000).

Financial reporting fraud occurs because the company minimizes the amount of tax paid, namely minimizing the value of taxes while adhering to the applicable tax regulations (tax avoidance) or minimizing the value of taxes by taking actions that are not in accordance with tax laws (tax evasion) (Brian and Martani, 2014). Chen et al. (2010) say that company owners tend to prefer company management to take aggressive tax actions. Aggressive tax action is an action aimed at reducing taxable income through tax planning using either classified or not tax evasion methods (Frank et al. 2009). Although not all actions taken violate the rules, but the more loopholes used by the company, the company is considered to be more aggressive (Dewi Kartika Sari and Dwi Martani, 2010).

Richard Susilo (2017) stated that based on a survey conducted by Ernesto Crivelly, companies in Indonesia were ranked 11th out of 30 countries that carried out aggressive taxation by not paying taxes to the Indonesian Tax Service at 6.48 billion US dollars. According to Imanul Hakim (2018) revealed that there are four industrial sectors in Indonesia that are prone to tax evasion through transfer pricing. The four sectors are mining, plantations, electronics and automotive. One of them is, the case of transfer pricing as an act of conducting aggressive taxation occurs at PT. Toyota Manufacturing Indonesia, resulting in a state loss of IDR 1.2 trillion.

Dhaliwal et al. (2004) argue that company managers see the tax department as a profit center that is responsible for increasing the company's cash flow through aggressive tax reporting and managing income through estimated tax costs. Therefore, consistent with this view, it can be expected that companies can be aggressive both in their financial and tax reporting (Frank, et al. 2009). This causes managers to exploit complex tax avoidance strategies, to reduce taxes to divert company resources, which they then hide by distorting the company's financial statements (Desai and Dharmapala, 2006). Frank et al. (2009) prove that there is an influence of aggressive tax on financial reporting, where aggressive tax implies the existence of hidden information so that it has the effect of fraud

In running the company, a supervisory function is needed where the supervisory function is carried out by the board of commissioners. The public oversight board (1995) in America stated that the board of commissioners played an important role in the financial reporting process. The board of commissioners has the duty to oversee the financial reporting process so that it can produce financial reporting with good quality. Corporate governance describes the procedures for improving the quality of financial statements, has an emphasis on the role of the board of commissioners in suppressing earnings manipulation and in convincing that providing appropriate information about the company's operations.

Based on the description above, the researcher is interested in conducting research on "The Effectiveness of Commissioner Supervision and Aggressive Tax on Financial Reporting Fraud".

LITERATURE REVIEW

Financial Reporting Fraud

AICPA (2002) defines financial reporting fraud as an intentional misstatement or negligence in the amount or disclosure in financial statements designed to harm the users of financial statements. ACFE (2010) defines financial reporting fraud as an action taken by officials intentionally on material information with the aim of covering up the actual financial condition of the company and will provide an advantage for those who commit fraud, where this fraud can be financial and non-financial.

Board of directors is the basic mechanism of effective corporate governance, both for public companies and ordinary companies that function to control management actions and prioritize the interests of shareholders (Fama and Jensen, 1983). The board of commissioners can be effective in conducting supervision if they have competence, where important competencies are knowledge of company affair and knowledge of the company's management process, adequate boarding education background will greatly determine the quality and expertise, knowledge and processing of company information, number of members in board of commissioners (number or number of members) in the company as well as the activeness of board members in conducting activities and frequency of meetings (Cadbury, 1992 and Beasley, 1996). Carcello et al. (2002) suggest that board members who have more experience make it possible to demand high-quality audit work. In addition, commissioners who have financial / accounting expertise, they can understand and resolve financial statement problems.

In addition, Carpenter and Feroz (2001) argue that board members with international experience are individuals who have more value. International experience of board members can be obtained through international assignments / experience working in foreign companies. The habit of working in a foreign company that is likely to be influenced by culture, rules, laws / regulations and regulations in the country where this company operates has an impact on them to conduct supervision effectively so as to reduce the level of fraud in financial reporting.

In this study the effectiveness of the board of commissioners can be seen from four dimensions, namely: 1) competence, in competence seen from two indicators namely expertise in the field of accounting / finance / auditing and international experience. 2) the interaction of commissioners and directors and committees viewed from the frequency of meetings / meetings conducted in a year, and 3) human resources seen from the number of independent commissioners owned.

H1: The effectiveness of commissioner supervision affects the financial reporting fraud

Aggressive tax is an action that aims to reduce taxable income through tax planning using either methods classified or not classified as tax evasion (Frank et al. 2009). In this case, the company considers the tax as a cost so that efforts or strategies are needed to mitigate taxes (Mangoting, 1999 in Ida Farida et al. 2018). Dyring (2009 in Ida Farida et al. 2018) revealed that companies make higher financial reporting choices when they face violations of debt agreements. They pay taxes on

these profits to avoid costs associated with violating the debt agreement. Frank et al. (2009) argue that companies that commit financial reporting fraud are involved in tax aggressiveness, they find that there is a significant and positive relationship between accounting fraud and tax aggressiveness. On the other hand, Lennox et al. (2013) provide evidence that companies that are aggressively taxing tend to commit fraudulent reporting.

In this study aggressive tax is seen from Effective Tax Rates (ETR), which is calculated by dividing the income tax expense with pre-tax profit. The use of ETR is expected to be able to provide a comprehensive picture of the tax burden that will have an impact on accounting profits that can be seen in the notes to the company's financial statements.

H2: Aggressive tax has an effect on financial reporting fraud

RESEARCH METHODS

Research method is a method used by researchers during an investigation to solve problems (Kothari, 2004: 08). While Jujun Suriasumantri (2010: 328) states the research method is the methods used in research. The research methods used in this study will be explained as follows:

- a. Judging from the purpose of the study, this research is descriptive, namely a study that aims to explain the characteristics of research variables (Sekaran and Bogie, 2010: 105).
- b. Viewed from the type of study, this type of research is verificative and explanatory or causal, because this study wants to find the cause or causal relationship of one or more problems as stated in the formulation of the problem (Sekaran and Bougie, 2010: 165).
- c. In terms of time horizons, this study belongs to a cross-sectional study group. Because in a cross-sectional studies study / research conducted by collecting data only once, it is possible to be daily, weekly, or monthly, in order to answer research questions (Sekaran and Bogie, 2010: 119).

Population and Sampling

The population in this study is a manufacturing company listed on the Indonesia Stock Exchange, with the target population in this study being manufacturing companies listed on the Indonesia Stock Exchange in 2017, where the target population according to Sekaran and Bougie (2013: 245) is defined as part of the element, geographic circle, and time. The number of manufacturing companies listed on the Indonesia Stock Exchange is 155 manufacturing companies listed on the Indonesia Stock Exchange.

The sample according to Sekaran and Bougie (2010, p. 263) is explained as part of the population. The sampling method used is Probability sampling. The technique used is Random Sampling, so that 61 manufacturing companies are listed on the Indonesia Stock Exchange.

Operational Variable

Table 1: Operational Variable

| Variable | Dimension | Indicator | Scale |
|--|---|---|---------|
| Effectiveness of Commissioner Supervision (X1) | Competence | 1. Accounting / Financial / Auditing Expertise 2. International Experience | Ordinal |
| | Interaction with Directors and Committees | Frequency of meetings held during the year | Ordinal |
| | Human Resources | Independent Commissioners Owned | Ordinal |
| Aggressive Tax (X2) | <i>Effective Tax rates</i> (ETR) | Income Tax Expanse Pre-Tax Income | Ratio |
| Financial Reporting Fraud (Y) | Disclosure of Financial Reporting Fraud | The amount of Financial Reporting Fraud Reported for a year | Nominal |

FINDINGS

This study has a profile of respondents which can be seen from the table below:

Table 2: Respondent Profile

| | | |
|--------|-------------------|-----|
| Gender | Man | 30% |
| | Woman | 70% |
| Age | < 35 Years Old | 11% |
| | 35 – 45 Years Old | 80% |
| | >45 Years Old | 9% |

The Effectiveness of Commissioner Supervision affects the Financial Reporting Fraud

From the results of data processing using hierarchy regression modeling, the results obtained from the effectiveness of supervisory supervision of financial reporting fraud. This means that the effective supervision of the commissioners owned will reduce the level of financial reporting fraud.

This shows that the knowledge and experience of commissioners is an important element in ensuring the effectiveness of the board's oversight function. Carcello et al. (2002) suggest that board members who have more experience make it possible to demand high-quality audit work. In addition, commissioners who have financial / accounting expertise, they can understand and resolve financial statement problems.

Carpenter and Feroz (2001) argue that board members with international experience are individuals who have more value, are rare, and have unmatched characteristics that can contribute to the competitive advantage of companies that use their experience. International experience of board members can be obtained through international assignments / experience working in foreign companies. These people are shown / shown to the organization's management in financial information and also in the preparation of financial statements and also shown in monitoring activities in an organization by foreign companies.

The habits of the company may be influenced by culture, rules, laws / regulations in the country where the company operates. This exposure and experience can help board members manage the complexity associated with earnings management practices. Simultaneously, with international experience that is different from local experience, it is also believed that board members like this will assist in promoting and implementing preventive actions and mechanisms for earnings management more proactively in the organization. Furthermore, with frequent meetings between commissioners and directors and committees, it can also reduce the occurrence of financial reporting fraud, this is because the commissioners pay more attention and provide advice on the solutions that occur (Cadbury, 1992).

Aggressive Tax has an effect on Financial Reporting Fraud

Processing data using hierarchy regression modeling, the results of aggressive tax regression obtained on financial reporting fraud are positive. This means that doing aggressive tax indicates financial reporting fraud.

This is in accordance with the results of the research conducted by Dyring (2009 in Ida Farida et al., 2018) that companies make higher financial reporting choices when they face violations of debt agreements. They pay taxes on these profits to avoid costs with violating the debt agreement. Frank et al. (2009) argue that companies that commit financial reporting fraud are involved in tax aggressiveness, they find that there is a significant and positive relationship between accounting fraud and tax aggressiveness. On the other hand, Lennox et al. (2013) provide evidence that companies that are aggressively taxing tend to commit fraudulent reporting.

Companies that have low ETR (effective tax rate) will try to increase ETR by reducing profits because companies tend to want small accounting profits to avoid the possibility of high tax payments in the future so that the company can carry out policies on accruals contained in the deferred tax expense is to make the deferred tax expense smaller. Deferred tax expense is a multiplication of temporary differences with the applicable tax rate (Harnanto, 2003).

DISCUSSIONS

The results of this study result that:

- a. The effectiveness of commissioner supervision has a significant effect on financial reporting fraud. This shows that commissioners who have expertise in accounting, auditing, finance and international experience can reduce financial reporting fraud actions and the more frequently held meetings make the commissioners better understand the problems that occur within the company and can provide appropriate solutions.
- b. Aggressive taxes have a significant effect on financial reporting fraud. This shows that companies make higher financial reporting choices when they face violations of debt agreements. They pay taxes on these profits to avoid costs associated with violating the debt agreement

RECOMMENDATIONS

- a. To fulfill the characteristics of scientific research, namely replicability and generalizability, it is recommended for other researchers to conduct research again by adding other variables that are thought to have an effect on financial reporting fraud such as the board of directors, audit committee, internal audit objectivity, red flag.
- b. The next researcher can conduct research with different populations and samples and using a qualitative approach.

REFERENCES

- Airlangga Hartarto, selaku Menteri Perindustrian. (2018). Kemenperin: Industri Manufaktur Penyumbang Pajak Terbesar. Melalui <https://ekonomi.kompas.com/read/2018/01/09/211727326/kemenperin-industri-manufaktur-penyumbang-pajak-terbesar>. Diakses [2/1/2019].
- AICPA. 2002. *Consideration of Fraud in a Financial Statement Audit. Statement on Accounting Standards (SAS) No. 99.*
- Assosiation of Certified fraud Examiners (ACFE). (2018). *Report To The Nations 2018 Global Study On Occupational Fraud And Abuse Asia-Pacific Edition.*
 . (2010). *Report on the Nation on Occupational Fraud & Abuse.*
- Brian, I., dan D. Martani. (2014). Analisis Pengaruh Penghindaran Pajak dan Kepemilikan Keluarga Terhadap Waktu Pengumuman Laporan Keuangan Tahunan Perusahaan. *Simposium Nasional Akuntansi (SNA) XVII, Lombok.*
- Beasley, M.S. (1996). An Empirical Analysis of the Relation between Board Characteristic an Voluntary Improvements in Audit Committee Composition and Experience. *Contemporary Accounting Research*, (18), 539-570.
- Cadbury Committee. (1992). *Report of the Committee on the Financial Aspect of Corporate Governance.* London: Gee.
- Carcello, J. V., R. H. Hermanson. dan N. T. McGrath. (1992). Audit Quality Attributes: The Perceptions of Audit Partners, Prepares, and Financial. Statement Users. *Auditing: A Journal of Practice & Theory*, 11(Spring), 115.
- Carpenter,V. L., and Feroz, E. H. (2001). Institutional Theory And Accounting Rule Choice: An Analysis Of Four US State Governments' Decisions To Adopt Generally Accepted Accounting Principles. *Accounting, Organizations and Society*, 26, 565-596.
- Chen, S., Chen, X., Cheng, Q dan Shevlin, T. (2010). Are Family Firms More Tax Aggressive than Non Family Firms? *Journal of Financial Economics*, 95.
- Dewi Kartika Sari dan Dwi Martani. (2010). Karakteristik Kepemilikan Perusahaan, Corporate Governance, dan Tindakan Pajak Agresif. *Simposium Nasional Akuntansi (SNA) XIII, Purwokerto.*
- Dhaliwal D, Gleason C, dan Mills L. (2004). Last Chance Earnings Management: Using the Tax Expense to Meet Analysts' Forecasts, *Contemporary Accounting Research De Waegenaere, Anja, Richard Sansing, and Jacco Wielhouwer. Financial Accounting Measures of Tax Reporting Aggressiveness. SSRN.*
- Desai, M. A., & Dharmapala, D. (2006). Corporate tax avoidance and high-powered incentives. *Journal of Financial Economics*, 79(1), 145-179.
- Erickson M, Hanlon M, and Maydew, E. (2004). How Much Will Firms Pay for Earnings that Do Not Exist? Evidence of Taxes Paid on Allegedly Fraudulent Earnings, *The Accounting Review*, 79(2), 387-408.
- Fama, Eugene F., and Michael C. Jensen. (1983). Separation of Ownership and Control. *Journall of Law and Economics*, Vol XXVI, June.
- Frank, M., L. Lynch and S. Rego. (2009). Tax Reporting Aggressiveness and its Relation to Aggressive Financial Reporting. *Accounting Review*, 84 (2), 467-96.
- Ida Farida, Adi Prawira, dan Yana Setiawan. (2018). Tax aggressiveness and accounting fraud practice, an evidence in ASEAN countries. *International Journal of Multidisciplinary Education and Research*, 3(1), January, 05-10.
- Immanuel Hakim, selaku Kepala Sub-Direktorat Transaksi Khusus Direktorat Jenderal Pajak. Praharra Pajak Raja Otomotif. Melalui <https://investigasi.tempo.co/toyota/>. Diakses [21/6/2019]

- Kementerian Keuangan Republik Indonesia. (2018). APBN Kita Harga Komoditas Naik, Penerimaan Pnbp Semakin Baik Kinerja Dan Fakta.
- Lennox C, Lisowsky P, Pittman J. (2013). Tax Aggressiveness and Accounting Fraud, *Journal of Accounting Research*, 51(4), 739-78.
- Richard Susilo. (2017). Indonesia Masuk Peringkat ke-11 Penghindaran Pajak Perusahaan, Jepang No.3. Melalui <http://www.tribunnews.com/internasional/2017/11/20/indonesia-masuk-peringkat-ke-11-penghindaran-pajak-perusahaan-jepang-no3>. Diakses [3/1/2019].
- Rocmat Soemitro. (2011). *Asas dan Dasar Perpajakan*. Rafika Aditama, Bandung.
- The Public Oversight Board (POB). (1995). *Directors, Management, and Auditors: Allies in Protecting Shareholder Interests*, Stamford.

EMPLOYEE BURNOUT SYNDROME: CAUSE, EFFECT AND PREVENTION GUIDELINE

^a Siripapun Leephajaroen

ABSTRACT

Employees often work for an organization in poor environmental conditions, including the competitive environment, stress in the workplace, excessive workload, and ineffective management systems. These situations may affect the physical, emotional and behavioural aspects of an employee and may also affect the efficiency and effectiveness of the organization as a whole. This symptom is called the “burnout syndrome”. The objectives of this article are: 1) to reveal the cause of employee burnout syndrome, 2) to reveal the impact of he employee burnout syndrome on the working conditions, and 3) to provide guidelines on the prevention of employee burnout syndrome. In addition, this article intends to provide organizations with the knowledge, understanding and awareness of employee’s burnout syndrome.

Keywords: Employee, Burnout Syndrome, Prevention Guideline

INTRODUCTION

The business environment is changing rapidly, most of the organization has to force themselves, in order to survive from a highly competitive. As a result, the employee in the organization faced a higher pressures from the economic downturn and technological changing. Employees need to adapt themselves by work harder to achieve the organizational targets and pressures. This situation also affects the employee in serious condition, such as pressures at work for a long time and it brings to the physical and mental effect on employees, we call “Burnout Syndrome” (Institute for Innovative Learning, 2019). Moreover, The World Health Organization has declared “Burnout Syndrome” is one type of disease that must receive medical treatment and the World Health Organization has also declared “Burnout Syndrome” was the list in the International Classification of Diseases. (ICD-11) (Manager Online, 2562)

“Burnout Syndrome” is a condition in which a personnel are unable to perform at work because they are working under a pressure for a long period of time (Polikandrioti, 2009). This lead to a feeling of discouraging, emotional fatigue, loss of personal confidence. It leads to anxiety and depression of personnel (Jaijina, 2011; Muldary, 1983; Pine, Aronson and Kafry, 1981; Palitnonkriet, 2012; Pongboonchu, 2016). There are the symptoms of “Burnout Syndrome” including depression, stress, lack of motivation to work, insomnia, fatigue, weak, tired, headaches and lastly their performance decline. If organization ignores to solve these problems, it will affect the efficiency and effectiveness of the organization, such as job absenteeism, turnover, and loosing organization’s profits (Vichetwichai, 2018). Therefore, it is important to study about burnout syndrome in perspectives of its causes, effects and prevention guidelines in order to prevent employees’ burnout syndrome and other effects related to this syndrome and avoid a dramatic impact on organizations in which decrease potential of work and result on employee turnover.

CAUSING OF EMPLOYEE BURNOUT SYNDROME

According to the introduction part, “Burnout Syndrome” is a condition in which a personnel are unable to perform at work because they are working under a pressure for a long period of time. This lead to a feeling of discouraging, emotional fatigue, loss of personal confidence. It leads to anxiety and depression of personnel. The causes of “Burnout Syndrome” can be described as follows, (Maslash and Leiter, 1997)

1. Work overload

Sometimes organization needs to restructure or re-engineering their operation, such as reducing the size of the organization. As a result, employees who remain working in an organization have to take more job’s responsibility and duties. In the same vein, without budget, resources or material support, it leads to high level of stress, fatigue and finally employee burnout syndrome.

2. Lack of control

This all about management style or policies that are not flexible including lack of feedback or comments from employees, employees do not have opportunities to communicate their new decisions, all decision making is only top-down communication. This will lead to a lower level of employee commitment, unclear their objective and employee will feel bored and discouraged.

3. The Imbalance between performance and reward

From the theory point of view, People need to be treated as equal as others. Equality at work is the relationship between employees’ inputs (including education, training, experience, creativity, effort, and skill level) and the quality and quantity of work results. Organization will give a benefit to employees who can balance their input and outcome, in term of both tangible and

intangible reward include compensation benefits, status, prestige, reputation and feedback. Then, employees will compare the results with other employees. Employees will not satisfy if they feel that they do not receive as equal as others. (Rue, Byars, and Ibrahim, 2013).

4. Breakdown of community

It is a condition in which employee has a negative relationship with colleagues regarding unrecognition from colleagues, lack of mutual trust in the workplace, conflict in the workplace, and has a rivalry in the workplace. These conditions can destroy teamwork in the organization. As a result, employees feel loneliness, disappointment, and unwilling to perform.

5. Absence of fairness

Is the sense of a person that they cannot get a fair justice in organizations, including inequality, discrimination, unclear explanation or dispute, which resulted in the feeling of unworthiness, lack of recognition, unhappy situation and they will run out of energy.

6. Conflicting values

Sometimes employees need to perform follow the policies of the organization that is against the ethical principles and their own values, such as providing an unreal information about goods or services to consumers or organizational policy which reduce costs and ignore the quality of the product or service in order to increase their profits. Employees who are forced to follow the policy, they will feels this is not honorable and finally they will feel burnt out.

THE IMPACT OF EMPLOYEE BURNOUT SYNDROME

The impact of employee burnout syndrome can conclude into 4 groups consists of 1) body's impact 2) emotional impact 3) behavioral impact and 4) organizational impact which described as follows:

1. Body's impact

“Burnout Syndrome” will affect employee health, such as insomnia, feeling worried during a working time, feeling weak, feeling tired, have a headache, body aches, Immunity physical decline, decrease of the ability to remember and concentrate on the job (Vichetwichai, 2018)

2. Emotional impact

“Burnout Syndrome” will affect employee emotion in term of feelings of failure, hopeless, stressed, depressed, negative attitude towards work, anger, frustrated, aggressive symptoms. Not only these symptoms, but employees will also have a lower level of job’s responsibility (Thammarat, 2017).

3. Behavior's impact

“Burnout Syndrome” will affect employee behavior in many ways, including a lower level of relationship with colleagues and family member, avoiding confrontations, job absenteeism, decreasing of work efficiency. In some cases, employees will have a smoking habit, use of drugs, alcohol or marijuana (Thammarat, 2017).

4. Organizational impact

Due to the physical, emotional and behaviors impact, if organization avoids to solve this “Burnout Syndrome”, it will affect the interaction between executives and employees in the organization. Not only that, but this will affect the efficiency and effectiveness of the operations in an organization, such as job absenteeism or turnover. Moreover, the organization will lose their profits by spending their budget on medical treatment, recruiting new staff and establish training programs (Vichetwichai, 2018).

GUIDELINES FOR PREVENTING OF EMPLOYEE BURNOUT SYNDROME

According to the causes and effects of employee burnout syndrome. The author will show the guidelines for preventing of employee burnout syndrome developing from concepts of Charoenboon (2013) and Zhou (2009), which requires the cooperation of both organizations, Human Resources Department and employees, as follow;

1. Create a good atmosphere in the workplace

The organization should provide a good environment around the workplace, such as comfortable desk and chair at work, beautiful and comfortable working space. Meanwhile, an organization should create a working environment that is fun, friendly and encouraging.

2. Providing appropriate training and development program

The organization should provide appropriate orientation, training and mentoring program for employees, in order to achieve employee's confidence and reduce working errors. This activity will increase employee morale and support their career path.

3. Providing appropriate workload

In order to avoid workload, the organization should provide appropriate workload and obvious job's responsibilities for each employee. Some employees do not dare to refuse work on a special assignment, then fatigue may occur from excessive workloads and it can lead to employee burnout syndrome

4. Flexible welfare

In order to reduce stress in the workplace, the organization should provide a flexible welfare, including flexible working time, flexible working area, and also flexible leave. Currently, some types of work employee can perform without check-in and checkout in organization, but the organization will only focus on results.

5. Providing flexible working system

The organization should recognize the importance of a working system, the system should realize on both efficiency and effectiveness. Based on the technology or innovation, organization can reduce employee's work load as well as operation or working process by using technology and innovation. This will result in reducing stress and employee burnout syndrome

6. Understanding between all parties in organizing

In order to prevent employee burnout syndrome in the workplace, organizations must make sure that all the parties in the organization to understand each other. For example, when executive managers have to set a policy for the organization. Meanwhile, Human Resources Department and employees should have the opportunity to get involved on that policy which this policy will receive a full support from all parties.

CONCLUSION AND DISCUSSION

Nowadays, employees have to work under a stressful environment, policy, rules and regulation of the organization. This situation creates a lot pressure to employees and some employees cannot handle this situation and it will lead to "employee burnout syndrome". It was found that the main causes of employee burnout syndrome where work overload, lack of control, The imbalance between performance and reward, breakdown of community, absence of fairness, and conflicting values. These causes can create a huge problem on the effectiveness and efficiency of the organization. In order to prevent "employee burnout syndrome", the authors therefore suggest that there were 6 main provisions, including 1) create a good atmosphere in the workplace, 2) providing appropriate training and developing programs, 3) providing appropriate workload, 4) flexible welfare, 5) providing flexible working system and 6) understanding between all parties in organizing. However, this study just presented about burnout syndrome's topic in perspectives of its cause, effect

and prevention guideline in general study which have not been completed in specific study; for instance, to study about the burnout syndrome in other professional categories, such as health professionals, social workers, university's staff, soldiers, policemen, etc. In addition, this study might have implications for human resource management research, such as having suitable model or practice for protecting employees' burnout syndrome in the future.

REFERENCES

- Charoenboon, T. (2013). *Burnout Syndrome: How to be continued*. Retrieved July 20, 2019, from http://www.healthtoday.net/thailand/mental/mental_136.html
- Institute for Innovative Learning, Mahidol University. (2019). *Burnout Syndrome*. Retrieved July 20, 2019, from <https://il.mahidol.ac.th/th/i-Learning-Clinic/general-articles/burnout-syndrome>
- Jaijina, A. (2013). *The influence of personal factors and social support on job burnout of mental health and psychiatry personnel in health service network 3*. (Master of Arts). Bangkok: Srinakharinwirot University.
- Manager Online. (2019). *Doctors warn patients discharged near the new disease. Explore yourself with before you decide Emotion*. Retrieved June 3, 2019, from <https://mgronline.com/live/detail/9620000051399>
- Maslach, C. and Leiter, M.P. (1997). *The truth about burnout: how organizations cause. personal stress and what to do about it*. San Francisco: Jossey-Bass.
- Muldary, T.W. (1983). *Burnout and health professionals: Manifestations and management*. California: Capistrano Press.
- Palitnonkriet, Y. (2012). *Understand the fire before the fire is out*. Retrieved June 3, 2019, from <http://www.klb.dmh.go.th/index.php>
- Pine, A.M, Aronson, E. and Kafry, D. (1981). *Burnout: From tedium to personal growth*. New York: The Free Press.
- Polikandrioti, M. (2009). Burnout syndrome. *Health Science Journal*, 3(4), 195-196.
- Pongboonchu, T. (2016). *The moderating effects of leadership on the relationships between work stress, job burnout and deviant workplace behavior*. (Master of Business Administration). Bangkok: Thammasat University.
- Rue, L. W., Byars, L. L. and Ibrahim, N. A. (2013). *Management: skills and application*. (14th ed.). New York: McGraw-Hill / Irwin.
- Thammarat, C. (2017). *Burnout syndrome is not a depression, but the situation is running out of power in the workplace that makes your heart like exhausted*. Retrieved June 3, 2562, from <https://thestandard.co/burnout-syndrom/>
- Vichetwichai, Y. (2018). *Burnout Syndrome Patients discharged in the works*. Retrieved June 3, 2019, from <https://www.samitivejhospitals.com/th/lights out-doing work/>
- Zhou, B. (2009). *Factors affecting nurses' work burnout: a case study of Bangkok Metropolitan Authority's Medical College Hospital and Vajira Hospital*. (Master of Arts). Bangkok: National Institute of Development Administration.

FACTORS INFLUENCING THE ORGANIZATIONAL COMMITMENT OF PERSONNEL AT INSTITUTES OF VOCATIONAL EDUCATION IN CHAMPASSAK, LAOS PDR

^aLadsamay Vorachith
^bAnan Suntramatethakul

ABSTRACT

This research aims to study the factors that influence the organizational commitment of personnel at institutes of vocational education in Champasak, Laos. The population in this research is teachers at institutions of vocational educational in Champassak. Laos. This research use stratified sampling and the sample was 242 teachers. The instrument used in this study was a questionnaire with the reliability of the entire questionnaire was .96. The statistics used for data analysis were percentage, mean, standard deviation and multiple regression analysis.

The research result revealed that factors influencing the organizational commitment of personnel at institutes of vocational Education in Champasak, Laos included human relationd at work, work life balance, workplace diversity, job identity, and job interaction and relationships. The predictive power was at 55.4 percent.

Keywords: Organizational Commitment, V ocaitonalInstitutes

^a Faculty of Business Administration and Management, Ubon Ratchathani Rajabhat Uinversity, Nai Muang Sub-district, Muang Ubon, Ubon Ratchathani Province, 34000

E-mail: ladsamai1982@gmail.com

^bFaculty of Business Administration and Management, Ubon Ratchathani Rajabhat Uinversity, Nai Muang Sub-district, Muang Ubon, Ubon Ratchathani Province, 34000

E-mail: ananwooo@gmail.com

INTRODUCTION

Laos is a country with a stable political and calm society, this became the basic factor that facilitates the social and economic development. In the past, Laos government has pay attention to human resource development especially in the field of education (Government of Lao PDR, 2016a). Institute of Vocational Education in Champassak has a duty to develop human resources for the country in term of academic knowledge. After graduation, those students will enter into a labor market with a higher confidence. In order to success that, Institute of Vocational Education must have a high quality of Human Resource which have a good knowledge, commitment, ethic issues and knowledge transformative is pay an important rule. However, human resource management has many steps, for example, human resource planning. Most of the personnel development tools will focus on quantity rather than quality which can lead to many, including lack of responsibility, lack of patience to work, development do not match organizational need, lack of job monitoring, the remuneration doesn't match with job loading, and lack of employee engagement (Government of Lao PDR, 2016a).

According to the importance of the organizational commitment of personnel, this can allow organizations to achieve their objective and goal. Therefore, researchers are interested to study the factors that influence the organizational commitment of personnel, institutes of vocational Education in Champasak, Laos. In order to use this research findings for the development of the organization, developing and retaining personnel in organization.

RESEARCH OBJECTIVES

To study the factors that influence the organizational commitment of personnel, institutes of vocational Education in Champasak, Laos.

LITERATURE REVIEW

Organizational commitment is an individual's psychological attachment to the organization. The basis behind many of these studies was to find ways to improve how workers feel about their jobs so that these workers would become more committed to their organizations. Organizational commitment predicts work variables such as turnover, organizational citizenship behavior, and job performance. Some of the factors such as role stress, empowerment, job insecurity and employability, and distribution of leadership have been shown to be connected to a worker's sense of organizational commitment (Yousef, 2017).

Job performance assesses whether a person performs a job well. Job performance, studied academically as part of industrial and organizational psychology, also forms a part of human resources management. Performance is an important criterion for organizational outcomes and success. John P. Campbell describes job performance as an individual-level variable, or something a single person does. This differentiates it from more encompassing constructs such as organizational performance or national performance, which are higher-level variables (Campbell, 1990).

“Quality of Working Life” is a term that had been used to describe the broader job-related experience an individual has. Quality of Working Life is not a unitary, but has been seen as incorporating a hierarchy of perspectives that not only include work-based factors such as job satisfaction, satisfaction with pay and relationships with work colleagues, but also factors that broadly reflect life satisfaction and general feelings of well-being (Gupta, 2013).

RESEARCH METHODS

1. Population and sample used in the study.

1.1 Population used in this research was 617 Teachers from institutes of vocational Education in Champasak, Laos number (Department of Education and sports Champassak, 2017).

1.2 The sample used in this research was 242 Teachers from institutes of vocational Education in Champasak, Laos number. The researchers used a stratified random sample (stratified sampling) (Krejcie & Morgan, 1970; Sinjaru, 2007).

2. The framework for research

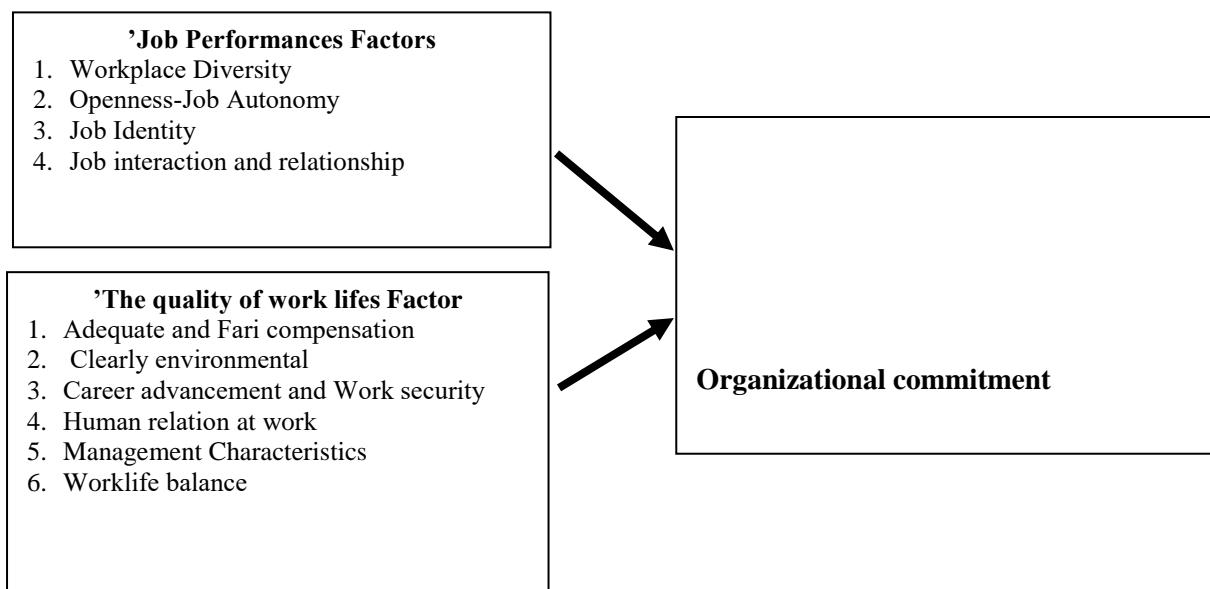


Figure 1: The framework for research

The . The instrument used for data collection was a questionnaire with reliability at .96 .3 ,researchers study documentconcepts and related research, then divided into 4 steps, including Step 1 questionnaire about personal factors, step Factors of Job 2 characteristics, stepFactors of work 3 .experience, and Part 4 Factors influencing the organizational commitment of personnel

The statistics used for data analysis were 1 .4) Descriptive statistics analysis Descriptive including frequency, percentage, mean and standard deviation, and 2) inferential statistics is multiple regression analysis.

FINDINGS

1. There was a 242 return questionnaire. The majority of sample were male 123 (50.80%), age 31 - 40 years of 46.30 percent, marry of 73.60 percent. The most Jobs is a teacher of 64.00 percent, 6-10 year Experience of 29.30 percent, income 7501-10000 baht of 66.50 percent with Bachelor's Degree of 60.30 percent.

2. The level of Organizational commitment of personnel, Institutes of vocational education in Champasak, Laos.

Table 1: The analysis of respondent opinion

| Organizational commitment of personnel institute of vocational education, Champassak in Laos. | Effective implementation | | |
|--|---------------------------------|------------|---------------|
| | \bar{x} | SD | Degree |
| Job Performance's factor | | | |
| Workplace Diversity | 3.98 | .45 | Much |
| JOpenness-ob Autonomy | 3.63 | .63 | Much |
| Job Identity | 3.78 | .58 | Much |
| Job interaction and relationship | 4.05 | .51 | Much |
| Overview | 3.86 | .45 | Much |
| The quality of work life's factor | | | |
| Adequate and fair compensation | 3.43 | .71 | Much |
| Clear and secure environment | 3.76 | .62 | Much |
| Career advancement ad work security | 3.71 | .62 | Much |
| Human relation at work | 3.89 | .62 | Much |
| Management characteristic | 3.85 | .62 | Much |
| Work life balance | 3.83 | .62 | Much |
| Overview | 3.74 | .51 | Much |
| Engagement of personnel | | | |
| The desire to maintain an organization membership | 4.00 | .55 | Much |
| The confidence and acceptance of the organization values | 3.97 | .60 | Much |
| The willingness and dedication | 4.18 | .51 | Much |
| Overview | 4.05 | .47 | Much |

According to Table 1, it was found the level of engagement of personnel, institutes of vocational Education in Champasak, Laos below.

Overall, there was an average level of job performance's factors (Mean = 3.86), ranking from the highest to the lowest as Job interaction and relationship (Mean = 4.05) workplace diversity (Mean = 3.98) and Job Identity (Mean = 3.78)

Overall, there was an average level of the quality of work life's factor (Mean = 3.74), ranking from the highest to the lowest as Human relation at work (Mean = 3.89) Management characteristic (Mean = 3.85) work life balance (Mean = 3.83)

Overall, there is an average level of the engagement of the workforce with the (Mean = 4.05) ranking from the highest to the lowest as the willingness and dedication (Mean = 4.18) the desire to maintain a membership organization (Mean = 4.00) and the willingness and dedication (Mean = 3.97).

3. Analysis on Factors influencing the organizational commitment of personnel, institutes of vocational education in Champasak, Laos.

The correlation coefficient between the variables showed that correlation coefficient has a value between 0.363 to 0.792. This support by (Sudchalee, 2006), who stated that when considering the relationship between the variables must be not too high (not more than 0.80). Not only that, but it should have Tolerance more than 0.10 and VIF's value not more than 10, then the relationship of independent variables or predictors will not cause a problem, and we are able to use three variables in multiple regression analysis.

Table 2: The results of multiple regression analysis By Stepwise (n = 242)

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|------------------------------------|-------------------|----------------------------------|----------|-------------|
| | B | Std. Error | Beta | | |
| (Constant) | .957 | .195 | | 4.920 | .000 |
| Human relation at work | .171 | .049 | .226 | 3.516 | .001 |
| Work life balance | .216 | .039 | .284 | 5.478 | .000 |
| Workplace Diversity | .172 | .061 | .167 | 2.849 | .005 |
| Job Identity | .111 | .050 | .137 | 2.210 | .028 |
| Job interaction and relationship | .122 | .056 | .134 | 2.186 | .030 |
| F = 4.779 sig F = 0.030 R = 0.751 R2 = 0.563 R2adj = 0.554. | | | | | |

According to Table 2, Multiple regression analysis of Stepwise techniques in order to study the factors that influence the organizational commitment of personnel, institutes of vocational education in Champasak, Laos. With five independent variables consist of human relation at work, work life balance, workplace Diversity, Job Identity and Job interaction and relationship found that the correlation between the independent variables and the dependent variable is equal 0.751 (R = 0.751), indicated that all independent variables predictive variables were significant at 0.05 percent could predict 55.4 (R2adj = 0.554).

DISCUSSION AND RECOMMENDATIONS

There were 5 Factors influenced the organizational commitment of personnel, institutes of vocational education in Champasak, Laos. Including the relationship to work together, work life balance, workplace Diversity, Job Identity, and Job interaction and relationship, which consistent with the research of Banko (2015), this research is study factors affecting the engagement of government personal merchant marine training center marine department, Ministry of Transport. This related research found that if government personal merchant marine training center marine department Center were able to rely on their peers, then it will lead to a government personal merchant marine training center marine department had the happiness in the workplace, increasing of the friendly environment and increasing of a level of engagement.

Not only that, but the research result consistent with a research of Srivirat (2016) which study a Work Life Balance toward New Lecturer's Research Effectiveness: A Case Study of Faculty of Engineering, Prince of Songkla University (Hatyai Campus). This research found that Work Life Balance will affect the work effectiveness of the Principal. Principal had a seen in the same direction on the composition of the work and the time of effectiveness. In addition, the research result consistent with a research of Songnuwat (2015) which study an Organizational Engagement of Kasikorn Bank Employees, this research found that interactions between colleague influence the level of organizational commitment.

SUGGESTIONS

1. Suggestion from the research result

1.1 The suggestion about the factors that influence the development of organizational commitment of personnel, institutes of vocational education in Champasak, Laos. including

1.1.1 In the aspect of 'Job Performances f ,actorst he study found thatthere was a lower level of J .Openness-ob AutonomyTherefore, executives of institutions of vocational education should encourag e ora llows teachers and their staff have the right to solve any problems with their own .abilityThere are many tools which can improve their ability, s uch as training programs, creating simulation role and case study activity .

1.1.2 In aspect 'of quality of work lifes factors, t he study found thatthere was a lower level of Adequate and Faircompensation , Therefore, in order to increase a motivation and organizational commitment, the institutes and related governmentsectors should have a suitable remuneration policy which matches to the current economic situation and living expenses .

2. Suggestions for continuous research.

2.1 In order to get a deep data, researchers should make a study of the factors influencing the organizational commitment of personnel, institutesof vocationaleducation in Champasak, Laos by u .sing other techniques such as qualitative research

2.2 There should have a research and development to follow the results of this research, by implementing the result into institutions of vocational education .

REFERENCES

- Banko, N. (2015). *Factors affecting the engagement of government personal merchant marine training center marine department, Ministry of Transport.* (Master of Political Science). Bangkok: Thammasat University.
- Campbell, J. P. (1990). Modeling the performance prediction problem in industrial and organizational psychology. In M. D. Dunnette & L. M. Hough (Eds.), *Handbook of Industrial and Organizational Psychology*. Palo Alto, CA: Consulting Psychologists Press, Inc
- Department of Education and Sports Champassak. (2017). *Statistics couple in Champassak*. Champassak: Education, Sports and Champassak.
- Government of Lao PDR .(2016a). *Develop Vocational Education and Professional Training Plan: 2016-2020*. Ministry of Education and Sports: Lao PDR
- Government of Lao PDR. (2016b). *Human resources strategy. 2025 (document)*. Ministry of Education and Sports: Lao PDR
- Gupta, A. (2013). *Quality of Working Life and Organizational Development*. Retrieved from doi:10.4172/scientificreports.687
- Krejcie, R.V., & Morgan, D.W. (1970). Determining sample size for research activities. *Educational and Psychological Measurement*, 30(3), 607-610.
- Sinjaru, T. (2007). *Research and statistical analysis with SPSS*. Bangkok: V Print International
- Songnuwat, P. (2015). *Organizational Engagement of Kasikorn Bank Employees*. (Master of Business Administration). Bangkok: Rajamangala University of Technology.

- Srivirat, K. (2016). *Work Life Balance toward New Lecturer's Research Effectiveness: A Case Study of Faculty of Engineering, Prince of Songkla University (Hatyai Campus)*. (Master of Business Administration). Songkla: Prince of Songkla University.
- Sudchalee, T. (2006). *Business Research, Research operation apart from textbooks*. Thailand: Ubon Ratchathani Rajabhat Institute.
- Yousef, D. A. (2017). Organizational Commitment, Job Satisfaction and Attitudes toward Organizational Change: A Study in the Local Government. *International Journal of Public Administration*, 40(1), 77-88.

HUMAN RESOURCE DEVELOPMENT IN THE ORGANIZATION ACCORDING TO THE PERFORMANCE ANALYSIS MODEL

^aPimvimol Poramatworachote

^bAnan Suntramatmethakul

ABSTRACT

The purpose of this article is to present a performance analysis model. Articles in books, journals, electronic database, and the Internet were synthesized. The performance analysis model can analyze four types of personnel including 1) stars, to whom administrators should give advice, according to management theory, 2) problem children, personnel in this group have the ability and potential but lack knowledge coaching provided by supervisors, 3) cash cows is a group of personnel that have a good attitude toward the organization, but still lack skills and knowledge related to business administration, and 4) dead wood is a group of personnel which has problems in terms of knowledge, ability and not being able to grow as executives in the future. The performance and potential of personnel in the organization are able to support the growth of the organization, keep the organization up-to-date, create innovation and bring about sustainable competitiveness

Keywords: Human Resource Development, Performance analysis model

^a Faculty of Business Administration and Management, Ubon Ratchathani Rajabhat University, E-mail: pimvimol.p@ubru.ac.th

^b Faculty of Business Administration and Management, Ubon Ratchathani Rajabhat University, E-mail: ananwoooo@gmail.com

INTRODUCTION

As a result of global changes, it leads to a society's system transformation, especially the business context which adjust themselves to keep up with the situation. Not only that, but business executives also need to adjust both business and human resources in an organization. Human resource management is a key business factors that are affected from globalization and need to change the concept of managed to keep up with the tide of globalization. So that, it is necessary to develop human resources in order to gain both quality, labor and intellectual resources and be able to get to the situation that occurred. This is a challenge for human resources development. If the transformation leaders do not understand the business transformation, this will affect of human resources management and the failure of the organization (Inwang, 2012)

Human Resource Development under The Eighth National Economic and Social Development Plan has changed the concept of development. The original main objectives of this Plan were mainly focused on economic development and people-centered development because people were the only significant factor that can make a succession in everything (Thongjuea and Thummak, 2017). Nowadays, many organizations pay attention to managing talents that exist in the organization. By definition, Talent Management or Talent Management System is a human resource management tool (Tanyapeud, n.d.). In order to develop knowledge, capability and potential of personnel, it leads to the creation of organizational value. Moreover, if there is an effective strategy for talent management, innovative creation and competitive advantage, it can lead to the result that the organization has the personnel to support their growth. These are how demonstrates the importance of Talent personnel in organizations (Thopanitsuree, 2010).

MAIN CONCEPTS OF PERFORMANCE ANALYSIS MODEL

Performance analysis model is the tool which used as guideline for managing each type of personnel and it is appropriate according to job performance and the potential of personnel (Tiktong and et. al., 2007) As shown in the figure 1 below,

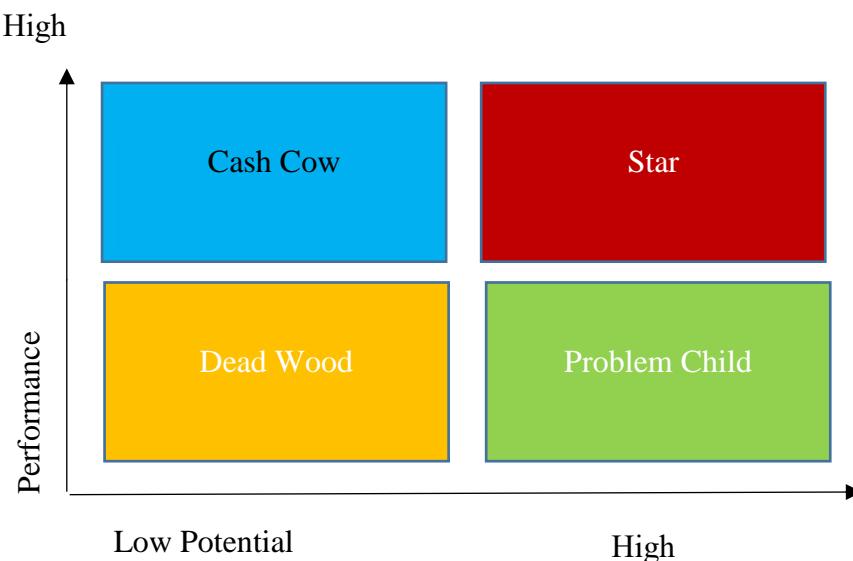


Figure 1: Performance analysis model

Source: Dullyaphan, 2016

From the figure 1 above, personnel will be considered by the dimensions of relationship which is Performance and potential performance. These two dimensions will allow the organization

to identify the type of personnel according to the performance analysis model. Therefore, the personnel can be divided into 4 types as below;

1. Star is a personnel which have highly potential and highly effective assessment practices. In the organization, there are only 10 percent of these types of personnel (Kunpeng, 2012). The characteristic of this personnel group was higher work efficiency, well emotional control, able to distinguish between personal issues and work, understandable of organizational direction, positive attitude and values toward organization. In order to manage this personnel group, organization should have evaluation system that can measure the ability of personnel (Thopanitsuree, 2010). Not only that, but executives also need to motivate this personnel group by considering to increase their annual payment, bonus payments and career path development (Kunpeng, 2012)

2. Problem Childs is a personnel with a higher potential, but have a lower performance, which not match to their potential (Kunpeng, 2012). This personnel group can be divided into two groups including Trainees Who just begin their career and have a future potential to perform, but need to be taught, development and support. The other group called Low Performers who have a higher potential, but have a lower performance at work, this may be because of inappropriate job duty (Thopanitsuree, 2010). The characteristic of this personnel group were confident, freedom and unable to control, therefore, the supervisors must understand their behavior and should have a reasonable of command. The problem that created by this group can be solved by providing other opportunities at a new unit of work (Kunpeng, 2012). Not only that, but organizations may also develop their new skills such as counselling skill, development and training and so on (Thopanitsuree, 2010).

3 .Cash Cowget a job done on time. Not is Personnel who perform duties as assigned and only that, but they also have a clear understanding of what needs to be done. Futhermore, they have ,a positive attitudeandunderstand the quality of work that the organization expected. However, this levels the potential and cannot get a higher position, they are considered personnel group has lower the majority of personnel in the organization, with approximately 70-75) %Kunpeng, 2012; ,Thopanitsuree, 2010). To manage this personnel groupan organizationmust have a clear scope of work and make sure that they are trulyunderstoodabout the roles and responsibilities of the job. Not only organization should make sure that executives are able to be a good coach, but the organization should also have an effect ,In addition .evaluation system the organizationshould provide a reward for personnel when they have done a great job (Thopanitsuree, 2010)

4 .Dead Wood) is personnel who have both lower performance and lower potential Kunpeng, .(2012The characteristic of this personnel group were less developedno creativity idea, less ,responsibility, lack of empathy, less coaching, these made them have a lower performance. To deal with this personnel group, the supervisor should getinvolved and develop their performance (Puwittayapan, 2007) . There are many ways to develop this personnel group, including assigning a less impact and easy mission in order to create their confidence, and early retirement program (Thopanitsuree, 2010)

FINDINGS

Human Resource Development in Organization requires the appropriate model because different model will fit to different organizational problems and personnel's need. Moreover, human resource development is not just an event, but the benefits is to develop a higher level of organizational performance (Inwang, 2012). According to Performance analysis model which separates personnel in organization into 4 groups, in each group also have a different needs and different activity as shown in the figure 2 below;

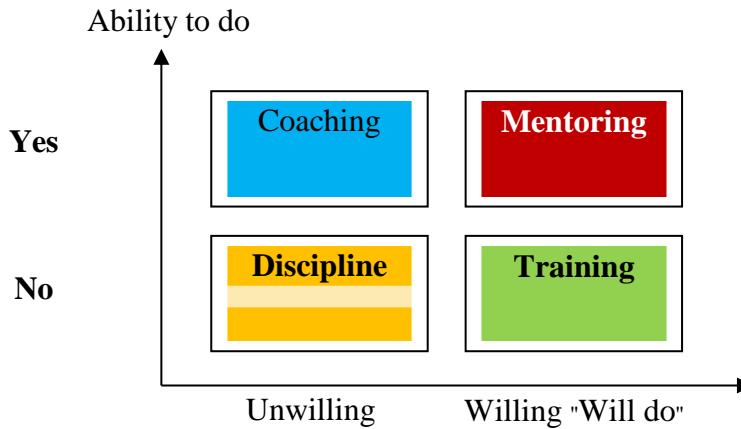


Figure 2: Human resource development guideline

source: Kunpeng, 2012

From figure 2 ,human resource development guidelines can divided into 4 Categories including;

1 .According to management theory, supervisors or managers should pay attention to this personnel group called star in manyways ,including given an advice to them at all time ,the empathy is a key featured to encourage this group to perform, assign a rightand excited job that match their knowledge ,field trip study, seminar and further education . This leads to friendly environmental at the workplace .

2 .Problem Child personnel have a potential, but .also have a lack of Awareness Supervisors or manger should pay attention to this personnel group, by coaching and counselling closely to thispersonal group, In order to increase theirconfidence and willing to perform the duties, supervisorsshould .care about them

3 .Cash Cow is a personnel group which has a good attitude, butlack of business knowledge and management skills. This personnel groupneeds to develop a missing skill There are many .ways for administrators to develop this personnel group, including a seminarand training in a missingskill reward ,and .other benefits

4 .Dead Wood is a personnel group which has ,a problem in knowledge, ability, career path the performance's result .Moreover this personnel group did not develop ,themselvesand also have a negative attitude. To deal with this personnel group executives should assign an easymission, which has a less impact on the organization. In addition, organizathio should have a disciplinary) action If there is no improvementKunpeng, (2012

Summary of a remarkable :**Table 1**feature of 4 personnel types and Human Resource Management's guideline

| Group | Remarkable feature | Management approach |
|------------------|---|--|
| 1 .Star | The characteristic of this personnel group washigher workefficiencywell emotional , control, able to distinguish between personal issues and work, understandable of organizational direction, positive attitude and values toward organization | Supervisorsor manger should pay attention to this personnel group called star in manyways including , giving ,an advice to them at all time the empathyis a key featured to encourage this group to perform, assign arightand excited job that match their knowledge, field trip study, seminar and further education .This leads to friendly environmental at the workplace . |
| 2 .Problem Child | Higher potential, but lower performance and did not meet organizational standards C an . divide into 2 types ofpersonnel, | Supervisors or manger should pay attention to this personnel group, by coaching and counselling closely to thispersonal group, In order to |

| Group | Remarkable feature | Management approach |
|-------------|--|--|
| | <p>including trainee and the personnel who have a higher potential, but a lower quality of words .</p> <p>Trainee were confident, - freedom and unable to control, therefore, the supervisors must understand their behavior and should have a reasonable of command</p> <ul style="list-style-type: none"> - Low Performers who have a higher potential, but have a lower performance at work, this may be because of inappropriate job duty | <p>increase their confidence and willing to perform the duties, supervisors should care about them</p> |
| 3 .Cash Cow | <p>This group performs duties as assigned and get a job done on time. Not only that, but they also have a clear understanding of what needs to be done. These personnel have a positive attitude and understand the quality of work that the organization expected</p> | <p>The manager needs to establish a capacity development by attempting . seminar, rewarding An organization must have a clear scope of work and make sure that they are truly understood about the roles and responsibilities of the job. Not only organization should make sure that executives are able to be a good coach, but the organization should also have an effect ,addition evaluation system. In the organization should provide a reward for personnel when they have done a great job</p> |
| 4.Dead Wood | <p>These personnel have a problem in knowledge, ability, career ,path the performance's result . Moreover, this personnel group did not develop themselves and likewise hold a negative posture</p> | <p>Executives should assign an easy mission, which experiences a less impact on the system ,In addition . an organization should have a disciplinary action If there is no improvement</p> |

CONCLUSION

According to this study, it was found that there are 4 types of personnel including Star, **Problem Child**, **Cash Cow** and **Dead Wood**. The human resources development considered to be one of the most important steps in management, especially the development of personnel management in each type of organization to be appropriate in order to increase the performance and potential of employees. Organization need to make certain that each personnel management activities including knowledge, skill and ability development, have touched their personal because this contributes to a tremendous impact on the success of modern systems.

REFERENCE

- Dullyaphan, P. (2016). *Change Agent, Transformative Leader for efficiency in orgnaziation.* Retrieved on 30 Jun 2016.
- Inwang, K. (2012). *Human resource development for organizational development.* Retrieved on 30 Jun 2016, from <http://www.thaihealth.or.th/blog/myblog/topic/144>
- Kunpeng, K. (2012). *Dealing Strategy with 4 types of personnel in an organization.* Retrieved on 30 Jun 2016, from <http://krittin.in.th/articles/85-4.html>
- Puwittayapan, A. (2007). *Strategic management and High Competency management.* Bangkok: HR Center.
- Tanyapeud, A. (n.d.). *Talent management system.* Retrieved on 30 Jun 2016, from www.op.mahidol.ac.th/orpr/Newhrssite/ebook/MUHR/.../8.pdf
- Thongjuea, T. and Thummake, P. (2017). The Guidelines for Human Resource Development in the 21 Century according to Educational Dimension. *Journal of MCU Peace Studies*, 5(3), 389 – 403.
- Thopanitsuree, P. (2010). *Factors that influence the talent engagement, case study of ordinary civil servants.* (Master thesis, Major in Business Administration, Management, Faculty of commerce and accountancy). Bangkok: Thammasat University.
- Tiktong, S. , Rodjanasakda, D. and Manjareonsiri, S. (2007) . *Talent management: talent identification: Case study of Avalant Co., Ltd.* (Independent Study, Faculty of commerce and accountancy). Bangkok: Thammasat University.

INNOVATION TECHNOLOGIES IN HOTEL BUSINESSES

^aJiraporn Chomsuan

ABSTRACT

The hotel business plays important role in the tourism industry. Consequently, the features of hotel innovation activities are of utmost importance for the whole tourism economy. However, due to the complexity of the operational definition of (service) innovation and consequently its measurement, there is little research, especially in Thailand.

This conceptual paper aims to present a systematic review of literature regarding innovation technologies used at hotels. Apart from reviewing and systemizing the existing empirical studies on hotel innovation technology, this paper provides suggestions for future research.

Keywords: Hotel Business, Technological Innovation, Information and Communication Technology

^a Head of Marketing Department, Dhurakij Pundit University, jiraporn.chn@dpu.ac.th

INTRODUCTION

In world situation today, people from all walks of life are aware of changing and affect from technology. All nations are in mindful that they are facing with and driven from innovation economy. Previously, in older economic platform innovation is viewed as an independent force while in innovation economics, innovation is considered as a central tenet that should be encouraged by government policies and emboldened by knowledge, technology, and entrepreneurship. Innovation economy is focusing on developing and distributing valuable commodities from scarce resources, consequently society's goal is changing to increase the quality of life for all and expand wealth by developing new business models, products and services, and forms of production.

Businesses performing in an era of innovation economy are not be able to lean on their core competency and no longer enough for making incremental improvements to maintain an edge on the competition (Hamel G, 2008). Similarly, hotel business is unable to be avoided that situation. Innovation can shed light on way out to those businesses facing with changing in an era of innovation economy. Although, to survive in severe technology changing and competition, innovation adaptation is one of the most vital factors for survive and growth, hotel sector is considered to have limit innovation oriented (Pivcevic and Petric, 2011; Mattsson and Orfila-Sintes, 2013). To this reason, the author eager to review in this area to examine what the angle of topic regarding innovation in hotel business that various researcher commonly study on in the hope that to provide other useful angle for the future research.

Commonly, the study of innovation activity has been carried out from a manufacture perspective (Orfila-Sintes et al., 2005), for that reason the paper first discusses the precise definition of innovation in order to convey a clear understanding in regard to in accommodation services.

Definition of Innovation: What innovation is.

Definitions of Innovation are defined from several perspectives by a large number of scholar for example Thompson's (1965, p. 2) straightforward definition simply states:

"Innovation is the generation, acceptance and implementation of new ideas, processes products or services".

A similar definition of innovation was proposed by West and Anderson (1996):

"Innovation can be defined as the effective application of processes and products new to the organization and designed to benefit it and its stakeholders".

From a different perspective, Zahra and Covin 1994, p. 183) suggest that

"Innovation is widely considered as the life blood of corporate survival and growth".

Damanpour (1996,p. 694) provides a detailed definition of innovation, which is much quoted:

"Innovation is conceived as a means of changing an organization, either as a response to changes in the external environment or as a pre-emptive action to influence the environment".

Kimberly (1981, p. 108) defines innovation which embraces different forms of innovation:

"There are three stages of innovation: innovation as a process, innovation as a discrete item including ,products, programs or services; and innovation as an attribute of organizations."

More recently, The New Oxford Dictionary of English (1998, p. 942) defines innovation:

“Making changes to something established by introducing something new”.

Sullivan argued that such given definition does not specify whether innovation must be radical or that it occurs exclusively to products. It does not also suggest that innovation is for what size of organization large or small or single entrepreneurs. Nor does it suggest that it is exclusively for profit-making businesses. Therefore, he added an addendum to the definition:

“Innovation is the process of making changes to something established by introducing something new that adds value to customers”.

This addendum is significant. Because of describing an innovation by adding value to customers, assumingly those customers who experience the added value will have an improved experience and get more satisfaction; high customer satisfaction generates greater return. Consequently, lead to growth for the organization.

Baregheh, et al. (2009) collected and presented some interesting definitions of innovation from different disciplinary literature as shown in the table below.

Table 1: Innovation defined by various author categorizing from different disciplinary

| | |
|---|---|
| Economy (Schumpeter, 1934) (Mansfield, 1963) (C. Freeman, 1974) (Nelson and Winter, 1982; OECD, 1981) (Nelson and Winter, 1982) (Dosi, 1990) (Baumol, 2002) (Chen et al., 2004) (Roper and Love, 2004) | Innovation and entrepreneurship (Barnett, 1953) (Drucker, 1985) (Kuhn, 1985) (Urabe and Child, 1988) (Lundvall, 1992) (Cumming, 1998) (Salavou, 2004) (Alves et al., 2005) (John Bessant and Tidd, 2007) |
| Marketing (Porter, 1990) (Berthon et al., 2004) | Business and management (Karger and Murdick, 1966) (Knight, 1967) (Caroll, 1967) (Becker and Whisler, 1967) (Shepard, 1967) (Daft, 1978) (Van de Ven, 1986) (Tushman and Nadler, 1986) (Lewis and Seibold, 1993) (Wolfe, 1994) (Brown, 1994) (Damanpour, 1996) (Klein and Sorra, 1996) (McGrath et al., 1996) (Mone et al., 1998) (Trott, 2005) (J. Freeman and Engel, 2007) (Damanpour, 1996) |
| Management (Swan et al., 1999) (Cardinal et al., 2001) (Plessis, 2007) | |
| Technology, science and engineering (Myers and Marquis, 1969) (Roy Rothwell and Gardiner, 1985) (During, 1986) (Nord and Tucker, 1987) (Badawy, 1988) (Damanpour and Gopalakrishnan, 1998) (Udwadia, 1990) (Sundbo, 1996) (Dunphy et al., 1996) (Tang, 1998) | Organization study |

| | |
|--|--|
| (Figueroa and Conceicao, 2000) (Smits, 2002) (Francis and Bessant, 2005) | (Barnett, 1953) (Thompson, 1965) (Zaltman et al., 1973) (Kimberly, 1981} (M.A. West and Farr, 1991) (Garcia-Morales et al., 2008) |
|--|--|

One of the challenges of innovation is the lack of a common definition as Adams et al.,(2006, p. 22) stated that “the term ‘innovation’ is notoriously ambiguous and lacks either a single definition or measure” However, it can be summarized that those different definitions derived from different disciplines and covering in different aspects of innovation which note either in term of the degree of newness: incremental or radicle, the form of innovation: product/service or process and the benefit contribution: organization or customer.

Innovation in service industry

The investigation of innovation was started at first in manufacture sector, heavily focusing on innovation for production and physical product. Other than manufacture business there is another type of business that is service industry. The products and services are different in 4 characteristics: intangibility, inseparability, heterogeneity, and perishability (Gronroos, 2000) resulting running business in the area of manufacture are different from service sector. Those characteristics of difference are necessary to develop service innovations which further influence the development of new service and the potential of competitive advantage (Alam, 2006; Edgett, 1994; Kandampully, 2002).

The investigation of innovation after 2000 presents into 2 major studies which are the degree of innovation and the type of innovation (Chien, Lin, & Ya-Hui Lien, 2015; Gatignon, Tushman, Smith, & Anderson, 2002) as cited in Chumnumporn 2017. The degree of innovation is identified based on the period to generate innovation, which considers as radical innovation and incremental innovation. In service industry, the activities to develop innovation trend to be continuous activities. However, the incremental change of product and process in services are difficult to determine the critical activities that result in developing innovation (OECD/Eurostat, 2005). Therefore, this present paper purposes to investigate the type of innovation in the next following topic.

Categories of Innovation

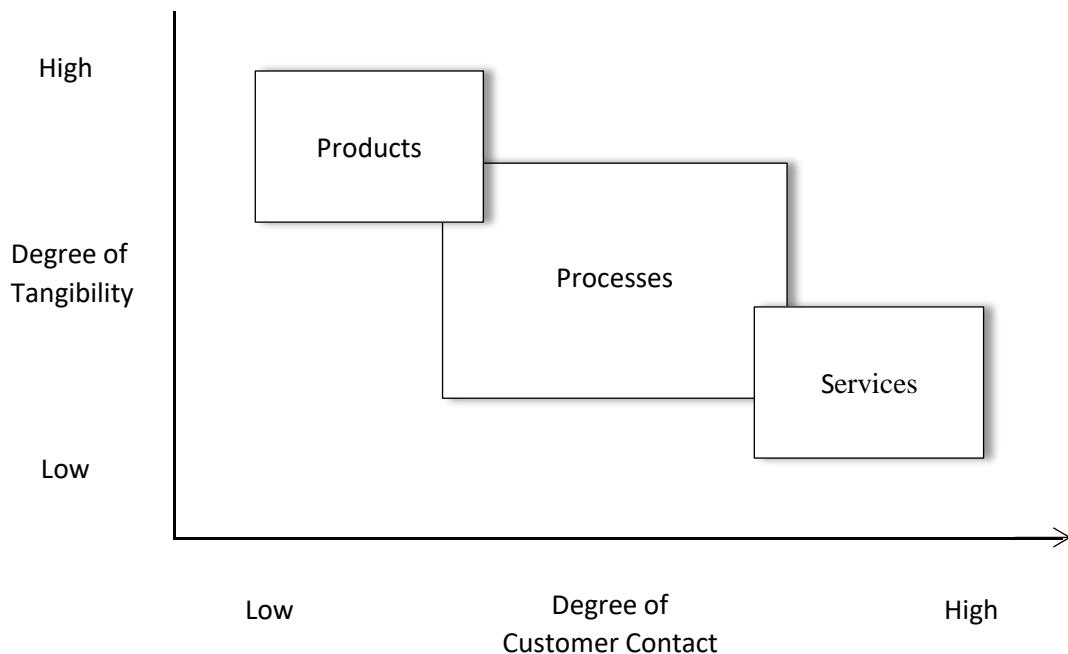


Figure 1: Three category of innovation

Proposed by O' Sullivan (2008)

Having considered the criteria categorize type of innovation based on two dimensions: the degree of tangibility and degree of customer contact as figure 1 illustrated. The type of innovation can be classified into three forms including product process and service, that is innovation can create a physical product, a beneficial service change to customer use and occur during process. Each of these types can be explained in greater detail.

Product innovation is about making beneficial changes to physical products. Product design, research and development, and new product development are commonly used interchangeably (O Sullivan, 2008). Each of these terms offers a particular perspective on the degree of changes to products. The degree of change can include the following (Wheelwright & Clark, 1992): Incremental improvements, Additions to product families, Next-generation products, New core product.

Process innovation is touch upon the method possibly the introduction of a new or significantly improved means for the production or delivery of output that adds value to the organization and customer. Processes relate to all operational activities which value is offered to the end customer, such as the acquisition of raw materials, manufacturing, logistics, and after-sales service.

Service innovation is about creating value in activities and performance, where client and provider co-produce value. There are three types of services operations: Quasi-manufacturing (e.g., warehouses, testing labs, recycling), Mixed services (e.g., banks, insurance, realtors), Pure services (e.g., hospitals, schools, retail).

SERVICE INNOVATION

In service industry, Miles (2001) and Sirilli & Evangelista (1998) viewed and conceptualized the services are the same as the products produced in manufacturers that is the thing created and served to satisfy the customer but services simply not physicality. As services are intangible and perishable, that is, they cannot be stored and resold as tangible products can, service innovation also entails technology and processes to better manage demand and plan capacity (Trott 2012). Due to heterogeneity, innovative activities for service need to be tailored. Randhawa and Moira Scerri (2015) pointed out that some service firms such as fast food restaurants have used innovations around application of technology at the customer interface to reduce heterogeneity and achieve standardization of processes.

While service innovation is no doubt distinct from innovation in manufacturing, the service sector has also applied manufacturing practices in undertaking innovation that is technology application as confirmed by den Hertog (2000). He identified service innovation as a new or empirical improvement in service concept, client interaction channel, service system delivery, and technological concept. It can be said that technology is one concern dimension regarding innovation adaptation within service business.

Technology used in service industry: focusing on hotel businesses.

Technologies play an important role in service industry including hotel business and are constantly changing and evolving. Customers are getting more and more used to prepare and spend their vacations in virtue of new technologies. Hoteliers have to employ technologies in various creative ways in order to attract more clients, gather data and improve their services. Technologies, if used right, can make travelers even more comfortable and unique (Kazandzhieva et al 2017).

As clients have come to expect benefits from technology all the way through their travel cycle: pre-arrival stage, arrival stage, occupancy stage and departure stage; hotels must provide their expectations by using technologies as a leverage tool against competitors.

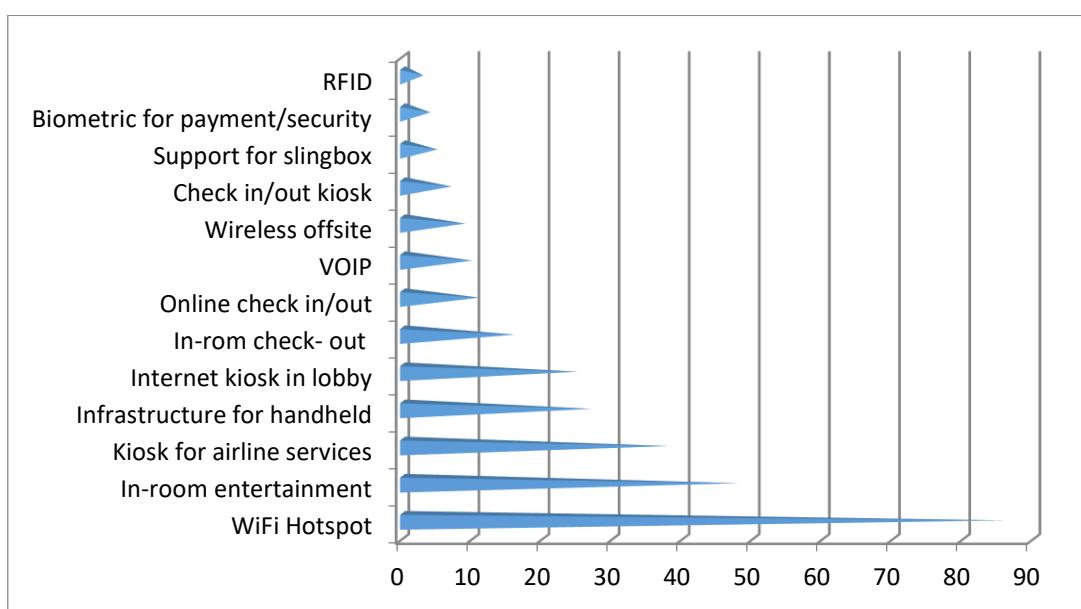


Figure 2: The technology customers most care about
Source: American Hotel and Lodging Association (AHLA)

A report by Brewer et al., (2008) surveyed as shown Figure 2 and 3. The result is Wi-Fi hotspots were the most frequently offered guest service technology (86%) followed by in-room entertainment systems (46%) Internet kiosks in the lobby (36%), and kiosks for airline check-

in/boarding pass printing (35%). Those technologies were reflected in the technologies currently available in many properties.

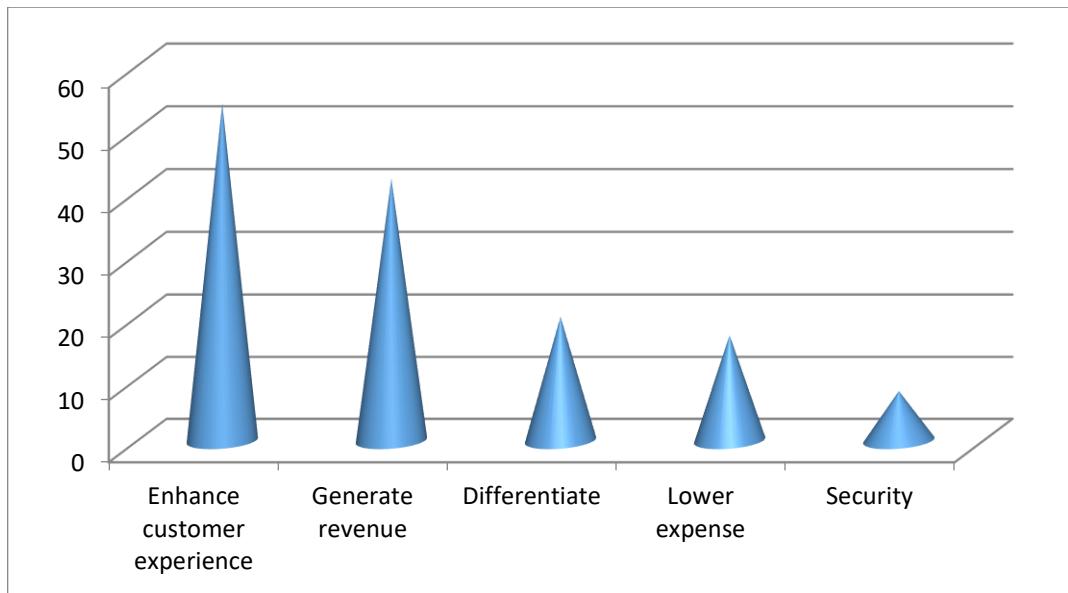


Figure 3: Most importance Information and Communication Technology (ICT)

Source: American Hotel and Lodging Association (AHLA)

Figure 3 shows the most important goal identified by the hoteliers was to use technology to enhance the guest experience (54%). The second identified goal was to use technology to help generate revenue (41%), followed by the ability of technology to differentiate properties from their competition (20%), lower expenses (16%), and increase security (6%).

Table 2: Literature review on ICT innovation

| Authors | Year | Type of technology | Investigation |
|---|------|--|--|
| Suree Khemthong and Roberts M Linda | 2006 | Internet and Web based marketing activities (IWMA) | The Level of technology adoption |
| Pongsak Hoontrakul and Sunil Sahadev | 2005 | Information and Communication Technology (ICT) | The propensity of adoption of ICT-based facilities |
| A Untong, M Kaosa-Ard, V Ramos... | 2011 | Management Technology | The change in managerial efficiency and management technology |
| Sirawit Sirirak, Nazrul Islam, and Do Ba Khang, | 2011 | Information and Communication Technology (ICT) | The influence of information and communication technology (ICT) adoption |
| Sahadev Sunil and Islam Nazul | 2004 | Information and Communication Technology (ICT) | The determinants of E-commerce usage |

| | | | |
|------------------------------------|------|--|---|
| Sirot Piman* and Wanchalerm Poldee | 2016 | Information and Communication Technology (ICT) | the problems and obstacles for improvement on computer networking infrastructure and communication technologies |
| Phurichart Phromtam | 2018 | Information and Communication Technology | Factors influencing information and communication technology adoption |

CONCLUSION

Having reviewed the documents, hotel businesses are aware of the importance of technological innovation especially in terms of information and Communication technologies used within businesses. A vast amount of research completed in the area of hotel businesses concerns regarding innovation in various dimensions. Basically, when scrutinizing about innovations, technologies are being simultaneously considered. In other words, innovation and technology are somehow interchangeably. Although, there are numerous innovations adopted and applied by hotel businesses, information and communication technologies are the most acceptance. Those technologies are employed by businesses to create customer a good experience in every stage of their stay. For example in pre-stay stage, check-in kiosk or online check-in is always available, while staying in-room entertainments, Wifi-hotspot and many more are full equip. Likewise, post-stay stage technologies as check-out kiosk, biometric payment will be proposed. Hotels might propose ICT to every stage of customer staying, but it obviously tends to more concentrate on staying stage than others. To achieve customer good experience management it would be reasonably recommended that hotels should have more concerned in providing ICT to their customers all the way through accommodation period. Moreover, ICT in hotel businesses is generally accepted to mean all technologies allow both sides including hotel organization and customer to interact with digital world. However, most businesses still adopt antiquated technologies instead of cutting-aged pieces such as Artificial Intelligence (AI) and Robotics. Lastly, after reviewing research between year 2000-2018 reveals that there is a very few studies completed on innovation technology use in hotel businesses in Thailand may be the result of having limit innovation technology oriented. Does hotel business being laggard in technology? This question sounds interesting and causing further studies.

REFERENCES

- Adams, R., Bessant, J., & Phelps, R. (2006). Innovation management measurement: review. *International Journal of Management Reviews*, 8(1), 21-47.
- AHLA (2008). *Current and future technology use in the hospitality industry*. Retrieved 17 May 2019, from <http://www.ahla.com/pressrelease.aspx?id%422574&terms%4wi-fi>
- Baregheh, A., Rowley, J. & Sambrook, S. (2009). Towards a multidisciplinary definition of Innovation. *Management Decision*, 47(8), 1323-1339.
- Damanpour, F. (1996). Organizational complexity and innovation: developing and testing multiple contingency models. *Management Science*, 42(5), 693-716.
- Den Hertog, P. (2000). Knowledge-intensive business services as co- producers of innovation. *International Journal of Innovation Management*, 4, 491-528.
- Orfila-Sintes, F., Crespi-Cladera, R., & Martinez-Ros, E. (2005). Innovation activity in the hotel industry: Evidence from Balearic hotels. *Tourism Management*, 26(6), 851-865.

- Grönroos, C. (2000). Service reflections: service marketing comes of age, in Swartz, T.A. and Iacobucci, D. (Eds). *The Handbook of Services Marketing & Management*. Thousand Oaks, CA: Sage Publications.
- Hamal, G. (2008). Management innovation. *Academy of management Review*, 33(4), 825-845.
- Khemthong, S., & Roberts, LM. (2006). Adoption of internet and web technology for hotel marketing: a study of hotels in Thailand. *Journal of Business Systems, Governance and Ethics*, 1(2), 47-60.
- Kimberly, J.R. (1981). Managerial innovation', in Nystrom, P.C. and Starbuck, W.H. (Eds), *HandBook of Organization Design*. Oxford: Oxford University Press.
- Mattsson, J. & Orfila-Sintes, F. (2013). Hotel innovation and its effect on business performance, *International Journal of Tourism Research*, 16, (4), 388-398.
- Miles, I. (2002). Services innovation: towards a tertiarization of innovation studies'. In Gadrey, J., Gallouj, F. (Eds.). *Productivity, Innovation and Knowledge in Services*. Edward Elgar Publishing, Cheltenham, Northampton, 164–196.
- O'Sullivan, D., & Dooley, L. (2008). *Defining Innovation*. Sage Publications.
- Pivcevic, S., & Petric, L. (2011). Empirical evidence on innovation activity in tourism: the hotel sector perspective. *The Business Review, Cambridge*, 17(1), 142-148.
- Randhawa, K., & Scerri, M. in press, Service Innovation: A Review of the Literature, in R. Agarwal, W. Selen, G. Roos & R. Green (eds). *Service Innovation Handbook*. London: Springer.
- Sirilli, G., & Evangelista, R. (1998). Technological innovation in services and manufacturing: Results from Italian surveys. *Research Policy*, 27, 881–889.
- The New Oxford Dictionary of English. (1998). New York: Oxford University Press
- Thompson, V.A. (1965). Bureaucracy and innovation. *Administrative Science Quarterly*, 10 (1), 1-20.
- Trott, P. (2012). *Innovation management and new product development* (5th ed). Harlow, England: FT/Prentice Hall.
- West, M. A., & Anderson, N. R. (1996). Innovation in top management teams. *Journal of Applied Psychology*, 81(6), 680-693. <http://dx.doi.org/10.1037/0021-9010.81.6.680>
- Zahra, S. A., & Covin, J. G. (1994). The financial implications of fit between competitive strategy and innovation types and sources. *The Journal of High Technology Management Research*, 5(2), 183-211.

INNOVATION SYSTEM DEVELOPMENT FOR STORE ALLOCATION MANAGEMENT

^a Chaichana Jaruwannakorn
^b Waraporn Jirapanthong

ABSTRACT

This paper presents an innovative system development project. The objective is to enable innovation and creative design and develop an information system to rent space in department stores. The study is conducted in accordance with the procedure of object-oriented information system development methodology using UML for system simulation. We apply the database management system, SQL, and JSP language with Spring Frame Programming. The system is divided into data management, project tracking, and evaluation sections. The results showed that the developed information system can be used as a tool to help solve problems, and to assist in monitoring the project and responding to the needs of users effectively.

Keywords: Innovative System, System Tracking, System Monitoring

^a College of Creative Design and Entertainment Technology, Dhurakij Pundit University, Thailand,
chaichana.jar@dpu.ac.th

^b College of Creative Design and Entertainment Technology, Dhurakij Pundit University, Thailand,
waraporn.jir@dpu.ac.th

INTRODUCTION

At present, Information Communication and Technology (ICT) drives the distribution of information fast and bi-directional. With this reason, it can lead the impact on economic changes. Politics and societies have been rapidly changed from the past, as can be seen from the economic crisis in some countries. It affects other countries quickly and widely since the information has been distributed. Meanwhile information communication and technology has been the main factor of changes, all business industries are driven on the changes. This work is therefore to establish a system to support space allocation in department stores. Particularly, the system is to manage letting, monitor facilities, and to manage selling data in department stores. The system is designed to focus on increasing the efficiency of management services. We purposed the system based on web application using object-oriented programming techniques i.e. Java script and database system i.e. MySQL.

The paper describes the implementation of java-based web system including MySQL database management system. It also presents applying with the agile method for software process. Then, the user feedback is collected for further analysis. It is found that the customers give positive feedback to the system development's progress.

LITERATURE REVIEW

Related literature should be reviewed to support the research issues and develop a research framework. Please review or summarize the literature that connect to your research areas and identify the gaps in the literature as well as how your research will fulfill the research gaps.

1. Project Planning and Scheduling Techniques

Some techniques are used to analyze the project resources. In particular, both early and late start and finish dates for the implementation of the project, the methods of network planning are used [16]. These methods integrate all the stages of the project, thus it is possible to determine the total duration [17].

Large projects are characterized by the complexity of constructing a plan or scheduling the project in distinct work stages. One of the methods that can be used in this case is the GERT method, based on GERT networks. With this method it is possible to determine the expected duration of the project on the basis of three probabilistic time estimates.

As a technique for schedule planning and control PERT is focused on analyzing the tasks necessary for the project implementation. The analysis of the execution time of each individual task, as well as the construction of the network schedule as called PERT network diagram. We can calculate the early and late start dates for the tasks. The flexibility in the schedule can be seen as the slack. It is an amount of time that a task can be delayed without causing a delay to subsequent tasks or project completion date. The sequence of project tasks which ass up to the longest overall duration is called a critical path as shown in Figure 6. It determines the shortest time possible to complete the project. Tasks on the critical path should be completed on time to make sure that the project finishes on time.

Additionally, Gantt charts are used to illustrate a project schedule [18 - 19]. It is suitable for planning, especially small-scale projects. There are software development methodologies guided by values and principles based on Agile. Scrum is one of the flexible approaches which

have become popular. The rules established for software project management allow developers to use the existing practices of coding, correcting requirements or making tactical changes. The methodology provides the ability to detect and eliminate deviations from the desirable result at earlier stages of the software product development.

2. Agile Software Development

Agile software development is a way of organizing the development process, emphasizing direct and frequent communication. It is preferably face-to-face, frequent deliveries of working software increments, short iterations, active customer engagement throughout the whole development life-cycle and change responsiveness rather than change avoidance. The main components used in the agile development are: (a) each activity in software development process i.e. analysis is managed in a short period (2-4 weeks), (b) product backlog which is a list of prioritized requirements for the product, (c) sprint or iteration backlog which is a selection of items from the product backlog being developed in an iteration, (d) sprint review which is an evaluation of the outcome of a sprint, (e) sprint planning which is done in the start of an iteration or a sprint and results in a sprint backlog, and (f) standup-meeting which is a daily short meeting.

The ideas of agile software development have been inspired by agile and learn manufacturing. They have been in use in many types of industries for decades. Some important changes need to be made to make this fit software development. The main principle from lean development being applied is the principle of waste reduction. All work and products which do not directly contribute to the development of software should be considered as waste and thus avoided. Currently, there are common agile methods. For examples, Extreme Programming [6 -8] has grown surprisingly fast. The basic principles are easy to grasp and seem to address the fundamental problems of developers.

Moreover, Scrum [9] is a framework of developing, delivering, and sustaining complex products. The essence of scrum is a small team of people. The individual team is highly flexible and adaptive. These strengths continue operating in single, several, many, and networks of teams that develop, release, operate and sustain the work and work products of thousands of people. They collaborate and interoperate through sophisticated development architectures and target environments. The scrum team consists of a product owner, development team, and scrum master. Scrum teams are self-organizing and cross-functional. Self-organizing teams choose how best to accomplish their work, rather than being directed by others outside the team. Cross-functional teams have all competencies needed to accomplish the work without depending on others not part of the team. Scrum teams deliver products iteratively and incrementally, maximizing opportunities for feedback.

RESEARCH METHODS

This study applied the qualitative approach which was by mixed methods of prototyping in order to acquire and elicit the user's requirements, and agile in order to enable the development process. Moreover, the interview technique was used to interview the staff members to develop idea. In particular, based on requirements elicitation process, we study the requirements of the innovative system for assisting the renting out the areas/stores in department stores. The studies are as following:

- 1) project owners, executives, and managers prefer that the innovative function of the system shall analyze the summary of income quickly, anytime, anywhere. They prefer that the system shall provide them statistical data for future planning or predicting.

- 2) department staffs prefer that the system shall them to collect and record booking for areas/stores in case of customers intend to rent the areas or stores. They prefer that the system provide them the data visualization of reservation records immediately.
- 3) department staffs prefer that the system shall manage letting, monitor facilities, and to manage selling data in department stores.
- 4) financial staff prefer that the system shall assist them recording income and costs, and summarizing reports immediately.
- 5) project owners prefer that the system shall provide the innovative function of debt monitoring and management in order to be able to inquire the system income effectively.
- 6) other staffs prefer that the system can record log profiles and allow users to track expenses and other costs.

We applied software tools to develop and establish the software system. Particularly, we designed the Spring Framework Jasper Report to enable Java web application. The system embedded i) the Spring Framework Jasper Report for designing jQuery reports, and ii) javascript for managing HTML DOM elements, managing events, and creating animation, iii) Ajax Tomcat Server for establishing web server, iv) Mysql server used to manage database systems, v) Unified Modeling Language (UML) for analysis and design process to describe various object-oriented models. The system prototype is designed and implemented to support only Thai language though.

As shown in Figure 1, use case diagram shows the main functions of the innovative system. It shows the interaction between different roles of users and the system.

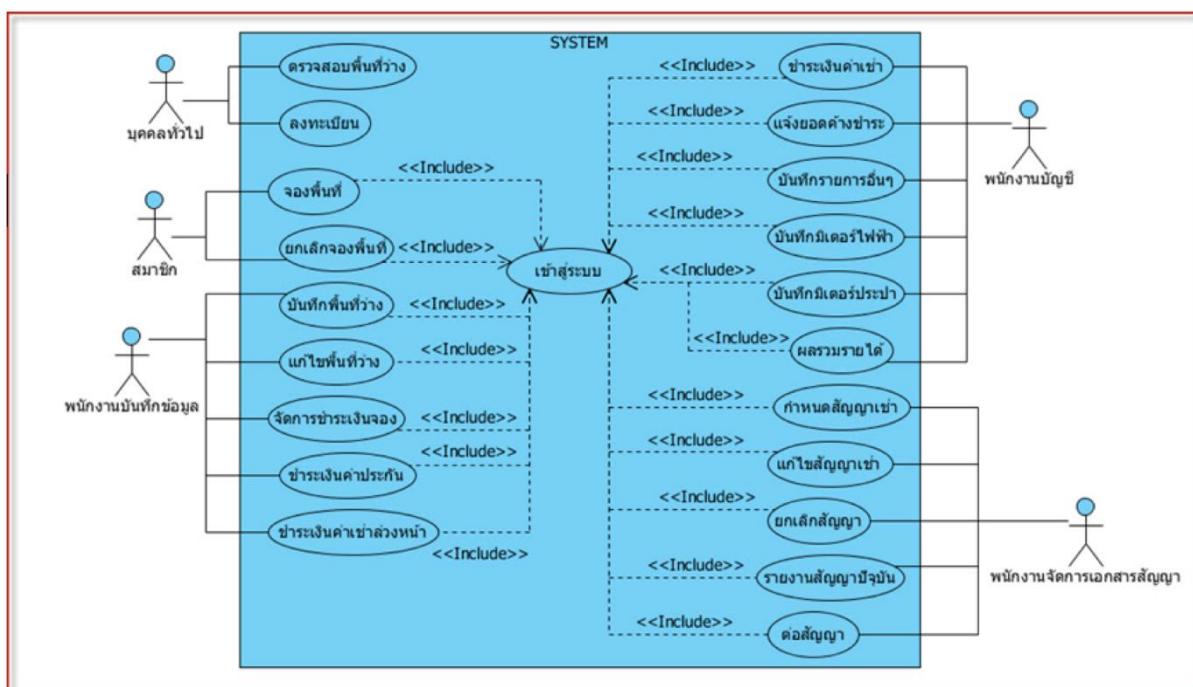


Figure 1: Use case diagram for the system

Table 1: The description of use case

| Use Case Name | Use Case Name (in Thai) | Description |
|--------------------------------|-------------------------------------|---|
| Register | ลงทะเบียน | Register a user to be a system member |
| Search free space | ตรวจสอบพื้นที่ว่าง | Search available areas/stores for a customer |
| Reserve | จองพื้นที่ | Reserve space (areas/stores) for members |
| Cancel | ยกเลิกการจอง พื้นที่ | Cancel the reservation area |
| Update area status | แก้ไขข้อมูลพื้นที่ | Edit area information |
| Record new space | บันทึกพื้นที่ว่าง | Record new areas/stores |
| Manage booking records | จัดการชำระเงิน จอง | Manage payment records for booking space |
| Manage Insurance payment | ชำระเงินค่าประกัน | Manage insurance payment records |
| Manage prepaid rental payments | ชำระเงินค่าเช่า ^{ล่วงหน้า} | Manage advance rental payment of members |
| Record lease agreement | กำหนดสัญญาเช่า | Record lease agreement contracts between members and the contractor |
| Amend lease agreement | แก้ไขสัญญาเช่า | Amend the lease agreement contracts |
| Cancel lease agreement | ยกเลิกสัญญาเช่า | Cancel the lease agreement contracts |
| Generate reports | รายงานสัญญาใน ปัจจุบัน | Create inquiry reports |
| Renew the contract | ต่อสัญญา | Renew a lease agreement contract |
| Pay | ชำระเงินค่าเช่า | Record the rental payment of members |
| Report outstanding list | แจ้งยอดค้างชำระ | Display outstanding list of payment |
| Record Expenses | บันทึกรายการอื่นๆ | Record other items' expenses |
| Record Electricity Expense | บันทึกมิตอร์ไฟฟ้า | Record electricity expense |
| Record Water Expense | บันทึกมิตอร์ ประปา | Record water expense |
| Calculate Income | ผลรวมรายได้ | Display data visualization of overall income |

As shown in Figure 2, it presents the relationships between different classes and of each which contains attributes.

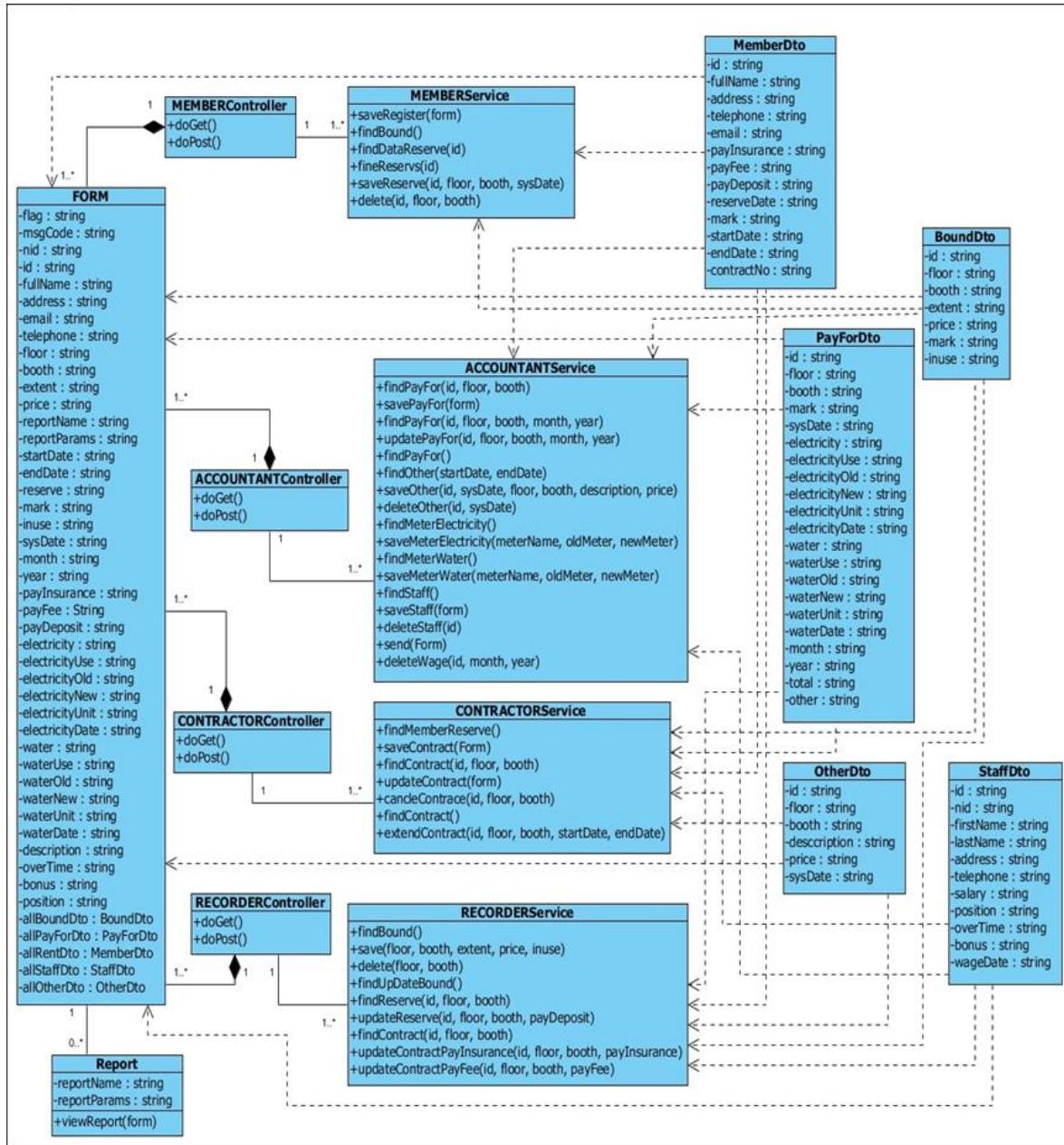


Figure 2: Class diagram for the system

As previously described, we have acquired and elicited the requirements during the requirements engineering process. The data is designed to collect in term of relational database, namely MySQL. The system is designed to apply with javascript. The object-oriented system is designed to support all functions in which satisfy the system's stakeholders. To apply the domain classes, we give an example of scenarios as shown in Figure 3. The figure illustrates the sequence of events during creating and recording a lease agreement contract for a member.

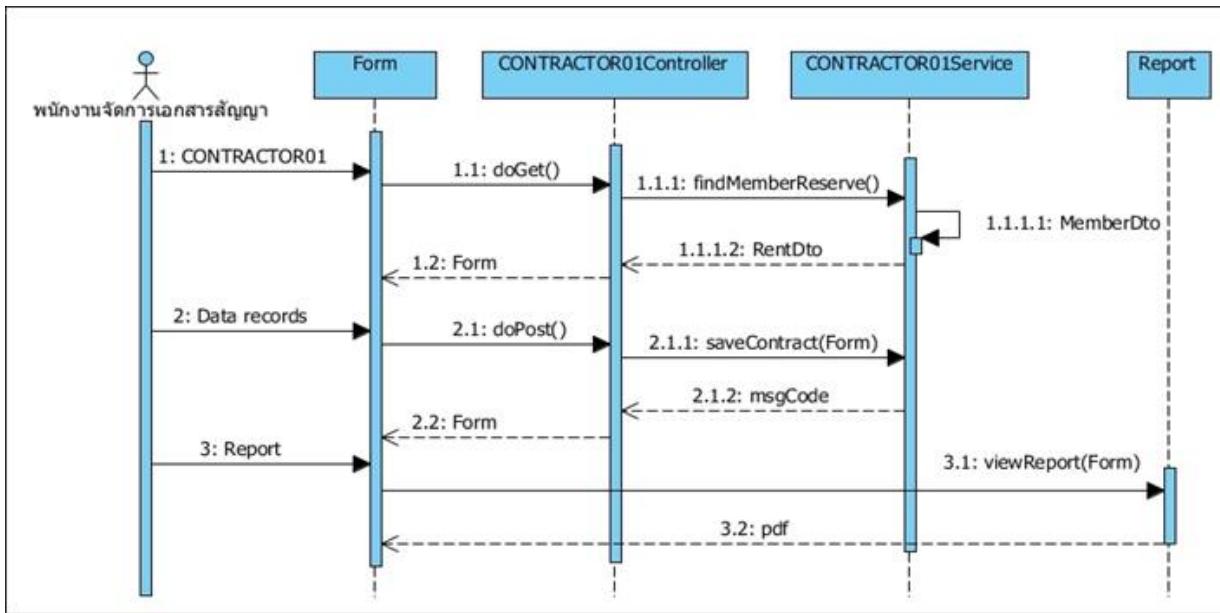


Figure 3: Sequence diagram for *Record lease agreement* use case

The system development project is characterized by the complexity of constructing a plan or scheduling the project in distinct work stages. We applied the GERT method, based on GERT networks. With this method it is possible to determine the expected duration of the project on the basis of three probabilistic time estimates. Particularly, schedule planning and control PERT is focused on analyzing the tasks necessary for the project implementation. We can calculate the early and late start dates for the tasks. The flexibility in the schedule can be seen as the slack. It is an amount of time that a task can be delayed without causing a delay to subsequent tasks or project completion date.

Moreover, our software process is based on Agile. In particular, we enable scrum activities in our project. The rules established for software project management allow developers to use the existing practices of coding, correcting requirements or making tactical changes. The methodology provides the ability to detect and eliminate deviations from the desirable result at earlier stages of the software product development. Iteration in Scrum when functional growth of software is created is sprint which is rigidly fixed in time. We set a sprint length as 2 weeks.

FINDINGS

We have implemented the system as the prototype. The development of system project is evaluated and summarized as follows.

As shown in Figure 4, it shows the screen of recording lease agreement contract. A user can select the function to renew a lease agreement contract. In this screen, there are 3 functions: i) recording the lease agreement contract, ii) resetting data, iii) printing a report of lease agreementcontract. The use can command the function by clicking the record button. The system will then verify the filled information. If the information is correct, the system will allow to record data. Otherwise, the system will not be able to record the data and request the user to amend the information by giving a warning message.

กราหนนดลัญญาเช่า

ชื่อ-สกุล

*รหัสสมาชิก

*ชั้น

*บูธ

พื้นที่(ตร.ม.)

ค่าเช่า

ค่าประกัน

ค่าเบ่าล่วงหน้า

ค่าน้ำค่าไฟ

*วันที่เริ่ม *วันที่สิ้นสุด

*มีเดอร์ไฟฟ้า

*มีเดอร์ปรับอากาศ

หมายเหตุ : รายการที่มี **คอกจันสีแดง** หมายถึงต้องมีทักษะมูล

บันทึก | ล้างออก | พิมพ์รายงาน

เลือกรายการข้อมูลจากตารางต่อไปนี้

| แสดง 10 รายการ | ลำดับที่ | ชั้น | พื้นที่ | ขนาด | ราคา | วันที่จอง | สถานะ |
|----------------|----------|------|---------|------|------|-----------|-------|
|----------------|----------|------|---------|------|------|-----------|-------|

Figure 4: Screen of *Record lease agreement* function

บันทึกการรับชำระเงินค่าเช่า

ชื่อ-สกุล

*รหัสสมาชิก

*ชั้น

*บูธ

*เดือน/ปี /

ค่าเช่า

*ค่าไฟฟ้า (วันที่บันทึกมีเดอร์)

มีเดอร์เก่า *ไฟน้ำ
รวมหน่วย (หน่วย) ยอดรวม (บาท) หน่วยละ (บาท)

*ค่าประปา (วันที่บันทึกมีเดอร์)

มีเดอร์เก่า *ไฟน้ำ
รวมหน่วย (หน่วย) ยอดรวม (บาท) หน่วยละ (บาท)

หมายเหตุ : รายการที่มี **คอกจันสีแดง** หมายถึงต้องบันทึกข้อมูล

พิมพ์ใบเสร็จ | บันทึกก่อนชำระ | ล้างออก | ต้นที่เหลือ | บันทึกเพื่อชำระ | พิมพ์ใบชำระ

Figure 5: Screen of *Pay* function.

As shown in Figure 5, it shows the screen of payment for rental contracts. A user can select the function to pay for the rent themselves. The system provides six main tasks to deal with this function, namely i) inquiry the payment records, ii) record pre-data, iii) reset data, iv) validate the payment, v) record payment information, and vi) print receipt. The system will verify and validate data before recording the information. Otherwise, the system will not record the information and then give a warning message.

To evaluate the system, we have performed the unit testing during each sprint, integration testing after each sprint with other parts of the prototype, and finally system testing. The user acceptance test is performed by a group of end-users. They are randomly selected based on their roles and working functions. Those are department store's staffs, accountants, department managers, executives, and project owners. They are asked to perform their responsibilities and work with the prototype. The result of acceptance test can be summarized as follows:

- According to the result of system testing for operators and staffs, it is found that the system can successfully and correctly add data and the information can be processed in subsystems of the system.

- 2) According to the result of system testing for operators and staffs, it is found that the system can correctly search empty space (areas/stores) and assist them to make an action plan.
- 3) According to the result of system testing for operators and staffs, it is found that the system can successfully and correctly reserve areas/stores for members and cancel the reservation.
- 4) According to the result of system testing for operators and staffs, it is found that the system can successfully and correctly renew and update information about areas/stores.
- 5) According to the result of system testing for accountants, it is found that the system can successfully and correctly record and update information about deposit and rent payment, and assist them to make action plans.
- 6) According to the result of system testing for managers, it is found that the system can successfully and correctly renew and update the lease agreement contracts for members including assist them to manage the plan for letting.
- 7) According to the result of system test for accountants, it is found that the system can assist them to follow up the rent payment and all items of expenses effectively.

DISCUSSIONS AND RECOMMENDATIONS

This paper presents the study of applying information and innovation technologies to support business. Our study focuses on increasing the efficiency of management services. In particular, we proposed the web-based system to assist the management of department stores business. We adopted the mixed approach of qualitative and semi-action approach for this work. The prototype was created in order to develop the ideas. We applied Java script for implementing the web-based system embedding MySQL database management system. We compare the programming languages for system development. Those are PHP .NET JSP.

- 1) It is found that JAVA embedded with the Spring Framework provides us more supports for coding. It explicitly provides the programming framework as the client and server sites. Therefore, a programmer can apply built-in components to a program straightforward when developing. However, there are some difficulties of new PHP and .NET. Some built-in components are removed. Therefore, a programmer has to redo existing codes.
- 2) It is found that there are some free-downloaded IDE e.g. NetbeansIDE, Eclipse which support JAVA programming environment. However, the IDE for .NET i.e. Visual Studio is a commercial tool.
- 3) It is found that JAVA language supports all existing database management systems by plugging-in with .jar package. PHP requires PDO components for connecting with database management systems. However, there are some difficulties of connecting .NET with database management systems.
- 4) It is found that PHP language supports for studying and practicing the system implementation since there are a lot of online support and free downloaded plugged-in packages. Otherwise, JSP is suitable for complicated logic-based system and gives higher performances in terms of portable to any platforms, e.g. mobile phones, notebooks, desktop computers (32 and 64 bits).

Moreover, we apply the agile method for software process. According to scrum activities, we provided the release of each sprint to the customers. Since we set 2-week sprint length and kept a release of each sprint coming earlier and more frequent, consumer responses arrive faster, and less time is wasted. It is found that the customers (project owners) are satisfied and give positive feedback to the system development's progress.

Additionally, we conducted the interview and questionnaire. The users are observed for the satisfaction regarding the business. It is found that the end-users are satisfied the process.

Although, the process would be difficult to inexperienced end-users and some experienced staff members tend to resist the new system. According to the interview, it is found that 33% of staff members tend to the new system, whereas the rest of them are positive to working with new system. Furthermore, we plan to further develop the system to offer the users the functions i.e. predicting new customers and making strategic plans.

REFERENCES

- Apache Tomcat.* Sun Microsystems, n.d. Retrieved from <http://tomcat.apache.org/>
- Arendsen, A. (2005). *Professional Java Development with the Spring Framework.* Retrieved from <http://docs.spring.io/docs/Spring-MVC-step-by-step/>
- Bannon, R., Chin, A. (2007). *MySQL Conceptual Architecture.* Retrieved from http://www.swen.uwaterloo.ca/~mrbannon/cs798/assignment_01/mysql.pdf
- Beck, K. (1999). *Extreme Programming Explained: Embrace Change.* Boston: Addison-Wesley.
- Booch, G. (2001). *The architecture of Web applications.* Retrieved from http://www.ibm.com/developerworks/ibm/library/it-booch_web/
- Carroll, J. & Morris., D. (2015). *Agile Project Management in easy steps* (p 162) (2nd ed.). Warwickshire, UK:
- Chernigovskiy, A. S., Kapulin, D. V., Noskova, E. E., Yamskikh, T. N. and Tsarev, R. Y. (2017). *Production scheduling with ant colony optimization.* IOP Conference Series: Earth and Environmental Science 87 art. no. 062002.
- Chernigovskiy, A. S., Tsarev, R. Y., and Kapulin, D. V. (2017). *Scheduling algorithms for automatic control systems for technological processes.* Journal of Physics: Conference Series 803 art. no. 012028.
- Clark, W. (1922). *The Gantt Chart: A Working Tool of Management.* New York, NY: Ronald Press.
- Eclipse.* (n.d.). Retrieved from <https://www.eclipse.org/>
- Flouris, G., Lock, D. (2012). *Managing Aviation Projects from Concept to Completion.* Routledge, UK:
- Manifesto for Agile Software Development.* (2001). Retrieved from www.agilemanifesto.org
- The home of Scrum.* (2019). Retrieved from <https://www.scrum.org/>

INTERNATIONALIZATION ATTRIBUTES OF NEW AND SMALL FIRMS PURSUING THE BORN GLOBAL OR INTERNATIONAL NEW VENTURE PATHWAY FAVORABLE TO SMALL EMERGING ECONOMIES IN ASEAN

^aNorapatra Janpong

ABSTRACT

The internationalization concept embraces the essence of the internationalization characteristics of new and small firms along the process in which they undertake international business activities from the start or very shortly after. Vast numbers of extant research have appeared for more than a decade in pursuance of the continuously rising phenomenon of the so-called ‘Born Globals (BGs)’ or ‘International New Ventures (INVs)’.

This conceptual paper explores the vital domains of such emergence, both theoretically and empirically, to determine a set of expected internationalization attributes of entrepreneurial small startups conducive to possible future research. The proposed conceptualization is directed, but not limited, to small emerging economies in the ASEAN region.

Keywords: SME Internationalization, Born Global, International New Venture, Internationalization Attributes

^a Head of Management Program, College of Innovative Business and Accountancy, Dhurakij Pundit University, Thailand, e-mail: norapatra.jan@dpu.ac.th.

1. INTRODUCTION

The greater interests on international entrepreneurship, concerning entrepreneurs who involves in cross-border trade activities basically found in new and small businesses (see Ketchen et al., 2007; OECD Entrepreneurship at a Glance 2011; EC paper, 2012), have prevalently increased due to their important role on global economic growth, employment, innovation and productivity. A killing fact is that SMEs or small businesses, in a significant portion, are able to engage in international business activities right from the outset or start to shortly thereafter – in reflection to a virtual emergence of the so-called ‘Born Globals - BGs’ or ‘International New Ventures – INVs’ (see e.g. Knight, 1997; Coviello & Munro, 1997; McDougall & Oviatt, 2000; Fillis, 2001; Moen, 2002; Knight et al., 2004; Gabrielsson & Kirpalani, 2004; Aspelund & Moen, 2001, 2005; Oviatt & McDougall, 2005a, 2005b; Sasi & Arenius, 2008; McAuley, 2010; etc.) with wealthier and widespread presence (ACCA, 2010).

Based on the above scenario, it becomes apparent that young and small firms play a key role on creating wealth by contributing innovation, value proposition, productivity, and export performance (see provisional framework, OECD Entrepreneurship at a Glance 2011; Ketchen et al., 2007) and the widespread BG/ INV existence is widely accepted in the extant literature (Aspelund et al., 2007). There is also a chorus of calls from scholars, business experts, and government agencies for the increased attention on new and small firms due to their strategic positioning in today’s global markets (adapted from Coombs et al., 2009). Academically, the terms ‘SME Internationalization’ or ‘small firm internationalization’ are largely applied in the light of the above-mentioned phenomenon in a more-or-less, context-specific manner (see e.g. Coviello & McAuley, 1999; Bell et al., 2001, 2003, 2004; DeClearcq et al, 2005; Mitigwe, 2005; Ruzzier et al., 2006; Wright et al., 2007; Coombs et al., 2009; Kraus, 2011). This remains one of the most important areas under the labeled approach of ‘International Entrepreneurship (IE)’ from the entrepreneurial perspective (Coombs et al., 2009) – a new field of research that continues to grow and develop (Acs et al., 2003) at the interface of ‘International Business (IB)’ and ‘Entrepreneurship (ENT)’ research (McDougall & Oviatt, 2000; Coombs et al., 2009; Kraus, 2011).

Controversially, the existence of BGs/ INVs with their early and rapid internationalization has been well evidenced in the literature over a decade in opposition to the conventional theories of internationalization, but it is still seen as an immature or fragmented area of research. There are, in summary, still lacking of clear and agreed (conceptual/ operational) definition (Rasmussen & Madsen, 2002; Gabrielsson & Kirpalani, 2004; Gabrielsson et al., 2008; Crick, 2009) and comprehensive theoretical explanation and integrated frameworks (Rialp et al., 2005a, 2005b; Mort & Weerawardena, 2006; Aspelund et al., 2007; Gassmann & Keupp, 2007; Keupp & Gassmann, 2009; Cesinger et al., 2012). Continual movements of the early and rapidly internationalized/ internationalizing firms, principally those of new and small firms, have been vastly capturing scholars’ attention since 1990s. The emergence of BGs/ INVs has been thereof documented in the pursuit of new approaches to internationalization (Kuivalainen et al., 2012a) or in search of new conceptualizations (Madsen & Servais, 1997; Gabrielsson et al., 2008). As the BG/ INV phenomenon proceeds instantaneously, in opposition to the conventionally incremental pathway of internationalization, various scholars point out that such phenomenon is widespread in many countries and across industry sectors (e.g. Aspelund & Moen, 2001; Moen & Servais, 2002; Knight et al., 2001, 2004; Rialp et al., 2005a, 2005b; Aspelund et al., 2007; Liesch et al., 2007). Yet, that is so far lacking of evidence from small developing countries (Rialp et al., 2005a; Lopez et al., 2009) in a wider range of industrial contexts (Rialp et al., 2005a, 2005b; Aspelund et al., 2007), at different levels of technological sophistication (Liesch et al., 2007). A great deal of past studies, in fact, relate to the developed world covering all major trading countries at the side of predominantly high-tech sampling of BG/ INV firms (see e.g. Bell, 1995; Bloodgood et al., 1996; Reuber & Fisher 1997; Coviello & Munro, 1995, 1997; Autio et al., 2000; Zahra et al., 2000; Zahra et al., 2003; Andersson & Wictor, 2003). Whereas, many recent studies have unambiguously spotlighted on divergent industry settings in their sampling strategy (see e.g.

Knight & Cavusgil, 2004; Knight et al., 2004; Mort & Weerawardena, 2006; Kuivalainen et al., 2007; Loane et al., 2007; Keen & Etamad, 2012; Sui et al., 2012, 2013); even so still limited to the developed-world territories.

2. THE EMERGING VIEWS ON BG/ INV PHENOMENON

The emerging phenomenon of BGs/ INVs, which has been challenging traditional views of internationalization more than a decade, can be described hereunder around the selected issues of its emergent state in the literature; an existing comparison of views regarding the traditional internationalization versus the entrepreneurial internationalization in early and rapid patterns; and recent assertions on the existence of the so-called ‘Born Regionals’ or Born Internationals’ amongst BGs/ INVs, respectively.

2.1 Diverse definitions of ‘BG/ INV’ firms

As implied earlier, the BG/ INV development is still immature by a fact that researchers still have no consensus on clear definitions or concepts of BGs/ INVs, neither on the empirical ones, making the phenomenon remains unexplained and incomparable. The research on the phenomenon immediately needs somewhat contextualized definitions (Cesinger et al., 2012) along with more compelling evidence, in fulfillment to some among the many convincing definitions. Nevertheless, the selective items are presented here in an effort on embracing the meaningful essences of some among other influential definitions, not about trying to generate any new or more concrete definition.

First of all, a truly influential definition of ‘INV’ initiated by Oviatt & McDougall (1994) which considers internationalization as an entrepreneurial action for the first time, descriptive snapshots have already been provided along the way [see also their re-published version in 2005: 2004 Decade Award Winning Article]. They defined an INV as a firm that right from its legal establishment seeks a valuable competitive advantage by using resources from several marketable countries and by selling its products in those target markets. The prime objective of their study was in fact to identify, define, and describe the emerging phenomenon of INVs among MNEs (presently referred to as ‘MNCs’, not small firms) who held certain attributes and behaviors differently from what had been explained by some existing MNE theories. The four types of INVs were proposed: (1) Export/import Start-up; (2) Multi-national Traders; (3) Geographically-focus Start-up; and (4) Global Start-up – with a combined term of (1) & (2) as ‘New International Market Makers’. On strategic reasoning, the competition of domestic market had pushed them forward international competition supposedly at inception and seized ‘unique knowledge’ as controlling assets (rather than owing them) for a better value proposition to customers in more than one country – in order to cope with their internal resource scarcity [see Oviatt & McDougall, 1994 (p.60) or 2005 (p.38)].

Arguably, even though the above contributions are not directly related to small ventures, the entrepreneurial features thereof still have more or less merits for today’s explanation of INV/ BG behaviors, at least in contextualized terms (see Rasmussen & Madsen, 2002; Zahra, 2005; ANZAM, 2009). The authors’ defining expression “from inception” indicates time lag between the firm’s founding and its first export/ internationalization [to be referred to hereafter as ‘time lag’ or ‘precocity’ (see Zucchella et al., 2007; Kuivalainen et al., 2012a)], whereas the other “in multiple countries” shows market scope of the firm’s international expansion [to be referred to hereafter as ‘scope’ or ‘extent’ of export/ internationalization (see Chetty & Campbell-Hunt, 2004; Riap et al., 2005b; Kuivalainen et al., 2007; Kuivalainen et al., 2012a; Sui et al., 2012, 2013)]. Yet, there was no mention on minimum export sales percentage/ ratio at either regional or global scale [as a measure of ‘scale’ of or ‘intensity’ of export/ internationalization/ commitment to be referred to later on (see Chetty & Campbell-Hunt, 2004; Kuivalainen et al., 2007; Kuivalainen et al., 2012a; Sui et al., 2012, 2013)].

McKinsey & Co. (1993) and Rennie (1993) rely on ground-up definition from a comprehensive survey amongst production-based exporters in Australia, bringing on the BG firms who started to export within two years after the firm's foundation [time lag/ precocity = 2 years] and acquired the export sales percentage in average 75% of their total sales [scale/ intensity of export = at least 75%], without a rigid market scope.

Knight & Cavusgil (1996) discussed the term BGs in a lengthy and rigorous manner for the first time (Rasmussen & Madsen, 2002) by gathering the ideas from not only existing academic papers but also from newspapers and arrived at a conceptually succinct and impactful definition: “...small technology-oriented companies that operate in international markets from the earliest days of their establishment [p.11] ... tend to be managed by entrepreneurial visionaries who view the world as a single, borderless marketplace from the tie of the firm's founding [p.12] ... tend to export at least a quarter of total production [p.18]”. This gives the time lag/ precocity: from the earliest days [i.e. within 3-6 years, as interpreted by Rasmussen & Madsen (2002)], the scale/ intensity of export: at least 25% of total sales, and the scope/ extent of export: in international markets or multiple countries.

Knight (1997) worked on his conceptualized definition pointing to the firms that established after 1976 and achieved 25% or more foreign sales, after having started export activities within three years of their inception – further contributing on an accurate time lag/ precocity of 3 years to the previous definition (but not necessarily holding 25% export sales ratios in first three years of operations). Since then, a narrow definition in the light of the above-mentioned authors have apparently been adapted and widely operationalized as firms that internationalize/ export within three years after the firm's foundation and obtain a share of foreign/ export sales of at least 25%, in other words, firms that perform within the time lag/ precocity of 3 years with the internationalization scale/ intensity of at least 25% (see Knight & Cavusgil, 2004; Knight et al., 2004).

A little bit differently, Moen (2002) applied only the scale/ intensity of more than 25% to his investigation, Moen & Servais (2002) also accepted the export scale/ intensity of higher than 25% but with a 2-year time lag/ precocity, and Andersson & Wictor (2003, p.254) used the 3-year and 25% cut-offs plus a partial definition of Oviatt & McDougall (1994): “...seek a significant competitive advantage from the use of resources and the sales of outputs in multiples countries”. Whereas, Chetty & Campbell-Hunt (2003, 2004) adopted 75% export scale/ intensity within the time lag/ precocity of 2 years thanks to McKinsey & Co.'s (1993) initiation, given the small market size of New Zealand. And, Finish authors suggested a sterner numerical criterion of obtaining more than 50% export sales from external home-base continents within 2-3 years of operation (Loustarinen & Gabrielsson, 2004; Gabrielsson et al., 2004).

There is no solemn concurrence on the term BG/ INV, and the most pre-defined cut-off ratios are “somewhat arbitrary” (Knight & Cavusgil, 2004, p.133). *To this end, by virtue of not staying on an extreme side, this paper accepts an affirmative cut-offs as “3-year time lag/ precocity and 25% export scale/ intensity (export sales ratio)” within a comprehensible market scope/ extent as “multiple countries reached at either global-base (worldwide) or home-region-base (region-wide) landscape”.*

2.2 Comparative views of ‘Gradual internationalization of traditional internationalizing SMEs’ versus ‘Early and Rapid internationalization of BGs/ INVs’

Categorization of internationalizing SMEs varies among the researchers, but the core anchoring is still being the focal comparison of the early and rapid approach of internationalization versus the traditional view of incremental internationalization, as early and/or rapidly internationalizing firms dominantly capture widespread attention in IE literature. According to Kuivalainen et al. (2012b), six stereotypical internationalization patterns (or pathways) of SMEs are literally exemplified based on time; scale; and scope dimensions, on which the BGs; BRs; and Born-again Globals appear distinctively and empirically – in their scrutinizing of the guest research papers. The early internationalization patterns consist of BG, Rapid Incremental, and BR;

whereas the late internationalization patterns include Born-again Global, Slow Incremental, and Late Regional. A research note of Gabrielsson et al. (2008) attempts to clarify the conceptualization of BGs, as deviated from traditional internationalizing SMEs at large. The authors suggest that BGs differ particularly in contrast with traditional internationalizing SMEs in the aspects of their motivating global vision, globally niche-focus marketing strategies, and highly entrepreneurial capabilities for accelerated internationalization. Additionally, they must be small independent firms (not spin-offs); they come from either high-tech or low-tech industries; and they should perform a numerical requirement of internationalization (e.g. 25% export sales ratio) within a three-year timeframe of their operations in a flexible manner. In the rise of new types of small international firms in the 21st century, Aspelund & Moen (2005) have testified a sample of Norwegian international SMEs, in an attempt to differentiate the early internationalization routes (BGs and Early Internationals) from the late/ incremental pattern of internationalization (Late Internationals).

Noteworthy, Bell et al. (2004) have explored key differences in strategic behavior of ‘knowledge-intensive’ and ‘traditional’ small UK manufacturing firm in respect of patterns, processes, and pace of internationalization. Evident on different levels of international-involving commitment, a set of differentiating strategies was highlighted i.e. motivation (proactive vs. reactive); patterns (concurrent vs. incremental); pace (rapid vs. gradual); method of distribution/entry (flexible vs. conventional); and subsequent internationalization (structured vs. ad hoc). Similarly, Chetty & Campbell-Hunt (2004) and Rialp et al (2005b) disclose distinctive attributes between BG and traditional approach of internationalization, to sum up on key dimensions i.e. founder’s and/or founding team’s characteristics (including the use of networks); organizational capabilities to internationalize (including the use of ICT); and international strategic focus (including home market and psychic distance aspects), further selected descriptions will be carried on in the section 3.

2.3 The ascending concept of ‘Born Regionals/ Born Internationals’ (BRs/ BIs)

While entrepreneurially internationalizing firms are prevailing in great proportion in today’s global marketplace by pursuing international activities from the outset or very soon after, some authors contend that they are not necessarily follow accelerated path of internationalization and reach geographically-spread markets (see Gabrielsson et al., 2004; Kuivalainen et al., 2007; Lopez et al., 2009; Sui et al., 2012, 2013). Firms that have been defined as BGs turn out to be the so-called ‘Born Regionals - BRs’ (Lopez et al., 2009; Sui et al., 2012, 2013) or ‘Born Internationals - BIs’ (Gabrielsson et al., 2004; Kuivalainen et al., 2007) who appear as apparently BGs with geographically-limited or regional-focus market scope. Sui et al. (2012), in particular angle, prove the biggest share among (Canadian) internationalizing SMEs being gradual internationalizers, relative to BRs and BGs, respectively. Likewise, Lopez et al. (2009) figure out that most of (Costa Rican, software) companies follow gradual internationalization pathway and only a few are true BGs, questioning on the prevalence of BGs given broad definitions to date.

Being BG-like firms, the provisional meanings dedicated for ‘BRs’ or ‘BIs’ vary in the studies of aforementioned authors, in close relation to their lay definitions for ‘BGs’.

- A firm is labeled as BR if started exporting within three years of inception, obtained at least 25% of export intensity, and has exported only to home-region market (US market) during the two years of its export activity [Sui et al., 2013].
- As a subset of BG SMEs, BIs refer to firms that have internationalized rapidly (in 2-3 years of their operations) within their home region (Europe) and generated more than 50% of international sales (while BGs contributed more than 50% of international sales outside their home region) [Gabrielsson et al., 2004].
- Empirically tested, BRs have been seen as firms that exported within two years of inception and reached the export percentage higher than 50% but chose to export only to nearby or culturally-close countries (i.e. in Central America, South America, and Spanish-speaking Caribbean countries.) [Lopez et al., 2009].

- Within two BG pathways of firms that internationalized in three years of founding with at least 25% export intensity namely true BGs and BIs, BIs refer to firm that exported only to culturally-close markets (of Finland) and derived around 25% export sales ratio. They likely pursue strategic internationalizing in an incremental manner, evidently due to their less competitive aggressiveness (not associated with the other two entrepreneurial orientation dimensions namely risk taking and proactiveness) that leads to lower export performance relative to true BGs [Kuivalainen et al., 2007].

The above-cited (conceptual plus empirical) assertion of Kuivalainen et al. (2007) seems most applicable for further in-depth research which can reflect entrepreneurial behaviors of firms under investigation and interpretation. In addition, as outlined by Sui et al. (2013), better initial performance (e.g. revenues) and knowledge of non-home-base market positively lead to being true BGs rather than BRs/ BIs, taken here together with a recall of the importance of entrepreneur's/ founder's/ management team's characteristics and competencies as well as firm's capability pursuant to early and dedicated internationalization.

3. EXPECTED ATTRIBUTES FOR NEW AND SMALL FIRMS IN SMALL EMERGING ECONOMIES, IN RESPECT OF THE RISING BG/ INV PHENOMENON

An exhaustive review of literature reveals many important characteristics of firm's internationalization largely based on three temporal dimensions: time (precocity/ speed or rapidity/ pace), (market) scope/ extent [including the element of psychic distance], and scale/ intensity, providing an authoritative ground on the initial set of key attributes for further field investigation. Moreover, it is too suggested to include the other two meaningful dimensions namely mode/ pattern (of market entry) and product dimension (in terms of strategy or policy and know-how) in comprehensive explaining of the BG/ INV internationalization (Malholtra et al., 2003; Gassmann & Keupp, 2007; Ruzzier et al., 2006, 2007; Aspelund et al., 2007; Johanson & Valhne, 2009). In general, it is addressed that BGs/ INVs prefer to choose low commitment/ non-equity or contractual modes of market entry – such as (direct/ indirect) exporting; licensing/ franchising; and co-operation/ co-marketing to cope with resource constraints and risk-taking aversion (Andersen & Buvik, 2002; Aspelund et al., 2007; O'Cass et al., 2012), specially by interacting with MNCs/ larger firms; (personal and business) networks; and/or the Internet (Gabrielsson & Kirpalani, 2004). And on product dimension, it is widely evident that the product/ service offerings which are of unique and specialized nature enable BGs/ INVs to compete in international marketplace efficiently and effectively (Aspelund et al., 2007; Gabrielsson et al., 2008), thus proposing high values derived from leading quality and/or innovative features to niche customers (Rialp et al., 2005b). Furthermore, employing either general or specialized production know-how, dependent on industry-specific context, distinguishes firm's offering (s) from the rivalry (Ruzzier et al., 2007). And, fast-growing export sales growth as a consequence of rapid pace of international growth can be referred to as 'the gusher' in which a BG/ INV firm has taken while managing unexpected directions (Chetty & Campbell-Hunt, 2003, 2004).

Holding on these five core internationalization attributes and previous review, the expected subsequent characteristics of internationalization are then completed by adopting different behaviors of the early and rapid internationalization of BGs/ INVs in contrast with the gradual/ incremental internationalization of traditional internationalizing SMEs, thanks to the guiding works of Chetty & Campbell-Hunt (2004) and Rialp et al. (2005a). Besides, the so selected elements are well holistically supplemented by a rising concept of BGs/ BIs particularly from that of Kuivalainen et al. (2007) as discussed in the previous section 2.3, within the scoping definition of BGs/ INVs placed down in the previous section 2.1. Putting these altogether, the proposed fundamental assumption is depicted hereupon, followed by Table 1 which illustrates the possible characteristics of the internationalization of new and small firms behind BG/ INV in contrast with traditional stages views.

Proposed fundamental assumption: *The internationalization of new and small firms in a small emerging economy (such as Thailand or any other ASEAN emerging countries) can be explained in terms of time, scope/ extent, scale/ intensity, mode of entry, and product dimension; seemingly in accordance with the expected attributes under BG/ INV view, rather than gradual or traditional stages view of internationalization. Controversially, there appear some BRs/ BIs among BG/ INV firms.*

Table 1. Expected attributes in respect of BG/ INV view of export-based internationalization, in contrast with gradual/ traditional stages view.

| Core Attributes | Sub Attributes | BG/ INV View | Gradual/ Traditional Stages View |
|------------------|--|--|---|
| Time | Time lag/ precocity | Crucial to firm success within a few years of inception (e.g. three years) | Not crucial to firm success; slow |
| | Speed/ rapidity (based on learning/ knowledge) | High from the very beginning due to superior internationalization knowledge | Slowly growing by learning from (slowly) accumulated domestic and foreign market knowledge |
| | Pace | Rapid | Gradual/ incremental |
| Scope/ extent | Home market | Domestic market is largely irrelevant; not a priority | Domestic market is developed first; strategically important |
| | Psychic distance | Psychic distance is irrelevant | In order of psychic distance |
| | Market-oriented strategy | (1) A niche-focused, highly proactive international strategy developed in geographically spread lead markets around the world [or for BR/ BI: home-region focus only; this study concerns about Asian & ASEAN region] from inception (2) Market selection depends on interacting with MNCs/ larger firms, personal & business networks, and/or the Internet | (1) More reactive and less niche-focused international strategy; international markets will, at best, be developed serially/ gradually (2) Foreign distributors seem to be the only source of market selection |
| Scale/ intensity | Export sales ratio | At least 25% of total sales | n/a |
| | Export sales growth | Fast-growing but possibly fluctuating given firm's newness and smallness | In a gradual manner; slow but sure |
| Mode of entry | Selected/ planned | Most likely low commitment/ non-equity or contractual entry modes such as (direct/ indirect) exporting, licensing/ franchising, and co-operation/ co-marketing, due to limited resources and risk-taking avoidance | Possibly on high commitment/ equity or non-contractual entry modes such as joint venture, wholly owned subsidiary, etc. |
| Product | Strategy | High value proposition through product differentiation, thanks to quality leadership and/ or innovativeness | n/a |
| | (Production) know-how | Either general or specialized know-how, dependent on industry-specific context | Highly competent in investing on costly specialized know-how |

Note: Adopted comparative views mainly from Chetty & Campbell-Hunt (2004) and Rialp et al. (2005b) while inserting the account of BR/ BI concept, within the scope of the literarily accepted definition of BGs/ INVs.

4. APPLICATION FOR FUTURE RESEARCH

Numerous scholars explicitly correspond to the BG/ INV existence that has appeared and continued in the literature with empirical evidence over a past decade. Yet, the phenomenon remains unexplained – no clear definition/ conceptualization; no agreement on operational definition; incomparable; and still lacking of integrated theoretical frameworks (see e.g. Rasmussen & Madsen, 2002; Gabrielsson & Kirpalani, 2004; Rialp et al., 2005a, 2005b; Mort & Weerawardena, 2006; Aspelund et al., 2007; Gabrielsson et al., 2008; Gassmann & Keupp, 2007; Keupp & Gassmann, 2009). The central interest in this study counts on a controversy that the rising event of BGs/ INVs is not limited to major trading countries and high-tech/ knowledge-intensive industries (see e.g. Aspelund & Moen, 2001; Moen & Servais, 2002; Knight et al., 2004; Rialp et al., 2005a, 2005b; Aspelund et al., 2007). This responds to a call on a more holistic view of investigations especially in less developed countries such as Thailand or any other ASEAN emerging countries, in attestation to the non-geographic and non-sector specificity of this widespread phenomenon (Rialp et al., 2005a, 2005b; Lopez et al., 2009).

In conclusion, this renders a room for further research around the two pivotally debatable issues of BG/ INV emergence: (1) their widespread appearance across industry sectors in many countries around the world (Rialp et al., 2005a, 2005b); including small developing countries (Lopez et al., 2009), as well as (2) the prevalence of the so-called ‘Born Regionals (BRs)’ or ‘Born Internationals (BIs)’ [regarding BG-like firms with regional-focus internationalization] among

BG/ INV firms (see Gabrielsson et al., 2004; Kuivalainen et al., 2007; Lopez et al., 2009; Sui et al., 2012, 2013). The (explanatory, multiple) case study method is highly recommended as the best alternative, as to better understand the complex issues (Johansson, 2003; Hesse-Biber & Leavy, 2011) or descriptive accounts of ‘what happens’ (Rowley, 2002) or thick descriptions of the complex phenomenon (Eisenhardt & Graebner, 2007) under a real-life-context investigation (Rowley, 2002; Yin, 2009). Arguably, the constructive assumption and expected attributes of internationalization outlined in this paper may also apply to the case of other small emerging economies outside ASEAN territory.

Furthermore, various antecedents or drivers behind the observable emergence at all levels (entrepreneur’s, firm’s, and environmental), the inward-outward (such as import-export) connections and/or combinations, otherwise inward alone, in the internationalization process deserve a further attention. The de-internationalization is another issue that calls future research (concerning a situation that a firm decreases or withdraws its international commitments). Lastly, an angle of experiential or existing internationalization knowledge/ learning is of highly relevance and interest, but rather under small firms’ research setting (not new and small firms).

REFERENCES

- ACCA. (2010). Small business: a global agenda. www.accaglobal.com/accountants_business.
- Acs, Z., Dana, L.P., and Jones, M. V. (2003). Toward New Horizons: The Internationalisation of Entrepreneurship. *Journal of International Entrepreneurship*, 1, 5-12.
- Andersen, O., & Buvik, A. (2002). Firms’ internationalization and alternative approaches to the international customer/market selection. *International Business Review*, 11(3), 347–363.
- Andersson, S., & Wictor, I. (2003). Innovative internationalisation in new firms: born globals – the Swedish case. *Journal of International Entrepreneurship*, 1(3), 249–275.
- Aspelund, A., Koed Madsen, T., & Moen, Ø. (2007). A review of the foundation, international marketing strategies, and performance of international new ventures. *European Journal of Marketing*, 41(11/12), 1423–1448.
- Aspelund, A., & Moen, Ø. (2005). Small international firms: typology, performance and implications. *MIR: Management International Review*, 37-57.
- Aspelund, A., & Moen, Ø. (2001). A generation perspective on small firm internationalization: From traditional exporters and flexible specialists to born globals. In *Advances in International Marketing* (Vol. 11, pp. 197–225).
- Autio, E., Sapienza, H. J., & Almeida, J. G. (2000). Effects of age at entry, knowledge intensity, and imitability on international growth. *Academy of Management Journal*, 43(5), 909–924.
- Bader, T., & Mazzarol, T. (n.d.) (Anzam 2009). Defining the Born Global Firm. Retrieved from http://www.anzam.org/wp-content/uploads/pdf-manager/901_ANZAM2009-025.PDF
- Bell, J. (1995). The internationalization of small computer software firms: A further challenge to ‘stage’ theories. *European Journal of Marketing*, 29(8), 60–75.
- Bell, J., Crick, D., & Young, S. (2004). Small Firm Internationalization and Business Strategy: An Exploratory Study of “Knowledge-Intensive” and “Traditional” Manufacturing Firms in the UK. *International Small Business Journal*, 22(1), 23–56.
- Bell, J., McNaughton, R., Young, S., & Crick, D. (2003). Towards an integrative model of small firm internationalisation. *Journal of International Entrepreneurship*, 1(4), 339–362.
- Bell, J., McNaughton, R., & Young, S. (2001). ‘Born-again global’ firms. An extension to the ‘born-global’ phenomenon. *Journal of International Management*, 7, 173–189.
- Bloodgood, J. M., Sapienza, H. J., & Almeida, J. G. (1996). The internationalization of new high-potential US ventures: Antecedents and outcomes. *Entrepreneurship Theory and Practice*, 20(4), 61–76.
- Cesinger, B., Fink, M., Koed Madsen, T., & Kraus, S. (2012). Rapidly internationalizing ventures: how definitions can bridge the gap across contexts. *Management Decision*, 50(10), 1816–1842.
- Chetty, S., & Campbell-Hunt, C. (2004). A Strategic Approach to Intz: A Traditional Versus a

- "Born-Global" Approach. *Journal of International Marketing*, 12(1), 57-81.
- Chetty, S., & Campbell-Hunt, C. (2003). Explosive International Growth and Problems of Success Amongst Small to Medium Sized Firms. *International Small Business Journal*, 21(1), 5–27.
- Coombs, J. E., Sadrieh, F., & Annavarjula, M. (2009). Two decades of international entrepreneurship research: what have we learned—where do we go from here? *International Journal of Entrepreneurship*, 13, 23.
- Coviello, N. E., & McAuley, A. (1999). Internationalisation and the Smaller Firm: A Review of Contemporary Empirical Research. *Management International Review*, 39(3), 223-256.
- Coviello, N.E., & Munro, H. (1997). Network relationships and the internationalisation process of small software firms", *International Business Review*, Vol. 8 No.2, pp.361-86.
- Coviello, N. E., & Munro, H. J. (1995). Growing the entrepreneurial firm: Networking for international market development. *European Journal of Marketing*, 29(7): 49–61.
- Crick, D. (2009). The internationalisation of born global and international new venture SMEs. *International Marketing Review*, 26(4/5), 453–476.
- De Clercq, D., Sapienza, H.J., Crijns, H. (2005). The internationalization of small and medium-sized firms: The role of organizational learning effort and entrepreneurial orientation. *Small Business Economics*, 24 (4), 409–419.
- EC (2012). Input Paper to Workshop on International Cluster Cooperation for SMEs: Towards an European Approach, Brussels, 12th December, 2012.
- Eisenhardt, K. M., & Graebner, M. E. (2007). Theory building from cases: Opportunities and challenges. *Academy of Management Journal*, 50(1), 25–32.
- Fillis, I. (2001). Small firm internationalisation: an investigative survey and future research directions. *Management Decision*, 39(9), 767-783, <https://doi.org/10.1108/00251740110408683>.
- Gabrielsson, M., Kirpalani, V. H. M., Dimitratos, P., Solberg, C. A., & Zucchella, A. (2008). Conceptualizations to Advance Born Global Definition: A Research Note. *Global Business Review*, 9(1), 45–50.
- Gabrielsson, M., & Manek Kirpalani, V. H. (2004). Born globals: how to reach new business space rapidly. *International Business Review*, 13(5), 555–571.
- Gabrielsson, M., Sasi, V., & Darling, J. (2004). Finance strategies of rapidly-growing Finnish SMEs: Born Internationals and Born Globals. *European Business Review*, 16(6),
- Gassmann, O., & Keupp, M. M. (2007). The competitive advantage of early and rapidly internationalising SMEs in the biotechnology industry: A knowledge-based view. *Journal of World Business*, 42(3), 350–366.
- Hesse-Biber, S. N., & Leavy, P. (2011). *The practice of qualitative research*. Sage.
- Johanson, J., & Vahlne, J.-E. (2009). The Uppsala internationalization process model revisited. *International Business Strategy: Theory and Practice*, 33, 1411-1431.
- Johansson, R. (2003). Case study methodology. *Methodologies in Housing Research, Stockholm*.
- Keen, C., & Etemad, H. (2012). Rapid growth and rapid internationalization: the case of smaller enterprises from Canada. *Management Decision*, 50(4), 569–590.
- Ketchen, JR., D.J., Ireland, R.D., & Snow, C.C. (2007). Strategic entrepreneurship, collaborative innovation, and wealth creation. *Strategic Entrepreneurship Journal*, 1(3-4), 371-385, <https://doi.org/10.1002/sej.20>.
- Keupp, M. M., & Gassmann, O. (2009). The Past and the Future of International Entrepreneurship: A Review and Suggestions for Developing the Field. *Journal of Management*, 35(3), 600–633.
- Knight, G. A. (1997). Emerging paradigm for international marketing: The born-global firm. Doctoral dissertation, Michigan State University, East Lansing, MI.
- Knight, G. A., & Cavusgil, S. T. (2004). Innovation, organizational capabilities, and the born-global firm. *Journal of International Business Studies*, 35(2), 124–141.
- Knight, G. A., & Cavusgil, S. T. (1996). The born global firm: A challenge to traditional

- internationalization theory. In Cavusgil, S., & Madsen, T. Eds. *Advances in international marketing* (Vol. 8). Greenwich, CT: JAI Press.
- Knight, G., Koed Madsen, T., & Servais, P. (2004). An inquiry into born-global firms in Europe and the USA. *International Marketing Review*, 21(6), 645–665.
- Knight, J., Bell, J., & McNaughton, R. (2001). The ‘Born Global’ Phenomenon: A Re-birth of an Old Concept?’ in *Researching New Frontiers: Proceedings of Fourth McGill Conference on International Entrepreneurship*, M.V. Jones and P. Dimitratos, eds. Strathclyde, UK: University of Strathclyde, 1-15.
- Kraus, S. (2011). State-of-the-art current research in international entrepreneurship: A citation analysis. *African Journal of Business Management*, 5(3), 1020.
- Kuivalainen, O., Saarenketo, S., & Puimalainen, K. (2012a). Start-up patterns of internationalization: A framework and its application in the context of knowledge-intensive SMEs. *European Management Journal*, 30(4), 372–385.
- Kuivalainen, O., Sundqvist, S., Saarenketo, S., & McNaughton, R. (2012b). Internationalization patterns of small and medium-sized enterprises. *International Marketing Review*, 29(5), 448–465.
- Kuivalainen, O., Sundqvist, S., & Servais, P. (2007). Firms’ degree of born-globalness, international entrepreneurial orientation and export performance. *Journal of World Business*, 42(3), 253–267.
- Liesch, P. W., Weerawardena, J., Sullivan Mort, G., Knight, G. A., & Kastelle, T. (2007). Introduction. *Journal of World Business*, 42(3), 232–235.
- Loane, S., Bell, J.D., & McNaughton, R. (2007). A cross-national study on the impact of management teams on the rapid internationalization of small firms. *Journal of World Business*, 42, 489-504.
- Lopez, L. E., Kundu, S. K., and Ciravegna, L. (2009). Born Global or Born Regional? Evidence from an Exploratory Study in the Costa Rican Software Industry. *Journal of International Business Studies*, 40(7), 1228-1238
- Luostarinen, R., & Gabrielsson, M. (2004). Finnish perspectives of international entrepreneurship. In L.-P. Dana (Ed.), *Handbook of research on international entrepreneurship* (pp. 383–403). UK:Edward Elgar Publishing.
- Malhotra, N. K., Agarwal, J., & Ulgado, F. M. (2003). Internationalization and entry modes: a multitheoretical framework and research propositions. *Journal of International Marketing*, 11(4), 1–31.
- McAuley, A. (2010). Looking back, going forward: reflecting on research into the SME internationalisation process. *Journal of Research in Marketing and Entrepreneurship*, 12(1), 21-41, <http://dx.doi.org/10.1108/14715201011060858>.
- McDougall, P. P., & Oviatt, B. M. (2000). International entrepreneurship: The intersection of two research paths. *Academy of Management Journal*, 43(5), 902-906.
- McKinsey & Company. (1993). Emerging exporters: Australia’s high value-added manufacturing exporters. Sydney: Australian Manufacturing Council.
- Mitigwe, B. (2005). The entrepreneurial firm internationalization process in the Southern African context: A comparative approach. *International Journal of Entrepreneurial Behaviour & Research*, 11(5), 358-377, <http://dx.doi.org/10.1108/13552550510615006>.
- Moen, Ø. (2002). The Born Globals: A new generation of small European exporters. *International Marketing Review*, 19(2), 156–175.
- Moen, O., & Servais, P. (2002). Born global or gradual global? Examining the export behavior of small and medium-sized enterprises. *Journal of International Marketing*, 10(3): 49–72.
- O’Cass, A., Ngo, L. V., & Heirati, N. (2012). Examining market entry mode strategies via resource-based and institutional influences: Empirical evidence from a region-within-country economy context. *Australasian Marketing Journal (AMJ)*, 20(3), 224–233.
- OECD (2011). *Entrepreneurship at a Glance 2011*. OECD Publishing, <http://dx.doi.org/10.1787/9789264097711-en>.

- Oviatt, B. M., & McDougall, P. P. (2005a). The Internationalization of Entrepreneurship. *Journal of International Business Studies*, 36(1), 2-8.
- Oviatt, B. M., & McDougall, P. P. (2005b). Defining International Entrepreneurship and Modeling the Speed of Internationalization. *Entrepreneurship Theory & Practice*, 29(5), 537-553.
- Oviatt, B. M., & McDougall, P. P. (1994). Toward a theory of international new ventures. *Journal of International Business Studies*, 25 (1): 45–64.
- Rasmussen, E. S., Koed Madsen, T., & Evangelista, F. (2001). The founding of the born global company in Denmark and Australia: Sensemaking and networking. *Asia Pacific Journal of Marketing and Logistics*, 13(3), 75–107.
- Rasmussen, E. S., & Madsen, T. K. (2002). The born global concept. In *Paper for the EIBA conference*.
- Rennie, M. W. (1993). Global Competitiveness: Born global. *McKinsey Quarterly*, 4, 45–52.
- Reuber, A. R., & Fischer, E. (1997). The influence of the management team's international experience on the internationalization behaviours of SMEs. *Journal of International Business Studies*, 28(4): 807–825.
- Rialp, A., Rialp, J., & Knight, G. A. (2005a). The phenomenon of early internationalizing firms: what do we know after a decade (1993-2003) of scientific inquiry? *International Business Review*, 14, 147-166.
- Rialp, A., Rialp, J., Urbano, D., & Vaillant, Y. (2005b). The Born-Global Phenomenon: A Comparative Case Study Research. *International Business Review*, 14, 147-166.
- Rowley, J. (2002). Using case studies in research. *Management Research News*, 25(1), 16-27, <https://doi.org/10.1108/01409170210782990>.
- Ruzzier, M., Antoncic, B., & Hisrich, R. D. (2007). The internationalization of SMEs: developing and testing a multi-dimensional measure on Slovenian firms. *Entrepreneurship & Regional Development*, 19(2), 161–183.
- Ruzzier, M., Hisrich, R. D., & Antoncic, B. (2006). SME internationalization research: past, present, and future. *Journal of Small Business and Enterprise Development*, 13(4), 476–497.
- Sasi V., & Arenius P. (2008). International new ventures and social network: Advantage or liability?. *European Management Journal*, 26(6), 400-411.
- Sui, S., Yu, Z., & Baum, M. (2013). Resource differences between Born Global and Born Regional firms: Evidence from Canadian Small and Medium-Sized Manufacturers 1997-2004. *International Business: Research, Teaching and Practice*, 7-1, 57-73. Retrieved from <http://www.aibse.org/www.aibse.org/wp-content/uploads/2013/10/71-Article-3-Sui-et-al.pdf>.
- Sui, S., Yu, Z., & Baum, M. (2012). Prevalence and longitudinal trends of early internationalisation patterns among Canadian SMEs. *International Marketing Review*, 29(5), 519–535.
- Sullivan Mort, G., & Weerawardena, J. (2006). Networking capability and international entrepreneurship: How networks function in Australian born global firms. *International Marketing Review*, 23(5), 549–572.
- Wright, M., Westhead, P., & Ucbasaran, D. (2007). Internationalization of Small and Medium-sized Enterprises (SMEs) and International Entrepreneurship: A Critique and Policy Implications. *Regional Studies*, 41(7), 1013–1030.
- Yin, R.K. (2009). *Case study research: design and methods* (4th ed.). Thousand Oaks [CA], USA: Sage.
- Zahra, S.A. (2005). A theory of international new ventures: A decade of research. *Journal of International Business Studies*, 36(1), 20-28.
- Zahra, S. A., Ireland, R. D., & Hitt, M. A. (2000). International expansion by new venture firms: International diversity, mode of market entry, technological learning, and performance. *Academy of Management Journal*, 43(5), 925–950.
- Zahra, S. A., Matherne, B. P., & Carleton, J. M. (2003). Technological resource leveraging and

- the internationalisation of new ventures. *Journal of International Entrepreneurship*, 1(2), 163–186.
- Zucchella, A., Palamara, G., & Denicolai, S. (2007). The drivers of the early internationalization of the firm. *Journal of World Business*, 42(3), 268–280.

MARKET OPPORTUNITIES AND ACCESSIBILITY FOR CONSUMERS OF THAI TEA: TRENDS, TRADE, CONSUMER BEHAVIOUR, AND MARKETING STRATEGY IN ASEAN

^a Phoomphiphat Pongpruttikul

^b Suthep Nimsai

^c Teerapun Tadniyom

^d Narathip Kiewkalong

^e Lien Chao Lung

^f Yang Xiugang

ABSTRACT

The research entitled ‘Market Opportunities and Accessibility for Consumers of Thai Tea: Trends, Trade, Consumer Behavior and Marketing Strategy in ASEAN’ aims to study business opportunities and trade barriers for Thai tea products (dried tea leaf and tea products) in the ASEAN market. Moreover, this research also specifically aims to study ASEAN consumer behavior in regard to tea and tea products. This research adopted a qualitative approach as this allows researchers to acquire in-depth information from key informants. A literature review was conducted to collect general information and extant knowledge about tea, tea production, and the trade situation in the cultivated tea area in Thailand. Researchers used data from databases from the Office of Agricultural Economics, Thai Customs, and Global Trade Atlas, along with field survey and in-depth interview to analyze trends in tea trading. The results revealed that Myanmar, Laos, Cambodia, Indonesia, the USA, the Netherlands, China, and Vietnam were the main export markets for Thai tea and tea products. Overall, the import value of black tea leaf and green tea leaf imported by Thailand was worth in value rather than to export. However, Thailand received a positive trade balance for tea products (other than tea leaf).

This study revealed that there was a limitation of cultivated tea area as tea could only be grown in the northern part of Thailand, reflecting the low quantity of tea leaf. On the other hand, Thailand has value-added potential by processing just dried tea leaf into new products such as various types of beverage. In regard to consumer behavior, ASEAN consumers consume black tea more than green tea, yet consumer demand for green tea has increased significantly recently. Consumers drink tea on average approximately three times per week. The consumers were divided into two groups, general consumers and health-concerned consumers. The young age group tends to be satisfied with ready-to-drink tea. When considering purchasing factors, the young-age group places importance on colourful packaging and television commercials, while the working-age group and the older-age group give precedence to the sugar quantity in tea products.

Keywords: Market Opportunities, Thai Tea, Marketing Strategy, ASEAN

^a College of Innovative Business and Accounting, Durakij Pundit University, e-mail: drphoom@gmail.com

^b College of Management, Mahidol University (CMMU), E-mail: suthep.cmmu@gmail.com

^c School of Management, Mae Fah Luang University, E-mail: teerapun.tad@mfu.ac.th

^d School of Management, Mae Fah Luang University, E-mail: narathip.mfu@gmail.com

^e Lecturer, China-ASEAN International College, Durakij Pundit University, Thailand

^f Lecturer, China-ASEAN International College, Durakij Pundit University, Thailand

INTRODUCTION

Thailand is one of the biggest tea leaf suppliers on the global market. Also, tea cultivated area could only grow in the northern part of Thailand. Thai tea products consumption and quantity of export were in an increasing rate every year. Thai tea products such as Black tea and green tea were famous in the past three years, especially in customer of western countries and ASIAN countries. The export's values of Thailand tea products were increased with an estimation of 0.21 percent from the year 2012 – 2016 (HS Code 0902 and 2101.20), as shown in Figure 1 and Table 1.

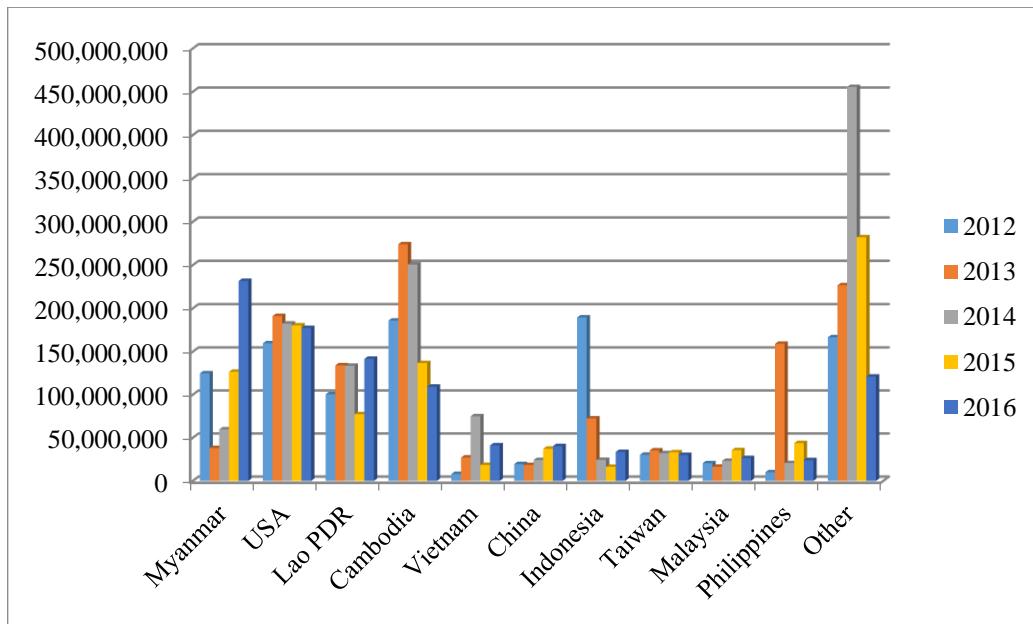


Figure 1: Export's value of Thai tea products

Source: Global Trade Atlas, 2017

Table 1 Export's value of Thai tea product

| Countries | 2012 | 2013 | 2014 | 2015 | 2016 | Estimated (Percentage) |
|-----------------|---------------|---------------|---------------|-------------|-------------|---------------------------|
| 1. Myanmar | 124,949,749 | 38,173,942 | 59,772,204 | 126,752,881 | 231,753,538 | 45.51 |
| 2. USA | 159,827,295 | 191,277,962 | 182,505,088 | 180,418,223 | 177,467,177 | 3.08 |
| 3. Lao PDR | 100,632,946 | 134,191,242 | 133,652,749 | 77,430,481 | 141,708,844 | 18.47 |
| 4.Cambodia | 186,083,267 | 274,116,430 | 250,682,742 | 136,783,687 | 109,405,949 | -6.67 |
| 5. Vietnam | 8,035,285 | 27,131,536 | 75,070,862 | 18,488,474 | 41,285,955 | 56.16 |
| 6. China | 19,507,219 | 18,406,803 | 24,234,041 | 37,325,748 | 40,376,841 | 22.05 |
| 7. Indonesia | 189,602,281 | 72,545,700 | 24,338,116 | 16,323,760 | 33,635,083 | -13.77 |
| 8. Taiwan | 30,348,531 | 35,379,689 | 32,163,130 | 33,211,762 | 30,119,650 | 0.36 |
| 9. Malaysia | 20,513,215 | 16,379,105 | 23,282,887 | 35,742,175 | 26,527,957 | 12.43 |
| 10.Philippines | 10,037,231 | 159,166,803 | 20,659,132 | 43,845,688 | 24,102,054 | -4.95 |
| Other countries | 166,698,314 | 226,767,799 | 455,582,429 | 282,172,066 | 121,059,706 | 10.44 |
| Total | 1,016,235,333 | 1,193,537,011 | 1,281,943,380 | 988,494,945 | 977,442,754 | 0.21 |

Source: Global Trade Atlas, 2017

The export's value of black tea leaf and green tea leaf were in an increasing rate. ASEAN market was important to the tea market. From data in the year 2017, the export's values of black tea products were 127,337,874 Bath, increased 25.92 percent from the year 2016. The second one was the value of export black tea leaf was 116,730,757 Bath in the year 2017. The export rat was increased 131.65 percent from the year 2016, as shown in Figure 2.

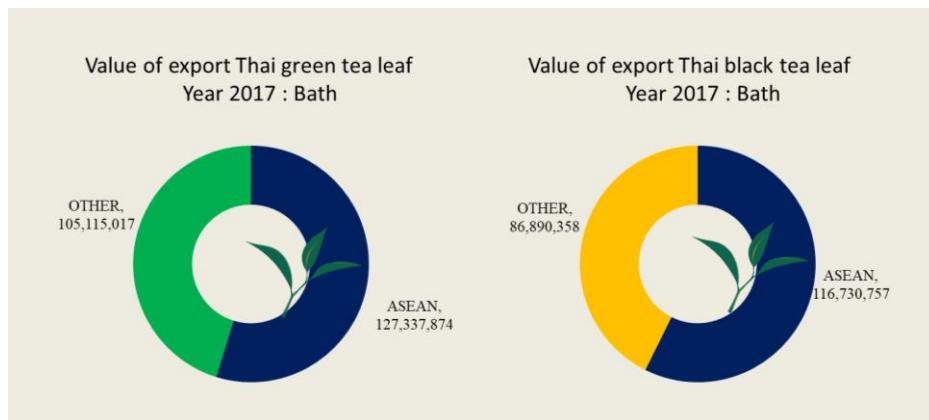


Figure 2 Export's value of Thai tea product

Source: Global Trade Atlas, 2017

According to the market share and the competition for tea leaves, Thailand had competitors in various countries such as China Sri Lanka, India, Germany, Poland, the United Kingdom, the United States, and Indonesia. Market shares of China and Sri Lanka were 29.13% and 24.54% of global exports respectively. However, Thailand was ranked at the 28th of the global export's tea. The export value was Baht 283 million, accounting for 0.16% of market share.

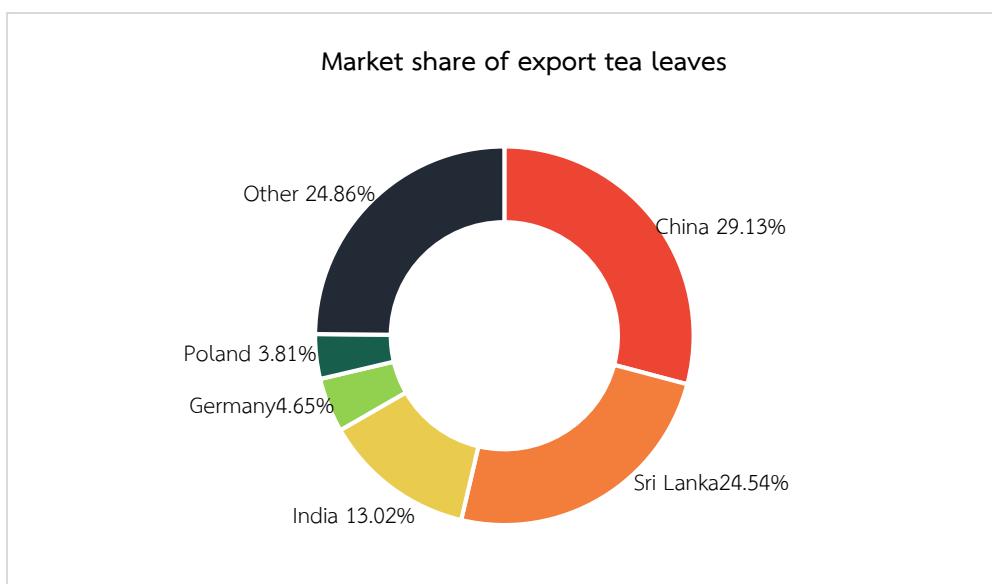


Figure 3: Export's value of Thai tea product

Source: Global Trade Atlas, 2017

There was no available evidence indicating the actual state of competition amongst the Thai tea in ASEAN countries: Trends, Trade, Marketing, and strategies. Therefore, this research had objectives as follows:

1. To study the business opportunities, tea market and Thai tea products in the ASEAN market.
2. To study threats barrier trend and Logistics and Supply Chain Management of Thai tea product export to ASEAN countries .

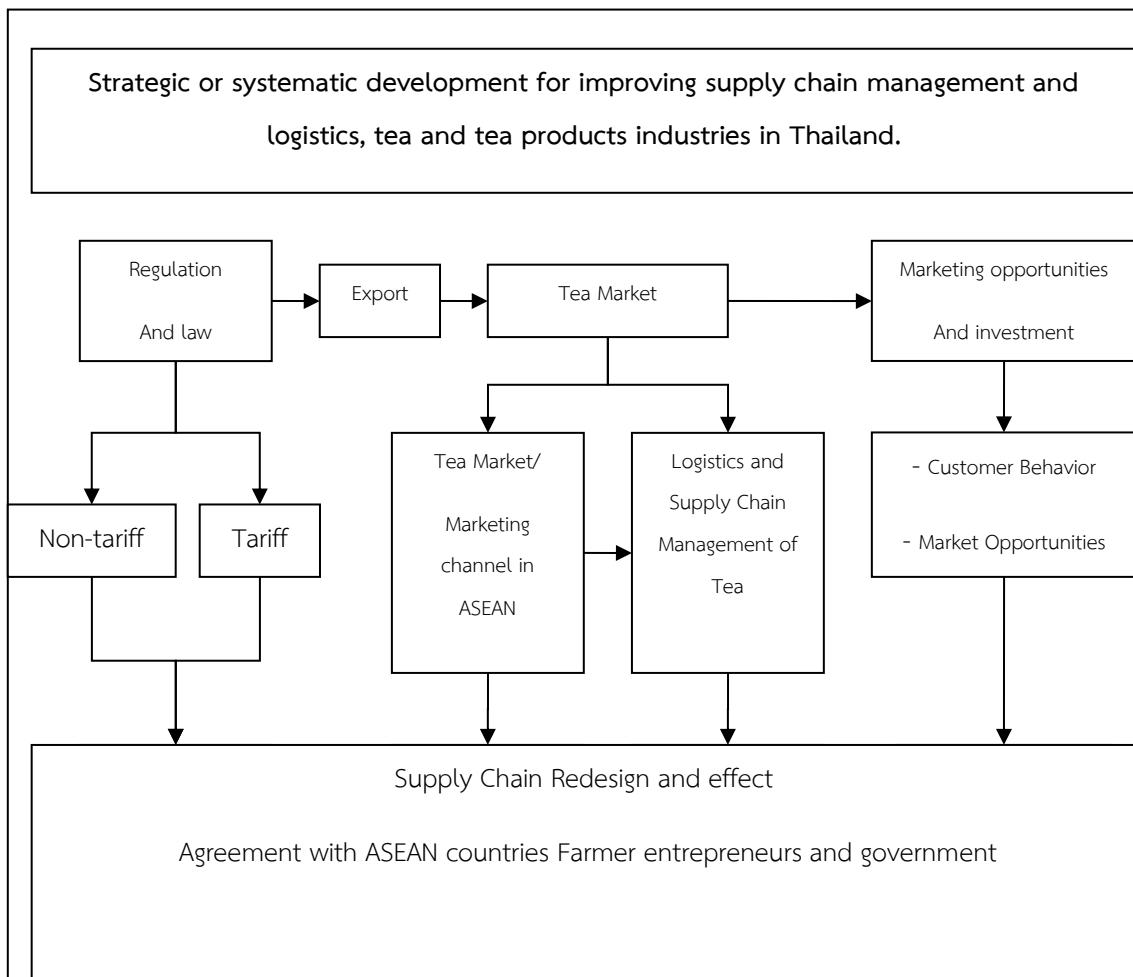


Figure 4 Conceptual framework

LITERATURE REVIEW

A review of the extant literature revealed that research on market opportunities and accessibilities towards consumer of Thai tea :trend, trade, and marketing strategy in ASEAN, especially from the points of view of the farmer and entrepreneurs for evaluating solve barrier problem and could help promote Thai tea products . Also, the available studies focused on strategies and develop Thai tea supply chain performance, dynamic diamond model, and SWOT analysis .Some of the important studies were discussed below.

A SWOT analysis analyzed the internal factors of the industry and external factors that affected the tea business . Internal factors were factors that determined the strengths and weaknesses indicating advantages or disadvantages in the competition .When analyzing internal factors, the researcher found the situation was possible to improve or strategize to improve strengths and weaknesses .External factors were the analysis of opportunities that encouraged a

development of the industry identifying threats that inhibited or how to solve the problem of the industry.

Diamond model was a conceptual framework or model that used for analyzing the competitiveness of tea trade and export procedures .It reviewed and evaluated current situation of four key business environments that affected the ability to increase productivity of trade, which would lead to the enhancement of Thailand's competitiveness with key competitors .In the field of tea exports, the researchers aimed to study the barriers to improvement or to develop productivity of trade .It also analyzed the role of the government that affected to input factor, conditions demand, conditions strategy, rivalry context, and related and supporting industries.

Teerapong Tepkorn (2014) studies the cultivation and production of tea in Thailand. The results indicated that tea production was mostly from the highland of Thailand. The main areas of cultivation were in Chiang Rai, Chiang Mai, and Nan. Sumpunvejwopa et al. (2008) found that tea cultivars in Thailand were divided into *Camellia Sinensis* var. *Assamica* and *Camellia Sinensis* var. *Sinensis*. Most of the tea leaves were dried to increase the length of tea leaves. Fresh tea leaves could be processed into dried tea leaves. In the production of tea leaves, 4.6 tons of fresh tea could produce one ton of dried tea. During the production process, there were about 2% of waste, tea powder, tea and blame, most of which were brought to produce low-quality tea. The major export markets of Thailand tea were Taiwan, Cambodia, and the United States. Tea research also stated that the global tea market structure was comprised of 78 percent black tea, 20 percent green tea and 2 percent Oolong tea. China and Sri Lanka were major growers in the world market. (Sailom Sumpunvejwopa, et al., 2008; Teerapong Tepkorn, 2557).

SitthiarsaV.(2013) analyses tea market entrepreneurs in Chiang Rai to prepare for the ASEAN Economic Community .The information revealed that 40.6 percent of the respondents were interested in expanding their markets to new markets such as neighboring countries and ASEAN. The five potential markets were Vietnam, Malaysia, Myanmar, and Singapore, respectively .The majority did not make adequate marketing activities .For tea export potential, Maiyalisa Pisutpak (2009) studies the potential of Thai tea exports to the Republic of China .She compared the Thailand tea products with the major competitors such as Sri Lanka, Vietnam, and Indonesia. During the ten years between 1998-2007, Sri Lanka and Indonesia had comparative advantages in exporting tea products . However, Vietnam was a disadvantageous country throughout the period .While Thailand was at a disadvantage in the first period of 1998-2000, whilst Thailand had a comparative advantage in tea products during 2001-2007.

Also, Maiyalisa Pisutpak (2009) studies factors that affected demand in consuming Thai tea in China. If Thai tea exports to China decreased or the export price of Thailand tea from the world market decreased, the situation would help Thailand tea products to increase the volume of Thai tea exports to China. On the other hands, if China's average import price of tea from competing countries and China's gross domestic product (GDP) decreased, the export of Thai tea to China would also be decreased as well. Another factor that affected the export was the import regulations. Yue, Kuang, Sun, Wu, and Xu (2010) study the impact of the new EU food safety standard on Chinese tea exports, pesticide residue standards had become more stringent, negatively affected trade in developing countries. This was a situation of a declining stage of agricultural and food exports from developing countries. These countries could not meet the standards. One reason was because the cost of monitoring residue standard was high. If they applied the cost of monitoring standard into the tea cost, the total cost would be higher and they could not compete with other countries' products. China was another country that had experienced a slowdown in exports for five years, following the announcement of the new EU Food Safety Standard since 2000. However, the export of China tea accessed to the EU was likely to increase in 2006. As a result, tea manufacturers in China attempted to adjust their production processes to meet the standard requirements. In summary, the export price of gross domestic product and safety standards affected the export of tea products (Maiyalisa Pisutpak, 2009; Yue et al., 2010).

RESEARCH METHODS

This study adopted a qualitative approach as a qualitative approach allows the researcher to learn in-depth information from the informants .When the extant literature provided minimum knowledge guide in the topics of this research, an in- depth interview in the qualitative is appropriate as a strategy of the inquiry and is used as research tool .Nevertheless, the success of a focus group interview depends on the appropriate use of the interview .In this study –Dynamic Diamond Model, SWOT Analysis, and TOWS Matrix were employed as analysis tools to gain knowledge from stakeholders’ brainstorming . The interviews informed about the impact, strengths, weaknesses, opportunities, and threats of each kind of teas in the ASEAN Community, and between Thailand and ASEAN market . The impact of trade competition from ASEAN countries .The study also focused on the impacts of Thai tea exports to the ASEAN market .The results of the study were used to develop a guideline for strategies . The TOWS Matrix and Dynamic Diamond models were used to develop a new strategy for Thai tea products.

FINDINGS

The survey analyzed and interpreted responses to questions that asked the respondents on issues relating to Supply Chain Management in both practices and challenges for the small- scale tea sector in Thai Thailand .The responses were obtained from the different categories of staff who work along the supply chain in the sector .The data collected were tabulated as raw data and analyzed by using the TOWS Matrix and the Dynamic Diamond Model for the potential of the Thailand tea industry in the ASEAN market whether it was possible to compete in the competition.

i. *Dynamic Diamond Model Analysis of Competitiveness Thai tea industry in Thailand*

From the analysis of the Dynamic Diamond Model, the competitiveness of Thailand tea was in high demand due to a high domestic competition. There was also a need for product development and the development of the quality of tea leaves .The Thailand tea had a high quality compared to tea from other countries .Also, the growing domestic market of Thailand tea made Thai entrepreneur concentrated Thailand tea products that superior to other competitors .Thailand also had the right and appropriate terrain to grow tea, such as the appropriate height, suitable temperature for tea and there were many adjacent areas, thus resulting in convenient transportation.

However, there were some limitations such as tea could only grow in the northern Thailand .It had limited space; the yield was not large, and Thailand was also lack of labor to harvest tea leaves .The average wage was ten baht per kilogram .The low wage of labor caused a problem as the collectors collect poor quality of tea leaves to increase the weight of tea leaves .Therefore, the operator had to monitor to ensure the quality of tea leaves .Thailand had a tea research center at Mae Fah Luang University and the tea center provided knowledge to tea entrepreneurs, which included trainings to encourage more knowledge to employees in tea processing .In summary, the Dynamic Diamond Model showed in Figure 5 and the analysis of Thai tea industry demonstrated in Table 2.

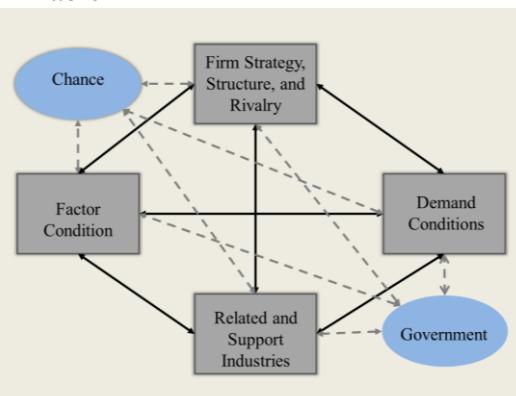


Figure 5: Dynamic Diamond Model

The analysis of a dynamic diamond model of competitiveness of Thai tea industry consisted with four conditions)factor condition, demand condition, firm Strategy, structure and rivalry, and related and supporting industries (and two supporting factors) government and chance(, to better discuss about the Diamond Model in this case the explanation discussed in Table 2.

Table 2: Analysis of Dynamic Diamond Model of Competitiveness of Thai tea industry

| Factor Conditions | Demand Conditions |
|---|---|
| <ul style="list-style-type: none"> + It was appropriate for tea cultivation, and the technology of production, and processing was appropriate, making Thai tea good quality and good taste. + Experienced in planting and caring for tea since it was a succession since the ancestors. + The Tea Institute was established as a center for knowledge and technology transfer in tea and tea products. + Japanese investors invested in tea plantations in northern Thailand also hired labor in the local area and shared innovation and knowledge of production. - The labor shortage in harvest season - The labor force was specialized in production because of the limited number of experts and the high rate of labor required. - Lack of market research and consumption behavior in existing markets to increase market opportunities. - The high cost of production. | <ul style="list-style-type: none"> + Tea cultivation has expanded the area planted to organic tea, organic tea consumption trend increases. + domestic demand had an increasing trend of about 10% - 15% per annum - The lack of cluster establishment, domestic demand, and foreign demand. |
| Firm Strategy, Structure, and Rivalry | Related and Supporting Industries |
| <ul style="list-style-type: none"> + Improvement and optimization of upstream-downstream, which had to continually monitor, control and evaluate it periodically. + Tea, especially green tea, was competitive regarding price and advertising of the tea brand. | <ul style="list-style-type: none"> + A food processing and beverage products that support the tea leaves from farmers. + Entrepreneurs created unique tea products alongside standard commercial certificate authorities that were trusted as an industry standard (TIS). The Food and Drug Administration (FDA.). - The cost of machinery was high due to the need to import from abroad, as well as the difficulty of maintenance. - Lack of power to negotiate, sellers could not set their prices, so prices are not as high as required. |
| Government | Chance |
| <ul style="list-style-type: none"> + The government was supporting the privatization. - Assistance and support were not covered by factors related to production, such as modern machinery. | <ul style="list-style-type: none"> + Experts from Taiwan, India, and Japan add value to Thai tea. + The value added to tea by using Thai herbs mixed. |

| Factor Conditions | Demand Conditions |
|---|--|
| <ul style="list-style-type: none"> - Government lacked sourcing new markets for distribution in international markets and facilitate interoperability. | <ul style="list-style-type: none"> + Consumer interest in healthy, more extracts from tea were all nutritious so that it could meet the needs and opportunities for future growth. - Expansion of planting areas on the high ground. Some areas required a concession from the Royal Forest Department. - Lacked of publicity on Thai tea quality - FTAs made Thai tea disadvantageous in foreign markets, as higher production costs can lead to a negative effect on local teas because imported teas are cheaper. |

Table 2 showed that Thailand had a suitable area for tea cultivation that supported tea farmers and producers . There was also the tea institute as an information center and provide innovation and technology for farmers and producers .In addition, the high demand for tea in the food industry informed that consumer tended to consume tea, whilst giving a great opportunity for Thai tea industry to grow up . Nevertheless, Thailand still lacked the integration of tea processing such as the introduction of innovative products from various applications to fit the business model, and deploy varieties of tea . Moreover, to reduce the shortage of labor, the government should encourage operators to use harvesting machinery .In marketing side, Thailand lacked in innovative operations such as packaging process to attract consumers . Also, advertisement and the public relation were also of vital important process .

ii. The analysis that determining the strategy with TOWS Matrix.

By analyzing vulnerabilities, strengths, opportunities, and obstacles, the researcher had continued to analyze the strategies of the Thailand tea industry .Using the TOWS Matrix, the summary could be made as shown in Table 3 by developing from Figure 6.

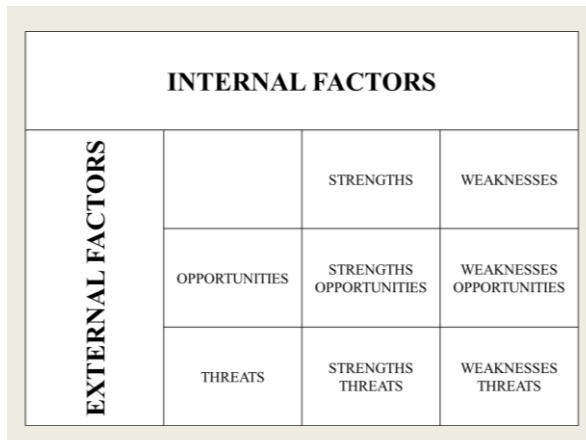


Figure 6 TOWS Matrix

Through the national cooperation of both public and private agencies, investment and support from the tea industry, especially at Doi Mae Salong, Chiang Rai province had to be in high concerns. The major products were Chinese tea, oolong tea group, brought from Taiwan, which had been cultivated and propagated in Thailand. Assam tea was being produced as red tea/black tea in the industrial system, which was a kind of economic crops separated from the Chinese tea. The popularity of tea was sold as raw materials to the Chinese Yunnan to produce a fermented tea (fermented tea/dark tea) as the Pu- erh tea. Table 3 demonstrated strategies developed from the TOWS matrix:

Table 3: Strategies and tactics (TOWS Matrix) of the Thai tea industry.

| Strategies and tactics (TOWS Matrix) of the Thai tea industry. | | |
|--|---|--|
| | S (Strength) | W (Weak) |
| | <p>S (Strength)</p> <ol style="list-style-type: none"> 1. Terrain and climate were appropriate for tea cultivation. The tech production and processing were proper for tea. As a result, good quality and good taste. 2. The plant was ready to find a source of raw materials. 3. Good production and processing technology, and good quality create tea had such a good taste, and were certified by international standards such as GMP. 4. The Tea Institute was set up as a center for knowledge and technology transfer in tea and tea products. | <p>W (Weak)</p> <ol style="list-style-type: none"> 1. The high cost of production from inputs and labor wages 2. Small farmers lacked the knowledge of standards and quality, causing of toxic residues. Moreover, lacked of brand development to be known of the market. 3. Thailand could not produce modern machinery for processing tea products; they needed to import equipment from abroad. 4. Quality control was difficult. The tea plantations scattered in the mountains of northern Thailand and difficult to get organic tea certification |
| O (Opportunities) | S1-5/O1-5 | W1/O1-5 |
| <ol style="list-style-type: none"> 1.Tea was a health supplement with research report confirming the high quality of the benefits .As a result, the demand has increased. 2.The tea was a popular beverage worldwide. 3.Wide-variety of products that were easy for consumption. 4.Government to support privatization. | <ol style="list-style-type: none"> 1. Encourage farmers and tea operators to produce tea according to GMP and HACCP standards to raise standardize of Thai tea. 2. Promotion of the value added of tea products.Thai Tea Identity and promotion of the production of tea in Thailand and international standards. | <ol style="list-style-type: none"> 1. The development of the cluster to be clear about the quality of manufactured goods, market-oriented and system management. 2. Developed, produced and certified tea cultivation to meet organic GAP standards and international standards. |
| T (Threat) | S1-5/T1-2 | W1/T1-2 |
| <ol style="list-style-type: none"> 1.Lacked of accurate information to consumers, and the lack of publicity Thai Tea. 2.Lacked of power to negotiate, sellers cannot set their prices, so prices were not as high as required. 3.The expansion of the plantation area was quite difficult because some areas were required to apply for a concession from the Royal Forestry Department. 4.Neighboring countries expanded tea growing areas and became Thailand's competitors. | <ol style="list-style-type: none"> 1.Value Proposition on the standard and quality of Thai tea to create confidence in the product and a better understanding of the tea product. 2.Promoted Thai tea products such as tea tasting with the cooperation of the public and private sectors. | <ol style="list-style-type: none"> 1.Providing information to domestic and international consumers about the standard and quality of Thai tea to be known. 2.To promote research and development of innovative, value-added products and processed tea. |

From table 3 This paper could be concluded the strategy as follows:

Product Strategy

-Each of the tea packages should provide useful information for consumers to identify the product and understand the difference in the product, including the price of each tea.

-The unique product of the tea from Chiang Rai had advantages .The product was unique as it was the main source of production .Only a few provinces that could produce tea in Thailand, the government, especially Chiang Rai, supported tea products as agricultural products and industrial products of the province .There was a policy to promote Chiang Rai as a tea city .

- Reliable research from relevant agencies would drive the tea product to be recognized and accepted from the domestic market to the international market.

-The development of product quality to international standards such as GMP codex.

- Creating new products by using other Thai herbs mixed with tea.

-Promoted Thai tea to be more well-known, nationally recognized as well as internationally .The study required the cooperation of the public and private — especially the combination of Chiang Rai tea manufacturers to maintain the standard of Thai tea products.

CONCLUSIONS

This study could be concluded that both domestic and international tea markets were relatively competitive .As a result, new tea products to the market had to be attractive and responsive to the needs of consumers .Recently, the market of Oolong tea and green tea was a large market because there was a large demand and a large number of consumers, but most of the products were packed in vacuum bags, which were difficult to maintain when the bag was opened .Time and restrictions on tea facilities were other factors to consider .Therefore, Oolong tea and green tea sachets as an alternative and attractive accessed to the market rapidly because of Oolong tea and green tea sachets had an advantage over their tea packed in vacuum bags .The convenience and speed of the tea that could be brewed in both hot and cold water .It created an advantage over traditional tea bags .The advantage of the preceding packaging could make green tea, and Oolong tea sachets be able to enter the tea market with no restrictions .When Oolong tea and green tea packed into the market, maintaining market share was a priority .The producer should preserve the tea quality, maintain improvement, and develop product models regularly. Modernization and being honest in the production and sale of products, were of vital important to make the tea packaged product viable in the highly competitive tea market.

REFERENCES

Abeygoonaratne, M. V. C., & Kularatne, M. G. (2015). Factors influencing tea consumption behavior in Sri Lanka (with special reference to Ratmalana divisional secretariat in Colombo district).

Etzel, M. J., Walker, B. J., & Stanton, W. J. (2001). *Marketing* (12th ed.). New York: McGraw-Hill Irwin.

Food and Agricultural Organization. (2018). *World tea production and consumption*. Retrieved from <http://www.fao.org/faostat/en/#data/QC>

Global Trade Atlas. (2018a). *Thailand Export Statistics Commodity: 0902, Tea, Whether Or Not Flavored*. Retrieved from http://gtis.com/gta/secure/htscty_wta.cfm?commodity=0902&comparison=YEARLY

&impexp=E&stat=V&year_=2017&month_=12&country=Thailand&orderby=V6%20
DESC

Global Trade Atlas. (2018b). *Thailand Import Statistics Commodity: 0902, Tea, Whether Or Not Flavored*. Retrieved from http://gtis.com/gta/secure/htscty_wta.cfm

Global Trade Atlas. (2018c). *Reporting Countries Export Statistics (Partner Country: World) Commodity: 0902, Tea, Whether Or Not Flavored*. Retrieved from http://gtis.com/gta/secure/htscty_gta.cfm

Global Trade Atlas. (2018d). *Reporting Countries Import Statistics (Partner Country: World) Commodity: 0902, Tea, Whether Or Not Flavored*. Retrieved from http://gtis.com/gta/secure/htscty_gta.cfm

Jayaranjani, S. R., & Dharmadasa, R. A. P. I. S. (2012, February). A Study of Tea Export Marketing in Sri Lanka: Application of Boston Consulting Group Matrix. In Proceedings of International Conference on Business Management (Vol. 8).

Kaplinsky, R. and M. Morris. (2001). *A handbook for value chain research*. Working Paper Prepared for the IDRC, Brighton, UK, Institute for Development Studies.

Kotler, P. (2000). Marketing management: The millennium edition. *Marketing Management*, 23(6), 188-193.

Octavia Tea. (2016). *The Octavia Tea Guide: Natural Remedies for Stress and Depression*. Retrieved from <http://www.octaviatea.com/blog/?p=907>

Porter, M. (1985). *Competitive Advantage*. The Free Press. New York. 11-15.

Rieple, A., & Singh, R. (2010). A value chain analysis of the organic cotton industry: The case of UK retailers and Indian suppliers. *Ecological Economics*, 69(11), 2292-2302.

Sakthirama, V., & Venkatram, R. (2013). An analysis on Food Choice Motives of Organic Tea in Coimbatore. *Journal of Contemporary Research in Management*, 8(2), 35.

Schiffman, L. G., & Kanuk, L. L. (1994). *Consumer Behavior*. (5th Ed.). NY: McGraw-Hill.

Siddiqi, Z., Nasim, S., Saleem, F., & Ali, S. G. (2015). Analysis of BTL Activities on Customer Satisfaction of Tea. *Asian Journal of Research in Marketing*, 4(2), 26-34.

Stabell, C. B., & Fjeldstad, Ø. D. (1998). Configuring value for competitive advantage: on chains, shops, and networks. *Strategic Management Journal*, 413-437.

Trade Map. (2016). *List of exporters for the selected product Product: 0902 Tea, whether or not flavoured*. Retrieved from https://www.trademap.org/Country_SelProduct_TS.aspx?nspm=1|||0902||4|1|1|2|2|1|2|1|

Yohannes, M. F., & Matsuda, T. (2015). Demand Analysis of Non-Alcoholic Beverages in Japan. *Journal of Agricultural Science*, 7(5), 143.

Yue, N., Kuang, H., Sun, L., Wu, L., & Xu, C. (2010). An empirical analysis of the impact of eu's new food safety standards on china's tea export. *International journal of food science & technology*, 45(4), 745-750.

PURCHASING BEHAVIOR OF SENIOR TOURISTS FOR 'SLOW TOURISM SERVICES' IN THAILAND.

^aSirikanyah Lane Dasom

^bAsst. Prof. Dr. Leela Tiangsoongnern

ABSTRACT

The World Tourism Organization (WTO) stated that there is likely to be an increase in the number of elderly tourists with a change from active vacations to experience-based holidays such as Slow Tourism Services in many countries including Thailand. Therefore, the factors affecting the purchasing behavior of senior tourists for slow tourism services in Thailand should be explored. Data were collected from one hundred and fifty-five senior tourists in Thailand using a questionnaire survey. Data were analyzed by using descriptive statistics, Chi-square (X^2 - test) and Pearson correlation analysis.

The study found that senior tourists in Thailand from different socio-demographic profiles (i.e. gender, age, monthly income, marital status, nationality) have different purchasing behaviors for slow tourism services in Thailand (i. e. relaxation, self- reflection, escape, novelty- seeking, engagement and discovery). It was also revealed that there is a significant relationship between the service marketing mix strategies of tourism services (7P's) on the purchasing behaviors of slow tourism services by senior tourists in Thailand, at the significance level of 0.05. These results can be used as marketing guidelines to improve marketing strategies to better adapt to the rapid changes in the tourism market in Thailand.

Keywords: Slow Tourism Services, Senior Tourists, Purchasing Behavior of Tourists.

^a Lecturer, College of Innovative Business and Accountancy, Dhurakij Pundit University, Bangkok, Thailand. Email: sirikanyah.lan@dpu.ac.th

^b Deputy Dean of International Programs and Connectivity and Ph.D., College of Innovative Business and Accountancy, Bangkok, Thailand. Email: leela.tin@dpu.ac.th

INTRODUCTION AND INVESTIGATED CONSTRUCTS

The World Tourism Organization (WTO) estimates that the number of senior tourists will increase in the year 2020, due in part to an increase in the aging population, as well as to socio-demographic trends that predict improvement in the economic and health conditions of the senior population (Alén et al., 2012). As tourism significantly contributes to the Southeast Asian nation of Thailand, it is highly likely that this increase will impact the tourist industry there. Tourism has brought economic and social benefits to Thailand as a major source of revenue, as well as distributed income to regions and communities. It has also encouraged local people to realize the value of their ethnic arts, culture, natural resources and environment. The government has actively promoted tourism, especially during the economic crisis, as the nation's economic stimulus. Tourism planning and development are inextricably linked to the economic wellbeing of Thailand.

Thailand is colloquially known as the "Land of Smiles" and is one of "The World's Top Retirement Havens in 2012" according to the Global Retirement Index. Thailand has the capacity to develop as a senior tourist destination due to Thailand's strong reputation as an attractive travel site with hospitable people and a variety of tourist attractions and activities.

There were 3.67 million international senior tourists visiting Thailand, comprising 16.45% of the overall tourist population in 2012 (Department of Tourism, 2014). The number of senior tourists tends to increase every year. Hence, the Thailand tourism industry should be prepared to serve the specific needs of senior tourists. Thailand is widely recognized as a safe tourist destination with a diversity of attractions. These include diving sites, beaches, tropical islands, night-life, archaeological sites, museums, hill tribes, palaces, Buddhist temples and World Heritage sites. Famous national festivals, such as the Thai New Year festival of Songkran and the Buddhist festival of Loy Kratong, also draw many tourists every year. Unique activities such as Thai cooking,

Thai dancing, Thai massage and Spa, and elephant mahout courses attract tourists as well (Sangkakorn et al, 2011). Slow tourism is a popular trend for tourists because they would like to avoid busy, boring, and rush society travelling in a peaceful and plain place in order to relax their mind and their body. The countries in the west world can support their people in terms of Slow tourism since the weather and the atmosphere is suitable for travelling throughout the year. Moreover, old society and old culture, and sustainable economy in some tourist's destination areas of those countries e. g. Thailand also promote Slow tourism. To develop the tourist's attractions to accommodate Slow tourism, good planning and management is a must because the needs of slow tourists often contrast with mass tourism which is focusing on the number of the tourists, convenience, and speed of doing activities. (Tongsong, 2015).

The above mentioned raises a research question of this study: what are the factors affecting the purchasing behavior towards Slow Tourism Services of senior tourists in Thailand? Senior tourists are defined as local and foreign tourists in Thailand.

Following the research question, this research aims to investigate the relationship between socio-demographic profiles (i.e. gender, age, monthly income, marital status, nationality, additional findings concerning senior tourists purchasing behavior and the Service Marketing Mix (7P's: i.e. product, price, distribution, promotion, people, process of service and physical evidence) on intention to purchase Slow Tourism Services (i.e. relaxation, self-reflection, escape, novelty-seeking, engagement and discovery) for senior tourists in Thailand. The conceptual framework and the proposed hypotheses of the study are depicted below in Figure 1.

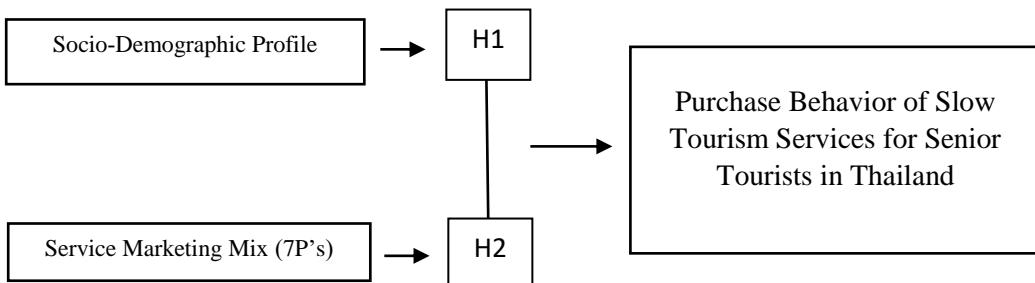


Figure 1: Proposed Conceptual Framework
 Remark: H1: Hypothesis 1; H2: Hypothesis 2

RESEARCH METHODOLOGY

The population of this study is senior tourists age 45 years old and over including Thai and foreigner in Thailand. The sample is senior tourists age 45 years old and over in Nonthaburi and Songkla province, Thailand by using judgmental sampling. This research is a survey research design using a questionnaire to collect data from respondents. This study employed a convenience sampling method because the questionnaires were distributed at Villa Market, Big C, and Metropolis Parks. (Malhotra, 2007). According to Taro Yamane (1967)'s sample size table, this study should collect data from around 400 respondents for unknown population size. However, with a limited study period, this study has been able to collect data from 155 respondents.

A 100% response rate has been achieved and usable as 155 were distributed, received and used in the data analysis. In order to measure the constructs of the study, the research used the following items in each questionnaire section; Part 1: Socio-Demographic Profile: e.g. gender, age, monthly income, marital status, nationality, reason for slow tourism purchase, travel party size, size per visit and travel companion (Dardis, 1981); Part 2: Service Marketing Mix (7P's) uses 31 items to measure the Service Marketing Mix (7P's) (i.e. product, price, distribution, promotion, people, process, physical evidence) using a five points Likert's scale (Booms and Bitner, 2007); and Part 3: Purchasing behavior of Slow Tourism Services uses 18 items to measure the purchasing behavior of Slow Tourism Services (i.e. relaxation, self-reflection, escape, novelty-seeking, engagement, and discovery) (Haemoon, A., & Baloglu, 2014).

Each investigated construct was analyzed by using descriptive statistics such as, percentage, mean, and standard deviation. Hypothesis 1 (H1) was tested by using a Chi-square (χ^2 -test) and Hypothesis 2 (H2) was tested by using Pearson's Correlation analysis at the significant level of 0.05.

FINDINGS AND DISCUSSION

Descriptive Results

Descriptive results of socio-demographic profile reveal that the majority respondents are female (56.1%) followed by male (43.9%) and are between ages 46-55 (54.2%), followed by 56-65 (23.2%), 35-45 (11.6%) and above 66 years old (11%). Most respondents have a monthly income of 20,001-30,000 Baht (29%) followed by 30,001-40,000 Baht (21.3%), and married (50.3%). 75.5% of respondents are Thai, followed by French (6.5%), British (4.5%), Australian (3.2 %), Chinese (2.6%), Singaporean and Myanmar are equal (1.9%) and Vietnamese (.6%).

The findings concerning reasons towards purchasing behavior of Slow Tourism services are; Relaxation (61.3%); self-reflection (24.5%); escape is a reason to purchase (16.8%); novelty-seeking (7.1%); engagement is a reason to purchase (7.1%) and discovery (5.2%). Moreover, the majority of respondents traveled with parties such as; family and friends (83.2%), followed by alone (14.8%) and others (.6%). The average travel party size per visit is 1-5 persons (66.5%) followed by 6-10

persons (33.5%). They mostly travel with family (55%), followed by friends (25.5%), alone (15%) and colleagues (4.5%).

Most respondents agree (mean 3.41-4.20) that they have considered service marketing mix strategies of Slow Tourism Services providers if they would purchase slow tourism service in Thailand: These are product strategy e.g. service packages, cultural involved activities; price strategy e.g. resonable expenses for slow tourism service package and the packages are worth its value; distribution channel strategy e.g. providing a variety channels inluding offices and online channels; promotion strategy e.g. advertising through printed media, online media e.g. websites and online social media e.g. Facebook and Line; process strategy e.g. airport pick-up service and easy payment process. They also stongly agree (mean > 4.20) that they have considered people stratgy e.g. good services from accomodation staff, tour guides, restaurants, shopping places ; and physical evidence strategy e.g. well-decorated and convenient location of accomodation, suitable tourist attractions for senior tourists when purchasing Slow Tourism services in Thailand.

Results of Hypothesis Testing

Hypothesis 1*: Senior citizens with different socio-demographic profiles will have different intentions to purchase Slow Tourism Services in Thailand.

This study found a partial relationship between socio-demographic profiles of senior tourists and purchasing behavior toward Slow Tourism Services in Thailand ($p<0.05$).

The findings show that different gender was found to have a significant relationship with ‘self-reflection’, ‘novelty-seeking’ and ‘discovery’ ($p<0.05$), but no significant relationship with ‘relaxation’, ‘escape’ and ‘engagement’ when purchasing Slow Tourism Services ($p>0.05$). Age was found to have a significant relationship with ‘relaxation’, ‘self-reflection’, and ‘novelty-seeking’, ‘engagement’, and ‘discovery’ ($p<0.05$), but no relationship with ‘escape’ when purchasing Slow Tourism Services ($p>0.05$). Monthly income was also found to have a significant relationship with ‘relaxation’, ‘self-reflection’, and ‘novelty-seeking’, ‘engagement’, and ‘discovery’ ($p<0.05$), but no relationship with ‘escape’ when purchasing Slow Tourism Services ($p>0.05$). Marital status was found to have a significant relation with ‘relaxation’, ‘novelty-seeking’, ‘engagement’, and ‘discovery’ ($p<0.05$), but no significant relationship with ‘escape’ and ‘engagement’ when purchasing Slow Tourism Services ($p>0.05$). Lastly, nationality was found to have a significant relationship with ‘self-reflection’, ‘novelty-seeking’, ‘escape’, ‘engagement’, and ‘discovery’ ($p<0.05$), but no relationship with ‘relaxation’ when purchasing Slow Tourism Services ($p>0.05$).

The results are in line with the study of Anson T.H. Ma, Alice S.Y. Chow, Lewis T.O. Chueng, Karen M. Y. Lee and Shuwen Liu (2018) which found relationship between socio-demographic characteristics and motivation factors for purchasing Slow Tourism Services are “relaxation” and “novelty-seeking”. Age was also found to have a significant relationship as older or senior tourists usually prefer exploring and appreciating nature. These findings are in line of Hypothesis 1.

Hypothesis 2*: Service Marketing Mix (7P's) has an effect on purchasing behavior of Slow Tourism Services for senior tourists in Thailand.

This study has found that there is a partial effect of Service Marketing Mix (7P's) and purchasing behavior of Slow Tourism Services for senior tourists in Thailand ($p<0.05$).

The findings show that the respondents agree that service marketing mix (7P's) consisted of product, price, distribution (place), promotion, people, process of service and physical evidence do affect toward purchasing behavior of Slow Tourism Services for senior tourists in Thailand ($\pi=0.047<0.05$). For example, product strategy mix such as services packages with interesting activities cultural involved activities and can be customized to match tourists' needs ($\pi=0.039<0.05$); price strategy as affordable packages fee ($\pi=0.034<0.05$); distribution (place) strategy as providing information about tourists destinations through both offline and online channels ($\pi=0.031<0.05$);

promotion strategy as advertising through printed and online media ($\pi=0.029<0.05$); people strategy good services from services related parties

($\pi=0.038<0.05$); process of service as airport pick-up and easy payment process ($\pi=0.094<0.05$); and physical evidence as having ancient remains attraction and suitable natural environment ($\pi=0.014<0.05$) for senior tourists have an influence on purchasing behavior toward Slow Tourism Services of senior tourists in Thailand.

These result support Jitthangwattana (2005) who suggested that the marketing mix factors play a main role in developing tourism and can be used to manage tourist's satisfaction, probably in the context of Slow Tourism Service in this study.

CONCLUSION AND RECOMMENDATIONS

This study aims to identify the purchasing behavior of Slow Tourism Services for senior tourists in Thailand and to determine the effects of socio-demographic profiles and service marketing mix (7P's) on the toward the purchasing behavior of Slow Tourism Services for senior tourists in Thailand.

From 155 senior tourists in Thailand, the study has found that there is a significant relationship between socio-demographic profiles (i.e. gender, age, monthly income, marital status, nationality) and purchasing behavior of Slow Tourism Services for senior tourists in Thailand. In addition, the study has found that Service Marketing Mix Strategy (i.e. product, price, distribution, promotion, people, process of service and physical evidence). has an effect purchasing behavior toward Slow Tourism Services for senior tourists in Thailand (i.e. relaxation, self-reflection, escape, novelty-seeking, engagement, and discovery).

Implication of the Study

From the study, the majority are senior tourists in Thailand who have purchased Slow Tourism Services are influenced by the elements of marketing mix strategy prioritized as follows: process of service as in easy pay process and pick-up service if needed ($\pi=0.094$), followed by the product or service provided to them that suits their needs as seniors ($\pi=0.039$), then by the people as in providing good service and accomodating staff ($\pi=0.038$), then the price as Thailand is not an expensive country to get around ($\pi=0.034$), followed by the place itself and its convenience of getting there ($\pi=0.031$), promotion regarding how well the destination is on social media and printed media ($\pi=0.029$) and lastly, physical evidence of the destinations ($\pi=0.014$). Therefore, Slow Tourism Service providers should consider these findings when developing or improving their marketing strategy.

Moreover, the most important reason to the purchase for Slow Tourism Services for senior tourists in Thailand is relaxation ($\pi=0.036$, $p<0.05$) so destinations should be well placed in a relaxing environment away from all the city noises.

Recommendation for Future Study

This study collected data from 155 respondents in only two cities which were Nonthaburi and Hatyai. In order to have a better understanding and more reliable results, future researchers should try to cover more cities in Thailand. Future studies may replicate this study but move to focus on the different destinations that offer Slow Tourism Services in Thailand such as, Isaan, Nan, and Koh Kret Island. This may help to further understand the marketing guideline for Slow Tourism that suits Thai and foreign seniors in Thailand. Future studies may explore ASEAN countries and compare the availability of Slow Tourism Services and the difference of marketing strategies and purchasing behavior of the different countries.

REFERENCES

- Alen, E. D. (n.d.). *New Opportunities for Tourism Market: Senior Tourism and Accessible Tourism.* In Visions for Global Tourism Industry-Creativity and Sustaining Competitive Strategies., pp.139-166. Retrieved from <http://dx.doi.org/10.5772/2278>
- Arnould, L. P., & Zinkhan, G. (2003). *Consumers* (1st Edition). New York City: McGrawHill.
- Blackwell, R., P.W., M., & J.F., E. (2001). *Consumer Behavior* (9th Edition). Grove City: Mike Roche.
- Department of Tourism, Ministry of Tourism and Sport. (2014). *International Tourists Arrivals Statistics*. Retrieved from <http://123.242.133.66/tourism/th/home/index.php>
- Dodds, W. B., Monroe, K. B., & Grewal, D. (1991). Effects of price, brand, and store information on buyers' product evaluations. *Journal of marketing research*, 28(3), 307-319.
- Fishbein, M. (1975). Ajzen, I. (1975). *Belief, attitude, intention, and behavior: An introduction to theory and research*.
- Foxall, G., & Sigurdsson, V. (2013). Introduction to the Special Issue: Consumer Behavior Analysis: Behavioral Economics Meets the Marketplace. *The Psychological Record*, 62(2), 231-238.
- Oh, H., Assaf, A. G., & Baloglu, S. (2016). Motivations and goals of slow tourism. *Journal of Travel Research*, 55(2), 205-219.
- Isichaikul, R. (2009). Tourism Promotion for Senior Tourist Europe to Thailand. *PASOS*, 10(2), 47-58. Retrieved from http://www.pasosonline.org/Publicados/10212special/PS0212_06.pdf
- Hawkins, D., Best, R., & Coney, K. (2004). *Consumer Behavior* (9th Edition) . New York City: McGrawHill.
- Jitthangwattana, B. (2005). *The Development Guideline for Tourism Management Plans*. Bangkok, Thailand: Thammasart University press.
- Kotler, P. (2003). *Marketing Management* (12th Edition). London, United Kingdom: Pearson Education International.
- Kotler, P., & Keller, K. (2006). *Marketing Management* (12th Edition). Upper Saddle River, New Jersey: Pearson Prentice Hall.
- Ma, A., Chow, A., Cheung, L., Lee, K., & Liu, S. (2018). Impacts of Tourists' Sociodemographic Characteristics on the Travel Motivation and Satisfaction: The Case of Protected Areas in South China. *Sustainability*, 10(10), 3388.
- Malhotra, N. (2007). *Marketing Research: An Applied Orientation*. Pearson.
- Sangkakorn, K. E. (June, 2011). *Tourism Development Guidelines for Elder Tourists*. Proceedings of 9th APacCHRIE International Conference: Hospitality and Tourism Education: From a Vision to an Icon.
- Sciffman, L., & Kanuk, L. (2004). *Consumer Behavior* (8th Edition). Upper Saddle Rive, New Jersey: Pearson Education.
- Tongsong, C. (2015). A Concept for Developing Slow Tourism in Thailand. *Research Methodology & Cognitive Science* , 12(2), 1-12.
- Venesmäki, E. (2009). *Helsingin Sanomat Newspaper*. Retrieved from <http://www.hs.fi/kotimaa/artikkeli/Hitaan+matkailun+suosio+kasvaa+%E2%80%93+tiet>
- What is slow travel? (2011). Retrieved from http://www.slowmovement.com/slow_travel.php
- Youepet, C. (2012). The Rapidly of SLOW Tourism. *THM Quarterly Review*, 5, 5-6.
- Yurtseven, H., & Kaya, O. (2011). Slow Tourist: A Comparative Research Based on Cittaslow Principle. *American International Journal of Contemporary Research* , 1(2), 91098.

THE RELATIONSHIPS BETWEEN CONSUMER TRUST AND PURCHASE INTENTION FOR SOCIAL COMMERCE

^a Charunya Parncharoen

ABSTRACT

This research aims to investigate consumer trust in social commerce and to examine the relationships between consumer trust and purchase intention in social commerce. A cross-sectional survey study was conducted and data were obtained from 400 consumers who lived in Bangkok. The statistics used to analyze the data were descriptive statistics, including percentage, frequency distribution, mean, and standard deviation. Pearson Correlation coefficient was used to test the hypothesis. Findings reveal that overall, consumer trust in social commerce was at a high level. The results of the hypothesis testing show the existence of a clear link between consumer trust in social commerce and purchase intention for social commerce. Among the consumer trust elements, Store Reputation had the highest positive relationship with purchase intention for social commerce, followed by Store Information, Transaction Security & Privacy, and Communication & Interaction with Customers, respectively.

Keywords: Consumer Trust, Purchase Intention, Social Commerce

^d Assistant Professor and Ph.D., College of Innovative Business and Accountancy, Dhurakij Pundit University, Thailand, e-mail: charunya@dpu.ac.th

INTRODUCTION

In the last decades, millions of internet users around the world have visited a large number of social networking sites (Kim, Jeong, & Lee, 2010). Social networking sites are the latest stages in the development of internet and help business to reach a worldwide customer population (Al Kailani & Kumar, 2011). The main purpose of social networking sites is to provide an opportunity for users to present themselves and start or keep up connections with others (Wijesundara, 2014). Obviously, introducing of social networking sites such as Facebook and Twitter have significantly changed in daily media usage habits of millions of people of all ages (Kaur, 2014). These social networking sites allow individuals to present themselves, articulate their social networks, and establish or maintain connections with others virtually which gradually replace more conventional means of communication (Hsiao et al., 2013). This new form of consumer socialization has profound impacts on consumer decision making. Consumers can evaluate product, make recommendations to contacts or friends, and link current purchases to future purchases through status updates and twitter feeds (Forbes, 2013). As a result, social commerce is a new advancement of e-commerce that merges the commercial and social activities by deploying social technologies into e-commerce sites (Hassan, Iqbal, & Khanum, 2018). In e-commerce, the consumers often comment on products or services after consumption, which helps other consumers collect information, however, it is sometimes difficult for consumers to trust those reviews because the sellers may provide mendacious information such as sham comments. In social commerce, on the other hand, product information is quite accurate since consumers who share their purchasing experiences are friends or indirect acquaintances (Bai, Yao, & Dou, 2015). Besides, the consumers' sense of insecurity could be arisen from their inability to interact face-to-face with the sellers or physically check their products (Dutta & Bhat, 2016). Therefore, trust is an important element in social commerce and noteworthy. Trust has been defined as "an expectation or confidence that is a belief in the integrity, reliability, and fairness of the online sellers. The higher degree of consumer trust, the higher degree of buying intention and it is easier to develop long-term relationship with consumers (Sahney, Ghosh, & Shrivastava, 2011). However, a few researches are found concerning the users' trust and purchase intentions link within the social commerce context (Hassan, Iqbal, & Khanum, 2018).

In Thailand, social commerce claims a larger share of online commerce than in any country in the world. More than half (51%) of online shoppers in Thailand make purchases through social networking channel, far above the global average of 16% (Booasang, 2017). This suggests that social commerce is likely to grow further in Thailand. This study, therefore, intends to investigate the consumer trust in social commerce and to examine the relationships between consumer trust in social commerce and purchase intention of social commerce in Thailand. Understanding consumer trust in social commerce, especially their relationships with purchase intention is important for both theoretical and practical reasons. For practitioners, this research can help the entrepreneurs in designing more effectively social commerce platform.

LITERATURE REVIEW

Social Commerce

The internet and online social networks have helped business to reach a worldwide customer population (Al Kailani & Kumar, 2011). These technological developments have profoundly transformed online business practices and opened up new opportunities for business organizations (Lim, 2015), for instance, reduction and elimination of the spatio-temporal constraints that limit the marketplace (Narayanasamy et al., 2011). In the last decades, social networking sites such as Facebook, Twitter, LinkedIn, Line, and Instagram have increased in popularity, and become a new kind of social communication at present time (Kaur, 2014). Gradually, online social networks become widely used as communication tools between businesses and customers with the purposes of developing sense of intimacy of the customer relationships (Mersey et al., 2010) and fostering those

relationships in a timely manner and at a low cost (Kaplan & Haenlein, 2010). Many businesses have a Facebook page, Twitter feed, and YouTube channel to update customers, offer special discounts, and organize special events for their customers (Gangadharbatla, 2008). The term “Social Commerce” appeared for the first time on Yahoo in 2005 (Cheng et. al, 2017). According to Kim and Park (2013), social commerce is defined as a sort of online commerce composed of e-commerce and social media which is designed to satisfy daily demands of consumers by encouraging user to communicate and share experiences via social networking sites. It uses social networks, social media, and customer participation to facilitate the online purchase of products or services (Chung, Song, & Lee, 2017).

Consumer Trust and Purchase Intention

Trust is a challenging issue of online transactions where the absence of face to face contact and other tangible cues can cause partners to an exchange to be uncertain about the trustworthiness of their potential exchange partner (McCole & Palmer, 2002). Lack of the consumer trust is considered the most significant long-term barrier for realizing the potential of Internet marketing to consumers (Ganguly et al., 2010 as cited in Dutta & Bhat, 2016). In the marketing context, trust can be defined as “a willingness to rely on an exchange partner in whom one has confidence” (Moorman, Desphandé, & Zaltman, 1993). Trust is a prerequisite in online shopping environment. In the social commerce context, trust is an important factor in their success since it is the customers’ belief that the seller will keep his/her promises as shown in the social network sites. As such, the online trust is a belief that the online seller can be trusted, and it is a feeling of confidence and security towards the online transaction (Sahney, Ghosh, & Shrivastava, 2011). Therefore, trust plays an important role in consumers’ buying decision, especially in in social commercial context.

However, according to the Theory of Reasoned Action and the Theory of Planned Behavior, one’s behavior is determined by intentions to act (Dutta & Bhat, 2016). This means that behavioral intention is an important predictor of individual’s actual behavior. Purchasing intention, thus can be described as the consumers’ readiness to engage in buying behavior. Specifically, in the context of this study, purchasing intentions is defined as the readiness to engage in social commerce. Obviously, the intention to buy in social commerce is built on the combination of trust and technology acceptance (Vongsaluan & Bhatiasevi, 2017). When consumers perceive risks from using social commerce sites, they may be hesitant to purchase through the sites (Gan & Wang, 2017). Moreover, many studies have shown the positive link between trust and online shopping intentionality (McCole & Palmer, 2002; Kim & Park, 2013; Dutta & Bhat, 2016; Ramli et.al., 2017; Hassan, Iqbal, & Khanum, 2018).

The conceptual framework and hypothesis formulated after review of the literature are given below:

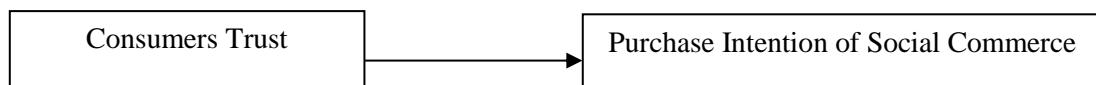


Figure 1: Conceptual Framework

H1: There is the positive relationships between consumer trust and purchase intention of social commerce in Thailand.

RESEARCH METHODS

Sampling and Data Collection

The target population of this study comprised consumers who lived in Bangkok. The sample sizes were calculated using Crochran (1977). Multi-stage sampling technique was utilized for collecting data. Out of 50 districts in Bangkok, 5 districts were chosen randomly and 80 samples were collected from each district.

Research Instrument

The method of self-administered structured questionnaire consisting of open-ended questions was used to collect the data. For all measures, a five-point rating scale was employed.

Method of Analysis

Descriptive statistics comprising of frequency, percentage, mean, and standard deviation were utilized to analyze the data and Pearson correlation coefficient was used to test the hypothesis.

FINDINGS

Demographics of Respondents

A total of 400 questionnaires were distributed and all of them were returned (100% response rate). Of these samples, 200 were male and 200 (50%) were female (50%) as designed. The majority of respondents were in age group of 26-35 years old (43%). Most of the respondents were single (76.75%) and graduated bachelor degree (54.25%). Mostly were in private sector job (43.75%) with having income between 10,001-30,000 Baht (52.25%).

Consumer Trust in Social Commerce

The analysis of consumer trust in social commerce is presented in Table 1. In overall, the consumer trust in social commerce was in high level. Among those consumer trust elements, the Communication & Interaction with Customers is the most important element that affecting consumers' decision to purchase via social network, followed by Store Information, Store Reputation, and Transaction Security & Privacy, respectively.

Table 1: Consumer trust in social commerce

| Consumer trust elements | Mean | Standard deviation |
|--|------|--------------------|
| Transaction Security & Privacy | 3.53 | .97 |
| Store Information | 3.84 | .93 |
| Store Reputation | 3.80 | .93 |
| Communication & Interaction with Customers | 3.92 | .90 |
| Total | 3.77 | .83 |

Purchase Intention of Social Commerce

The analysis of purchase intention of social commerce is presented in Table 2. In overall, purchase intention of social commerce was in medium level.

Table 2: Purchase Intention of Social Commerce

| Purchase Intention of Social Commerce | Mean | Standard deviation |
|--|------|--------------------|
| I will purchase products/services via social commerce even though I have never bought anything via social commerce before. | 2.89 | 1.13 |
| It is possible that I will purchase products/services via social commerce within 3 months. | 3.07 | 1.24 |
| I intent to purchase products/services via social commerce within 3 months. | 3.00 | 1.27 |
| Total | 2.99 | 1.12 |

Testing of Hypothesis

The results of hypothesis testing using Pearson correlation coefficient are shown in Table 3. According to the test results, in overall consumer trust has positive relationship with purchase intention of social commerce. Among those consumer trust elements, Store Reputation has the highest positive relationship with purchase intention of social commerce, followed by Store Information, Transaction Security & Privacy, and Communication & Interaction with Customers, respectively.

Table 3: Correlation analysis results

| Consumer Trust | Purchase Intention of Social Commerce | |
|--|---------------------------------------|-------|
| | r | Sig. |
| Transaction Security & Privacy | 0.263** | 0.000 |
| Store Information | 0.314** | 0.000 |
| Store Reputation | 0.324** | 0.000 |
| Communication & Interaction with Customers | 0.160** | 0.001 |
| Total | 0.301* | 0.000 |

** Correlation is significant at the 0.01 level.

DISCUSSIONS AND RECOMMENDATIONS

Discussions

This study found that the consumer trust in social commerce in Thailand was in high level. Among those consumer trust elements, the Communication & Interaction with Customers is the most important element that affecting consumers' decision to purchase via social network. According to Fatemeh Taheri & Mehrnaz Alaaeddin shourmasti (2016), a successful communication has positive impact on the bond between the customers and the producers. The availability of inter-consumer communications assists online consumers and hips to influences the perception of trustworthiness about a company (Chen & Barnes, 2007). This study is also found that the Store Information is the second highest element that affecting consumers' decision to purchase via social commerce. This is supported by the study of To, Liao, & Lin (2007), which found that utilitarian motivation is a determinant of consumer intention to search and intention to purchase of internet shopping and information availability is one the utilitarian motivation. Besides, useful and easily understood information on websites can lift the degree of online trust, and positively influences purchase intention (Chen & Barnes, 2007). Moreover, this study is found the existence of a clear link between consumer trust and purchase intention of social commerce as supported by the study of McCole & Palmer (2002), Kim & Park (2013), Dutta & Bhat (2016), Ramli et.al. (2017) and Hassan, Iqbal, & Khanum (2018), which found the positive link between trust and online shopping intentionality. The results of this study also indicate that Store Reputation has the highest positive relationship with purchase intention of social commerce. This is supported by the study of Chen & Barnes (2007), which is found that perceived good reputation is the important antecedents to online initial trust.

Recommendations

This study found that Communication & Interaction with Customers is the most important element that affecting consumers' decision to purchase via social network. This implies that in order to increase social commerce sales, the entrepreneurs should have better understanding of what key social commerce characteristics they should focus on to gain the consumer trust. Specifically, they should engage in consistent communication and provide their customers with high quality information. This study also found the positive link between consumer trust and purchase intention of social commerce. It is also found that Store Reputation has the highest positive relationship with purchase intention of social commerce, followed by Store Information, Transaction Security & Privacy, and Communication & Interaction with Customers, respectively. The entrepreneurs, therefore, should pay the attention on building a positive reputation and provide the channel for the consumers to review products/services that they purchase. More importantly, the entrepreneurs should build social networking sites that are not only useful, secure, and that respect privacy, but that are also trustworthy.

REFERENCES

- Al Kailani, M. and Kumar, R. (2011). Investigating uncertainty avoidance and perceived risk for impacting internet buying: A study in tree national cultures. *International Journal of Business and Management*, 6(5), 76-92.
- Bai, Y., Yao, Z., & Dou, Y. (2015). Effect of Social Commerce Factors on User Purchase Behavior: An Empirical Investigation from renren.com. *International Journal of Information Management*, 35, 538-550.
- Booasang, P. (2017). *Social Commerce: An e-Commerce Trend to Rival Lazada*. SCB Economic Intelligence Center. Retrieved from https://www.scbeic.com/en/detail/file/product/3926/etlwqbwy4/Research-series_EN_Social_Commerce_20170914.pdf.

- Cheng, X., Cheng, X., Fu, S., Bian, Y., & Yan, X. (2017). *Investing the Relationship among Characteristics of Social Commerce, Consumers' Trust and Trust Performance*. Proceedings of the 50th Hawaii International Conference on System Sciences, 1182-1191.
- Chen, Y. & Barnes, S. (2007). Initial Trust and Online Buyer Behaviour. *Industrial Management & Data Systems*, 107(1), 21-36.
- Chung, N., Song, H.G., & Lee, H. (2017). Consumers' Impulsive Buying Behavior of Restaurant Products in Social Commerce. *International Journal of Contemporary Hospitality Management*, 29(2), 709-731.
- Cochran, W. G. (1977). *Sampling Techniques* (3rd Ed.). New York: John Wiley & Sons.
- Dutta, N. & Bhat, A. (2016). Exploring the Effect of Store Characteristics and Interpersonal Trust on Purchase Intention in the Context of Online Social Media Marketing. *Journal of Internet Commerce*, 15(3), 239-273.
- Taheri, F. & Shourmasti, M.A.. (2016). Effects of Various Characteristics of Social Commerce on Consumers' Trust and Trust Performance. *International Academic Institute for Science and Technology*, 3(3), 20-26.
- Forbes, L.P. (2013). Does social media influence consumer buying behavior? An investigation of recommendations and purchases. *Journal of Business & Economics Research*, 11(2), 107-111.
- Gan, C. & Wang, W. (2017). The Influence of Perceived Value on Purchase Intention in Social Commerce Context. *Internet Research*, 27(4), 772-785.
- Gangadharbatla, H. (2008). Facebook me: Collective self-esteem, need to belong, and internet self-efficacy as predictors of the generation's attitudes toward social networking sites. *Journal of Interactive Advertising*, 8(2), 5-15.
- Hsiao, C., Yeh, S., and Tsai, C. (2013). The impact of self-complexity on attitudes towards online marketing and buying intentions: Using the internet addiction as a moderator. *Marketing Review*, 10(1), 79-102.
- Hassan, M., Iqbal, Z., & Khanum, B. (2018). The Role of Trust and Social Presence in Social Commerce Purchase Intention. *Pakistan Journal of Commerce and Social Sciences*, 12(1), 111-135.
- Kaur, P. (2014). Relationship between social networking sites usage pattern and motivations behind usage: A study of generation Z- 'A digital generation'. *International Journal of Applied Services Marketing Perspectives*, 3(2), 996-1004.
- Kim, S. & Park, H. (2013). Effects of Various Characteristics of Social Commerce (S-Commerce) on Consumers' Trust and Trust Performance. *International Journal of Information Management*, 33, 318-332.
- Kim, W., Jeong, O.R., and Lee, S.W. (2010). On social websites. *Information Systems*, 35(2), 215-236.
- McCole, P. & Palmer, A. (2002). Transaction Frequency and Trust in Internet Buying Behaviour. *Irish Marketing Review*, 15(2), 35-50.
- Moorman, S., Desphandé, R. & Zaltman, G. (1993). Factors Affecting Trust in Market Research Relationships. *Journal of Marketing*, 57(1), 81-101.

- Ramli, R., Bakar, A. A., Ismail, R., & Aziz, N. (2017). *The Trust Effect towards Online Seller in Social Commerce in Zulikha*, J. & N.H.Zakaria (Eds.). Proceedings of the 6th International Conference of Computing & Informatics (pp317-322). Sintok: School of Computing.
- Sahney, S., Ghosh, K., & Shrivastava, A. (2011). Conceptualizing Consumer “Trust” in Online Buying Behaviour: An Empirical Inquiry and Model Development in Indian Context. *Journal of Asia Business Studies*, 7(3), 278-298.
- To, P., Liao, C., & Lin, T. (2007). Shopping Motivations on Internet: A Study Based on Utilitarian and Hedonic Value. *Technovation*, 27(12), 774-787.
- Vongsraluan, N. & Bhatiasevi, V. (2017). The Determinants of Social Commerce System Success for SMEs in Thailand. *Information Development*, 33(1), 80-96.
- Wijesundara, T.R. (2014). Motivations and usage patterns of social networking sites: Exploring cultural differences between United States & Sri Lanka. *Canadian Social Science*, 10(6), 176-185.

THE SIGNIFICANCE FACTORS OF BUSINESS NEGOTIATIONS IN JAPAN

^a Mr. Ogochukwu Michael Osakwe

^b Dr. Tanakorn Limsarun

ABSTRACT

In today's business world, with the fast-growing need for international business, globalization is connecting people from different walks of life by imparting and exchanging information for the development of good business relations between countries. It is very important to understand the cultural factors of any country before venturing into any kind of business (Teodorescu, 2017). The objective of this study is to identify the role that culture plays in Japanese business negotiation and to understand the steps to take before going into oversea business. A documentary research method was employed to gather secondary data from sources such as books, newspapers, magazines, dictionaries, journals, government publications and online information. The results revealed that when it comes to decision-making, Japanese people are group-oriented people; they are seen as a bureaucratic nation with numerous policies; they also focus on group goals rather than individual desires or wants; they prefer a win/win approach instead of a win/lose business negotiation. Based on the findings, it is recommended that stakeholders must be well-informed about Japanese cultural norms by understanding their systems of communication. It is also important not to reject or refuse dinner invitations from a Japanese counterpart in order to build a long-lasting relationship with them.

Keywords: International Business, Negotiations, Japan

^aSiam University, Email: osakwe2014@gmail.com

^bSiam University, Email: dr.tanakorn@siam.edu

INTRODUCTION

With the complexity and challenges face in International Business world and with the fast-growing need for International Business, globalization is connecting people from different works of life through imparting and exchanging of information for the development of good business relations among countries. Japan is a nation with four major islands located at the western Pacific Ocean with other Asian territories. The largest of the four major Islands is the Honshu, which recorded 60% of Japanese land scape and 80% of the country's population (Division, 2011). In addition, Hokkaido, Kyushu, and Shikoku are the other Japanese Islands why the Ryukyu Islands comprises of Okinawa which reside in the south part of the major Islands. To a certain degree, Japan landscape is small compare to California a state in America with a landscape of 377,835 Sq km - 145,902 Sq mi. The country also shares maritime borderline with China, Taiwan, North Korea, South Korea, Russia and Philippines (Division, 2011).



Figure 1: Map of Japan and The Four Major Islands
 Source: <https://www.gojapango.com/map-of-japan-islands/>

Most importantly, a clear interpretation and expression of the word culture and negotiation should be noted. Culture can be seen as norms and values human being share, for instance this consist of how human beings' reason, behave, talk with one other, and resolve issues. It explains what people eat, wear and their belief, either good or bad (Gray, 2012).

According to Stambolska (2012) Culture is define as a shared behaviors, values and material things, it includes human behavior and ways they communicate by gestures and conduct. Culture also influence community and countries. Huang (2010), review that effective Business Negotiations could be obstruct by various cultural factor such as Greetings, negotiating approach, attitudes to time, meanings of numbers, gift-giving customs and significance of gestures. The author further clarifies that knowledge is the key to cross-cultural Business Negotiation.

BACKGROUND OF THE PROBLEM

As early discuss in the background of the study, there are series of cultural problems that could set back effective business negotiations and this includes;

- Culture (Example: Greetings, Custom)
- Negotiating approach
- Meanings of numbers
- Gift-giving customs
- Gestures

To start and finish your Business meeting with the Japanese counterpart. RODGERS (2017) stated that the most difficult part start with the introduction before the business of the day. In Japanese culture, greetings are very important to them; people from Europe or North America are unfamiliar with this, and can extend a handshake alternatively. Universal Class (2018) stated that no shaking of hands, you must bow and you must maintain a direct eye contact when greeting. RODGERS (2017) went further stated that, if you must reciprocate the courtesy to "Bow" then your back should be straight and your hands at the sides, while women should clasp their hands in front.

The author also mentions that in some case, a bow and a handshake often come together and if this occur gently move to avoid bumping of heads. In addition, checking on your phone and putting your hands in your pockets while communicating with them means dissatisfaction and unconcern, they believe that the meeting should be of more paramount to you than anything else.

In negotiating styles, Japanese people prefer indirect ways of communication, which is far more different from the western approach, they like to stay away from disagreement to maintain balance and demonstrate much indirect communication approach that can be seen as elusive and ambiguous (Teodorescu, 2017). In Japanese culture, the meaning of numbers such as "4" and "9" can be seen as bad luck, four (Shi) simply means death while nine (Ku) simply means suffering, if you must give a gift in Japanese culture, refrain from giving anything that has set of four and nine (Rodgers, 2017). The author stated that tipping is not usual in some cases, it is considered inappropriate and rude to Japanese people. He also mentions that gift given to a guest in Japanese culture can only be open if you are asked to do so. Katz (2009) stated that, gift giving after endorsing an agreement can be seen as an appreciation and make sure when receiving a gift from Japanese people you should use your two hands.

The body is a powerful communication device, which interpret body language and should be use with caution because some hand gesture has different explanation in meaning. According to eDiplomat (2018), it is very important you nod your head when a Japanese is communicating and most importantly in English, it means you're paying attention and you understood what the person is saying.

The author also stated some important fact about body language to avoid such as

- Keeping a little distance and avoid touching them
- Do not hug or slap their shoulder in public
- Do not cross your ankle over your knee instead sit upright with two legs on the floors
- Do not point your four fingers wide open and thumb folded in
- Prolonged eye contact is believed to be rude.
- Moreover, silence is natural and expected form of non-verbal communication and do not feel a need to talk or interrupt when the meeting is going on.

The objectives of this study aim to identify the role culture play in Japanese Business negotiation and also to understand the step to take before going into oversea business.

THEORIES OF BUSINESS NEGOTIATIONS

The increasing demand for economic and trade activities within countries has increased the role, making business negotiations more important in our daily life. First, the concept and foundations of negotiation theory will be examined such as decision analysis, behavioral decision making, game theory, and negotiation analysis.

The concept of negotiation, Moor and Weigand (2004) defines negotiation as the actions or steps taken in which the groups, with member of different kinds, aim to arrive at a common decision on matters under discussion. Both authors see negotiation as the procedure in which parties bring their objective to the bargaining table, tactically share knowledge and explore options that are collectively favorable to them.

Decision Analysis can be seen as a practical analysis of the problem: organizing and arranging the groups' options and chance events, then isolate and subjectively analyze possibility, values, threat and time preferences (Sebenius, 2005). Decision Analysis is also an approach generally used to promote decision makers actively in evaluating different courses of action (Spector, 1993).

Behavioral Decision Making simply explain as the overall expression for descriptive theories to describe the conceptual wisdom connected to people's decision-making conduct (Duci and Takemura, 2015). Behavioral decision-making theories give understanding into how individuals adapt under situation of unpredictability (Haward and Janvier, 2015). Behavioral approaches highlight the functions negotiators' personalities or individual feature do in influencing the course and result of negotiated contracts (Alfredson and Cungu, 2008).

Game theory is defined as the official research of conflict and cooperation which impart method of communication to plan, organize, examine, and understand tactical framework (Turocy and Stengel 2001). According to Dyer (2017) Game theory help to supply precision to negotiations and basically assist in establishing significant savings without the threat of alienating a supplier.

METHODOLOGY

This paper explores the documentary research methodology. Ahmed (2010) defined documentary research as any register documentation other than a record which was not constructed especially in reply to certain demands from the examiner. Documentary research methodology is most suitable for this research because it reviews existing documents and helps you understand and obtain sensitive or privileged material and also provides documentary value. Data used in this research were gathered from relevant secondary sources such as books, newspapers, magazines, dictionaries, journals, government publications and unpublished sources and online sources, which were used to supply background information and other required data to attain the purpose of the research.

FINDINGS AND DISCUSSION

The findings show that, when it comes to decision-making Japanese people are group-oriented people because decision making takes longer time, negotiators require consent from the management and they can be seen as a bureaucratic nation with numerous policies. They emphasize on group goals preferably than individual desire or want, this creates less unforeseen problems, also they prefer a win/win approach instead of a win/lose Business Negotiation (Kadoi, 2015). Japanese people prefer to communicate indirectly rather than a direct approach, they believe that directness approach frequently cause conflict within Negotiation and must be refrain from.

Cultural knowledge of a society demands more thinking model, many negotiations fail because of cultural misinterpretation between parties involved. Language is a cultural product that may help to understand how cultural factors influence social action and reflects society values and ways of behaving. Japanese culture is a high context culture where selfhood greatly affect the relationship with others. It is important for Japanese negotiators to build a relation instead of contract, which can be seen as western approach.

Doing business with Japanese counterpart might take longer time to advance because a high precedence is given in order to know the other groups. According to Cortes-Ramirez (2014), the theory of Ideology and Culture say Knowledge is Power.

Before going into any oversea Business, it is advisable to research and study the culture of the country before taken any decision of doing Business in the country. Knowing more about the country and tradition, the ways they behave or do things will help you to know what to expect in terms of attitude and the way they think and behave. For instance, in a high context culture like Japan you do

not say "NO" because your Japanese opposition are well informed that a disagreement must be transform into a mutually favorable consensus.

For more information about the country you want to do Business with, visit Chambers of Commerce, Foreign Embassies and Trade Commissioners, expos and trade shows, Published studies and books and Government department responsible for trade of information and resources (Hyatt, 2017).

RECOMMENDATION

- Understanding Japanese decision-making process when doing business with them will create a sustainable and long-term relation between both parties. They prefer a win/win approach instead of a win/lose business negotiation (Kadoi, 2015).
- To have a good and long-lasting business relation with them, you must be well informed about Japanese cultural norms and refrain from giving anything that has set of four and nine because four (Shi) simply means death while nine (Ku) simply means suffering (RODGERS, 2017).
- Do not reject or refuse a dinner's invitation because business lunches or dinners can be seen as a perfect hour to know your Japanese counterparts and also used in building a long-lasting relation (Price, 2018).

REFERENCES

- Ahmed, J. U. (2010). Documentary research method: New dimensions. *Indus Journal of Management & Social Sciences*, 4(1), 1-14.
- Alfredson, T. & Cungu, A. (2008). Negotiation Theory and Practice A Review of the Literature. *EASYPol*, 13.
- Cortes-Ramirez, E. E. (2014). Knowledge is Power. Francis Bacon's Theory of Ideology and Culture. *Via Panoramica: Revista Electronica de Estudios Anglo-Americanos/An Anglo-American Studies Journal*.
- De Moor, A., & Weigand, H. (2004). Business negotiation support: theory and practice. *International Negotiation*, 9(1), 31-57.
- Division, T. I. (2011). Japanese Cultural Orientation. *My Labor Matters*, 1.
- Duci, H. & Takemura, K. (2015). *Psychology of Decision Making in Uncertain World: Introduction to Behavioral Decision Theory and Its Application-short course*. Retrieved from <http://elearning.univiu.org/course/info.php?id=31>
- Dyer, S. (2017). *Applying game theory to procurement's negotiations*. Retrieved from <https://www.procurementleaders.com/blog/sophie-dyer/applying-game-theory-to-procurements-negotiations-680020#.XQRVr1wzbIV>
- eDiplomat. (2016). *Japan*. Retrieved from http://www.ediplomat.com/np/cultural_etiquette/ce_jp.htm
- Gray, S. (2012). *A Study of Negotiation styles Between business managers from UK and Indian cultural backgrounds*. (Thesis). UK: University of Wolverhampton Business School.
- Haward, M. F. & Janvier A. (2015). *An introduction to behavioural decision-making theories for paediatricians*. Retrieved from <https://www.ncbi.nlm.nih.gov/pubmed/25625319>
- Huang, L. (2010). Cross-cultural Communication in Business Negotiations. *International Journal of Economics and Finance*, 2(2), 196-1999.
- Hyatt, P. (2017). *5 valuable sources for finding your next international business partner*. Retrieved from <http://www.tradeready.ca/2017/topics/market-entry-strategies/5-valuable-sources-finding-next-international-business-partner/>
- Kadoi, M. (2015). JAPANESE NEGOTIATION STYLES IN BUSINESS УДК 172.4 (520) . *Ural Federal University Kanuma, Tochigi, Japan*, 493 - 494.
- Katz, L. (2009). Negotiating International Business - Japan. *Leadership Crossroads*, 9, L19-20.

- Price, D. C. (2018). *8 Things You Should Know About Doing Business in Japan*. Retrieved from <http://davidcliveprice.com/8-things-know-business-japan/>
- Rodgers, G. (2017). *Japanese Business Etiquette: A Step-by-Step Guide to Successful Business Interactions in Japan*. Retrieved from <https://www.tripsavvy.com/japanese-business-etiquette-1458300>
- Sebenius, J. K. (2005). Negotiation Analysis: Between Decisions and Games. *Advances in Decision Analysis*. Cambridge: Cambridge University Press.
- Spector, B. I. (1993). Decision Analysis for Practical Negotiation Application. *Theory and Decision*, 34(3), 183-199.
- Stambolska, I. P. (2012). Culture and Negotiation: The role of culture in business negotiations between Indian and United States companies. *Aarhus School of Business and Social Sciences*, 5, 34.
- Teodorescu, A. (2017). The impact of culture on intercultural business negotiation – with particular reference to Japan and the USA. *Studii și cercetări filologice. Seria Limbi Străine Aplicate*, 283, 284, 285 & 286.
- Turocy, T. L. & Stengel, B. V. (2001). Game Theory. *CDAM Research Report LSE-CDAM*, 4.
- Universal Class. (2018). *Negotiating with Another Culture*. Retrieved from <https://www.universalclass.com/articles/business/negotiating-with-another-culture.htm>

TOWARDS THE CONCEPT OF HEALTH FOOD BUSINESS MODEL INNOVATION FOR NEW PRODUCT DEVELOPMENT FOR ELDERLY CONSUMERS.

^a Piyavit Thibharos

ABSTRACT

The purpose of this article is to present the concept of health food business model innovation for new product development for elderly consumers. In the near future, the world's population will have a higher proportion of elderly, which corresponds to the United Nation's data, which predicts that there will be more elderly people in Thailand than other countries in the ASEAN region, which results in Thailand stepping into a high society around 20 years faster than most countries in ASEAN. Based on this information, it is evident that the problems result from the elderly often experiencing age-related health problems from Non-Communicable Diseases (NCDs) of many types. Empirical research has reported that the rate of NCD loss can be reduced with the consumption of health supplements.

This conceptual paper proposed that for the reasons mentioned, it is interesting to present the analytical concept of health food business model innovation as a guideline for new product development that meets the needs and satisfaction of elderly consumers. In addition, the article also offers suggestions for entrepreneurs to develop and expand their health food business to grow and sustain the elderly market as well.

Keywords: Health Food, Business Model Innovation, New Product Development Process, Elderly

^a College Of Innovative Business And Accountancy, Dhurakij Pundit University, Thailand
E-Mail: piyavit.thi@dpu.ac.th

INTRODUCTION

Nowadays, health foods are increasingly important because consumers realize the need to care for themselves and those around them and together with the increasing world population every year. According to data in 2015, the world population is 7300 million people, approximately. It is estimated that by 2050 the world population will increased were 9700 million people, approximately. (United Nation [UN], 2015, cited in Aungvaravong & Yanakittkul, 2017). There is an expectation that the world will have a proportion of 20.87% of the young population, approximately. On the other hand, there will be an elderly population of as much as 22.23%, approximately, causing the elderly population to become adult populations in the global society rather than childhood. It is expected in the year 2030, the number of children (0 to 14 years) will be 16.7% , approximately, down from the year 19.5% of the year 2012.

In contrast, the elderly population will have the number increased steadily, which in 2030 is expected to proportion to the elderly population of 17.4% approximately, up from the year 2012, which is only 9.5%. (Department of Provincial Adminstration [DOPA], Office of Federal Register [OFR] , cited in Aungvaravong & Yanakittkul, 2017). This is consistent with the data of the United Nations that predicts that the proportion of elderly in Thailand will be greater than other countries in the ASEAN region which resulting in Thailand on stepping into the aging society faster than most countries in ASEAN for 20 years, approximately. In addition, Aungvaravong & Yanakittkul (2017) reported that, based on the increasing proportion of elderly, the world is aware of the problems that follow because elderly often experience health problems. There are many diseases that are associated with a higher age. The most common diseases include Alzheimer's disease and other types of dementia, diabetes, stroke, high blood pressure, enlarged prostate, problems related to with eyesight and vision, joint and bone diseases, cancer, depression diseases etc. Diseases that are often found in elderly are non-communicable diseases (NCD). There is the cause of the death of elderly rather than the infectious disease and death from accidents. Based on research data from the World Health Organization, it was found that results from 23 countries during the years 2006 to 2015 the economic losses caused by NCD disease have a total value of over 83 billion USD. (World Health Organization [WHO], 2014 cited in Aungvaravong & Yanakittkul, 2017). In addition, corresponds to the report of the Public Health Commission of Thailand found that in 2014, the disease that caused the elderly 60 years old male to die, the top five, including stroke coronary, artery disease, pulmonary obstruction chronic, diabetes, and liver cancer like the elderly 60 years old female and over, it is found that the top five deaths include stroke, diabetes, coronary artery disease, dementia, and depression, respectively. From the rate of degradation from NCD disease in elderly can be alleviated and reduced by consumption of health foods because they have a higher risk of not getting the full nutrition needed by the body directly from food consumption due to food chewing and swallowing problems, consuming less than two meals in a day, alcohol dependence, lacks awareness of food taste and odor, neurological disorders, psychosis or depression, various illnesses etc. (Suvarnaraksha, 2017; Aungvaravong & Yanakittkul, 2017). Due to this reason, The health food products for the elderly is needed health supplements for the following benefits : First, replacement of missing essential food. Second, used to prevent or reduce the risk of diseases or symptoms. Third, increase the immune system. Four, to increase the efficiency of the brain and the body's work. Fifth, to reduce problems or symptoms. Finally, used to control weight or help in the driving system (Leelamanit, 2014; Aungvaravong & Yanakittkul, 2017). In addition, from the importance mentioned, it was found that health food products came into play and there was a need for more human life. Aungvaravong & Yanakittkul (2017) reported that Euro Monitor International Company has explored the health food

business that has a rapid growth rate. The global market value of healthy food and beverages is likely to grow at an average of 6% to 7% per year, and in 2017 the market value is 1 trillion USD or 33 trillion baht for Thailand, approximately. It is worth 79311 million baht, approximately.

Therefore, from the reasons and importance mentioned, brought to interest in the presentation of analytical concepts associated with health food business model innovation and research gaps to guide the new product development that meet the needs and it also satisfied by the elderly consumer.

MAIN CONCEPTS/MAIN CONTENTS

1. New product development innovation concept. In general, the study of innovative concepts for new product development can be divided into two steps as follows: **The first steps, Idea generation for new product development** by starting from **(1) Idea generation methods**, Armstrong & Kotler (2007) suggests associated with a creation concepts for new product development as follows: First, should analyze the physical characteristics of the product in order to make sure that the products to be created meet the needs of the market or not. Second, It is a way to create ideas that are possible. Finally, The concept of creating a new product should see a way to sell products. **(2) Idea generation sources,** The resources for creating concepts consists of (2.1) The consumers who is a communication with consumers, so that entrepreneurs will be able to get feedback and suggestions (John, 2008; Aungvaravong & Yanakittkul, 2017). (2.2) The experts who have knowledge associated with products such as scientists, engineers or designers. (2.3) The products and services of competitors that are sold in the market in order to know the advantages, disadvantages and/or differences to be used to create our new products better than competitors (John & Roger, 2009; Aungvaravong & Yanakittkul, 2017). (2.4) The salesmen and middlemen are in order to know the needs of the market that consumers are most satisfied with or interested in the information will help entrepreneurs to develop new product ideas (Kotler, 2014; Aungvaravong & Yanakittkul, 2017). (2.5) Top management who is the policy maker through knowledge and experience in marketing strategies which can be a source of information to create new product related concepts (Charles & Suzy, 1996; Aungvaravong & Yanakittkul, 2017). (2.6) The other sources such as inventors, the university researchers , the researching units from the public and private sectors, etc. (Aungvaravong & Yanakittkul, 2017). When getting the idea of creating a new product from various sources above. Then, the data should be screened and evaluated idea by considering the assessment to select the idea of creating the best or most suitable product for new product development (George, 2016). Likewise, George (2016) suggests that the classification of ideas, creating three new products as follows: promising ideas, marginal ideas, and reject ideas by using criteria for considering the creation of new products in each concept as follows: what is the new product truly fulfilling the needs of consumers or not, what is the new product is unique that can make consumers interested or not. **The second steps, Test of consumer concept,** In practically business , checking consumer ideas on new products is measured in the form of attitudes or opinions which consists of three factors such as cognitives, affectives, and behaviors (Jonides, 2000; Aungvaravong & Yanakittkul, 2017) which can explain each of the following factors : First, **Cognitives:** This factor reflects the attitudes of the opinions and beliefs of people who have something, for examples of consumer opinions or beliefs associated with health food such as (1) the health food consumption can help reduce the risk of current health problems. (2) the health food can be used to replace the main food consumption. (3) the health food consumption is essential to consumers in case of needing nutrients. (4) food consumption, it has a

goal that helps strong the body healthy, etc. Second, **Affectives**: This factor reflects the attitude of the person's feelings or emotions that will be used to consider it, for examples of consumer feelings on functional food such as (1) the functional food consumption are important to everyday life. (2) the paying to buy it is worth the amount paid. (3) the health food produced by famous companies are mostly quality products. (4) the health food is a product that is worth consuming. (5) the health food helps consumers recover from health problems, etc. Third, **Behavior**: This factor reflects the attitude of the person's expression of the decision. This means that each consumer will show different behaviors, for examples of consumer learning behavior towards new products before making a purchase decision such as (1) in currently, you consume health food on a regular basis. (2) if all the health food that you consumed, you confirm to buy the same product for consumption. (3) you have studied information associated with the health food, you consume before making a purchase. (4) you will continue to buy the health food in the future.

2. Business Model Innovation. This model can be considered as the key to design or planning a business by analyzing all aspects of the business in during start-up or current operations to deliver the value of a new product or service for customers to be satisfied. Which will affect the income harvesting including competitive advantage or sustainable survival in the market (Aungvaravong & Yanakittkul, 2017; Nakapaksin, 2017; Iiudlaoong, 2019). It is consistent with Mitchell & Coles (2003) business model innovation concept. They states that business model innovation is a combination of the seven questions: Who, What, When, Why, Where, How, and How much is involved in the delivery value of new products or services for customers. In addition, Bowman and Ambrosini (2000) cited in Chesbrough (2002) reported that the business model innovation means the conceptual framework that is beneficial to the economic results of the organization. It was found that has two main functions: (1) value creation is to create value by identifying all activities by starting from getting raw materials to creating to be products or services that can truly meet the needs of customers. Such activities will result in new products or services that have more value. (2) value capture is to benefit from new values created for customers such as income or profit or patents.

FINDINGS

1.The recently comparatively analysis of business model innovation

When entrepreneurs get ideas for creating new products that are possible. The next step is to bring new products into business model analysis. These means business planning by analyzing relevant factors including: (1) customers (target customers and/or how to build relationships with customers) (2) products (value of products that will be given to customers and/or marketing channels). (3) revenue (sources of income). (4) expenses (for creating and delivering value costs) (5) organizations or companies (such as main resource allocation, main activities that need to be done and partners) and (6) competitor advantages . Thus, to lead the production of products and services that can meet the needs of the elderly and effect on the performance of that organization. The author proposes a concept towards for analyzing health food business models for elderly consumers as follows: **1.1 Business Model Canvas - BMC** This model was developed by Osterwalder (2004) it helps in business planning, strategy formulation, assessment of the success of the plan, and choose an efficient and suitable business model for start-up or businesses that must to create innovations for products or services by detailing in the relevant sections four questions are (1) what do we do or will we offer (value proposition) . (2) sell to someone (customer segment, channels, and customer relationship). (3) how to do (key resources, key activity, and key partner). (4) revenue stream, and cost structure. We are separated into nine building blocks to make it easier for analysis (Aungvaravong & Yanakittkul, 2017) as follows. : (1) **customer segments** means determining the

target customers that must to reach in the business operation. (2) **Value proposition** means identifying how products or services that businesses create are valuable to customers. It is a factor that customers choose our products instead of choosing competitors. The value that the organization offers may be quantitative such as price, delivery speed or qualitative values such as newness, performance, customization, getting the job done, design, the image of the brand, cost reduction, risk reduction, convenience, usability (Sersathiansap, 2017). (3) **Channels** means sales channels and marketing channels of the company which are used to communicate and contact with customers. (4) **Customer relationships** means the form of the relationship between business and customers. It is a business strategy to plan for building long-term relationships with customers. (5) **Revenue streams** means the form of cash income which the company will receive from customers in many forms after being deducted by usage fees. (6) **Key resources** means the most important and necessary assets of the business. Resources are important for successful businesses such as capital, machinery, intellectual property, human resources, etc. (7) **Key activities** means identifying activities that a business must perform to achieve its objectives. (8) **Key partnerships** means creating business partners for the best advantages of the business. To reduce the risk, and to obtain business resources. (9) **Cost structure** means the total cost that will be incurred in the implementation of the specified business model such as the cost of producing products or services, cost of keeping customers, human resource costs, management costs, etc.

1.2 Business Model Innovation, This model is proposed by Zhenya, Matin, George, & Martin (2009), is a business model that focuses on innovation process. The analysis is divided into two aspects: (1) value creation of products or services consists of three types of factors: 1.1) determination of target customers of the organization, 1.2) value of products or services offered to customers, and 1.3) determining the source of income. (2) the business model consists of 2.1) supply chain management factors, 2.1) cost management model, and 2.3) organizations can create competitive advantage from innovation. In addition, it is also stated that business models that focus on innovation, besides to creating new product or service values in order to meet the needs of customers and create an advantage over competitors. It also can still generate income or profits for the business organization sustainably from continuous innovation development.

1.3 Business Model, This model is proposed by David (2010). There are six steps to define the business model as follows: (1) the inspection of the value of the product or service that the customer. (2) Identify the target customer group. (3) The inspection of the income that the organization currently receives. (4) Analyze technology to create value for products or services. (5) Analyze technologies that have competitive advantages. (6) Select technology or distinctive features that are in products or services. Thus, to create competitive advantage by focusing on the business model that the organization chooses to use must be a business model that creates value for a product or service and delivers that value to satisfy consumers and accept the value of the money paid (Aungvaravong & Yanakittkul, 2017). In addition, comparing the three business models will realize that there are both the same and different issues which can be summarized as shown in **Table 1.** It is realized that the BMC according to Osterwalder's (2004) concept is very different from Zhenya et al. (2009) and David (2010) is covered in various issues and is suitable for businesses to make investment decisions, develop new products to market, which all nine BMC are the most comprehensive and easy to understand business model.

Table 1: The Comparatives of business model innovation.

| Consideration issues | Business model innovation | | |
|----------------------|---------------------------|----------------------|--------------|
| | Osterwalder (2004) | Zhenya et al. (2009) | David (2010) |
| 1. Customer segments | ♦ | ♦ | ♦ |
| 2. Value proposition | ♦ | ♦ | ♦ |

| | | | |
|---------------------------|---|---|---|
| 3. Channels | ◆ | - | - |
| 4. Customer relationships | ◆ | - | - |
| 5. Revenue streams | ◆ | ◆ | ◆ |
| 6. Key resources | ◆ | - | - |
| 7. Key activities | ◆ | - | - |
| 8. Key partnerships | ◆ | ◆ | - |
| 9. Cost structure | ◆ | ◆ | - |
| 10. Competitor advantage | - | ◆ | ◆ |

Source: Osterwalder (2004); Zhenya, Matin, George, & Martin (2009); David (2010) cited in Aungvaravong & Yanakittkul (2017)

Therefore, from the product innovation concepts and business model innovation analysis can show the new product development process, as detailed in **Figure 1** as follows.

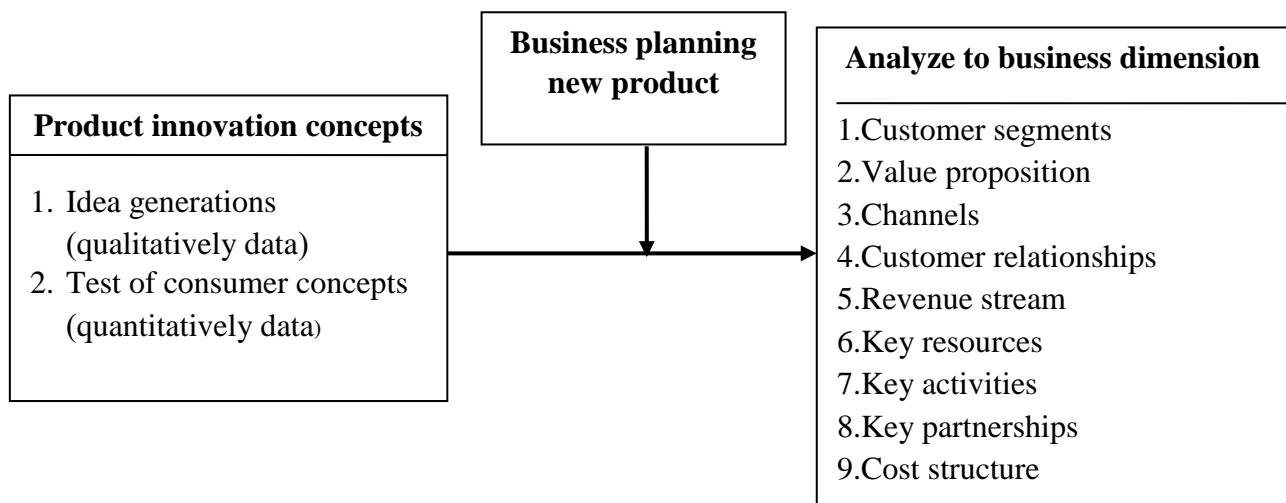


Figure 1: Overview of the new product development process.

Source: Adapted from Aungvaravong & Yanakittkul (2017)

In addition, the application of BMC concepts for business analyzes, for example, Heidi, Peter, and Ian (2015) has studied the growth opportunities of organic food products in entering new markets. The following findings are as follows: (1) the business must present the value of the product to the customers to be accepted and recognized in the target customers. (2) business organizations must control the use of resources to maximize the benefits of new product development. (3) position the product appropriately to enter the new market which will result in the business being successful. (4) the weakness of the new business is the lack of marketing experience. (5) wrong business planning can lead to failure. (6) analysis of the business model to cover all nine aspects will help the business to see the image clearly that the point of doing business is a gap. In while, Aungvaravong & Yanakittkul (2017) applied the BMC in analyzing the business model of the organic rice powder drink in nine aspects. By studying and developing the concept of health food products for the elderly consumers. It is produced from broken rice and by-products from organic jasmine rice. It is found that the finished organic rice powder drink is a product that is interesting to develop into production to test the market, because the strengths of this product come from raw materials is broken rice and organic rice by-products are non-toxic and environmentally friendly raw materials. Making products

that are sound for the health of consumers and able to increase revenue for organic rice farmers from selling raw materials to produce higher prices from processing. In addition, Aungvaravong & Yanakittkul (2017) also suggests that what makes BMC accepted is the model that can be adapted for either current or new businesses. By focusing on the participation of all elements in the business to develop new products and services that will support the organization to challenge the obstacles from the same conceptual framework. Which have clear goals and present techniques for writing business models with emphasis on personnel brainstorming to screen the concept is 3 to 4 alternatives, then navigate to select the issues in nine elements, showing examples as shown in **Figure 2**. Then, analyze the best options to be business model of the organization. In addition, from **Figure 2**, we will see an overview of the business model innovation which will be useful to help the entrepreneur present the strengths of the business associated with to present the value of the products and/or services to the target customers correctly.

CONCLUSIONS AND IMMPLEMENTATIONS

As in the near future, the world's population will have a higher proportion of elderly, making them aware of the problems that follow. The elderly often experience health problems from many types of non-communicable diseases-NCD that are associated with higher age. Therefore, presenting guidelines for analyzing the health food business for the elderly to be accepted and most satisfied starting from the concept of new product development process and guidelines for the development of food business models, with emphasis on examples of nine building blocks of BMC including 1. customer segments, 2. value proposition, channels, 4. customer relationships, 5. revenue streams, 6. key resources , 7. key activities, 8. key partnerships, and 9. cost structure. Guidelines for analyzing the innovation of the health food business model presented in this article are just a preliminary presentation. If the entrepreneur will apply in the food and beverage business for health, Aungvaravong & Yanakittkul (2017) recommends further analysis as follows: First, market analysis by forecasting sales and marketing expenses including marketing personnel, expenses marketing activities, and cost of distribution channels, etc. Second, analysis of production by analyzing the actual costs which can be divided into investment in non-current assets (land, buildings, and equipment), raw material costs, labor costs and various production costs. Third, analyze management. In addition, If it is a new business management cost estimation will be divided into three parts: 1. administrative expenses before proceeding. 2. investment in non-current assets , or 3. management expenses. Four, analyze finances in various areas such as expenses in various related activities. To be used to make investment decisions for health food production projects to the elderly market.

Table 2: The case studied of Business model innovation of instantly-powdered organic rice drink

| Key Partnership | Key Activities | Value Proposition | Customer Relationship | Customer Segment |
|---|--|--|---|---|
| The group of raw material suppliers, especially the farmers of jasmine rice and cereals (In order to have enough raw materials to | (1) develop organic rice powder drink in a variety of flavors. (2) design packaging that is distinctive and modern. | (1) raw materials (broken rice) safe without chemicals. (2) environmentally friendly products. (3) high nutritional value, promote healthy health, reduce diseases | (1) create an online social network for health-loving groups. (2) have personnel to provide knowledge on organic food and provide health counseling. | (1) customers who love working-age health. (2) customers who are in recovery period from illness. (3) customer groups of teenagers with |

| meet the needs, which must contract the purchase of grains and cereals and to obtain low cost according to the target. | | such as diabetes, pressure, etc. | | health problems such as obesity. (4) health-conscious families taking into account the value and benefits of products consumed. |
|--|---|--|--|--|
| Key resources | Distribution channel | | | |
| | (1) supermarket (2) online store (3) retail store (4) drug store (5) crusine store for health (6) health product store | | | |
| Cost structure | | Revenue streams | | |
| (1) suitable production costs, approximately 48 percent of sales. (2) marketing expenses about 20% of sales. | | (1) from the sale of ready-to-drink organic rice powder. (2) from patent value. | | |

Source: Adapted from Aungvaravong & Yanakittkul (2017)

REFERENCES

- Armstrong, G., & Kotler, P. (2007). *Marketing: An introduction* (8th ed). Upper Saddle River, NJ: Pearson Education.
- Aungvaravong, C., & Yanakittkul, P. (2017). Business Model Analysis of Health-Supplement Product from the Organic Rice-Powder Drink. *University of the Thai Chamber and Commerce Journal –Humanity and Social Scienes*, 37(4), 92-108.
- Bowman, C., & Ambrosini, V. (2000). Value creation versus value capture: towards a coherent definition of value in strategy. *British Journal of Management*, 11(1), 1-15.
- Charles, M. F., & Suzy, W. (1996). *The ways chief executive officers lead*. Harvard Business Review. Retrieved on June1, 2019, from <https://hbr.org/1996/05/the-ways-chief-executive-officers-lead>
- Chesbrough, H., & Rosenbloom, R. S. (2002). The Role of the Business Model in Capturing Value from Innovation: Evidence from Xerox Corporation Technology Spin-off Companies, *Industrial and Corporate Change*. 11(3), 529-555.
- David, J. T. (2010). Business models, business strategy and innovation. *Long Range Planning*, 43, 172-197.
- Department of Provincial Administration, Office of the Federal Register. (2015). *The number of people through the kingdom; Separate Bangkok and other provinces*. Retrieved on May 25, 2019, from <http://ratchakittha.soc.go.th/DATA/PDF/2558/049/11.PDF> (in Thai).
- George, D. (2016). *37 Creative employee reward ideas* (2016 update). Retrieved on May 22, 2019, from <http://blog.bonus.ly/15-creative-employee-reward-ideas/>
- Heidi, M. B., Peter, A. K., & Ian, E. (2015). Business models outside the core lessons learned from success and failure. *Research Technology Management*, 58(2), 20-29.
- Iiudlaoong, P. (2019). *Business Model Generation and Support for Opening AEC market*, Retrieved on June 1, 2019, from http://www.castu.org/CAS-TU/files/1_Training-SME18-19-08-59/4_BMC.pdf
- John, B. (2008). *Core concepts of marketing*. Retrieved on May 22, 2019, from <http://www.saylor.org/site/wp-content/uploads/2012/11/Core-Concepts-of-Marketing.pdf>
- Jonides, J. (2000). Notices and announcements. *Psychobiology*. 28(4), 593-594.
- John, A. C., & Roger, A. K. (2009). *Competitor analysis*. Retrieved on June 1, 2019, from <http://pages.Stern.nyu.edu/-jczepiel/Publications/CompetitorAnalysis.pdf>
- Kotler, P. (2014). *Kotler on marketing: How to create, win, and dominate markets*. New York, NY: Free press.

- Leelamanit, W. (2014). *Using vitamins and supplements in the elderly*. Retrieved on May 24, 2019, from <http://www.pharmacy.mahidol.ac.th/knowledge/files/0253.pdf> (in Thai).
- Mitchell, D., & Coles, C. (2003). The Ultimate Competitive Advantage of Continuing Business Model Innovation. *Journal of Business Strategy*, 24(5), 15-21.
- Nakapaksin, S. (2017). Book Review on Ten Types of Innovation: The Discipline Breakthroughs. *KKBS Journal of Business Administration and Accountancy*, 1(3), 65-70.
- Osterwalder, A., & Pigneur, Y. (2010). *Business Model Generation*: John Wiley & Sons.
- Osterwalder, A. (2004). *The business model ontology; A proposition in a design science approach*. (Unpublished doctoral dissertation, University of Lausanne). Retrieved on May 24, 2019, from http://www.hec.unil.ch/aosterwa/PhD/Osterwalder_PhD_BM_Ontology.pdf
- Serisathiansap, S. (2017). Development of learning business model using 5W1H questions with collaborative WEB to enhance analytical thinking ability of undergraduate students. *An Online Journal of Education*, 12(3), 143-159.
- Suvarnnaraksha, T. (2017). Healthy diet innovation for elderly. *EAU Heritage Journal Science and Technology*, 11(3), 1-10.
- Zhenya, L., Matin, R., & Martin, S. D. (2009). *Business Model Innovation*. Retrieved on May 23, 2019, from <https://www.bcg.com/documents/file36456.pdf>

THAILAND HOTEL SUSTAINABILITY INDEX

^a Nattapan Kongbuamai
^b Samatthachai Yamsa-ard
^c Phoommhiphat Pongpruttikul
^d Liu Yun
^e Lien Dha Lung
^f Yang Xiugang

ABSTRACT

Hotel industry as a provider, tourist accommodation is one of the significant tourism services suppliers. Hotels serve a variety of goods and services to the customers. Resources and energy have been used through hotel management, room service, restaurant, and other service facilities. Thailand is one of the world top destinations. To serve this massive amount of both domestic and international tourists, hotels in Thailand face the challenges to provide their goods and services. To support the well-being of country economy, social and environment according to the concept of sustainable tourism of the UNWTO and the 2030 Agenda on Sustainable Development and SDGs, Thailand would take actions to mitigate the effects from the tourism activities, especially in the hotel sector. This study aimed to investigate factors that impacts on the success of hotel business in Thailand by reviewing from extensive literatures. This study will conclude the key success factors in the hotel business for further research.

Keywords: Hotel, Sustainability Index, Thailand

^a School of Management and Economics, Beijing Institute of Technology, China, E-mail:
K_nattapan@hotmail.com

^b Department of Research, Neoma Business School, Mont Saint Aignan, France, E-mail:
samatthachai.yamsa-ard@neoma-bs.fr

^c College of Innovative Business and Accounting, Durakij Pundit University, E-mail: drphoom@gmail.com

^d School of Public Policy and Management, University of Chinese Academy of Sciences, China, E-mail:
Liuyun@ucas.ac.cn

^e Lecturer,Chaina-ASEAN International College, Durakij Pundit University ,Thailand

^f Lecturer,Chaina-ASEAN International College, Durakij Pundit University ,Thailand

INTRODUCTION

Hotel industry as a provider, tourist accommodation is one of the significant tourism services suppliers (Yale, Cook, & Marqua, 2010, p. 7). Hotels served a variety of goods and services to the customers. Resources and energy have been used through hotel management, room service, restaurant, and other service facilities. As Thailand is one of the world top destinations, Thailand is currently ranked the number 10th of international tourism arrivals in the world, which the number of tourists was about 35.4 million visited in 2017 (UNWTO, 2018, pp. 8-16). Nevertheless, domestic tourist is about 18.2 million tourists in 2018 (Ministry of Tourism and Sports, 2019). To serve this vast amount of both local and international tourists, hotels in Thailand face the challenges to provide their goods and services. Thailand currently had 9,663 registered hotels, which provided more than 424,754 rooms over the country in 2018 (Thailand Ministry of Interior, Number of Hotel, 2018).

After Sustainable Development was the first prominence since 1987 when the World Commission on Environment and Development (WCED) published the commission report entitled "Our Common Future" (also known as the Brundtland report) (UN, 1987), many worldwide organizations and countries had worked with its topics in different areas and subjects to achieve the Sustainable Development Goals (SDGs). In the field of tourism, the UNWTO is one of the United Nations agencies, which has a long history of work responsibility for promoting tourism as a driver of economic growth, inclusive development and environmental sustainability and published the concept of sustainable tourism in 2005 (UNWTO, 2005, pp. 11-12).

Currently, UNWTO promoted Tourism to obtain the 2030 Agenda on Sustainable Development and Sustainable Development Goals (SDGs). This 2030 Agenda and SDGs is current global 21-century agenda to drive economic prosperity and social well-being while protecting the environment (UN, 2015). To support the well-being of country economy, social and environment according to the concept of sustainable tourism of the UNWTO and the 2030 Agenda on Sustainable Development and SDGs, Thailand would take actions to mitigate the effects from the tourism activities, especially in the hotel sector. This study aimed to investigate factors that impacts on the success of hotel business in Thailand by reviewing from extensive literatures. This research helped to guide the policymaker to obtain the key factors of hotel sustainability in Thailand.

LITERATURE REVIEW

According to Yale, Cook, & Marqua (2010, p. 7) defined the tourism service suppliers as the individual or organization providing the tourism services to the public including 1) Accommodations, 2) Food and Beverages, 3) Transportation, 4) Attraction and entertainment, and 5) Destination. The accommodation sector is one of the main parts of tourism service suppliers, where the tourists spend their time and concern about service quality. This sub-sector is mainly served the tourists. Resources and energy have been used through hotel management, room service, restaurant, and other service facilities. There are many kinds of accommodations. For the tourism purpose, the Department of Tourism, Thailand Ministry of Tourism and Sports divides the accommodation sectors for tourist as follow (Thailand Ministry of Interior, 2008);

- 1) Home Stay
- 2) Hotel
- 3) Resort
- 4) Service Apartment
- 5) Guesthouse

Hotel is contributed to the most significant number among the accommodation sector for tourists in Thailand. Thailand currently had more than 9,600 hotels in 2018. For Hotel, Ministry of Interior divided hotel into 4 categories including Hotel Type 1 is the hotel provides only the rooms; Type 2: The hotel offers rooms and restaurants or the cooking places; Type 3: The hotel offers the offices, restaurants or the sizzling places, and servicing locations according to the servicing places law or conference rooms; and Type 4: The hotel provides the rooms, restaurants or the cooking sites, and servicing places code according to the servicing places law and conference rooms (Thailand Ministry of Interior, 2008). Table 1 shows the Number of Hotels and Rooms in Thailand by region in 2018.

Table 1: Number of Hotels and Rooms in Thailand by Region in 2018

| No. | Region | Number of Hotel | Number of Rooms | Types | | | |
|-------|-----------|-----------------|-----------------|-------|-------|-------|-----|
| | | | | 1 | 2 | 3 | 4 |
| 1 | Bangkok | 710 | 106,025 | 95 | 339 | 187 | 89 |
| 2 | North | 1,699 | 49,919 | 1,163 | 321 | 157 | 58 |
| 3 | Northeast | 2,479 | 57,001 | 1,958 | 274 | 154 | 93 |
| 4 | Central | 1,650 | 55,316 | 988 | 349 | 258 | 55 |
| 5 | East | 793 | 50,240 | 401 | 213 | 144 | 35 |
| 6 | South | 2,332 | 106,253 | 1,266 | 613 | 335 | 118 |
| Total | | 9,663 | 424,754 | 5,871 | 2,109 | 1,235 | 448 |

Source: (Thailand Ministry of Interior, Number of Hotel, 2018)

In 2018, Thailand has the total 9,663 hotels which registered at the Thailand Ministry of Interior. There are 424,754 rooms capacity over the country. The northeast region has the highest number of hotels (25.64%), but the South region has the highest number of room for services which is about 424,754 rooms (25.01%) (Thailand Ministry of Interior, Number of Hotel, 2018).

For the star, there is no central standard of the stars, it depends on the organizations who authorized the stars, and some star standard is voluntary apply by individual hotels.

Thailand currently has total six accommodation standards which includes 1) Hotel sustainable criteria by the Global Sustainable Tourism Council (GSTC), 2) ASEAN Green Hotel by the ASEAN Secretariat, 3) Thailand tourism standard by Department of Tourism, Thailand Ministry of Tourism and Sports, 4) Green Leaf by Green Left Foundation, 5) Kinnari Thailand Tourism Awards by TAT, and 6) Green Hotel by Department of Environment Quality Promotion, Thailand Ministry of Natural Resources and Environment.

RESEARCH METHODS

This paper adopted the qualitative approach (Silverman, 1995) as qualitative believes they get insight information from the key informants. The critical importance of the qualitative approach is to describe the detail of object studies and try to understand the relationship of socio-environment in different perspectives. This study reviewed extensive literature to study hotel sustainable index in the first stage prior to seek to interview people in the industry throughout in Thailand. This study planned to use non-participation observation and in-depth interview (Miles, et al, 1994) as an instrument to collect data. The researcher planned to interview five people regionally (totally 30 people) by using personal contact. The research had basic knowledge before the interview to ensure the understanding of the knowledge obtained during the meeting. The researcher did not use the questions to lead the discussion.

The study is exploratory research as this study explored from the beginning of hotel sustainability index in Thailand, which also presented in findings. There were only a few studies in Thailand about the index. This study aimed to explore the hotel sustainability indexes in Thailand and study how the hotel would be able to achieve the sustainability concept. This study also designed to provide suggestion to link the explanation with the study phenomenon and demonstrate the relationship between data and information. The reliability of the information could be examined from the source of information (which could be variability), theories, and the experts in the hotel and hospitality area. Information was interpreted and categorised into themes, then provided codes and analysed by using a descriptive analysis lens.

FINDINGS

Hotel Sustainability Index: An Exploration in Thailand

Thailand currently has total of six awards and standards related to sustainable development, sustainability, eco- and environmentally friendly, green concept in hotel business (see table 2). There are two standards from the international organization, and 4 awards and standards from domestic organization. There award and standard are voluntary applied by the hotel business consideration. Each award and standard has their own criteria and time frame vary by their objectives and responsibilities as follow;

The GSTC Industry Criteria (GSTC-I) was developed by the Global Sustainable Tourism Council (GSTC). Within the GSTC Industry Criteria (GSTC-I), there are two sets of performance indicators including (1) for Hotels, and (2) for Tour Operators. The Hotel Criteria of GSTC are organized around four main themes of (1) effective sustainability planning, (2) maximizing social and economic benefits for the local community, (3) enhancing cultural heritage, and (4) reducing negative impacts to the environment (Global Sustainable Tourism Council, 2019).

Table 2: The GSTC Industry Criteria (GSTC-I)

| SECTION A: Demonstrate effective sustainable management | SECTION B: Maximize social and economic benefits to the local community and minimize negative impacts | SECTION C: Maximize benefits to cultural heritage and minimize negative impacts | Section D: Maximize benefits to the environment and minimize negative impacts |
|--|--|--|--|
| A1 Sustainability management system | B1 Community support | C1 Cultural interactions | D1 Conserving resources |
| A2 Legal compliance | B2 Local employment | C2 Protecting cultural heritage | D2 Reducing pollution |
| A3 Reporting and communication | B3 Local purchasing | C3 Presenting culture and heritage | D3 Conserving biodiversity, ecosystems and landscapes |
| A4 Staff engagement | B4 Local entrepreneurs | C4 Artefacts | |
| A5 Customer experience | B5 Exploitation and harassment | | |
| A6 Accurate promotion | B6 Equal opportunity | | |
| A7 Buildings and infrastructure | B7 Decent work | | |
| A8 Land water and property rights | B8 Community services | | |
| A9 Information and interpretation | B9 Local livelihoods | | |
| A10 Destination engagement | | | |

Source: Global Sustainable Tourism Council (2016, pp. 3-11)

ASEAN Green Hotel Standard is organized by the ASEAN Secretariat. There are total 12 major criteria (see table 3) related to the Environmentally-friendly and Energy Conservation in the ASEAN Accommodation industry. The hotel business in the ten countries within ASEAN community can voluntary apply for these certifications (The ASEAN Secretariat, 2016).

Table 3: ASEAN Green Hotel Standard

| Major Criteria and Requirements | |
|--|---|
| 1.Environmental policy and actions for hotel operation | 7.Water efficiency and water quality |
| 2.Use of green products | 8.Air quality management (indoor and outdoor) |
| 3.Collaboration with the community local organizations | 9.Noise pollution control |
| 4.Human resource development | 10.Waste water treatment and management |
| 5.Solid waste management | 11.Toxic and chemical substance disposal management |
| 6.Energy efficiency | |

(The ASEAN Secretariat, 2016)

Thailand tourism standard is organized by Department of Tourism, Thailand Ministry of Tourism and Sports and partners. This standard is Thailand official standard for giving the number of stars for the hotel (1 star, 2 stars, 3 stars, 4 stars, and 5 stars). This standard is voluntary job by each hotel's consideration. This standard focus based on the hotel capacity and facility and some issues related to social and environment. The standard designed into 12 sections including hotel facility, human resources, safety, environment, and community (see table 4).

Table 4: Thailand Tourism Standard for Hotel

| Accommodation Standard for Tourism (Hotel)- Major Criteria and Requirements | |
|--|---|
| Section 1 Location, environment, facility and parking | Section 7 Business area: Meeting room and Business center |
| Section 2 Reception area, public toilet, elevator and hallway | Section 8 Human resource and service |
| Section 3 Room facility - Standard | Section 9 Safety |
| Section 4 Room facility – Suite and Executive Floor | Section 10 Resources, community and supportive service |
| Section 5 Restaurant, Coffee bar, bar, and kitchen | Section 11 Employees support |
| Section 6 Recreation area and swimming pool | Section 12 Other (standard, certification, etc) |

(Deaprtment of Tourism, 2019)

The Green Leaf Foundation was officially founded and registered on the 17th of March 1988 by the Board of Environmental Promotion of Tourism Activities (BEPTA). Green Leaf Program for hotels under the Green Leaf Foundation is to develop the environmental quality for the tourism industry with the objectives are (1) to promote knowledge and support studies and research in the creation of a good understanding of environmental conservation, (2) to assist owners and operators in the tourism industry to develop environmental quality standard in their workplace, and (3) to establish standards of ecological practices for tourism and tourism-related business in responding to consumer's requirement (Green Leaf Foundation , 2019). The Green Leaf criteria have total 11 sections (including 172 questions) to encourage the hotels to continue to upgrade the environmental standards, which leads to sustainability.

Table 5: The Green Leaf Criteria

| Major Criteria and Requirements | |
|--|--|
| Section 1 Policy and Standards of Environmental Practice | Section 7 Noise Pollution |
| Section 2 Waste Management | Section 8 Quality of Water |
| Section 3 Efficiently Use of Energy and Water | Section 9 Storage and Management of fuel, gas, and toxic waste |
| Section 4 Purchasing | Section 10 Impact on Eco-system |
| Section 5 In-door Air quality | Section 11 Cooperation with Community and Local Organizations |
| Section 6 Air Pollution | |

(Green Leaf Foundation , 2019)

Kinnari Thailand Tourism Awards by Tourism Authority of Thailand (TAT), it was awarded since 1996; it is every 2 years awards by TAT. This award has three mains branches of (1) Attraction, (2) Accommodation, and (3) Health and Wellness Tourism. For accommodation branch, there are four types of awards including (1) Luxury Hotel, (2) Location Hotel, (3) Resort, and (4) Design hotel. For Luxury Hotel (Location Hotel, Fun and Entertainment, Historical and Culture, Local and Community) including (1) Sustainability and Responsibility, (2) Voice of Customer (VOC), and (3) Customers Interest (TAT, 2018).

The Green Hotel by Department of Environment Quality Promotion, Thailand Ministry of Natural Resources and Environment. Bureau of Public Participation Promotion, Department of Environmental Quality Promotion. Ministry of Natural Resources and Environment has launched "Environmentally Friendly Hotel (Green hotel)" project in Thailand since 2013 (Ministry of Natural Resources and Environment , 2018). The standards try to promote the well-being of the economic, social, and environment aspect. Also, the Department of Environmental Quality Promotion has lunched "Environmentally Friendly Hotel (Green Hotel) project with aims to enhance the use of resources and energy of the hotel, and improve the standard of service to become more environmentally friendly hotels. The six criteria areas cover 1) environmental policy, 2) capacity building, 3) public relations and campaigns, 4) green procurement, 5) environmental management and energy conservation, and 6) participation with the local community (Ministry of Natural Resources and Environment , 2018).

In the conclusion, hotels in Thailand widely applied these 6 awards and standards. These 6 awards and standards were developed by both government and non-government organizations, it is very good opportunity for Thailand especially hotel business to obtain this awards and standards to drive the society and the country to achieve the 2030 Sustainable Development Goals (SDGs). Furthermore, some organization is domestic level, some organizations are reginal level or globe level.

Each awards and standards certified vary time periods, some awards and standards certified for 1 year period, 2 years period, or more. The time period is depending on the authorized organization's consideration.

Based on this literature review, there are many criteria and requirements to promote the sustainable development, sustainability, eco- and environmentally friendly, green concept. There awards and standards can group into six clusters to drive the well-being of economic, social, and environment for the hotel business including;

1. Sustainability and Environmental Policy
2. Human Resource and Capacity Building
3. Public Relations and Campaigns
4. Environmentally Procurement and Purchasing
5. Safety, Energy, Resource and Environmental Management
6. Community Participation

In the pillar of sustainability (economics, social and environment), each of pillar has different priority to the hotel sustainability according to perspective. Cvelbar L.K., Dwyer L. suggested that economic performance, customer relationship and cost saving environmental activities are the most key factors among the hotel manager in Slovenia's hospitality industry, In contrast, environmental awareness, and improve relationships with employees are seen as less important, and Community relationships are seen as of low importance by the manager perspective (Cvelbar & Dwyer, 2013). Furthermore, Alameeri A., Ajmal M.M., Hussain M., and Helo P. (2018) comment that hotels mostly focus on economic sustainability; however, the environmental and social dimensions of sustainability are ignored in management practices. Therefore, the hotels should weight the important of each pillar of sustainability- economic, social, and environment, and the hotel business should take the aspect of economic, social and environment in their policy and action to sustain their business and provide the benefits to their employees, customers and community.

For the benefit to the hotels to apply these awards and standards, firstly, the authorized organizations will help to promote the hotels in their media and recommend to the public to choose the certified hotels as the first priority. Second, the hotel itself also can promote their awards and standards in their marketing campaign as their corporate social responsibility (CSR) and environmental concern. Lastly, improvement of facility and services would help to increase their efficiency to obtain their good performance in financial, social and environment in the long run.

CONCLUSIONS

Hotel industry as a provider, tourist accommodation is one of the major tourism services suppliers. Hotels serve a variety of goods and services to the customers. Resources and energy have been used through hotel management, room service, restaurant, and other service facilities. Thailand is one of the world top destinations. To serve this vast amount of both domestic and international tourists, hotels in Thailand face the challenges to provide their goods and services. To support the well-being of country economy, social and environment according to the concept of sustainable tourism of the UNWTO and the 2030 Agenda on Sustainable Development and SDGs, Thailand would take actions to mitigate the effects from the tourism activities, especially in the hotel sector. According to the variety of awards and standards regarding sustainable development, sustainability, eco- and environmentally friendly, green concept, it concluded into main six core sustainability criteria including 1. Sustainability and Environmental Policy, 2. Human Resource and Capacity Building, 3. Public Relations and Campaigns, 4. Environmentally Procurement and Purchasing, 5. Safety, Energy, Resource and Environmental Management, and 6. Community Participation.

REFERENCES

- Alameeri A., A., Ajmal M.M., Hussain, M., & Helo, P. (2018). Sustainable management practices in UAE hotels. *International Journal of Culture, Tourism, and Hospitality Research*, 12(4), 440-466.
- Cvelbar, K. L., & Dwyer, L. (2013). An importance-performance analysis of sustainability factors for long-term strategy planning in Slovenian hotels. *Journal of Sustainable Tourism*, 25(4), 595-613.
- Deaprtment of Tourism. (2019). *Thailand Tourism Standard for 5 Star Hotel*. Bangkok: Deaprtment of Tourism. Retrieved from http://www.thaihotels.org/attachments/view/?attach_id=203096
- Global Sustainable Tourism Council (GSTC). (2016). *The GSTC Industry Criteria (GSTC-I)*. Global Sustainable Tourism Council (GSTC).
- Global Sustainable Tourism Council. (2019). *GSTC Industry Criteria for Hotels*. Retrieved from The Global Sustainable Tourism Council (GSTC): <https://www.gstcouncil.org/gstc-criteria/gstc-industry-criteria-for-hotels/>
- Green Leaf Foundation . (2019). *Home*. Retrieved from The Green Leaf Foundation: http://www.greenleafthai.org/en/green_found/index.php
- Miles, MB, Huberman, AM, Huberman, MA & Huberman, M . (1994). *Qualitative data analysis: An expanded sourcebook*, sage.
- Ministry of Natural Resources and Environment. (2018). *Green Hotel*. Bangkok: Bureau of Public Participation Promotion, Department of Environmental Quality Promotion Ministry of Natural Resources and Environment.
- Ministry of Tourism and Sports. (2019). *Domestic Tourism Statistics (Classify by region and province 2019)*. Bangkok: Ministry of Tourism and Sports.
- Silverman, D. (2015). *Interpreting qualitative data*, Sage.
- TAT. (2018). *Tourism Awards*. Retrieved from TAT: <https://tourismawards.tourismthailand.org/index>
- Thailand Ministry of Interior. (2008). *Ministerial Regulations on Classification and Criteria for Hotel Business B.E. 2551*. Bangkok: Ratchakitcha.
- Thailand Ministry of Interior. (2018, October 9). *Number of Hotel*. Retrieved from Order Maintenance Division 3: <https://multi.dopa.go.th/omd3/news/cate6>
- The ASEAN Secretariat. (2016). *ASEAN Green Hotel Standard*. Jakarta: The ASEAN Secretariat. Retrieved from <https://www.asean.org/storage/2012/05/ASEAN-Green-Hotel-Standard.pdf>
- UN. (1987). *Our Common Future: Report of the World Commission on Environment and Development*. Geneva: UN. Retrieved from <http://www.un-documents.net/ocf-02.htm>
- UN. (2015). *Transforming Our World:The 2030 Agenda for Sustainable Development*. UN. Retrieved from <https://sustainabledevelopment.un.org/content/documents/21252030%20Agenda%20for%20Sustainable%20Development%20web.pdf>
- UNWTO. (2005). *Making Tourism More Sustainable - A Guide for Policy Makers*. UNEP and UNWTO.
- UNWTO. (2018). *UNWTO Tourism Highlights 2018 Edition*. UNWTO. Retrieved December 10, 2018, from <https://www.e-unwto.org/doi/pdf/10.18111/9789284419876>
- Yale, L. J., Cook, R. A., & Marqua, J. J. (2010). In *Tourism: The business of travel* (4th ed.). Singapore: Pearson Prentice - Hall.

A STUDY OF THE COMPETITIVE ADVANTAGE OF LOCAL STEAKHOUSES IN THAILAND

^a Adilla Pongyeela
^b Katanyu Hiransomboon

ABSTRACT

This research aims to study (1) the strengths of local steakhouses in Thailand that create a competitive advantage, (2) the type of competitive advantage of the local steakhouse, (3) the relationship between the type of advantage and the price per order. The population was the entrepreneurs of Thai local steakhouses called Muaklek Steakhouse in Saraburi and Nakhon Ratchasima provinces in Thailand. The sample size was 50 of entrepreneurs. This is quantitative research and a questionnaire was used as the research instrument. The data were analyzed by frequency, percentage, mean and S.D., and hypotheses were tested by using F-test. The findings of this study show that most of the firms were one owner businesses, with not more than 5 employees, operating in business for not more than 5 years, were located near tourist sites, and were just ordinary steakhouses. The popular types of steaks were pork, beef, and chicken. The most sellable prices were 200-400 Baht (USD6.45-12.9). Most of the entrepreneurs did not graduate in a food-related field.

To serve the above objectives, it was found that;

- (1) The strengths of local steakhouse in Thailand to create competitive advantage were the creation of a value chain, knowing the source of raw materials, entering the market first, offering better products than competitors, and economies of scale respectively.
- (2) The type of competitive advantage of Thai local steakhouses was differentiation especially in terms of quality and taste.
- (3) The results of hypothesis testing revealed that the steak firms which set different prices per order employed different types of competitive strategy. The firms that offered high prices tended to employ a differentiation strategy, and the firms that offered lower prices tended to employ cost leadership strategies.

Keywords: Thai Local Steakhouse, Muaklek Steakhouse, Competitive Advantage, Type of Competitive Advantage, Creation of Value Chain.

^a Asst. Prof. and Ph.D., College of Innovative Business and Accountancy, Dhurakij Pundit University, Bangkok, Thailand, Email: adilla777@yahoo.com

^b Assoc. Prof. and Ph.D., King Mongkut's Institute of Technology Ladkrabang, Thailand, Email: katanyu_h@hotmail.com

INTRODUCTION

Many people nowadays enjoyed themselves by travelling and looking for delicious food in the local area where they passed by. There are different kinds of foods that business had offered to market. Many kinds of foods discovered in one country but become very popular in many other countries. Steak is one of the examples of those foods which came from the west to the east and other parts of the world. In Thailand steak is popular also that attracted many entrepreneurs to come to run this business that we called steakhouse. Therefore, there are many steakhouses opened to serve customers in the country in different styles and different prices, brought to higher competition in the industry. The steak entrepreneurs took harder effort to create competitive advantage to retain customers. In Thailand the popular steakhouses are in the places that have cattle farms. The popular place called "Muaklek." That was why they call "Muaklek steakhouse." Muaklek is a district in Saraburi province where boundary connected to Pakchong district in Nakornrachasima province. Many tourist sites and cattle farms are available there to support steakhouses and restaurants business. Steak becomes local dish which is famous as "Muaklek steak" or "Saraburi steak". Fresh raw material, cooking in Thai style, and convenient location nearby tourist place enhances tourists to usually have steak in their trip. Due to increasing demand of delicious steak, Muaklek steakhouse business is growing and being more competitive to offer the best service to win their customer's satisfaction. Muaklek steakhouses had become the generic name of steakhouses in Thailand. They compete to each other. They used different kinds of strategies to encourage customers. They earned differently. Therefore, it comes to this research to find out that how this business could create competitive advantage and what type of competitive strategy they used to operate the business.

OBJECTIVES OF THE STUDY

1. To study the strengths of Muaklek Steakhouse in Thailand those would bring to create competitive advantage.
2. To study the type of competitive advantage of Muaklek Steakhouse that used as competitive strategy.
3. To find the relationship between the type of advantage and the price per order.

LITERATURE REVIEW

A steak is a thick slice of meat cut for roasting or grilling or frying. There were many kinds of steaks in the market such as beef, pork, chicken, fish, lamp, seafood, and vegetables. Beef steak is very popular. The prices are depended on qualities, higher prices for higher quality. Generally, the higher the quality, the more tender the beef, the less time is needed for cooking. For example, Kobe beef from Japan, is known for its high quality and commands a high price. Steak is often served with chips and various vegetables that could make different styles to offer the market in different countries. Religious belief has an effect on the consumption of steak and other meats. Jews and Muslims are not permitted to eat pork steak; and for many Hindus, cows are sacred and should not be killed or eaten. In Thailand most of the people are Buddhist and most of them eat various kinds of food, which forced entrepreneurs in Thailand offer various kinds of steaks. The cuts of steak are quite dissimilar between countries, with the result that a steak found in one country is not the same as in another. Not only in Thailand but steak is a popular dish in many places around the world. When ordering steak at a restaurant it is common practice to advise the chef or person taking orders of how you would like your steak cooked. The terms rare, medium-rare, medium, medium-well or well-done denote individual preferences. Many restaurants which are specialized in serving steak, describing themselves as "steakhouses", competing for offering their own kind of steak to serve their target market. When many entrepreneurs come into the market make the industry get higher competition. That was why each entrepreneur tries to create his own

competitive advantage. A competitive advantage is an advantage gained over competitors by offering customers greater value, either through lower prices or by providing additional benefits and service. An advantage that a firm has over its competitors could bring the firm to generate greater sales or margins or retain more customers than its competitors. There are two main types of competitive advantages, which are cost advantage and differential advantage. Cost advantage is a firm's ability to produce its product at a lower cost than its competitors, which gives the firm the ability to sell the product at a lower price than its competitors or to generate a larger margin on sales. A differential advantage is created when a firm's products differ from its competitors and customers could perceive better. Enz, A. Cathy (2008) studied creating competitive advantage by building resource capability, the case of Outback Steakhouse in Korea provides the framework which suggests that companies must manage and blend resources in the following five categories: (1) financial resources, (2) physical resources, (3) human resources, (4) organizational knowledge and learning, and (5) general organizational resources (including brand names and relationships with stakeholders). Mueller (1997) indicated that one of the empirical regularities of a product or industry's life cycle is that the one or two firms that eventually emerge as the industry leaders tend to be among the first to enter the industry. It shows the first mover's advantage that might account for the dramatic and persistent differences in performance across firms that have been observed. In steak business, the first firm who entered the industry and could be sustainable must have enough strengths because there are many factors affecting the animal industries. Cheva-Isarakul, Boonserm (2010) from Department of Animal Science, Faculty of Agriculture, Chiang Mai University indicated that Issues Affecting the Animal Industries: those were biotechnology, consumer issues, environment issues, government policy, marketing issues, public land issues. So, the firms must face with this uncertainty environment. Normally, business could create competitive advantage in many ways for goods and services. Pongyeela, Adilla (2015) suggested that those are:

- 1) Coming first to the market to be pioneer in that area. There are less competitors and easy to remember.
- 2) Offering superior goods and services than competitors. Customers have good impression and have opportunity to perceive value that bring to loyal in brand.
- 3) Creating of value chain. The steak entrepreneurs are able to add value to the products. May be from creating own recipe.
- 4) Knowing the sources of resources both primary and secondary, help steak entrepreneurs save costs, have good quality of raw materials, and able to control the quality and quantity.
- 5) Having alliances help entrepreneurs meet efficiency, save time and cost, and having network of information, materials, and service, be able to reduce weakness and support strengths.
- 6) Economies of scale which help entrepreneurs save costs, especially fixed cost per unit could be reduced creating competitive price.

For the type of competitive advantage which is cost leadership, there were factors needed to support: those are 1) able to access source of fund, 2) efficiency of production structure, 3) productive labors, 4) low distribution cost, 5) effective cost control, 6) need feedback of control, 7) product design which able to produce fast and easy. For the type of competitive advantage which is differentiation, there were factors needed to support: those are 1) ability to offer value, 2) product differentiation, 3) creativity, 4) ability to do R&D, 5) ability to retain reputation, and ability to attract high reputation persons to PR (Industrial business center, money.sanook.com/).

Morakok Thepyos (2008) studied factors affecting business operation of foreign food restaurants in Chiang Mai municipality, 34 samples were selected from foreign restaurants in Chiang Mai to be interviewed by questionnaires. The study found that most foreign food restaurant were in medium size, invested by Thais. Operation period was 5-10 years, most entrepreneurs were keen in cooking, rented a place to build restaurants, located near the business zone. The owner was responsible for managing business and used less than 20 staff members, mostly buy their raw

materials from the market. Costs, mainly in raw materials, was about 53 percent of total cost. Both Thais and foreigners were customers. Average number of customers was 61 – 90 per day. Factors affecting the establishment of foreign restaurants were two major factors, personnel was the most important factor and financial factors were the least important factors. In the marketing mix, location factor was the most important and promotion was the least important. Major problem found was high competition among foreign food restaurants and the least important one was regulatory issues. Jirawat Wongsuwan (2015) studied factors affecting the consumption in Celery Steak restaurant in Mueang Nonthaburi, found that the reputation of the restaurant was the highest influence. The amount of paying money had relationship with the product. The best time that consumer came was 12.00-17.00 PM.

METHODOLOGY

Population and Sample

The population in this research was the local Muaklek Steakhouse entrepreneurs, concentrated in Saraburi province and Nakhon Ratchasima province, in Thailand. The sample size was 50 entrepreneurs of the business which approximately more than 50% of the population. The convenient sampling was used to choose the respondent.

Data Collection Method

The data used for this research was primary data from the entrepreneurs of the local steakhouses in Thailand, concentrated in Saraburi province and Nakhon Ratchasima province. Those area are popular for tourists both Thais and foreigners. These data were collected through interviewing and surveying 50 entrepreneurs of those steakhouses in Thailand.

Tools for Data Collection

Questionnaire was employed as the tool for the survey which passed doing pretest for validity and reliability; consisting of 3 parts as follows:

Part 1: Business data of Muaklek steakhouses.

Part 2: The strengths of Muaklek Steakhouse in Thailand those bring to create competitive advantage, those factors were the creation of value chain, knowing the source of raw materials, coming first to market, offering better than competitors, and economies of scales.

Part 3: Type of competitive strategy which reflected competitive advantage, there were cost leadership strategy and differentiation strategy.

Data Analysis

Descriptive statistics such as frequency and percentage were used in the data analysis regarding the respondents' business information. Means and S.D. were used in the data analysis regarding the respondents' opinions about competitive advantage.

The inferential statistics such as F-test for one-way analysis of variance (One-way ANOVA) was used to compare means which are more than two groups.

RESULTS

Part 1: Business information

Table 1: Number and percentage of business characteristic

| <i>Number of employees</i> | N | % |
|----------------------------|----------|----------|
| 1- 5 persons | 20 | 40.00 |
| 6 - 10 persons | 16 | 32.00 |
| > 10 persons | 14 | 28.00 |
| Total | 50 | 100.00 |
| <i>Age of business</i> | | |

| <i>Number of employees</i> | N | % |
|---|----------|----------|
| 1- 5 years | 21 | 42.00 |
| 6 - 10 years | 16 | 32.00 |
| >10 years | 13 | 26.00 |
| Total | 50 | 100.00 |
| <i>Location</i> | | |
| Near tourist sights | 23 | 46.00 |
| Near resident community | 15 | 30.00 |
| Near business area / department store | 0 | 0.00 |
| Near hotel / resort | 12 | 24.00 |
| Total | 50 | 100.00 |
| <i>Type of steak house</i> | | |
| Decorated inside beautifully / had small garden / had music | 9 | 18.00 |
| Decorated inside beautifully | 20 | 40.00 |
| Ordinary steakhouse | 21 | 42.00 |
| Total | 50 | 100.00 |
| <i>Type of steaks</i> | | |
| Beef | 46 | 23.71 |
| Pork | 50 | 25.77 |
| Chicken | 36 | 18.56 |
| Fish | 36 | 18.56 |
| Seafood | 10 | 5.15 |
| Ostrich | 11 | 5.67 |
| Lamp | 5 | 2.58 |
| Total | 194 | 100.00 |
| <i>Average price per order</i> | | |
| Not more than 200 baht | 14 | 28.00 |
| 201 – 400 baht | 29 | 58.00 |
| 401 – 600 baht | 6 | 12.00 |
| More than 600 baht | 1 | 2.00 |
| Total | 50 | 100.00 |
| <i>Educational Background of entrepreneurs</i> | | |
| Food graduated directly | 12 | 24.00 |
| Non- food graduated | 38 | 76.00 |
| Total | 50 | 100.00 |

From the study in table 1, it was found that the respondents consisted of 50 entrepreneurs of Muaklek Steakhouse in Thailand, concentrated in Saraburi province and Nakhon Ratchasima province. Most of the steakhouses employed not more than 5 employees. The ages of operation mostly were not more than 5 years. The most popular location was near the tourist places. There were just ordinary steakhouses some decorated inside beautifully. They offered steaks such as pork, beef, chicken, fish, seafood, Ostrich, and lamp respectively. The most sellable price per order was between 201 – 400 baht (approximately 6.5-13 USD), and most of the entrepreneurs of the steakhouses were non- food graduated.

Table 2: Level of opinion of entrepreneurs toward strengths of Muaklek Steakhouse which brought to create competitive advantage

| Strengths of Muaklek Steakhouse | level of opinion | | Rank | Meaning |
|-------------------------------------|------------------|------|------|----------|
| | <u>M</u> | S.D. | | |
| Coming first to market | 3.82 | 0.82 | 3 | High |
| Offering better than competitors | 3.77 | 0.52 | 4 | High |
| Creation of value chain | 4.24 | 0.47 | 1 | Highest |
| Knowing the source of raw materials | 4.06 | 0.64 | 2 | High |
| Having alliances | 3.16 | 0.65 | 6 | Moderate |
| Economies of scale | 3.63 | 0.55 | 5 | High |
| Average | 3.79 | 0.41 | | High |
| N | 50 | | | High |

Table 2 indicated that from the opinion of entrepreneurs it was found that the highest strength that brought to create competitive advantage was creation of value chain ($\bar{X} = 4.24$), the next was knowing the source of raw materials, coming first to market, offering better than competitors, economies of scale, and having alliances respectively. So, the most important is creation of value chain that could make the offering superior than competitors. The detail could be seen on table 3-8.

Table 3: Level of opinion of entrepreneurs toward strengths of creation of value chain

| Strengths of creation of value chain | level of opinion | | Rank | Meaning |
|--|------------------|------|------|---------|
| | <u>M</u> | S.D. | | |
| Having own raw material sources | 3.54 | 1.01 | 5 | High |
| Creating own formula/recipe | 4.54 | 0.61 | 2 | Highest |
| Owner is able to cook by himself | 4.56 | 0.61 | 1 | Highest |
| Able to run business by owner and family | 4.38 | 0.75 | 3 | Highest |
| Having reputation and popular steakhouse | 4.16 | 0.74 | 4 | High |
| total | 4.24 | 0.47 | | Highest |
| N | 50 | | | |

From Table 3. it was found that the most significant strength of creation of value chain of steakhouse business is the owner is able to cook by himself, the next is being to create own formula/recipe of steaks, and able to run business by owner and family those are highest. Main reason is that those activities could be controlled by owner and family, hard to copy, that is why could create competitive advantage. This caused reputation to the firm. Jirawat Wongsuwan (2015) found that the reputation of the restaurant was the highest influence.

Table 4: Level of opinion of entrepreneurs toward strengths of knowing the source of raw materials

| knowing the source of raw materials | level of opinion | | rank | Meaning |
|--|------------------|------|------|---------|
| | <u>M</u> | S.D. | | |
| Knowing the source of raw materials and bring to use | 4.36 | 0.66 | 1 | Highest |
| Ability to find the second source of raw materials | 4.12 | 0.77 | 2 | High |

| knowing the source of raw materials | level of opinion | | rank | Meaning |
|-------------------------------------|------------------|------|------|---------|
| | <u>M</u> | S.D. | | |
| Ability to use local raw materials | 3.70 | 0.95 | 3 | High |
| Average | 4.06 | 0.64 | | High |
| N | 50 | | | |

From Table 4. it was found that the most significant strength of knowing the source of raw materials was to know the source of raw materials and bring to use in operating steaks, moreover, the entrepreneurs must have ability to find the second source of raw materials to support when there is lacking of primary sources.

Table 5: Level of opinion of entrepreneurs toward strengths of coming first to market

| Strengths of coming first to market | level of opinion | | rank | Meaning |
|---|------------------|------|------|---------|
| | <u>M</u> | S.D. | | |
| Coming first to operate in the area. | 3.86 | 0.93 | 1 | High |
| Pioneer to offer new service in the area. | 3.78 | 0.89 | 2 | High |
| Average | 3.82 | 0.82 | | High |
| N | 50 | | | |

From Table 5, it was found that the strengths of coming first to market was coming first to operate in the area, and being pioneer to offer new service in the area which make customers know before others.

Table 6: Level of opinion of entrepreneurs toward strengths of offering better than competitors

| Offering better than competitors | level of opinion | | rank | Meaning |
|--|------------------|------|------|---------|
| | <u>M</u> | S.D. | | |
| Use higher quality of raw material than competitors | 4.18 | 0.66 | 1 | High |
| Offer various kinds of steaks and other foods more than competitors. | 3.66 | 0.82 | 3 | High |
| Have better atmosphere than others. | 3.60 | 0.83 | 5 | High |
| Have more productive employees than others. | 3.58 | 0.67 | 6 | High |
| Have faster process of cooking than others. | 3.62 | 0.78 | 4 | High |
| Have better taste of food and service than others. | 3.98 | 0.65 | 2 | High |
| Average | 3.77 | 0.52 | | High |
| N | 50 | | | |

Table 6. indicated that the highest strength from the opinion of entrepreneurs toward offering better than competitors was using higher quality of raw material than competitors. The next were having better taste of food and service than others, offering various kinds of steaks and other foods more than competitors, having faster process of cooking than others, having better atmosphere than others, and having more productive employees than others respectively.

Table 7: Level of opinion of entrepreneurs toward strengths of economies of scale

| Economies of scale | level of opinion | | rank | Meaning |
|---------------------------------------|------------------|------|-------------|----------------|
| | <u>—</u> | S.D. | | |
| Buying raw materials in high quantity | 3.84 | 0.79 | 1 | High |
| Worthiness to hire employees | 3.70 | 0.84 | 2 | High |
| Utilizing the operating expenditures | 3.42 | 0.70 | 4 | High |
| Utilizing decorating expenditures | 3.56 | 0.79 | 3 | High |
| Average | 3.63 | 0.55 | | High |
| N | 50 | | | |

Table 7. indicated that the most significant strength of economies of scale was buying raw materials in high quantity, the next were worthiness to hire employees, utilizing decorating expenditures, and utilizing the operating expenditures respectively.

Table 8: Level of opinion of entrepreneurs toward strengths of having Alliances

| Having Alliances | level of opinion | | rank | Meaning |
|--|------------------|------|-------------|----------------|
| | <u>—</u> | S.D. | | |
| Having PR network from government agency | 2.76 | 0.92 | 4 | Moderate |
| Having network of recommending | 3.08 | 0.94 | 3 | Moderate |
| Having tourism network | 3.16 | 0.87 | 2 | Moderate |
| Having relationship with materials sellers | 3.66 | 0.85 | 1 | High |
| Average | 3.16 | 0.65 | | Moderate |
| N | 50 | | | |

Table 8. indicated that the most significant strength of having alliances was having relationship with materials sellers such equipment, service maintenance, because this business could not wait for a long time. They need someone to solve the problems immediately because customers could not wait for foods when they order.

Table 9: Level of opinion of entrepreneurs toward the type of advantage (competitive strategy)

| Type of advantage (competitive strategy) | level of opinion | | rank | Meaning |
|---|------------------|------|-------------|----------------|
| | <u>—</u> | S.D. | | |
| Cost leadership | 3.09 | 0.87 | 2 | Moderate |
| Differentiation | 3.50 | 0.82 | 1 | High |
| Average | 3.30 | 0.54 | | Moderate |
| N | 50 | | | |

Table 9. indicated that the most significant type of advantage or competitive strategy that those steakhouses employed was differentiation which was at high level but cost leadership strategy was used just at moderate level. Table 1 supported that the most sellable order was not at low price. It is indicated that customers needed some quality for steaks.

Table 10: Hypothesis testing of the relationship between the type of advantage and the price per order

| Type of Advantage | Mean | | | F | F-Prob |
|-------------------|--------------------------|-----------------------|----------------------|----------|---------------|
| | Not > 200 Baht | 201 - 400 Baht | > 400 Baht | | |
| Cost leadership | 3.50 | 3.03 | 2.50 | 3.59 | 0.035* |
| Differentiation | 3.04 | 3.64 | 3.86 | 3.67 | 0.033* |

* 0.05 level of significance

Table 10. indicated that the steak firms which set different prices per order employed different type of advantage or competitive strategy. The firms those offered high price tended to employ differentiation strategy, and the firms those offered lower price tended to employ cost leadership strategy. With differentiation strategy, the firms in this study paid high cost of raw materials let them increase the prices. Jirawat Wongsuwan (2015) found that the amount of paying money had relationship with the product.

Moreover, from hypotheses testing in this study it was found that the quantity of employees had significant relationship with the creation of value chain. Number of years operating had significant relationship with the first mover strategy and economies of scale. High number of operating could increase more economies of scale. Decoration of steakhouse had significant relationship with offering better than competitors and economies of scale. There is no significant relationship between number of years operating, number of employees, location, educational background of entrepreneurs and type of advantage.

CONCLUSION

The most significant strength of Muaklek Steakhouse in Thailand those would bring to create competitive advantage was creation of value chain, those were owner is able to cook by himself, creating own formula/recipe, able to run business by owner and family, an knowing the source of raw materials and bring them to use. The type of competitive advantage of Muaklek Steakhouse mostly employed was differentiation.

SUGGESTION

- 1) Steakhouses those offer high quality and high price or at least moderate price had more opportunity than lower quality and lower price products because steak is not daily food of Thai people, they sometimes eat steaks, that is why they need quite good quality.
- 2) The entrepreneurs of the steakhouses must do research and development with his own to create new taste of steak as the uniqueness of the firm.
- 3) The entrepreneurs of the steakhouses must be able to run the business with their own family, not to depend on others, which loose of control.
- 4) The entrepreneurs of the steakhouses must know the source of raw materials and bring to use at the right time.
- 5) The government sector should train the significant topic that found from the study to the entrepreneurs.

REFERENCES

- Cheva-Isarakul, Boonserm (2010) Animal Welfare Issues Affecting the Animal Industries: those were Biotechnology, Working Paper ANS 201, Faculty of Agriculture, Chiang Mai University.
- Ehmke, C. (2008). Strategies for competitive advantage. *Niche Markets: Assessment and Strategy Development for Agriculture*, 08-13.
- Enz, C. A. (2008). Creating a competitive advantage by building resource capability: The case of Outback Steakhouse Korea. *Cornell Hospitality Quarterly*, 49(1), 73-78.
- Industrial Business Center (BOC). (n.d.). Retrieved September 24, 2014, from <http://monney.sanook.com>)
- Investopedia.com (n.d.). *Creating Competitive Advantage*. Retrieved April 20, 2013, from https://www.investopedia.com/terms/c/competitive_advantage.asp
- Mueller, D. C. (1997). First-mover advantages and path dependence. *International Journal of Industrial Organization*, 15(6), 827-850.
- OK Nation. (2009). *Steak*. Retrieved September 24, 2014, from <http://www.oknation.net/blog/print.php?id=427131>
- Pongyeela, A. (2015). *Strategic Management*. Bangkok, Thailand.
- Thepyos, M. (2008). *Factors affecting Business Operation of Foreign Food Restaurants in Chiang Mai Municipality*. (Graduate School of Chiang Mai University). Chiang Mai: Chiang Mai University. Retrieved October 17, 2016, from http://archive.lib.cmu.ac.th/full/T/2551/econ0951mt_tpg.pdf
- Wongsuwan, J. (2015). *Factors affecting the consumption in Celery Steak restaurant in Mueang Nonthaburi* (Thesis). Bangkok: Silpakorn University.

CUSTOMER SATISFACTION AT FAST FOOD RESTAURANTS IN CAMBODIA

^aDavid Chhun

^bSayamol Nongbunnak

^cNavapong Pontonthadilok

^dArthur Gogatz

ABSTRACT

This research study aims to determine the effect of the service marketing mix on customer satisfaction at fast food restaurants in Cambodia. The study is a survey research using a questionnaire to collect data from Cambodian customers at fast food restaurants. Multistage sampling is applied as the sampling method. Data were collected in Phnom Penh and Siem Reap.

The results revealed that the respondents were males (50%) and females (50%) aged between 21 – 30 years old. The majority had obtained a Bachelor's degree and had an income of between \$100 and \$499 monthly. Partial relationships were found between the demographic profile and the service marketing mix and customer satisfaction at fast food restaurants in Cambodia. Gender, product, people, and physical evidence had significant relationships with customer satisfaction at a significance level of 0.05 ($p < 0.05$). The results may be of benefit to researchers who conduct related studies as well as entrepreneurs and business owners, who can expand their businesses in the fast food industry in Cambodia.

Keywords: Fast Food, Fast Food Restaurant, Cambodia

^a Graduate student, Master of Business Administration (International Program), College of Innovative Business and Accountancy, Dhurakij Pundit University, Email: chhundavid015@yahoo.com

^b Head of Bachelor of Business Administration (International Program) and Ph.D., College of Innovation Business and Accountancy, Dhurakij Pundit University, Email: sayamol.non@dpu.ac.th,

^c Lecturer, College of Innovation Business and Accountancy, Dhurakij Pundit University

^d Visiting Lecturer, College of Innovation Business and Accountancy, Dhurakij Pundit University

INTRODUCTION

The fast food industry has grown steadily in ASEAN. Competition is heating up in Cambodia's growing fast-food sector with both local and international fast food restaurant chains (Backhouse, and David, 2010). International chains like Pizza Hut and Burger King are in competition in the Kingdom of Cambodia. The market for fast food in Phnom Penh is estimated to be worth US\$40 million a year, which accounts for 5.3 percent of the capital's \$744 million annual food expenditure, according to Tep Virak, general manager of Express Food Group – which runs Pizza Company and Swensen's franchises in the Kingdom. However, while fast food still has a relatively small market share, competition within the sector has increased significantly in the past five years (Mattew & Sen, 2010).

The average Cambodian economic growth between 1995 and 2018 was 7.7%, which makes Cambodia one of the fastest growing economies (The World Bank, 2019). The Gross Domestic Product (GDP) of Cambodia increased to 6.90% (Cambodia National Institute of Statistics, 2018) in 2016. The average annual growth of GDP in Cambodia was 7.61% (Cambodia National Institute of Statistics, 2018) from 1994 until 2016. It reached an all-time high of 13.30% (Cambodia National Institute of Statistics, 2018) in 2005 and a low of 0.10% (Cambodia National Institute of Statistics, 2018) in 2009. Moreover, according to the forecasts in the Asian Development Bank's Asian Development Out 2016, after decades of conflict and poverty, Cambodia has enjoyed five years of high economic growth and is becoming a new tiger economy in Asia. However, it is not factories alone that are driving the booming economy of Cambodia. Services, the second biggest contributor to growth, grew by an estimated 7.1% (Asian Development Bank, 2016). The Finance, transport and communication sectors all grew by about 8%, and tourist arrivals rose by 6.1% (Asian Development Bank, 2016) in 2015. Agriculture has shown minimal growth, largely due to drought caused by the El Nino weather phenomenon, but it was projected to grow by 1.6% in 2016 (Asian Development Bank, 2016).

In addition, in regard to Foreign Direct Investment (FDI), China is Cambodia's largest foreign direct investor, with investment capital of 5.3 billion, or about \$1 billion annually (Kimsay, 2018), in the five years from 2013 to 2017. The deputy secretary general of the Cambodia Investment Board at the Council for the Development of Cambodia (CDC) added that "Chinese investment has been growing and will continue to grow in Cambodia in many sectors such as banking, industry and infrastructure". There more Chinese tourists come to visit the country, the greater the number of Chinese immigrants who come to live and work in Cambodia, thus creating more jobs for Cambodian people.

With additional income, Cambodia tend to spend more on their daily life. Cambodian people look for more varieties of both local and international foods (United Nations Industrial Development Organization, 2018). With the changing society, the number of families that eat out is increasing, which has created many opportunities for fast food restaurants in Cambodia. With growing opportunities in fast food restaurants in Cambodia, investigating Cambodian customers may yield insight information and factors that determine their satisfaction. However, research into the level of satisfaction at fast food restaurants in Cambodia is limited. The study may add new knowledge about customer satisfaction at fast food restaurants in Cambodia, and the research results can be guidelines for both local and international fast food restaurants.

The research question of this study is as follows: What are the factors affecting customer satisfaction at fast food restaurants in Cambodia? The objective of this study is to determine the effect of the service marketing mix (7Ps) on customer satisfaction at fast food restaurants in Cambodia. The conceptual framework is as shown in Fig 1 below.

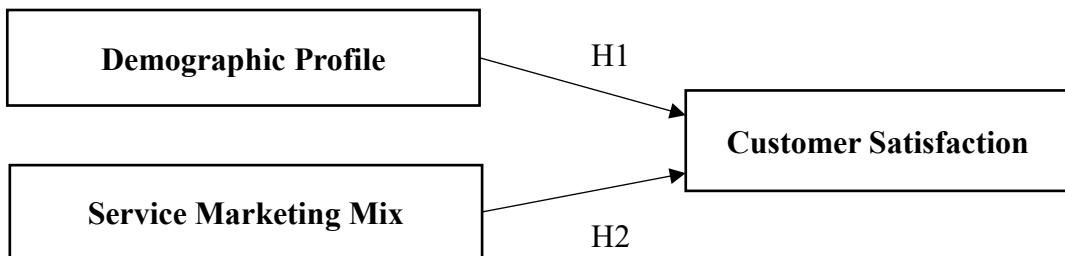


Figure 1: Conceptual framework of the study

From the conceptual framework in Figure 1, two hypotheses are proposed as follows:

- H1: Demographic profile has an effect on customer satisfaction at fast food restaurants in Cambodia.
 H2: Service marketing mix (7Ps) has an effect on customer satisfaction at fast food restaurants in Cambodia.

LITERATURE REVIEW

Customer satisfaction is one of the measurements of the performance of the marketing mix strategy. In any business-to-customer type environment, customer satisfaction is a major goal of a successful business (Munusamy, Chelliah, and Mun, 2010). The study of Hallowell Roger (1996) showed the relationship between demographic profile and customer satisfaction in the banking industry. The results showed that customer satisfaction led to customer loyalty and the enhanced profitability of the company. Goyal and Singh (2007) explored young Indian consumers and found that most of the young Indian consumer visited fast food outlets for a change and for fun. Martínez-Ruiz, Jiménez-Zarco, and Izquierdo-Yusta (2010) also employed customer satisfaction with consumers of hypermarkets and supermarkets in Spain. The factors which made customer satisfied were beneficial to the grocery retail industry.

The Service Marketing Mix (7Ps) is usually applied in service industries such as banking services, financial services, library services, and the tourism industry (Garoufallou, Siatri, Zafeiriou, & Balampanidou, 2013; Kaboli, Fathi, & Azizi, 2011; Mohammad, 2015). Fernandes (2018) presented a model that explains the relationships between the marketing mix, service orientation and service quality and customer satisfaction in the telecommunications industry in Indonesia. Customer satisfaction was applied as a mediator that led to customer loyalty. Goyal and Singh (2007) found that the majority of consumers believe that fast food has inadequate nutritional value. In addition, food taste and quality have highest importance in the minds of fast food consumers (Goyal and Singh, 2007).

Fast food refers to food that is cooked in bulk in advance and kept hot, finished and packed when ordered at a fast food restaurant. It is also available for take-away and online orders and includes hamburgers, fried chicken and French fries (Jakle, and Sculle, 1999). The term ‘Fast Food Restaurant’ refers to a specific type of restaurant that serves fast food cuisine, also known as a quick service restaurant (QSR) in the food industry. Food served in a fast food restaurant are typically part of a “meat-sweet diet” offered from a limited menu (Jack in the Box, 2018). The local fast food restaurant in Cambodia called “Lucky Burger” was established in 1996 serving fast food for Cambodians (Marissa, 2018). In 2005, the Pizza Company, a Thai company, opened the first international fast food restaurant in Cambodia (Export.gov, n.d.). The first global fast food chain restaurant from the United States, KFC, was opened in 2008 in Phnom Penh and Siem Reap International Airport. Later

KFC opened more restaurants in other cities and at Phnom Penh International Airport (Sturrock, 2008). Other fast food restaurant chains that followed KFC are Burger King, and Carl's Jr. and Cold Stone Creamery (Marissa, 2018).

RESEARCH METHODS

The study is a quantitative research using a survey research design. Questionnaire is applied as the tool to collect data from respondents. The population is Cambodian. A multistage sampling method is applied in this study. First, a purposive sampling method is used to select two cities where there are both local and global fast food restaurant chains. Second, a convenience sampling method is used to select the locations to distribute the questionnaire. The questionnaires were distributed to customers at fast food restaurants in Phnom Penh and Siem Reap.

As the size of the population is unknown, the researcher used the Taro Yamane table to calculate the approximate sample size for this study (Poldongnok, 2009). The sample size at a 5% sampling error is suggested to be 384 according to Taro Yamane (1967). Due to limited time frame, two hundred questionnaires were distributed; 100 in Phnom Penh and 100 in Siem Reap between 9 April and 20 May 2018. 150 questionnaires were returned and completed. 75 completed questionnaires were returned from Phnom Penh and 75 from Siem Reap. The respond rate was 75%.

Data were analyzed using statistical software for descriptive and inferential statistics. Data were analyzed for normal distribution with $-1 < \text{Skewness} < 1$ and $-2 < \text{Kurtosis} < 2$ (Tabachnick & Fidell, 2007). Pearson's Chi-Square (χ^2) and correlation analysis were employed to test the relationship between the demographic profiles, the service marketing mix (7Ps) and customer satisfaction and fast food restaurants in Cambodia at a confidence level of 95% ($p < 0.05$).

FINDINGS

As shown in table 1, the respondents were customers in Phnom Penh and Siem Reap, Cambodia. 50% were male and 50% were female. The average age was 21-30 (41.3%). The majority of respondents had obtained a bachelor's degree (49.3%) followed by high school (39.3%) and master's degree (11.3%). The average monthly income of respondents was \$100-\$499 (37.3%). 48% were students, 38% were employees, 9.3% were business owners, and 4% were government officers. 74.7% of the respondents visited fast food restaurants 1-2 times per week.

The most popular fast food restaurant was Lucky Burger which is a local Cambodian brand, followed by Burger King (27.7%), KFC (18.7%), Lotteria (10%), and Carl's Jr. (10%). Respondents spent \$4 - \$6 each time they visited a fast food restaurant.

Table 1: Demographic Profile of the respondents

| | Items | Percent (%) |
|--|--------------------|-------------|
| Gender | Male | 50 |
| | Female | 50 |
| Age | Under 21-year old | 38.7 |
| | 21-30 | 41.3 |
| | 31-40 | 11.3 |
| | 41-50 | 7.3 |
| | Above 50 | 1.3 |
| Education level | High school | 39.3 |
| | Bachelor's Degree | 49.3 |
| | Master's Degree | 11.3 |
| Monthly income (US\$) | Less than \$100 | 36 |
| | \$100-\$499 | 37.3 |
| | \$500-\$999 | 14 |
| | \$1,000-\$1,499 | 4 |
| | \$1,500 or more | 8.7 |
| Occupation | Student | 48 |
| | Employee | 38 |
| | Business owner | 9.3 |
| | Government officer | 4 |
| | other | 0.7 |
| How often do you eat fast food per week? | 1-2 times | 74.7 |
| | 3-4 times | 16.0 |
| | 5-6 times | 6.7 |
| | 7 times | 2.7 |
| What is your favourite fast food restaurant? | Lucky burger | 34.7 |
| | Burger King | 24.7 |
| | KFC | 18.7 |
| | Lotteria | 10 |
| | Carl's Jr. | 10 |
| | Other | 2 |
| How much do you spend each time you go to a fast food restaurant? (US\$) | Less than \$1.00 | 1.3 |
| | \$1 - \$3 | 17.3 |
| | \$4 - \$6 | 38.7 |
| | \$7 - \$9 | 27.3 |
| | \$10 or more | 15.3 |

The results of hypothesis testing

Hypothesis 1 states that the demographic profile influences customer satisfaction in regard to fast food restaurants in Cambodia. Chi-square was used to test the relationship between demographic profile and customer satisfaction. The results showed a relationship between gender and customer satisfaction ($p<0.05$). However, there was no relationship between age, education level, monthly income, and occupation with customer satisfaction ($p>0.05$). The results of the relationship testing between gender and customer satisfaction is presented in Table 2. Gender has a positive relationship with “Overall satisfaction of fast food restaurant” of .042 ($p<0.05$).

Table 2: Results of relationship testing between gender and customer satisfaction

| Items | Value | Df. | Sig. |
|---|-------|-----|-------|
| 1. Overall satisfaction of fast food restaurant | 9.914 | 4 | .042* |
| 2. Future return to a fast food restaurant | 7.604 | 4 | .107 |
| 3. Recommend fast food restaurant to others. | 3.311 | 4 | .507 |
| 4. Happy with decision when choosing a fast food restaurant | 1.733 | 3 | .630 |

* p<0.05

Table 3 presents the level of agreement between customer satisfaction and gender. 58.7% of males agreed with the statement “Overall satisfaction of fast food restaurant” while 42.7% of females agree with this statement.

Table 3: Results of gender and level of agreement of “Overall satisfaction of fast food restaurant” and gender

| Gender | Strongly disagree with the statement | Disagree with the statement | Feel neutral with the statement | Agree with the statement | Strongly agree with the statement |
|--------|--------------------------------------|-----------------------------|---------------------------------|--------------------------|-----------------------------------|
| Male | 0 0.0% | 0 0.0% | 25 33.3% | 55 58.7% | 6 8.0% |
| Female | 1 1.3% | 6 8.0% | 26 34.7% | 32 42.7% | 10 13.3% |

Hypothesis 2 states that the service marketing mix (7Ps) influence customer satisfaction toward fast food restaurant in Cambodia. Correlation analysis was applied to test hypothesis 2. The results are presented in table 4. There are positive relationships of product, average of product, people, and physical evidence with p-value of .026, .016, and .028 respectively (p<0.05). The findings showed no relationship between price, place, promotion, and process with p-value of .403, .284, .242, and .316 (p>0.05).

Table 4: Results on the relationship between the service marketing mix (7P's) and customer satisfaction

| Item statement | r ² | Sig. |
|--|----------------|--------------|
| Product | | |
| I eat fast food because it is clean. | .323 | .000* |
| I eat fast food because it is tasty. | .308 | .001* |
| I eat fast food because the portion is satisfying. | .3 | .003* |
| I eat fast food because there are many choices. | .238 | .027* |
| I eat fast food because the package is appealing. | .171 | .100 |
| <i>Average</i> | .268 | .026* |

| Item statement | r ² | Sig. |
|--|----------------|--------------|
| Price | | |
| I tend to believe that fast food items are expensive. | -0.41 | .492 |
| I never pay more than I planned for fast food. | .081 | .713 |
| I don't mind paying a parking fee when I go to a fast food restaurant. | .175 | .046* |
| I tend to pay using transfer payment when I go to a fast food restaurant (e.g. PiPay). | .085 | .364 |
| <i>Average</i> | -.017 | .403 |
| Place | | |
| I go to a fast food restaurant because it is nearby my home. | .124 | .151 |
| I go to a fast food restaurant because it is nearby my school or workplace. | .114 | .329 |
| I go to a fast food restaurant because it is easy to get there. | .089 | .427 |
| I go to a fast food restaurant because there is transportation available (e.g. tuk tuk). | .138 | .232 |
| <i>Average</i> | .116 | .284 |
| Promotion | | |
| I tend to order fast food online. | .082 | .352 |
| I order fast food online because it is convenient. | .075 | .474 |
| I tend to order a promotion set because I get more food. | .245 | .021* |
| I tend to order a promotion set because I get free gifts. | .184 | .122 |
| <i>Average</i> | .146 | .242 |
| People | | |
| I go to a fast food restaurant because employees are attentive. | .235 | .023* |
| I go to a fast food restaurant because employees are helpful. | .297 | .002* |
| I go to a fast food restaurant because employees understand my needs. | .255 | .010* |
| I go to a fast food restaurant because employees are friendly. | .307 | .000* |
| I go to a fast food restaurant because employees are professional. | .184 | .047* |
| <i>Average</i> | .255 | .016* |
| Process | | |
| I don't have to wait a long time to order. | .258 | .003* |
| I don't have to wait a long time to get what I ordered. | .284 | .007* |
| I tend to get what I order in the time promised. | .085 | .316 |
| I've been served what I ordered. | .346 | .000* |
| I've been served efficiently. | .215 | .034* |

| Item statement | r^2 | Sig. |
|---|-------|-------|
| Average | .237 | .316 |
| Physical Evidence | | |
| I go to a fast food restaurant because the decoration is visually appealing. | .239 | .009* |
| I go to a fast food restaurant because the lighting is appropriate. | .291 | .000* |
| I go to a fast food restaurant because there is parking available. | .215 | .045* |
| I go to a fast food restaurant because a rest room is available. | .189 | .086 |
| I go to fast food restaurant because the temperature inside the restaurant is cool. | .284 | .002* |
| Average | 0.243 | .028* |

*p < 0.05

In regard to the product, customers were satisfied with cleanliness, the taste, the portion of food, and the variety of choices whereas for the people variable, customers were satisfied with attentive, helpful, friendly, and professional staff who understand their needs.. In terms of physical evidence, customers were satisfied with the visual appeal, the lightning system, parking availability, and the temperature inside the restaurant.

DISCUSSIONS AND RECOMMENDATIONS

The research studied the effect of service marketing mix and customer satisfaction. The results showed that there are partial relationships between the demographic profile and the service marketing mix and customer satisfaction in fast food restaurants in Cambodia. In terms of demographic profile, gender had a positive relationship with customer satisfaction. Cambodian customers also considered the product, the people, and physical evidence as important factors that influenced Cambodian customer satisfaction in fast food restaurants. Phau, and Ferguson (2013) studied the validation of customer satisfaction survey scale in the Australian fast food industry and found a similarity in that the process to deliver what the restaurant promises and people were key considerations for Australian customer satisfaction. Ehsan (2012) studied factors that influence the selection of fast food restaurants in three cities in Pakistan. The results showed that customers in Pakistan chose fast food restaurants because of price, timely service, and promotional deals. This contrasts with customers in Cambodia who focused on product, people and physical evidence. Kushwaha and Agrawal (2015) studied Indian customers' perspective in banking services and found that place, people, process, and physical evidence are major concerns in using banking services. Price, place, promotion, and process showed no relationship with customer satisfaction. Cambodian customers did not consider price, place, promotion, and process as factors affecting their satisfaction. In the study of Martínez-Ruiz et al. (2010) in the grocery retailing sector, Spanish customers were concerned with the perception of services and quality image more than price and promotion.

Implications of the study

In terms of theoretical contribution, the results of this study will give opportunities to Cambodia and other countries to understand the fast food chain in Cambodia. For example,

researchers are able gain new knowledge and understanding the market of the fast food industry in the country and also how it effects customer satisfaction.

For entrepreneurs and business owners, the results of this study can be used as guidelines for investing or expanding their businesses and ideas in the fast food industry. This will also help to guide them to understand their customers better and to develop this knowledge. Based on the results of the study, most of the respondents were aged between 21 – 31 years old, were students who graduated with a bachelor's degree with an income of \$100 – \$499 monthly. This results shows that fast food customers in Cambodia are young with a bachelor's degree. The fast food restaurant is able to gain Cambodian customer satisfaction and adjust marketing strategy to target the younger generation.

Limitations

There are several limitations that the researcher encountered throughout the process of the research. First, questionnaire was distributed to 100 people in Phnom Penh and 100 people in Siem Reap. The number of samples should be increased to enhance the reliability and generalizability of the results. Second, this study applied a quantitative approach in finding answers to the research question. To gain insight into customer satisfaction, other research approaches should be applied. Third, this study focused on the service marketing mix and customer satisfaction; other factors should be studied such as service quality and customer loyalty. Lastly, Cambodia is in the ASEAN Economic Community (AEC), so the study should be extended to other AEC countries to identify similarities and differences in the fast food restaurant in each country.

Recommendation for Further Study

The limitations of the study leave room for future study. First, the number of samples should be increased to improve the reliability of the results. Second, other research methods such as a qualitative approach or a mixed-method research approach should be applied to acquire greater insight into customer satisfaction for fast food in Cambodia. Third, future study should explore other areas related to the fast food industry, for example, the quality of services, consumer behavior, online food order usage, etc. Finally, researchers should explore opportunities in other countries in the AEC e.g. Laos, Myanmar, and Vietnam.

REFERENCES

- Armstrong, G., & Kotler, P. (2005). *Marketing: An Introduction* (7th Edition). New Jersey: Prentice Hall.
- Asian Development Bank. (2016, May 10). *Here Comes Cambodia: Asia's New Tiger Economy*. Retrieved from <https://www.adb.org/news/features/here-comes-cambodia-asia-s-new-tiger-economy>
- Backhouse, M., and David, S. (2010, December 18). Fast Food Sector Takes Off. *The Phnom Penh Post*. Retrieved from: <https://www.phnompenhpost.com/business/fast-food-sector-takes>
- Booms, B. (1981). Marketing strategies and organizational structures for service firms. *Marketing of Services*, 47-51.
- Cambodia National Institute of Statistics. (2018, August 07). Cambodia GPD Annual Growth Rate. *Trading Economics*. Retrieved from <https://tradingeconomics.com/cambodia/gdp-growth-annual>
- Ehsan, U. (2012). Factors important for the selection of fast food restaurants: an empirical study across three cities of Pakistan. *British Food Journal*, 114(9), 1251-1264.
- Export.gov. (n.d.). Cambodia Fast Food and Beverage Franchises. Retrieved 2019, May 8, from <https://www.export.gov/article?id=Cambodia-fast-food-and-beverage-franchises>

- Fernandes, A. A. R. (2018). The mediation effect of customer satisfaction in the relationship between service quality, service orientation, and marketing mix strategy to customer loyalty. *Journal of Management Development*, 37(1), 76-87.
- Garoufallou, E., Siatri, R., Zafeiriou, G., & Balampanidou, E. (2013). The use of marketing concepts in library services: a literature review. *Library Review*, 62(4/5), 312-334.
- Goyal, A., & Singh, N. P. (2007). Consumer perception about fast food in India: an exploratory study. *British Food Journal*, 109(2), 182-195.
- Hanlon, A. (2018, May 31). *How to use the 7Ps Marketing Mix*. Retrieved from <https://www.smartinsights.com/marketing-planning/marketing-models/how-to-use-the-7ps-marketing-mix/>
- Hitesh, B. (2017, December 15). *Service Marketing Mix - 7P's of Marketing*. Retrieved from <https://www.marketing91.com/service-marketing-mix/>
- Jack in the Box. (2018). *Company Facts*. Retrieved from <http://www.jackintheboxinc.com/press/facts/company>
- Jakle, A. J., & Sculle, K. A. (1999). *Fast food: Roadside restaurants in the automobile age*. Maryland: JHU Press.
- Kaboli, M., Fathi, S., & Azizi, M. (2011). An analysis of customers' satisfaction in Tejarat Bank branches in Isfahan city. *Interdisciplinary Journal of Contemporary Research in Business*, 3(5), 467-480.
- Kimsay, H. (2018, March 07). *Investment in Cambodia Nearly Doubles in 2017*. Retrieved from The Phnom Penh Post: <https://www.phnompenhpost.com/business/investment-cambodia-nearly-doubles-2017>
- Kotler, P., and Armstrong, G. (2010). *Principles of marketing*. New Jersey: Prentice Hall.
- Kotler, P., and Keller, K. (2006). *Marketing Management* (12th Ed.). New Jersey: Pearson Education Inc.
- Kushwaha, G. S., & Agrawal, S. R. (2015). An Indian customer surrounding 7Ps of service marketing. *Journal of Retailing and consumer services*, 22, 85-95.
- Marissa. (2018). *8 Cambodian Fast Food Chains Locals Love*. Retrieved from <https://theculturetrip.com/asia/cambodia/articles/8-cambodian-fast-food-chains-locals-love/>
- Mahamad, O., and Ramayah, T. (2010). Service quality, customer satisfaction and loyalty: A test of mediation. *International business research*, 3(4), 72.
- Martínez-Ruiz, M. P., Jiménez-Zarco, A. I., & Izquierdo-Yusta, A. (2010). Customer satisfaction's key factors in Spanish grocery stores: Evidence from hypermarkets and supermarkets. *Journal of Retailing and Consumer Services*, 17(4), 278-285.
- Mohammad, H. I. (2015). 7PS marketing mix and retail bank customer satisfaction in northeast Nigeria. *British journal of marketing studies*, 3(3), 71-88.
- Munusamy, J., Chelliah, S., & Mun, H. W. (2010). Service quality delivery and its impact on customer satisfaction in the banking sector in Malaysia. *International Journal of Innovation, Management and Technology*, 1(4), 398.
- Phau, I., & Ferguson, G. (2013). Validating the Customer Satisfaction Survey (CSS) Scale in the Australian fast food industry. *Australasian Marketing Journal (AMJ)*, 21(3), 147-154.
- Rafiq, M., & Ahmed, P. K. (1995). Using the 7Ps as a generic marketing mix: an exploratory survey of UK and European marketing academics. *Marketing Intelligence & Planning*, 13(9), 4-15.
- Roger, H. (1996). The relationships of customer satisfaction, customer loyalty, and profitability: an empirical study. *International Journal of Service Industry Management*, 7(4), 27-42.
- Sturrock, T. (2008, February 21). KFC Sign of Cambodia's Expansion. *The Cambodian Daily*. Retrieved 2019, May 8, from <https://www.cambodiadaily.com/news/kfc-a-sign-of-cambodias-expansion-80797/>

The World Bank. (n.d.). *Cambodian GDP Growth (annual %)*. Retrieved 2019, May 8, from
<https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=KH>

The World Bank. (2019). *Overview of Cambodia*. Retrieved May 31, 2019, from
<https://www.worldbank.org/en/country/cambodia/overview>

United Nations Industrial Development Organization. (2018, March 7). *Cambodia-China Business and Investment Forum 2018*, held in Phnom Penh. Retrieved from
<https://www.unido.org/news/cambodia-china-business-and-investment-forum-2018-held-phnom-penh>

World Population Review. (2019). *Population of Cities in Cambodia (2019)*. Retrieved May 15, 2019, from <http://worldpopulationreview.com/countries/cambodia-population/cities/>

**THE DETERMINANTS OF THE EFFECTIVENESS OF IMPLEMENTATION
PERFORMANCE BASED-BUDGETING AND BUDGET ABSORPTION IN LOCAL
GOVERNMENT (STUDY ON JAMBI CITY GOVERNMENT)**

^aRita Friyani

^bRiski Hernando

ABSTRACT

This study aims to examine the influence of Local Government Employee Understanding, Training, and External Pressure (Determinants) on the Effectiveness of Implementation Performance-Based Budgeting and Budget Absorption in Local Government (Study on Jambi City Government). The population is all Dinas and SKPD in the Jambi City Government. The sampling technique is a purposive sampling approach. The criteria used are those involved in performance-based budgeting and budget execution practices. The total sample size was 60 people. Data were obtained by questionnaire to respondents throughout the Dinas and SKPD in Jambi City Government. Data analysis was conducted using SEM PLS. The results of the data processing revealed that training, understanding, education and external pressure had a positive effect on the effectiveness of performance-based budget implementation and budget absorption.

Keywords: Performance Based Budgeting, Budget Absorption, Public Sector Budget

^Auniversitas Jambi, Indonesia, E-Mail: Ritafriday@Yahoo.Co.Id

^Buniversitas Jambi, Indonesia, E-Mail: Riskihernando@Unja.Ac.Id

INTRODUCTION

Budget is a very important thing in an organization. Laws number 32 and 33 of 2004 provide changes in regional financial management, where regional finance must be carried out transparently and accountably in accordance with regulations governing regional finance. The regional government is demanded not only to carry out vertical accountability, namely reporting to government superiors, but also to carry out horizontal accountability, namely reporting to the DPRD and the wider community (Mardiasmo, 2002). This requires the DPRD to oversee the government's performance through the budget. Accountability through the budget includes budget planning up to budget reporting.

Budget reform carried out by the government resulted in changes in the budget structure and changes in the process of drafting the APBD to create transparency and increase public accountability. The form of budget reform in an effort to improve the budgeting process is the application of performance-based budgets. Performance based budgeting is a budgeting system that is oriented towards organizational output and is closely related to the organization's vision, mission and strategic plan (Bastian, 2006). The implementation of performance-based budgets is regulated in the Minister of Home Affairs Regulation (Permendagri) Number 13 of 2006 and amended again by Permendagri Number 59 of 2007 concerning guidelines for regional financial management. In this regulation it is stated about the preparation of the Regional Work Level Work Plan and Budget (RKA-SKPD). The existence of this RKA-SKPD means that the need for performance-based budgets has been fulfilled and accountability. Where performance-based budgeting requires the existence of optimal output or expenditure allocated so that each expenditure must be oriented or economic, effective and efficient.

Performance-based budgeting aims to improve the efficiency of resource allocation and the effectiveness of its use in accordance with the plans set by the local government so that with the performance-based budget it is expected that the budget can be used optimally to improve community welfare and can support increased transparency and accountability in sector management public. Performance-based budgeting is the answer to be used as a tool for measuring government performance accountability.

Issues regarding performance-based budgets are still a major problem in the public sector, especially local governments because there are still many local government performances in Indonesia that still have a "C" (Enough) value (www.kompas.com, 2017). Actually the reform of the method of public sector budgeting, namely the performance-based budgeting approach has been applied to Indonesian government agencies which have been regulated in Law number 17 of 2003 concerning state finance and implemented in stages starting in the 2005 budget year (Ulum and Sofyani, 2016). However, the implementation of performance-based budgeting made by Local Government Organizations in Indonesia has not been effectively implemented.

Not the maximum implementation of performance-based budgets in government institutions in Indonesia is recognized by the Ministry of Finance of the Republic of Indonesia (2009). They argue that performance-based budgets that focus on the linkages between funding (input) and expected outcomes are still not reflected in the planning and budgeting documents that have existed so far. This argument is also in line with what Bawono (2015) explained that the practice of performance-based budgets in local governments in Indonesia is still applied partially and not comprehensively. This condition is caused by the strong influence of the line-item and incremental approaches in the existing budgeting system so that this perspective is still the "thinking style" of regional government apparatus related to budgeting. In addition, this condition is also caused by the many regulations regarding regional financial management that collide with each other, and the weak aspects of performance measurement in the budgeting reform process (Bawono, 2015).

The Jambi City Government won the B title for evaluating the Government Agency Performance Accountability System (SAKIP) in 2018. The Jambi City Government must of course improve the performance and accountability of its government. If the title is related to the realization of the Jambi City government budget in all Dinas and SKPD, it does experience ups and downs.

LITERATURE REVIEW

Institutional Theory

To see the basic concepts of an organization, there have been many previous studies using institutional theory in his research. Tina Dacin et al. (2002) state that institutional theory is a popular and powerful explanation of the actions of individuals and organizations. Institutional theory gives the view that external pressures originating from the external environment of organizations such as politics, norms, institutional practices in the form of functional and social pressure, will affect the survival of an organization (Ashworth et al. 2007).

Chun and Rainey (2005) explain that public sector organizations are more easily influenced by institutional pressure caused by the existence of ambiguity from the goals of the organization, as well as the results of the emergence of motivation from operations that are more aimed at achieving legitimacy than improvement in the internal performance of the organization (Prayudi and Basuki 2014). Public sector organizations can resemble other organizations (homogeneous) which are caused by the implementation of managerial practice as an act of legitimacy. Wijaya and Akbar (2013) explain that in facing the same rules of the organizational environment, isomorphism encourages units from the population to resemble other units.

Goal Setting Theory

Motivation is a form of goal setting theory. This theory is the main theory put forward by Locke (1968) which emphasizes the need for a relationship between the objectives set against the output of performance. The goal setting theory states that thoughts and intentions are the drivers of the behavior of each individual. Behavior of individual or organizational performance is influenced by his understanding of the objectives of the organization. The level of performance or goals to be achieved can be seen from the individual target. To realize optimal performance requires strong motivation, which is based on positive intentions. In assessing performance, each individual in the organization must have goals and skills.

Kusuma (2013) states that budget accuracy is influenced by goal setting. The organization's vision and mission are the main objectives so that clear performance targets are needed (luhat: Locke, 1968). Therefore each organization is required to set a goal, which is then formulated in the budget plan. Thus, in budget planning it is necessary to include the goals or targets to be achieved by the organization, not only containing the nominal amount and planning needed for each work program or activity that the organization will implement.

Public Sector Budget

Public sector budget is a work plan that is made and used by the government, both the central government and regional governments which are expressed in the form of financial measures, which contain information about income, expenditure, activity and financing in the monetary level (Puranto, 2010). Public sector budgets contain planned activities that are presented in the form of income and expenditure acquisition plans. In its simplest form, a public budget is a document that describes the financial condition of an organization which includes information about income, expenditure and activities (Mardiasmo, 2002).

The public sector budget system in its development has become a multifunctional policy instrument used as a tool to achieve organizational goals. This is mainly reflected in the composition and size of the budget that directly reflects the direction and objectives of the expected service. The budget as a public activity planning tool expressed in monetary level can also be used as a control tool. The public budget planning system develops according to the dynamics of the development of public sector management and the demands that arise in society.

Performance Based Budgeting

Performance-based budgets are “*a continuum that involves the availability and use of performance information at each of the various stages of the budget process – budget preparation, budget approval, budget execution, and audit evaluation*” (Joyce and Sieg, 2000). Performance-based budgeting (ABK) is a budgeting method for linking each cost as outlined in activities with benefits generated. These benefits are described in a set of goals and objectives as outlined in the performance targets for each work unit (Anggrainim 2010).

Effective performance-based budgets will identify the relationship between the value of money and results, can explain how these linkages can occur which are the key to effective program management. If there is a difference between the plan and its evaluation, evaluation of input sources and how they are related to output / outcomes can be done to determine the effectiveness and efficiency of program implementation.

- H1a:** Understanding has a positive effect on the effectiveness of the implementation of performance-based budgets
- H1b:** Understanding has a positive effect on budget absorption
- H2a:** Training has a positive effect on the effectiveness of implementing performance-based budgets
- H2b:** Training has a positive effect on budget absorption
- H3a:** External pressure has a positive effect on the effectiveness of performance-based budgeting
- H3b:** External pressure has a positive effect on budget absorption
- H4:** Implementation of performance-based budgets has a positive effect on budget absorption

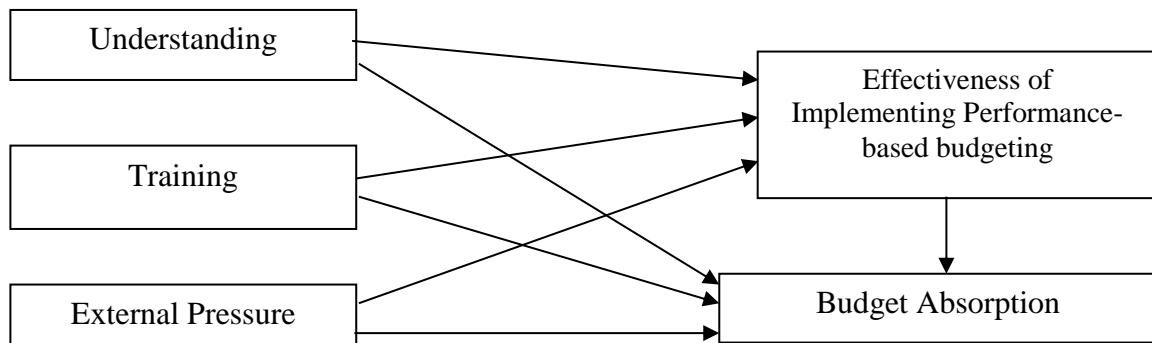


Figure 1: Research Model

RESEARCH METHODS

Research Variable

The research variables consisted of dependent variables and independent variables. Independent variables are understanding, training and external pressure while the dependent variable is the effectiveness of budget-based performance implementation and budget absorption.

Data Types and Sources

The type of data in this study is primary data in the form of respondents' perceptions of the variables used. Primary data is data obtained directly from the original source or object of research (Sanusi, 2014). Primary data sources are obtained from the answers to the questionnaires distributed to respondents

Method of Data Collection

The method of data collection in this study is a survey. Data collection is done by direct distribution, which is to go directly to the respondents to submit or collect questionnaires.

Population and Sampling

Population is a generalization area consisting of objects or subjects that have certain qualities and characteristics applied by researchers to be studied and then conclusions drawn (Sanusi, 2014). The population in this study were all Dinas and SKPD in Jambi City Government. The sample is part of the number of characteristics possessed by the population (Sanusi, 2014). The sampling method in this study used purposive sampling where the respondents selected were those related to the budget in the Jambi City Government.

Operational Variable

a. Understanding

Understanding as a psychological factor in the learning process. The main purpose in the learning process is to be able to understand a certain thing and be able to grasp the meaning of it. In achieving an understanding, someone must go through several processes, then deepen the meaning so that the individual can improve the quality of his knowledge (Diani, 2014). The instrument of understanding in this study was measured by 8 question items developed by Madjid and Ashari (2013), with a Likert scale of 1 to 5

b. Training

Training such as workshops for employees in a SKPD is needed as an additional process in learning, in order to increase knowledge, expertise, improvement of attitudes and experience so as to improve the quality and performance of these employees. The training instrument in this study was measured by 2 question items developed by Sofyani and Akbar (2013; 2015), with a Likert scale of 1 to 5.

c. External Pressure

Power aspects can be external pressure, professional pressure and cultural pressure. DiMaggio and Powell (1983) explain that the environment in the organizational area always has a relationship with coercive isomorphism. Formal and informal pressures between organizations are the result of coercive isomorphism. Coercive power in an organization can influence the organization to comply with the regulations set by the boss. The external pressure instrument in this study was measured by 5 question items developed by Shalikhah (2014) with a Likert scale of 1 to 5.

d. Performance-Based Budgeting

Performance-based budgets are “*a continuum that involves the availability and use of performance information at each of the various stages of the budget process – budget preparation, budget approval, budget execution, and audit evaluation*” (Joyce and Sieg, 2000). Performance-based budgeting (ABK) is a budgeting method for linking each cost as outlined in activities with benefits generated. Performance-based budget instruments in this study were measured by 10 question items developed by Achyani and Cahya (2011), with a Likert scale of 1 to 5

e. Budget Absorption

One of the obstacles in economic growth in the region is the absorption of the government budget, so that the objectives of regional autonomy are also hampered. Blocher et al (2010) explained that through the budget allocation and utilization for the period of one fiscal year, it will be more detailed. The instrument for budget absorption (external pressure) in this study was measured by 6 question items developed by Juliani and Sholihin (2014), with a Likert scale of 1 to 5.

f. Data Analysis

To test the hypothesis, it is done using Partial Least Square (PLS) testing. PLS is a model of Structural Equation Modeling (SEM) based on components or variants with SmartPLS tools (Hartono and Abdilah, 2014). Before testing the relationship between variables, researchers first tested the quality of the instrument, namely validity (discriminant and convergent) and reliability. Convergent

validity construct is seen in the outer loading feature, while discriminant validity is seen in discriminant validity features. The construct reliability is measured from the results of Cronbach's Alpha calculations. The hypothesis in this study is accepted if the coefficient or direction of the variable relationship indicated by the original sample value is in line with the hypothesized one and the statistical t value is more than 1.96 (one-tailed) and the probability value (p-value) is less than 0.05 or 5 %

FINDINGS

Statistics Descriptive Research Variable

In this study the sample used was 27 Jambi City DPOs represented by several respondents per OPD (2-3 people) employees of the local government work unit in Jambi City, who possessed direct roles and authority over performance-based budgeting and budget absorption, including agency heads, treasurer expenditure, agency secretaries, and agency program planning sub-sections. This research was conducted by directly distributing questionnaires in a total of 60 copies.

Of the 60 questionnaires distributed there were no questionnaires that did not return and there were no questionnaires that were not filled in completely, so the questionnaire that could be processed by researchers was 60 questionnaires. Descriptive statistical test results are presented in the following table:

Table 1: Descriptive Statistic Test Results

| Variable | N | Theoretical Range | Empirical Range | Empirical Mean | Deviation Standard |
|---|-----|-------------------|-----------------|----------------|--------------------|
| Education | 60 | 5-25 | 15-25 | 19,88 | 2,32 |
| Understanding | 60 | 8-40 | 23-40 | 33,17 | 3,56 |
| Training | 60 | 2-10 | 4-10 | 5,86 | 1,17 |
| External Pressure | 60 | 5-25 | 15-25 | 20,58 | 2,01 |
| Implementation of Performance based budgeting | 60 | 10-50 | 21-45 | 35,95 | 4,06 |
| Budget Absorption | 113 | 6-30 | 20-30 | 25,38 | 2,43 |

Convergent Validity

Convergent validity tests relate to the principles that the manifest variables of a construct must be highly correlated. From the results of the PLS output, it was found that the overall loading factor from ABK1 to TE5 can be said to be valid because the loading factor value is above 0.7, which means that construct validity has been fulfilled. This makes it clear that the statement on the questionnaire instrument has been able and accurate in measuring the research variables.

Discriminant Validity

One of the discriminant validity can be seen by comparing the value of AVE (Average Variance extracted) with a correlation between other constructs in the model. The measurement model with AVE is a model that compares the roots of AVE with correlations between constructs. If the AVE root value is > 0.50, then it means that discriminant validity is reached. Based on PLS output AVE value on latent variable Performance Based Budget (0.0627), Budget Absorption (0.565), Training (0.772), Understanding (0.667), Education (0.732), and External Pressure (0.590) worth > 0, 5 so that it can be said that the measurement model has been valid in discriminant validity.

Fornell-Larcker Criteria

Discriminant validity was also carried out based on Fornell-Larcker measurement criteria with constructs. If the construct correlation on each indicator is greater than other constructs, it means that the latent construct can predict indicators better than other constructs. Based on Table 2, it appears that each question indicator has the highest loading factor value in each latent construct tested than the other latent constructs, meaning that each question indicator is able to be predicted well by each latent construct in other words the discriminant validity is valid. Results of discriminant Validity Fornell Larcker column Criteria are presented in table 2 below

Tabel 2: Discriminant Validity Results

| Variable | ABK | PA | PEL | PEM | PEN | TE |
|------------|-------|-------|-------|-------|-------|-------|
| ABK | 0.792 | | | | | |
| PA | 0.612 | 0.751 | | | | |
| PEL | 0.301 | 0.110 | 0.879 | | | |
| PEM | 0.509 | 0.650 | 0.176 | 0.817 | | |
| PEN | 0.317 | 0.226 | 0.125 | 0.211 | 0.856 | |
| TE | 0.527 | 0.466 | 0.214 | 0.548 | 0.208 | 0.768 |

Note:

- ABK : Anggaran Berbasis Kinerja (Performance Based-Budgeting)
- PA : Penyerapan Anggaran (Budget Absorption)
- PEL : Pelatihan (Training)
- PEM : Pemahaman (Understanding)
- PEN : Pendidikan (Education)
- TE : Tekanan Eksternal (External Pressure)

Composit Reliability and Cronbach Alpha

From the instrument test also found that the ABK construct (0.943), PA (0.886), PEL (0.871), PEM (0.941), PEN (0.931), TE (0.878) greater than 0.7, composite reliability has been fulfilled, which it means there is no reliability / un-dimensional problem in the model, so in other words the construct can be said to be reliable, this is also strengthened from the value of Cronbach's Alpha construct ABK (0.932), PA (0.848), PEL (0.711) PEM (0.928), PEN (0.907), and TE (0.826) greater than 0.6. The valid Cronbach's Alpha value reinforces and supports the value of composite reliability, which means that there is no reliability problem in the model. So that in other words the construct has been declared reliable (Ratmono and Sholihin, 2013).

Inner Model

The next analysis technique after measuring the model (outer model) has met the criteria of validity and reliability, then testing the structural model (inner model) to see the relationship between latent constructs and the R-Square Test. This test aims to find out how much the ability of the independent variable model to explain the dependent variable. From the PLS output the results obtained from the Adjusted R Square value of 0.384 or 38.4%. This means that the variable effectiveness of performance-based budgeting can be explained by 38.4% by variables of education, understanding, training, and external pressure. While the rest is influenced by other factors not examined. From the test also obtained results from the value of Adjusted R Square of 0.516 or 51.6%. This means that the budget absorption variable can be explained by 51.6% by the variables of education, understanding, training, external pressure, and the effectiveness of the implementation of performance-based budgets. While the rest is influenced by other factors not examined.

Hypothesis Test Results

Testing hypotheses to see the significance of a variable relationship through the coefficient or direction of variable relations indicated by the original sample value is in line with the hypothesized,

the t value of statistics and probability value (p-value) on the path coefficient. The results of the path coefficient test are presented in Table 3.

Tabel 3: Hypothesis Test Results

| Variable | Original Sample (O) | Mean Sample (M) | Standard Deviation (STDEV) | T Statistic (/ $O/STDEV$ /) | P Values | Conclusion |
|----------------------|-------------------------|---------------------|----------------------------|-----------------------------|----------|------------|
| ABK -> PA | 0.391 | 0.385 | 0.097 | 4.027 | 0.000 | Accepted |
| PEL -> ABK | 0.166 | 0.173 | 0.082 | 2.033 | 0.043 | Accepted |
| PEL -> PA | -0.095 | -0.083 | 0.069 | 1.384 | 0.167 | Rejected |
| PEM -> ABK | 0.277 | 0.276 | 0.087 | 3.191 | 0.002 | Accepted |
| PEM -> PA | 0.447 | 0.444 | 0.094 | 4.748 | 0.000 | Accepted |
| TE -> ABK | 0.304 | 0.310 | 0.092 | 3.310 | 0.001 | Accepted |
| TE -> PA | 0.033 | 0.041 | 0.096 | 0.344 | 0.731 | Rejected |

Understanding has a positive effect on the effectiveness of performance-based budgeting and has a positive effect on budget absorption

The results of hypothesis 1a test show that understanding has a positive effect on the effectiveness of the implementation of performance-based budgets. These results support previous studies conducted by Madjid and Ashari (2013), Sumantri (2013), Shalikhah (2014), and Handayati (2016). Understanding of the system and good budget management of government employees, the performance of performance-based budgeting will be more effective. The purpose of the existence of financial management systems and procedures is to be able to realize a unified understanding of financial implementation in terms of performance-based budgeting. Understanding of financial management systems and procedures is a basic thing that needs to be owned by government officials in Jambi, who directly influence or can predict good performance. This indicates that Jambi City Government employees have a good understanding in an effort to improve the effectiveness of the SKPD Budget.

Another thing that can influence is the existence of a system understanding and good financial management by Jambi City government officials in preparing budgets based on priority scale and based on performance indicators. As explained, one of the main activities in performance-based budgets is the availability of data for performance indicators and making decisions regarding budgeting according to the set performance targets. Because this will aim to obtain information and understanding of various programs that produce the expected outputs and outcomes.

The results of hypothesis 1b test show that understanding has a positive effect on the absorption of the Budget. These results support previous studies conducted by Madjid and Ashari (2013). An understanding of the system and good budget management of government employees, makes employees understand the budget work plan that has been prepared based on priority scales and performance indicators so that it has an impact on the absorption of terminology-based budgets and the absorption of budgets can be absorbed according to the set budget targets and budget absorption can be controlled properly.

Training has a positive effect on the effectiveness of performance-based budgeting and has a positive effect on budget absorption

The results of hypothesis 2a test show that training has a positive effect on the effectiveness of the implementation of performance-based budgets. The results of this study support previous studies conducted by Riyanto et al. (2006), Windayani (2008), and Madjid and Ashari (2013). Training such as bimtek, workshops and so on that can improve the skills and quality of Jambi City government employees that are given regularly, which is held by Jambi City agencies or organizations is needed. The training aims to improve productivity, quality, accuracy in planning, provide the latest information from government regulations, and bridging the gap between the ability of government employees with the objectives of SKPD or local government. The training that was attended by Jambi

City government officials in terms of performance-based budgeting, proved to be able to improve the quality of individuals, and Jambi City government employees can prepare budget plans and analysis of effective expenditure standards according to established procedures, and the budget is prepared based priority scale and based on performance indicators, so as to minimize the remainder of more budget financing, and the implementation of performance-based budgets runs effectively.

The results of hypothesis 2b test show that training does not affect the absorption of the budget. This result is not in line with the results of research conducted by Madjid and Ashari (2013). This is because in the data obtained by the researcher that the Jambi City government work unit focuses more on training on performance-based budgeting and Jambi City government employees rarely hold or are included in financial management training related to budget absorption. Other things that can happen even though they have been held and are included in training related to budget absorption but there are limited funds available in each agency. This can result in the process of absorption of the budget for work programs will be hampered.

External pressure has a positive effect on the effectiveness of performance-based budgeting and has a positive effect on budget absorption.

The results of hypothesis 3a test show that external pressure has a positive effect on the effectiveness of the implementation of performance-based budgets. The results of this study support previous studies examined by Shalikhah (2014). The existence of external pressure in the form of coercive power, where there are regulations set by the Jambi City Government as set out in the Ministry of Home Affairs Regulation Number 24 of 2011, makes Jambi City government employees obedient to these regulations, so performance-based budgeting can be arranged based on priority and based on performance indicators. This is also due to the demands of the mayor of Jambi to maintain the value and predicate of the City of Jambi in the value of the development of the accountability of performance of the provincial government in Indonesia.

The results of hypothesis 3b test show that external pressure does not affect the absorption of the budget. This result is in line with the research conducted by Saputro et al. (2016). External pressure in the form of demands and regulations made with the aim of clearly regulating policies and implementation turns out to be difficult to implement because the conditions that are difficult to fulfill before implementing the budget, so that the regulation is one of the inhibiting factors in realizing the budget plan that has been made. It can be said that the rules are not a pressure for the Jambi City government agencies in absorbing the budget, because the rules are an obligation that must be done in making policies and implementing budgets. Even though there are changes in policy and budget implementation, an agency still has a high commitment in the implementation of budget management and the absorption of the budget that should be (shalikhah, 2014).

External pressure may not affect budget performance in the Jambi city administration, this is due to the high organizational commitment to implementing the budget and making a policy. Another thing that can happen is the availability of funds in the field.

Implementation of performance-based budgets has a positive effect on budget absorption

The results of hypothesis 4 test show that the effectiveness of the implementation of performance-based budgets has a positive effect on budget absorption. This result supports the research conducted by Riyanto et al. (2006) and Madjid and Ashari (2013). The implementation of performance-based budgeting in an SKPD, which pays attention to output and output from a program, the budget must be based on priority scales and include performance indicators, so budgeting can be effective, efficient and economical as well as the existence of priority budget and performance indicators. The term for a work program that runs will be controlled by the regional general treasurer. The evaluation of performance-based budgets is an assessment of the achievement of work targets, consistency of planning and implementation, level of efficiency, and realization of budget absorption (Madjid and Ashari, 2013)

DISCUSSIONS

The results of the study can be summarized as follows:

- a. Understanding has a positive effect on the effectiveness of the implementation of performance-based budgets
- b. Understanding has a positive effect on the absorption of the Budget
- c. Training has a positive effect on the effectiveness of the implementation of performance-based budgets.
- d. Training does not affect the absorption of the budget.
- e. External pressure has a positive effect on the effectiveness of the implementation of performance-based budgets.
- f. External pressure does not affect the absorption of the budget.
- g. The effectiveness of implementing performance-based budgets has a positive effect on budget absorption.

RECOMMENDATION

- a. There is a need for education regarding financial management systems and procedures that are incentive and relevant for government employees so that there is no gap between the effectiveness of the implementation of budget-based performance and budget absorption, so that government goals can be achieved and can maintain the value and predicate development of accountability values that have been achieved.
- b. More training is needed such as technical guidance, workshops and others for government employees related to the absorption of the budget, so that the process of absorbing the budget runs efficiently and efficiently. Not only focusing on training related to performance-based budgeting.

REFERENCES

- Achyani, F., and Cahya, B. T. (2011). Analisis Aspek Rasional Dalam Penganggaran Publik Terhadap Efektivitas Pengimplementasian Anggaran Berbasis Kinerja Pada Pemerintah Surakarta. *Maksimum*.
- Akbar, R., Pilcher, R., & Perrin, B. (2012). Performance measurement in Indonesia: the case of local government. *Pacific Accounting Review*, 24 (3). 262-291.
- Anggraini, Yunita. 2010. *Anggaran Berbasis Kinerja*. YKPN: Yogyakarta
- Ashworth, R., Boyne, G., & Delbridge, R. (2007). Escape from the iron cage? Organizational change and isomorphic pressures in the public sector. *Journal of public administration research and theory*, 19(1), 165-187.
- Bastian, Indra. 2006. *Sistem Akuntansi Sektor Publik*. Edisi 2. Salemba Empat: Jakarta
- Bawono, A. D. B. (2015). *The Role of Performance Based Budgeting in the Indone-sian Public Sector, Department of Accounting and Corporate Governance*. Australia: Macquarie University.
- BPKP (Badan Pengawasan Keuangan dan Pembangungan). (2005). *Pedoman Penyusunan Anggaran Berbasis Kinerja (Revisi)*: Jakarta.
- Chun, Y. H. and H. G. Rainey. (2005). Goal Ambiguity and Organizational Performance in U.S. Federal Agencies. *Journal of Public Administration Research and Theory*, 15(4), 529-557.
- Diani, Dian Irma. (2014). Pengaruh Pemahaman Akuntansi, Pemanfaatan Sistem Informasi Akuntansi Keuangan Daerah Dan Peran Internal Audit Terhadap Kualitas Laporan Keuangan Pemerintah Daerah (Studi Empiris pada Satuan Kerja Perangkat Daerah di Kota Pariaman). *Jurnal Akuntansi*, 2(1).
- DiMaggio, P., & Powell, W. W. (1983). The iron cage revisited: Collective rationality and institutional isomorphism in organizational fields. *American sociological review*, 48(2), 147-160.

- Fatmala, J., & Baihaqi, B. (2014). *Pengaruh Penerapan Sistem Akuntansi Pemerintah Daerah, Pemahaman Akuntansi, Dan Ketaatan Pada Peraturan Perundangan Terhadap Akuntabilitas Kinerja Instansi Pemerintah* (Pada SKPD Kabupaten Bengkulu Tengah). (Doctoral dissertation). Indonesia: Universitas Bengkulu.
- Fitri, S. M., Ludigdo, U., & Djamburi, A. (2013). Pengaruh Gaya Kepemimpinan, Komitmen, Organisasi, Kualitas Sumber Daya, Reward, Dan Punishment Terhadap Anggaran Berbasis Kinerja (Studi Empirik Pada Pemerintah Kabupaten Lombok Barat). *Jurnal Dinamika Akuntansi*, 5(2).
- Handayati, S., Basuki, P., & PancaWati, S. (2016). PENGARUH PARTISIPASI ANGGARAN, PEMAHAMAN PENYUSUN RENCANA KERJA ANGGARAN (RKA) DAN ASIMETRI INFORMASI TERHADAP EFEKTIFITAS ANGGARAN SKPD DI PEMERINTAH KOTA MATARAM. *InFestasi*, 11(1), 93-111.
- Hartono, J., dan Abdillah. (2014). *Konsep dan aplikasi PLS (Partial Least Square) untuk penelitian empiris*. Yogyakarta: BPFE Yogyakarta.
- Juliani, D., & Sholihin, M. (2014). Pengaruh faktor-faktor kontekstual terhadap Persepsi penyerahan anggaran terkait pengadaan Barang/jasa. *Jurnal Akuntansi dan Keuangan Indonesia*.
- Kurniawan. (2009). *Pengaruh Penganggaran Berbasis Kinerja terhadap Akuntabilitas Kinerja Instansi Pemerintah Daerah di Wilayah Priangan*. UPI: Bandung
- Kusuma, E. A., & Budiartha, I. K. (2013). Pengaruh Kejelasan Sasaran Anggaran, Komitmen Organisasi dan Ketidakpastian Lingkungan pada Ketepatan Anggaran (Studi Empiris di SKPD Pemerintah Provinsi Bali). *E-Jurnal Ekonomi dan Bisnis Universitas Udayana*.
- Kusuma, D. M. (2013). Kinerja Pegawai Negeri Sipil (Pns) Di Kantor Badan Kepegawaian Daerah Kabupaten Kutai. *Timur. e-Journal Administrasi Negara*.
- Locke, E. A. (1968). Toward a theory of task motivation and incentives. *Organizational behavior and human performance*, 3(2), 157-189.
- Madjid, N. C., & Ashari, H. (2013). Analisis Implementasi Anggaran Berbasis Kinerja (Studi Kasus pada Badan Pendidikan dan Pelatihan Keuangan). Jakarta: Badan Pemeriksa Keuangan.
- Mardiasmo. (2002). *Akuntansi Sektor Publik*. Penerbit Andi: Jakarta.
- Prayudi, M. A., & Basuki, H. (2015). Hubungan Aspek Power, Penerapan Sistem Pengendalian Administratif, Akuntabilitas, dan Efisiensi Program Jaminan Kesehatan. *Jurnal Akuntansi dan Keuangan Indonesia*.
- Peraturan Pemerintah Republik Indonesia Nomor 105 tahun 2000 tentang *Pengelolaan dan Pertanggungjawaban Keuangan Daerah*
- Permendagri No. 13 tahun 2006 tentang *Pedoman Pegelolaan Keuangan Daerah*.
- Permendagri No. 59 tahun 2007 tentang Perubahan atas Permedagri No. 13 Tahun 2006 tentang *Pedoman Pegelolaan Keuangan Daerah*.
- Peraturan Pemerintah Nomor 58 tahun 2005 tentang *Pengelolaan Keuangan Daerah*.
- Rivai, V. (2004). *Manajemen Sumber Daya Manusia untuk Perusahaan*. Jakarta: PT. RajaGrafindo Persada.
- Riyanto, A., & Warsito Utomo, R. (2006). Implementasi Anggaran Berbasis Kinerja Di Lingkungan Pemerintah Kabupaten Sleman= Implementation of Performance-Based Budget in Sleman Regency. *Sosiosains*, 19.
- Saputro, F., Irianto, B. S., & Herwiyanti, E. (2016). Faktor yang Mempengaruhi Ketepatan Anggaran Sektor Publik. *SAR (Soedirman Accounting Review): Journal of Accounting and Business*, 1(2), 21-39.
- Satriya, D. B. (2013). Pengembangan Sumber Daya Aparatur Untuk Meningkatkan Kinerja (Studi di Kantor Kecamatan Lowokwaru Kota Malang). *Jurnal Administrasi Publik*.
- Scott, W. R. (2001). *Institutions and Organizations*. Los Angeles: Sage Publications.
- Shalikhah, L. (2014). *Analisis Faktor-Faktor yang Mempengaruhi Kinerja Anggaran pada Pemerintahan Kota Salatiga*. (Doctoral dissertation). Program Studi Akuntansi FEB-UKSW.

- Sholihin, M., & Ratmono, D. (2013). *Analisis SEM-PLS dengan WarpPLS 3.0 untuk Hubungan Nonlinier dalam Penelitian Sosial dan Bisnis*. Yogyakarta: Penerbit Andi.
- Sofyani, H. & Akbar, R. (2015). Hubungan Karakteristik Pegawai Pemerintah Daerah Dan Implementasi Sistem Pengukuran Kinerja: Perspektif Ismorfisma Institusional. *Jurnal Akuntansi & Auditing Indonesia*.
- Suhardjanto, D. dan BT Cahya. (2008). *Perception of Budgeting Using Officials to the Implemented Effectiveness of Performance-Based Budgeting Observed from Rational Aspects (surveyed in Surakarta Government)*.
- Sumantri, S. (2013). Penerapan Anggaran Berbasis Kinerja Badan Layanan Umum Berdasarkan Kualitas Sumber Daya Manusia *Interest: Jurnal Ilmu Kesehatan*.
- Tina Dacin, M., Goodstein, J., & Richard Scott, W. (2002). Institutional theory and institutional change: Introduction to the special research forum. *Academy of management journal*, 45(1), 45-56.
- Ulum, I., & Sofyani, H. *Akuntansi (Sektor) Publik*. Yogyakarta: Aditya Media Publishing.
- Undang-undang RI Nomor 32 tahun 2004 tentang *Pemerintahan Daerah*. Direktorat Jenderal Otonomi Daerah : Jakarta
- Undang-undang RI Nomor 33 tahun 2004 tentang *Perimbangan Keuangan antara Pemerintah Pusat dan Pemerintahan Daerah*. Departemen Keuangan Republik Indonesia: Jakarta
- Verasvera, F. A. (2016). Pengaruh Anggaran Berbasis Kinerja terhadap Kinerja Aparatur Pemerintah Daerah (Studi Kasus pada Dinas Sosial Provinsi Jawa Barat). *Jurnal Manajemen Maranatha*.
- Wijaya, Anthonius H. Citra, and Rusdi Akbar. (2013). The Influence of Information, Organizational Objectives and Targets, and External Pressure towards the Adoption of Performance Measurement System in Public Sector. *Journal of Indonesian Economy and Businesss* 28(1).
- Wijayanti, A. W., Muluk, M. R. K. & Nurpratiwi, R. (2012). Perencanaan Anggaran Berbasis Kinerja di Kabupaten Pasuruan. *WACANA, Jurnal Sosial dan Humaniora*.
- Zucker, L. G. (1977). The role of institutionalization in cultural persistence. *American sociological review*, 726-743.

FACTORS AFFECTING ORGANIZATIONAL CITIZENSHIP BEHAVIOR

^a Malinee Srimaitree

^b Piyakanit Chotiwanit

ABSTRACT

The purpose of this article is to present the factors affecting organizational citizenship behavior. Articles in books, journals, electronic database, and the Internet were examined. Four factors were found; namely, transformational leadership, organization culture, job satisfaction, and organization commitment. It is suggested that a research instrument should be designed to test for the congruence between the research model and the empirical data for use by administrators and entrepreneurs in human resource management and for personnel and operational employees to develop themselves.

Keywords: Organizational Citizenship Behavior, Organization Culture, Transformational Leadership

^a Malinee Srimaitree, Faculty of Business Administration and Management, Ubon Ratchathani Rajabhat University, Thailand. malineeka@hotmail.com.

^b Piyakanit Chotiwanit, Faculty of Business Administration and Management, Ubon Ratchathani Rajabhat University, Thailand. malineeka@hotmail.com. piyakanit2000@yahoo.co.th.

INTRODUCTION

Organizational citizenship behavior is a behavior originated from consideration and decision to freely do anything by oneself (Organ, 1988). It is a behavior related to voluntarily working beyond own duties assigned by organization, and not forced by rules or regulations (Organ, Podsakoff and MacKenzie, 2006). Such behavior partly helps human resource development, promotes good relationship among employees, and attracts qualitative employees to join organizations (Katz and Kahn, 1978). In addition, it is a behavior that can keep good employees to work for organization forever. Such behavior is crucial for survival and success of organizations (George and Jones, 2002). According to the literature review, it was found that organizational citizenship behavior was directly influenced by transformational leadership, quality of work life, organizational justice, organization culture, job satisfaction, and organization commitment. Organizational citizenship behavior affected entrepreneurs' success in human resource planning in terms of quality, usability, and profitability (Narimani, Tabaeian, Khanjani and Soltani, 2014; Tambe and Shanker, 2014; Tsai and Lin, 2014; Salehzadeh, Shahin, Kazemi and Barzoki, 2015).

As the gathered information reflects the popularity of application of organizational citizenship behavior, the author, therefore, synthesized the literature related to factors affecting organizational citizenship behavior. The results would be of help to clarify how to apply organizational citizenship behavior to real situations and would be used to construct a standard instrument for measuring organizational citizenship behavior.

METHODOLOGY OF A LITERATURE REVIEW

This study was a synthesis of the literature related to organizational citizenship behavior of personnel working for organizations, using narrative review technique. Academic and research articles, dissertations were searched from Thai Library Integrated System (ThaiLIS), and electronic databases such as ProQuest, Emerald Management, E-Journal, ThaiJO, and Google Scholar, as well as books and textbooks. Inclusion/Exclusion criteria were used for selecting literature. The selected ones had to be a study on organizational citizenship behavior and in a full version while those not directly investigating the issue or being in a form of abstract would be discarded. The obtained information was synthesized and concluded.

RESULTS OF A LITERATURE REVIEW

1. Transformational leadership refers to a leader with ability to manage internal problems of the organization efficiently, and ability to make a clear transformation in the organization (Antonakis, 2012). Leaders realize the employees' need for mutual vision, interaction, and moral consciousness (Burns, 1978). are a good role model in learning, encouraging communication throughout organization and creation of new things, as well as creating good working atmosphere (Bass and Avolio, 1994). Leadership is considered very influential to employees' performance and commitment. It helps them to utilize their expertise to the fullest; and keeps the employees with knowledge, skill, and experience in organizations. Yucel, Karatas and Aydin (2013) investigated the relationship between leadership and organization culture and found that, regarding human-oriented leadership, exchange of opinions among leaders and members had a relationship with organization culture focusing on supporting Turk teachers' work. Similarly, (Azanza, Moriano and Molero, 2013). studied characteristics of leaders and organization culture and found that empowerment leaders had positive influence on organization culture that aimed at supporting employees in diverse industries in Spain. Flatten, (Ahmad and Yiing, 2009)'s finding of their analysis on leaders' potential and organization culture accordingly revealed that transformational leadership had positive influence on organization culture that was success - oriented. The synthesis of the studies mentioned above led to this study's proposition 1

(P1) : Transformational leadership had positive influence on organization culture.

Emery and Barker (2007) examined the impacts of exchange and transformational leadership on organization commitment and job satisfaction, and found that leaders that stimulated employees' intelligence and recognized individual importance had a high relationship with organization culture. Bushra, Usman, and Naveed (2011) conducted a similar study in Pakistan and found that transformational leadership had positive influence on bank employees' job satisfaction and commitment. Leaders' encouragement, mentorship, consideration of supervisee's feeling, and support, help to boost employees' strength and job satisfaction, and organizational commitment. Those findings led to proposition 2

(P2) : Transformational leadership had positive influence on job satisfaction.

Chenevert, Vandenberghe and Tremblay (2015)'s case study on diverse supports of organization indicated that transformational leadership positively and spiritually affected organizational commitment of employees working in Canadian hospitals. Albrecht and Andreetta (2011).'s investigation revealed that decentralized and transformational leaders positively affected organizational commitment and persistence with organization. These brought about the third proposition

(P3) : Transformational leadership had positive influence on organizational commitment.

Noruzi, Dalfard, Azhdari, Nazari-Shirkouhi and Rezazadeh (2013) found in their study that transformational leadership had relationship with organizational citizenship behavior and directly and indirectly affected organization performance. Cohen, Tura and Vashdi, (2012)'s study on transformational leadership in different organizations indicated that transformational leadership directly affected organizational citizenship behavior. Accordingly, Jha (2012) found that transformational leadership, application of psychology, decentralization had positive relationship with organizational citizenship behavior of employees in five-star hotels in India. These triggered proposition 4

(P4) : Transformational leadership had positive influence on organizational citizenship behavior.

2. Organization culture is a value, belief, and thinking that indicates particular characteristics of each organization whose members create and follow (Morgan, 2002). They are a key leading administrators to success (Yiing and Bin Ahmad, 2009). According to Cooke and Lafferty (1994), organization culture, specifically the constructive one, aims at expressed behavior and performance norms of personnel in organizations based on life style theory, theory of interpersonal relationship, and motivation theory. It emphasizes working value, job satisfaction, and employees' success. It also promotes relationship and support among employees so that they can enthusiastically and creatively work together, develop themselves, and express their ideas freely. MacIntosh and Doherty (2010)'s study showed that organization culture affected job satisfaction and intention to quit the job. The results of their study were of help in service and problem management, increasing job satisfaction, keeping employees in organizations, and reducing intention to quit. Shahmorad, Rezaee, Sheikhi and Darabian (2016) found the positive relationship between organization culture and job satisfaction. Moreover, their study revealed that creativity and innovation development were variables that boosted job satisfaction. The findings mentioned above can be concluded for this study as proposition 5

(P5) : Organization culture had positive influence on job satisfaction.

With respect to organization culture and commitment, Pinho, Rodrigues and Dibb (2014) found in his study that organization culture had positive influence on employees' commitment. Silverthorne (2003) showed that organization culture that aimed at job success had positive influence on employees' commitment to their IT organization. Such findings motivated the author to investigate whether it is true in the Thai context. So she proposed the

(P6) : Organization culture and job satisfaction positive influence on organizational commitment

As for influence of organization culture on organizational citizenship behavior, many studies such as those conducted by Popescu, Deaconu and Popescu (2015); Demir, (2015) and Erkutlu (2011) yielded similar findings which led to the author's proposition

(P7) : That organization culture had positive influence on organizational citizenship behavior.

3. **Job satisfaction** is defined as employees' attitude towards job either positive or negative or both (Greenberg and Baron, 2003). It can indicate work behavior when an assigned job and the environment are desirable as expected (Joy and Sidhique, 2016). Silverthorne found in his study that if employees' job satisfaction was low, their commitment was relatively low too. However, his study indicated that innovation and support-oriented culture positively affected job satisfaction and commitment at a high level. Tekingunduz, Top, Tengilimoglu and Karabulut (2015). unveiled that trust, job satisfaction, personal factors, somehow, affected some dimensions of organization commitment and, so in this study, the author, proposed

(P8) : Job satisfaction had positive influence on organizational commitment.

According to Williams and Anderson (1991), there was different relationship between job satisfaction and organizational citizenship behavior caused by internal and external factors both of which affected organizational commitment. Sabahi and Dashti (2016), indicated that emotional intelligence and job satisfaction had a positive relationship with organizational citizenship behavior. Another proposition,

(P9) : Job satisfaction had positive influence on organizational citizenship behavior.

4. **Organizational commitment** refers to an employee's sense of belonging; being a part of the organization; having love, faith, loyalty; being proud of and willing to devote himself to forever work for the organization (Barron and Greenberg, 1990; Mowday, Porter and Steers, 1982; Choong, Wong and Lau, 2011; Panaccio and Vandenberghe, 2012; Meyer and Allen, 1991). The studies of Erkmen and Hancer (2015) and Rurkkhum and Bartlett (2012) similarly indicated that organizational commitment had a positive influence on organizational citizenship behavior, which the author would like to reaffirm such finding in the Thai context and so **proposition 10** was set likewise;

(P10) : Organizational commitment had a positive influence on organizational citizenship behavior.

The review of literature above yielded a conceptual framework of this study as follows:

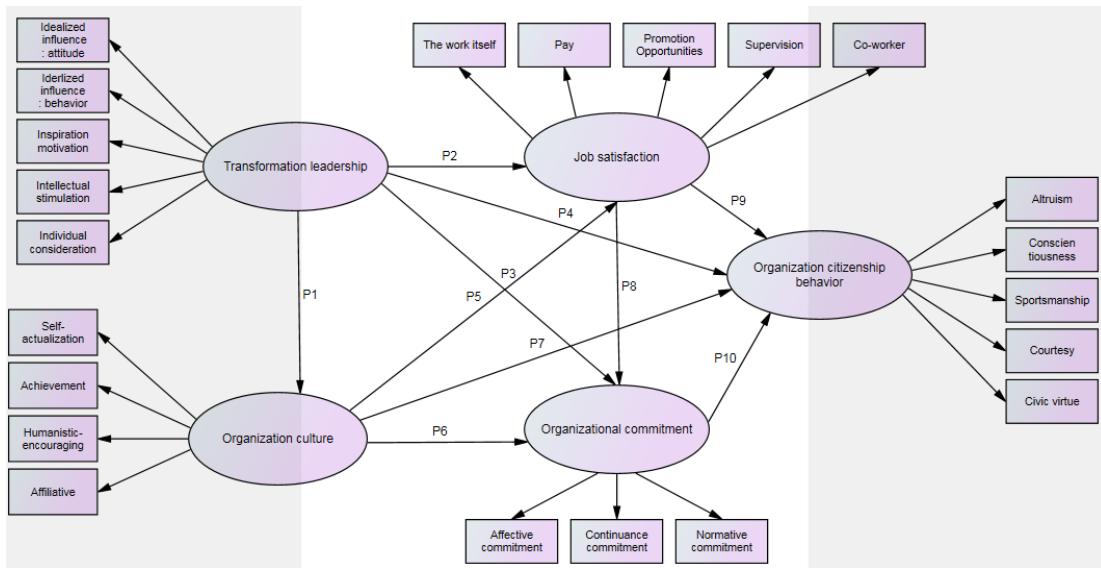


Figure 1: Conceptual framework

CONCLUSION

According to the literature review, it was found that there are 4 factors affecting organizational citizenship behavior; namely, transformational leadership, organization culture, job satisfaction, and organizational commitment all of which are considered as important mechanism to develop learning and innovations leading to driving the country's economic system and development as planned in National Economic and Social development Plan No. 12 and Thailand Development Strategy 4.0. The findings are of help in constructing a valid and reliable instrument to measure the influence of those factors and to create a structural equation model to be used in organizations for the benefits of business security and labor development.

SUGGESTIONS

Business enterprises either large or small play very important role in stimulating investment locally and nationally. The government sees them as a mechanism to generate job, income, security and life quality for people at every level. Key management of enterprises specifically the production ones depends very much on labor management. Most enterprises face similar problems; labor shortage and labor mobility. Therefore, administrators are suggested to perceive and understand their own enterprise's context, employees' need and behavior so as to handle labor problems better

REFERENCES

- Albrecht, S. L. & Andreetta, M. (2011). The influence of empowering leadership, empowerment and engagement on affective commitment and turnover intentions in community health service workers. *Leadership in Health Services*, 24(3), 228-237.
- Ahmad, K. Z. B. & Yiing, L. H. (2009). The moderating effects of organizational culture on the relationships between leadership behavior and organizational commitment and between organizational commitment and job satisfaction and performance. *Leadership & Organization Development Journal*, 30(1), 53-86.
- Antonakis, J. (2012). *Transformational and charismatic leadership*. In V. D. David & J.

- Antonakis (Eds), The nature of leadership (pp. 256-288). Thousand Oaks : CA Sage.*
- Azanza, G., Moriano, J. A. & Molero, F. (2013). Authentic leadership and organization culture as drivers of employees' job satisfaction. *Journal of Work and Organizational Psychology*, 29, 45-50.
- Barron, R. A., & Greenberg, J. (1990). *Behavior in organizations*. (3rd ed). New York: Allyn & Bacon.
- Bass, B. M., & Avolio, B. J. (1994). Shatter the glass ceiling: Women may make better Managers. *Human Resource Management*, 33, 549-560.
- Bushra, F., Usman, A., & Naveed, A. (2011). Effect of transformational leadership on employees' job satisfaction and organizational commitment in banking sector of Lahore (Pakistan). *International Journal of Business and Social Science*, 2(18), 261-267.
- Burns, J. M. (1978). *Leadership*. New York: Harper & Row.
- Bushra, F., Usman, A., & Naveed, A. (2011). Effect of transformational leadership on employees' job satisfaction and organizational commitment in banking sector of Lahore (Pakistan). *International Journal of Business and Social Science*, 2(18), 261-267.
- Chenevert, D., Vandenbergh, C. & Tremblay, M. (2015). Multiple sources of support, affective commitment, and citizenship behaviors: The moderating role of passive leadership. *Personnel Review*, 44(1), 69-90.
- Choong, Y. O., Wong, K. L., & Lau, T. C. (2011). Psychological empowerment and organizational commitment in the Malaysian private higher education institutions: a review and research agenda. *Academic Research International*, 1(3), 236-245.
- Cohen, A., Tura, E. B. & Vashdi, D. R. (2012). The relationship between social exchange variables, OCB, and performance. *Personnel Review*, 41(6), 705-731.
- Cooke, R. A. & Lafferty, J. C. (1994). *Organization culture inventory*. Plymouth, MI: Human Synergistics.
- Demir, K. (2015). Teachers' organizational citizenship behaviors and organizational identification in public and private preschool. *Procedia Social and Behavioral Sciences*, 174, 1176-1182.
- Emery, C. R. & Barker, K. J. (2007). The effect of transactional and transformational leadership styles on the organizational commitment and job satisfaction of customer contact personnel. *Journal of Organization culture, Communications and Conflict*, 11(1), 77-87.
- Erkmen, E. & Hancer, M. (2015). Linking brand commitment and brand citizenship behaviors of airline employees. *Journal of Air Transport Management*, 42, 47-54.
- Erkutlu, H. (2011). The moderating role of organization culture in the relationship between organizational justice and organizational citizenship behaviors. *Leadership & Organization Development Journal*, 32(6), 532-554.
- George, J. M., & Jones, G. R. (2002). *Understanding and Managing Organizational Behavior*. (3rd ed). NJ: Prentice-Hall.
- Greenberg, J., & Baron, R. A. (2003). *Behavior in organization*. (8th ed). Upper Saddle River, NJ: Prentice-Hall, 2003.
- Jha, S. (2012). Transformational leadership and psychological empowerment. *South Asian Journal of Global Business Research*, 3(1), 18-35.
- Joy, M. M., & Sidhique, F. (2016). A study on the impact of innovative human resource practice on job satisfaction of employees working in information technology sector. *International Journal of Engineering Technology Science and Research*, 3(12), 26-30.
- Katz, D. & Kahn, R. L. (1978). *The social psychology of organization*. New York: John Wiley and Sons.
- MacIntosh, E. W., & Doherty, A. (2010). The influence of organization culture on job

- satisfaction and intention to leave. *Sport Management Review*, 13, 106-117.
- Meyer, J. P., & Allen, N. J. (1991). A three-component conceptualization of organizational commitment. *Human Resource Management Review*, 1(1), 61-89.
- Morgan, G. (2002). *Images of organization*. Thousand Oaks, CA: Sage Publications.
- Mowday, R. T., Porter, L. W., & Steers, R. M. (1982). *Employee-organization linkages: The psychology of commitment, absenteeism, and turnover*. San Diego, CA: Academic Press.
- Narimani, M., Tabaeian, E., Khanjani, M., & Soltani, F. (2014). The impact of organizational citizenship behavior on enterprise resource planning success. *International Journal of Quality & Reliability Management*, 31(1), 53-65.
- Noruzi, A., Dalfard, V. M., Azhdari, B., Nazari-Shirkouhi, S. & Rezazadeh, A. (2013). Relations between transformational leadership, organizational learning, knowledge management, organizational innovation, and organizational performance: an empirical investigation of manufacturing firms. *Springer Int J Adv Manuf Techol*, 64, 1073-1085.
- Organ, D. W. (1988). *Organizational citizenship behavior: The good soldier syndrome*. Lexington, MA: Lexington Books.
- Organ, D. W., Podsakoff, P. M., & MacKenzie, S. B. (2006). *Organizational citizenship behavior its nature, antecedents, and consequences*. London: Sage Publications.
- Panaccio, A. & Vandenberghe, C. (2012). Five-factor model of personality and organizational commitment: The mediating role of positive and negative affective states. *Journal of Vocational Behavior*, 80, 647-658.
- Pinho, J. C., Rodrigues, A. P. & Dibb, S. (2014). The role of corporate culture, market orientation and organization commitment in organizational performance. *Journal of Management Development*, 33(4), 374-398.
- Popescu, A. M., Deaconu, A. & Popescu, T. (2015). Organization's age and Organizational Citizenship Behavior (OCB), performance criteria at SMEs level. Case study-Bucharest-Ilfov development region. *Procedia Economics and Finance*, 22, 645-654.
- Rurkkhum, S., & Bartlett, K. R. (2012). The Relationship between Employee Engagement and Organizational Citizenship Behavior in Thailand. *Human Resource Development International*, 15(2), 157-174.
- Sabahi, A. H., & Dashti, N. S. (2016). The effect of emotional intelligence and job satisfaction on organizational citizenship behavior. *Management Science Letters*, 6, 475-480.
- Salehzadeh, R., Shahin, A., Kazemi, A., & Barzoki, A. S. (2015). Is organizational citizenship behavior an attractive behavior for managers: A Kano model approach. *Journal of Management Development*, 34(5), 601-620.
- Shahmoradi, M., Rezaee, Z., Sheikhi, S., & Darabian, S. (2016). The relationship between organizational climate, organization culture and creativity with job satisfaction of librarians in ahwaz public libraries. *Research Journal of Psychology and Educational Sciences*, 2(4), 94-101.
- Silverthorne, C. (2003). The impact of organization culture and person-organization fit on organizational commitment and job satisfaction in Taiwan. *The Leadership & Organization Development Journal*, 25(7), 592-599.
- Tambe, S. & Shanker, M. (2014). A Study of Organizational Citizenship Behaviour (OCB) and Its Dimensions: A Literature Review. *International Research Journal of Business and Management-IRJBM*, 1, 67-73.
- Tsai, T. T., & Lin, A. J. (2014). Do psychological contract and organizational citizenship behavior affect organizational performance in non-profit organizations, *Chinese Management Studies*, 8(3), 397-417.
- Tekingunduz, S., Top, M., Tengilimoglu, D., & Karabulut, E. (2015). Effect of organisational trust, job satisfaction, individual variables on the organizational commitment in healthcare services. *Total Quality Management & Business Excellence*. 1-20.

- Williams, L. J., & Anderson, S. E. (1991). Job satisfaction and organizational commitment as predictors of organizational citizenship and in-role behaviors. *Journal of Management*, 17(3), 601-617.
- Yiing, L. H. & Bin Ahmad, K. Z. (2009). The moderating effects of organization culture on the relationships between leadership behaviour and organizational commitment and between organizational commitment and job satisfaction and performance. *Leadership & Organization Development Journal*, 30(1), 53 – 86.
- Yucel, C., Karatas, E. & Aydin, Y. (2013). The Relationship between the Level of Principal's Leadership Roles and Organization Culture. *Procedia Social and Behavioral Science*, 93, 415-419.

PURCHASE INTENTION OF CAMBODIAN CONSUMERS FOR HEALTHCARE SERVICES IN THAILAND

^aSunleang Kim

^bSirikanyah Lane Dasom,

^cKultiwa So-ngern

^dAsst. Prof. Dr. Leela Tiangsoongnern

ABSTRACT

Since there is demand for wellness and treatment, many countries compete to provide better healthcare services for their patients without boundaries and without judgment regarding race and nationality. Thailand has become a popular destination for Cambodians to receive treatment. This research aims to explore the factors affecting the purchasing intention of Cambodian consumers for healthcare services in Thailand. This study employed a questionnaire survey conducted on one-hundred Cambodian patients who were receiving medical treatment from five different hospitals in Bangkok Thailand. To analyze the findings, the author used descriptive statistics including chi-square analysis, and Pearson correlation coefficient to identify the relationships between factors.

This research received responses from almost an equal number of males and females. Most of the respondents were elderly adults aged between 45 and 54 years, with a bachelor's degree, and their own business with income ranging from USD 20,000 to USD 49,999 per year, and live in provinces. This study revealed that there is a partial relationship between demographic profiles, perceived benefits, and integrated marketing communication (IMC Tools) with the purchase intention of Cambodian consumers for healthcare services in Thailand. The results of this study may benefit students to acquire more knowledge in this field; potential investors and entrepreneurs; and governments.

Keywords: Cambodian Consumers, Healthcare Services, Purchasing Intention

^a Graduate of MBA (International Program), College of Innovative Business & Accountancy, Dhurakij Pundit University, Bangkok Thailand. Email: kimsunleang@gmail.com

^b Lecturer, College of Innovative Business and Accountancy, Dhurakij Pundit University, Bangkok, Thailand. Email: sirikanyah.lan@dpu.ac.th

^c Lecturer, College of Innovative Business and Accountancy, Dhurakij Pundit University, Bangkok, Thailand. Email: kultiwa.son@dpu.ac.th

^d Asst. Prof. and PhD., Deputy Dean of International Program and Connectivity, College of Innovative Business & Accountancy, Dhurakij Pundit University. Email: leela.tin@dpu.ac.th

INTRODUCTION AND INVESTIGATING CONSTRUCTS

There are necessities needs for every individual to fulfill their life include “psychological need”, “safety need”, “love/belonging need”, “esteem need”, and “self-actualization need” Maslow (1943). Since the health care and medical treatment have been seemed to be preciously valuable and significantly priceless, there are people who are mostly senior people or those who reserve high position in a certain society purchase trip across the border in the purpose of seeking for medical treatment and related services. In addition, the term “medical tourist” start influencing and spread to the society for a few decades ago (Pikert, 2008).

After the recession period on 1997, the government of Thailand start promote spread medical services information to other country in order to back up the economy of the country which make the country reputation as the well-known destination for medical tourism especially in the beauty and cosmetic treatment, (Pikert, 2008). Many Cambodia citizen seem to prefer Thailand which it comes to decision of choosing healthcare services. Since 2010, 3,837 Cambodian patients were spotted at the sampling hospital in Thailand and that numbers of patient present Cambodia in 9th rank among 14 other countries (Noree, Hanefeld & Smith (2016). The numbers of Cambodia presented and use Thailand medical services did not stopped there, yet, it even rose to 6,797 in 2013, followed by 12,660 in 2014, 24,857 in 2015, and 32,185 in 2016, according to the database provided by Ministry of Public Health Thailand (2017).

The perceived benefit is the accumulation of emotional benefit and functional benefit, which reflected as the result of attribution or purchase (Stanton et al, 2002). Glynn Mangold and Faulds (2009), again, categorized Integrated Marketing Communication tools as; “traditional tools” and “internet-based promotional tools”, which “traditional tools” is referred to the approach where an organization figure out how to deliver the information about the company and its product to the public and produce awareness, also, get the audiences’ attention to the organization, while “internet-based promotional tools” is described as the indirect communication which the information is transmitted from one particular target to another and direct them to the organization when the information is appealing in their area of interest and concern. Therefore, this research study aims to figure out the relationship between demographic profile, perceived benefit (emotional benefit and functional benefit), and integrated marketing communication (offline channel and online channel) and purchasing intention of Cambodian consumers on healthcare services in Thailand. The conceptual framework of this study is showed in Figure 1.

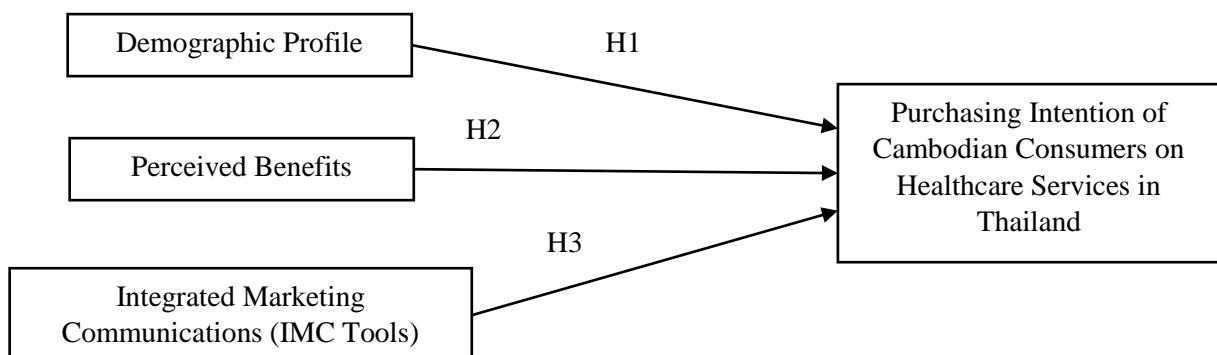


Figure 2: Conceptual Framework of this Study

From the above conceptual framework of this study, three hypotheses were proposed as follows;

- H1: Demographic profiles have an effect on Cambodian consumers purchasing intention on healthcare services in Thailand.
- H2: Perceived benefits have an effect on Cambodian consumers purchasing intention on healthcare services in Thailand.

H3: Integrated Marketing Communications (IMC) has an effect on Cambodian consumers purchasing intention on healthcare services in Thailand.

RESEARCH METHODOLOGY

This research study discussed the relationship between demographic profiles, perceived benefits, integrated marketing communication (IMC tools) and purchasing intention of Cambodian consumers on healthcare services in Thailand according to the following constructs:

1. Demographic profile: gender, age, marital status, income range (annual), occupation, education, and city/province of residence.
2. Perceived benefit: emotional benefits and functional benefits.
3. Integrated marketing communication (IMC): online channels and offline channels.
4. Purchasing intention: toward the product and pricing strategy of the treatments.

Population and Sample

This research study aimed to collect data from the Cambodian consumers who visited hospitals in Thailand in order to receive medical check-ups and treatments. There are a total of 5 hospitals in Bangkok, Thailand which were selected to conduct this study. Those include Bangkok Hospital, Phyathai 1 Hospital, Phyathai 2 Hospital, Phyathai 3 Hospital, and Bumrongrad Hospital. Due to the limitation of the study, the researcher collected the need to specify the limited number of the respondents to collect data and analyze the data. Therefore, the researcher considered 100 respondents at minimum as a sample size.

In order to get an equal response number from the selected hospitals, the researcher equally separated the amount of questionnaires to the patients from Bangkok Hospital, Phyathai 1 Hospital, Phyathai 2 Hospital, Phyathai 3 Hospital, and Bumrongrad Hospital. Quota sampling was adopted into this research study since the respondents can be managed for certain characteristics (Malhotra, 2017).

Table 1: Quota sampling method.

| Hospitals | Bangkok Hospital | Phyathai 1 Hospital | Phyathai 2 Hospital | Phyathai 3 Hospital | Bumrongrad Hospital | Total |
|-----------|------------------|---------------------|---------------------|---------------------|---------------------|------------|
| Amounts | 20 | 20 | 20 | 20 | 20 | 100 |

Research Instruments & Method of Analysis

In order to measure each variable, the researcher included the following items in each questionnaire section such as; Part I: demographic profile included gender, age, marital status, income range (annual), occupation, education, and city/province of resident; Part II: Perceived benefits included emotional benefits and functional benefits; Part III: Integrated marketing communication (IMC) included online channels and offline channels, and Part IV: Purchasing intention included expectation in treatment and cost of treatment.

There were 110 questionnaires delivered and collected. The data was screened for normal distribution which could be assumed for the Skewness value range of -1 to +1 and the Kurtosis value range of -2 to +2 (Tabachnick & Fidell, 2001). There were 10 sets of questionnaires found to be faulty, so these were withdrawn from the analysis. Therefore, remaining 100 responses for the data analysis. Each investigated construct was analyzed by using descriptive statistics such as, percentage, mean, and standard deviation. Hypothesis 1 (H1) was tested by using a Chi-square (χ^2 -test), Hypothesis 2 (H2) and Hypothesis 3 (H3) were tested by using Pearson's Correlation analysis at the significant level of 0.05.

FINDINGS AND DISCUSSION

Results of Demographic Profiles

Demographic profile of respondents is presented in table 1. 51% of respondents is male and 49% female. The average age is 45-54 years old (26%), followed by 35-44 years old (25%), 35-34 years old (20%), 55-64 years old (11%), and 18-24 years old (10%). Majority of respondents were found to be married (56%) and single (44%). Respondents annual income (USD) was 20,000-29,000 (40%), 19,000 or less (31%) and 50,000 and above (29%). Regarding occupation of the respondents, business owners (33%), government officer (31%), office staff (21%), professor (14%) and others (1%). As for education level of the respondents, Bachelor's degree (39%), High school graduate (26%), Master's degree (18%), others (10%) and PhD (7%).

Table 2: Results of demographic profile of respondents

| Demographic Profile | Items | Percentage |
|----------------------------|----------------------|------------|
| Gender | Male | 51 |
| | Female | 49 |
| Age | Under 18 | 1 |
| | 18 to 24 | 10 |
| | 25 to 34 | 20 |
| | 35 to 44 | 25 |
| | 45 to 54 | 26 |
| | 55 to 64 | 11 |
| | 65+ | 7 |
| Marital Status | Single | 44 |
| | Married | 56 |
| Annual Income (USD) | 50,000 and above | 29 |
| | 20,000 – 49,999 | 40 |
| | 19,000 or less | 31 |
| Occupation | Business owner | 33 |
| | Government officer | 31 |
| | Office staff | 21 |
| | Professor | 14 |
| | Other | 1 |
| Education Level | High school Graduate | 26 |
| | Bachelor's Degree | 39 |
| | Master's Degree | 18 |
| | PhD | 7 |
| | Other | 10 |

Concerning the living area of the respondents, 26% said they live in Phnom Penh which is the capital city of Cambodia. 11% is from Kampong Chhang (around 100 km. to the North of Phnom Penh), followed by Preah Vihear of 7%, Siem Reap of 6%, Sihanouk Ville 6%, and 5% for Kampong Cham, Banteay Meanchey, Kratie, and Kampot.

Table 3: Results of demographic profile (current living area) of respondents

| Demographic Profile | Items | Percentage |
|---------------------|------------------|------------|
| Current Living Area | | |
| | Phnom Penh | 26 |
| | Kampong Chhnang | 11 |
| | Preah Vihear | 7 |
| | Siem Reap | 6 |
| | Sihanouk Ville | 6 |
| | Kampong Cham | 5 |
| | Banteay Meanchey | 5 |
| | Kratie | 5 |
| | Kampot | 5 |
| | Kampong Thom | 4 |
| | Kep | 4 |
| | Pursat | 3 |
| | Koh Kong | 3 |
| | Rattanakiri | 3 |
| | Kampong Speu | 2 |
| | Kandal | 2 |
| | Svay Rieng | 2 |
| | Battambang | 1 |

Results of Perceived Benefits

The study showed that the majority of the respondents agreed with the interaction between doctor and patient in hospital in Bangkok (Mean = 4.10), the positivity and hopefulness of the doctors and nurses from hospital in Bangkok (Mean = 4.10), the encouragement of the doctors and nurses from hospital in Bangkok (Mean = 4.20), and the special treat from doctor in hospital in Bangkok (E.g. the message from doctor asking about the patients' health after treatment and return home) (Mean = 4.00). While the respondents strongly agree with the state of trustfulness in associate with the profession of doctors and nurses from hospital in Bangkok (Mean = 4.30), and using medical services provided by hospital in Bangkok because my family always perform medical services in hospital in Bangkok (Mean = 4.80).

Furthermore, the majority of the respondents agreed with the technologies that implemented in the hospital in Bangkok (Mean = 3.90), the amount of payment (Mean = 3.60), fee structure set by hospital in Bangkok (Mean = 3.80), the accommodation provided by hospital in Bangkok (Mean = 4.10), the hygiene conduct throughout the whole medical service process in hospital in Bangkok (Mean = 4.00), and the ethical code of conduct of hospital in Bangkok (e.g. not accept tip, equality in serving each patient) (Mean = 4.10). While the respondents strongly agree with the hospitality of hospital service in Bangkok (Mean = 4.30), and the procedures, processes, and methods conduct by doctor and specialist in hospital in Bangkok to investigate and analyze the illnesses (Mean = 4.30).

Results of Integrated Communications Channels

According to the majority of the respondents felt neutral with friend's recommendation (Mean = 3.20), satisfying with the cost structure (Mean = 3.20), flyer in Cambodia (Mean = 2.80), and the advertisements in newspaper (Mean = 2.80), while the respondent agree that they come because of the recommendation from the hospital in Cambodia (Mean = 3.70), the recommendation from the branch of hospitals in Bangkok located in Cambodia (Mean = 3.50), the frequent number of visits in Thailand (Mean = 4.20), and family's encouragement (Mean = 3.80), also the respondent disagreed that they come because they has a friend working in hospital in Bangkok (Mean = 2.20), received incentive from workplace (Mean = 2.60).

Moreover, the majority of the respondent agree that they come to hospitals in Bangkok because of the website of hospital (Mean = 3.60), while they felt neutral that they come because of

the advertising in the social networks (Mean = 3.20), the promotional package (Mean = 2.80), doing research and received suggestions (Mean = 3.10), and suggestions on blog (Mean = 2.70).

Results of Hypothesis Testing

H1: Demographic profiles have an effect on Cambodian consumers purchasing intention on healthcare services in Thailand.

This study found a partial relationship between demographics profiles and Cambodian consumers purchasing intention on healthcare services in Thailand ($p<0.05$).

Table 4: Results of hypothesis testing between demographic profile and purchase intention

| Gender | Value | Df. | Sig. |
|---|----------------------|------------|-------------|
| <u>Purchasing Intention</u> I will purchase if hospital in Bangkok follow the standard of the U.S.A. | 9.184 ^a | 2 | .010* |
| Age | Value | Df. | Sig. |
| <u>Purchasing Intention</u> I will purchase if hospital in Bangkok send me a visit mail after my surgery. | 21.760 ^a | 12 | .040* |
| <u>Purchasing Intention</u> I will purchase if hospital in Bangkok design a family check-up package. | 37.904 ^a | 18 | .004* |
| I will purchase if hospital in Bangkok set the cost of family check-up package to USD 2,000. | 29.084 ^a | 18 | .047* |
| Marital status | Value | Df. | Sig. |
| <u>Purchasing Intention</u> I will purchase if hospital in Bangkok offer free accommodation. | 10.106 ^a | 3 | .018* |
| Occupation | Value | Df. | Sig. |
| <u>Purchasing Intention</u> I will purchase if the staff of hospital in Bangkok treat me like family member. | 24.384 ^a | 12 | .018* |
| Education level | Value | Df. | Sig. |
| <u>Purchasing Intention</u> I will purchase if hospital in Bangkok use sophisticated technology in check-up. | 29.982 ^a | 9 | .000** |
| <u>Purchasing Intention</u> I will purchase if hospital in Bangkok offer free accommodation. | 25.302 ^a | 9 | .003* |
| Overall, I will purchase healthcare services in Thailand. | 100.165 ^a | 57 | .000** |

As you can see in table 4 above, gender was found to have a significant relationship with purchase intention of Cambodian consumer on healthcare services in Thailand (i.e. product strategy) ($p<0.05$). While occupation was found to have a significant relationship with purchase intention of Cambodian consumer on healthcare services in Thailand (i.e. pricing strategy) ($p<0.05$).

Table 5: Results of hypothesis testing between demographic profile (current living situation) and purchase intention

| Current living area | Value | Df. | Sig. |
|---|---------------------|------------|-------------|
| <u>Purchasing Intention</u> I will purchase if hospital in Bangkok follow the standard of the U.S.A. | 48.936 ^a | 34 | .047* |
| I will purchase if hospital in Bangkok send me a visit mail after my surgery. | 55.286 ^a | 34 | .012* |
| <u>Purchasing Intention</u> I will purchase if hospital in Bangkok design a family check-up package. | 76.554 ^a | 51 | .012* |
| <u>Purchasing Intention</u> I will purchase if hospital in Bangkok set the cost of family check-up package to 1,000 USD. | 68.661 ^a | 51 | .050* |

H2: Perceived benefits have an effect on Cambodian consumers purchasing intention on healthcare services in Thailand.**Table 6:** Results of hypothesis testing between perceived benefits and purchase intention

| Emotional Benefits | R² | Sig. |
|---|----------------------|-------------|
| <u>Purchasing Intention</u> I will purchase if hospital in Bangkok sets the cost of family check-up packages to 1,000 USD. | .226 | .024* |
| <u>Purchasing Intention</u> I will purchase if hospital in Bangkok follows the standard of France. | .022 | .028* |
| <u>Purchasing Intention</u> I will purchase if hospital in Bangkok designs a family check-up package. | .287 | .004* |
| <u>Purchasing Intention</u> Overall, I will purchase healthcare services in Thailand. | .025 | .012* |
| Functional Benefits | R² | Sig. |
| <u>Purchasing Intention</u> I will purchase if hospital in Bangkok sends me a visit mail after my surgery. | .250 | 0.12* |
| <u>Purchasing Intention</u> I will purchase if hospital in Bangkok use sophisticated technology in surgery. | .108 | .016* |
| <u>Purchasing Intention</u> I will purchase if hospital in Bangkok follow the standard of U.S.A. | .201 | .045* |
| <u>Purchasing Intention</u> I will purchase if hospital in Bangkok designs a family check-up package. | .262 | .008* |
| <u>Purchasing Intention</u> I will purchase if hospital in Bangkok offer free accommodation. | .243 | 0.15* |
| <u>Purchasing Intention</u> I will purchase if hospital in Bangkok set up the cost of family check0up packages to 2,000 USD. | .215 | .032* |

*level of significance $\alpha = 0.05$

H3: Integrated Marketing Communications (IMC) has an effect on Cambodian consumers purchasing intention on healthcare services in Thailand.

Table 7: Results of hypothesis testing of Integrated Marketing Communication (IMC Tools) and purchase intention

| Offline Channels | R² | Sig. |
|--|----------------------|-------------|
| <u>Purchasing Intention</u> I will purchase if hospital in Bangkok follows the standard of France. | .290 | .003 * |
| <u>Purchasing Intention</u> I will purchase if hospital in Bangkok offer free accommodation. | .023 6 | .018 * |
| <u>Purchasing Intention</u> I will purchase if hospital in Bangkok set the cost of family check-up package to 1,000 USD. | .225 | .026 * |
| <u>Purchasing Intention</u> I will purchase if hospital in Bangkok set costs to 50,000 USD for surgery and guarantee fast recovery. | .206 | .040 * |
| <u>Purchasing Intention</u> I will purchase if hospital in Bangkok set the cost of family check-up package to 3,000 USD. | .328 | .001 * |
| <u>Purchasing Intention</u> I will purchase if hospital in Bangkok treat me like their family member. | .216 | .031 * |
| Online Channels | R² | Sig. |
| <u>Purchasing Intention</u> I will purchase if hospital in Bangkok set the cost of family check-up package to 3,000 USD. | .208 | .038 * |

*level of significance $\alpha = 0.05$

Table 8 shows the summary of hypothesis testing and level of support. Hypothesis 1, Hypothesis 2 and Hypothesis 3 have a significant level of relationship of demographic profile, perceived benefits and integrated marketing communication with the purchasing intention of Cambodian consumers on healthcare services in Thailand.

Table 8: Summary of hypothesis testing

| Hypothesis | Level of Support |
|---|-------------------------|
| H1: Demographic profiles have an effect on Cambodian consumers purchasing intention on healthcare services in Thailand. | Partial support |
| H2: Perceived benefits have an effect on Cambodian consumers purchasing intention on healthcare services in Thailand. | Partial support |
| H3: Integrated Marketing Communications (IMC) has an effect on Cambodian consumers purchasing intention on healthcare services in Thailand. | Partial support |

DISCUSSIONS

According to the conducted research study, most of the respondents age between 45 and 54 years old and finished bachelor's degree, own businesses, earn around USD 20,000 to USD 49,999 per year, and most are from the provinces. According to this result, Cambodian who are able to travel for medical treatment in Bangkok, Thailand are elderly adult who are in middle-class and high-class income with high education background such as bachelor's degree.

In this research study, the author aims to clarify if demographic profile, perceived benefit, and integrated marketing communication (IMC tools) has effect on Cambodian purchasing intention on healthcare service in Thailand. The result has showed as follows:

- The research study has showed there is a partial relationship between demographic profiles and purchase intention. The study showed that different marital status, income level (annual), and occupation have no relationship to purchase intention except gender, age, highest qualification level, and current living area has highly agreed with their purchasing intention over healthcare in Thailand.
- Based on the study of hypothesis 2 in this study, there is partial support for significant relationship between perceived benefit and purchasing intention when it comes to purchasing medical treatment service, which is found to be similar to the study of Ying-Feng (2009), and Tung-Zong (1994).
- According to the study, the finding in the research has showed that there is partial support for significant relationship between integrated marketing communication and purchasing intention when it comes to purchasing medical treatment service which is similar previous author finding such as Endang (2017) and Jaideawsangwan (2018) that has figured out that there is a significant relationship between integrated marketing communication and purchasing intention.

All in all, the findings of this study have shown that there are varieties within demographic profiles of the respondent such as gender, age, marital status, income level (annual), occupation, highest qualification level, and current living are likely to be varied in "sophisticated technology in surgery", "sophisticated technology in check-up", "staff treat like family member", "use USA standard", "use France standard", "send visit mail, family check-up package", "free accommodation", "USD 1,000 check-up package", "USD 2,000 check-up package", "USD 3,000 check-up package", "USD 50,000 for surgery and guarantee fast recovery". There also found to be no relationship between perceived benefit, integrated marketing communications, and purchase intention at the significant level of 0.05.

Implications

The results of this research study looks forward to being able to add new knowledge in medical services especially for customers who travel cross-borders to receive services outside of their home country. In educational sector, this study may reflect on peoples understandings of the reasons why Cambodian consumer tend decide to visit Thailand healthcare services. For lecturers, this study can be a support information regarding cross-border healthcare services. As an entrepreneur, this research study can be used to enhance alliances with healthcare services both domestic and internationally, in order to fulfil the patient's wants and needs. For the government sector, this study may be able to help and guide in what the country could be able to encourage local facilities such as clinics and hospitals to understand why Cambodian consumers tend to look for outsources when it comes to healthcare quality.

Recommendations

This research conducted on 100 patients from 5 hospitals such as Bangkok hospital, Phyathai 1, Phyathai 2, Phyathai 3, and Bumrongrad Hospital in Bangkok, Thailand. The recommendations for greater and clearer results would be for future researchers to extend the area regarding the research number of participants as there are many more hospitals and clinics across Bangkok and other provinces in Thailand. Where there are many more Cambodians consumers and other nationalities who travel cross border to seek healthcare and treatment services.

Furthermore, future researchers should look towards enlarging the scale of respondents for a better understanding as there are many other Cambodian patients and other nationalities who are receive medical treatments in Thailand. Future researchers may also look to explore other factors that may interfere with the purchase intention such as perceived risks, level of satisfaction, and purchasing behavior of medical treatments in order to be used as guideline for medical clinics and hospitals as well as resources in medical treatments and hospitalization industries.

REFERENCES

- Glynn M. W., Faulds. David J. (2009). Social media: The new hybrid element of the promotion mix. *Business Horizon*, 52, 357 - 365. doi:DOI: 10.1016/j.bushor.2009.03.002
- Malhotra, N. K. (2007). *Marketing Research: An Applied Orientation*. Pearson Education.
- Maslow, A. H. (1943). A theory of human motivation. *Psychological Review*, 50(4), 370-396. <http://dx.doi.org/10.1037/h0054346>
- Ministry of Public Health. (2017). *Types of foreigners who come to receive inpatient services*. Retrieved 5 September 2017, from https://hdcservice.moph.go.th/hdc/reports/report.php?source=formatted/alien.php&cat_id=f05dcee246d3d761e4637d611d773cb6&id=431fd23085bee30c6ecb90e25dced5ea
- Noree, T., Hanefeld, J. & Smith, R. (2016). Medical tourism in Thailand: a cross-sectional study. 94(1). doi:<http://dx.doi.org/10.2471/BLT.14.152165>
- Pikert, K. (2008, November 25). A Brief History of Medical Tourism. *TIME*. Retrieved Retrieved 5 September 2017, from <http://content.time.com/time/health/article/0,8599,1861919,00.html>
- Tabachnick, B.G., & Fidell, L.S. (2001). *Using multivariate statistic*. Sydney. Allyn and Bacon.
- Stanton, S., Annette, L., Lisa A. Sworowski, Charlotte, A. Collins, Ann, D. Branstetter, Rodriguez-Hanley, A., Sarah, B. Kirk, and Jennifer, L. Austenfeld. (2002). Randomized, Controlled Trial of Written Emotional Expression and Benefit Finding in Breast Cancer Patients. *Journal of Clinical Oncology*, 20(20), 4160 - 4168. doi:DOI: 10.1200/JCO.2002.08.521

PURCHASING BEHAVIOR OF CONSUMERS IN BHUTAN TOWARDS FROZEN RAW MEAT PRODUCTS

^a Sonam Choden Penjore

^b Dr. Sayamol Nongbunnak

ABSTRACT

The research study aimed to determine the effect of Integrated Marketing Communications (IMC) Tools and food safety on purchasing behavior of consumers in Bhutan towards frozen raw meat products. Quantitative research approach was applied using questionnaire as a tool to collect data from consumers in Thimphu, Bhutan. Multistage sampling method was employed. 120 questionnaires were distributed and 107 completed questionnaires were return. The response rate was 95.8%.

This study found that IMC Tools have an effect on purchasing behavior in Bhutan in terms of type of frozen raw meat products, person who influence respondents to purchase frozen raw meat products, and location where respondents purchase frozen raw meat products. While food safety had effect on purchasing behavior in Bhutan in types of frozen raw meat products, people who influence respondents to purchase frozen raw meat products, location where respondents purchase frozen raw meat products, and reasons why respondents buy the products from that location. The results of hypothesis testing revealed that there is a partial significant relationship between IMC tools and food safety with purchasing behavior of consumers in Bhutan towards frozen raw meat products ($p<0.05$).

Keywords: Raw Frozen Meat Products, Purchasing Behavior, Bhutan

^a Undergraduate student, Bachelor of Business Administration (International Program), College of Innovative Business and Accountancy, Dhurakij Pundit University
Email: 581110070021@dpu.ac.th

^b Head of Bachelor of Business Administration (International Program), College of Innovative Business and Accountancy, Dhurakij Pundit University
Email: sayamol.non@dpu.ac.th

INTRODUCTION

Bhutan is a landlocked country in the South Asian region bordered between China and India. The majority of the population (75.3%) practices Buddhism. There is a Buddhist belief against slaughter of animals that most Bhutanese hold because of which there are no large-scale slaughterhouses and meat processing plants in the country; though several small ones do exist. As a result, Bhutan tends to import a lot of meat from other countries. In 2017 alone, around 1,867 metric tons of swine meat along with 1,584 metric tons of poultry were imported to Bhutan. During the same year, it was found that 928 metric tons of swine meat was locally produced along with 1,349 metric tons of poultry meat (Ministry of Agriculture and Forests, 2018).

Bhutan imports food products twice the number of export goods. In 2018 (January – September), Bhutan imported pork (fresh, chilled, and frozen) for 123.36 million Nu. Other imported foods are rice, beverages and spirits, fish, sugar and sugar confectionery, tobacco; butter, cheese and curd; and fruits (Dorji, 2018).



Figure 1: Food import value in Bhutan in 2018

Source: Dorji (2018)

However, data by the type of meat (raw or processed) is not available. A vast majority of the fresh meat is imported from India by small traders using small refrigerated vans. Information related to the volume and type of frozen meat into Bhutan is very sketchy and it appears no formal studies have been done.

This research study aims to determine factors affecting purchasing behavior of Bhutanese toward frozen raw meat products. The results of the study add new knowledge of consumers in Bhutan in purchasing behavior and marketing area. The findings can be used by meat processing and exporting companies in Thailand and other foreign markets to determine whether the Bhutanese meat market is a viable choice for future operations. Local businesses in Bhutan can use the findings to find more alternatives of frozen raw meat for consumers in Bhutan.

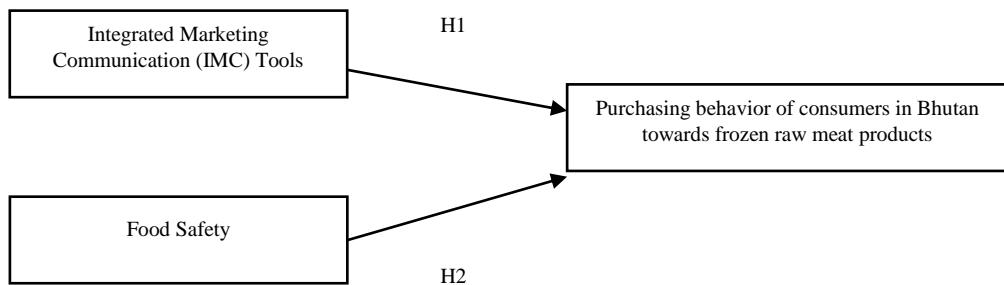


Figure 2: Conceptual framework of the study

From the above conceptual framework of the study, two hypotheses were proposed as follows:

- H1: Integrated Marketing Communication (IMC) tools have effect on purchasing behavior of consumers in Bhutan towards frozen raw meat products.
- H2: Food safety have effect on purchasing behavior of consumers in Bhutan towards frozen raw meat products.

LITERATURE REVIEW

Poultry in Thailand was the largest meat category in 2017 with a 55% total volume share owing to its minimum religious and health constraints. Consumption of frozen and processed chicken is low domestically in Thailand given the fact that domestic consumers (consumes 60% of domestic production) prefer buying fresh products. Producers then have to depend on export markets which accounts for 40% of total production. Frozen chicken which includes whole, 2 boned and prepared, and salted chicken makes up 30% of exports (Krungsri Research, 2018). In the same year, Thailand exported 4,327 tons of fresh, chilled or frozen swine meat (International Trade Centre, 2017).

The market situation in Thailand poses opportunities for Thai producers. Understanding purchasing behavior of consumers in Bhutan is the key to enter a new market. Purchasing behavior is the concept which answers what, why, how, when, and where an individual makes a purchase. As a result, the outcome of purchasing behavior is the purchasing decision. The entire purchasing process involves giving a thought on what should be bought, which brand is good or suitable, from where or whom should the purchase be made, when to purchase, how much to spend, and how many times to buy and in what intervals (Khaniwale, 2015). The study focusses on two factors namely, Integrated Marketing Communication (IMC) tools and food safety.

Integrated Marketing Communication (IMC) refers to carefully integrating and coordinating the company's many communications channels to deliver a clear, consistent and compelling message about the organization and its products (Kotler and Armstrong, 2016; Shin, 2013). In this study, IMC Tools include advertising, sales promotions, direct marketing, public relations, personal selling, and internet marketing.

According to the Australian Institute of Food Safety, Food Safety refers to handling, preparing and storing food in a way to best reduce the risk of individuals becoming sick from foodborne illnesses. In this study, Food safety refers to the labels on the packaging of the meat displaying information such as certification, expiration dates, and treatment of the animals in addition to the sources which include the country of origin, the rearing of the animals and finally the storage which

refers to proper storage of the meat products at the store, cleanliness of storage and the temperature at which the meats are stored.

Definition of terms

According to The Food Safety and Inspection Service, the term frozen raw poultry is defined as raw poultry held at 0 °F (-17.8 °C) or below (Food Safety and Inspection Service, 2014). For the purpose of this study, the term '*frozen raw meat*' refers to the uncooked meat and meat offal of poultry and swine stored at -18 °C or below.

RESEARCH METHODS

The study applied quantitative research using a survey research design. Questionnaires were applied as a tool to collect data from respondents in Bhutan. The population is consumers in Bhutan who buy frozen raw meat product. Multistage sampling method is applied in this study. First, purposive sampling method is used to select Thimpu which is the capital city of Bhutan. Second, convenience sampling method is used to choose locations to distribute questionnaire.

Due to the number of populations is unknown, the researcher used Taro Yamane table to calculate the approximately sample size for this study. The sample size at 5% sampling error is suggested 384 according to Taro Yamane (Singh, and Masuku, 2014). Due to limited time frame, 120 questionnaires were distributed. However, only 115 questionnaires were returned and from there 107 were complete questionnaires. The response rate is 95.8%. The data collection period was from 11th March to 22nd March 2019.

The questionnaires were in the English language given how almost every respondent is able to read and understand English. They were distributed as hard copies and distributed to 120 Bhutanese respondents in Thimphu in four areas namely RICB, Changzamtok, Mothithang, and Clock Tower. The reason for choosing these areas is that in terms of residences, RICB and Changzamtok have a large number of residential households which meant it would be easier to reach the target sample of this research whereas Mothithang and Clock Tower are the areas where well known supermarkets like Lhatshog and 8-Eleven are located which meant the respondents in these areas would fit the target sample.

Data were analyzed using statistical software for descriptive and inferential statistics. Pearson's Chi-Square (χ^2) and correlation analysis were employed to test the relationship of IMC Tools, food safety, with purchasing behavior of consumer in Bhutan toward frozen raw meat products at the confidence level of 95% ($p<0.05$).

FINDINGS

From table 1, majority of the respondents was female (56.1%) and 43.9% was male. The age group of 31 to 40 and 41 to 50 are equaled of 31%, followed by 25% of 21 to 30, 7% of 51 to 60 5% of 61 years old and above, and 2% of 20 years old or below. Majority of respondents obtained high school diploma (41%), followed by 34% Bachelor's Degree, 15% Master's Degree, and 7% primary level education.

Regarding occupation of the respondents, 62% was civil servant, followed by 15% house wife, 10% business owner, 7% retired, and 4% students. Their monthly income was 10,001 – 20,000 Nu (36%), followed by 29% of 20,001 – 30,000 Nu, 13% of 10,000 Nu or less, 12% of more than 40,000 Nu, and 9% of 30,001 – 40,000 Nu. Majority of household size is 2-4 persons (51%), followed by 37% of 5-7 persons, 8% of more than 7, and 3% for 1 person.

Table 1: Results of Demographic Profile of respondents

| Demographic Profile | | Percent (%) |
|---|------------------------|--------------------|
| Gender | Male | 43.9 |
| | Female | 56.1 |
| Age | 20 years old or below | 2 |
| | 21 to 30 | 25 |
| | 31 to 40 | 31 |
| | 41 to 50 | 31 |
| | 51 to 60 | 7 |
| | 61 years old and above | 5 |
| Education Level | Primary level | 7 |
| | High School Diploma | 41 |
| | Bachelor's Degree | 34 |
| | Master's Degree | 15 |
| | Other | 4 |
| Occupation | Civil Servant | 62 |
| | Housewife | 15 |
| | Business Owner | 10 |
| | Retired | 7 |
| | Student | 4 |
| | Others | 2 |
| Monthly Income (Ngultrum: Nu) (1 Nu = 0.44 Baht as of 28 June 2019) | 10,000 or less | 13 |
| | 10,001 - 20,000 | 36 |
| | 20,001 – 30,000 | 29 |
| | 30,001 – 40,000 | 9 |
| | More than 40,000 | 12 |
| Household size | 1 | 3 |
| | 2-4 | 51 |
| | 5-7 | 37 |
| | More than 7 | 8 |

Table 2 showed that 44% of the respondents purchase *beef* the most often while 42% purchase *chicken*. 13% of respondents, however, purchase pork. Only 1% chose the *Others* option specifying “None” on the list provided. There were 3 types which no respondent chose namely, mutton, buffalo, and yak. This could be owing to the fact that these 3 types of meat are more expensive in the market and it could be difficult for Bhutanese consumers to buy it on a regular basis.

Table 2: Type of meat that respondents buy most often

| Type of meat | No. of respondents | Percent (%) |
|--------------|--------------------|-------------|
| Beef | 47 | 44 |
| Chicken | 45 | 42 |
| Pork | 14 | 13 |
| Others | 1 | 1 |
| Mutton | 0 | 0 |
| Buffalo | 0 | 0 |
| Yak | 0 | 0 |

For the question “What cut that respondents buy most often?” presented in table 3, respondents were given the option to choose more than one answer. Out of 107 respondents, 87 of them purchase the *whole chicken* most often. The whole chicken is sold as frozen item in Bhutan. 29 respondents said they purchased *spare ribs* most often, followed by 25 respondents who bought *pork legs*, 21 respondents purchased *chicken legs and thigh*, 18 respondents purchased *pork tenderloin*, 16 respondents purchased *chicken breast and fillet*, 16 respondents purchased *pork loin*, 14 respondents purchased *pork shoulder and collar*, 12 respondents purchased *ham and belly*, 11 respondents purchased *offal (liver, intestine, stomach)*, and 5 respondents purchased *chicken wings*.

Table 3: Type of cut that respondents buy most often

| Type of cut | No. of respondents |
|-----------------------------------|--------------------|
| Whole chicken | 87 |
| Spare ribs | 29 |
| Pork legs | 25 |
| Chicken leg and thigh | 21 |
| Pork tenderloin | 18 |
| Chicken breast and fillet | 16 |
| Pork loin | 16 |
| Pork shoulder and collar | 14 |
| Ham and belly | 12 |
| Offal (liver, intestine, stomach) | 11 |
| Chicken wings | 5 |

Considering location where respondents bought frozen raw meat products most often. 62% said they purchase at the *local meat shops* while 35 percent chose to purchase the products at supermarkets, followed by 2 percent purchase from *grocery store*. 1% chose *Others* and did not mentioned the location. None of respondents chose *online store* choice.

Regarding reasons why respondent purchase from the chosen location, quality is a leading determination for choosing location to purchase frozen raw meat products (40%). Other respondents chose the particular location because of *convenience* (31%), *price* (16%), and *safety* (11%). One of *Others* mentioned that it is simply.

Considering reasons why respondent purchase the frozen raw meat products, half of the respondents (50%) said the reason for purchasing frozen raw meat product was it is convenient for cooking, see table 6. This could probably be because in Bhutan a majority of frozen raw meat are sold as meat cuts like chicken wings and drumsticks which could be what the respondents meant by convenient for cooking. There is only some frozen raw meat sold as whole. While 27% said it was the year-round availability of meat that influenced their purchase of frozen raw meat products. 19% of respondents purchased frozen raw meat products because of the need to shop less frequent while only 4% said it was none of the listed reasons and specified their own. One said it was because major meat shops sell frozen raw meat so no option is available. Another said they don't get fresh meat which is similar to the first one. Two of them said it was the difference in taste that influenced their purchase for frozen raw meat product.

Regarding person who influences respondent to purchase the frozen raw meat products, more than half of the respondents (58%) themselves played the major role in purchasing frozen raw meat while 28% said their spouse played the major role in purchasing it. 9% respondents said their parents

influenced them in purchasing frozen raw meat products, while only 4% said their children influenced their purchasing behavior. 1% respondent chose the *Others* with no detail specified.

Considering frequency of purchasing the frozen raw meat products, the survey results revealed that 40% of respondents purchased frozen raw meat products *2-3 times in a month* while 28% purchased the products *once a week*. 17% purchased *once a month*, followed by 8% of *more than once a week* and 7% of *infrequent*.

Results of hypothesis testing

Considering results of hypothesis 1 testing, there are three significant relationship between IMC Tools and Purchasing Behavior. See table 4.

Table 4: Results of hypothesis testing between IMC Tools and Purchasing Behavior

| | Value | df | Sig. |
|---|----------------------|-----|-------|
| Type of frozen raw meat products respondents buy most often | 241.482 ^a | 159 | .000* |
| Who influence respondents' purchasing behavior | 307.974 ^a | 212 | .000* |
| Where do respondents buy the products | 273.118 ^a | 159 | .000* |
| Why respondents buy the products from that location | 217.559 ^a | 212 | .382 |
| How often do respondents buy the products | 221.554 ^a | 212 | .312 |
| Why do respondents buy the products | 154.788 ^a | 159 | .580 |

*p<0.05

The first significant relationship is IMC tools and *type of frozen raw meat products* (Sig .000, p<0.05). Sale promotion (Sig .012, p<0.05) and personal selling (Sig .000, p<0.05) had significant relationship with purchasing behavior. Considering sale promotion, respondents looked at products that offer free bag with purchase, discount price, and buy-one-get-one offer. For personal selling, consumers in Bhutan thought about sale introduction to particular products, sales talk via phone, and recommendation from sales in the store.

The second significant relationship is IMC tools and *person who influence respondents to purchase frozen raw meat products* (Sig .000, p<0.05). Public relations (Sig .004, p<0.05) and personal selling (Sig .000, p<0.05) had significant relationship with purchasing behavior. For public relations, respondents do not purchase products if the product is mentioned negatively in the article, and products that engaged in negative PR in the past, however, they will purchase from products that support community event of their interest. Regarding personal selling, respondents considered products that offer free bag, discount price, and buy-one-get-one offer.

The third significant relationship is IMC tools and *location where respondents purchase frozen raw meat products* (Sig .000, p<0.05). Sales promotion (Sig .025, p<0.05), direct marketing (Sig .010, p<0.05), public relations (Sig .000, p<0.05), personal selling (Sig .000, p<0.05), and Internet marketing (Sig .000, p<0.05) had significant relationship with purchasing behavior of consumers in Bhutan towards frozen raw meat products. Refer to direct marketing, respondents purchased if they obtained promotional materials, phone call, and SMS about the offers from companies. For Internet marketing, respondents bought frozen raw meat products if company

engaged with their consumers on social media page, got information on website, and products available to purchase online.

Table 5: Results of hypothesis testing between Food Safety and Purchasing Behavior

| | Value | df | Sig. |
|---|----------------------|-----|-------|
| Type of frozen raw meat products respondents buy most often | 179.349 ^a | 93 | .000* |
| Who influence respondents' purchasing behavior | 240.854 ^a | 124 | .000* |
| Where do respondents buy the products | 178.023 ^a | 93 | .000* |
| Why respondents buy the products from that location | 176.379 ^a | 124 | .001* |
| How often do respondents buy the products | 137.132 ^a | 124 | .198 |
| Why do respondents buy the products | 110.131 ^a | 93 | .108 |

*p<0.05

Table 5 presented the results of hypothesis 2 testing between food safety and purchasing behavior of consumers in Bhutan towards frozen raw meat products. There are four significant relationships. The first one is the significant relationship between food safety and type of frozen raw meat products respondents buy most often (Sig .000, p<0.05). Respondents considered label (Sig .001, p<0.05), source of the products (Sig .000, p<0.05), and storage (Sig .000, p<0.05). The second significant relationship is who influence respondents to purchase frozen raw meat products and purchasing behavior of consumers in Bhutan towards frozen raw meat products (Sig .000, p<0.05). Respondents considered label (Sig .000, p<0.05), source of the products (Sig .000, p<0.05), and storage (Sig .000, p<0.05).

The third significant relationship is between food safety and location where respondents buy the products (Sig .000, p<0.05). Respondents considered label (Sig .000, p<0.05), source of the products (Sig .000, p<0.05), and storage (Sig .000, p<0.05). The fourth significant relationship is food safety and the reasons why respondents buy the products from that location (Sig .001, p<0.05). Respondents considered label (Sig .024, p<0.05), source of the products (Sig .000, p<0.05), and storage (Sig .000, p<0.05).

Refer to label, respondents searched for the expiration date on the package, the international certification such as HACCP, and products with animal treatment and meat production details displayed on the package. For source of product, respondents looked for country of origin, organic like raised without antibiotics displayed on the package, and prefer to purchase organic products at a higher price. For storage, respondents considered proper storage, stored temperature, and the cleanliness of the storage.

Table 6: Summary of hypothesis testing

| Hypothesis | Level of support |
|--|------------------|
| H1: Integrated Marketing Communication (IMC) tools have effect on purchasing behavior of consumers in Bhutan towards frozen raw meat products. | Partial support |
| H2: Food safety have effect on purchasing behavior of consumers in Bhutan towards frozen raw meat products. | Partial support |

Table 6 showed summary of hypothesis testing and level of support. Hypothesis one and two had significant level of relationships of IMC tools and food safety and purchasing behavior of consumers in Bhutan with partial support level.

DISCUSSIONS

The most commonly purchased frozen raw meat in Bhutan is *beef*, followed closely by *chicken*. As for meat cuts of poultry and swine, *whole chickens* are the most commonly purchased. Frozen raw meat product is most frequently purchased from *local meat shops* and it appears that quality is a leading determinant in choosing the outlet to purchase it from. A lot of people purchase frozen raw meat product for the *convenience* it provides when cooking and most people in Bhutan tend to purchase frozen raw meat *2-3 times in a month* and the decision to purchase it is normally made by the individuals themselves. A study conducted by Prathiraja, P.H.K., & Ariyawardana, A. (2003) in Sri Lanka found that a significantly greater proportion of individuals in the age range of 36 to 50 years, individuals with tertiary education, and households with less than four members were willing to pay more for nutritional labels.

Food safety plays a factor influencing purchasing behavior of Bhutanese consumers towards frozen raw meat product as was uncovered above with Bhutanese consumers agreeing that the labels, source and storage of frozen raw meat had effect on their purchasing behavior. Out of all the variables under Food safety it was found that expiration dates on the labels have the most effect on their purchasing behavior and that's what they look for when purchasing frozen raw meat product. Packaged food labels which carry nutritional information and health claims tend to draw favorable attitude from consumers (as cited in Rana and Paul, 2017). Consumers usually have little knowledge of what logos and labels really mean (McEachern and Warnaby, 2004).

Limitations of the research study

There are several limitations in this research study. First, number of questionnaire distributed were 120. Number of questionnaire should be increased in order to enhance reliability of the study. Second, questionnaire was distributed in the capital city, Thimphu, only. The study should expand city to distribute questionnaire to capture purchasing behavior of customer in other cities in Bhutan. Lastly, this study applied quantitative approach in research methodology. Other research method should be employed to further study details of purchasing behavior and related variables of customers in Bhutan.

Recommendations for future research

The future research study should focus in the following areas. First, increasing number of questionnaire to be distributed is advice. The higher the number of questionnaire distributed, the more reliable of the research results. Second, location to distribute questionnaire should be expanded to other cities in Bhutan. This study focus on the capital city only. Other cities should be included in the

research study. Lastly, researchers should consider other research methodology to explore insight information of consumer in Bhutan.

REFERENCES

- Australian Institute of Food Safety. (n.d.). *What is Food Safety?* Retrieved April 1, 2019, from <https://www.foodsafety.com.au/resources/articles/what-is-food-safety>
- Department of Revenue and Customs, Ministry of Finance. (n.d.). *Bhutan Trade Statistics (Provisional) 2018*. Retrieved from <https://www.mof.gov.bt/wp-content/uploads/2018/11/Provisional-Bhutan-Trade-Statistics-1-July-30-September-2018.pdf>
- Dorji, T. (2018). Food import value almost triples that of export. *Kuensel Online*. Retrieved from <http://www.kuenselonline.com/food-import-value-almost-triples-that-of-export/>
- Food Safety and Inspection Service. (2014), United States Department of Agriculture. Retrieved from https://www.fsis.usda.gov/wps/wcm/connect/ad74bb8d-1dab-49c1-b05e-390a74ba7471/Chicken_from_Farm_to_Table.pdf?MOD=AJPERES
- International Trade Centre. (2017). *List of importing markets for a product exported by Thailand Product: Meat of swine, fresh, chilled or frozen*. Retrieved from https://www.trademap.org/Country_SelProductCountry_TS.aspx?nvpm=1%7c764%7c%7c%7c%7c0203%7c%7c%7c4%7c1%7c1%7c2%7c2%7c1%7c2%7c1%7c
- Khaniwale, M. (2015). Consumer Buying Behavior. *International Journal of Innovation and Scientific Research*, 14, 280-281.
- Kotler, P., and Armstrong, G. (2016). *Principles of Marketing*. London: Pearson Education Limited.
- Krungsri Research. (2018). *Thailand Industry Outlook 2018-20 Frozen & Processed Chicken Industry*. Retrieved February 1, 2019 from https://www.krungsri.com/bank/getmedia/8a42b50e-493d-42fc-8e5e-20dff84a44c9/IO_Chicken_180621_EN_EX.aspx
- McEachern, M. and Warnaby, G. (2004). Retail ‘quality assurance’ labels as a strategic marketing communication mechanism for fresh meat. *Journal of Economic Behavior and Organization*, 14(2), 255-271.
- Ministry of Agriculture and Forests. (2018). *Bhutan RNR Statistics 2017*. Retrieved from <http://www.moaf.gov.bt/bhutan-rnr-statistics-2017-2/>
- Otieno, D.J., and Kerubo, D.M. (2016). Characterization of consumers’ purchase and consumption behavior for chicken in Nairobi, Kenya: Targeted insights for value chain positioning. Presented at the 5th International Conference of AAAE, 23-26 September 2016. Ethiopia.
- Pirvutoiu, I., and Popescu, A. (2013). Research on consumer behaviour in bucharest poultry meat market. *Scientific Papers Animal Science and Biotechnologies*, 46(1), 389-396.
- Prathiraja, P.H.K., and Ariyawardana, A. (2003). Impact of Nutritional Labeling on Consumer Buying Behavior. *Sri Lankan Journal of Agricultural Economics*, 5(1), 36-45. Retrieved from <https://ageconsearch.umn.edu/record/205934/files/3.pdf>
- Rana, J. and Paul, J. (2017). Consumer behavior and purchase intention for organic food: A review and research agenda. *Journal of Retailing and Consumer Services*, 38(1), 157-165.
- Renewable Natural Resources Statistics Division, Ministry of Agriculture and Forests. (RSD). (n.d.). *Bhutan RNR Statistics 2017*. Retrieved from <http://www.moaf.gov.bt/bhutan-rnr-statistics-2017-2/>
- Shin, K. Y. (2013). The Function of Marcom Manager: Integrating Scope. In *The Executor of Integrated Marketing Communications Strategy: Marcom Manager’s Working Model* (pp. 89-109). Springer, Berlin, Heidelberg.

Singh, A. S., and Masuku, M. B. (2014). Sampling techniques & determination of sample size in applied statistics research: An overview. *International Journal of Economics, Commerce and Management*, 2(11), 1-22.

Statista. (2019). *Bhutan: Internet Penetration Rate 2017*. Retrieved from:
<https://www.statista.com/statistics/767603/internet-penetration-rate-bhutan/>

Wongleedee, K. (2015). Marketing mix and purchasing behavior for community products at traditional markets. *Procedia-Social and Behavioral Sciences*, 197, 2080-2085.

THAI RESTAURANT OPPORTUNITIES IN PHNOM PENH

^aAssoc. Prof. Thammarak Laongnuan

^bAsst. Prof. Hathairat Khuanrudee

^cAsst. Prof. Dr. Pimook Somchob

^dDr. Walaiporn Sookplung

^e Assoc. Prof. Dr. Piyakanit Chotivanich

^fMiss Wiranya Sutthikul

ABSTRACT

The objective of this research was to study factors and marketing opportunities for Thai restaurants in Phnom Penh. Qualitative data were collected by in-depth interview. This paper collected and analyzed data from Thai restaurant entrepreneurs. Most restaurants entrepreneurs saw a trend in which Thai food was becoming well-accepted in Phnom Penh. Nevertheless, the popularity of Thai cuisine was found to be a leisure dining alternative. From the study results, it was found that the ‘economic conditions’ external environmental factor had an influence on the restaurant business and customers. It was also found that restaurants had a variety of dishes, some restaurants had a delivery service, and most prices were fairly high but acceptable.

Keywords: Marketing Opportunity, Entrepreneur, Thai Restaurant

1. INTRODUCTION

Thailand is rich in food resources and has a highly-talented workforce in the food industry. The abundance of raw materials has led to the development of many restaurants, including street joints that offer different delicacies. The development of the international market from a globalization perspective has necessitated different restaurants in Thailand to explore other markets (Lunchaprasith & Macleod, 2018). For a Thai restaurant to succeed in an international market, it has to consider certain key elements in the micro and macro environment in which it operates (Pimpa, 2009). This paper considers Thai restaurant opportunities in Cambodia and its chances of success. It analyzes the economic changes in Cambodia, Thai food in globalization and cultural flows, the spread of Thai restaurant, and consumer attitudes and perception toward Thai cuisine. Through the implementation of advanced technologies and the achievement of international food standards, Thai restaurants are considering offering their quality foods in the Cambodian market.

Agriculture is the backbone of Cambodia's economy, with rice being the most grown cash crop. It is the country's staple food that has sustained its Gross Domestic Product, especially through exportation. The Cambodian economy has grown from the worst to a rather stable condition due to changes in governance. The worst economic times were characterized by wars and political revolutions that made it difficult for businesses to thrive. However, overtime the country has had a rather stable economic growth due to political stability that fosters peace and the conduction of business.

This saw the modernization of agriculture through the use of modern equipment to enhance the country's economic growth based on increased yields of agricultural products. On the other hand, the country revamped its industrial production in textiles, chemicals, and construction. The Cambodian government owned about 65% of the manufacturing output, but it increased privatization in the agricultural sector (Chechelski, 2010). The services sector also started to experience rapid expansion. These combined factors opened the country's economy to Foreign Direct Investment (FDI), which has since attracted most foreign countries. The food industry also opened up to FDI, especially due to the importation and exportation of agricultural products (Arnold & Han Shih, 2010). This creates a conducive environment for Thai restaurants to open shop in Cambodia and explores the potential market for Thai food. Although a few limitations on economic policies exists for foreign investors that have been made worse with high levels of corruption, the country has a promising economic development provided governance is improved for the promotion and preservation of robust economic factors. Therefore, the research team saw the opportunity and importance in studying about "marketing opportunity for Thai restaurant in Phnom Penh" in order explore other market successful as follow:

1. Business environmental opportunities regarding Thai culture, Cambodian food consumption.
2. Cambodia's economic continued growth influence Cambodians to have more purchasing power.
3. There are continuously increasing tourists in Phnom Penh which is good for restaurant business.
4. Promoting Thai kitchen world concept is a value strategy considered from promote Thai tourism through Thai kitchens in neighboring countries

From this reason, the research team believes that conducting this research will be a beneficial to help Thai restaurant business entrepreneurs to see an investment opportunities in Phnom Penh.

2. LITERATURE

Thai foods from a globalization context are considered to be trendy and widely acceptable in different countries. These foods are used for leisure dining in other countries, as most culture in Southeast Asia consider its food as superior to that of other cultures (Giorda, 2016). Thai restaurants offering Thai cuisine have a widespread presence in many countries. This popularity emerges from the government's initiative of the promotion of Thai food in the international food environment. In particular, the number of Thai restaurants in Cambodia is on the rise, which is based on a number of factors. To begin with, the advancement of the hospitality industry in Cambodia has attracted Thai restaurants (Ong & Smith, 2013). In addition, free-market policies across Cambodia have encouraged the widespread of Thai restaurants in the country. Moreover, the spread of tourist attraction sites in the country has necessitated the development of Thai restaurants, which increases the spread. Subsequently, the high numbers of tourists have resulted into the construction of high quality Thai restaurants. This ensures that the tastes and preferences of these tourists are accommodated by the restaurants to maximize their food experience and comfort (Pawson, D'Arcy, & Richardson, 2016). Moreover, there is an increased number of both local and foreign investors interested in Thai restaurants. This has led to an increase in the identification and development of different locations suitable to put up Thai restaurants. The effect is an increase in the spread of the restaurants provided that there is a conducive environment for the conduction of business. Such an environment could only be guaranteed by the stability of the Cambodian government. Reduced levels of conflict, corruption, and regressive leaders could further advance the spread of Thai restaurants in the country. The cooperation between Thailand and Cambodian governments could instill confidence to potential investors of Thai restaurants (Visetnoi, 2019). However, the current situation is favorable enough to attract more local and foreign investors to advance Thai cuisine throughout Cambodia.

Thai food has been well received all over the world, especially in Cambodia. Although some individuals raise concerns over the large amount of spices, most people in Cambodia are used to it. In addition, people perceive the food as being of high quality. Some people actually consider some soups to be of medical significance, which advances the foods' quality (Sukalakamala & Boyce, 2007). Subsequently, Thai cuisine is considered a health delicacy. Its low levels of cholesterol and other substances are considered to be harmful to the human body, which really increases its perception among the Cambodian people regarding the healthiness of the cuisine. Most Cambodians have high affinity for health foods and Thai cuisines have proved to be of high nutritional value (Binkley, 2018). Moreover, the presentation of the Thai cuisines leads to the consumer perception that the service provided is of high quality. This makes most people, especially tourists to find the need to experiment on the cuisines. The ultimate satisfaction that consumers of Thai cuisines receive gives them the impression that the proper cooking procedures were undertaken in the preparation of the meals (Bridges, 2017). In addition, it creates a positive consumer attitude towards the food given the high levels of satiety and benefits with a low intake of the actual food. However, different Thai restaurants have different ways of food preparation and presentation; thus, depending on the consumer's tastes and preferences the attitude and perception of Thai cuisines varies (Costell, Tárrega & Bayarri, 2009). Some individuals may prefer one kind of restaurant over another simply because of the style of doing business.

3. STUDY DESIGN

The researcher developed a qualitative research method while conducting research on a phenomenon of abusive supervision approach in depth interview with Thai restaurant entrepreneurs in Phnom Penh. The question were designed in an interactive way to be elicit and developed a relaxing and friendly atmosphere to obtain high quality information during the interview.



Figure 1: Factors affecting restaurant business

Source: Dimensions of Business Environment,

Prior to actual data collection all identified restaurant entrepreneur were contacted to acquire their willingness to participate in the research study. All of the operators are available for an interview. The date, time for an interview were arranged based on the convenience of the entrepreneur with the permission of each restaurants. Then developing the main data interview form, and conducting in-depth interviews with 10 of Thai restaurant operators in Phnom Penh.

4. ANALYSES AND RESULT

Restaurant Profiles: 10 restaurants participated in the study were among the most popular one in Phnom Penh. All of them have been in business for more than 3 years with 6 - 70 staffs. All restaurant have incorporated most of the popular Thai dishes on the menu.

External Environment Factors

External environments elements are affecting factors outside and under no control of the restaurant. The key informants mentioned external factors as follow:

Economic Situation

“The current economic and technological conditions affect business operations. The number of tourists who come to eat are getting less.”

“The current economic situation affect business operations. As seen, the number of customers has decreased. When the price of ingredient are increasing and we have to set more expensive price.”

“Consumers decreased in the past 3 years and yes Cambodia economy has an impact on us”

Social and cultural change

“The social and cultural change in Phnom Penh have a positive impact. Cambodians prefer to eat Thai food.”

“Cambodian nowadays prefer to eat Thai food compared to the past period. Because they love to watch several of Thai drama series”

“Nowadays, the number of tourists came to eat Thai food are increasing, as for the number of Cambodian customers are less than 5 years ago.”

Technological

“Advertising is a huge part of promoting Thai restaurant business in Phnom Penh, because it helps customers know our restaurant, and also helps our business to progress and gain an advantage over competitors. For our restaurant, there is no advertising yet but we are planning to do it by the 3 next months. Our restaurant has used the service of Trip Advisor and Pay Paid. Trip Advisor is an application that help foreign customers to know Thai restaurant. Pay Paid is an application that is used to pay the bill which customers can pay by phone and make it more convenient.”

“Technological changes have a positive effect, because technology helps create benefits for humans in many forms. Talking about the restaurant business, technology has good results such as in advertising and various communications. For example advertising of restaurants through the internet has made everyone inside and outside the country know our restaurant”

“Technology helps in advertising and communicating with people. For example, our restaurant has advertised through the internet which makes foreign tourists know more about our restaurant.”

Laws

“We have law on inspection, cleanliness and safety standards which the government will come to check 2 or 3 times a year.”

“Yes, we have law on food safety. The inspector came to check if the food servers are neat, tidy and healthy also the cleanliness of entire restaurant.”

“The inspector came once a year to make sure that the restaurant has strict policies regarding the proper of tools and food preparation area.”

Competitors

“The current competitive situation is at the middle level. As we can see, there are more Thai restaurants in Phnom Penh.”

“At present, competition is not violent.”

“Low competition.”

Customers

“Cambodians and foreigners prefer to eat Thai food. It's healthy and refreshing”

“Consumers of Thai foods in Phnom Penh came from different countries. They love spicy foods and herb smell.”

“In our restaurant, there are many foreigners from China and Thailand. Thai foods becoming more popular for healthy choice of foods.”

The result regarding of the external environmental factors including economy situation, society and culture, technology, laws, competitors and customers considered to have an impact on Thai restaurant business.

Internal Environment Factors

Internal environment factor refer to anything within the restaurant and under the control of the restaurant no matter they are tangible or intangible. These factors include after being figured out are grouped into strengths and weaknesses. The key informants mention as follow:

Marketing

“Our restaurant serves various dishes of both Thai and Cambodian menus. We have delivery service but our restaurant has not done any advertising yet, but we are planning to do it by 3 months ahead.”

“Our restaurant has a variety of food, such as Thai, Cambodian, Chinese, French food etc. We will improve more of the food flavors. The food price of our restaurant is reasonable. The selling price is different according to each country’s menu and ingredient. For example, we will set the price of Thai food more expensive than Cambodian food. Chinese food is more expensive than Thai and French dish. We are advertised on the internet, Candy travel magazine, and restaurant guide book in Siem Reap.”

“Our restaurant has variety of foods. The price is reasonable, not expensive not very cheap. We have no delivery.”

Finance Readiness

“We have no interest in investing.”

“We are happy what we are now maybe not expand the restaurant.”

“We are not interest in expanding the business”

Product and Service

“We have raw materials and most of our food ingredients are ordered directly from Thailand. My mother go to Thailand for buying ingredients 2 or 3 times a month. We have 59 tables 300 seats with Thai style decoration.”

“We have raw materials readiness and most of our cooking materials are purchased from Thailand. We have a beautiful space with 70 tables. There are many rooms with various types of services as customer need such as recreation rooms, meeting rooms, etc.”

“We have fresh ingredients and some of them shipped from Thailand. Our restaurant is divided into 3 sections including household, customer service and servers both inside and outside restaurants. We have a beautiful Thai style decorated place.”

Human resource

“Our restaurant has a total of 70 employees and divided their responsibility by division. We provide a short-term training for 3 months before taking actual work.”

“Aside from the kitchen we have 68 service providers which 20 of them work in the kitchen, 20 hosts and waiters and the rest will help on each sections. A short-term training provide a month before an actual work.”

“We have 10 employees which are 5 servers, 2 chefs and 3 cashiers.”

The result regarding of the internal environmental factors including marketing, finance

readiness, product and service and human resource considered to have an impact on Thai restaurant business.

5. DISCUSSIONS

This study found the external change with social and cultural make Thai foods became marketable. However, most restaurants have problems with sale decreased which reflects Cambodia economic. Most customers decide to eat in the restaurant that decorate and address Thai identity which identified that the Thai restaurant business in Phnom Penh was successful, due to reflecting the Thai way of consumption of people in Cambodian society. The business strategy used in Thai restaurants in Phnom Penh is the focus strategy. It is different from the study of Kim Mi Hye (2018), which has studied differentiated strategies for service businesses that affect the decision to use Korean style restaurants in Vietnam. Most consumers choosing Thai restaurants in Phnom Penh give priority to cleanliness, flavor and food quality which is consistent with the study of Gisèle Yasmeen (2010) that was found as followed. Sukalakamala & Boyce (2007) has studied the quality of Thai restaurants in recognition of foreign tourists. It was found that the quality of interior and exterior has impact on costumer's decision. In addition, referring to [Stuart G. Burgh](#) (2007)'s research refer that restaurant successful consist of a systematic internal store management, maintain a unique secret ingredients, creative food menus, a design of restaurant, taste of food and fast service has positive influence on consumers decision.

6. CONCLUSION

Thai restaurant has a high chance of success in Cambodia. However, the economic changes in the country have been rapid with both positive and negative outcomes. This in conjunction with stable political conditions could advance the prosperity of Thai restaurants in Cambodia. Thai cuisines have a relatively good reception all over the globe, especially in Cambodia. This is majorly attributed towards cultural similarities and differences that work in favor of the spread of Thai restaurants in the country. The restaurants have a fair distribution in Cambodia, which is majorly related to high number of tourists in the country. The government's efforts to directly influence an influx of tourists in Cambodia has contributed majorly towards the acceptance of Thai cuisines in the Cambodia.

REFERENCES

- Arnold, D., & Han Shih, T. (2010). A fair model of globalisation? Labour and global production in Cambodia. *Journal of Contemporary Asia*, 40(3), 401-424.
- Banteay Chhmar. (n.d.). *Cambodia*. Tourism Geographies, 19(3), 378-397.
- Binkley, J. (2018). Nutrition and food choice: home vs. restaurants. *Journal of Consumer Affairs*.
- Bridges, A. (2017). AACCI travels to Australia, Southeast Asia, and India. *Cereal Foods World*, 62(1), 26-27.
- Burgh, S.G. (2007). Delivery Management System for Quick Service Restaurants. Retrieved from <https://patents.google.com/patent/US20090048890A1/en>
- Chechelski, P. (2010). State policy towards food industry in time of integration and globalisation. *Equilibrium*, 4(1), 91-103. doi:10.12775/equil.2010.007

- Costell, E., Tárrega, A., & Bayarri, S. (2009). Food acceptance: the role of consumer perception and attitudes. *Chemosensory Perception*, 3(1), 42-50.
- Giorda, E. (2016). Eating Culture: an anthropological guide to food. *Food, Culture & Society*, 19(2), 418-420.
- Jackie Ong, L., & Smith, R. (2013). Perception and reality of managing sustainable coastal tourism in emerging destinations: the case of Sihanoukville, Cambodia. *Journal of Sustainable Tourism*, 22(2), 256-278.
- Lunchaprasith, T., & Macleod, D. (2018). Food tourism and the use of authenticity in Thailand. *Tourism Culture & Communication*, 18(2), 101-116.
- Pawson, S., D'Arcy, P., & Richardson, S. (2016). The value of community-based tourism. Pimpa, N. (2009). Relationship value in Thai business-to-business marketing: an empirical study. *International Journal of Business and Globalisation*, 3(3), 325.
- Sukalakamala, P., & Boyce, J. (2007). Customer perceptions for expectations and acceptance of an authentic dining experience in Thai restaurants. *Journal of Foodservice*, 18(2), 69-75.
- Visetnoi, S. (2019). Uplifting Thailand's Agriculture through Agricultural Education: A Paradigm Shift for Future Farmers. *International Journal of Agriculture Innovation, Technology, and Globalisation*, 1(1), 1. doi:10.1504/ijaitg.2019.10016448
- Yasmeen, G. (2000). Not 'From Scratch': Thai food systems and 'public eating'. *Journal of Intercultural Studies*, 21(3), 341-352. doi:10.1080/07256860020007494

THE IMPACTS OF ARTIFICIAL INTELLIGENCE ON THE DIGITAL ACCOUNTING

^a Premarat Vilalai

^b Kongrit Thaneerananon

^c Arisara Thaneerananon

ABSTRACT

The purpose of this article is to assess the effects of artificial intelligence and changes in the digital world which affect accountants and the accounting system, from traditional accountants and accounting systems to digital accounting system. This could assist accountants in dealing with changing technologies. Moreover, artificial intelligence (AI) has been applied in finance and accounting such as the application of financial technology, so-called FinTech, to collect Big Data, which can be used to analyze trends in stock markets, financial reports, and online debt monitoring by using Blockchain, and by using artificial intelligence in accounting instead of a traditional accounting system. As a result, accountants can adapt from being an accountant to a financial data analyst, or an inspector who is responsible for providing effective information to their executives in the company.

Keywords: Artificial Intelligence, Digital Accounting, Digital Accountant

^a College of Innovative Business and Accountancy, Dhurakij Pundit University. Email: premarat.vil@dpu.ac.th.

^b Faculty of Management Science, Silpakorn University, and kongrit_th@hotmail.com.

^c College of Innovative Business and Accountancy, Dhurakij Pundit University. Email: arisara.tha@dpu.ac.th.

INTRODUCTION

In the digital world, we often hear the question “Is it true that the accountants will be replaced by robots?”, 5-10 years ago the accounting students were used to hear that the accountant will never be unemployed in the future, even if the company is closing down, the accountant will be the last existing positions that the company will be laid off. Moreover, the Fiscal Policy Office (FPO) was found that the accountant is one out of ten jobs that can be unemployed in the very near future because their tasks which mainly related to calculation and computation can be completed by using robots, for instance, the Walmart company, the US giant retailer, using AI to generate invoice for the customers in 500 branches and shifted all the accountants to other positions or gave an opportunity to resign. The artificial intelligence or AI can help the executives in the company to verify numbers and data in time which is an advantage for the executives and company (CPD at home, 2018). In other words, this is an era of 3D printing, robots, and technologies which all of these functions can help human to complete their tasks accurately. Furthermore, the technologies and innovations in this digital era are rapidly advanced including artificial intelligence (AI) which all of these can help the company in various fields and reduce the costs for employment, especially an accountant.

Artificial intelligence or AI is a system that imitating humans but primarily focused on the reason. There are four definitions about artificial intelligence which are 1) Systems that think like humans, AI is the mechanism that related to human thought such as decision making, problem solving, and learning 2) Systems that act like humans, AI is the study of how to make a computer do what humans do in a better way 3) Systems that think rationally, AI is the study of the calculation method used to recognize and act logically 4) Systems that act rationally, AI is related to the behaviour that shows intelligence in man-made things.

From the above, artificial intelligence can help the administration in various ways which are auditing, financial planning, production, inspection, tax accounting, and personnel.

1) Auditing - assist auditors in the correctness of audit procedures such as account receivable, the data of debtor is input into the system, then a recommended validation process will be shown.

2) Financial planning - in order to effectively provide basic financial planning by using information such as personal data, personal income tax, and individual specific characteristic information, as a basis for an appropriate individual financial plan development. For investment, AI also supports the financial advisor as well.

3) Production - assists in production analysis, resource usage for maximum utilize scheduling, and residue reproduce prediction.

4) Inspection - can helps determine and generate the quality assurance reports about the damaged objects and also provided solutions.

5) Tax accounting - apply accounting principles and standards with revenue and tax laws, in order to consistent with the principles of accounting and tax laws.

6) Personnel - assists human resource department to remind about the important matters related to company policy, and also to build employee manuals (Sukanya, 2017).

Furthermore, the AI has been played and important roles in various aspects in the business, we can see that AI is affected the work of accountant dramatically because all transactions in an enterprise must be taken into account and that caused a change in the accounting system. This article reflects the impacts of artificial intelligence to accountants and accounting system from the traditional accounting system to digital account which helps the accountant to adapt and cope with changes in technology, which related to the work of Premarat Vilalai, 2017. AI can helps the procedures in accounting run faster and more accurate because some technologies are used for analysis so the accountants should be adjusted themselves and increased in technological skills to AI adaptation for their career opportunities especially in data analysis, so that digital accountants could not be replaced with the AI.

MAIN CONCEPTS

From accounting to digital accounting

Accounting System is very important to the business regarding all transactions related to company revenues and expenses are systematically recorded and affected its profits or financial status at a period of time. Accounting is mostly relevant and being the tool for economic decisions.

Accounting System consists of Account Receivable and Account Payable Ledger, Inventory Control Account, Payroll, Cash book, Fixed Asset Account, Expense Account, Sales Account, Cost of Sales Account etc. Traditional accounting is usually related to paper document tasks whether it be financial statement, account book, receipt, payment voucher or other financial and accounting documents including securing and storage. The accounting process needs liaison between internal and external department. In addition, loads of paper documents, difficulties of document storage and searching, lost documents may cause delays and consumes time.

Microsoft Word Access and Excel is typically used for creating database, recording accounting transaction until Digital Accounting Era. Generic Accounting Software or Specific Accounting Software developed by programmer are convenience and accuracy improvement. However redundancy of process still be a major problem of accounting software. For example, when an asset is invested, both purchase and asset menu must be entered.

In present, Online Cloud Accounting such as AccRevo, developed by AccRevo Co.,LTD. has been applied by various private companies. AccRevo executes its matching system in other words completed user requirement and system by Partner Care who being an intermediary between accountant and their customers. AccRevo connects with system partners who account for system of drug stores, apartments, constructions and e-commerce that use the cloud accounting system. AccRevo is a realtime accounting data arrangement connecting platform by using API technology that connects between local accounting system and accounting office. This can eliminate the unnecessary costs from the process of producing, printing and transferring large number of documents by remaining process of accuracy check (AccRevo, 2018).

The Audit Accounting perspective, EY Company Limited brings the new technology and innovation to audit the accounting for repetition business type by examine documents required checking and approving from authorized personnel (Federation of Accounting Professions, 2016)

Besides Private companies, Government units such as Department of Business Development (DBD) and Business Accounting Supervision Division are also interested in the Digital Accounting by implementing Software Cloud Accounting Technology for developing the accounting system from traditional accounting office to digital accounting office that is most likely to the SaaS (Software as a Service) business model, software services through internet. However, Cloud Accounting is differenced by sending data into the cloud, then process and send data backward to all functions of application users. However, users could access data from everywhere not only on their computers. Application or Application Softwares are allowed users to access Cloud Computing from internet or other networks through their Application-on-Cloud, which is not required installation or maintenance on their computers. Furthermore, other departments or divisions within the organization also have ability to access to recently version of software and data that are convenience to report and disclose realtime data. Futhermore, the company that used Cloud Accounting will get an updated software (A.R. Accounting Consultant ,2018)

FINDINGS

The Application of artificial intelligence to digital accounting

The current technology will promote the application of artificial technology to digital accounting by the digital accounting must be worked in real-time, provided multiple contacts in a single platform for customers, and provided business connection and collaboration with suppliers. Evolution of new business models by furthering assets and the application of Internet of Things or IoT using digital platforms to help the basic function. Moreover, in the era of Thailand 4.0, artificial intelligence has been applied with various parts of accounting system such as AI as a part of financial technology, so called FinTech Startup. Therefore, AI has introduced as an aid in rapidly growing business such as loan, consulting, insurance, credit scoring, and accounting since everyone in the world could access and connect to the internet from different types of device and various social networks are “machine-generated data” to the AI. Furthermore, the data is referred to Big Data which is an unstructured data and suitable to use with the AI. Hence, from all the reasons that make AI has been great progressed in FinTech. Therefore, the application of AI results in a maximum efficiency of work in data processing, calculation, summary, report, and also reducing the cost of data storage (Digital Ventures, 2016). From the research of Daniel Edmund O'Leary (1997) about the application of AI to accounting management, we can see that AI could help users to solve the problems in a wide range, executives in a high level could access to the system, and reduce the need for system maintenance. Moreover, the research of Greenman (2017) which surveyed the impacts of artificial intelligence in accounting profession and found that the idea was to develop a machine that can “learn”, a centuries’ old, the ability of computer and software could be created and showed wisdom which will cause the accounting system to change significantly in the future. However, AI used in accounting profession such as accounting program, accounting tax, and automatically auditing. For example, Smack Co., Ltd, German company, used Self-Learning system of AI to manage the data by scanning the receipt using Smacc Scanner, or sending the data through e-mail, or capturing the receipt, then the system will change the message within the receipt to code and also translate the transaction into accounting format which allow users to monitor the upcoming customer accounts, circulation, expense, and invoice verification.

Currently, the accounting system are considerably used digital account with the application to artificial intelligence specially in finance and accounting such as finance budget, investment, accounting, and auditing.

1. Financial research of Chui-Yu (1992) has studied the application of artificial intelligence to the decision in determining budgets under the uncertainty about future cash flow. The uncertainty associated with vague ideas and human perception which was presented to the appropriate method in the financial management of the company.

2. Financial and investment research of Amitava Chatterjee (2002) studied the used of Artificial Neural Networks (ANN) in an investment planning which found that the large company could allocate resources for financial planning as well. Moreover, they could take advantage of neural network theory to analyze trends in the financial markets efficiently.

3. Accounting and auditing research of Baldwin, Amelia; Brown, Carol E; Trinkle, Brad (2006) was applied artificial intelligence (AI) technology to determine the nature of the problem, to verify the account, the need to organize the data especially in auditing and ensuring which conform to the research of Kirkos, Spathis, & Manolopoulos (2010), used three techniques in the proposed model that has the ability to appoint an auditor by studying the Big 4 auditing companies and the non-Big 4 companies. These three techniques will be compared with the logistics regression methods that is widely used. The research suggested that two AI techniques were outperformed better than logistics regression methods. However, AI also enhanced the auditing process and revealed the key factors that related to the appointment of auditors (Premarat Vilalai, 2017). The application of artificial intelligence in a digital accounting can be done in various ways such as

1. FinTech has made the change of accounting system by providing paying channel for customers, electronic tax system through e-Receipt and e-Tax Invoice, filing statement through e-filing of the department of business development, payment through e-payment, payment in new channel without using banking system, fundraiser through crowdfunding, or financial blockchain.

2. Electronic accounting system, revenue information is transmitted by reservation system and the software is provided for collecting information in order to record revenue, value added tax, automatically payment via credit card, reconciliation of payment from credit cards and bank deposit.

3. Accounting record used AI to record the account, so the accountant is not a recorder but an analyst who presents the financial and business information to the executives.

4. Electronic accounting system improved the knowledge of technology to make the system works properly accordingly to the accounting standards and tax. Moreover, they should be understood about tax point in order to correctly planning for an enterprise, and the management guidelines other than accounting standards could be suggested.

5. Big data technology/Application/Augmented reality/Robotics/etc. has been applied with the digital accounting entirely.

CONCLUSION

In conclusion, applying artificial intelligence with digital accounting will help the digital accountant and all the accounting system turning to technological skills development, related to the research of Premarat Vilalai, 2018, an accountant should be realized the effects to solutions and data collecting process for accounting record and business data analysis, therefore, in the near future, an accountant should be able to do the coding or ruby which is easy and interesting language. Moreover, accountant should be familiar with the artificial intelligence and know how to apply that will make them survive in the digital world. The advantages of artificial intelligence are reducing the costs of hiring accountants, improving working processes as machine learning that as time passes, the more precise and better prediction, and maintaining high level of accuracy and low level of errors in accounting records. Lastly, the stakeholders (financial report users) will be received timely and accuracy information.

IMPLEMENTATION

This article studies the application of artificial intelligence. The study reviewed literatures, documents, researches related to artificial intelligence, traditional accountant and accounting system to digital accountant, and the accounting system in the digital era which aims to be a starting point for an digital accountant to plan for their future to increase in data analysis skills, digital data inspection, changes in the principles of accounting, digital accounting skills, and necessary technological skills for a digital era to become an effective accountant and creating value for themselves and their organizations.

REFERENCES

- Accrevo. (2018). *Because being an account is so painful*. Retrieved September 25, 2018, from <https://www.accrevo.com/?p=5165>
- A.R. Accounting Consultant. (2561). *Digital account*. Retrieved September 25, 2018, from <https://www.aripfan.com/>
- Baldwin, A. A., Brown, C. E., & Trinkle, B. S. (2006). Opportunities for artificial intelligence development in the accounting domain: the case for auditing. *Intelligent Systems in Accounting, Finance & Management: International Journal*, 14(3), 77-86.
- Chatterjee, A. (2002). Artificial Neural Network and the Financial Markets: A Survey. *Managerial Finance*, 26(12), 32-45.
- Chui-Yu, C. (1992). *Artificial Intelligence and Its Applications to Capital Budgeting Decisions under Uncertainty*. (Doctoral Dissertation). Auburn, AL, USA: Auburn University.
- CPD At Home. (2018). Really, the accountant will be replaced by the robot. Retrieved September 15, 2018, from <https://www.thaicpdathome.com/article/detail/15/%E0%B8%88%E0%B8%A3%E0%B8%B4%E0%B8%87%E0%B8%AB%E0%B8%A3%E0%B8%B7%E0%B8%AD%E0%B8%97%E0%B8%B5%E0%B9%88%E0%B8%99%E0%B8%B1%E0%B8%81%E0%B8%9A%E0%B8%B1%E0%B8%8D%E0%B8%8A%E0%B8%85%E0%B8%88%E0%B8%80%E0%B8%96%E0%B8%81%E0%B8%81%E0%B8%AB%E0%B8%80%E0%B8%99%E0%B8%99%E0%B8%A2%E0%B8%99%E0%B8%95%E0>
- Greenman, C. (2017). Exploring the impact of artificial intelligence on the accounting profession. *Journal of Research in Business, Economics and Management*, 8(3), 1451.
- Digital Ventures News Team. (2016). *8 Important AI Opportunities in the World Fintech*. Retrieved August 20, 2018, from <http://dv.co.th/uncategorized-th/8-opportunities-ai-fintech-machine-learning-2/>
- Federation of Accounting Professions Under Royal Paronage. (2016). *Current trends in technological innovation and auditing professions*. Retrieved August 20, 2018, from <http://www.fap.or.th/index.php?lay=show&ac=article&Ntype=33&Id=539618393>
- Kirkos, E., Spathis, C., & Manolopoulos, Y. (2010). Audit-firm group appointment: an artificial intelligence approach. *Intelligent Systems in Accounting, Finance & Management*, 17(1), 1-17.
- O'Leary, D., & M. O'Keefe, R. (1997). *The impact of artificial intelligence in accounting work: Expert systems use in auditing and tax* (Vol. 11). Retrieved September 19, 2018, from Article. AI & Soc. https://www.researchgate.net/publication/226176062_The_impact_of_artificial_intelligence_in_accounting_work_Expert_systems_use_in_auditing_and_tax
- Phatthanhan Phetchchoo. (2018). *Digital Accountant*. Retrieved September 14, 2018, from <http://ciba.dpu.ac.th/%E0%B8%99%E0%B8%B1%E0%B8%81%E0%B8%9A%E0%B8%B1%E0%B8%8D%E0%B8%8A%E0%B8%85%E0%B8%84%E0%B8%94%E0%B8%8B%E0%B8%88%E0%B8%80%E0%B8%97%E0%B8%80%E0%B8%95%E0>
- Suri Kaew, S. (2560). *Future Accounting Technology*. Retrieved September 16, 2018, from <http://jaksukanya.blogspot.com/>
- Vilalai, P., Masarat, S., Kongthanarat, Y., Temsirikul, P., and Baosuen, T. (2017). *Artificial intelligence with digital accountants*. The 5th National and International Symposium (page 253-258). Ubon Ratchathani: Ubon Ratchathani Rajabhat University.
- Vilalai, P., Thananananan, K., and Thananananon, A. (2018). *Artificial intelligence with digital accounting system*. In: Buddhist Panyasri Sri Dvaravati College, Rai Khing Temple. MCU

Buddhabanya Congress I, "Buddhist Wisdom and Decade of Sustainable Development" on 9 - 10 November 2018. Buddhist College Panyasri Dvaravati.

Wikipedia. (2561). *Artificial intelligence*. Retrieved August 12, 2018, from <https://th.wikipedia.org/wiki/%E0%B8%9B%E0%B8%B1%E0%B8%8D%E0%B8%8D%E0%B8%B2%E0%B8%9B%E0% B8%A3%E0% B8% B0%E0% B8% 94%E0% B8% B4%E0% B8% A9%E0% B8% 90%E0% B9% 8C>

THE LEVEL OF PEOPLE'S PARTICIPATION AT THE CANDLE FESTIVAL: A CASE STUDY OF PEOPLE AT NAI-MUEANG SUB-DISTRICT, MUEANG DISTRICT, UBON RATCHATHANI PROVINCE

^a Jaturong Sriwongwanna

^b Vikanda Kasetiam

ABSTRACT

The objectives of this study were to 1) study the level of people's participation 2) compare the differences of demographic factors and the level of people's participation and 3) compare the differences of environmental factors and the level of people's participation. Data were collected from 384 people who live in Nai-Mueang Sub-district, Ubon Ratchathani Province by using a questionnaire survey. In addition, data were statistically analyzed using mean, standard deviation, t-test, and one-way ANOVA

The results of the study revealed that

1. There was a moderate level of people's participation at the Candle Festival in each participant's aspect, including the decision-making aspect, the operational aspect, the beneficiaries aspect, and the evaluation aspect.
2. The differentiation of age and community status affected the level of people's participation at the Candle Festival in the receiving benefits aspect.
3. The differentiation of qualification affected the level of people's participation at the Candle Festival in the operational aspect.
4. The differentiation of income affected the level of people's participation at the Candle Festival in the receiving benefit aspect, and the evaluation aspect.
5. The differentiation in the size of the community's membership affected the level of people's participation at the Candle Festival in the operational aspect and the receiving benefits aspect.

Keywords: The Participation of People, Candle Festival

^a Assistant professor, Faculty of Business Administration and Management, Ubon Ratchathani Rajabhat University, Nai Muang Sub-district, Muang Ubon, Ubon Ratchathani Province, 34000, E-mail: jaturong.s@ubru.ac.th

^b Assistant professor, Faculty of Business Administration and Management, Ubon Ratchathani Rajabhat University, Nai Muang Sub-district, Muang Ubon, Ubon Ratchathani Province, 34000, E-mail: vikanda.s@ubru.ac.th

BACKGROUND

Cultural traditions of Buddhism in the northeastern city such as Ubon Ratchathani Province has a long history and it is the foundation of expanding Buddhism with various traditions related to Buddhism, such as Candle Festival, rice ceremony merit ceremony, Phra Chao Daeng ceremony, Pee Ta Khon ceremonies and so on. But the tradition that is famous in the province is the tradition of candle parade. By the people of the Ubon Ratchathani Province, both the temple and the villagers are considered as the procession of the candle procession. It is a very important tradition and a great opportunity to create great merit. It helps to preserve the precious and beautiful culture to continue. The candle and the procession of the candle procession of Ubon Ratchathani have evolved, for example, the candle had the splendor, magnificence in managing to decorate the candle carving. There is a tremendous increase in every year, with a fun parade of local people, in order to reflect the way of life, the beauty of the Isan people. Especially in the later years with the promotion of government. Therefore, more tourists are attracted to this traditional culture. In addition, with the grants promotion and higher prizes to contestants, there was a lot of candle creator to join and show off their skills.

However, with the expansion of the city, the old or rural communities began to diminish and the values of the new generation which did not focus on the importance of old traditions. From such conditions, the people in the community will take part in the Candle Festival in terms of the continuation of arts and culture publicity. Therefore, people in the community are an important part of this. This research article aims to the level of people's participation at Candle Festival: Case Study of People at Nai-Mueang Sub-district, Mueang District, Ubon Ratchathani Province

Objectives

1. To study the level of people's participation at Candle Festival: A Case Study of People at Nai-Mueang Sub-district, Mueang District, Ubon Ratchathani Province.
2. To compare the level of people's participation at Candle Festival: A Case Study of People at Nai-Mueang Sub-district, Mueang District, Ubon Ratchathani Province, classified by personal factors
3. To compare the level of people's participation at Candle Festival: A Case Study of People at Nai-Mueang Sub-district, Mueang District, Ubon Ratchathani Province, classified by environmental factors

LITERATURE REVIEW

In his research study, researchers have studied the concept of the participation process. Phuangngam (2005, p. 8) concluded that there were 4 steps of the people's participation include;

1) Participation of local people in term of finding problems and causes. If local people are still unable to know the problem and understand the cause of the problem, then establish the project to solve the problem are useless.

2) Participation of local people in term of planning activities. This step is more important because local people know everything about their area, without their decision the project may not run smoothly.

3) Participation of local people in term of operations. Joining in operation will allow rural people to think of their own operating costs and making the project possible. C

4) Participation of local people in term of monitoring and evaluating work. If we want a good result or outstanding performance, then local people should get involved to tracking work and assessment of work in any project.

Moreover, Cohen and Uphoff (1981) suggested that there were 4 steps of people's participation include step 1 is participating in the decision making process. The first priority that needs to be done is to determine the needs. Then, the policy and related people were selected. This

process needs local people to get involved because local people know related factor that can affect the policy. Step 2 is participating in the component of the operation. Local people can get involved in various functions such as resource assistance, job management, coordination and assistance. Step 3 is participating in receiving benefits. Receiving benefits including both the positive benefits and negative benefits of the project. Step 4 is participating in the evaluation. Note that, participation in the evaluation is important, the result of the evaluation process can influence the behavior of people and also affect the outcome of the project.

From the concept of the participation process that review above, researchers have come up with research framework as below;

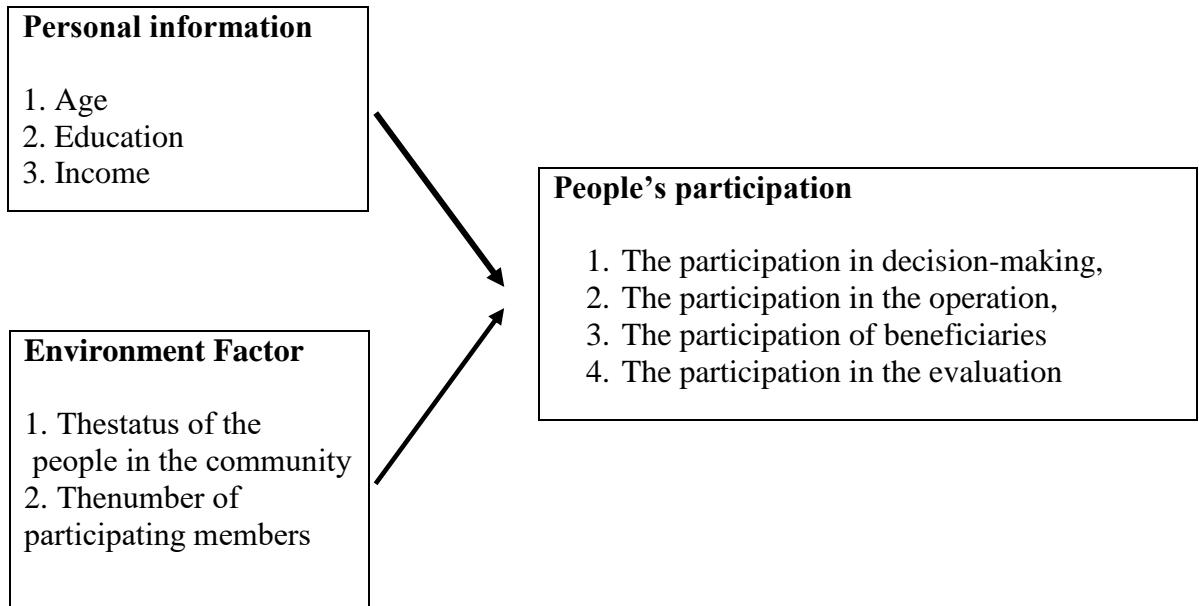


Figure :1 Framework for research.

RESEARCH METHODOLOGY

Population

This research collected data by using questionnaires from the population in the sub-district area in Mueang District, Ubon Ratchathani Province, totally 83,173 persons (registration statistics system, 2016).

Sample

This research randomly assigned to be the head of the family or the representative of the family by specifying the sample size from the Krejcie and Morgan table of 384 persons.

Research tools

Data collection had been conducted to create a survey (Survey Guide) to collect data.

Data analysis

The results of data analysis in this research were based on the content of each issue of the question and concludes the analysis of information in a piece of new knowledge by using descriptive analysis

RESEARCH RESULTS

The results can be classified according to the following objectives.

1. Based on the findings the level of people's participation at Candle Festival: case study of people at Nai-Mueang Sub-district, Mueang District, Ubon Ratchathani Province, including the

participation in decision-making, the participation in the operation, the participation of beneficiaries and their participation in the evaluation. The data are shown in Table 1.

Table 1: Overview of the level of people's participation at the Candle Festival

| Participation Level | Mean | SD | Translate |
|---|-------------|-------------|-----------------|
| Level of people's participation in the decision. | 3.29 | 1.93 | Moderate |
| Level of people's participation in the operation. | 3.33 | 1.02 | Moderate |
| Level of people's participation of the beneficiaries. | 3.28 | 0.95 | Moderate |
| Level of people's participation in the evaluation. | 3.32 | 1.78 | Moderate |
| Total | 3.29 | 1.42 | Moderate |

Table 1 found that in overall the level of people's participation at Candle Festival was moderate (Mean: 3.29, SD: 1.42). When considering by item, the level of people's participation in the operation (Mean: 3.33, SD: 1.02), following by, the level of people's participation in evaluation (Mean: 3.32, SD: 1.78), the level of people's participation in decision-making (Mean: 3.29, SD: 1.93), and the level of people's participation in the beneficiaries was moderate (Mean: 3.28, SD: 0.95), respectively.

2. The study by comparing the level of people's participation at Candle Festival: case study of people at Nai-Mueang Sub-district, Mueang District, Ubon Ratchathani Province toward personal factors, including age, education and income can be shown in Table 2 - 4.

Table 2: Comparison of the level of people's participation by age.

| Participations | Variance | ss | df | ms | f | p-value |
|---|---------------|---------|-----|-------|-------|--------------|
| People's participation in the decision making | Between Group | 1.674 | 3 | .558 | .618 | .036* |
| | In Group | 321.705 | 356 | .904 | | |
| | Total | 323.379 | 359 | | | |
| People's participation in the operation. | Between Group | 2.059 | 3 | .686 | .904 | .439 |
| | In Group | 270.269 | 356 | .759 | | |
| | Total | 272.328 | 359 | | | |
| People's participation in the beneficiaries. | Between Group | 5.119 | 3 | 1.706 | 2.871 | .604 |
| | In Group | 211.557 | 356 | .594 | | |
| | Total | 216.676 | 359 | | | |
| People's participation in the evaluation | Between Group | .081 | 3 | .027 | .035 | .991 |
| | In Group | 275.964 | 356 | .775 | | |
| | Total | 276.045 | 359 | | | |

* Significance level p < 0.05

Table 2 shows that there is a statistically significant between the mean of people's participation in the decision making with age group, with a significance level of 0.05.

Table 3: Comparison of the level of people's participation by education.

| Participations | Variance | ss | df | ms | f | p-value |
|---|-----------------|-----------|-----------|-----------|----------|----------------|
| People's participation in the decision making | Between Group | 5.292 | 2 | 2.646 | 2.970 | .053 |
| | In Group | 318.087 | 357 | .891 | | |
| | Total | 323.376 | 359 | | | |
| People's participation in the operation. | Between Group | 5.960 | 2 | 2.980 | 3.994 | .019* |
| | In Group | 266.368 | 357 | .746 | | |
| | Total | 272.328 | 359 | | | |
| People's participation in the beneficiaries. | Between Group | 2.700 | 2 | 1.350 | 2.253 | .107 |
| | In Group | 213.975 | 357 | .599 | | |
| | Total | 216.676 | 359 | | | |
| People's participation in the evaluation | Between Group | 2.754 | 2 | 1.377 | 1.799 | .167 |
| | In Group | 273.291 | 357 | .766 | | |
| | Total | 276.045 | 359 | | | |

* Significance level p < 0.05

Table 3 shows that there is a statistically significant between the mean of people's participation in the operation with education's group, with a significance level of 0.05.

Table 4: Comparison of the level of people's participation by Income.

| Participations | Variance | ss | df | ms | f | p-value |
|---|-----------------|-----------|-----------|-----------|----------|----------------|
| People's participation in the decision making | Between Group | 3.253 | 3 | 1.084 | 1.206 | .307 |
| | In Group | 320.126 | 356 | .899 | | |
| | Total | 323.379 | 359 | | | |
| People's participation in the operation. | Between Group | 4.949 | 3 | 1.650 | 2.196 | .088 |
| | In Group | 267.379 | 356 | .751 | | |
| | Total | 272.328 | 359 | | | |
| People's participation in the beneficiaries. | Between Group | 4.935 | 3 | 1.645 | 2.766 | .042* |
| | In Group | 211.740 | 356 | .595 | | |
| | Total | 216.676 | 359 | | | |
| People's participation in the evaluation | Between Group | 6.718 | 3 | 2.239 | 2.960 | .032* |
| | In Group | 269.327 | 356 | .757 | | |
| | Total | 276.045 | 359 | | | |

* Significance level p < 0.05

Table 4 shows that there is a statistically significant between the mean of people's participation in the beneficiaries and the evaluation with Income's group, with a significance level of 0.05.

3. The study by comparing the level of people's participation at Candle Festival: case study of people at Nai-Mueang Sub-district, Mueang District, Ubon Ratchathani Province, toward environmental factors including the status of the people in the community and the number of participating members can show in Table 5 - 6.

Table 5: Comparison of the level of people's participation by the status of the people in the community.

| Participations | Variance | ss | df | ms | f | p-value |
|---|-----------------|-----------|-----------|-----------|----------|----------------|
| People's participation in the decision making | Between Group | 1.159 | 2 | .579 | .642 | .027* |
| | In Group | 322.221 | 357 | .903 | | |
| | Total | 323.379 | 359 | | | |
| People's participation in the operation. | Between Group | 1.230 | 2 | .615 | .810 | .446 |
| | In Group | 271.097 | 357 | .759 | | |
| | Total | 272.328 | 359 | | | |
| People's participation in the beneficiaries. | Between Group | 4.361 | 2 | 2.180 | 3.666 | .527 |
| | In Group | 212.315 | 357 | .595 | | |
| | Total | 216.676 | 359 | | | |
| People's participation in the evaluation | Between Group | 2.804 | 2 | 1.402 | 1.831 | .162 |
| | In Group | 273.242 | 357 | .765 | | |
| | Total | 276.045 | 359 | | | |

* Significance level p < 0.05

Table 5 shows that there is a statistically significant between the mean of people's participation in the decision making and the status of the people in the community, with a significance level of 0.05.

Table 6: Comparison of the level of people's participation by the number of participating members

| Participations | Variance | ss | df | ms | f | p-value |
|---|-----------------|-----------|-----------|-----------|----------|----------------|
| People's participation in the decision making | Between Group | 15.290 | 2 | 7.645 | 8.859 | .06 |
| | In Group | 308.089 | 357 | .863 | | |
| | Total | 323.379 | 359 | | | |
| People's participation in the operation. | Between Group | 13.153 | 2 | 6.577 | 9.059 | .00** |
| | In Group | 259.175 | 357 | .726 | | |
| | Total | 272.328 | 359 | | | |
| People's participation in the beneficiaries. | Between Group | 8.660 | 2 | 4.330 | 7.431 | .00** |
| | In Group | 208.016 | 357 | .583 | | |
| | Total | 216.676 | 359 | | | |
| People's participation in the evaluation | Between Group | 4.371 | 2 | 2.185 | 2.872 | .01** |
| | In Group | 271.675 | 357 | .716 | | |
| | Total | 276.045 | 359 | | | |

* Significance level p < 0.05

Table 6 shows that there is a statistically significant between the mean of people's participation in the operation, people's participation in the beneficiaries, people's participation in the evaluation with the status of the people in the community, with a significance level of 0.05.

DISCUSSIONS

1. ,As a result the level of people's participation at Candle Festival: case study of people at Nai-Mueang Sub-district, Mueang District, Ubon Ratchathani Province was moderate in all aspects. It may be because of having to take part in various communities, most people will not have enough time to come together. In most cases, the decision will be passed to the relevant authorities or Consistent with the research of .community leaders Khwaja (2004) who study the impact of community participation on outcome of development projects and the result shown that community participation requires greater investment and time. Moreover, people's participation is based on their

endpoints and reasonable through. For example, it is likely that they will choose to participate in the project or not based on the outcome of the project.

2. The analysis is the level of people's participation at Candle Festival: a case study of people at Nai-Mueang Sub-district, Mueang District, Ubon Ratchathani Province toward age, education, income shown as below;

2.1 People with different ages have a different level of people's participation at Candle Festival: a case study of people at Nai-Mueang Sub-district, Mueang District, Ubon Ratchathani Province. This is probably because young people may not have the power to participate in the event. This is consistent with the research of Khumsattra (2016), which has conducted research on the event. This is consistent with the research the subject called The participation of the people in the conservation community. The result of this research found that by comparison with the participation of the people in the conservation community by gender, age, education, occupation, and income were found to be different.

2.2 The beneficiaries and the participation .People have to be involved in different aspects in the evaluation of the different parts. This is consistent with research Malisadang (2010) which study comparing the level of participation in the implementation of agricultural cooperatives in the province. This research result shows that personal factors such as sex, education, the average monthly household income were differences, the level of participation in the operations of the cooperative would differ.

2.3 There will be differences in the participation of people who have status in different research is consistent with the participation of the beneficiaries communities. The difference of Sirimato (2014) which has said that people with a monthly income, time to live in the community, status in the community, and participation in community groups were involved in the development of the village sufficiency.

2.4 the ,The number of people who have joined the group, different to participate participation in the decisionmaking the participation of the the participation in the operation, and , different beneficiaries were, it is inconsistent with research of Sirimato (2014) which has said that the personal factors of people which are their income per month, time to live in the community, status in the community, and participation in community groups are involved in the development of the village sufficiency.

Suggestions

1. To create a more active community, the government should be involved with the implementation of a multilateral committee of stakeholders. Then, communities will have the resources, and also can learn from the government to run its activities effectively and efficiently

2. In order to keep the tradition of running this event, all parties in communities should participate in this event, for example, local schools and universities should introduce this event to their students by giving them an assignment or project to join the event. The results of this will help students who join in this event understand and know the values of the candle festival.

REFERENCES

- Apapirom, A. (1982). *Man, society, and culture of Thailand*. (3rd Edition). Bangkok: Burmungnukhunkrit.
- Cohen, J.M. and Uphoff, N.T. (1981). *Rural Development Participation: Concept and Measure for Project Design Implementation and Evaluation: Rural Development Committee Center for International Studies*. New York: Cornell University Press.
- Khumsattra, S. (2016). The participation of the people in the conservation community. Case Study: District Chong Sadao Muang Kanchanaburi Kanchanaburi. *Journal of Humanities and Social Sciences*, 1(3), 59-68.
- Khwaja, A. I. (2004). Is increasing community participation always a good thing. *Journal of the European Economic Association*, 2(2-3), 427-436.

- Malisadang, T. (2010). *Participation in the implementation of cooperative agriculture in Krabi*. (MBA Thesis). Surat Thani: Surat Thani Rajabhat University.
- Official registration statistics. (2017). *Demographic and home statistic*. Retrieved on June 1, 2561, from http://stat.dopa.go.th/stat/statnew/upstat_age.php
- Phraya Anuman Rajadhon. (1983). *Educational literature, literary terms*. London: Department of Fine Arts.
- Phuangngam, K. (2005). *Kanpokkhrong Thongthin Thai (Thai Local Government)*. Bangkok: Winyachon
- Saowalakjinda, K. (2012). *Community Participation in Management of Tourist Attractions: A Case Study of In Buri District, Sing Buri Province*. (Independent study, Business Administration Degree). Rajamangala University of Technology.
- Sirimato, P. (2014). *The participation of citizens in the development of the village economy. Sufficiency of Ban Khlong Mai District, Nakhon Pathom, Nakhon Pathom*. (Philosophy Degree). Mahachulalongkornrajavidyalaya University.

MORALE IN THE OPERATION OF PERSONNEL: A CASE STUDY OF PERSONNEL IN THE JUVENILE AND FAMILY COURT

^aVikanda Kasetiam

^bJaturong Sriwongwanna

^cWanna Piyaratmanon

ABSTRACT

The objective of this research is to study the morale in the operation of personnel: a case study of personnel in the Juvenile and Family Court. The samples used in the research was collected from the entire population which is 100 personnel working in Ubon Ratchathani, Sisaket, Yasothon and Amnatcharoen Juvenile and Family Courts. The instrument used was a questionnaire with a confidence value equivalent to 0.94. Statistics used were percentage, mean, and

The result of this research revealed that morale in the operation of personnel at Juvenile and Family Court was at a high level overall. When considering all aspects, they could be arranged in a descending order as follows: Working environment, Relations with supervisors and colleagues, Compensations and welfare, Job advancement and security, and social recognition.

Keywords: Morale, Operation, Juvenile and Family Court.

^a Faculty of Business Administration and Management, Ubon Ratchathani Rajabhat University, Nai Muang Sub-district, Muang Ubon, Ubon Ratchathani Province, 34000
E-mail: vikanda.k@ubru.ac.th

^b Faculty of Business Administration and Management, Ubon Ratchathani Rajabhat University, Nai Muang Sub-district, Muang Ubon, Ubon Ratchathani Province, 34000
E-mail: jaturong.s@ubru.ac.th

^c Faculty of Business Administration and Management, Ubon Ratchathani Rajabhat University, Nai Muang Sub-district, Muang Ubon, Ubon Ratchathani Province, 34000
E-mail: wanna.p@ubru.ac.th

BACKGROUND

The Court in Ubon Ratchathani provinces is divided into 3 offices consists of Juvenile and Family Court, Provincial Court and District Court. The Juvenile and Family Court in the provinces experiencing staffs shortage and working overload because it was not a match between a number of lawsuits and a number of the court's staff. Moreover, most of the court's staff were local people and have a lot of family duties. Not only that, but the problem also occurred from the environmental change, including government laws and regulation (types of employment, salary and so on), society changes in term of increasing a family's problem, new forms of technology which allow children and teenagers connect to the internet and adopt a ruthless characteristic from uncut media, and so on. With these kind of change, it will impact the number of lawsuits and then working overload will increase as well. Therefore, the results of this situation is decreasing of personnel's job security and then will lead to a decreasing of job morale and satisfaction. Not only that, but the lower level of job morale will lead to unhappy employee, for example, they will not happy to improve themselves and they will work without setting a future goals. It could be said that with a lower level of the morale, it will effect the work's operation (Ubon Ratchathani Court, 2011, p.11).

Encouraging staff morale in the organization is the way to ensure staff's performance. Not only that, but there is another factor affecting the success of the operation, including the work role and responsibilities. If the level of staff morale is increase, then staff satisfaction, love and faith will increase as well and it helps to bring benefits to the operation (Phonyiam, 2013, p.3). According to the data above, there is a need to maintain the morale in the operation of personnel at Ubon Ratchathani Justice Court, in order to ensure a higher level of operation and also the succession of customer's satisfaction.

OBJECTIVE

To study the morale in the operation of personnel: a case study of Juvenile and Family Court.

LITERATURE REVIEW

In his research study, researchers have studied the hierarchy of needs which created by Maslow (Griffin, 2005, p.515; cited in Sudchalee, 2009, p.143.) The first step of this theory was the demand of physical needs, and then followed by needs for safety, love and belonging needs, self esteem and self actualization respectively. Not only Maslow theory, there was a theory that focused on demand for lifetime achievement which is Herzberg (1959, p.44, cited in Keawsrinam, 2008, pp.15-16). There were 2 factors in this theory, 1) supporting factors include salary relationships with supervisors, colleagues, professional status policy and administration of the organization, personal well-being, job security, future progress, success at work, job practice responsibility progress, and 2) the second group is a group of related factors that cause job satisfaction. This research leads to the integration of the selected variables which consistent and relevant to the morale in the operation of personnel at Ubon Ratchathani Justice Court.

Not only needs theory, but morale is also play a significant concept for this research. According to Allport (1945), morale like personal efforts, it has to do with a background condition of personal living. Moreover, there are many factor that causes morale, such as absence of conflict, good personal adjustment, a feeling of happiness, group cohesiveness, a collection of job related attitudes, a ego involvement in one's job. In addition, Davis (1957) also supported that morale similar to mental condition of personnel which leads individual and group willingly to subordinate their personal objectives.

From both needs theory and morale approach, researchers find 5 factors which can affect employees morale in the operation as show in figure 1 below;

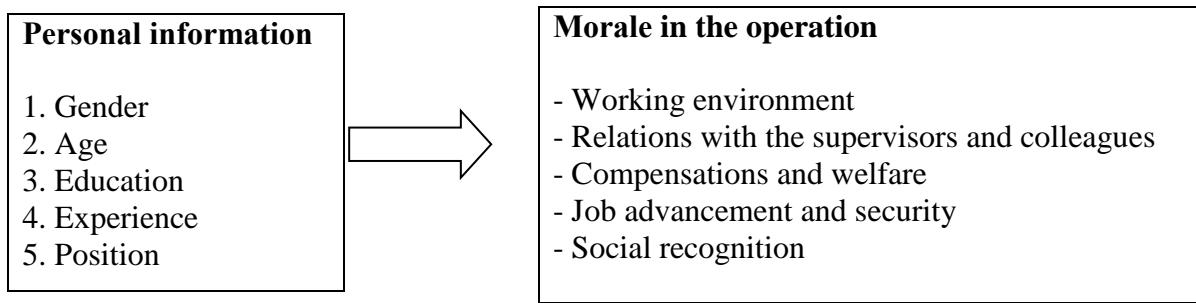


Figure 1: Framework for research.

RESEARCH METHODOLOGY

The Population was 100 personnel on Juvenile and Family Court of Ubon Ratchathani Province, Sisaket Province, Yasothon Province, Amnatcharoen Province (Amnatcharoen Juvenile and Family Court 2017; Sisaket Juvenile and Family Court, 2017; Ubon Ratchathani Juvenile and Family Court, 2017; Yasothon Juvenile and Family Court, 2017). The samples were collected from the entire population. The instrument used was a questionnaire which divided into 2 parts as follows;

1. personal information 'The first part was a questionnaire related to respondent consist of gender, age, education, experience and position ,
2. The second part related to the morale in the operation of personnel at Juvenile and Family Court consists of the working environment, relations with the superior and colleagues, compensations and welfare, job advancement and security, social recognition.

Researchers sent 100 questionnaires to Juvenile and Family Court in 4 provinces. Then the questionnaire collected responses from all. Finally, the statistics used to analyze the data were Percentage, Mean, standard.

RESEARCH RESULTS

The analysis of the morale in the operation of personnel: a case study of Juvenile and Family Court and the overall classification in each aspect were shown as follows;

Table 1: Overview of the morale in the operation of personnel at Juvenile and Family Court

| Morale Level | Mean | SD | Translate |
|--|-------------|------------|-------------|
| Working environment aspect | 3.92 | .72 | High |
| Relations with the supervisors and colleagues aspect | 3.91 | .71 | High |
| Compensations and welfare aspect | 3.84 | .78 | High |
| Job advancement and security aspect | 3.81 | .76 | High |
| Social recognition aspect | 3.78 | .69 | High |
| Total | 3.85 | .61 | High |

Table 1 found that the morale in the operation of personnel at Juvenile and Family Court was at a high level in overall (Mean: 3.85, SD: .61). When considering by each aspect, there was a high level of working environment aspect (Mean: 3.92, SD: .72) followed by relations with the supervisors and colleagues aspect (Mean: 3.91, SD: .71), compensations and welfare aspect (Mean: 3.84, SD: .78), job advancement and security aspect (Mean: 3.81, SD: .76), and social recognition aspect (Mean: 3.78, SD: .69), respectively.

Table 2: The morale in the operation: Working environment aspect

| Morale Level | Mean | SD | Translate |
|--|-------------|------------|------------------|
| Office environment (i.e. light, tempulature and so on) | 3.96 | .77 | High |
| Work comfortably | 3.93 | .89 | High |
| Offices have arranged the work place in proportion | 3.86 | .79 | High |
| Offices have the modern equipment provided for workers | 3.98 | .82 | High |
| Adequate tools and equipment | 3.89 | .91 | High |
| Total | 3.92 | .72 | High |

Working environment aspect, the morale in the operation of personnel at Juvenile and Family Court was at a high level in overall (Mean: 3.92, SD: .72). When considering by each item, there was a high level of 1) offices have the modern equipment provided for workers (Mean: 3.98, SD: .82), followed by 2) office environment (Mean: 3.96, SD: .77), 3) work comfortably (Mean: 3.93, SD: .89), and 4) adequate tools and equipment (Mean: 3.89, SD: .91), respectively.

Table 3: The morale in the operation: Relations with the supervisors and colleagues aspect

| Morale Level | Mean | SD | Translate |
|---|-------------|------------|------------------|
| Feeling that supervisors and colleagues can provide advice and guidance | 4.01 | .84 | High |
| Your pervisors and colleagues perform the job well | 4.00 | .68 | High |
| Your supervisors and colleagues are helping each other | 3.85 | .91 | High |
| Supervisors and colleagues have good human without discrimination | 3.82 | .91 | High |
| Your pervisors and colleagues ready to help you | 3.88 | .91 | High |
| Total | 3.91 | .71 | High |

Relations with the supervisors and colleagues aspect, the morale in the operation of personnel at Juvenile and Family Court was at a high level in overall (Mean: 3.91, SD: .71). When considering by each items, there was a hige level of 1) feeling that supervisors and colleagues can provide advice and guidance (Mean: 4.01, SD: .84), followed by 2) your pervisors and colleagues perform the job well (Mean: 4.00, SD: .68), and 3) your pervisors and colleagues ready to help you (Mean: 3.88, SD: .91), respectively

Table 4: The morale in the operation: Compensations and welfare aspect

| Morale Level | Mean | SD | Translate |
|--|-------------|------------|------------------|
| You get paid if you work overtime | 3.85 | .61 | High |
| You have been promoted according to your knowledge and ability | 3.76 | 1.16 | High |
| You receive compensation according to the workload, your knowledge and ability | 3.74 | .97 | High |
| You get equal compensations and welfare | 3.90 | .90 | High |
| You have got enough welfare and sufficient salary | 3.95 | 1.00 | High |
| Total | 3.84 | .95 | High |

Compensations and welfare aspect, the morale in the operation of personnel at Juvenile and Family Court was at a high level in overall (Mean: 3.84, SD: .95). When considering by each item, there was a high level of 1) you have got enough welfare and sufficient salary (Mean: 3.95, SD: 1.00), followed by 2) you get equal compensations and welfare (Mean: 3.90, SD: .90) and 3) you get paid if you work overtime (Mean: 3.85, SD: .61), respectively.

Table 5: The morale in the operation: Job advancement and security aspect

| Morale Level | Mean | SD | Translate |
|---|-------------|------------|-------------|
| Organization provides a variety of employee development program | 3.76 | .90 | High |
| Your work have the opportunity to get promote | 3.72 | .89 | High |
| You have a chance to gain knowledge via a training program | 3.78 | .97 | High |
| You are considered to be promoted by your own knowledge and ability | 3.71 | .93 | High |
| Your job was a high secure | 4.10 | .73 | High |
| Total | 3.81 | .76 | High |

Job advancement and security aspect, the morale in the operation of personnel at Juvenile and Family Court was at a high level in overall (Mean: 3.81, SD: .76). When considering by each item, there was a high level of 1) your job was a high secure (Mean: 4.10, SD: .73), followed by 2) you have a chance to gain knowledge via a training program (Mean: 3.78, SD: .97), and 3) organization provides a variety of employee development program (Mean: 3.76, SD: .90), respectively.

Table 6: The morale in the operation: Social recognition aspect

| Morale Level | Mean | SD | Translate |
|---|-------------|------------|-------------|
| You have been recognized by supervisor and colleagues | 3.79 | .75 | High |
| You have accepted to join a group's work | 3.86 | .72 | High |
| You have a chance to decide an important decision | 3.78 | .94 | High |
| Colleagues always accept your idea | 3.77 | .84 | High |
| You get praised by superiors, when the job's done | 3.71 | .82 | High |
| Total | 3.78 | .69 | High |

Social recognition aspect, the morale in the operation of personnel at Juvenile and Family Court was at a high level in overall (Mean: 3.78, SD: .69). When considering by each item, there was a high level of 1) you have accepted to join a group's work (Mean: 3.86, SD: .72), followed by 2) you have been recognized by supervisor and colleagues (Mean: 3.79, SD: .75), and 3) you have a chance to decide an important decision (Mean: 3.78, SD: .94), respectively.

DISCUSSIONS

1. The study of the morale in the operation of personnel: a case study of Juvenile and Family Court, including working environment, relations with the supervisors and colleagues, compensations and welfare, job advancement and security, and social recognition discussed as following results

1.1 The morale in the operation of personnel at Juvenile and Family Court in term of working environment was at a high level in overall. This could be because the court office have provided all equipment and facilities needs that suitable for work. The results were consistent with the research of Sripraser (2011, Abstract) which study the work motivation of government officers and temporary employees in Chantaburi provincial court and the results showed that there was a high level of work motivation of government officers and temporary employees, especially, the nature of the work performed.

1.2 The morale in the operation of personnel at Juvenile and Family Court in term of relations with the supervisors and colleagues was at a high level in overall. This could be because of This is consistent with research of and colleagues understand and help each other supervisor district -Phonyiam (2013), which study of the Morale of the Employee working under Sub

The research found that there was a higher level Administrative Organizations in Roi Et Province of morale on the performance of the school in the municipality of Saraburi, regarding the relations with their bosses

1.3 The morale in the operation of personnel at Juvenile and Family Court in term of compensations and welfare was at a high level in oThis could be because .verall it is a regulation and they have a right to receive compensation for their performanceMoreover, Juvenile and Family Court . isa government system based on office, so the pay government systems They will .payaccording Kumnaow (2011), This is consistent with research of .to the knowledge, skills by fair performance s Satisfaction in'which study employeeCourt of Justice: Case study of Nakhon Ratchasrima Court. The research found thatjobsatisfaction of judicial officials and employees of the provincial court Ratchasima was at high level in overall level.

1.4 The morale in the operation of personnel at Juvenile and Family Court in term of job advancement and security was at a high level in overall. This could be because in Juvenile and Family court, there has a lot of development method provided bythe officeincluding training , program, seminar and study field trip. These kind ofdevelopment, increasing personnel, job Phonyiam (2013), which study of the This is consistent with research of .advancement and security district Administrative Organizations in Roi Et -Morale of the Employee working under Sub .at a higher level the research found that morale on the employee's part was ,Province

1.5 The morale in the operation of personnel at Juvenile and Family Court in term of social recognition was at a high level in o work at verall. This could be becauseJuvenile and Family Court is wellknown as a reputable workPeople who work for this job gain a higher respect from society and . also fromcolleaguesPhonyiam (2013), which study of the Morale This is consistent with research of . The .district Administrative Organizations in Roi Et Province-of the Employee working under Sub research found that Morale on the employee's part havean.overall level of respect

SUGGESTIONS

1. In term of Social recognition aspect which got a lower level of moral when compare to other aspect, Office of Juvenile and Family Court should give a respect to personnel when they perform a higher level of performance in order to maintain an employee's satisfaction. Office of Juvenile and Family Court may have an event to celabate their performance, give them an certicate and maybe reward should be provided.

2. In term of job advancement. Office o f Juvenile and Family Court should provide and effectiveness career path development plan and individual development plan, to ensure that personnel were on the right track for their development.

3. Although, working environment aspect got a higher level of moral when compare to other aspect, but this aspect still need to improve by Office of Juvenile and Family Court should consider the work environment (i.e. temperature, light, clean and fresh aire) and office's equipment (i.e. computer must provide for all staffs, printing paper and so on) in order to maintain employee relocation at the workplace.

REFERENCES

- Allport, G.W. (1945). *The psychology of participation*. *Psychological Review*, 52(3), 117–132.
- Amnatcharoen Juvenile and Family Court. (2017). *Organizational chart*. Retrieved December 21, from <https://uncjc.coj.go.th/th/page/item/index/id/1>
- Davis, R.C. (1957). *Industrial Organization and Management*. New York: Harper & Row.
- Keawsrinam, N. (2008). *Factor affects the morale for work performance of government officer and personnel of the Chonburi Female Correctional Institution*. (Independent study). Chon Buri: Burapha University.

- Kumnaow, V. (2011). *Employee's Satisfaction in Court of Justice: Case study of Nakhon Ratchasrima Court*. Bangkok: Judicial Training Institute.
- Meemai, S. (2011). *Motivation Impact on the Operation of Government officer in Office of the District Court Ruling*. (Master Thesis). Bangkok: Chandrakasem Rajabhat University.
- Phonyiam, K. (2013). *A study of the Morale of the Employee working under Sub-district Administrative Organizations in Roi Et Province*. (Master of Public Administration (Local Government)). Udonthani: Udonthani Rajabhat University.
- Sisaket Juvenile and Family Court. (2017). *Organizational chart*. Retrieved December 21, 2018, from <https://sskjc.coj.go.th/th/page/item/index/id/1>
- Sriprasert, S. (2011). *Work Motivation of Government Officers and Temporary Employees in Chantaburi Provincial Court*. (Master of Public Administration). Chon Buri: Burapha University.
- Sudchalee, T. (2009). *Organizational behavior and management*. (Faculty of Business Administration Management). Ubon Ratchathani.
- Ubon Ratchathani Juvenile and Family Court. (2017). *Organizational chart*. Retrieved December 21, 2018, from <https://ubtjc.coj.go.th/th/page/item/index/id/1>
- Ubon Ratchathani Court. (2017). *General Information*. Retrieved December 21, 2018, from [http://www.oic.go.th/ginfo/moreinfo.asp?g=G\\$0307384&i=005+002+000&p=&o=Office+Of++The+Judiciary](http://www.oic.go.th/ginfo/moreinfo.asp?g=G$0307384&i=005+002+000&p=&o=Office+Of++The+Judiciary)
- Yangsow, A. (2014). *Work Motivation of Personnel of Nakhon Phanom Court Justice*. (Master of Public Administration). Mahasarakam: Mahasarakam Rajabhat University.
- Yasothon Juvenile and Family Court. (2017). *Organizational chart*. Retrieved December 21, 2018, from <https://ystjc.coj.go.th/th/page/item/index/id/1>

THE RELATIONSHIP BETWEEN CORPORATE GOVERNANCE AND THE FIRM PERFORMANCE OF A LISTED COMPANY

^a Hathairat Kuanrudee

^b Puthita Kuanrudee

^c Piyakanit Chotivanich

ABSTRACT

The study reviews the connections in corporate administration. The objective of this paper is to analyze the results of recent empirical research concerning the impact of corporate governance on firm performance and to identify potential research design problems which may lead to inconsistent results. The examination is inspired by the current discussion on the job of corporate administration on firm execution and manageability and an affirmation that corporate disappointment is a consequence of disappointment with corporate administration instruments. Earlier examinations have affirmed striking jobs played by corporate administration on firm execution. The examination has identified and examined key corporate administration issues and key components influencing its general instruments to secure investors' advantage. It further investigates and presents the key players in corporate administration which in one have an impact on corporate administration. The examination includes the current discussion and augments supply of writing identifying with jobs of corporate administration in expanding investors' worth. The results may be of use to financial specialists, experts and partners who are interested in the execution of the company's activities.

Keywords: Corporate Governance, Firm Performance

^a Assistant Professors, Faculty of Business Administration and Management, Ubon Ratchathani Rajabhat University, hathairat.k@ubru.ac.th

^b Miss, Faculty of Business Administration and Management, Ubon Ratchathani Rajabhat University, hathairat.k@ubru.ac.th

^c Associate Professors, Faculty of Business Administration and Management, Ubon Ratchathani Rajabhat University, piyakanit.c@ubru.ac.th

INTRODUCTION

One of the first authors to examine the relationship between corporate governance and efficiency by using multidimensional variables is Labelle (2002). The author uses his research, ranking from the order of good corporate governance (The Statement of Corporate Governance Practices: SCGP) developed by the Institute of Chartered Accountants of Canada (CICA) on the quality of information disclosure, good corporate governance. The duration of the study was 1996-1997. The results showed that there was no significant relationship between the company's performance and the quality of corporate governance disclosure. The first author to create a complex index about all corporate governance is Gompers, Joy, and Metrick (2003). Their G-index index consists of 24 corporate governance variables that are grouped into 5 categories for their education. He about 10 years (1990-1999) found a strong relationship between the G-index and the following financial indicators: stock performances, Tobin's Q, net profit margin and sales growth in the year 2008 using the G-index to confirm the results from Gompers et al. (2003) One of the first European studies about the relationship of good corporate governance was carried out in Germany by Drobetz et al. (2004) The author uses the corporate governance report (CGR) rating (multi-dimensional answers according to the German Corporate Governance Code (voluntary companies). Measures of operations used are Tobin's Q and Value Market. According to the account, while the CGR category is as follows: Rights of shareholders, transparency Commitment of corporate governance supervision of the board of directors and audit. The time spent in their studies is 1998-2002. Their research shows that Performance, higher market valuation).

STUDIES ON CORPORATE GOVERNANCE AND FIRM PERFORMANCE

The results of recent research show no consistent impact of corporate governance on firm performance (Michelberger, 2016). Further studies have been published which come to different results as summarized below in Table 1:

Table 1: Findings on Correlations between Good Corporate Governance and Firm Performance

| Positive Correlation | |
|--|----------------------|
| Chung, Wright & Kedial (2003); Callahan, Millar & Schulman (2003); Mak & Kusnadi (2005); Krivogorsky (2006); Brown and Caylor (2006); Nicholson and Kiel (2007); Larcker et al. (2007); Bhagat and Bolton (2002); Sunday (2008); Daines et al. (2008); Carline et al. (2009); Renders, Gaeremynck & Sercu (2010) | 12 empirical studies |
| No Correlation | |
| Grove et al. (2011); Brenes et al. (2011); Castaner and Kavadis (2013); Shank, Hill and Stand (2013); Gupta, Chandrasekhar and Tourani-Rad (2013) | 5 empirical studies |
| Negative Correlation | |
| Hutchinson (2002); Bauer et al. (2004); Giroud and Mueller (2010) | 3 empirical studies |

Source: Michelberger, 2016

As to abstract in Table 1, the early introduction is that, in general, a beneficial outcome of corporate administration on firm execution must be expected. In any case, the quantity of studies which determine no or a negative impact is not negligible. Along these lines, it is important to dissect the factors set and the size of tests to analyze whether the examination structure of the referenced investigations clarifies the pretty much conflicting exploration results.

In 2008, Bassen et al. (2008) found that during the performance of the company measured by Tobin Q and the implementation of Germany's corporate governance, there was a negative relationship for one year. Brown and Caylor (2004) designed the Gov-Score index, which consists of eight variables divided into the following categories: audit, board of directors, charter / regulations, education of directors, executive and director remuneration, owner. Their results show a positive relationship between the Gov-Score index and the company's value measured through Tobin's Q. Cheng et al (2007) developed the corporate governance index based on publicly available information and corporate governance. The results found that there is a relationship between CGI and market and book value (company value). A comparative study of the governance structure and financial performance of listed companies in Singapore and Vietnam, covering a four-year period between 2003- 2011. The study of companies listed on the Stock Exchange of Thailand Received an assessment of corporate governance from the Thai Institute of Directors Association which has an assessment of corporate governance in 2006, 2008, 2009, 2010 and 2011 by studying only companies with good scores, very good, and excellent. Miyajima (2006) and Gompers et al (2003) found that the level of corporate governance is related to performance, measured by return on assets, net profit and growth rate of the company. The study of the relationship between the size of the board that was representative of corporate governance with the company's performance using Tobin's Q, return on assets, and sales growth rate. Kyereboah & Beikepe (2002) found that the bigger size of the board would result in better performance of the company. For reasons that the number of board members would have made various decisions then the company was in the right direction because each committee had different experiences and knowledge. Some research found that the characteristics of the board of directors were related to the company's performance (Xie et al., 2003; Hsu, 2007).

Study of the number of meetings representing the corporate governance, Evans & Weir (1995) found that the number of times in the board of directors meeting increased resulting in a better corporate governance mechanism. Collins & Kofi (2011) found that the frequency of the board meetings has a positive relationship with the company's performance. Joseph et al. (2015) Al-Matar et al. (2014) found that the meeting of the board was positively correlated with the performance.

Study of the relationship between the appropriateness of the structure, organization size and number of committees with return on total assets. Johl et al, 2015; Maria et al., 2014 found that the size of the board was positively correlated with the performance. Johl et al. (2015) found that the size of the board was positively correlated with the performance. Maria et al. (2014) found that the size of the board was positively correlated with the performance. Kyereboach and Beikpe (2002) found that if there were more board members making the company's performance better because directors had different experiences make better decisions. While the studies of Hermalin and Weisbach, 1991; Lipton and Lorsch, 1992; Jensen, 1993 found that the number of committees was Resulting in poor performance from prolonged use of decisions and conflicts.

The study of the relationship between the proportion of independent directors and the performance of the company. Agrawal & Knoeber (1996) found that the number of independent directors increased resulting in a decrease in the company's operating results as for the company having an independent committee, it was in accordance with the legal requirements did not affect the

operation of the company. Mura (2007) and Ofuan & Izien (2016) found that the proportion of independent directors is positively correlated with performance. Trang (2016) and Emma et al. (2013) found that the independence of the Board is positively correlated with the performance. Hermalin and Weisbach (1991) John and Senbet (1998) and Bai et al. (2004) found that more independent directors will improve the performance of the company. Because the independent directors will examine the operations of the management better than the board from within the company Independent directors will help balance the power of management and help reduce conflicts between owners and executives. Which is different from the study of Kyereboach and Beikpe (2002) Agrawal and Knoeber (1996) found that the number of independent directors increased resulting in a decline in the company's performance, as the independent committee meets legal requirements only therefore does not affect the operation of the company. While the studies of Kren and Kerr (1997) and Beiner et al. (2003) found that the proportion of independent directors did not affect the performance of the company.

The study of the relationship between the merger of the positions of the President and the Chairman and the performance, Hermalin & Weisbach (1991) found that companies without CEO Duality would make the work of the Board not dominated by management. Resulting in effective results which leads to good performance. Donaldson and Davis (1991) found that the merger of executive positions making the company have better operating results Due to the conflict in the administration. Baliga and Rao (1996) Boyd (1995) and Ponnu (2008) found that the merger of management positions has no relationship with company performance. As with Chiang's education (2005), the company can reduce the conflict of agents by separating duties responsibilities between the chairman and the management are different. Which results in more efficient operations of the company. In addition, Rechner & Dalton (1991) found that companies with CEO duality will have relatively low returns for shareholders. Because that company would pay more attention to the management than the owner. Abdullah et al. (2016) found that gender diversity is positively correlated with performance. Rechner and Dolton (1991) found that the management is the president and the president resulting in a low return on shareholders because the management gives priority to the management rather than the owner.

The study of external committees with financial expertise, Francis et al. (2012) found that external committees with financial expertise Is important to performance. Erickson et al. (2005) found that bank administrators with good accounting or financial knowledge would be able to manage the bank effectively, resulting in better performance. Raghunandan et al. (1998) and Abbott et al (2004) found that the audit committee with frequent meetings can reduce corruption. Xie et al. (2003) and Hsu (2007), the characteristics of the audit committee were related to the company's performance. Weiss (2005) found that the expertise in accounting / finance of the audit committee is related to the return on assets.

CONCLUSION

This paper utilizes the work area and library research to investigate and introduce the surviving writing on the relationship between corporate administration and firm execution. The examination has explored in more noteworthy detail the jobs of corporate administration and its commitment to firm an incentive just as investigating the key players of corporate administration and elements influencing its adequacy. The outcomes from observational survey report blended relationship of corporate administration and firm execution to such an extent that others discover

negative commitments and others generally also, difficult to sum up on premise of explicit segments. The investigation has uncovered that corporate administration has been put into application because of the office issue and as needs be it is basically meant to limit the hole between investors (support providers) and supervisors. It further displays that reviews on corporate administration are of two classifications; those which utilize single segment also, which utilize numerous parts however all concentrating on the pertinence of corporate administration in firm execution. The current investigations reason that corporate administration assumes huge job in contributing the association's presentation. This paper presumes that the corporate administration is the primary driver of firm execution and that it is a significant idea which need not be overemphasized. The audit has additionally uncovered a few confinements of the earlier research being basically connected with the information and proportion of execution utilized in the general investigation. Information utilized by the earlier investigates concentrated on recorded organizations and overlooked an enormous number of unlisted organizations in the business. The investigation suggests the need of increasingly exact examinations on this region which defeats the constrained recognized in the investigation of existing experimental examinations with specific accentuation on the utilization of numerous parts of corporate administration on firm execution.

This paper infers that the corporate administration is the principle driver of firm execution and that it is a significant idea which need not be overemphasized. The audit has additionally uncovered a few impediments of the earlier research being predominantly connected with the information and proportion of execution utilized in the general examination. Information utilized by the earlier looks into concentrated on recorded organizations and overlooked countless unlisted organizations in the business. The examination suggests the need of progressively exact investigations on this zone which beats the constrained recognized in the investigation of existing exact examinations with specific accentuation on the utilization of numerous segments of corporate administration on firm execution.

REFERENCES

- Abbott, L. J., Parker, S., & Peters, G. F. (2004). Audit Committee Characteristics and Restatements. Auditing. *Journal of Practice & Theory*, 23(1), 69-89.
- Abdullah, S.N., Ismail, KNIK., & Nachum, L. (2016). Does Having Women on Boards Create Value? The Impact of Societal Perceptions and Corporate Governance in Emerging Markets. *Strategic Management Journal*, 37(3), 466–476.
- Agrawal A. & Knoeber C. R. (1996). Firm Performance and Mechanisms to Control Agency Problem between Managers and Shareholders. *Journal of Financial and Quantitative and Analysis*, 31(3), 377–397.
- Al-Matari, E. M., Al-Swidi, A. K., & Faudziah, H. B. (2014). The Effect of the Relationship between Board of Directors Characteristics on Firm Performance in Oman: Empirical Study. *Middle-East. Journal of Scientific Research*, 21(3), 556–574.
- Bai, C., Lui, Q., Lu, J., Song, Frank M., & Zhang, J. (2004). Corporate Governance and Firm Valuation in China. *Journal of Comparative Economics*, 32(4), 599–616.
- Baliga, B., Moyer, R. C. & Rao, R. S. (1996). CEO Duality and Firm Performance. *Strategic Management Journal*, 17, 41–53.
- Bassen, A., Prigge, S. & Zöllner, C. (2009). Behind Broad Corporate Governance Aggregates: A First Look at Single Provisions of the German Corporate Governance Code, *Corporate Ownership & Control*, 6(3), 388-406.

- Bauer, R., Guenster, N. & Otten, R. (2004). Empirical Evidence on Corporate Governance in Europe. *Journal of Asset Management*, 5(2), 91-104.
- Beiner, S., Drobetz, W., Schmid, F., & Zimmermann, H. (2004). Is Board Size An independent Corporate Governance Mechanism?. *Kyklos*, 57(3), 327–356.
- Bhagat, S. & Bolton, B. (2002). The Non-Correlation Between Board Independence and Long-Term Firm Performance. *Journal of Corporation Law*, 27(2), 231-274.
- Boyd, B. K. (1995). CEO Duality and Firm Performance: A Contingency Model. *Strategic Management Journal*, 16(4), 301–312.
- Brenes, G. A., Ingram, C. W., & Danhauer, S. C. (2011). Benefits and Challenges of Conducting Psychotherapy by Telephone. *Professional Psychology: Research and Practice*, 42(6), 543-549.
- Brown, L. D., & Caylor, M. L. (2004, December 7). *Corporate Governance and Firm Performance*. Retrieved from <Https://SSRN.Com/Abstract=586423>.
- . (2006). Corporate Governance and Firm Valuation. *Journal of Accounting and Public Policy*, 25(4), 409-434.
- Callahan, W. T., Millar, J., & Schulman, C. (2003). An Analysis of The Effect of Management Participation in Director Selection on The Long-Term Performance of The Firm. *Journal of Corporate Finance*, 9, 169-181.
- Carline, N. F., Linn, S. C. & Yadav, P. K., (2009). Operating Performance Changes Associated with Corporate Mergers and The Role of Corporate Governance. *Journal of Banking and Finance*, 33, 1829.
- Castaner, X. & Kavadis, N. (2013). Does good governance prevent bad strategy? A study of corporate governance, financial diversification, and value creation by French corporations, 2000-2006. *Strategic Management Journal*, 34(7), 863-876.
- Chen, K. Y., & Zhou, J. (2007). Audit Committee, Board Characteristics, and Auditor Switch Decisions by Andersen's Clients. *Contemporary Accounting Research*, 24(4), 1085-1117.
- Chiang. (2005). An Empirical Study of Corporate Governance and Corporate Performance, *The Journal of American Academy of Business, Cambridge*, 6(1), 95–101.
- Chung, K. H., Wright, P. & Kedia, B. B. (2003). Corporate Governance and Market Valuation of Capital and R&D Investment. *Review of Financial Economics*, 12(2), 161-172.
- Collins, G. N., & Kofi, A. O. (2011). The Impact of Corporate Board Meetings on Corporate Performance in South Africa. *African Review of Economics and Finance*, 2(2), 83-103.
- Daines, R., & Klausner, M. (2001). Do IPO charters maximize firm value? Antitakeover protection in IPOs. *Journal of Law, Economics, and Organization*, 17, 83–120.
- Donaldson, L. & Davis, J. H. (1991). Stewardship Theory or Agency Theory: CEO Governance and Shareholder Returns. *Australian Journal of Management*, 16(1), 49–64.
- Drobetz, W., Schillhofer, A., Zimmermann, H. (2004). Corporate Governance and Expected Stock Returns: Evidence from Germany. *European Financial Management*, 110, 267-293.
- Emma, G., Isabel-María, G., & Jennifer, M. (2013). Board Diversity and Its Effects on Bank Performance: An International Analysis. *Journal of Banking & Finance*, 53, 202–214.
- Erickson, J., Park, Y. W., Reising, J., & Shin, H. H. (2005). Board Composition and Firm Value under Concentrated Ownership: The Canadian Evidence. *Pacific-Basin Finance Journal*, 13, 387–410.
- Evans, J. & Weir, C. (1995). Decision Processes, Monitoring, Incentives and Large Firm Performance in The UK. *Management Decision*, 33(6), 32–37.

- Francis, B. B., Hasan, I., & Wu, Q. (2012). Do Corporate boards affect firm performance? New Evidence from the Financial Crisis. *Bank of Finland Research Discussion Paper*, (11).
- Giroud, X. & Mueller, H. M. (2010). Does Corporate governance matter in competitive industries? *Journal of Financial Economics*, 95, 312-331.
- Gompers P. A., Joy L. I., & Metrick, A. (2003). Corporate Governance and Equity Prices. (online), *Quarterly Journal of Economics*, 118(1), 107-155. Retrieved from Http://Ssrn.Com/Abstract=278920.
- Grove, H., Patelli, L., Victorovich, L. M., & Xu, P. T. (2011). Corporate Governance and Performance in The Wake of The Financial Crisis: Evidence From US Commercial Banks. *Corporate Governance: An International Review*, 19(5), 418-436. Retrieved from http://dx.doi.org/10.1111/j.1467-8683.2011.00882.x
- Gupta, K., Chandrasekhar, K., & Tourani-Rad, A. (2013). Is corporate governance relevant during the financial crisis? *Journal of International Financial Markets, Institutions and Money*, 23, 85–110.
- Hermalin, B., & Weisbach, M. (1991). The Effects of Board Composition and Direct incentives on Firm Performance. *Financial Management*, 20(4), 101-112.
- Hsu, H. (2007). *Boards of Directors and Audit Committees in initial Public offerings*. (DBA Dissertation). Nova Southeastern University
- Hutchinson, M. (2002). An Analysis of The Association between Firms' Investment Opportunities, Board Composition and Firm Performance. *Asia Pacific Journal of Accounting and Economics*, 9(1), 17-39.
- Jensen, M. (1993). Modern industrial Revolution, Exit, and The Failure of internal Control Systems. *Journal of Finance*, 48(3), 831-880.
- Johl, S. K., Kaur, S., & Cooper, B. J. (2015). Board Characteristics and Firm Performance: Evidence from Malaysian Public Listed Firms. *Journal of Economics, Business and Management*, 3(2), 239-243.
- John, K. & Senbet, L. (1998). Corporate Governance and Board Effective. *Journal of Banking and Finance*, 22, 371–403.
- Joseph, U. B. A., Madugba, J. U. & Okpe, I. I. (2015). Impact of Corporate Board Meetings on Financial Performance: Evidence from Selected Listed Companies in Nigeria international. *Journal of Economics and Finance*, 7(12), 268-274.
- Kren, L. & Kerr, J. L. (1997). The Effects of Outside Directors and Board Shareholdings on The Relation between Chief Executive Compensation and Firm Performance. *Accounting and Business Research*, 27, 297–309.
- Krivogorsky, V. (2006). Ownership, Board Structure, & Performance in Continental Europe. *The International Journal of Accounting*, 41(7), 176–197.
- Kyereboach, Coleman A., & Beikpe, N. (2002). *The Relationship between Board Size, Board Composition, CEO Duality and Firm Performance*. Working Paper. University of Stellenbosch Business School (USB).
- Labelle, R., (2002, June). *The Statement of Corporate Governance Practices (SCGP), A Voluntary Disclosure and Corporate Governance Perspective*. Retrieved from Https://Ssrn.Com/Abstract=317519 Or Http://Dx.Doi.Org/10.2139/Ssrn.317519.
- Larcker, D. F., Richardson, S. A. & Tuna, I. (2007). Corporate Governance, Accounting Outcomes, and Organizational Performance. *The Accounting Review*, 82, 963-1008.
- Lipton, M. & Lorsch, J.W. (1992). A Modest Proposal for Improved Corporate Governance. *Business Lawyer*, 48, 59–77.

- Mak, Y. T. & Kusnadi, Y. (2005). Size Really Matters: Further Evidence on The Negative Relationship Between Board Size and Firm Value. *Pacific-Basin Finance Journal*, 13(3), 301- 318.
- Maria, M., Difang, W., Muhammad, I. A., Muhammad, A. N., & Ramiz, U. R. (2014). Role of board size in corporate governance and firm performance applying pareto approach, is it cultural phenomena?. *The Journal of Applied Business Research*, 30(5), 1395-1406.
- Michelberger, K. (2016). Corporate Governance effects on Firm Performance: A Literature Review. *Regional Formation and Development Studies*, 20(3), 84-95.
- Miyajima H. (2006). The Performance Effects and Determinants of Corporate Governance Reform in Japan. (online). in Masahiko Aoki, Gregory Jackson & Hideaki Miyajima. (Eds.).*Corporate Governance in Japan: Institutional Change and Organizational Diversity*. Retrieved from <Http://Ssrn.Com/Abstract=818347>.
- Mura, R. (2007). Firm Performance: Do Non-Executive Directors Have Minds of Their Own? Evidence from UK Panel Data. *Financial Management*, 36(3), 81–112.
- Nicholson, G. J. & Kiel, G. C. (2007). A Framework for Diagnosing Board Effectiveness. *Corporate Governance*, 12(4), 442-460.
- Ofuan, J. I., & Izien. F. O. (2016). Firm Age, Size and Profitability Dynamics: A Test of Learning by Doing and Structural inertia Hypotheses. *Business and Management Research*, 5(1).
- Ponnu, C. H. (2008). Corporate Governance Structures and The Performance of Malaysian Public Listed Companies. *International Review of Business Research Papers*, 4, 217–230
- Raghunandan, K. R., Rama, D. V. & Scarbrough, D. P. (1998). Accounting and Auditing Knowledge Level of Canadian Audit Committee: Some Empirical Evidence. *Journal of International Accounting, Auditing and Taxation*, 7(2), 181–194.
- Rechner, P. L. & Dalton, D. R. (1991). CEO Duality and Organizational Performance: A Longitudinal Analysis. *Strategic Management Journal*, 12(2), 155–160.
- Renders, A., Gaeremynck, A., & Sercu, P., (2010). Corporate-Governance Ratings and Company Performance: A Cross-European Study. *Corporate Governance: An International Review*, 18(2), 87–106.
- Shank, T., Hill, R., & Stang, J. (2013). Do investors benefit from good corporate governance? *The International Journal of Business in Society*, 13(4), 384–396.
- Sunday, O. (2008). Corporate Governance and Firm Performance: The Case of Nigerian Listed Firms. *European Journal of Economics, Finance and Administrative Sciences*, 14, 16–28.
- Trang, T. K. P. (2016). Research on The Relationship between Corporate Governance and Firm Performance: Empirical Evidence from Companies Listed on The Stock Exchange in Vietnam. *International Journal of Management and Applied Research*, 3(4). 172-183.
- Weiss, R. (2005). *Audit Committee Characteristics and Monitoring Effectiveness*. (Doctoral Dissertation). USA: The City University of New York.
- Xie, B., Davidson III, W. N., & Dadalt, P. J. (2003). Earnings Management and Corporate Governance: The Role of The Board and The Audit Committee. *Journal of Corporate Finance*, 9(3), 295-316.

**Factors on Marketing Mix Influencing Decision to Buy the
Condominiums in Ubon Ratchathani City, Mueang District,
Ubon Ratchathani Province**

^aPimook Somchob

^bSeri Somchob

^cNareenooch Yuwadeeniwes

^dRattanaporn Saelee

ABSTRACT

This qualitative study is aimed at investigating the factors on marketing mix influencing customers' decision to buy the condominiums in Ubon Ratchathani city, Mueang district, Ubon Ratchathani. The samples of the study were 400 customers who bought the condominiums selected through a multi-stage sampling and a simple random sampling from three condominium projects: (1) the Grand Condo; (2) I Condo and; (3) Kallapaphruek Grand. The statistics for data analysis consisted of percentage, mean, standard deviation and multiple regression analysis.

The findings of the study were as follows:

1. The factors on marketing mix influencing customers' decision to buy the condominiums in Ubon Ratchathani city had coefficient correlation of .77 with five predictive variances: (1) product, (2) sale channel, (3) physical environments, (4) price, and (5) marketing promotion. The predictive coefficient correlation regression of raw scores and the predictive coefficient correlation regression of standard correlation of each predictive variance had predictive power influencing decision to buy the condominiums at the statistical significance level .01.

2. The factors on marketing mix influencing customers' decision to buy condominiums in order of opinions from high to low, were: (1) product, (2) sale channel, (3) physical environments, (4) reasonable price, and (5) marketing promotion,

Keywords: Marketing Mix, Decision to Buy, Condominiums, Ubon Ratchathani

^aDBA, Assistant Professor, Ubon Ratchathani Rajabhat University, Email: osmile1111@hotmail.com

^bPh.D. Assistant Professor, Ubon Ratchathani Rajabhat University, Email: serisom1@gmail.com

^cDBA, Assistant Professor, Ubon Ratchathani Rajabhat University, Email: nareenuch.yu@gmail.com

^dDBA, Ubon Ratchathani Rajabhat University, Email: Rattanaporn.s@ubru.ac.th

INTRODUCTION

Currently condominiums have become increasingly necessary and important for city residents since the last two decades for convenience sake. People love to stay near their work place to avoid traffic problems instead of travelling from the suburb or city outskirt to work in the city. Another reason is that they can afford to buy a condominium rather than a house in a housing estate which is normally more expensive and located in a distant location from the city. However, since 2012 condominium industries have experienced a big risk due to high competitions in prices in order to gain market shares, especially in Bangkok, the capital city of Thailand. (Business Bangkok, 2013)

Ubon Ratchathani province, one of the biggest provinces in the Northeast of Thailand has experienced a similar situation as Bangkok. As Ubon Ratchathani has a large area and shares the borders with Laos and Cambodia, it is a gateway to the two countries and also to Viet Nam. Moreover, it has become a center for exporting Thai products to these neighbouring countries in the southern Northeast. This brings about better economic and labour growth in the province compared with other provinces in this area. As a consequence, more people move into the city for a job to earn their living and they need a place to live or stay. As such, condominium estates continue to grow or expand to serve the needs of these in-coming city residents. New real estate investors also come to launch their condominium projects though the existing projects are underway trying to sell their condo rooms. Therefore, it is obvious that such a situation constitutes a truly high business competition, especially on marketing whether in sale promotion, public relations booths, and advertising.

The mentioned situation has inspired the researchers to investigate the factors on marketing mix that influence customers' decision to buy condominiums in Ubon Ratchathani city, Mueang district, Ubon Ratchathani province in order to find some findings to help promote condominium sale and enable investors to understand the customers' needs so that they would be able to positively respond to their need in the long run. In such doing the real estate projects would help create continued and sustainable employment which would result in a favourable economic condition in the local area.

OBJECTIVES

To investigate the factors on marketing mix which influence customers's decision to purchase the condominiums in Ubon Ratchathani city, Mueang district, Ubon Ratchathani province.

METHODOLOGY

The population for the study was the customers who have purchased the condominiums in Ubon Ratchathani city, Mueang district, Ubon Ratchathani province under three condominium projects, namely: (1) The Grand Condo, (2) I Condo, and (3) Kallapaphruek Grand. Since there was no statistics recording the whole number of the customers, there was no specific number of the population in this study. However, for better reliability, the samples for the study were 400 customers selected using Consran's formula (Cochran, 1977) through a mult-stage sampling, beginning from dividing the samples using proportional sizes according to the number of the customers in the specific project sites, and using a systematic random sampling (Kanlaya Vanichbuncha, 2008). From the first two projects, 133 samples each were collected; and from the third project, 134 samples making a total of 400 samples. The sampling was done systematically with one condominium per one sample.

The instrument used for data collection is a questionnaire consisting of four parts:

Part 1 is a closed question with a checklist consisting of 12 items on personal factors and behaviours of condominium buyers in Ubon Ratchathani city, Mueang district, Ubon Ratchathani province.

Part 2 is rating scale consisting of 25 items on factors on marketing mix concerning condominium buying in Ubon Ratchathani city, Mueang district , Ubon Ratchathani province.

Part 3 is also a rating scale consisting of 9 items on decision to purchase the condominiums in Ubon Ratchathani city.

Part 4 is an open-ended question for the respondent to express his ideas and suggestions on marketing which may influence toward customers' decision making to buy condominiums in Ubon Ratchathani city.

To examine reliability of the questionnaire, it was tried out to with the people who had similar characteristics with the samples, that is 30 customers who bought the condominiums in Roi-Et province. Based on Cornbach's alpha coefficient, it was found that the reliability of the questionnaire was .962 which was higher than the acceptable value of 0.80 (Tanin Siljaru, 2009).

The Findings of the study were as follows:

1. The result of an analysis of factors on marketing mix in decision making to buy condominiums in Ubon Ratchathani city, Mueang district, Ubon Ratchathani province.

The results of an analysis using mean and standard deviation are shown in Table 1

Table 1: A summary of the mean and standard deviation of marketing factors (Independent variables) and decision making to buy condominiums in Ubon Ratchathani city (dependent variables)

| Independent Variables | Level of Influence on Decision | | |
|---|---------------------------------------|------|----------------|
| | \bar{x} | S.D. | Interpretation |
| Products | 4.82 | .64 | Highest |
| Price | 4.32 | .74 | High |
| Sale Channel | 4.67 | .72 | High |
| Marketing Promotion | 4.22 | .78 | High |
| Personnel | 3.40 | .82 | Moderate |
| Process | 4.11 | .79 | High |
| Physical Environment | 4.35 | .74 | High |
| Decision to buy condominiums in Ubon Ratchathani city | 4.58 | .63 | Highest |

Based on Table 1, considering the marketing factors on each aspect from high to low average, it shows that the product ($\bar{x} = 4.82$) and sale channel ($\bar{x} = 4.67$) have the highest level of influence affecting the decision; the physical environment ($\bar{x} = 4.35$), the price ($\bar{x} = 4.32$), marketing promotion ($\bar{x} = 4.22$), and the process ($\bar{x} = 4.11$) have a high level of influence affecting the decision; the personnel ($\bar{x} = 3.40$) has a moderate level of influence. As a whole the level of decision to buy the condominiums in Ubon Ratchathani city is at the highest level ($\bar{x} = 4.58$).

2. The result of a multiple regression analysis given the factors on marketing mix influencing the decision to buy the condominiums in Ubon Ratchathani city based on the product, the price, sale channel, marketing promotion, personnel, process and physical environment as the predictive variables, and the decision to buy the condominiums as the dependent variables using Stepwise ($n = 400$).

The results of an analysis using multiple regression are shown in Table 2.

Table 2. The results of multiple regression analysis using Stepwise

| Predictive Variables | VIF | B | Beta | t | p-value |
|--------------------------------|----------------|---------|-------------------|-------------|---------|
| Product (X_1) | 1.77 | .72 | .69 | 12.13** | .00 |
| Sale Channel (X_3) | 1.73 | .67 | .67 | 11.18** | .00 |
| Physical Environment (X_7) | 1.72 | .61 | .59 | 8.59** | .00 |
| Price (X_2) | 1.67 | .55 | .54 | 6.77** | .00 |
| Marketing Promotion (X_4) | 1.66 | .53 | .51 | 6.19** | .00 |
| F = 120.13 | Constant = .45 | df = 26 | SE=.57 | | |
| R = .77 | $R^2 = .65$ | | $R^2_{adj} = .78$ | Sig F = .00 | |

** p < .01

From Table 2, the multiple regression analysis using Stepwise ($n=400$) to predict decision to buy the condominium in Ubon Ratchathani city with seven independent variables: product, price, sale channel, marketing promotion, personnel, process, and physical environment; and with the dependent variables, that is decision to buy the condominium, it was found that five variables: product, sale channel, physical environment, price and marketing promotion were able to predict the decision to buy the condominium in Ubon Ratchathani city 78% ($R^2_{adj} = .78$) at the critical level .01 with the coefficient multiple correlation .74 ($R = .74$)

DISCUSSION

The factors on marketing mix influencing the decision to buy the condominiums in Ubon Ratchathani city, Mueang district, Ubon Ratchathani province are detailed as follows.

The predictive variables which are independent variables consisting of five factors on marketing mix, namely: (1) product , (2) sale channel,(3) physical environment, (4) price , and (5) marketing promotion which can be explained as follows:

1. Product is an influential factor towards decision to buy the condominium because the buyer gives emphasis and significance on various aspects , namely, modern design, image of the condominium project, and various room sizes of which are in consonance with Choosun, T. (2014) who has found that important factors on marketing mix with highest average in buying a condominium are factors on reputation and the image of the company constructing the condominium, and are also in consonance with Kraisorn Wilaworn (2014) who has found that condominium customers place significance on the utility area and the size of the condo room at the highest level.

2. Sale channel as well as location in the city where communication is easily accessible is also important as Chhosun, T. (2014) has stated that the highest factor on marketing mix in buying condominium is the facility in travelling. This is also in consonance with the finding of Charoenjit Pajongviriyathorn (2016) who claims that buyers of condominiums in Bangkok consider facility in travelling as the highest factor which conforms to the finding of Kraisorn Wilaworn (2014) stating that buyers emphasize the location being near the transportation system and facility in travelling.

3. Physical environment is another factor influencing decision to buy condominiums because the buyer also considers other aspects such as the beauty of the surrounding atmosphere, cleanliness, a relaxing park, and an activity. This is in congruence of the finding of Puanyarat Dentirat and Thirawat Chantuk (2017) which claims that customers choose to buy the condominium because of the physical characteristics the most.

4. Price is also an important factor that affect decision making of buyers of condominiums because they consider appropriateness of the price and the term of payment, and rate of interest which is in line with Charoenjit Pajongviriyathorn (2016) who has found that buyers of condominiums in Bangkok give emphasis on the price at the highest level.

5. Marketing promotion is also an important factor influencing decision making to buy a condominium because buyers consider various aspects such as an insurance after sale, exhibiting the booth for public relations, and continued advertisement through the billboard, all of which are in line with the finding of Kraisorn Wilaworn (2014) which gives emphasis on exhibiting the booth in various places such as shopping malls or shopping centers or complexes.

CONCLUSION

1. The findings of data analysis on the factors on marketing mix in decision making to buy the condominiums in Ubon Ratchathani city, Mueang district, Ubon Ratchathani province were:

The buyers had the opinions towards the factors on marketing mix in decision to buy the condominium in order from high to low, namely: (1) product, (2) sale channel, (3) physical environment, (4) price, and (5) marketing promotion, as summarized below.

1.1 Product, the first three highest aspects are: modern design ($\bar{x} = 4.83$), image of the project ($\bar{x} = 4.79$), various room sizes ($\bar{x} = 4.75$)

1.2 Sale channel, the first three highest aspects are: city location ($\bar{x} = 3.65$), convenience of communication ($\bar{x} = 3.65$), location not being far from the main road ($\bar{x} = 3.57$).

1.3 Physical environment, the first three highest aspects are: beautiful atmosphere and cleanliness ($\bar{x} = 4.68$), having an activity club ($\bar{x} = 4.64$), and having relaxing park ($\bar{x} = 4.57$).

1.4 Price, the first three highest aspects are: appropriate price ($\bar{x} = 4.72$), appropriate term of payment ($\bar{x} = 4.52$), and rate of interest ($\bar{x} = 4.44$).

1.5 Marketing promotion, the first three highest aspects are: visiting the project site to see model houses ($\bar{x} = 4.45$), having public relations booths ($\bar{x} = 4.44$), and advertisement on billboards ($\bar{x} = 4.42$).

2. Summary of the data analysis on decision to buy the condominiums in Ubon Ratchathani city, Mueang district, Ubon Ratchathani province.

The Stepwise regression analysis has found that the predictive variables which are independent variables, consist of seven factors on marketing mix, namely: (1) product, (2) price, (3) sale channel, (4) marketing promotion, (5) personnel, (6) process, and (7) physical environment. These are related to the influence of decision to buy the condominiums in Ubon Ratchathani with statistical significance at the critical level .01, having the coefficient multiple regression correlation of .77, and there are five predictive variables influencing variance of the decision to buy the condominiums in Mueang district 64%, namely: (1) product, (2) sale channel, (3) physical environment, (4) price, and (5) marketing promotion.

Based on the multiple regression correlation, the predictive value of the raw scores and the predictive value of the standard multiple regression correlation of each predictive variable has predictive power on decision to buy the condominium in Ubon Ratchathani city, Mueang district, Ubon Ratchathani province with statistical significance at the critical level .01.

SUGGESTIONS

Suggestion for Implication

The implication of this study could be used in private sectors who are entrepreneur constructing condominiums as well as those who are concerned. The factors the consumers place importance at the highest level are:

1. On the product side, the sector/ those who are concerned, as well as interested persons should give emphasis on development of three aspects, namely: design—should be modern, image of the project, and various room sizes.

2. On sale channel, the sector/ those who are concerned, as well as interested persons should give emphasis on development of three aspects, namely: city location, convenience of communication, and location not being far from the main road.

Suggestions for Future Study

1. Should investigate the factors on marketing mix with focus on product of condominium business in Ubon Ratchathani city, Mueang district, Ubon Ratchathani province because the customers place first importance on the product.

2. Should investigate the factors on marketing mix with focus on marketing promotion of condominium business in Ubon Ratchathni city, Mueang district, Ubon Ratchathani province because the customers place importance on the marketing promotion at the fifth order.

BIBLIOGRAPHY

- Business Bangkok. (2013). *Real Estate Direction*. Samut Prakan: PS Thailand Limited.
- Choosun, T. (2014). *Factors Affecting Condominium Buying Decisions of Consumers*. (Graduate School). Bangkok: Bangkok University.
- Cochran, W. G. (1977). *Sampling Technique*. New York: John Wiley & Sons.
- Dentirat, P. and Chantuk, T. (2017). *Factors Influencing Consumers to Buy Low-rise Condominiums in Phasi Charoen District*. Bangkok: Silpakorn University.
- Pajongviriathorn, C. (2016). *Factors Affecting Consumer to Purchase Condominiums in Bangkok*. (Master of Business Adminstration Faculty of Commerce and Accountancy). Bangkok: Thammasat University.
- Siljaru, T. (2009). *Research and Statistical Analysis with SPSS*. Bangkok: SE-EDUCATION.
- Suntronsamai, V. (2009). *Marketing Research and Marketing Information System*. Bangkok: Technology Promotion Association.
- Vanichbuncha, K. (2008). *Advanced Statistical Analysis with SPSS for Window*. Bangkok: Chulalongkorn University Book Center.
- Wilaworn, K. (2014). *Factors Affecting Condominium Buying Decisions of Consumer in Hat Yai Songkhla*. (Master of Business Administration Programin Business Administration of Graduate Schook). Songkhla: Songkhla Rajabhat University.



DHURAKIJ PUNDIT UNIVERSITY (DPU)

BANGKOK, THAILAND

25-27 JULY 2019