

# **ORAL PRESENTATION**

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## IMPACT OF FOREIGN WORKFORCE BASED ON PERCEPTION OF SMES BUSINESS IN THAILAND

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### ABSTRACT

**Purpose** – Currently, workforce transition has been a big issue globally. In Thailand, a lot of foreign workforce have been migrating inbound and creating impact on many businesses especially for SME business. Due to the labor shortage, foreign workforce has fulfilled this gap. Therefore, this study would 1) investigate the impact of foreign workforce that SMEs business might face when hire foreign workforce and 2) identify solutions for solving the impacts by SMEs business.

**Design/ Methodology:** This study used qualitative method in order to collect the in-depth data about the perception of the firm on the foreign workforces. The process of the qualitative method has used the snowball technique to selecting the interviewee then the structured interview has been used to obtain the required information by interviewing either the management level or the owner of SME business.

**Findings:** In this study, it found out: 1) foreign workforces has migrated to Thailand because they need a better career opportunities or looking for higher salary, 2) there are still some complications about using foreign workforces like the complication about the paperwork and language barrier, 3) hiring foreign workforces is rarely effecting the cost of the company because most of the company has comment that the wage of the foreign workforces nowadays is similar to hiring the Thai workforce and 4) there are several methods that companies used to solve the problems such as using translators, providing on-the job-training and having a strict interview by choosing only Thai-speaker foreign workforces.

**Keyword:** Motivation of international migration, Communication barrier, Cultural diversity, foreign workforce migration.

### Introduction

Nowadays, migration of foreign workforces has become more popular especially for Thai labor market and economy. The country has attracted a lot of workforce from neighbor country such as Laos, Cambodia and Myanmar. The fluctuation of immigrant workforce is becoming more and more due to the economic growth which led to the labor

shortage. The shortage is came from that the local workforce has not attract to the work has been offered in particular work which they've look at it as a labor work which consume a lot of energy and low salary scale. (Kumar et al, 2012) The migrant of the foreign workforce has obviously prolonged many industries. The manufacturing industries and the agricultural industry could have been struggling and could be extinct due to the labor shortage. (Paitoonpong, 2011). In Thailand the number of foreign workforce has raised rapidly, however there are not much of the research which is focusing on the SMEs business which use a lot of the foreign workforce. Therefore the research will focus on the problem or the impact that the SMEs business might face when hiring the workforce. It also would investigate the solutions to these impacts that are being used by SMEs business.

## Literature Review

Foreign workforce have played important roles in Thailand's economic development for more than two decades. The fast industrial growth has encouraged the expansion of labor market and an acute of labor shortage, especially unskilled labors. The need to employ foreign workforce was recognized according to decreasing number of Thai workers entered the unskilled market because of the higher education and a decline in birth rate of Thai population. (Paitoonpong, 2011). According to the Ministry of Social Development and Human Securities (2008), foreign workforces, even the unskilled, could make significant benefits to companies. This happens only when they can eliminate barriers such as communication and cultural upon their settlement. According to the findings, the impacts of foreign workforces on SMEs businesses are based on 6 different factors. The followings are communication factor, cultural factor, motivation factor, productivity factor, financial factor and legal factor. They could be explored in more details below.

### Communication factor

Globalization has somewhat forced entrepreneurs and employees to communicate and interact to each other across the communication barrier (Lauring, 2008). However, sometimes the communication barrier or the language barrier is too high for workers to cross over. They finally failed to adapt into new environment, or even worse it could lead to injury in workplaces (Da Silva et al, 2004). Communication in this case is much about verbal interaction between foreign workforces and their coworkers or supervisors

- ***Impact on the Settlement process and adaptation to the new work environment:*** Living in a new country without the knowledge of the local language will cause certain difficulties and hard experiences to the foreign workforces as they have to limit themselves to only a few activities until they can develop the communication skill and adapt themselves to the new settlement. Therefore, foreign workforce foreign workforces have to put much effort to learn and develop their communication skill fast to overcome the disadvantages (Kumar et al, 2012).
- ***Impact on staff productivity:*** Failure in communication between employers and foreign workforces will involve misleading, misunderstanding and finally lead to the matter of trustworthiness. Loss in trust, followed by loss in motivation is such a discouragement that causes the workers to gradually put less effort than required, decrease their productivities and finally show an unfavorable performance (Terry,

2007). Thus, it is essential for employers and workers to join hands in breaking down this communication barrier from the start (Kim et al, 2015).

- **Impact on loss of money:** According to Paitoonpong (2011), the entry of foreign workforces requires a large amount of money. The Thai government has enacted laws and laid down a policy to convince alienate workers to get into the legal systems. The majority of foreign workforces enter to Thailand is unskilled and a lot of them are uneducated. Therefore, they have to hire an agent to undertake the entering process. In the case that there occurs a misunderstanding from miscommunication between the two parties The lack of knowledge about laws, rules and regulations because of the language barrier make them easily be cheated by the disloyal agent or mischievous local people (Paitoonpong, 2011).
- **Impact on occupational safety and security:** Miscommunication by language barrier also has a drastic impact on the foreign workforces' wellbeing in relation to the occupational safety and security. The wrong use of machines could be the cause of accidents with casualties and deaths (Da Silva et al, 2014). Hence, it should be aware that the more miscommunication from language barrier, the more risks in the working environment both the employers and workers will have to faced.
- **Impact on the career opportunities:** According to Peterson and Buss (1998), migration to a new environment without knowledge of local language will be tough for the migrants. The more knowledge of the local language means the more chance to be employed. Employers tend to choose new workers who are able to communicate with them because it will be safer if the employee understand the work instruction and how to use the machine. These foreign workforces not only seek for jobs but also aim for better career opportunities (Peterson and Buss, 1998).

### The Cultural factor

One among the top factors that could be the challenge for both employers and employees along with the communication is culture. For the foreign workforces, cultural issue is quite a big obstacle since they were born and raised in one country and then move and work in a whole new, unfamiliar place where people speak unfamiliar language ( Choi et al,2000). Although the foreign workforces in Thailand mostly came from neighboring countries whose cultural gap is not as wide as those of the Asia – European, still there are certain cultural barriers that will result in lower efficiency and lower productivity (Tubadji et al, 2014).

- **Perception on foreign workforce:** According to Paitoonpong, (2011), foreign workforces are negatively eyed as troublemakers who bring bad things to the countries such as prostitutions, crimes and drugs. As a lot of workers have entered the country illegally and cannot be identified, when they commit a crime it is hard or almost impossible to find and to arrest them. However, there are times that a foreign workforce becomes a scapegoat, partly because of the negative perception.
- **Foreign worker Foreign workforce and the corporate culture:** According to Giglio (1994), one of the most urgent and important thing that foreign workforces have to learn and adjust themselves to is the corporate culture. Every organization has its own culture, which normally even the local has to adapt in. foreign workforces have to adapt

their cultures to the local's first in order to create good relationship with the coworkers and supervisors (Da Silva et al, 2014). Being accepted as a part of the team, absorbed with the team spirits, they can later easily gel in with the corporate culture. This will ultimately result in higher productivity. (Tubadji et al; 2014, Kim et al; 2015).

- **HR relation impact on cultural issue:** According to McCartney (2011), it is rather hard for foreign workforces who come from totally different culture to adapt to the new one. This is the time for the management or the HR people to step in for the sake of the workers and the organization. According to Terry (2007), the best approach to handle the cultural issue should start with the openness of the employees or the HR. Openness means closer relation. For instance, if workers have problems they can talk with the HR. It could be that the supervisor or the organization representative will attentively help them solve such problems.
- **Employment Justification:** Generally, the main objective of doing business is to gain profit. Nevertheless, moral obligation is also important (Wang & Lee, 1996). It is known that bylaws employers have to pay at least minimum wage to the workers; still many employers ignore to do so or pay the unfair wage, apart from the poor working condition. The fair wage is the amount of payment which covers the proper living expenditure. It should cover individual living cost such as food, shelter, health and educational needs plus the proper working condition which includes occupational safety and security as well as the proper working time for instance (Peterson and Buss, 1998).

### The motivation factor

In general, foreign workforces are seen as the cheap labor. According to Thongjen, (2015), this is the main reason why foreign workforces become attractive and needed. Many companies choose to use the foreign workforces to reduce cost and increase profitability.

- **Motivations push and pull factor:** There are two factors that lure foreign workforces inbound, push and pull. Push factor contains the reasons that most foreign workforces try to evade (Choi et al, 2000). First of all, it is poverty. Most of the foreign workforces come from the neighbor countries seek new jobs in Thailand with the hope of better lives. Other than evading poverty, some foreign workforces also evade political unrests and wars. The pull factor that mainly attracts foreign workforces into Thailand labor market is generally the job opportunity or the income. According to Paitoonpong (2011), the recent economic boom in Thailand has created a lot of labor opportunities for both skilled and unskilled labor.
- **Motivation impact on productivity:** According to Terry (2007), high motivation directly affects the willingness to work. When the foreign workforces work willingly, they can easily gain good relationship and trust from the co-workers, supervisors and employers. This will improve productivity and performance of both company and the individuals.
- **Non-monetary benefit:** The Company that focuses on employment justice will put much attention on the good working condition with safety and security facilities, a sustainable living wage, a proper working hours, and a fair health welfare package (Peterson and Buss, 1998). foreign workforces are generally are also looking for better lives and better working condition. According to Ang et al, (2003), there are a lot of foreign workforces that are motivated by other things than the monetary benefit. The

non-monetary benefit may come in the form of the experiences that they have had a chance to work and develop their skill in the better developing environment.

### **Productivity factor**

Generally, high productivity is the employers' most requirement. Employers expect their workers to perform well and have the high efficiency and productivity. A lot of high productivity group is likely to make a positive impact for the company and having more chance to create a higher profitability. There are certain components that could make an impact whether it is positive or negative on the productivity.

- ***Cultural diversity impact on productivity:*** According to Terry, (2007), if the company fails to manage the cultural diversity in the organization the cultural breakdown will happen and may be followed by vulnerable trust and relationship. If the relationship and trust are not so good, it will be hard to raise the productivity or keep the workers with the company. If the company could understand and unite the diversity of workers' cultures, it will be easier to manage and create a high productivity. (Tubadji et al, 2014)
- ***Attitude impact on productivity:*** There are several attitudes that could impact productivity. According to Da Silva et al 2014, foreign workforces tend to work fast but low in quality. They work very hard and do not mind working extra hours. Workers' attitude is important for every company. Many workers are very efficient and have good work skills but they have a bad attitude. This kind of workers may find it tough to work in certain work places. Employer should pay attention in the workers' attitude because bad attitude could destroy the team harmony in the workplace. (Da Silva et al, 2014).
- ***HR relation impact on productivity:*** In developing the workforce to reach the company's expectation in terms of productivity and efficiency, HR has to work in co-operative with the management to design a suitable training and development program for both the local and foreign workforces. The program should be evaluated to check how far the employees can go (Giglio, 1994). Open-mindedness to the employees is also considered the easiest and the most effective way to gain trust from the workers and after they trust the supervisors or HR it could lead to higher productivity (McCartney, 2011).
- ***Motivation impact on productivity:*** Motivation and willingness to work is the initial key to the long term success. According to Kumar et al (2012), foreigners are more willing to devote themselves to the job than the local. They are ready and willing to do the hard work and work extra time while majority of the locals do the different way. Kulkolkhan&Potipiti (2007) has supported the findings and added that foreign workforces beat the local unskilled workers with higher productivity but lower pay. However, Ang et al (2003) argued that when workers get a low pay, the performance could be lower too. However, productivity is sensitive to working conditions. It can be created, boosted and controlled or vice versa. Only the right approach can raise the productivity and eliminate the disadvantage of the foreign workforces as fast as strengthening their power to bring the company to the goal.

## The Financial Factors

A lot of business entrepreneurs have recently decided to hire foreign workforces from the neighbor countries (Thongjen, 2015). According to Kumar et al (2012), the main reason is the financial issue. Foreign workforces are more likely to accept a lower wage and accept the work that the local ignored. Lee & Wang (1996) supported the idea and added that wages of unskilled foreign workforces are cheaper and they are easier to find than the locals.

- **Financial impact on the productivity & Profitability:** Generally, companies decide to hire foreign workforces due to their less wage demand. Moreover, a lot of them have high motivations and drives to work hard even in extra hours. Kumar et al (2012). According to Tubadji et al (2014) the foreign workforces could increase a productivity in both short run and long run with the less cost. This will turn productivity to the company's profitability in less time.
- **Financial issue on labor shortage:** During the recent economic boom, a lot of industries had to encounter the labor shortage problems due to the local ignorance and the increased local labor cost. The shortage was particularly severe in the unskilled labor market. Some industries almost faced extinction due to the delay in production and delivery processes. Therefore, opportunities for foreign workforces to work in Thailand were wide opened (Paitoonpong, 2011). It could be considered as an efficient alternative to tackle the labor shortage whereas the employer pays lower wages and gains more productivity (Kulkolkhan and Potipiti, 2007).
- **Financial issue on Training investment:** Generally, foreign workforces are known of having strong drives and can be highly motivated. Therefore, if they are properly developed, they can work efficiently and become valued asset to the company. According to Terry (2007), a training in the area that the employees need to develop is a “must” investment. For example, in the case that the workers work hard with very high motivations but still struggle with language barrier or the cultural barrier which could make them find it harder to settle down (Peterson and Buss, 1998).
- **Financial injustice:** Although foreign workforces are low cost and over supply (Pierlott, 2008). A lot of companies still look for more profit ahead of ethical matters. This kind of company might use the service of illegal workforce agents which is cheaper than the legal because it requires less document and registration fees in comparison to the legal workforce.

## Legal factor

As mention above, there still are a lot of employers and employees who turn the blind eyes to labor laws and regulations (Thongjen, 2015). According to the Ministry of labor (2559), the so doing company could be charged up to 100,000 Baht if the illegal worker has been caught.

- **Government policy impact on the foreign workforces control:** Workforce migration has become global trend, the labor movement is everywhere around the world. In many countries, the floods of foreign workforces convince the governments to control the migration in order to reduce the local workforce unemployment (Ang et al, 2003). Abide by international laws and conventions pertaining to labor, countries around the world have enacted laws and regulations to offer sustainable living wage to the employees both locals and foreigners. The sustainable living wage is the wage that individuals could afford the basic living necessities such as food, shelter, health care or whatever is needed in the common everyday life. Nonetheless, based on good

governance best practice, employers should manage the business with the moral obligation to the employees (Pierlott, 2004).

- **Foreign workforce's policy impact on the company productivity:** While some governments are trying to control the number of foreign workforces, according to Thongjen (2015), there are several government policies trying to prevent their own labors to stay permanently in the new countries. These policies are seen as obstacles for businesses' improvement. For example, the policy that allows foreign workforces to stay and work for only 4 years and then they have to go back to their countries for several years before allowed to migrate again. This will be the loss for parties, the business owners and the workers.
- **Bribery impact on illegal employment:** Ministry of social development and human security (2008) informed that the number of foreign workforce raised to over 1.5 million labors but not all of them are legal. According to Thongjen (2015), Thailand still has a weak migration policy to force the company to legalize their alien workforce. The reason behind the failure is the irregularities in law and regulation enforcement. (Paitoonpong, 2011) supported the finding and added a comment that Thai immigration regulation is still inconsistent, the policy is still not working properly because it could be easily avoid by bribery. Unless the government can eliminate corruption in foreign workforce registration and enforce laws and regulations strictly, the effort to legalize and promote the migrant workforce to help develop Thailand industry will not be successful.

It could be summarized that there were a large number of foreign workforces in Thailand working in all industrial sectors. Thus, it is important that the government as the key man must join hands with both parties: the employers and employees. This will bring benefits to all and help speed up economic development as a whole.

### **Research problem and Research objective**

This study aims to investigate the foreign workforce that hires by focusing only on SMEs business. The main objectives of the research is 1) to identify the problems or impacts which SMEs business faces when hiring foreign workforce and 2) to identify the existing practices to solve or soothe these problems that happen in the SMEs businesses. This study's aim is to help in preventing the potential problems that may happen once the foreign workforce joining the company.

### **Research methodology and Data collection**

#### **Type of research.**

This study used qualitative method in order to collect the in-depth data about the perception of the firm on the foreign workforces. The process of the qualitative method has used the structured interview to collect the required information by interviewing either the management level or the owner of SME business in Samutsakorn area which is one of the industrial zones of Thailand.

**Population: SME Business:** The characteristic of the population are: 1) the respondent must be in the management level which could be either owner or supervisor, 2) the business must be SME business and 3) the company must have foreign workforces.

**Sample size:** In this study, according to the time constraint and difficulty in gaining access of SMEs business, the snowball technique has been used to approach respondents (Bryman, 2008). The sample of 23 SMEs business has been collected. However, among the 23 samples consist of 27 respondents. Among the 23 business, 12 of them are mid-size business and 11 are small size business. There are 3 main group of business which included Manufacturing business, Agriculture business and servicing business. 19 of the samples are from the Manufacturing Business, 2 of the samples are from the agriculture business and 2 of the samples are from the servicing business.

**Process of Qualitative data analysis:** There are four steps in analyzing and evaluating these data: 1) the data is being categorized by answers of all respondents, 2) it furthers unitizing the data through grouping by using the key word or codes, 3) through analyzing the keys words or codes, patterns from the data have been identified, and 4) the results of patterns has been used to answer the objective.

### Result and Findings

**Characteristic of Respondent:** Overall, mid and Small business use the foreign workforces. However, the result shows that mid-size business uses more of the foreign workforces. The table has shown that in general a SME business has use the foreign workforces and many of them has used the foreign workforces more than half of the overall staffs in the company. The range of percentage for the mid-size business is varies from 27.5% - 64.2% while the small size business percentage of foreign workforces is varied from 40%-87.5%. Another characteristic of the respondent is that all of the foreign workforces are generally work as low skill craftsman or low skill labor.

There are altogether 6 main findings relating to 6 factors.

**Finding 1 (Communication factors):** The first finding is that there is a communication problem among SME business, most of them is the language barrier, which cause a problem is assigning work. This will cause a problem during production. However, there are many solution for this problem such as 1) using a translator from the worker that can speak Thai, 2) developing interview selection by selecting only Thai-speaking workers, 3) customizing training program and 4) assigning the foreign workforces in a position which is not complex and require less communication. Most of the respondent has faced the communication problem and have their own solution for each of their own problem. This supported the finding of Terry (2007) breaking down the communication barrier by training or whatever method are vital.

Respondent A, “*The foreign workforces that can't communicate will cause a problem in slow down the work progress, miscommunicate about the paperwork and quit the job without informing with the company which is from the fail to communicate. Our main solution is to find a translator from our worker that can speak both Thai and foreign language to resolve the miscommunication problem and its work most of the time.*”

However, there are some respondent that doesn't face the communication problem which are:

Respondent H, “*Most of the foreign workforces already has an experiences from another workplace in the country. Which could make sure that the communication will not be an obstacle for the company and the workforce. In case we’re desperate for the workforce and necessary to hire the foreign workforces who could not communicate we’ll assign the work through the current foreign workforces.*”

Respondent I, “*The Company doesn’t face any communication problem because we’ve selected only the one who could communicate. So the company is quite sure that the foreign workforces who could not communicate will not pass the interview and won’t be recruiting.*”

In conclusion, many of Thai SME business has experienced a communication problem. The majority of communication problem is from the language barrier which is the obstacle to perform the task effectively. This has supported Kim et al (2015), which state that communication barrier could result in lower productivity. Most of the companies use their current foreign workforces as a middleman of communication. The second popularity among the solution is the changing of the recruitment criteria, which the company will recruit only the one who could communicate in Thai only. Therefore, generally most of them believe that the communication issue is a critical issue that need to be dealt with, which support the finding of Terry (2008) that communication issue is important to deal with.

**Finding 2 (Motivation factors):** The second finding is about the motivation of the foreign workforces. The motivation of the foreign workforces could be categorized into Push factor and Pull factor. The push factor is generally the career opportunities in the homeland are not well in comparison to Thailand. The pull factor is the wage rate in Thailand is quite higher than the foreign workforces homeland. In this study, the majority of the respondent has comment that the reason of the workforce migration is because of a higher basic salary wage of Thailand, high job vacancy, opportunities to gain experienced aboard respectively. The finding has support Choi et al (2000) that the migration help foreign workers generate a higher salary and better career opportunities.

Respondent A, “*Wage, we think it’s a main factor that attract the foreign workforces to come into Thailand because generally the basic salary of Thailand is higher than the country that they’ve came from. The reason that they’ve choose our company is because we’re paying them a higher rate than the average of the company in this area that’s why we think that money is the main motivators.*”

In this study, it also found out that there are a difference between motivation of Thai workforce and foreign workforce. Foreign workforces is motivated by wage which is higher than the basic wage rate of neighbor country, welfare and the connection with friend and family which they could be more willing to do the work in the company that their family or friends has been working in. However, Thai workforces have been looking into the stability of the organization more than the connection of friends and family.

Respondent F, “*Thai workforce is focusing on the basic salary and the stability of the company which reflect their career security, while the foreign workforce is focusing on*

*the financial benefits and the relationship with their family and friend, such as working with their friend or family."*

Respondent K, "Thai worker will focus on salary, Bonus and Overtime compensation. However, the foreign workforces will be more focus on the basic salary and working with their friends."

However, there are some respondent that has ignored the difference and think that Thai worker and foreign workforces are motivated by the same thing.

Respondent B, "Both local workforces and foreign workforce are motivated by the same thing which is money whether in come in term of Bonus, Salary, Incentive or whatever."

It could be concluded that both local and foreign workforces are both motivated by the basic wage, bonus and incentives as a basic of human needs. However, the deep down detail of needs could be separate the difference of need of Thai workforce and foreign workforces which support And et al (2003) which state that sometimes motivation not only come in term of monetary.

**Finding 3 (Productivity factors):** The third finding is about the productivity issue. The Characteristic of good workers that SME business look for when hiring foreign workforces are hardworking, willing to learn, easy to understand, able to communicate, high responsibility and perform the work well. However, if the requirement has not met initially, many company has provide training to drive the productivity forward.

Respondent F, "Our desire workforce is the one who is able to perform multiple task, Easy to understand the assigned task and minimize the defect of the work. To do so, we'll have to provide the training to develop the workforce. The training that provided will be the on the job training, language training and the task related training."

Respondent G, "The characteristic of the workforce that the company want is somebody who is a hard worker, willing to learn a new thing, able to solve the urgent problem and obtain a high responsibility, The company think that, training is the best way to develop workforce. The training that we provide is the safety and security training, equipment and machine training."

However, there is some of the company that doesn't provide training.

Respondent B, "The ideal foreign workforces for the company is somebody who could responsible their assigned task till the end of the process. They'll have to understand and know their duty well plus the communication skill. Currently we've got the employee that we desire by changing the recruitment criteria, no training is needed."

Therefore, it could be conclude that the "effective" workforce that most of the SME company desire are the hard-working, able to understand and perform the assigned task, high responsibility, able to communicate and motivate to work. Moreover the company could raise the productivity by provide training. This has supported Terry (2007).

**Finding 4 (Legal factors):** There are many aspects of legal impact on SME in employing foreign workforces.

Shortage of labor, hardworking labor and cheaper labor are main reasons to use foreign workers. There are several reasons that most of the SME employer choose the

foreign workforce which are lack of Thai workforce, hardworking foreign workforce and cost reduction. This has supported Kulkolkarn, Potipiti (2007) which state that the foreign workforce is an efficient alternative to solve the labor shortage.

Respondent E, “*First of all we have to say that we would love to have a Thai workforce, but there is not much of them in the labor market. Therefore we'll have to use the foreign workforce to serve our demand for labor. Moreover they're very hard working which we're impress*”

Legal process is high-cost and complicated. Thai foreign workforces system is complicated, costly, always changing and not providing clear information and has no proper quality and quantity control this has support

Respondent B, “*From my experience, I think that foreign workforces system is changing all the time, it's too often. Practically it's still not work properly, it still has a lot of loophole which is easy for the foreign workforces to avoid the legal system. The loophole plus the document complication and the costly price is the main reason that make the illegal workforce refuse to become legal.*”

Respondent C, “*The government should have a clear and stable policy, then they should've given a clear information and manual for managing the foreign workforces to the employer without changing again and again.*”

If the government force the employer to pay equally to the Thai workforce, most SME business are willing to follow the rule since most of them are currently paying at the same or even higher than a Thai workforce.

Respondent C, “*The company policy is always follow the government laws. However, we're currently paying a foreign workforces an equally salary to Thai workforce or even higher if the performance of the workforce is higher.*”

However, there are some respondent say that they will change to an automatic machine or Thai workforce instead.

Respondent I, “*Even though the foreign workforces has been known as a hardworking, but if the law said we've to pay equally, I'd rather use Thai people to eliminate the paperwork complication and communication.*”

Respondent J, “*Nowadays, the company has already start replacing the labor work to an automatic system, Therefore I think we'll continue to replace the labor work as much as we could. However it may not be completely replace in a short time so we may have to follow the rule for some times before we completely replace the labor area.*”

**Finding 5 (Financial factors):** There are two financial aspects in this finding. First, there is no advantage in labor cost, since most of the SME business saying they are currently paid at the same rate as Thai worker. This opposed the idea of De Silva et al (2014) which state that lesser labor wages is the main reason of hiring a foreign workforce.

Respondent B, “*Hiring the foreign workforces may effect on other issue like productivity, However there are no effect on the investment because currently the company has paid an equal to higher wage than Thai workforce and the minimum wage rate already.*”

However, some respondent said that the hiring of the foreign workforce could be effect the investment positively. This support Tubadji et al (2014) which state that foreign workforce could increase productivity in both short term and long term.

Respondent D, “*Hiring the foreign workforce may affect the investment positively because if the human workforce is enough there will be less demand for the machine investment, this is how the foreign workforce can affect the investment positively.*”

Secondly, the cost of recruiting the foreign workforces is expensive because of high agent fee due to the loop-hole in the law.

Respondent H, “*The policy is quite good but not practical. There are still a lot of loop hole for the agent and the government to taking advantage of the foreign workforce and the employer.*”

Respondent L, “*In my opinion, I think the recruitment cost is very expensive. Many of the foreign workforce that want to be a legal but couldn't afford the price will end up being an illegal workforce.*”

It could be summarized that for the majority of the SME business, hiring the foreign workforce is not likely to impact much of the operation expenses due to the similar wage range between Thai workforce and foreign workforce. This finding has opposed to the finding of Kumar et al (2012) which state that hiring foreign worker could save a lot of cost.

**Finding 6 (Cultural factors):** As for cultural factor, most of the respondent said that there was no major cultural problem. However, there are two concerns that are being raised by some respondent, which are hygiene and collectivism issue. This supports the finding that the cultural barrier has an impact on the onsite relationship between foreign workforces and local worker or supervisor (Da Silva et al, 2014).

Respondent A, “*Our company didn't face any major problem regarding cultural issue, However there are some minor problem like personal hygiene of the foreign workforces which still a problem and also they don't know how to use the toilet properly, What we could do to resolve the cleanliness problem is providing some comment and advice to the foreign workforces.*”

Respondent E, “*There is some problem about the collectivism. They're more likely to do thing as a group. They love to stay as a group, communicate only in their group and avoiding to blend with Thai people, this will impact on the productivity because if the relationship is not good there will be lack of teamwork, lack of teamwork will impact on productivity. However we've decrease a cultural barrier by providing a comment and activity for them about working as a team which is better.*”

## Conclusion

In this study, it is found out that, foreign workforces has migrated to Thailand because they need a better career opportunities due to the higher basic salary rate and job vacancy according to the labor shortage. Generally they've worked as a low skill labor. Most of Thai SME employer want the hard-working, motivated to work and high responsibility workforce which the foreign workforces is the best choice to fulfill this vacancy. This study found that there were many impacts of foreign workforce (such as communication barrier, legal complication, low productivity) that faced by SMEs business when hiring foreign workforce. There are still some complications about using foreign

workforces like the complication about the paperwork, inconsistency foreign labor management system, language barrier, collectivism or the hygiene issue. Most of the companies that have language problems will hire a translator both either from the existing employees or from outside or choose to hire Thai-speaking worker only. Most of the companies have to invest in training courses such as language, security and safety, and machine through classes or on-the job training. It also found that hiring foreign workforces is rarely affecting the cost of the company because most of the company has comments that the wage of the foreign workforces nowadays is similar to hiring the Thai workforce. Moreover, hiring the foreign workforce must involve a cost of recruitment such as agent fee and work permit.

### Recommendation

There are recommendations to the SMEs business to solve or to prevent with the problem that they have faced. The recommendation are:

1. Always prepare a translator to improve the communication problem.
2. If possible, try to use the selection process to qualify the workforce that match the requirement for the company such as fluency level of Thai language or skill level.
3. On the job training is a great way to develop both local and foreign workforce.
4. The most important thing is to make a clear understanding about the rule and regulation and make sure they understand about it and the consequence of breaking the rule.

### Implication

Small and medium business could apply this research information to use with their business to deal with the problem that they might have faced. Although this research is focusing on the SMEs business but it could also adapt with the large scale of business as well. However, if the large scale business is willing to apply, some of the detail might require a few adjustment such as hiring a full time translator, set up a high standard selection process (good language fluency), and provide proper training and work instruction in foreign language.

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**FACTORS EXPLAINING COLLEGE STUDENTS INTENTION TO RECEIVE  
COSMETIC SURGERY IN THE FUTURE  
:A CASE STUDY IN COLLEGES AGED 19-34 YEARS OLD IN THAILAND  
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**Abstract**

Modern society has set a high competitive standard for what is considered beautiful. College students are exposed to many more alternative ways to look more attractive through the beauty product, treatments and especially considering to do cosmetic surgery to fulfill their needs to look good and they play important role as the main group signaling the future trend of cosmetic surgery demands. Thailand is recognized as one of the major beauty hubs in the southeast Asia with more than 800 clinics. But nowadays, still it has problems such as unlicensed cosmetic surgery clinics which are dangerous in anesthetics process and an unlicensed cosmetic surgeon. So, this study aims to provide factors in deciding to do cosmetic surgery from the college views beneficial to players in the market both surgeons, consumers and advertisement company to find the balance in surgery promotion, ethical procedures and also improve wellbeing of the public. Factors studied are media exposure, Socio-cultural attitudes toward appearance, perceived risks of cosmetic surgery and future surgery intention. A questionnaire, with close-ended questions, was designed to 203 respondents who were interested in cosmetic surgery, living in Thailand. The data collected, by using convenient sampling by using on line questionnaires, papers which was surveyed to test the hypothesis. According to the Multiple Linear Regression analysis, results show that media exposure is the critical factor that affects Thai colleges perceived risk. While socio-cultural attitudes toward appearances followed by perceived risks affect future intention to undergo cosmetic surgery is statistically significant.

Key words: anesthetics, cosmetic surgery, college student, socio-cultural attitude, perceived risk.

## Introduction

Currently, cosmetic surgery is one of the beneficial and crucially medical procedures in the world .There is rapid growth in the market such as in the information of ASPS National Clearinghouse of Plastic Surgery Procedural Statistics data 2014 the people in age 20-29 year olds are in 815,000 of total cosmetic procedures which increased 4 fold from previous age group and it's not just a nip and tuck to appear younger and fresher. Greater numbers of *young* women are now going under the knife (ASPS Public Relations, 2014). Cosmetic procedures are up 4% for women in their 30s, and 30% of all liposuction recipients are ages 19 to 34 (ASPS Public Relations, 2014). There are growing trends worldwide except Hispanics, so this is important for thinking about the factors such as psychological, socio-cultural and self-esteem etc. A similar trend has been observed in Asia. For instance, Time magazine reported that in Taiwan, a million procedures were performed in 2001, doubling the number in 1996 (Cullen, 2002). A survey in Korea revealed that eight out of 10 Korean women aged over 18 felt a need for cosmetic surgery, and one out of two had undergone cosmetic surgery at least once (Digital Chosunilbo, 2007)

Bangkok, mega-city in South East Asia is now a major hub for cosmetic surgery with more than 800 clinics (Seewan, 2014). The beauty business is booming as visitors from the UK and elsewhere seeks out the place to believable and at a fraction of the price it would cost them at home. But nowadays it still have problems such as unlicensed cosmetic surgery clinics which are dangerous in aesthetics process and have unlicensed cosmetic surgeon.

## Research objectives

1. To identify the factors which involving in decision to do cosmetic surgery
2. To reveal exposure to the media coverage of cosmetic surgery, interpersonal experiences etc.
3. To determine attitudes toward future intention to do cosmetic surgery.
4. To be useful information in the socially responsible for promotion of cosmetic surgery
5. To build and test a theory-based model specifying the pathways through which a number of psychological and socio-cultural forces predict college student's intention to receive cosmetic surgery in the future.
6. To identify which internal and external factors surrounding their lives influence their attitude toward beauty.

## Literature Review

### 3.1 Media exposure

There are many kinds of media which play an important role as a driver to undergo cosmetic surgery. The first one is Advertisements from literature in the past 1975. It is said that advertisement can mislead because the profit motive, the deregulation and decrease state regulation for surgery. So, it is the task for the federal trade commission to decide to restrict physician's advertisement about their services (Thomas, 1998). Followed later by eliminate the monopoly situation throughout in 20<sup>th</sup> century (Sullivan, 2002). However, a benefit of advertisement is generated new technology. Next, Magazine and newspapers are sources of information and it is called powerful that woman can update about beauty trends (Kenrich, 1979). After that period of time there are designed advertisement enticing readers to change their lives by changing the face and bodies in mid 20<sup>th</sup> century (Haiken, 1998).

Another media channel is TV, in 1999 TV lineup suggested trend about having big nose like Lima, Pero in Chinese can make them leveled up social class and cut-rate of surgical clinic which spring up the dozen to serve the needs (Haiken, 1998). Some experts explain that TV is related to cultivation theory (Gerbner, 1994) because the longer hour in watching TV, repetition, long-range and consistent exposure can cultivate stable and widely shared image of life and society (Gerbner, 1994) and the consumer will see the real world. Many famous TV realities occurred in 2013 such as I want a famous face (MTV), The swan(fox), cosmetic surgery: on the edge (Discovery channel) all of them suggest that TV are in part of the shift toward the acceptance of cosmetic surgery (Reeves, 2007). Another step if we study para-social relationship which divided into three mechanisms such as entertainment-social as attraction, intense-personal reflects person intensive and borderline-pathological as uncontrolled behavior and fantasies regarding celebrities (Malby, 2011). While the top 5 famous in the world such as Michael Jackson, Nawaariff etc. (Ahmad, 2013). In Singapore, college students see them like their parent, family and friends and want to be similar together (Wen, 2010). The experts explain the phenomena of Absorption-addiction hypothesis. Celebrities as a physical exemplar (Swami, 2009) they also involved direct and indirect influences the intention to undergo cosmetic surgery

(Seewan, 2014). In the 20<sup>th</sup> century our world became digital aged in which internet is the main source for providing information. The study of Muhammad Ahmad showed surprisingly statistic where more than half students intend to have plastic surgery and most of them used internet to find out about the surgery. Other kind of sources are magazines, advertisements, friends-gup shup and TV shows respectively. Lastly, all the media explain beyond media driven explanation theory which illustrate Media as external environmental factors for women to look more attractive (Seewan, 2014). The more frequent they expose, the more the desire to look more attractive (Kaweki, 2010) to be successful in life and being beautiful. While the two sides views of advertisement will bring hesitating in concern to buy beauty products are making over (Britton, 2012).

### 3.2 Socio-cultural attitudes toward appearance

There are many theories to explain about social-cultural aspects. For social context, it can described by the social-psychology theory which concerns about self-efficacy in learning which takes place through observing behaviors of others. For instances the dress code selection to create an impression in working or social aspects is witness by woman to update their fashion trend (Thompson, 2002) another study in same concept is that woman make choices by not totally free from being social (David, 2009). Another theory occurred in 1954 called social comparison explains that individuals judge themselves by comparing with others (Festinger,1954) like the less attractive woman makes the attractive feel standout, look more appealing and more confident (Maerue, 2009). Next is about social cognitive theory by Albert Bandura defines as one's belief in one's ability to succeed in something (Becker,1988). McGraw explained there is no reality, only perception, in which he explains that people have many filters in their lives such as mental state, personality, attitudes etc. (Mc Graw,2003). Social is the motive which emphasize the use of cosmetic surgery to garner favorable evaluations from others(Davis,1995), based on the notion that enhancing one's physical attractiveness to others brings social rewards (Evan,2003). Social can use hypothesis under the term of contact where contact among members of heterogeneous improves intergroup attitudes (Allport,1954). Individuals who have contact with cosmetic surgery patients hold less negative attitudes toward them than do people who do not have contact (Barnlund,1989).

Cultural contexts tangle with personal in a complex way (Davis, 2004).

However, the culture context determines the way that woman's bodies will be viewed, evaluated and treated (de Beauvoir, 1952). There is a culture phenomena such as in Chinese classic text which states that the fundamental way to be filial to parents is to maintain the body intact as it has been granted by parents. In addition, although past research has demonstrated that people universally prefer natural things over unnatural things (Rozin, 2006), Chinese preference is stronger than other cultures (Lin, 1981). While Korean undergoes double eye lid as a reward after stressful period in life and followed celebrity to boost confidence and give hope to success same as in Penang (Karupiah, 2013). On the other hand, Malaysia has a strict religious background against the cosmetic surgery (Karupiah, 2013). Elsewhere Eastern have cultural dopes which nonwestern like to be pretty like western (Martin, 1993). Some experts also illustrated that gender is result of society's beauty system which pressures people to display conventionally shaped, attractive bodies-thin truck, toned muscle etc. (Sischo, 2015) and different sex may reflect the greater socio-cultural pressure that woman experience to live up to idealized images of physical perfection (Swami, 2007). Lastly, Macrosocial like political, economy can shift under the cosmetic surgery contribution (Sullivan, 2002).

### 3.3 Perceives risk of cosmetic surgery

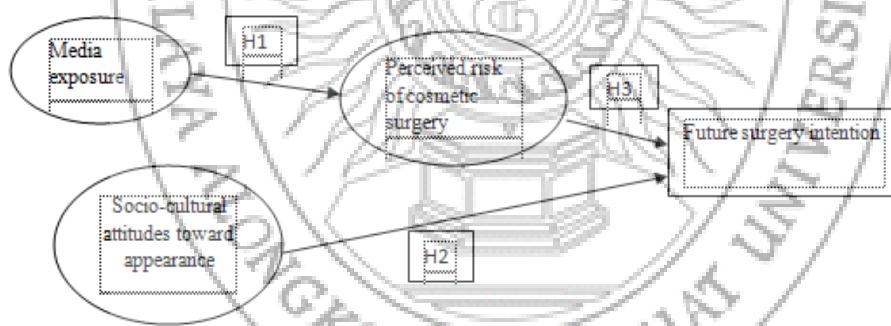
Safety and risk was the prominent issue since 1980s and 2000-2004 periods and the second most prominent issue in the 1990s is about safety of silicone gel and saline breast implant, including the alleged malfeasance by implant manufactures and the health concern. There was a controversial issue which presented on TV and multimedia such as the safety of Botox (2000-2004), the dangers of cosmetic surgery in public magazine (Sullivan, 2002). And after that in 2000-2004 there are FDA rules ban on silicone breast implant, give definition of risk benefit and mechanism for privileging the views (Thomas, 2002), recommendations and turned TV advertisement to concern about negative and risk aspects than benefit. The risk aspects are major impact on decision of people to do cosmetic surgery. On the other hand, some famous reality or TV news for example TDP (thinness depicting and promoting) media, The Swan and extreme makeover are main for marketing activities by plastic surgeons and manufacturers more than the illustration of risks and safety.

However, it is Kozee (2007) suggests that experiences of sexual and self-objectification have associated with risk and self-harming behaviors.

### 3.4 Future surgery intention

Based on data from the AARP (2001), the American Society for Aesthetic Plastic Surgery (2004), and the American Society of Plastic Surgeons (2004), indicate that women more than men report greater willingness and interest in having some cosmetic surgery procedure done. This can be explained by the objectification theory which variables positively predict the degree of intention to do surgery in women (Park, 2010). The variables factors also explain by (Brown et al., 2007; Delinsky, 2005; Sherry, Hewitt, Flett, & LeeBagley, 2007; Swami, Arteche, et al., 2008) such as media exposure, vicarious experiences of cosmetic surgery, and perfectionism.

**Figure 1: Conceptual framework**



### Research hypothesis

- H1: Media exposure is positively related to perceived risk of cosmetic surgery
- H2: Socio-cultural attitudes toward appearance is positively related to future surgery intention
- H3: Perceives risk of cosmetic surgery is positively related to future surgery intention

## Methodology

The research is an exploratory research which will focus on Thai college students who are under aged 19-34 years old and currently studying in Thailand in the period of September in year 2016. Concerning on attitude toward cosmetic surgery. Questionnaires have been distributed on line and papers to a group of Thai colleges, male and female, in Bangkok such as Chulalongkorn university, Kasetsart university, Mahidol university, Assumption University, King Mongkut's institute of technology Ladkrabang and etc. and a suburb areas such as Chiangmai university etc. during 6<sup>th</sup> September to 30<sup>th</sup> September. The sample is related to the research objectives and the total respondents were calculated compared to the study of Park,J. in 2010 which conducted to 298 college students while in this study conducted in Thai with lower in college populations. The sampling size calculated from the formula

$N=(Z^2 * S.D^2(1-S.D^2))/(marginal\ error^2)$  so after substituted all numbers and assumed the margin error 5%, level of accuracy assume 50%

$N= (1.96^2 * (0.5)(0.5))/(0.05^2) = 384$  people However, this research used the range 50-60% for explain all the population because the sampling method was convenience sampling and regard to the incomplete of questionnaires so the range of acceptance sampling was 192-231 people. The convenient sampling was applied with 203 respondents. The researcher used quantitative method by designing a questionnaire to analyze the factors involving in decision to undergo cosmetic surgery. The questionnaire consists of 3 parts:

Part 1: Screening question which asked about interest in cosmetic surgery. The screening question helps to verify that the respondents belong to this research.

Part 2: Demographic information data such as gender, age, education, income which consists of 8 multiple choices questions.

Part 3: Measurement of dependent and independent variables which consist of 31 Likert-scale questions.

For media exposure factor each question is rated from frequencies

1 = Never, 2 = less than 6 times/year, 3 = 1time/month, 4 = 1time/week, 5 = more than 1 time per week. While another factors each question is rated from (1) strongly disagree to (5) strongly agree. In order to measure the reliability of dependent and independent variable, 9 questions were related to media exposure, 10 questions related to socio-cultural attitudes toward appearances, 10 questions related to perceived risk of cosmetic surgery and 2 questions related to future intention.

To test a validity of questionnaire by using Pearson correlation found out that all factors which included Average Media exposure, future surgery intention, socio-cultural and perceive risk scores are significantly(sig.<0.05) related to interesting in cosmetic surgery and Construct validity under the previous framework which came from the result of no extreme multicollinearity, Skewness and Kurtosis values for

each items were within the range of +1.96, Bartlett's test of sphericity index showed statistical significance( $p<0.01$ ) Park, J. (2010).

## Data Analysis

Table 1 illustrates the demographic information of the respondents. There were 237 in total respondents while 203 respondents were final sample for the research because they were in criteria. The majority of the respondents were those who never ever done cosmetic surgery (85.20%), female (69.50%), 20-25 years old (53.70%), Bachelors' degree (79.30%), Government university in Bangkok (66.50%), income 5,000-15,000 baht/month (36.50%), colleges (65.00%) and their mostly consulted person was their friends (45.30%).

|  | Frequencies | % | Frequencies | % |
|--|-------------|---|-------------|---|
| <b><u>Ever do or not do cosmetic surgery</u></b> |             |   |             |   |
| Do   | 14.80       |   |             |   |
| Not do   | 85.20       |   |             |   |
| <b><u>Gender</u></b>                             |             |   |             |   |
| Male   | 30.50       |   |             |   |
| Female   | 69.50       |   |             |   |
| <b><u>Age</u></b>                                |             |   |             |   |
| Lower than 20 years                              | 18.70       |   |             |   |
| 20-25 years                                      | 53.70       |   |             |   |
| 26-30 years                                      | 22.20       |   |             |   |
| 31-34 years                                      | 5.40        |   |             |   |
| <b><u>Education</u></b>                          |             |   |             |   |
| Lower Bachelor's degree                          | 9.90        |   |             |   |
| Bachelor's degree                                | 79.30       |   |             |   |
| Master degree                                    | 10.30       |   |             |   |
| Ph.D. degree                                     | 0.50        |   |             |   |
| <b><u>College types</u></b>                      |             |   |             |   |
| Government university in Bangkok                 | 66.50       |   |             |   |
| Government university in the provinces           | 16.30       |   |             |   |
| Private university in Bangkok                    | 16.30       |   |             |   |
| Private university in the provinces              | 1.00        |   |             |   |
| Industrial and community education college       | 0.50        |   |             |   |
| Others   | 0.50        |   |             |   |
| <b><u>Income</u></b>                             |             |   |             |   |
| lower than 5,000 baht                            | 16.30       |   |             |   |
| 5,000 baht -15,000 baht                          | 36.50       |   |             |   |
| 15,000 baht -25,000 baht                         | 28.60       |   |             |   |
| higher than 25,000 baht                          | 18.70       |   |             |   |
| <b><u>Occupation</u></b>                         |             |   |             |   |
| college  | 65.00       |   |             |   |
| service/state enterprise                         | 4.90        |   |             |   |
| employee   | 25.60       |   |             |   |
| entrepreneur                                     | 3.40        |   |             |   |
| others   | 1.00        |   |             |   |
| <b><u>Consult person</u></b>                     |             |   |             |   |
| friends  | 45.30       |   |             |   |
| family   | 21.70       |   |             |   |
| just yourself                                    | 14.30       |   |             |   |
| beauty and experts                               | 17.70       |   |             |   |
| others   | 1.00        |   |             |   |

**Table 1: Demographic information of respondents**

Table 2 shows the reliability of total factors analysis from the Cronbach coefficient alphas in each group of questionnaires lower than 0.60 would be questionable. Those factors close to 0.70 are acceptable, and those larger than 0.80 good (Sekaran, 2003). Thus, it could be concluded that all questions related in this study are relevant and reliable and applicable for research scales instruments. Referring to (Seewan, 2014), the Cronbach's alphas of all factors were larger than 0.60. No further analysis of perceive risks of cosmetic surgery and future surgery intention did not focus on this article in the previous study.

| <u>Latent constructs</u>                   | <u>Cronbach 's Alpha</u> | <u>No. of items</u> |
|--|--------------------------|---------------------|
| Media exposure                             | 0.894                    | 9                   |
| Perceive risks of cosmetic surgery         | 0.648                    | 10                  |
| Socio-cultural attitudes toward appearance | 0.688                    | 10                  |
| Future surgery intention                   | 0.889                    | 2                   |

**Table 2: Reliability Test with Cronbach's Alpha**

Table 3 An independent sample t-test was conducted to evaluate the hypothesis that there are no significant difference between each gender that predict undergo of cosmetic surgery. The test was significant,  $t (175.32) = 2.64$ ,  $sig = .009$ , but the result was counter to the hypothesis. Respondents who are male ( $\bar{x} = 1.94$ ,  $S.D. = 0.248$ ) has ever do cosmetic surgery than female ( $\bar{x} = 1.82$ ,  $S.D. = 0.389$ ).

|                               | Gender | N   | Mean | Std. Deviation | Std. Error Mean | Levene's test | Sig(2-tailed) |
|-------------------------------|--------|-----|------|----------------|-----------------|---------------|---------------|
| do or not do cosmetic surgery | male   | 62  | 1.94 | 0.248          | 0.031           | .000          | *.009         |
|                               | female | 138 | 1.82 | 0.389          | 0.033           |               |               |

Note: \* sig < .05

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**Table 3: Independent sample t-test**

Table 4 shows the Multiple Linear Regression Analysis using the enter method with Perceived risk of cosmetic surgery as the dependent variable then Media exposure as the independent variable. While another model illustrated future surgery intention as dependent variable then Perceive risk of cosmetic surgery and socio-cultural attitudes toward appearance as the independent variables. Referring to the figures shown in Table 4, the result that 0.070 ( $R^2$ ) of the dependent variable, perceive risk, is indicated by media exposure at the 0.05 significant level. In accordance with the result that

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0.036 ( $R^2$ ), 0.061 ( $R^2$ ) of the dependent variable, future surgery intention, is indicated by perceived risk of cosmetic surgery and socio-cultural attitudes toward appearance at the 0.05 significant level in respectively.

|                                   | Model                                       | Unstandardized Coefficients |           | Standardized Coefficients         | t      | Sig.   |
|-----------------------------------|---|-----------------------------|-----------|-----------------------------------|--------|--------|
|                                   |   | B                           | Std.error |                                   |        |        |
| (constant)                        |   | 2.531                       | 0.119     |                                   | 21.240 | .000   |
| Perceive risk of cosmetic surgery | media exposure                              | 0.139                       | 0.036     | 0.265                             | 3.896  | *.000  |
| R = 0.265                         | R <sup>2</sup> = 0.070                      |                             |           | Std.Error of the Estimate = 0.463 |        |        |
| (constant)                        |   | 1.723                       | 0.470     |                                   | 3.664  | .000   |
| Future surgery intention          | perceive risk of- cosmetic surgery          | 0.430                       | 0.156     | 0.191                             | 2.759  | * .006 |
| (constant)                        |   | 1.304                       | 0.477     |                                   | 2.737  | .007   |
| Perceive risk R = 0.191           | Socio-cultural attitudes- toward appearance | 0.552                       | 0.153     | 0.247                             | 3.611  | * .000 |
| Socio-cultural R = 0.247          | R <sup>2</sup> = 0.061                      |                             |           | Std.Error of the Estimate = 1.062 |        |        |
|                                   |   |                             |           | Std.Error of the Estimate = 1.049 |        |        |

Note: \* sig <.05

**Table 4: Factors affecting Perceived risk of cosmetic surgery and Future surgery intention**

Table 5 illustrates that the strongest positive relationship determinant of future surgery intention is Socio-cultural attitude toward appearances ( $\beta = 0.247$ ,  $sig <0.05$ ), supporting

H2. Subjects who are have more attitudes toward cosmetic surgery reported higher future surgery intention. In accordance with perceive risk ( $\beta = 0.191$ ,  $sig <0.05$ ), supported H3. Subjects who are more perceived risk are higher in intention to undergo cosmetic surgery in the future. Moreover, having media exposure also affected perceived risk of cosmetic surgery ( $\beta = 0.265$ ,  $sig <0.05$ ), in which supported H1. Subjects with more media exposure reported higher perceived risks of cosmetic surgery.

| Hypotheses                                     | $\beta$ | Sig   | Z     | results |
|--|---------|-------|-------|---------|
| H1: Media exposure → Perceive risk             | 0.265   | *.000 | 0.036 | support |
| H2: Socio-cultural attitude → future intention | 0.247   | *.000 | 0.153 | support |
| H3: Perceive risk → future intention           | 0.191   | *.006 | 0.156 | support |

Note: Correlation is significant level at 0.05 level.

**Table 5: Result of hypothesis testing**

## Discussion

The empirical analysis from a sample 203 respondents using multiple linear regression analysis was implement in examining the relationships between media exposure to perceived risk of cosmetic surgery. While other relationships are between socio-cultural attitude toward appearance, perceived risk to future surgery intention for colleges in Thailand year 2016. The strongest relationship determinant of future surgery intention is socio-cultural attitudes ( $\beta = 0.247$ , sig <0.05), support H<sub>2</sub>. Followed by perceive risk also affect significantly ( $\beta = 0.191$ , sig <0.05), support H<sub>3</sub>. Moreover, media exposure also affects perceived risk of cosmetic surgery ( $\beta = 0.265$ , sig <0.05) support H<sub>4</sub>. All statistic values indicate positive relation among dependent variables and perceive risk, future intention in selected colleges in Thailand 2016, consequently supporting H<sub>1</sub>, H<sub>3</sub> and H<sub>2</sub> respectively.

However, the total results of this study support H<sub>1</sub>. Media exposure played an important role in perceive risk of cosmetic surgery that they usually see the advertisements in other media such as internet, outdoor advertisements ( $\bar{x} = 3.97$ , S.D. = 1.169). Which different from the previous study of Park (2010) that most famous media was TV and radio. Lastly, socio – cultural attitudes towards appearance and perceived risk seemed important to future surgery intention for colleges which they mostly think that attractive people are more likely to succeed in today's life

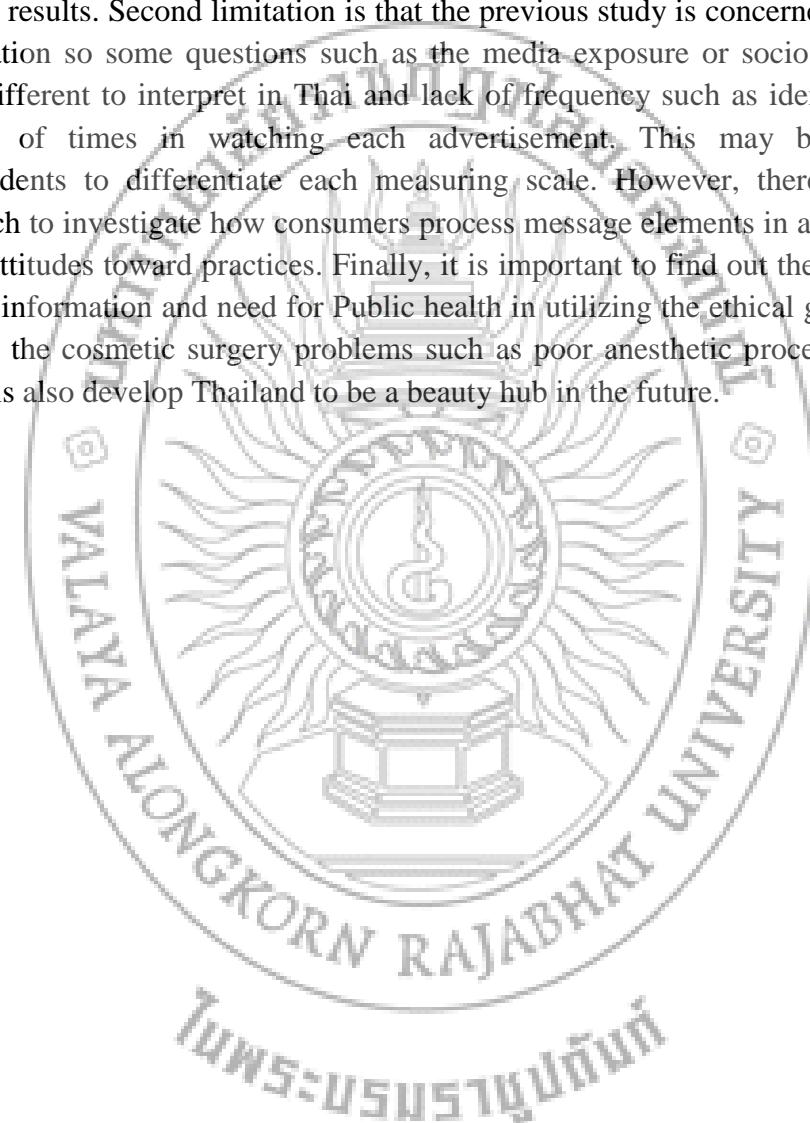
( $\bar{x} = 3.50$ , S.D. = 0.992). However, different to the previous study which determined that it's not important to always look attractive. While they perceived risk of the high chance of pain after recovery period ( $\bar{x} = 3.44$ , S.D. = 0.980) same as in the previous study.

## Conclusion and Recommendations

The findings in this study provide suggestion for the players because they have a role in transferring right and suitable information about cosmetic surgery for surgeon and advertisement professionals they need to understand and develop informative ethical guidelines that patients can rely on in the daily practice. And if each player understands cultural factors and psychological for physical and mental health there are more willing to comply with the ethical guideline. Lastly, Consumers are beneficial in knowing their own perceptions and judgments about medical services. From this study, there are some implications that could be applied in the marketing strategy, the results shown that the most significant mean scores were for media exposure on the internet and outdoor colleges ( $\bar{x} = 3.97$ ) are a target group for this route of media thus the marketer could invest the marketing there also beneficial to the ministry of public health which can control, screening or rating the website in appropriate ways. Moreover, surgeons will understand about patient's attitude toward surgery and easily develop guidelines after recovery process in suitable channel. The socio-cultural factors illustrated that colleges in Thailand, year 2016 concerned about good appearance are more likely to succeed ( $\bar{x} = 3.50$ ). It is beneficial to the human resources operators to create promotions of cosmetic surgery as a reward for employee performance in the near future with the budget around

## Limitations

The current study has a number of limitations. First, although a convenient sample is frequently used for exploratory purposes using too much homogenous sample may yield different results from those found in general college-aged people. So, future researchers are encouraged to use other settings or others sampling methods to find results. Second limitation is that the previous study is concerned with the USA population so some questions such as the media exposure or socio-cultural aspects may different to interpret in Thai and lack of frequency such as identify the year or period of times in watching each advertisement. This may be confusing to respondents to differentiate each measuring scale. However, there is a need for research to investigate how consumers process message elements in advertisements to form attitudes toward practices. Finally, it is important to find out the trust sources of health information and need for Public health in utilizing the ethical guideline worthy reduce the cosmetic surgery problems such as poor anesthetic process, illegal clinic and this also develop Thailand to be a beauty hub in the future.



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ADAPTATION MODEL OF CREATIVE TOURISM BUSINESS:  
A CASE STUDY OF ECONOMIC ROAD IN KHAO YAI OF THAI TOURISTS

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**ABSTRACT**

The objectives of this study are 1) to investigate the activities of creative tourism affecting the adaptation of creative tourism business, 2) to study the opinions level of Thai tourists towards the activities of creative tourism and the adaptation of creative tourism business, and 3) to propose a model for adaptation of creative tourism business: A case study of economic road in KhaoYai of Thai tourists. The main approach of this study is quantitative research. Data collected from 390 thai tourists' respondents were analyzed in percentage, mean, standard deviation and multiple regression analysis. The qualitative research was supplemented by interviewing process of 13 key entrepreneurs of the creative tourism business on economic road in KhaoYai zones. The proposed model was reviewed and recommended by experts during the seminar organized by all parties involved in the project. The interview outcome indicates that the 5 most important factors of tourists' adaptation activities are learning, participation, networking, cooperation and guide. The tourists' opinion regarding activities and adaptation of tourism business are at very high level. The study reveals that personal factors of Thai tourists and activities of creative tourism affecting the 5 aspects of adaptation of creative tourism business are 1) sightseeing, 2) contemplating, 3) learning, 4) participation, and 5) co-creation. The result is 74.50 percent ( $R^2 = 0.745$ ) of the variation of the adaptation at the statistical significance level of 0.05

**Keywords:** Adaptation of Creative Tourism Business, Creative Tourism Business,  
Creative Tourism

## Introduction

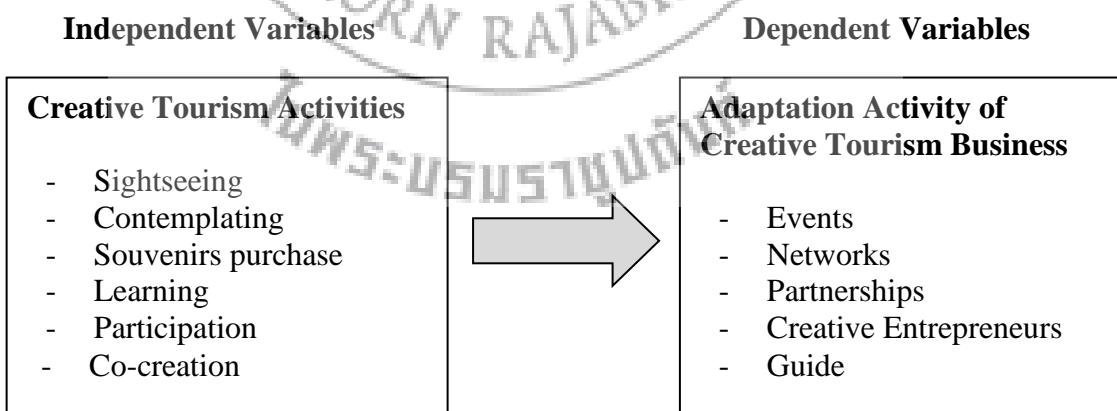
Tourism of Thailand has been continuously developing amid the smooth rides with occasional obstacles. However, the growth of tourism of Thailand faces dilemma in sustainability because of challenges of the change in tourist's behavior. Today, the tourist's behavior tends to be experience pursuit rather than plain sightseeing. Creative tourism therefore offers opportunity for tourists to experience and participate in tourism activities, learning the arts, history, heritage and special character of a place; for example, the tourist can be cow milking, grapes picking, mushrooms picking in the farm etc. Tourism industries should offer innovative idea and activity from their knowledge and practice to tourists for unique and unforgettable experience. This research study seeks to provide guidance to the entrepreneurs about how the growth of the tourism industry of Thailand should be adjusted in proper direction in the future. Therefore, this research attempts to study the activities of creative tourism affecting the adaptation of creative tourism business, to study the opinions level of Thai tourists towards the activities of creative tourism and the adaptation of creative tourism business: a case study of economic road in KhaoYai Zones for Thai tourists.

## Research Objectives

1. To investigate the activities of creative tourism affecting the adaptation of creative tourism business
2. To study the opinions level of foreign tourists towards the activities of creative tourism and the adaptation of creative tourism business
3. To propose a model for adaptation of creative tourism business: A case study of economic road in KhaoYai of Thai tourists

## Research Conceptual Framework

The authors selected 3 variables for this research. The first variable was adapted from the study of conceptual model of creative tourism by Richards (2011). The second was obtained from review of 40 related literatures and publications. The third was the activity of creative tourism component which was adapted from the study of adaptation of creative tourism components by Pine and Gilmore (1999).



**Figure 1. Conceptual Framework**

## Research Scope

1. This study covers the area of 3 main roads in Khao Yai: Thanarachata Road, Pansuek-Gudkla (Veteran) Road and Khao Yai-Wang Nam Keaw Road # 2304.
2. Two sampling groups are targeted as
  - Group 1: 13 creative tourism business entrepreneurs (data as of February 2015)
  - Group 2: 390 Thai tourists from 13 locations with 30 tourists per location

### **Methodology**

The authors mainly employed quantitative research which was based on indefinite population by data collection of 390 foreign tourists. Sampling population calculated using Cochran formula (Cochran, 1953) was 384 samples. The authors added another 6 samples for total of 390 samples so that each group from 13 locations yielding the same 30 samples. Stratified random sampling was applied. Tool for data collection was questionnaires. Validity test showed IOC (Index of Correspondence) of 0.62.

The implemented questionnaires were tried out with 30 creative tourists in population. Cronbach's Alpha Coeffeicient (Vanichbancha, 2003) was found to be 0.96 and therefore regarded as a reliable tool according to the pre-defined criteria. Statistical analysis was expressed in terms of percentage (%), mean ( $\bar{x}$ ) and standard deviation (S.D.). Multiple Regression Analysis was obtained by statistical software program and supplemented with qualitative research by in-depth interviews of 13 creative tourism business entrepreneurs of economic road in Khao Yai. The authors specifically selected certain data to build a prototype which was reviewed and approved with recommendations of business experts during the seminar organized for this purpose.

### **Result**

1. The findings are as follows creative tourist activities affecting the adaptation of creative tourism business.

**Table 1** Regression analysis to predict the adaptation of creative tourism business entrepreneurs by creative tourism activities of Thai tourists

| Constant/Variable  | b     | SE <sub>b</sub> | $\beta$ | t      | p-value |
|--------------------|-------|-----------------|---------|--------|---------|
| Constant           | .657  | .111            |         |        |         |
| Sightseeing        | .253  | .035            | .279    | 7.283  | .000*   |
| Contemplating      | .183  | .033            | .211    | 5.466  | .000*   |
| Souvenirs purchase | -.001 | .029            | -.001   | -0.033 | .973    |
| Learning           | .135  | .032            | .172    | 4.200  | .000*   |
| Participation      | .115  | .036            | .137    | 3.146  | .002*   |
| Co-creation        | .169  | .026            | .240    | 6.483  | .000*   |

n = 390 ; SE<sub>est</sub> = ±.234 ; R = .863 ; R<sup>2</sup> = .745 ; F = 186.726 ; p-value = .000

\* Statistical significance level of 0.05

Notations:

|    |   |                        |
|----|---|------------------------|
| b  | = | Regression coefficient |
| SE | = | Standard error         |

|         |   |                                    |
|---------|---|------------------------------------|
| $\beta$ | = | Unknown parameters                 |
| $t$     | = | Student's t variable               |
| p-value | = | The attained value of significance |
| $n$     | = | Number of samples                  |
| $R$     | = | Sample correlation coefficient     |
| $R^2$   | = | Multiple correlation coefficient   |
| $F$     | = | Degree of freedom                  |

**Table 1** demonstrates 5 aspects of activities of creative tourism affecting creative business entrepreneurs:

- (1) Sightseeing
- (2) Contemplating
- (3) Learning
- (4) Participation
- (5) Co-creation

Souvenirs purchase does not affect adaptable of creative tourism business. The correlation between adaptation of creative tourism business entrepreneurs and personal factors together with activities of creative tourism was 86.30% ( $R = 0.863$ ). Predictive value of adaptation of creative tourism business entrepreneurs was 74.50% ( $R^2 = 0.745$ ) of adaptive variability with statistical significance level of 0.05 and standard error of  $\pm 0.234$  by the following equation:

$$\hat{Y} = .657 + .253X_1 + .183X_2 + .135X_3 + .115X_4 + .169X_5$$

Where:

$\hat{Y}$  = Adaptation of Creative Tourism Business

$X_1$  = Sightseeing

$X_2$  = Contemplating

$X_3$  = Learning

$X_4$  = Participation

$X_5$  = Co-creation

The interview outcome reveals that the two most important factors of activities of creative tourism are (1) learning and (2) participation. The 3 most important aspects of activities of adaptation of creative tourism of business entrepreneurs are (1) networking, (2) cooperation, and (3) guide.

2. Opinion levels of Thai tourists towards the activities of creative tourism and adaptation of creative tourism business entrepreneurs are shown in Table 2 and 3.

**Table 2** Opinion of Thai tourists towards the activities of creative tourism

| <b>Opinion of Thai Tourists Towards Activities of Creative Tourism</b> |                    | $\bar{x}$   | S.D.        | Satisfaction Level | Order |
|--|--------------------|-------------|-------------|--------------------|-------|
| 1.   | Sightseeing        | 4.26        | .506        | Highest            | 1     |
| 2.   | Contemplating      | 4.18        | .530        | Highest            | 2     |
| 3.   | Souvenirs purchase | 4.03        | .554        | High               | 5     |
| 4.   | Learning           | 4.09        | .587        | High               | 4     |
| 5.   | Participation      | 4.12        | .548        | High               | 3     |
| 6.   | Co-creation        | 3.96        | .652        | High               | 6     |
| <b>Overall</b>   |                    | <b>4.11</b> | <b>.459</b> | <b>High</b>        |       |

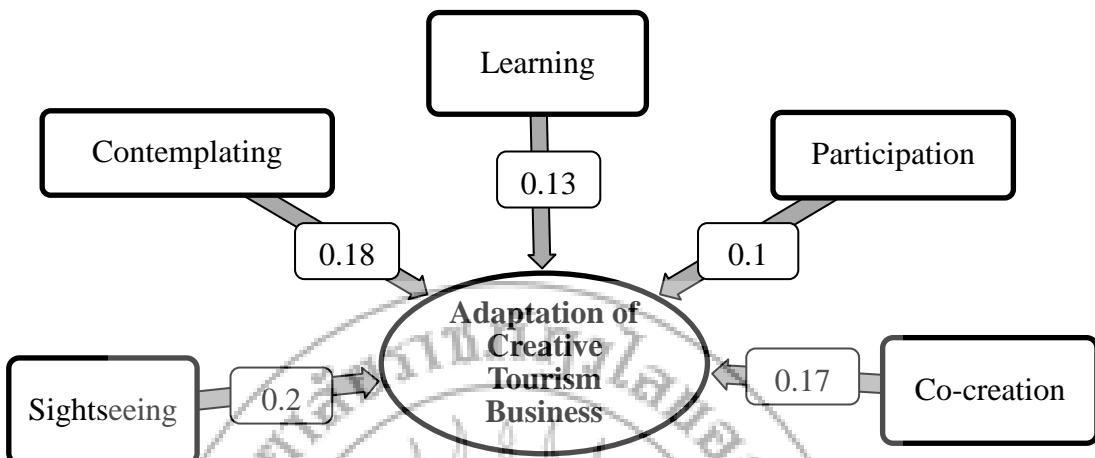
**Table 2** demonstrates the overall opinion of Thai tourists towards the activities of creative tourism is at high satisfaction level ( $\bar{x} = 4.11$ , S.D. = .459); whereas sightseeing aspect received the highest satisfaction level ( $\bar{x} = 4.26$ , S.D. = .506) and co-creation aspect received the least satisfaction level ( $\bar{x} = 3.96$ , S.D. = .652).

**Table 3** Opinion of Thai tourists towards adaptation activity of creative tourism

| <b>Opinion of Thai Tourists Towards Adaptation Activity of Creative Tourism</b> |                        | $\bar{x}$   | S.D.        | Satisfaction Level | Order |
|---|------------------------|-------------|-------------|--------------------|-------|
| 1.  | Events                 | 4.12        | .493        | High               | 5     |
| 2.  | Networks               | 4.15        | .581        | High               | 4     |
| 3.  | Partnerships           | 4.30        | .533        | Highest            | 1     |
| 4.  | Creative Entrepreneurs | 4.15        | .503        | High               | 3     |
| 5.  | Guide                  | 4.22        | .568        | Highest            | 2     |
| <b>Overall</b>  |                        | <b>4.19</b> | <b>.459</b> | <b>High</b>        |       |

**Table 3** demonstrates the overall opinion of Thai tourists towards adaptation activity of creative tourism is also at high satisfaction level ( $\bar{x} = 4.19$ , S.D. = .459) whereas partnerships received highest satisfaction level ( $\bar{x} = 4.30$ , S.D. = .533) and events received the least satisfaction level ( $\bar{x} = 4.12$ , S.D. = .493).

3. A model for adaptation of creative tourism business: A case study of economic road in KhaoYai of Thai tourists is shown in figure 2.



**Figure 2 Diagram showing Adaptation Model of Creative Tourism Business : A Case Study of Economic Road in Khao Yai of Thai Tourists**

**Figure 2** demonstrates a model of adaptation of creative tourism business: A case study of economic road in KhaoYai of Thai tourists consists of the following 5 aspects: (1) sightseeing, (2) contemplating, (3) learning, (4) participation, and (5) co-creation. Sightseeing affects the most adaptable of creative tourism business ( $b = 0.25$ ) and Souvenirs purchase does not affect adaptable of creative tourism business.

### Discussion

All activities of creative tourism have some influences the adaptation of model of creative tourism business except “souvenirs purchase” in this study of economic road in Khao Yai. (Table 1) This result is consistent with the interview outcome which reveals that all activities of creative tourism have some influences on the adaptation of model of creative tourism business except “souvenirs purchase”. Opinion of one of entrepreneurs of the creative tourism business about Thai tourists claims “Thai tourists also have little interest in souvenirs purchase.” Moreover, the Thai tourists are not happy with the price and the design. This finding is also consistent with the research by Pine and Gilmore (1999), who discovered that the key elements of tourism include five factors; namely, sightseeing, contemplating, learning, participating and co-creation.

Opinion of Thai tourists towards activities of creative tourism appears that sightseeing received highest satisfaction level (Table 2) which correlates to the research of a model of adaptation of creative tourism business: A case study of economic road in KhaoYai of Thai tourists (Figure 2) shows that sightseeing affects the most adaptable of creative tourism business ( $b = 0.25$ ) Table 2 shows that co-creation received the least satisfaction level which is consistent with the research of Tan, Kung and Luh (2014) who studied the Taxonomy or an assortment of creative tourists. Creative tourist is a co-producer, whose opinions and different emotions and different experience. So the experience of the needs and creativity of the tourists and the people and events. This is consistent with the interview outcome revealing that for Thai tourists. Participation has effect on the least adaptable of creative tourism because tourists have the feeling that

they were not involved in recommendation. In the event they are attending, there is no chance that they will do to help entrepreneurs developed the activity. The activities organized by tour operators do not give them the opportunity to have direct experience and participate in the activities.

Opinion of Thai tourists towards adaptation activity of creative tourism appears that partnerships were perceived at the highest satisfaction level (Table 3) which correlates to the research of Community Based Tourism: Tools for Sustainable Local Development – (Phisunt Tinakhat, 2013). Government allows people to make decisions on local activities and arranges a Bottom-up planning for themselves. These create a participation amongst members as they are able to decide for each activity. A sense of ownership is created and income is distributed through all members. According to the interview, Thailand has a culture of social dependence. They are generous to each other. For this reason, tourists feel safe to travel in Thailand. Moreover, the people in each locality are very friendly and they feel comfortable to travel from place to place. Also, they believe that the authorities are able to facilitate them when having problems. Conforming with “Developing a Platform for Eventfulness in Brokhos” (Laugesen, 2011), Thai tourists were least satisfied with “events”. Brokhos not unique and there is a risk of imitation by other tourist attractions. There should be a strategy to create a new identity. There are different activities to attract tourists. This is consistent with the research of Duan (2012) who studied the weaknesses of creative tourism development found that there is no variety and no of the product and service. Thus, tourists did not pay identity much interest on them. Manyanont (2013) who studied the religious tourism; a case study of temple in Bangkok. The results showed that the majority of the tourists had a problem with the events, due to less publicity and the holidays mismatch. So the tourists did not know and were not able to come to the event. The interview results of Thai tourists show that the places of attraction have organized a variety of events for the tourists to choose. However the themes of the activities of some business do not reflect the local culture and some activities are even repetitive. Worse than that, the tourists are not informed of it and are not curious to know more about it.

A model of adaptation of creative tourism business: A case study of economic road in Khao Yai of Thai tourists (Figure 2) shows that sightseeing affects the most adaptable of creative tourism business ( $b = 0.25$ ) which is consistent with the research by Kulchai and Kulchai (2006) who also examined reasons relating to decisions in tourism concluded that decision making in tourism was due to the beautiful scenery with uniqueness and attractive features to tourists, respectively this finding is also consistent with the research by Poojaroen (2007) asserting that the tourists' selections of tourism in Mae Salong Nork District, Amphur Faluang, Chieng Rai Province were mainly based on the natural beauty and recreational atmosphere of the locales. This result also shows that souvenir purchase does not affect the adaptable of creative tourism business. This finding is also consistent with the research by the interview outcome revealing that opinion of Thai tourists activities of creative tourism appears that souvenirs purchase are mated to have satisfaction at the high level (Table 2) However, when considering in details, it revealed that the pattern and the style of the souvenirs are not attractive enough for the Thai tourists to buy. They are willing to buy souvenirs for to someone else, and want to buy back home. But because the price of the souvenirs is not appropriate review, so even Thai tourists are satisfied with the high level, but probably because their favorites resulted in the purchase of souvenirs. This

finding is also supported by the research of Chotivanich (2007) which shown that significant factors influencing demand for goods and services are prices, consumer's income, satisfied prices, predicted price and demand for those goods and services.

A model of adaptation of creative tourism business: A case study of economic road in Khao Yai of Thai tourists (figure 2) shows that sightseeing affects the most adaptable of creative tourism business ( $b = 0.25$ ) the second was contemplating ( $b = 0.18$ ), co-creation ( $b = 0.17$ ), learning ( $b = 0.13$ ), and participation ( $b = 0.11$ ) respectively. Therefore, entrepreneurs should focus on the beautiful layout of the location which should be interesting and unique. The tourist attractions should be labeled to show the details of the facility provided in the area. Entrepreneurs should give opportunity for visitors to co-create and to learn direct experience from participating in tourism activities. On figure 2 shows that souvenirs purchase does not affect adaptable of creative tourism business. So entrepreneurs should develop a model souvenirs to attract or increase the value added of souvenirs and the souvenirs price should be reasonable to make them satisfy and willing to buy souvenirs to take home.

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## **BUDDHIST ECONOMICS IN CLASSROOM: A CASE STUDY OF 9<sup>TH</sup> GRADERS OF BAN WANG MAI SCHOOL, SRAKAEW PROVINCE, THAILAND.**

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### **ABSTRACT**

The main objectives of this study were: 1.) to study the principle, knowledge and practice of Buddhist Economics. 2.) To conduct a survey on students awareness, attitude and behavior on Buddhist Economics. 3.) To provide the basic policy guidelines for applying Buddhist Economics, principles and practices in school class teaching.

The sample of this study was the total population of persons who are currently studying at Ban Wang Mai School (52 students in Mathayom 3/1 and 3/2.). This study used both primary and secondary data collection method. Primary data were obtained from questionnaires. Whereas secondary data were collected from internet, books, public journals etc.

The research findings were as follows: The overall students' consumption behavior, work attitude, perception and practice of Buddhist principles and Buddhist Economics teaching were related. Positively, a greater percentage saw Buddhist Economics be useful. Negatively, more students saw drinking alcohol be a good thing which is against Buddhist Economics principles and practices.

It was recommended for the application of the five precepts of Buddha's teaching such as no killing, no stealing, no sexual misconduct, refraining from false speech, and from alcohol drinking in daily living and application of the His Majesty the King's Sufficiency Economy concept to improve quality of life.

**Key words:** Buddhist Economics, Attitude, Awareness, Quality of Life.

## Introduction

The Lord Buddha was presenting a path of deliverance. How to achieve the end of suffering through a process of moral improvement and cultivation of the mind was the primary goal of his teachings. Such advice was delivered on his own initiative as well as opinions expressed when question deals with his views on wealth, consumption and other economic issues. Though scanty in comparison with his statements on ethical issues and spiritual development, these ideas and opinions should rightly form the foundation of any discussion on Buddhist views on economics.

This study tried to find more relationships between Buddhist Economics and Western Economics and how they are applied within society's enhancement on quality of life, peace and good relationship. An effort to extend the understanding on this very important construct may be conducted through these endeavors suggested hereafter;

## Theoretical Reviews

Adam Smith (1776) defined Economics as the study of the production and consumption of goods and the transfer of wealth to produce and obtain those goods. Economics explains how people interact within markets to get what they want or accomplish certain goals. The study of economics describes all aspects of a country's economy, such as how a country uses its resources, how much time laborers devote to work, the outcome of investing in industries or financial products, the effect of taxes on a population, and why businesses succeed or fail. Studying economics can help one understand human thoughts and behaviors. And finally, economics is the Social Science that studies activities to gain an understanding of the processes that govern the production, distribution and consumption of goods and services, wealth, or the material in an economy for the welfare of mankind.

Schumacher (2012) a Buddhist Economist, has also defined conceptually, economics as a subject of production, distribution, and consumption of goods.

Buddhist Economics, according to Ven. Payutto (1994) is a spiritual approach to economics. It examines the psychology of the humans and the anxiety, aspiration, and emotion that direct economic activities.

A Buddhist understanding of economics aims to clear the confusion about what is harmful and beneficial in the range of human activities involving production and consumption, and ultimately tries to make human beings ethically matured. It tries to find a mid-way between a purely mundane society and an immobile conventional society (Ven. Payutto, 1994).

The principle of Buddhist Economics that are established at present benefits 4 cases as below.

Orthana Samantha: Hardworking in practice work through experts within purest career, to know ways using knowledge with survey campaign including the best policies to live for excellent result.

Orrakasamatha: Knowing how to maintain the protection and keeping wealth also self-resulting on working hard have given with righteousness on their power without harming others.

Kalayannamitta: To be a friend with good persons, means to limited, knowing the persons in location by learning, talking with them faithfully in giving, in perception and wisdom.

Somjivita: To live properly means balancing the payment and receiving of money, living in middle way, sufficecy and not being wasteful on useless things. (Ven. Payutto, 1994).

### A table comparing Mainstream Economics and Buddhist Economics.

| <b>Mainstream Economics</b>   | <b>Buddhist Economics</b>  |
|---|--|
| <ul style="list-style-type: none"> <li>Economics views concentrate on self-interest.</li> <li>Economics gives importance to maximize profits and individual gains.</li> <li>Economics encourages material wealth and desire because people try to accumulate more wealth sometimes at the cost of others to satisfy those cravings.</li> <li>Economics advocates for maximizing markets to a point of saturation. Western Economists do not take into consideration <i>primordial</i> stakeholders like the future generations and the natural world because their vote is not considered important in terms of purchasing power.</li> <li>Economics try to maximize instrumental use where the value of any entity is determined by its marginal contribution to the production output.</li> <li>The economists believe that bigger is better and more is more.</li> </ul> | <ul style="list-style-type: none"> <li>Buddhist Economics views challenge by changing the concept of self to No-self (<b>Anatta</b>).</li> <li>Buddhist economics is to minimize suffering for all living or non-living things.</li> <li>Buddhist Economics is with respect to the concept of desire, importance is given to simplifying one's desire with the basic necessities like food, shelter, clothing and medicine.</li> <li>Buddhist Economics aims at minimizing violence. Buddhist Economists advocate "ahimsa" or non-violence. According to them, <b>ahimsa</b> prevents doing anything that directly causes suffering to oneself or others and urges to find solutions in a participatory way.</li> <li>Buddhist Economics feels that the real value of an entity is neither realized nor given importance to. They try to reduce instrumental use and form caring organizations which will be rewarded in terms of trust among the management, co-workers and employees.</li> </ul> |

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>Economics gives importance to gross national product.</li></ul> | <ul style="list-style-type: none"><li>Buddhist Economists believe that small is beautiful and less is more.</li><li>Buddhist Economics gives importance to gross national happiness.</li></ul> |
|---|--|

Adapted from “Buddhist Economics for Business” (Zsolnai, Laszlo, September 2011).

From the differences between Economics and Buddhist Economics, it can be seen that it is important to study Buddhist Economics practice and apply its principles in the classroom and to spread ideas and working models and management to schools, private enterprises, public sectors and other organizations, communities, and the general public.

#### Objectives of the Study

1. To study the basic principle, knowledge and practice of Buddhist Economics.
2. To conduct a primary survey on students, awareness, attitude, and behavior on Buddhist Economics.
3. To provide the basic policy guidelines for applying Buddhist Economics principle in classroom teaching.

#### Expected Benefits of the Study

1. An up-to-date academic review on the concept of Buddhist Economics.
2. A pilot study on how to apply the concept and principle of Buddhist Economics to the secondary school teaching.

3. A policy recommendation for enhancing the practice of Buddhist Economics based on the results of the study.

### **Research Methodology**

The research employed quantitative method of data collection through questionnaires administration. The sample of this study was the population of persons who are currently studying at Ban Wang Mai School (52 students in Mathayom 3/1 and 3/2.). This study used both primary and secondary data collection method. Primary data were obtained from questionnaires administered. And secondary data from internet, books, and academy journals were also used.

### **Research Findings**

The research findings were as follows: The overall students' consumption behavior, work attitude, perception and practice of Buddhist principles and Buddhist Economics were negatively related. A greater percentage of students saw Buddhist Economics be useful. However, more students saw drinking alcohol be a good thing which is against Buddhist Economics principles and practice. It can be concluded that the practice of Buddhism and Buddhist Economics among students of 14 years old stood at 32.7 percent which is far lower than those in 15 years old range who represent 67.3 percent. This means that the students of 15 years old know and practice Buddhism and Buddhist Economics more than the 14 years old students. This might be due to the fact that 14 year old students do not have enough knowledge on Buddhism and Buddhist Economics from home, schools, and social settings and in the temples events. Also, at age 14, students are in their adolescent period which makes it difficult for them to sit in Buddhism classes and attend Buddhist sermons in the temples. Students are seen to be interested in personal things like surfing the internet, playing games on the internet, going to cinemas etc. rather than going to the temples and schools to listen to Buddhist teaching.

In all, there were fifteen questionnaires designed relating to Buddhism and Buddhist Economics. Ten of them responded positive (highly agree and agree) and five were negative (highly disagree and disagree). This shows that at most, a lot of students agreed that they really understood the teaching and practice of Buddhism and Buddhist Economics. The reason for the high percentages was that many students aged 15 years old usually attend Buddhists principle events and

activities at home, in schools, temples and other social functions relating to Buddhism like funerals, ordinations etc.

### Conclusions and Recommendations

It is recommended for the application of the five precepts of Buddha's teaching such as no killing, no stealing, no sexual misconduct, refraining from false speech, and from alcohol drinking" in daily living and application of the King's Sufficiency Economy concept to improve quality of life.

In this study the researcher has policy recommendations on right livelihood, as the basic theories of Buddhist Economics practice. The principle of Buddhism says that "Human must be having five precepts for happiness in foundation". These are; no killing, no stealing, no sexual misconduct, refraining from false speech, and from alcohol drinking" are recommended to be applied in everyday lives which is Lord Buddha's teaching. In addition, the students can apply the sufficiency economy concept of Thailand. Sufficiency Economy was enunciated on December 4, 1997 by His Majesty Bhumibol Adulyadej, The King of Thailand for happiness and quality of life.

Firstly, further research should be conducted to make a comparative study among Buddhist Economics, Mainstream Economics and Sufficiency Economy.

Secondly, it should study and practice Buddhist principles, Buddhist Economics and the five precepts of Buddha's teaching which are to cultivate happiness, quality of life and peace. To study in more details, which are acceptable and unacceptable Buddhist principles, Buddhist Economics and the five precepts of Buddha's teaching on how effective is it to the present and future living. The researcher suggested that all humans must accept the Buddhist principles, Buddhist Economics and the five precepts of Buddha's teaching for self-benefits and others.

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## INTRINSIC REWARD OF RETIREES: STUDY FOR GROUNDED THEORY

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### ABSTRACT

This is a qualitative research with the aims to 1) study the mean and origin of intrinsic reward in retirees 2) study the factor and consequence from intrinsic reward in retirees 3 ) leads to the grounded theory of intrinsic reward in retirees. The key informants are 9 retirees in Chadrakasem Rajabhat University and using purposive and snowball techniques. The data was collected by in-depth interviews, observations, note taking and documentary studies methods.

The findings revealed that 1) intrinsic reward in retirees mean something perceived from the minds which made them felt meaningful with the University, originate from positive experienced about working such as employee get assigned working that they are interested and able to release well performance to bring about to praised from supervisor and others, empowerment such as the supervisor provide the opportunity to making decisions on their work and supervisory support such as the supervisor support the subordinates to development by provide the training budget. 2) The dimensions of intrinsic reward in retirees are sense of meaningful such as the University assigns keys and valued tasks to them regularly, sense of successful in work life such as the University believes that they are the key person to assist the University to meet the goals and sense of recognition and praise such as University recognizes to them which make them as raving on their ability from colleagues and supervisors openly, and the consequences from intrinsic reward are higher employee's performance and University efficiency, because they have job satisfy, and bring about to organizational commitment as well as retention employee. 3) Theoretical conclusions are; 1. whenever employee felt they have a meaningful and value to the University, then they received intrinsic reward, which came from 1) positive working experience, 2) empowerment and 3) supervisory support. 2. the dimension of intrinsic reward divided to 3 factors follows; 1) sense of meaningful, sense of successful in work life and 3) sense of recognition and praise and 3. whenever employee perceived intrinsic reward, then they will be working with happiness and willingness which contributed to higher effectiveness in employee performance and University capability.

**Keywords:** Intrinsic Reward Retirees Grounded Theory

## Introduction

Intrinsic reward is the issue related with positive mental from loyalty, positive attitude, and appreciation and enthusiastic. (Macey & Schneider, 2008; Chonticha, 2015) However, such a feelings are derived from valuable experience that employee received from their own working (Spreitzer et al, 1997; Thomas, 2009) such as employee get assigned working that they are interested and able to release well performance to bring about to praised from others. Therefore, intrinsic reward is the key factor made employee have job satisfaction, organizational commitment as well as retention to employee, it able to be clearly view that intrinsic reward are the tools to decrease the attrition rate. (Deci & Ryan, 1985; Steers et al, 2004; Bhatnagar, 2007; Tymon et al, 2010)

Nowadays, most of organization has effort to make employee has intrinsic reward perception since they will be working with happiness and willingness without reinforcement or benefits (Hsu & Lin, 2008) and leads to their working and organization has more effectiveness. As high performance organization displayed they tend to focus and concentrate on building intrinsic reward more than extrinsic reward such as pay money and benefit. (Miller & Le, 2005; Cao et al, 2013) Thereby, these efforts mentioned as a necessary part of human resource management's strategy.

Under the changing of both internal and external environment and intense competition, extrinsic rewarding might not enough and best practice to retain employee. (Ali, 2007) Intrinsic reward has been used as a strategy and policy to attract and retain employee because, these employee are key mechanism to drive the organization to achieve the goals.

Even if, how the intrinsic reward has the importance, but the research in this area still very small number, which the intrinsic reward is a virtual center and a key component of happiness in organization which can leads to a better life quality of employee. (Bentham, 1996; Aristotle, 2006; Layard, 2006; Robertson & Cooper, 2011)

Chandrasakam Rajabhat University is Institutions of Higher Education with focus on development of human resource management in order to build employee to quality person and create valuable work to University. (Chandrasakam Rajabhat University, 2016) But the employee can operate effectively according to University goal, key success factor to achieve is reward for building a morale in the operation, by making employee feel that they have intrinsic reward because it has spiritual values more than extrinsic reward such as money or benefit and influence to the performance. (George, 2005)

Therefore, to understanding the intrinsic reward deeply can't measure with positivism and also the knowledge from the theories to explaining about mean, origin, factor and consequence have a small number, the lack of profound and consensus on the Chandrasakam Rajabhat University' s context. As a result, researcher intend to study about intrinsic reward of retirees, for understanding in intrinsic reward that generated from retirees who like the importance person in the University for a long time and understand of essence in human needs under bureaucratic structures as well. By open the social space for voice of veteran has transmission a view and concept for developing to understand with intrinsic reward.

### **Research Objectives**

1. To study the mean and origin of intrinsic reward of retirees.
2. To study the factor and consequence from intrinsic reward of retirees.
3. To make the grounded theory of intrinsic reward of retirees.

### **Research Methodology**

#### **Research design**

This research is qualitative research by using grounded theory method with interpretivism by Charmaz (2006) practices to finding the mean, origin, factor and consequence from intrinsic reward which filled by in-depth interview to define the explanation of intrinsic reward's phenomena of retirees.

#### **Research Area**

1. The content framework, to get to know and understand the forms and factor of intrinsic reward which able to divide to be 4 factors as per Thomas (2009) stated follows.

1) Meaningfulness, this reward involves the meaningfulness or importance of the purpose that employee are trying to fulfill, they feel have an opportunity to accomplish something of real value.

2) Choice, they feel free to choose how to accomplish their work and feel ownership, believe in the approach they are taking, and feel responsible for making it work.

3) Progress, they feel handling their work activities well and they feel a sense of satisfaction, pride, or even artistry in how well they handle these activities.

4) Competence, they are encouraged that their efforts are really accomplishing something and they see convincing signs that things are working out, giving they confidence in the choices they have made and confidence in the future.

2. The area frameworks, the researcher studied with retirees in Chandrakasem Rajabhat University who like the importance person in the University for a long time and understand of essence in human needs under bureaucratic structures as well.

3. Timing framework, the researcher collects the data between August to September 2016.

#### **Key informants and theoretical sampling**

The researcher select the key informants and theoretical sampling by the relation with research objective, by focus on retirees that working in Chandrakasem Rajabhat University who likes the importance person in the University for a long time and understand the human needed under bureaucratic structures as well, and the researcher selected purposive sampling which base on logically and reasonably as same as academic practice by using non - participation observation and snowball sampling (Prasopchai, 2012) by in-depth interview, which in this filed - operation, the researcher able to get data from totally key informants are 9 persons.

### **Research instrument**

The researcher prepared the research questions guideline in open ended questions, voice recorder, and camera to field research and also review literature and research related to intrinsic reward to support researcher to have theoretical sensitivity.

### **Data collection**

This research using non - participation observation since avoid the key informants has feeling get disturbed or interrupted, and has an interviewing by purposive key informants.

There are 3 step in collecting data are follows.

1) Literature reviewing and related documents and empirical evident to make conceptual framework and question guideline.

2) In-depth interview.

3) Appearances observation.

Before any interview, the interviews are get acceptance before run the questions to respect the human rights.

### **Research validation and reliability**

The researcher using triangulation to validate the reliability as per Supang (2010) practiced follows.

1) Data triangulation by validating the data when different caused or person by interviewing to retirees that have working in Chadrakasem Rajabhat University.

2) Investigator Triangulation by validate data from key informants which collated by different researchers to find the gap or argument.

3) Methodological Triangulation by validate the different data collection methods by in-depth interview and focus group.

The researcher make tentative hypothesis by new data collected to create the new concept until data salutation which mean the hypothesis has no challenge from new data, then the researcher would not find the another key-informants and go to theoretical conclusion.

### **Manipulate and Data analysis.**

The researcher select grounded theory since this method able to study social's phenomena systematically and able to divide to 4 steps follows.

Step 1: Open coding by divide the total data to be sub-data then grouping the similarly meaning into define the code for next processes.

Step 2: Create concept by using all sub-data which defined the code to grouping as sub-data interrelation.

Step 3: Categorize the data, namely using all grouped data which has same meaning and useful to able to answer the research question and to be base to find the model in study area.

Step 4: Connect the category which get from finding into theoretical conclusion.

## Finding

### 1. Mean and origin of intrinsic reward of retirees.

Intrinsic reward of retirees mean reward that employee generated from their mind, emotion and work experiences, which build them felt valuable and meaningful with roles, responsibilities, colleagues, supervisors and the University. As a result, they feel satisfy and dedicate efforts in their work and show the full potential, in order to demonstrate that they were capable enough to work for the University.

The influence factors to feels received intrinsic reward of employee are follows;

- 1.1 The employee have a positive experienced about their work such as,

1) they get assigned working that they are interested and able to release well performance to bring about to praised from supervisor and others,

2) their works may be used as a model or guideline to operation for others,

3) their works contributed to increase the score of Quality Assurance in Education in faculty and University level e.g. the lecturer have many researches that has been recognized and published in national and international etc.

1.2 The employee received the working empowerment and delegations such as,

1) the supervisor provide the opportunity to make considers and decisions on their work,

2) they can working independency without controlling and monitoring from supervisor,

3) they felt the University have decentralization from supervisor to subordinates etc.

1.3 The employee received the support about their work from supervisor such as,

1) the supervisor support the subordinates to development by provide the training budget or provide the properly,

2) to appropriate working environment to the staff to encourage more willingness and effort for example, University has a good landscape and materials are adequate and available all times including working hours are flexible depend on the position etc.

### 2. Factors and consequences of intrinsic reward in retirees.

- 2.1 Intrinsic rewards can be divided to 3 factors follows;

1) Sense of meaningful means the employee believes that they have a valuable and meaningful with University such as the University assigns keys and valued tasks to them regularly or give the opportunity to demonstrate their full ability and potential etc. As a result, they feel have a chance to accomplish something of real value in their life.

2) Sense of successful in work life means the employee trusts they working had achieved and succeed in working objective such as the University believes that they are the key person that have importance to assist the University to meet the goals etc. As a result, they feel accomplish, ownership and responsibility in their work including believe in the approach they are used.

3) Sense of recognition and praise means the employee feels that they get the recognition in performance as well as receive the praise in their ability e.g. the University recognizes to them which make them as raving on their ability from colleagues, supervisors and others openly or give award to represents a success etc. As a result, they feel a sense of satisfaction and pride as well as make them have self - confidence in the future.

2.2 Consequence from employees feel they have been intrinsic reward are employee will be working with happiness and willingness including devoted their time and effort for working to University such as,

1) they willing to work overtime regardless the compensation or provide assistance whenever University requested,

2) they help to create a positive image and maintain a reputation of the University,

3) they tend to transfer their happiness and good experiences to colleague and others,

4) they try to build a better organizational climate e.g. obligingness and earnestness with the aim to create organizational culture.

As a result, the performance of the University and employee has more effectively, because it can be clearly seen that they have job satisfy, and bring about to organizational commitment as well as retention employee.

### **3. Grounded theory of intrinsic reward of retirees.**

3.1 Whenever the employee felt that they are meaning to the University, then they received intrinsic reward, originate from 1) a positive experienced on working, 2) received the empowerment for working and 3) received the supporting from supervisor.

3.2 Intrinsic reward divided 3 factors included; 1) sense of meaningful, 2) sense of successful in work life and 3) sense of recognition and praise.

3.3 Whenever employee feel received intrinsic reward, then they will be working with happiness and willingness and leads to more performance of employee and University effectiveness.

### **Result and discussion**

1. Intrinsic reward in retirees means reward from mental, which made them feel valuable and meaningful to the University. By relate to the research of Venkatesh, 2000; Kim et al., 2007 and Hsu & Lin, 2008 found that; intrinsic reward came from inside the minds without reinforcement or motivated by financial reward such as monetary or benefit, make people feel that they have important, valuable and meaningful, hence, they will have inspiring and willing to work. The caused from these actions might be by the employee awareness to the situation, role and responsibility as well as they have been pushed from the University in giving them to valuable and meaningful. Therefore, when they felt were the protagonist that outstanding than others in various working areas, they made intrinsic reward in their mind and exert working to the University with happiness including using skills, experiences and potential in order to demonstrate their competency.

The influence factors to feel received intrinsic reward of employee as follow;

1.1 The employee have a positive experienced about their work, which related to the concept of Thomas (2009) said, the awareness on intrinsic reward depends on the experienced in positive view from their work. In other hands, all those are reflect from employee successful experienced in the past, so they will feel positive to their work and role, which contributed to transfer the successful from the past to the present.

1.2 The employee receive the empowerment on their working, which aligned to the research of Yi Meng et al (2015) found that; the empowerment is a key factor to make employee feel received intrinsic reward. The caused for this action might be the reason by the employee perceived the University has a decentralize the decision making, role in solving problems and commenting openly, these leads to employees positive experienced and have feeling important and means to University.

1.3 The employee receive the work supporting from supervisor, which related to the research of Nazir et al (2016) found, the supervisor supporting is various factors contributing to working, these came from the employee felt perceived intrinsic reward. The caused might be the reason by the employee recognized to supporting in their requested such as budgets, materials and human resources, or even helping to problem solving in their operation, all these reflect to the supervisor attention on various proposals that they made.

2. Intrinsic reward are divided 3 factors included;

2.1 Sense of meaningful, means the employee believe that they have a value to University, which related to the concept of Thomas (2009) found, this is sense of meaningful and touch to the truly valuable, this is an employee feeling lives to devote in their working. The caused for this action might be the reason by the employee proudly from the University that always got assigned important obligations.

2.2 Sense of successful in working life, means the employee believes in successful in their working and valued to University which related to the research of Hatice (2012) found that the employee trusted in succeed will contribute to their performance to achieved the goal. The reasons might be the reason by the University foresees their competence and assign the appropriate assignment therefore, the employee will able to use fully potential to their work and leads to achieve the goals.

2.3 Sense of recognition and praising means the employee feeling that they get the proper attention and recognition to their performance which related to the research of Mahaney & Lederer (2006) and Yap et al (2009) found that if the employee get recognized and praised from colleagues and supervisors, they will have pride and willing to keep forward to get more job quality. The caused might be the reason from working with happiness and willingness, so, they can make a quality job, it's also from originate by supervisors and colleagues acceptance and praise about their competency openly.

The consequences of employees who have intrinsic rewards are employee will be working with happiness and willingness and enhance to performance of employee and University more effectiveness, which related to the research of George (2005) found that intrinsic rewards have more value, impact and effect than extrinsic rewards and higher influent to employee and organization performance. This is might be the reason from employee working with voluntarily without compulsion and pressure. Thus, their performance will have more efficiency and reflect to University's outcome, because they have job satisfaction, organizational commitment and also have enhancement the retention to employee which related to the finding of Kaye & Evans (2000); Karatepe & Tekinkus (2006) and Ch Shoaib (2015) found that intrinsic reward will foster efficiency within the organization due to employee working with job satisfaction and organizational commitment and retain them. The cause for this action might be the reason by the employee have feeling fulfillment in their requirements from the University, they will have working with satisfies and smoothness without barrier, especially the happiness at work is going on continually will be able to make University commitment and desire to work with the University until retirement.

3. Theoretical conclusions of intrinsic rewards of retirees, which related to the concept of Thomas (2009) as follow;

3.1 Whenever if employee feels that they mean to the University, then they will perceive the intrinsic reward which originate from 1) a positive working experienced. 2) received the working empowerment and 3) received the management supporting. The caused for this behavior might be the reason from the employee has been filled in necessary factors in operating both the spiritual and physical.

3.2 intrinsic rewards can be divided to 3 factors including; 1) sense of meaningful, 2) sense of working successful and 3) sense of recognition and praise. These are might be from the employee feel proud in their potential and ability as a part of driving and pushing the operation of University.

3.3 Whenever that employee feels received intrinsic reward, then they will be working with happiness and willingness and leads to performance of employee and University more effectiveness. The cause of this might be because the employee works without the pressure, it can be clearly view that they can release a good job, also reflect to the overall of implementation in University are better.

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## DIGITAL TRANSFORMATION STRATEGY: READINESS OF THE AGRICULTURE COMPANY IN THAILAND

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### ABSTRACT

Technology breakthrough is one of the key influencer for the business breakthrough. The evidence in the past has been showing the consequences of organizations who failed to adapt. Classic examples were Kodak who failed to quickly launch its digital camera and Nokia who failed to adapt smart phone technology into its new mobile phone. The main reason of both failures was the carelessness of technology breakthrough. At present new technology breakthrough so call “Digital Technology” is appearing and this will repeat the situation both in good and bad to all organizations globally. Global companies have been aware of this risk and started to transform a few years back. With globalization environment there will not be much time for organizations in Thailand to adapt. This research aims to analyze and recommend the readiness of the major agriculture company towards digital technology breakthrough. The research chooses Agriculture industry due to its importance versus other countries. This research applies literature review and survey with statistic tool used to come up with analysis result and recommendation. The researcher picks one major Agriculture company as a case study. This company is considered to be frontier among all Agriculture players in Thailand. The results of the study on organization digital maturity stage, company was identified in between starting and evolving stage. The readiness of employees within organization is rather low too. Skill sets represent the readiness of its employees. Mostly this score is high in criteria of digital lifestyle. It implies that employees are having capabilities and preferable in using social network like Facebook, Instagram and other social collaboration tools on their daily lifestyle. There is no interest in applying digital technology in working environment. Except employees under Information Technology Department who have shown a better result in the criteria of using digital at work. The vision of Thailand 4.0 might not be realistic in the short coming years. The researcher has tremendous concern on the result of this research result and therefore has recommended digital adoption roadmap.

### Introduction

Innovation theory has identified four types of innovation which are product/service, process, position and paradigm innovations. Each of which can be categorized into dimensions. Four dimensions of innovation are categorized and they are incremental, modular, architectural and radical ones. Each dimension has its purpose and should be considered to suitably apply through the stage of product lifecycle. For example, in the car manufacturer industry each brand launches minor change model after the model has been launched for 1-2 years from introduction to growth stage. During growth stage, innovators usually create incremental innovated products. Modular and architectural innovated product are launched when product lifecycle almost reach saturation stage. Radical innovated products are adapted when products start reaching declining stage of their lifecycle. The big influencer forcing

innovators to create radical innovation of products are technology breakthrough. This leads to the shorter product lifecycle and quicker launch of radical innovated products. Usually market leaders who enjoy the highest market share would take advantage through economy of scale and be the ones who introduce radical innovated products to the market. The market followers usually imitate the innovated products of the market leaders since their units of sales are less and do not afford to spend a lot of money on research and development. They prefer to wait till new technology are widely spread and costs of them are drastically dropped. At present digital technology is widely available for organizations to get access to. These technologies breakthrough include mobility, cloud, social network and big data so called “Mega Trends”. These megatrends enable IOT (Internet of Things) and Industry 4.0 and these capabilities support organizations to get more insight and make M2M (Machine to Machine) realistic (Anandhi Bharadwaj, 2013). Players in the developed countries like North America and Europe mostly reach established or advanced level of digital maturity stage. The players who reach established or advanced level are now enjoying the benefits of the digital transformation. For examples, Adidas shoes apply IOT concept to analyze the feet sizes of its consumers with the color and style prediction of demand and develop production plan accordingly. The batches of production by type, size and color do not matter anymore. Machine at the beginning of the production line can automatically inform the next machine on type, color and size of coming shoes needed next machine to serve. By doing this production costs will be reduced tremendously in the long run. Capability of IOT will reduce barrier of entry and create risks to Thai local players to sustain their business growth (Digital Transformation of Business, 2015). Competition intense will be higher with high risk of substitutive products introduced by oversea players to Thailand market. With many constraints existed within local organizations the digital transformation will be in sluggish mode. Out of my prediction any organizations failed to adapt the transformation will be out of the market while the successful adapted ones will enjoy benefits in acquiring new sources of revenues, increasing revenues and reducing production costs (Bruce Myers, 2016)

### **Research Objectives**

This research is conducted with the objective of finding readiness of the agriculture company towards digital transformation era. The researcher derives readiness based on two components as follows.

#### **Component 1: Digital Organization Maturity**

- By identifying maturity of organization towards digital on six domains: Digital business model, digital marketing (Loredana Patruti, 2016), customer experiences, modern production, analytics and security.

#### **Component 2: Employee Digital Readiness**

- By analyzing and finding the GAP on employees digital readiness which includes digital lifestyle, digital at work, digital skills and digital knowledge

The result of above two components represent the readiness of companies in Thailand towards digital transformation readiness.

### **Research Methodology**

The researcher applies both qualitative and quantitative approaches. The qualitative approach involves the desktop study and interview management on the

current stage of domains in its organization. This approach is applied to find the result of digital organization maturity. The researcher picks only 15 top management of one agricultural company in Thailand as a representative. The maturity level on six domains in average would represent the maturity of organization towards digital era.

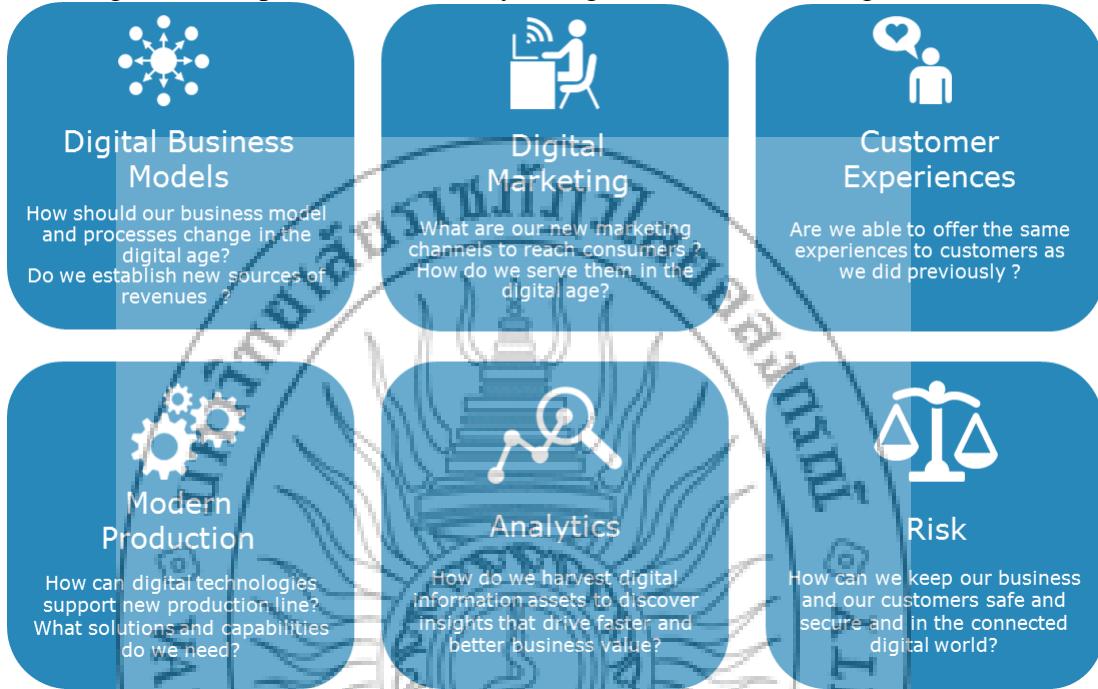


Figure 1: Domains to be improved on digital era

The researcher used face to face interview to identify the average organization digital maturity. The questions are divided into 6 sections (domains) with five scale (1: Fully Disagree, 5: Fully Agree)

#### Section 1: Digital Business Model

- Digital Vision:** Do you have a clear digital vision for your business that is widely communicated, understood and bought into at multiple levels of your organization?
- Digital Strategy:** Does your digital strategy is intrinsic to your business strategy? Does it defines how you embrace digital to achieve your strategic business objectives and navigates your course into digital platforms and ecosystems? Do you continue to review your value propositions, considering emerging digital business patterns?
- Digital Business Models (Patrick Planning, 2016):** Do you apply digital capabilities in all areas such as products to offer, targeted customers, products and/or services value proposition, partners, channels of sales?

#### Section 2: Digital Marketing (Mindi Chahal, 2016)

- Analytics and Holistics:** Do you extensively use internal and external multi-source data in order to develop a deep and 360 degree understanding of our customers - their preferences, buying habits and lifestyles- and adapt the interactions and experience accordingly?

- e. Reach: Are you able to reach target group via digital channels such as online, Facebook, Instagram, line and etc?

#### Section 3: Customer Experience

- f. Experience: Are you able to personalize each customer's experience based on how they interact with your organization and enable them to take an active role in the way the product/service is developed and shape their overall experience?
- g. Channel Optimization: Do you have the technological capabilities required to deliver a seamless customer experience across all of channels and let customers feel as they were ordering products traditionally?

#### Section 4: Modern Production

- h. Smart Machine: Are you able to extract information stored in machines? Information includes machine behaviors like downtime and uptime.
- i. Robotics: Are your current having any robots in production?

#### Section 5: Analytics

- j. Enabling Analytics: Do you have data scientists available within your organization? Are they motivated to support and motivate to do analytics for management within organizations?
- k. Thorough, Meaningful & Accurate Data Analytics: Does data form business having relevant insights through analytics which are used by the organization to take some form of action?

#### Section 6: Security

- l. Customer Digital Security: Are digital security and privacy solutions in place?
- m. Strategy and Operating Processes: Do you have a clearly defined and robust digital security strategy, operating processes that are appropriate to the nature of the business you operate and the threats you are exposed to?
- n. Proactive Security Team: Do you have proactively adapted approaches that are in-line with current threats to test the resilience and integrity of our business systems?
- o. The Right Protection: We have the plans, systems and infrastructure in place to detect, prevent and respond to digital security threats (inc. cyber) that protects and minimize the impact with customers and stakeholders.

The quantitative approach is applied on employee digital readiness survey (three levels: Basic, Enhanced, Advanced). Employee digital readiness is derived from four sections.



Figure 2: Digital capability level

Under quantitative approach, the researcher applies the survey to 668 sample sizes across organization as represented by company. The questionnaire consists of 5 sections on three scales (Basic, Enhanced, Advanced)

#### Section 1: Digital Lifestyle

- a. Online Product Orders: Do you usually order the products and/or services online? (Yes, No). How often did you order products and/or services online? (Seldom, Sometimes, All the times)
- b. Social Network: Do you play social network like Facebook, Instagram, Line? (Yes, No). How often do you check Facebook, Instagram, Line? (Not at all, Once a week, Every 2-3 hours)

#### Section 2: Digital at Work

- c. Back Office System: Do you use ERP solution at your work? (Yes, No)
- d. Solutions under Value Chain: Do you use any solutions within value chain (Inbound, Outbound, Operations, Sales and Marketing, Services, HR)? (Yes, No).
- e. IOT Solutions: Do you use any big data/analytics tool at work? (Yes, No).
- f. Robot: Do you use robot at your production or any other areas? (Yes, No)
- g. Industry 4.0: Do you extract any data from machine for M2M connection? (Yes, No)

#### Section 3: Digital Skill

- h. Device Usage Skill: What is your skill level in using tablet or other devices rather than personal computer? (Basic, Enhanced, Advanced)
- i. Smart Phone Usage Skill: What is your skill level in using smart phone? (Basic, Enhanced, Advanced)
- j. Electronic Note: Do you take note on electronic device? (Yes, No)

#### Section 4: Digital Knowledge

- k. Digital Marketing: What is digital marketing? What is IOT and benefits? What is Industry 4.0? What is digital security?

#### Section 5: Transformation Acceptance

1. Digital Acceptance: Do you accept digital transformation? (Don't Accept, Low, Mid, High)

### Research Results

The result of the top management interview to identify digital maturity in organization is at 1.7 (5 scales).

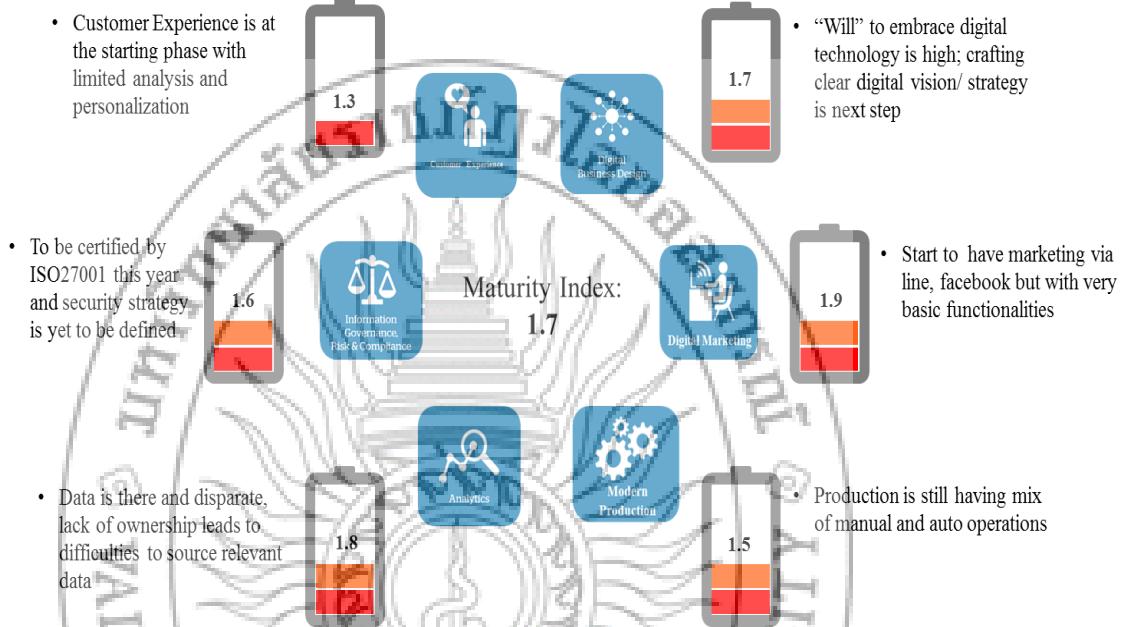


Figure 3: Maturity level of six domains

Among six domains, digital marketing has the highest maturity level 1.9. Organization starts to apply digital for its marketing. Customers start to find a lot of marketing through Facebook. Line and Instagram are seldom applied to convey marketing activities. Facebook found as an effective advertising and marketing. This media has very strong penetration to the targeted group. The least level of maturity is on customer experience. It shows 1.3 with the starting point of applying online ordering however very limited analysis to support personalization. The rest of the domains are also at starting point. From the interviews, the researcher found that top management have interest in digital transformation as well as have clear vision to it. However the observation is that they do not have much knowledge on what digital really means and how to transform their organization to digital era.

On another hand, the results of the 668 sample size of questionnaires completed with 95% confidence level. The result of digital capability of employees is not satisfy. Employees mostly enjoy using digital on their lifestyle rather than using them at work. In average, employees still have basic level of digital capability.

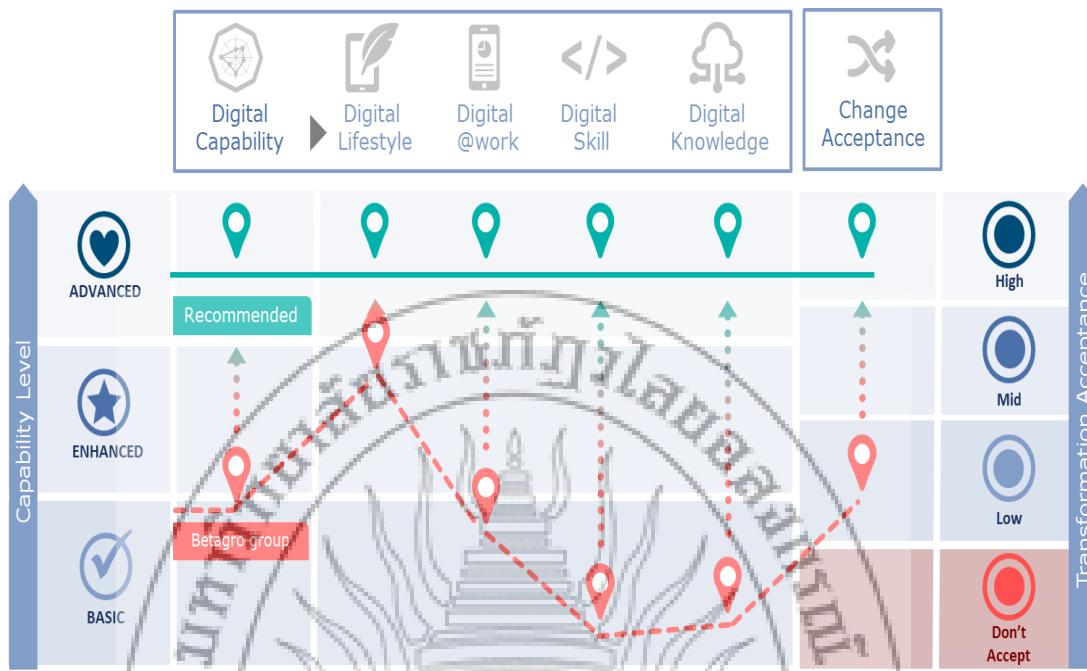


Figure 4: Digital capability  
Conclusions and Recommendations

The result of top management interviews versus digital skill questionnaires, the researcher has identified this organization as non-digitized organization. This organization contains low maturity level of digital and employees also do not contain digital skill and knowledge. The researcher also observes that most of organizations in Thailand are also identified as non-digitized organizations. With the vision of Thailand Government to bring Thailand up to 4.0 will not be materialized easily. The GAP between current stage to the future stage is very huge. From the interviews of top management, they have the eager to transform however they still lack of true knowledge of digital as well as poor understanding on how to get there. Low level of readiness would make it hard for Thailand to transform. The researcher would recommend Government to plan and execute properly as follows:

#### **Employee Readiness Program**

- Government should support Universities with the improvement of courses and outlines towards digital topics and contains. This helps to prepare strong foundation. Since most of the Universities are still using obsoleted subjects and course outlines. For example, marketing subject should not only contain basic marketing concept but also add digital marketing methodology with practical activities. Or operation subject which does not emphasize on industry 4.0 such as machine to machine, human to machine and etc.
- Government should require universities to have lecturers who are containing digital knowledge in the areas of their expertise. This program can be materialized either via build or buy. To build might be a long term initiative while to buy is done as a short term one. Most of the Universities currently contact industry expert to be a part time lecturers. Part time lecturers acquired from the industry contain practical expertise with future trends knowledges.

- Government together with private sectors should offer digital knowledge training courses to existing employees (Don Olcott, 2015). Courses should be available as a short courses by well-known Universities or Government training centers. Government should also promote the digital knowledge related courses to the public.

### Organization Readiness Program

- The results of the study shows that this agriculture organization mostly stands on non-digitized organization quadrant. This is not surprise since Thailand still has long way to walk for digital transformation. Financial supports from Government for volunteers to adapt digital operations are needed.
- Government might have to start with the pilot for Government organizations that have the readiness to transform. The candidates of these organizations can be Provincial Electricity Authority of Thailand to adapt smart grids, Water Authority of Thailand to adapt Smart Water. Smart city should also be completed soon as a show case.
- Private sectors should be motivated to transform. Especially Agriculture related companies must apply digital in their operations since Agriculture is considered to be our backbone with high competitive advantage over other countries and to transform to digital helps to sustain the competitive advantage for the country.

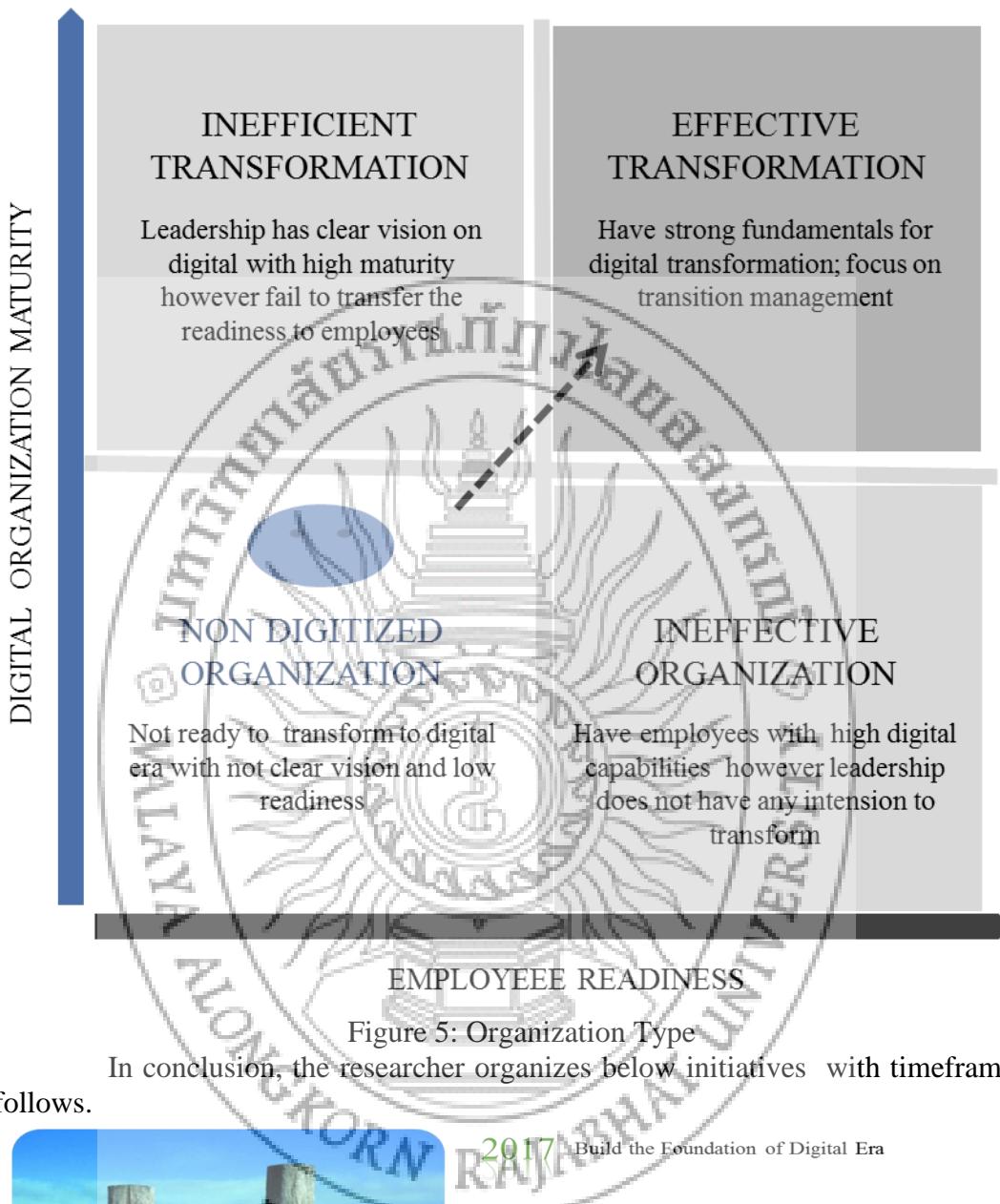


Figure 5: Organization Type

In conclusion, the researcher organizes below initiatives with timeframe as follows.



Digital Transformation for Thailand

Figure 6: Yearly Theme to completed transform

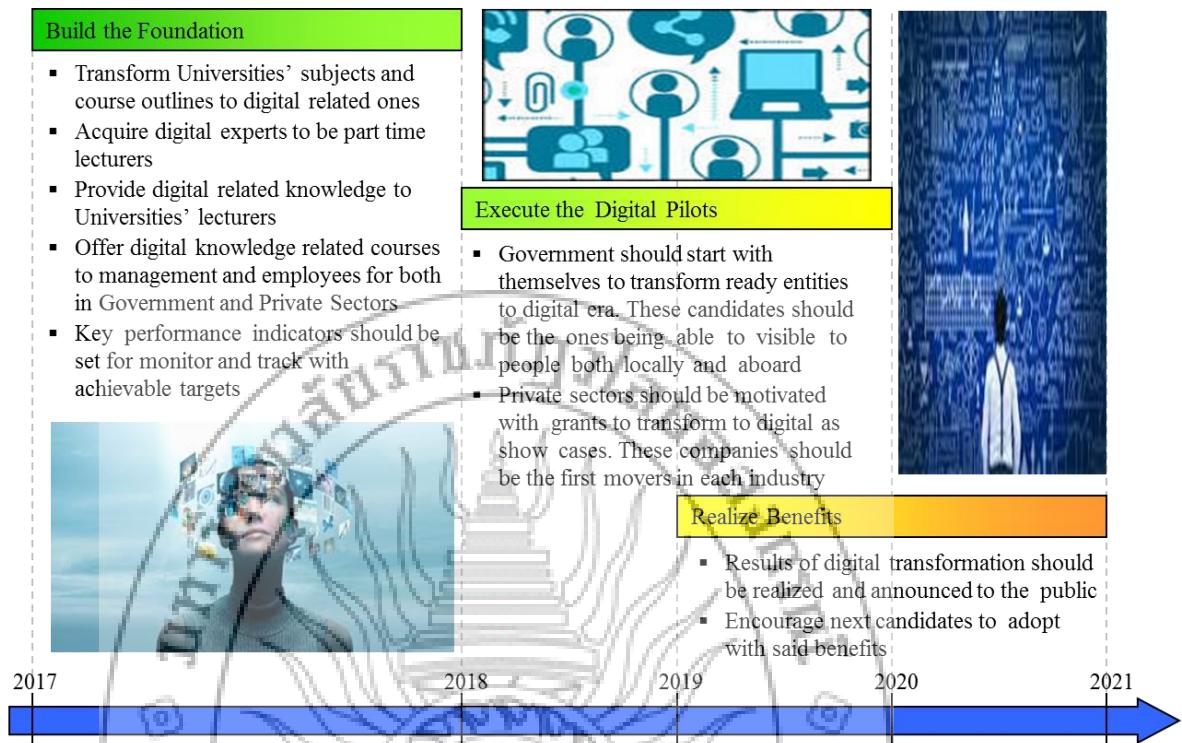


Figure 7: Recommended Digital Adaption Roadmap for Thailand

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## Key Activities of Green Retailing Management: A Case Study of Hypermarket companies in Thailand

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### ABSTRACT

Green Retailing Management, which generally refers to the approach toward managing any retail business by incorporating sustainability focused practices and environmentally-friendly processes, has been recognized to play an important role in strategy planning for retailing business competition. Despite the fact that more and more consumers are supporting businesses that pay efforts to make a positive impact on the environment and communities, there is no evidence yet to prove these have been incorporated in the hypermarket companies in Thailand. This paper studies the practices and activities of Green Retailing Management that have put to use in two leading hypermarket companies in Thailand. The practices are examined in three broad dimensions of green retailing management - in term of internal activities, external cooperation activities and supportive-development activities. The research was conducted in qualitative methodology; data were collected by participation-observation method and in-depth interviews with 10 executives who involved directly in green retailing management activities in hypermarket companies. The result found energy saving activities, waste reduction activities, and transportation and handling activities are the main activities for green retailing management in term of internal activities. Promotion marketing activities, after-sale service activities are given high priority in green retailing management in term of external cooperation. Lastly, the adoption of green policies, the implementation of green supporting technology and green human resource development are the major activities of green retailing management in term of supportive-development.

**Keywords:** Green Business Management, Hypermarket, Green Retail Management.

## INTRODUCTION

Issues of environmental concerns have gained more and more attention at global level, not only in public sectors but also in private sectors, especially in business organizations. It is because businesses are parts of our society, and their business activities unavoidably affect the environment, therefore, strategies in green business management play a much more important role in current business situations.

To solve the environmental issues and concerns in Thailand, Thai government established the mission to restructure the production and consumption systems to be environmental friendly ([www.ka.mahidol.ac.th](http://www.ka.mahidol.ac.th), 20 October 2015) which caused the business organizations have to take step to ensure sustainability on the environment and communities and adapt their activities in environmental friendly ways.

Thailand Development Research Institute (TDRI) had proposed the ways to manage environmental issues in two perspectives, which are (1) manufacturing and (2) trading and consumption. ([www.tdri.or.th](http://www.tdri.or.th), 24 October 2015) From manufacturing perspective, the result showed that there were some improvements in manufacturing processes and assessment of the environmental standard. On the other hand, the result found that there are not many environmental friendly process systems in trading and consumption, and consumers also do not pay much attention to environmental friendly activities as they should.

Retailing business plays an important role in selling and distributing goods or services to end customers, and retailing businesses in Thailand have faced more competitive situations, especially in modern trade (Department of Internal Trade, 2013). Consequently, many of modern trade companies have to deploy a wide variety of business strategies to gain competitive advantages, and one of the main business strategies that has become more important now is “Green Retailing Management Strategy”. Green retailing management is not only restricted to environmental issues, but also an opportunity for increased profit and cash flows via sustainability retailing.

In recent times, the theories and conceptual frameworks, and research about green business management have been receiving much more attention. Most research focuses in the green business management in manufacturing and production; however, this research studies the green business management in retailing business which call “Green Retailing Management”. The literature reviews done were focused on practices and activities of green business management that put to use in retailing businesses. There are some important theories and conceptual frameworks for green business management. For example, Kassaye (2001) stated that the activities of green business management consist of 4Rs - Reduce, Reuse, Recycle and Recover, which develop from the theory of waste management (3Rs theory; Reduce, Reused, Recycle). However, Smith (2003) and Friend (2009) explained that green business concept is much more than waste management, it starts from buying raw materials until deliver products to customer.

Sudarat (2003) and Gilbert (2007) explained that the main concept of green business management is to apply the green business management in every activity throughout the entire supply chain, including internal organizations, all business partners and the end customers. Tarisa and others (2011) divided the practices and activities in green business management into 5 areas, which are internal organization activities, transportation activities, production activities, external coordination activities and management policy, which similar to the result of Kee hung Lai and others (2010)'s research. Lai (2010) examined the practices and activities of green business management in retailing company in three broad dimensions, which are in term of internal organization, external coordination, and supportive-development. From the literature review, green business management can be defined as the environmental friendly activities that occurred in the organization and business partner in both upstream and downstream.

In this research, a conceptual framework for green retailing management in retailing business in Thailand was made by integrating the research of green business activities from many academics. The green retailing practices and activities are divided into three categories: (1) green retailing management activities in term of internal organization (2) green retailing activities in term of external coordination, and (3) green retailing activities in management policy.

## RESEARCH OBJECTIVES

The objectives of this research are as follows:

1. To study the key practices and activities of Green Retailing Management in the modern trade business in hypermarket sector.
2. Create a Green Retailing Business Management Model for modern trade businesses in hypermarket sector.

## METHODOLOGY

This research is a qualitative research. Data were collected by participation-observation and in-depth interviews with 10 executives who were directly involved in green retail management activities in 2 leading hypermarket companies in Thailand. The questionnaire included semi-structured questions related to three categories of green retailing management which are: (1) in term of Internal organization, such as internal organization activities in green management and transportation, (2) in term of external coordination, such as green procurement (coordinate with supplier), green packaging (coordinate with supplier) and green marketing and after sale service (coordinate with customer) (3) in term of management policy, such as green retailing policy, green supporting technology and green human resource management.

The following were the steps in collecting data for this research.

1. Documentary research: Study of secondary data, such as theories, concepts, researches which related to green business management, green retailing, and retail business management, related document, textbooks, academic paper, and research in Thailand and aboard were also studied.
2. Creating the conceptual framework of the research: The framework was created by applying green retailing management theories and the concepts of green business management. It served as the basis of in-depth interview questions and also the criteria of observation.
3. In-depth interview: After the adjustments, the final version of the questionnaire was used in in-depth interviews with operation managers, warehouse managers, shop managers and officers who were directly involved in green retailing management in 2 leading supermarket companies in Thailand. The sample consists of 10 people, 5 people from each supermarket. Observations were also carried out on green retail management activities and the consequences of the green business management activities in shop and warehouse.
4. Data collected from in-depth interviews and observations were used to analyze the theories and concepts derived from the literature review and documentary research. Finally, the result of the analysis was presented in descriptive form.

## RESEARCH RESULTS

The results of this research are derived from data analysis of participant-observation method and in-depth interviews with 10 people who are directly involved in green retailing management activities in 2 leading supermarket companies in Thailand. The results are divided into 3 dimensions: (1) dimension in term of internal organization activities, (2) dimension in term of external coordination activities and (3) dimension in term of management policy.

### Internal Organization Activities

From the in-depth interview with the supermarket company executives, the result showed that 3 main green activities in term of internal organization were implemented widely in all the branches:

1. Energy saving activities, all interviewees affirmed that energy-saving is their main activity in green retailing management, which was used in all their business processes. Both supermarket companies use alternative energy, for examples, adopting wind and solar power technologies to run facilities, using biogas instead of LPG for cooking, and switching to LED lighting. Besides, both supermarket companies also implement water recycling system, and use energy saving products. Internal training and education around the company's green mission were carried out. Both companies emphasized on implementing 3 Rs (reduce, reused, recycle) in all departments, and setting up the energy saving campaign for employees.

2. Waste reduction activities, as waste is an unavoidably output of retail business, most interviewees agreed that waste reduction system is important to be deployed in all main business processes, from merchandise planning and procurement, inventory and warehouse management, transportation and distribution, to selling and customer service. Waste reductions starts from material reduction, reuse, recycle, and then lastly disposal. Reducing waste results not only in benefits to the environment but also cost savings. One of the operation manager explained that waste reduction system is the best way to (1) reduce non-value added activities such as carrying more inventories, dead-heading (operating truck without cargo), or waiting (2) implement 3 Rs, and (3) dispose waste water and waste material properly.

3. Transportation and handling activities, planning and controlling of transportation and distribution is one of the major challenges for warehouse manager and staffs. The main target of implementing green retailing business management in this area is to maximize the efficiency in transportation by handling the goods with the least movement and damage. By implementing the latest information technology and automating the warehouse systems in both hypermarket companies, efficiency in transportation and handling has been improved significantly.

#### External Coordination Activities

Green activities in term of external coordination focused on procurement, product design, packaging, promotion and after-sale service activities. Though, those activities showed different levels of significance in green logistics of hypermarket sector. All of the interviewees agreed that promotion and after-sale service are the activities that have been paid the most attention in green logistics management. “Bring your own bag” and “online shopping” were introduced to customers with the aim of reducing waste and pollution; as well as after-sale service program that allows customer to exchange or return product in any branches, or delivery service with the purpose of value-adding to customer but also reducing transportation pollution.

On the other hand, the interviewees commented that using green procurement and co-operating with supplier for green products design are unnecessary. Operation managers in both hypermarket companies affirmed that they prefer to purchase the products according to customer demand rather than green products. In the aspect of green packaging, the executives focus only on secondary packaging and transportation packaging. They use re-usable material such as plastic containers and plastic pallets instead of paper boxes and wood pallet. These practices are not only environmental friendly but also save cost in long term.

#### Management Policy

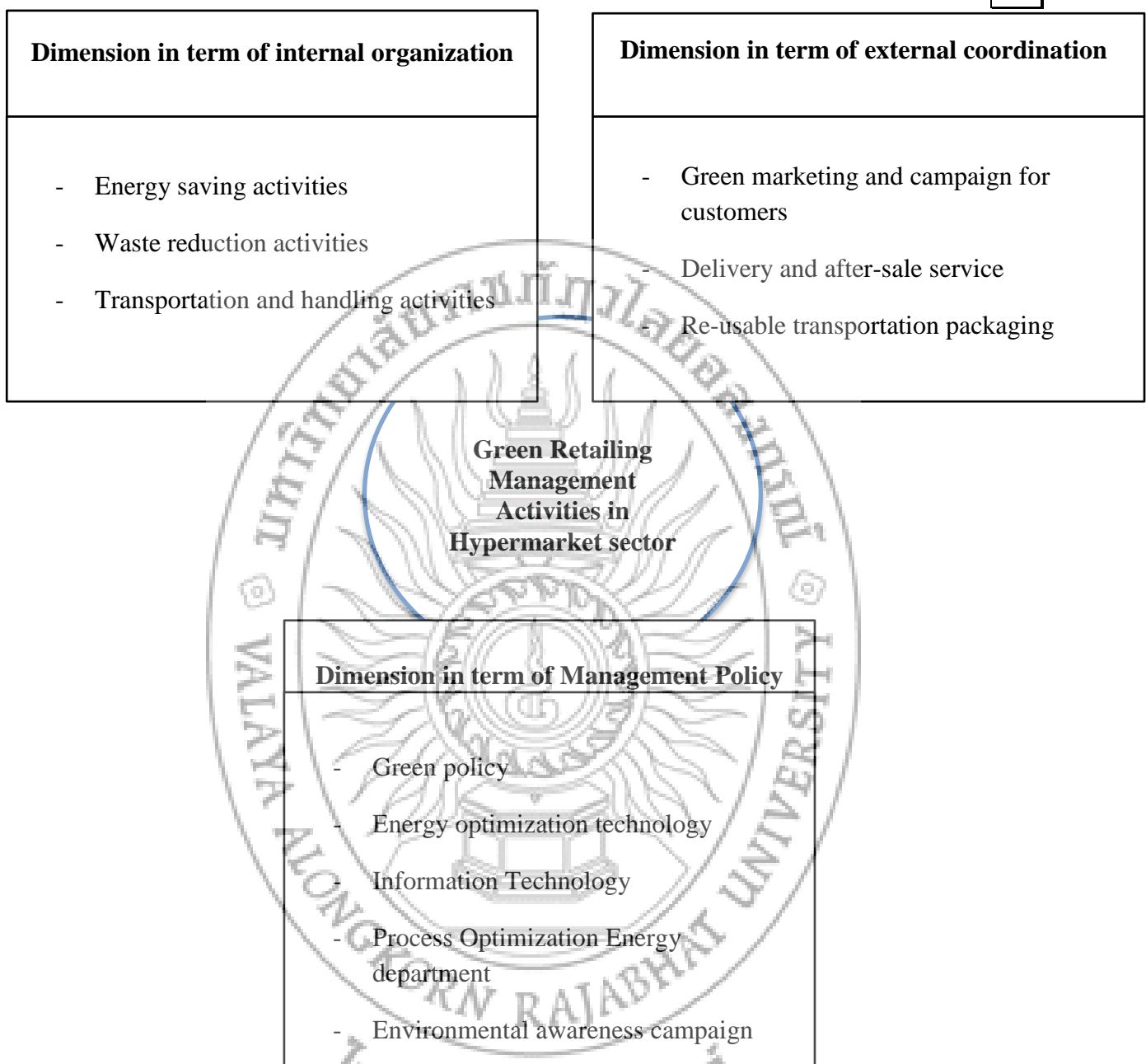
The last dimension of green retailing management is in term of management policy. The green practices focuses on the adoption of green retailing policy, implementation of green supporting technology and green human resource development. Adopting green policies become a common phenomenon in retailing business in Thailand. The interviewees stated that the policies of green business management are one of the major policies in hypermarket companies. Operation managers in both hypermarket companies explained that the green policies for hypermarket are mostly related to saving energy project, proper waste disposal, and cooperation with local community to advance social and environmental friendly projects. These practices or activities not only can create awareness in environmental issues, but also can help to create a positive image for the organizations.

Green supporting technology for retailing business can be divided into 2 areas, which are: (1) green supporting technology for shop and store area, for example, using wind and solar energy system to generate electricity, and using energy saving product such as LED light and automatic switches for light and water. (2) green technology for back office area, for examples, using information technology for information exchange and communication, such as EDI (Electronic Data Interchange), voice picking, e-purchasing, e-invoice to reduce using paper work, and also sustainability-oriented software to monitor the asset, financial and nonfinancial performace.

In the aspect of green human resource development, the result from in-depth interview showed that both hypermarket companies have established a new department calls POE (Processing Optimization Energy) to engage environmental sustainability into each business practices and activities, for example, energy optimization project to create environmental awareness to their staffs, or undergo waste and cost reduction projects.

#### Results from Analysis and Synthesis

The conceptual framework of green retailing business management activities that are suitable for Hypermarket Companies in Thailand was built by using the analysed data. The details of green retailing business management activities in each dimension are shown in the figure below:



**Figure 1 Diagram showing the Green Retail Management Activities for Hypermarket in Thailand**

## CONCLUSION AND DISCUSSION

From the result of this research, 3 dimensions of green retailing activities are found to be used in supermarket companies in Thailand. They are green retailing activities in terms of internal organization, external coordination, and management policy. The result of this research showed the green retailing management activities are in compliance with green business activities from literature review. However, the research found that there are some green activities that executives have given more attention than others. In term of internal organization activities, managers emphasize on energy saving activities and waste reduction activities rather than transportation activities. For dimension in term of external coordination activities, interviewees focus more on promotion and after-sale service activities, but not purchasing and product design activities. Lastly in term of management policy, the executives considered the adoption of green policies, the implementation of green supporting technology and green human resource development are equivalently important for retailing business.

Even though the research result showed the green activities in each dimension that the supermarket executives exercised in supermarket sector, there are other factors affecting the decision to select green retailing management activities that needed to study for future research.

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# **ANTECEDENTS OF LUXURY BRAND REPURCHASE INTENTION OF IRANIAN CUSTOMERS, TEHRAN, IRAN**

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## **Abstract**

The phenomenon of the growing trend of luxury brands consumption's popularity in the line with the growth of fashion consciousness of people around the world has necessitated conducting the research from some different perspectives regarding this issue. This paper aims to investigate the intention of repurchasing luxury brand products in Tehran, Iran. The findings illustrate the support for the influences of luxury brands perception in terms of functional, experiential, and symbolic dimension on repurchase intention. The novelty and quality were found to have significant influences on repurchase intention (for both sig=.000) < .05. However, while personal value in terms of hedonism and materialism found to have an influence (materialism, sig=.015, hedonism, sig=.000) < .05, social value only in terms of conspicuous value showed to have an influence (sig =.000) < .05 on repurchase intention. These findings can guide the luxury brands business through having the better development and adjustment concerning their products.

This study was conducted using the self-administrated questionnaire through collecting 423 valid samples. The data analysis was done using simple and multiple linear regression.

**Keywords:** luxury, brands perception, repurchase intention

## **Introduction**

During last decades there have been significant changes in the purchase and consumption style of people. Close competition and the slow rate of population growth are leading branded garment industries to take new steps by entering into new markets and attracting new consumers (Hofstede and Steenkamp, 2002). People have shown their special interest globally by following new designs and fashions regarding their life styles and consumption patterns since long ago. Emerging economies in some developing countries which have high numbers of middle class population are

compelling branded garment industries to make their presence stable in such countries (Dickson *et al.*, 2004). There has always been a sense of satisfaction and joy in the possession of beautiful belongings among nations. Apart from functional advantages, people make decisions to purchase particular branded products either to have self-expression in terms of personality, social status, and satisfaction or to meet their own desire for novelty and newness (Fiore and Kim, 2006).

The accessibility and the growth of the luxury products market around the world through globalization have caused more familiarity of the people with these kinds of products. Moreover, other means of communication and information technology such as the internet, movies, and the media full of tempting views, advertising, and information about new arrivals of famous brands have made it so easy to get informed and to intend to acquire the desirable products which are observed via them. The increasing demand of emerging markets for luxury products (e.g. China and India) on the one hand, and the diversity of luxury products' categories on the other hand, have given an enormous rise to the growth of the luxury market (Silverstein and Fiske, 2003). As consumers find satisfactory feelings such as gratification and pleasure through the consumption of luxury goods, the attraction and charm of precious luxury products will similarly keep increasing for consumers (Yeoman, 2011). The concerned marketers try to investigate this intention in the minds of the people. Ajzen (1991) stated that purchase intention is an indicator that predicts repeating the purchase as a behavior. Therefore due to this fact there are more opportunities for luxury to grow and flourish in the global market. This researcher is aimed at offering a new understanding of the luxury brands consumption by applying previous frameworks and the empirical testing.

### Purposes of the Research

The purpose of this research is to investigate repurchase intention from some important perspectives. Therefore, in this study the influences of perceived quality, luxury brands perception (functional, experiential, symbolic dimension), interest in novelty and newness of a product, personal value perception (hedonism, materialism), social value perception (status, conspicuous) on repurchase intention will be tested.

According to Shim *et al.* (2001), purchase or repurchase intention speaks for the level of mindful effort which is the motivational portion of a behavior that a person would apply in order to buy the same product or services. Based on the consumer behavior's theory (Engel *et al.* 1995), the application of purchase intention is equal to the variable of repurchase intention and they are proven to be appropriate to use interchangeably in the literature review context where the behavioral intention is being discussed. One of the important perspectives in the context of luxury brands which its influence on the intention of repurchasing is tested in this study is perceived quality. Zeithaml *et al.* (1988) defined perceived quality as the assessment made by a consumer concerning the overall degree of a product's perfection or superiority.

Schiffman and Kanuk (2000) suggested that in many cases, perceived quality is defined as the judgment made by consumers based on some physical characteristics of a product such as, aroma, size, and color which are characterized as intrinsic cues, and that judgment can vary according to the differences which exist in the perception of consumers. Chaudhuri (2002) concluded that perceived quality is an influential element on purchase intention, so that those customers who perceive a higher level of quality, have a stronger purchase intention.

The next perspective is novelty lover attitude. Steenkamp *et al.* (1999) defined novelty lovers is the innovative trend that can be explained as the predisposition not to remain with the previous choice and being willing to buy different and new products. According to Tiwari (2008), the innovation of a product can be described as significant improvements or changes which are made concerning its intended use or characteristics. Yaslioglu *et al.* (2013) in their study found that innovation and novelty affects perceived quality. Also, Fernandez and Gomez (2005) mentioned that novelty is related to perceived quality by giving an example regarding some retailers try to increase innovation and novelty in their products or services aimed at enhancing their perceived quality to the customers. Based on the explained statements and the model of study done by Levy and Guterman (2012), the researcher has set following null hypotheses: H1<sub>0</sub>: Novelty lovers variable has no significant influence on perceived quality towards repurchase intention. H3<sub>0</sub>: Perceive quality and novelty lovers have no significant influence on luxury brands repurchase intention.

The next important factor under this study is luxury brand perception. Based on Berthon *et al.* (2009), luxury brand perception is defined as the image of the labeled item to buy, which has been mindfully built and also is outstanding and extraordinary. Vickers and Renand (2003) also argued that three features make up the perception which help luxury products to be distinguished from non-luxury products are: experientiality, functionality, and symbolism.

Functional value speaks for the perceived usefulness of an item which comes from its innate capacity and ability to fulfil its intended objectives (Berthon *et al.*, 2009; Smith and Golgate, 2007). This ability can be in terms of overall quality, manufacturing process, and superiority of the product. Hennigs *et al.* (2015) also conducted the research about the complexity of value in the luxury industry from consumers' individual value perception of luxury consumption. They found that functional value along with emotional, financial, and social consideration is the one that has a significant influence on the purchase intention of luxury products.

Experiential value is defined as what the customers think they can get from the experience of the luxury brands consumption which includes mental joy and beautiful pleasure from imagery factors of their uniqueness, rareness, and attractiveness (Berthon *et al.*, 2009; Holbrook and Hirschman, 1982). Furthermore, according to Jones and Suh (2000) the experience of purchasing with satisfaction coming from enjoyable feelings of consumption of a specific product has a key role in forming future repurchasing behaviors.

And symbolic value is the advantage of being highly approved through the perception of luxury brand products which displays wealth, expensiveness, and conspicuousness Berthon *et al.* 2009; Keller, 1993). Kim (1998) also stated that luxury brand products show a symbol of prestige and status in society and the reason that individuals basically use these kinds of products is in order to be positively recognized in society. Based on the explained statements and the model used in the study conducted by Hung *et al.* (2011), the researcher has set the following hypothesis

H2<sub>0</sub>: Luxury brand perception in terms of functional, experiential, and symbolic value has no influence on luxury brands repurchase intention.

Social value is the other factor under this study. Based on Sheth *et al.* (1991), social value speaks for the perceived benefit of a choice which is the result of its picture and symbolism consistent with demographic, financial and social ethnic reference bunches. And also this variable has 2 sub-variables which are conspicuous and status value. Conspicuous value is the perception derived from the usage process which is only to show and display wealth (Sheth *et al.*, 1991; Mason, 1993). Phau and Prendergast (2000) found that the popularity of the brand, which here can be interpreted as its conspicuousness, yields preferences that in turn would generate purchase intention.

And status value is the kind of value which is connected with the purchaser's desire to get esteem, and acceptance from society, and also to increase their social status through the consumption of highly prestigious products (Sheth *et al.* 1991; O'Cass and McEwen, 2004). Sheth *et al.* (1991) described that in the process of making decision, status value plays an important role. Making decisions here is interpreted as purchase intention. Based on the explained statements and the model of study conducted by Shukla (2012), the researcher has set the following hypothesis:

H4<sub>0</sub>: Social value in terms of conspicuous value and status value has no influence on luxury brands repurchase intention.

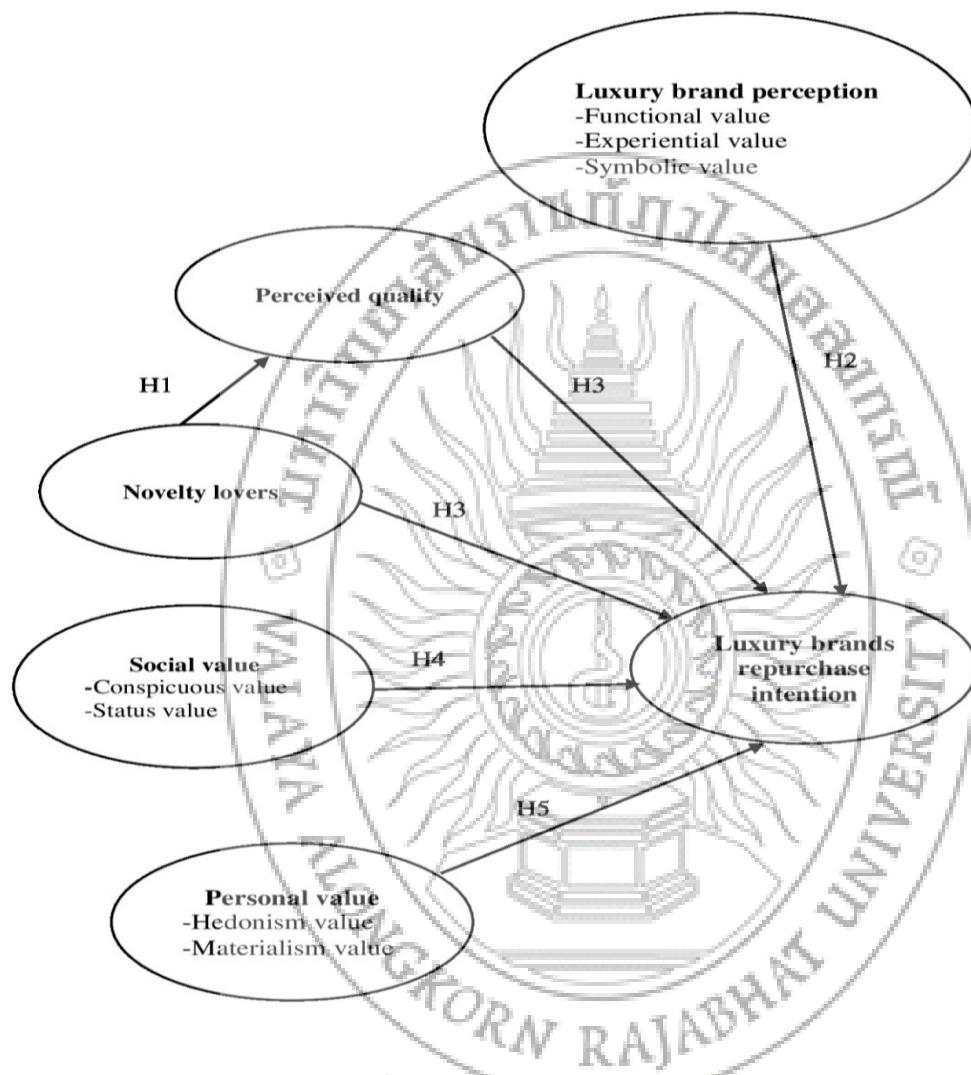
Last but not least, the personal value perception is the important factor which its influence on repurchase intention is under this study. Personal values are that kind of beliefs and ideas which are constant in a person's personality even under different circumstances. And it has 2 sub-variables which are hedonism and materialism value (Hirschman and Holbrook 1982; Bandura, 1986). According to Hirschman and Holbrook (1982), hedonism is a kind of enjoyment and feeling coming from consumption regarding the delicate and fantastic features of the item use. Olsen *et al.* (2012) concluded that the intention of purchasing organic wine is influenced by its hedonism value which leads to a hedonistic life style.

And materialism value is a kind of a particular attention or interest that a person has towards owning more worldly precious goods or properties in his or her life (Hirschman and Holbrook, 1982; Belk, 1985). According to Belk (1985), materialism contains some dimensions that are relevant to the attitudes, traits, and the value of possessing which lead to selecting the items. Based on the explained statements and the model of study conducted by Shukla (2012), the researcher set the following hypothesis:

H5<sub>0</sub>: Personal value in terms of hedonism and materialism has no influence on luxury brands repurchase intention.

### **Research Methodology**

Tehran is a city known for its modern lifestyle and attraction to affluent people. Mostly the rich prefer to live in the Northern area of the city from the East to West with their costly lifestyle. The price of land and houses as well as the rent also is much higher in the Northern areas compared to Southern areas of Tehran and only those who have a high level of revenue can afford living in such areas. Boroujerdi (2015) reported that the headquarters of insurance companies, Iranian banks as well as better facilities of the lifestyle including hospitals, airport, shopping centers, schools, etc. that all are found in Tehran, capital of Iran. And also the concentration of resources, jobs, and attractions of such a city having an industrial-commercial culture are some factors tempting millions of Iranian people to migrate to Tehran from other cities. Therefore, Tehran can be considered a considerable part of the world market consumption of luxury products. And the researcher in this survey has conducted this study in the Northern area of such a vibrant and cosmopolitan city located in the Middle East in order to investigate the intention of purchasing or repurchasing luxury products which has a high rate of growth in the global market. The researcher adopted the five point Likert Scale to measure the level of the respondents agreement or disagreement with the related question. According to Zikmund (2003), the Likert Scale is a type of question which would provide the respondents a range of levels of agreement to rate regarding the statement which is mentioned in the question.

**Figure 1:** The proposed conceptual framework.

The levels of agreement are shown below:

1: Strongly disagree -, 2: Disagree +, 3: Neutral / neither agree nor disagree -, 4: Agree - , 5: Strongly agree. Total 423 valid samples were collected through the distribution of 450 questionnaires containing 40 items of questions among people found in shopping malls in Tehran, Iran where the luxury brand products are found. The questions regarding each variable in this study have been adopted from previous studies. The questions concerning luxury brands perception in terms of functional, experiential and symbolic dimensions have been adopted from Hung *et al.* (2011), questions concerning perceived quality from Erdoganmus and Budeyri-Turan (2012), questions regarding novelty lovers from Levy and Guterman (2012), questions regarding social value perception in terms of conspicuous, and status value and also personal value perception in terms of hedonism and materialism from Shulka (2012).

The study has the focus on top ten luxury brands in the world ranked in (2015) and is equipped with the screening question whether the participants have the experience of using such brands or not. Top ten luxury brands are as follows: Louis Vuitton – Hermes – Chanel – Rolex – Cartier – Prada – Burberry - Michael Kors – Tiffany - Christian Dior.

**Table 1:** The summary of Reliability Test

| Variables              | Alpha Test | No. of Questions |
|------------------------|------------|------------------|
| Functional dimension   | .654       | 4                |
| Experiential dimension | .706       | 5                |
| Symbolic dimension     | .701       | 3                |
| Novelty lovers         | .706       | 6                |
| Perceived quality      | .717       | 5                |
| Conspicuous value      | .713       | 4                |
| Status value           | .722       | 3                |
| Hedonism               | .725       | 3                |
| Materialism            | .753       | 3                |
| Repurchase intention   | .705       | 4                |
| <b>Total</b>           |            | <b>40</b>        |

( $\alpha > 0.6$ )

### Research findings and discussion

#### Descriptive analysis of demographics

By applying the descriptive analysis concerning demographic data obtained through 423 valid samples, the heist percentage and frequency of the results are shown in table 1.

**Table 2:** Demographic of participants.

| <b>Demographics</b>                                 | <b>Characteristics</b>       | <b>Frequency</b> | <b>Percentage</b> |
|---|------------------------------|------------------|-------------------|
| <b>Gender</b>                                       | Female                       | 270              | 63.8              |
| <b>Age</b>  | 20 – 40                      | 234              | 55.3              |
| <b>Marital Status</b>                               | Single                       | 260              | 61.5              |
| <b>Education</b>                                    | Bachelor                     | 220              | 52.0              |
| <b>Income</b>                                       | 2,000,000 – 2,500,000 Toman  | 136              | 32.2              |
| <b>The amount spent on purchasing luxury brands</b> | 1,100,000 to 1,600,000 Toman | 146              | 34.5              |
| <b>The most favorite luxury product</b>             | Handbags                     | 140              | 33.5              |
| <b>Number of times purchasing</b>                   | Under 3 times                | 170              | 40.2              |
| <b>Total</b>  |                              | 423              | <b>100%</b>       |

\*Exchange rate: \$ 1 USD = 3,500 Iranian Toman

### Hypotheses testing analysis

Inferential analysis was conducted by using Simple linear and Multiple linear regression. Simple linear regression was used to examine the hypothesis 1 and from hypothesis 2 to 5 all were tested by using multiple linear regression and all null hypothesis were rejected, meaning there are influences from the independent variables on the dependent variable. Table 2 shows the summary of findings of hypotheses testing of this study.

**Table 3** The summary of results hypotheses analysis, using simple linear and multiple regression

| <b>Model</b>   | <b>R</b>          | <b>R Square</b> | <b>Adjusted R Square</b> | <b>Std. Error of the Estimate</b> |
|--|-------------------|-----------------|--------------------------|-----------------------------------|
| 1<br>a. Predictors(Constant), MeanPRCQ (H <sub>1</sub> )   | .139 <sup>a</sup> | .019            | .017                     | .39211                            |
| 1<br>a. Predictors(Constant), MeanLBSV, MeanLBVF, MeanLBEV | .358 <sup>a</sup> | .128            | .122                     | .31329                            |

| (H <sub>2</sub> ) |   |                   |      |      |        |
|-------------------|---|-------------------|------|------|--------|
| 1                 | a. Predictors(Constant), MeanPRCQ, MeanNOV (H <sub>3</sub> )  | .295 <sup>a</sup> | .087 | .083 | .32026 |
| 1                 | a. Predictors(Constant), MeanSVCV, MeanSTV (H <sub>4</sub> )  | .200 <sup>a</sup> | .040 | .035 | .32839 |
| 1                 | a. Predictors(Constant), MeanPRVH, MeanPRVM (H <sub>5</sub> ) | .384 <sup>a</sup> | .148 | .144 | .30944 |

ANOVA<sup>b</sup>

| Model   | Sum of Squares | Df  | Mean Square | F      | Sig               |
|---|----------------|-----|-------------|--------|-------------------|
| 1 Regression                                      | 1.281          | 1   | 1.281       | 8.329  | .004 <sup>a</sup> |
| Residual  | 64.731         | 421 | .154        |        |                   |
| Total   | 66.011         | 422 |             |        |                   |
| a. Predictors: (Constant), mean NOV               |                |     |             |        |                   |
| b. Dependent Variable: meanPRCQ (H <sub>1</sub> ) |                |     |             |        |                   |
| 1 Regression                                      | 6.055          | 3   | 2.018       | 20.565 | .000 <sup>a</sup> |
| Residual  | 41.125         | 419 | .098        |        |                   |
| Total   | 47.180         | 422 |             |        |                   |
| a. Precitors: BSV,LFV,LBE (H <sub>2</sub> )       |                |     |             |        |                   |
| 1 Regression                                      | 4.101          | 2   | 2.051       | 19.992 | .000 <sup>a</sup> |
| Residual  | 43.079         | 420 | .103        |        |                   |
| Total   | 47.180         | 422 |             |        |                   |

|  |                 |          |               |        |                   |
|--|-----------------|----------|---------------|--------|-------------------|
| a. Predictors:<br>mean PRCQ,<br>NOV<br>(H <sub>3</sub> ) | 1.888<br>45.292 | 2<br>420 | .944<br>.108  | 8.754  | .000 <sup>a</sup> |
| 1 Regression<br>Residual                                 | 47.180          | 422      |               |        |                   |
| Total  |                 |          |               |        |                   |
| a. Predictors:<br>meanSVCV,<br>STV<br>(H <sub>4</sub> )  | 6.965<br>40.216 | 2<br>420 | 3.482<br>.096 | 36.369 | .000 <sup>a</sup> |
| 1 Regression<br>Residual                                 | 47.180          | 422      |               |        |                   |
| Total  |                 |          |               |        |                   |
| a. Predictors:<br>MeanPRVH,<br>PRVM<br>(H <sub>5</sub> ) |                 |          |               |        |                   |
| b. Dependent<br>Variable: meanREPI                       |                 |          |               |        |                   |

Coefficients<sup>a</sup>

| <b>Model</b>  | <b>Unstandardized Coefficients</b> |                  | <b>Standardized Coefficients</b> | <b>T</b> | <b>Sig</b> |
|---|------------------------------------|------------------|----------------------------------|----------|------------|
|   | <b>B</b>                           | <b>Std.Error</b> |                                  |          |            |
| 1 (Constant)  | 3.437                              | .199             |                                  | 17.232   | .000       |
| meanNOV   | .141                               | .049             |                                  | 2.886    | .004       |
| a. Dependent Variable:<br>meanPRCQ<br>(H <sub>1</sub> ) |                                    |                  |                                  |          |            |
| 1 (Constant)  | 3.031                              | .197             | .111                             | 15.387   | .000       |
| meanLBFV  | .094                               | .040             | .264                             | 2.339    | .020       |
| meanLBEV  | .147                               | .027             | .119                             | 5.490    | .000       |
| meanBSV   | .072                               | .028             |                                  | 2.553    | .011       |
| (H <sub>2</sub> )                                       |                                    |                  |                                  |          |            |
| 1 (Constant)  | 2.971                              | .213             | .212                             | 13.964   | .000       |

|                                 |       |      |      |        |      |
|---------------------------------|-------|------|------|--------|------|
| meanNOV                         | .181  | .040 | .177 | 4.510  | .000 |
| meanPRCQ<br>(H <sub>3</sub> )   | .150  | .040 |      | 3.761  | .000 |
| 1 (Constant)                    | 3.972 | .082 | .083 | 48.194 | .000 |
| meanSTV                         | .034  | .022 | .149 | 1.556  | .120 |
| meanSVCV<br>(H <sub>4</sub> )   | .075  | .027 |      | 2.806  | .005 |
| 1 (Constant)                    | 3.496 | .103 | .125 | 34.066 | .000 |
| meanPRVM                        | .067  | .027 | .309 | 2.448  | .015 |
| meanPRVH<br>(H <sub>5</sub> )   | .154  | .026 |      | 6.040  | .000 |
| a. Dependent Variable:<br>RERPI |       |      |      |        |      |

Concerning the results obtaining from the analysis of hypothesis one, in this study it appeared that there is a significant influence of novelty lovers on perceived quality towards repurchase intention of luxury brand products. This result is consistent with the finding by Yaslioglu *et al.* (2013) who found that innovation and novelty affects perceived quality. However, based on the degree of influence from the result of analysis, participants in this study found not to rely totally and solely on the novelty in model as the sign of quality. Regarding functional dimension of luxury brand perception which is in hypothesis two, the researcher in this study found that there is significant influence of functional value on repurchase intention. This finding is supported by Hung *et al.* (2011) who studied about the Antecedents of luxury brand purchase intention and they found that functional value has an influence on purchase intention and had a positive relation with repurchase intention. Based on the findings through the analysis it was found that experiential dimension of luxury brand perception has a significant influence on repurchase intention. This particular finding in this study is supported by Berry (1994) who stated the essence of consumption is the experience of some feelings such as self-indulgence, personal rewards, ownership, and satisfaction that can be provided by luxury goods.

Regarding the analysis of symbolic value in hypothesis two, the researcher also found that there is significant influence of symbolic value perception on repurchase intention of Iranian customer of luxury brand products. This part of the analysis result is also supported by Doss and Robinson (2013) suggested that consumers purchase luxury brand goods not only on the basis of their usefulness but also because of self-expressive, social, and symbolic value. Regarding the analysis of perceived quality and repurchase intention which is in hypothesis three, the findings revealed that there is significant influence of perceived quality on repurchase intention. This finding is also supported by Tsotsou (2006) who proved that purchase intention and perceived

quality had a direct and positive correlation therefore he suggested using perceived quality as an indicator to predict purchase intention.

Based on the result found from the analysis of novelty lovers in hypothesis three, the researcher found that novelty lover has a significant influence on repurchase intention of Iranian luxury brand customers. This finding is supported by Gleim *et al.* (2015) who studied An Examination of Consumer Perceptions of Innovation and found that innovation has a significant influence on purchase intention. However, the results of analysis regarding status value in hypothesis four showed that there is no significant influence of status value on repurchases intention in this study. This finding is in the line with the statement of Danziger (2005) who studied about luxuries. And only social value in terms of conspicuous value was found to have a significant influence on repurchase intention, consistent with the findings of Johnson and Vigneron (1999).

The result of analysis concerning hedonism from hypothesis five revealed that there is significant influence of hedonism on repurchase intention in this study. This finding is also similar to the result of study conducted by Shukla (2012) who found that the intention of purchasing luxury goods is influenced by hedonism value in the Western developed markets. As the result of hypothesis five analyzing materialism, it appeared that there is a significant influence of materialism on repurchase intention of luxury brand products in this study. This finding is consistent with Teik *et al.* (2013) who studied about purchase intention and materialistic and ethical values as influential variables found that materialistic value and ethical value were significantly related to purchase intention.

### **Recommendation for Luxury Brands Business**

The results of this study showed that most of the people with the intention of purchasing luxury brand products in Iran shopping malls were between 20 – 40 years old. This age group of people are more interested in luxury brand products compared to others. Therefore, they expect to find the products which match with their preferences. This range of ages is concerned with those who are either university students or office workers.

As this study reveals in the analysis of hypothesis number one and three, the Iranian luxury brand buyers are novelty and innovativeness lovers. They are eager to keep up-to-dated about new products as well as new technology information. Luxury brand customers in Iran respond very positively to new design and new models of products and would like to try them. Iranian people are used to enjoying walking in shopping malls and commercial streets areas as well as in the local parks as recreational areas during four seasons. As a result, these products need to enable these luxury consumers to use them in a long time walking and commuting to different locations comfortably in each season. This can be in terms of having a proper weight and size which suits the walking lover consumers better, or having a multi-purpose application through the innovativeness in design and format according to different weather conditions of the country. As

an example, luxury brands shoes consumers would like to use such a product in the winter protecting them from the rain and coldness as well as in the summer, equipped to be well-ventilated. Therefore, their desirable luxury shoes needs to meet their consumption's needs in the winter besides the summer.

Quality is a distinguishing factor that Iranian luxury products users seek to perceive while consuming such products compared to non-luxury products. And in most of the cases, these users interpret quality as durability. Iranian luxury products users expect that handbags and shoes under a luxury brand to be not only comfortable to use everywhere but also durable. They expect luxury brands perfumes not only to be of a new fragrance but also to linger in their clothes and bodies for a long time.

According to the Iranian culture and lifestyle concerning commuting of people, the users of luxury products expect to obtain enough usefulness to meet their consumption's intended needs in addition to other aspects such as attractiveness. In particular, female luxury brand users in Iran, Tehran like their handbags to be spacious enough inside thus accommodating their daily needed belongings while the whole handbag size is easily and comfortably match the user's body to carry. Therefore, it is crucial to the luxury brand companies or business to come to understand the importance of differentiation and superiority of luxury products, which can be interpreted as the sufficient usability, compared to non-luxury products.

Furthermore, luxury brands customers care about beauty and attraction in such products. They pay attention to their appearance highly and would like to look attractive and beautiful through the usage of luxury products not specifically in the celebrating parties but also in their daily life usage. Based on the country culture and the market demands, the simplicity of the model of products in a classical style is desired more. This finding in this study highlights the importance of beauty and attractiveness of luxury brand products in a simple, easily usable in every situation such as work places and formal meetings to the concerned companies and businesses.

People who are luxury brands buyers like search and find their desirable products while go on shopping as it can provide a way in which they are able to release their tension, forget their problems, and boost their mood. This stage of stepping in a shopping mall with the intention of purchasing would provide this kind of customers with a sense of excitement and hunting a precious item which they believe it is their desirable luxury brand item. Therefore, the businesses and marketers need to pay special attention to the environment of such centers leading to enabling them to impact the customers while shopping and enhance their satisfaction. Beauty of the environment's design of a center, diversity of products, and the concentration of variety of brands in the same shopping mall can be considered in this matter.

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## Retail Logistics Service Quality of Supermarket in Bangkok, Thailand

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### ABSTRACT

This research investigates retail logistics service quality of supermarket in Bangkok, Thailand. It is a survey research. The objectives are as following: (1)to study retail logistics service quality of supermarket in Bangkok, Thailand in term of Physical appearance, reliability, personal interaction, problem solving, retail policy. (2)To study customer satisfaction and customer loyalty of supermarket in Bangkok, Thailand (3) To study the differences in the retail logistics service quality of supermarket in Bangkok, Thailand according to customer's profile. (4) To study the influence of the retail logistics service quality of supermarket in Bangkok, Thailand on customer satisfaction (5) To study the influence of the retail logistics service quality of supermarket in Bangkok, Thailand on customer loyalty.

The finding reveals: (1) The level of all aspect of retail logistics service quality: Physical Appearance, Reliability, Personal Interaction, Problem Solving, Retail Policy, and overall of retail logistics service quality were in the high level.

(2) Customer satisfaction of supermarket in Bangkok is at the high level. Customer loyalty of supermarket in Bangkok, Thailand is a relatively high level. (3) There are significant differences in the overall of retail logistics service quality, according to customer's profile: age, civil status, education attainment, and occupation. (4) Generally, all aspects of the retail logistics service quality, when taken as a whole, significantly influenced the customer satisfaction. The aspects of retail logistics service quality that mostly influence customer satisfaction are retail policy, problem solving, physical appearance, personal interaction, and reliability respectively. (5) Generally, all aspects of the retail logistics service quality, when taken as a whole, significantly influenced the customer loyalty. The aspects of retail logistics service quality that mostly influence customer loyalty are problem solving, retail policy, and personal interaction respectively.

**Keywords:** Retail Logistics, Service Quality, Supermarket

### Introduction

Following expansion at a compound annual growth rate (CAGR) of 5.77% between 2007 and 2012, the Hypermarkets, Supermarkets and Hard-Discounters channel in Thailand achieved a sales value of US\$31.0 billion in 2012, an increase of 2.9% on 2011. The channel achieved its strongest performance in 2010 when it grew by 14.9% over its previous year and its weakest performance in 2009, when it fell to -2.6% over 2008 (Canadean Company Reports, 2014).

The sales of Hypermarkets, Supermarkets and Hard-Discounters in Thailand reached to a value of US\$31.0 billion in 2012, an increase of 2.9% on 2011. The channel achieved a CAGR of 5.77% over the period 2007-2012 (Canadean Company Reports,

2014).

Developing and maintaining a competitive advantage is becoming increasingly difficult for the supermarket in today's hyper-competitive business, ever more complex global environment. As customers demand for more customized products and services offerings increases, the store are looking for new and innovative ways to differentiate themselves. An interesting opportunity is represented by the excellence in logistics operations (Yazdanparast et al., 2010).

Logistics operations play a strategic role in supermarket's success (Bienstock et al., 1997; Mentzer et al., 2001). They could not perceive anymore as a simply operational activity, but rather as a strategic variable which is an essential factor for the consumers' satisfaction and loyalty (Gil-Saura et al., 2010).

Thus, retailers must understand the needs of customer in term of logistics service in order to provide them the highest value. A certain number of factors contribute to the customers' experience: the comfort, the product availability, the delivery, the return policy in order to satisfy the customer and consequently to guarantee his loyalty (Samli et al., 2005; Ramanathan, 2010). In fact, if the customer's needs are unmet, the effects of dissatisfaction can quickly multiply. The consumer may go to another store, enjoy another retail experience, and complain about the earlier negative experience (Samli et al., 2005).

### **Research Objectives**

The objectives of this research are

1. To study retail logistics service quality of supermarket in Bangkok, Thailand in term of Physical appearance, reliability, personal interaction, problem solving, retail policy.
2. To study customer satisfaction and customer loyalty of supermarket in Bangkok, Thailand.
3. To study the differences in the retail logistics service quality of supermarket in Bangkok, Thailand according to customer's profile.
4. To study the influence of the retail logistics service quality of supermarket in Bangkok, Thailand on customer satisfaction
5. To study the influence of the retail logistics service quality of supermarket in Bangkok, Thailand on customer loyalty.

### **Research Hypotheses**

Hypotheses of this research are:

1. There are significant differences in the retail logistics service quality of supermarket in Bangkok, Thailand according to customer's factor.
2. The retail logistics service quality of supermarket in Bangkok, Thailand influence on customer satisfaction significantly.
3. The retail logistics service quality of supermarket in Bangkok, Thailand influence on customer loyalty significantly.

### Methodology

This section presents the research design used, the respondents considered in the study , the questionnaires that are utilized to gather the needed data in the study, the procedures followed, and the statistical tools which are employed to analyze the data which are gathered.

### Research Design

This research is survey research with a questionnaire to collect the value of variables from the respondents who are customers of supermarkets. The values of a variable or data are analyzed with both descriptive and inferential statistics.

### Population and Sample

Population for this research is the customers who purchase products from five brands of supermarkets in Bangkok, Thailand including Supermarket A, Supermarket B, Supermarket C, Supermarket D, and Supermarket E. So the population is divided into five groups of customers of each brand.

For the sample size of each population, it uses a Cochran formula(Cochran, 2007) .Due to unknown population size for each brand, which is calculated by a formula.

$$n = \frac{z^2}{4e^2}$$

With 95% confidence level and Precision (e) of  $\pm 5\%$ . Thus, the formula is

$$n = \frac{1.96^2}{4(0.05)^2}$$

$$n=384.16 \approx 384 \text{ people}$$

Furthermore, the sample size of each population is 384 persons. Total sample size of 5 population is 1920 people.

Sampling Method will be used by probability sampling which is multi stage random sampling. The researcher is employed stratified random sampling method which stratified by the brand of supermarket. Brand of supermarket are Supermarket A, Supermarket B, Supermarket C, Supermarket D, and Supermarket E. The branches of each strata is chosen with simple random sampling in proportion (7:1) to the number of branches of each strata. That proportion is 7:1 .The details are as followings:

| Brand         | Number of branches | Number of Random branches |
|---------------|--------------------|---------------------------|
| Supermarket A | 155                | 22                        |
| Supermarket B | 71                 | 10                        |
| Supermarket C | 31                 | 5                         |
| Supermarket D | 12                 | 2                         |
| Supermarket E | 7                  | 1                         |

The sample size of each brand, such as 384, as already mentioned, so the number of customers that will be chosen randomly in each branch of each brand are a sample size of 384 customers is divided by the number of branches that are chosen randomly. Details are as follows:

| <b>Brand</b>  | <b>Number of Random branches</b> | <b>Number of Random Customer</b> |
|---------------|----------------------------------|----------------------------------|
| Supermarket A | 22                               | $384 / 22 = 18$ Person           |
| Supermarket B | 10                               | $384 / 10 = 39$ Person           |
| Supermarket C | 5                                | $384 / 5 = 77$ Person            |
| Supermarket D | 2                                | $384 / 2 = 192$ Person           |
| Supermarket E | 1                                | $384 / 1 = 384$ Person           |

Then, the customer in each branch that is chosen randomly is chosen by means of systematic random sampling, which chose customers who walked out after the service is completed. From five customers, one customer will be picked and employed to be the data.

### Data Gathering Instrument

The researcher uses of a structured questionnaire to gather the data needed in the study. The questionnaire adapted from the study of the published study J. Beneke and staff (2012), and Rym Bouzaabia and staff (2013) composed of six parts:

The first part elicits the data on the profile of customer (age, gender, civil Status, educational attainment, and occupation). This part is checklist questions, so the variables in this part are measure by nominal or ordinal scale.

The second part is Retail Logistics Service Quality of supermarket in Bangkok, Thailand in terms of Physical Appearance, Reliability, Personnel interaction, Problem Solving, and retail Policy. This part is used Likert scale (7 level questions). So, the variables in this part are measure by interval scale.

The third part is customer satisfaction. This part is used Likert scale (7 level questions) So ,the variables in this part are measure by interval scale.

The forth part is customer loyalty. This part is used Likert scale (7 level questions). So, the variables in this part are measure by interval scale.

To determine the level of Retail Logistics Service Quality of supermarket, customer satisfaction and customer satisfaction, the mean is used. The following norms for interpretation are used in the study

| Statistical Range | Descriptive Rating |
|-------------------|--------------------|
| 6.17 – 7.00       | Highest            |
| 5.31 – 6.16       | High               |
| 4.45 – 5.30       | Relatively high    |
| 3.59 – 4.44       | Fair               |
| 2.73 – 3.58       | Relatively low     |
| 1.87 – 2.72       | Low                |
| 1.00 – 1.86       | Lowest             |

### Data Gathering Procedure

The researcher distributes the questionnaire to the respondents by myself. The questionnaire is distributed to customers who are done shopping at the supermarket. One person from five people is complied with systematic random sampling. The researcher distributes the questionnaire from during 10.00 pm - 08.00 am. (10 hours a day)

## Statistical Treatment of Data

To shed the light on the problems which are in the study, the following statistical tools were used to analyze the data:

- 1) Frequency and percentage are used to determine the profile of customer.
- 2) Mean is used to determine the level of Retail Logistics Service Quality of supermarket in Bangkok, Thailand. In addition, it is used to determine the level of customer satisfaction and customer loyalty.
- 3) Independent Sample t – test is used to determine the significant differences in the level of Retail Logistics Service Quality of supermarket in Bangkok, Thailand when the profile of customer has only two groups.
- 4) One – Way Analysis of Variance (ANOVA) was used to determine the significance in the level of Retail Logistics Service Quality of supermarket in Bangkok, Thailand when the profile of customer has more than two groups.
- 5) Multiple Regression Analysis is employed to analyze the influence of Retail Logistics Service Quality on customer satisfaction and customer loyalty.

## Research Results

The findings are :

### Profile of customer or customer's factor of retail in Bangkok, Thailand

Profile of the respondent of the supermarket in Bangkok, Thailand (customers) are as follow

- a. On Age Most (880 or 43.8%) of the 2,008 respondents are 21-35 years old.
- b. On Gender Majority (1146 or 57.1%) of the 2,008 respondents are female.
- c. On Civil status Most (978 or 48.7%) of the 2,008 respondents are single.
- d. On Educational Attainment Majority (1031 or 51.3%) of the 2,008 respondents were bachelor.
- e. On Occupation Majority (554 or 27.6%) of the 2,008 respondents are private officer.

### Retail Logistics Service Quality of supermarket in Bangkok, Thailand

In this study, the level of Retail Logistics Service Quality of supermarket in Bangkok, Thailand is measured in terms of Physical Appearance, Reliability, Personal Interaction, Problem Solving, Retail Policy. The results are as following in the table 1

**Table 1:** Overall of retail logistics service quality of supermarket in Bangkok, Thailand.

| retail logistics service quality            | X    | S.D.  | Descriptive Rating |
|---|------|-------|--------------------|
| Overall of Physical Appearance              | 5.54 | .8795 | High               |
| Overall of Reliability                      | 5.48 | .8900 | High               |
| Overall of Personal Interaction             | 5.36 | .9394 | High               |
| Overall of Problem Solving                  | 5.33 | .9157 | High               |
| Overall of Retail Policy                    | 5.48 | .8949 | High               |
| Overall of retail logistics service quality | 5.44 | .7660 | High               |

a. Physical Appearance. Overall of retail logistics service quality of supermarket in Bangkok about physical appearance get a mean at 5.54 that indicated a “High” level of retail logistics service quality.

- b. Reliability. Overall of retail logistics service quality of supermarket in Bangkok about reliability get a mean at 5.48 that indicated a “High” level of retail logistics service quality.
- c. Personal Interaction. Overall of retail logistics service quality of supermarkets in Bangkok about personal interaction get a mean at 5.36 that indicated a “High” level of retail logistics service quality.
- d. Problem Solving. Overall of retail logistics service quality of supermarkets in Bangkok about problem solving get a mean at 5.33 that indicated a “High” level of retail logistics service quality.
- e. Retail Policy. Overall of retail logistics service quality of supermarkets in Bangkok about retail policy get a mean at 5.48 that indicated a “High” level of retail logistics service quality.
- f. 5.48 that indicated a “High” level of retail logistics service quality
- g. Overall of retail logistics service quality. Overall of retail logistics service quality of supermarkets in Bangkok get a mean at 5.44 that indicated a “High” level of retail logistics service quality

### **Level of customer satisfaction and customer loyalty of supermarket in Bangkok, Thailand**

Level of customer satisfaction and customer loyalty of supermarket in Bangkok, Thailand are shown in Table 2

**Table 2** The level of customer satisfaction and customer loyalty of supermarket in Bangkok, Thailand

|                       | $\bar{X}$ | S.D.  | Descriptive Rating |
|-----------------------|-----------|-------|--------------------|
| Customer satisfaction | 5.41      | 1.061 | High               |
| Customer Royalty      | 5.22      | 1.168 | Relative High      |

Particularly, it can be seen that under customer satisfaction of supermarket in Bangkok get a mean at 5.41 which is indicated a “High” level of customer satisfaction. It can be inferred from this data that supermarkets are highly competitive, Thus each of the supermarket make some effort in order to meet customer needs. However, the customer satisfaction of the supermarkets in the Bangkok, Thailand is high, they should enhance customer satisfaction to the highest.

In terms of customer loyalty, it can be seen that under customer loyalty of supermarket in Bangkok, Thailand get a mean at 5.22 that indicated a “Relatively High” level of customer loyalty. This implies that customers are ready to change to another supermarket if they are not satisfied. Supermarket Managers or operation executives must find a way to keep customers' loyalty and make their own ship to be the first choice for customer to shop.

### **Significant differences on the level of retail logistics service quality of supermarket in Bangkok, Thailand according to customer's profile**

The results are as following:

There are significant differences in the retail logistics service quality about Problem Solving ( $F\text{-ratio}=3.756$ ,  $F\text{-prob}<0.05$ ), Retail Policy( $F\text{-ratio}=3.022$ ,  $F\text{-prob}<0.05$ ), and the overall of retail logistics service quality( $F\text{-ratio}=2.549$ ,  $F\text{-prob}<0.05$  according to the age of customer).

There are no significant differences in the retail logistics service quality according to the gender of customer

There are significant differences in the retail logistics service quality about Physical Appearance ( $F\text{-ratio}=8.238$ ,  $F\text{-prob}<0.05$ ), Reliability( $F\text{-ratio}=4.090$ ,  $F\text{-prob}<0.05$ ), Personal Interaction( $F\text{-ratio}=2.804$ ,  $F\text{-prob}<0.05$ ), Problem Solving ( $F\text{-ratio}=6.972$ ,  $F\text{-prob}<0.05$ ), Retail Policy( $F\text{-ratio}=4.670$ ,  $F\text{-prob}<0.05$ ), and overall of Retail logistics service quality ( $F\text{-ratio}=7.164$ ,  $F\text{-prob}<0.05$ ) according to the civil status of customer.

There are significant differences in the retail logistics service quality about Physical Appearance ( $F\text{-ratio}=2.691$ ,  $F\text{-prob}<0.05$ ), Problem Solving ( $F\text{-ratio}=2.872$ ,  $F\text{-prob}<0.05$ ), Retail Policy( $F\text{-ratio}=42.898$ ,  $F\text{-prob}<0.05$ ), and overall of Retail logistics service quality ( $F\text{-ratio}=2.717$ ,  $F\text{-prob}<0.05$ ) according to the Education attainment of customer.

There are significant differences in the retail logistics service quality about Physical Appearance ( $F\text{-ratio}=2.932$ ,  $F\text{-prob}<0.05$ ), Problem Solving ( $F\text{-ratio}=3.702$ ,  $F\text{-prob}<0.05$ ), and overall of Retail logistics service quality ( $F\text{-ratio}=2.146$ ,  $F\text{-prob}<0.05$ ) according to the occupation of customer.

### **The influence of retail logistics service quality on customer satisfaction of supermarket in Bangkok, Thailand**

To determine the influence of retail logistics service quality (Physical Appearance, Reliability, Personal Interaction, Problem Solving, Retail Policy) on the customer satisfaction, the Multiple Regression Analysis is used. The results of the Multiple Regression Analysis are summarized in the succeeding tables (Table 3)

**Table 3 Regression Analysis of customer satisfaction**

| Retail logistics service quality | Beta  | t-value | t-prob   |
|----------------------------------|-------|---------|----------|
| Physical Appearance              | 0.104 | 3.770*  | P < 0.05 |
| Reliability                      | 0.063 | 2.055*  | P < 0.05 |
| Personal Interaction             | 0.089 | 3.301*  | P < 0.05 |
| Problem Solving                  | 0.239 | 9.155*  | P < 0.05 |
| Retail Policy                    | 0.242 | 9.690*  | P < 0.05 |

**Multiple R = 0.629**

Legend: \*Significant at 0.05 level

**R Squared ( $R^2$ ) = 0.396**

**F-Ratio = 262.400**

**Sig. F = 0.000\***

It is shown in the table 3 that all the variables of the retail logistics service quality, when taken as a whole, significantly influenced the customer satisfaction (Sig. F<0.05)

Among the variables of the retail logistics service quality; Physical Appearance, Reliability, Personal Interaction, Problem Solving, Retail Policy were found as significant predictors on the customer satisfaction ( $t\text{-prob}<0.05$ ). This means that the higher of retail logistics service quality; Physical appearance, Reliability, Personal Interaction, Problem Solving, Retail Policy, the greater the customer satisfaction. The variable of retail logistics service quality that mostly influence customer satisfaction are retail policy (Beta=0.242), problem solving (Beta=0.239), physical appearance (Beta=0.104), personal interaction (Beta=0.089), and reliability respectively (Beta=0.063)

The R<sup>2</sup> value (0.396) indicates that the variable of the retail logistics service quality attributed 39.60 percent of the respondents' assessment towards the customer satisfaction. The rest (60.4%) could have been due to other variables not considered in this study.

#### **The influence of retail logistics service quality on customer loyalty of supermarket in Bangkok, Thailand**

To determine the influence of retail logistics service quality (Physical Appearance, Reliability, Personal Interaction, Problem Solving, Retail Policy) on the customer loyalty, the Multiple Regression Analysis is used. The results of the Multiple Regression Analysis are summarized in the succeeding tables (Table 4)

**Table 4 Regression Analysis of customer loyalty**

| Retail logistics service quality | Beta  | t-value | t-prob   |
|----------------------------------|-------|---------|----------|
| Physical Appearance              | 0.042 | 1.444   | P > 0.05 |
| Reliability                      | 0.014 | 0.421   | P > 0.05 |
| Personal Interaction             | 0.118 | 4.149*  | P < 0.05 |
| Problem Solving                  | 0.291 | 10.614* | P < 0.05 |
| Retail Policy                    | 0.202 | 7.684*  | P < 0.05 |

**Multiple R = 0.577**

Legend: \*Significant at 0.05 level

**R Squared(R<sup>2</sup>) = 0.333**

**F-Ratio = 199.871**

**Sig. F = 0.000\***

It is shown in the table 4 that all the variables of the retail logistics service quality, when taken as a whole, significantly influenced the customer loyalty (Sig. F<0.05)

Among the variables of the retail logistics service quality; Personal Interaction, Problem Solving, Retail Policy are found as significant predictors on the customer loyalty (t-prob<0.05). This means that the higher of retail logistics service quality; Personal Interaction, Problem Solving, Retail Policy, the greater the customer loyalty. The variable of retail logistics service quality that mostly influence customer loyalty are problem solving (Beta=0.291), retail policy (Beta=0.202), personal interaction (Beta=0.118) respectively.

The R<sup>2</sup> value (0.333) indicates that the variable of the retail logistics service quality attributed 33.30 percent of the respondents' assessment towards the customer loyalty. The rest (66.70%) could have been due to other variables not considered in this study.

#### **Summaries and Recommendations**

##### **Summaries**

Base on the findings of the study, the following conclusions are drawn:

1. Majority of the respondent (customer) are within the age of 21-35 years, female, single, Bachelor degree, and private officer
2. The level of all aspect of retail logistics service quality: Physical Appearance, Reliability, Personal Interaction, Problem Solving, Retail Policy, and overall of retail logistics service quality are high

3. Customer satisfaction of supermarket in Bangkok is at high level. Customer loyalty of supermarket in Bangkok, Thailand is a relatively high level.

4. There are significant differences in the overall of retail logistics service quality, as perceived by customer. The grouping discriminant is set according to customer's factor. Among customer's factor: age, civil status, education attainment, and occupation are found to have some significant differences.

5. All the variables of the retail logistics service quality, when taken as a whole, significantly influenced the customer satisfaction. Among the variables of the retail logistics service quality: Physical Appearance, Reliability, Personal Interaction, Problem Solving, Retail Policy were found as significant predictors on the customer satisfaction. The variable of retail logistics service quality that mostly influence customer satisfaction are retail policy, problem solving, physical appearance, personal interaction, and reliability respectively.

6. All the variables of the retail logistics service quality, when taken as a whole, significantly influenced the customer loyalty. Among the variables of the retail logistics service quality: Personal Interaction, Problem Solving, Retail Policy were found as significant predictors on the customer loyalty. The variable of retail logistics service quality that mostly influence customer loyalty are problem solving, retail policy, personal interaction respectively.

### **Recommendations**

Based on the finding, the following details are recommended by the researcher:

1. Due to the variable of retail logistics service quality which has the lowest level is problem solving. Supermarkets should concentrate specially on the goods return because the level of service quality about goods return policy is only relative high. Also, the manager of supermarket should improve goods return system in order to satisfy to the customer. This improving can be done by identifying clear criteria for goods return and inform the conditions and details to the customers clearly once purchasing is made.

2. Due to customer loyalty of supermarket in Bangkok, Thailand is a relatively high level. So, they should enhance the customer loyalty. The way for enhancing customer loyalty is as follows. 1) confidence 2) centrality 3) accessibility

3. Due to there are significant differences in the overall of retail logistics service quality according to age, civil status, education attainment, and occupation of customer. So, the manager of supermarkets should understand their target customer or target market to meet customer's needs and to provide service for highest satisfaction of customer.

5. Due to a retail logistics service quality influence on customer satisfaction, the supermarket in Bangkok, Thailand would like to enhance the customer satisfaction, they should enhance the level of retail logistic service quality especially identify retail policy that to meet customer's need.

6. Due to a retail logistics service quality influence on customer loyalty, so if the supermarket in Bangkok, Thailand would like to enhance customer loyalty, they must enhance the level of retail logistic service quality especially solving problem for customer such as having a good policy for goods return

7. A follow up study should be conducted focusing on retail logistics service quality of convenient store because convenient store is an important retailer as well.

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**AN EXAMINATION OF THE INFLUENCING FACTORS TOWARD  
CUSTOMER SATISFACTION:  
CASE STUDY OF OUT PATIENT'S SATISFACTION IN PRIVATE  
HOSPITAL IN BANGKOK, THAILAND**

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**ABSTRACT**

Patient satisfaction research has grown in a fashion that every health care organization is concerned with the provision of services and products of excellent quality as defined by the customers. The purpose of this research project was to assess the influencing factors toward patient satisfaction. The case study of the researcher selected is Vejthani hospital in Bangkok, Thailand. In order to understand the relationship between the different variables, relevant theories and concepts were reviewed and synthesized to form the theoretical, conceptual framework and level of patient satisfaction. The data was collected by a set of questionnaire distributed to four hundred patients at Vejthani hospital. 387 useful questionnaire out of 400 were gathered from all clinics and resting places (inter lounge). Descriptive statistics, Multiple regression analysis were performed to analyze patient satisfaction. The data analysis applied SPSS program. The research findings showed that service dimension, physician care, and nursing care were significant determinants of patient satisfaction. In each sub variables, responsiveness, explaining about treatment, and having professional skills strongly influence patient satisfaction. These research findings suggested some strategies that may enhance patient satisfaction.

**Keywords:** satisfaction, patient satisfaction, service quality, physician care, nursing care

## Introduction

Previously, the health care quality has been defined from the health care providers' point of view. This is because of the common thought that patients did not have the right level of knowledge to evaluate care intelligently. More recently, researchers have shifted their opinion. They have suggested that health care providers focus on patients' needs and wants. Thus, it has been recognized that patients are customers and that effective patients relations with needs and wants are a key to patient satisfaction. Quality of care in the health care organization from customer's point of view is generally defined and measured as patient satisfaction. However, there has been a question about the nature of quality that should be assured in order to reach satisfaction. Some researchers have argued that the predictor of patient satisfaction include demographic characteristics such as gender, age and education, and other external factors(Braunsberger and Gates, 2002).It was purpose of this study then to evaluate and examine the out patient satisfaction with Vejthani Hospital.

This research aimed to study how to improve patient satisfaction of Vejthani Hospital through the patients who have received treatment at least one time and determined what the hospital needed to change to improve patient satisfaction. The researcher will utilized three theoretical models to invent a patient satisfaction model to investigate which factors could influence patient satisfaction at Vejthani Hospital in reality. The researcher applied three hypotheses and four variables to break down the factors affecting patient satisfaction. The variables applied in this study are service quality, patient satisfaction, physician care and nursing care. A self-administered questionnaire was given to the customers received who treatment at the particular hospital.

## Research Objectives

The objectives of this study were as follows:

1. To examine the influence factor of service quality in terms of tangibility, reliability, responsiveness, assurance and empathy on patient satisfaction with Vejthani Hospital.
2. To examine the influence factor of physician care in terms of explain about treatment, answering questions satisfactory, indentifying health problem, helpfulness, and friendliness, on patient satisfaction with Vejthani Hospital.
3. To examine the influence factor of nursing care in terms of spending sufficient time, on time, having professional nursing skills, replying questions, supportiveness, and understanding needs on patient satisfaction of Vejthani Hospital.

## Methodology

In this research, the researcher utilized descriptive research to describe how patient satisfaction is affected by several factors. The descriptive research determines the answers to who, when, where, what and how questions. Hence, descriptive research is most suitably applied in this research to describe the characteristics of patient from Vejthani Hospital in a quantitative aspect in order to answer who, when, where, what and how questions.

Secondly, the researcher applied the survey technique to collect data from respondents. Fowle (2014) explained that the purpose of survey is to produce statistics about several aspects of the study population. Survey research is commonly descriptive in nature but can be casual. So, the researcher distributed a questionnaire as a tool to collect data from respondents.

The researcher chose both Thai and non-Thai, male and female outpatients who have received treatment at least one time at Vejthani Hospital in Bangkok to be the target population of this study. Because the researcher considered inpatients' emotion when they were in hospital caused by a disease.

The researcher used the formula to determine the sample size.

$$n = \frac{Z^2 pq}{E^2}$$

$$n = \frac{1.96^2(0.5)(1 - 0.5)}{0.05^2}$$

$n = 384.16$  samples  $\approx 384$  samples

When the sample size is increased, the standard error decreased, as the sample size increase, more samples will be closer to the true value. Therefore researcher used 400 patients as the sample size of this study in order to increase accuracy and minimize error.

### Sampling procedure

The researcher then applied judgment sampling and convenience sampling in the study, which is used for obtaining a huge number of completed questionnaires quickly and economically. Then questionnaire as an instrument in order to collect data about patient satisfaction with Vejthani Hospital. The questionnaire design is based on the hypotheses. Four parts are included in the questionnaire: screening question, independent variables' questions, dependent variable's questions and demographic profile. The first part is screening question used to match the respondent who has experience at the hospital. The second and third parts are the main questions concerning about independent variables and the dependent variable. It consists of 48 questions which use a five-point Likert scale method to gather data about patient satisfaction at Vejthani Hospital in Bangkok. The fourth part is personal information of respondents such as gender, age, education, marital status, occupation, and monthly income.

**Table 1:** Summary of number of questions in each part

| <b>Part</b>     | <b>Type of question</b>   | <b>No. of questions</b> | <b>Questionnaire scale</b> |
|-----------------|---|-------------------------|----------------------------|
| Part 1          | Screening question  | Screen question         | Simple category scale      |
| Part 2          | Tangibility   | 1-3                     | Likert Scale               |
|                 | Responsiveness  | 4-7                     | Likert Scale               |
|                 | Reliability   | 8-11                    | Likert Scale               |
|                 | Assurance   | 12-14                   | Likert Scale               |
|                 | Empathy   | 15-17                   | Likert Scale               |
|                 | Physician care  | 18-28                   | Likert Scale               |
| Part 3          | Nursing care  | 29-44                   | Likert Scale               |
|                 | Patient satisfaction  | 45-48                   | Likert Scale               |
| Part 4          | Demographic factors<br>Gender<br>Age<br>Occupation<br>Education level<br>Marital status<br>Monthly income<br>Frequency of receiving treatment | 49-55                   | Category Scale             |
| Total questions |   | 55                      |                            |

### Data collection

In this research, the researcher collected 50 primary data from Thai and non-Thai patients who have received treatment at least one time at Vejthani Hospital in Bangkok for pretesting to test Cronbach's Coefficient Alpha. Also, it was plan to distribute 400 questionnaires to collect data during June to July 15, 2016.

The researcher used SPSS program to analyze the data collected from the questionnaires. After collecting the data, the researcher used descriptive statistics to analyze the data and used inferential analysis to analyze the demographic data, and the relationship between each variable in the conceptual framework.

### Research Results

The investigator exploits Multiple linear regression to test hypotheses from hypothesis 1 to 3. The result of analysis are explained and discussed as below:

#### Hypothesis 1

H1o: Service quality in terms of tangibility, reliability, responsiveness, assurance and empathy do not influence patient satisfaction.

H1a: Service quality in terms of tangibility, reliability, responsiveness, assurance and empathy influence patient satisfaction.

**Table 3:** Regression Model summary

| Model Summary |   |          |                   |                            |
|---------------|---|----------|-------------------|----------------------------|
| Mode I        | R | R Square | Adjusted R Square | Std. Error of the Estimate |

|   |                   |      |      |        |
|---|-------------------|------|------|--------|
| 1   | .564 <sup>a</sup> | .318 | .309 | .25474 |
| a. Predictors: (Constant), Tangibility, Responsiveness, Reliability, Assurance, Empathy |                   |      |      |        |

In the table 3, the value correlation coefficient (R) is 0.564, which means that the service quality factors and patient satisfaction have a medium positive correlation. The multiple coefficient of determination, R-square ( $R^2$ ), is equal to 0.318 which indicates that 31.8% of patient satisfaction is influenced by tangibility, reliability, responsiveness, assurance and empathy.

**Table 4:** ANOVA Table for Regression Model

|       |            | ANOVA <sup>b</sup> |     |             |        |                   |
|-------|------------|--------------------|-----|-------------|--------|-------------------|
| Model |            | Sum of Squares     | df  | Mean Square | F      | Sig.              |
| 1     | Regression | 11.330             | 5   | 2.266       | 34.919 | .000 <sup>a</sup> |
|       | Residual   | 24.269             | 374 | .065        |        |                   |
|       | Total      | 35.599             | 379 |             |        |                   |

a. Predictors: (Constant), Tangibility, Responsiveness, Reliability, Assurance, Empathy  
b. Dependent Variable: Patient satisfaction

The table 4 shows that the F value is equal to 34.919, and the significance level is equal to 0.000 which is less than 0.05 (0.000<0.05). Therefore, the null hypothesis is rejected. It means that the sub-variable of service quality have at least one variable which significantly influenced on patient satisfaction on the linear relationship.

**Table 5:** Coefficient summary for Regression Model

| Model |                | Coefficients <sup>a</sup>   |            |                           |        |      |
|-------|----------------|-----------------------------|------------|---------------------------|--------|------|
|       |                | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|       |                | B                           | Std. Error | Beta                      |        |      |
| 1     | (Constant)     | 2.180                       | .205       |                           | 10.645 | .000 |
|       | Tangibility    | .084                        | .022       | .168                      | 3.814  | .000 |
|       | Reliability    | .127                        | .034       | .178                      | 3.768  | .000 |
|       | Responsiveness | .134                        | .031       | .199                      | 4.369  | .000 |
|       | Assurance      | .113                        | .030       | .182                      | 3.804  | .000 |
|       | Empathy        | .126                        | .033       | .181                      | 3.849  | .000 |

a. Dependent Variable: Patient satisfaction

As shown in table 5, the significant values of tangibility, reliability, responsiveness, assurance, and empathy were equal to 0.000, which were less than 0.05 significant levels. Therefore, the null hypothesis was rejected. It would be implied that the sub-variables of service quality which are tangibility, reliability, responsiveness, assurance, and empathy had a significant influence on patient satisfaction.

Beta coefficient shows that service quality in terms of responsiveness has the highest positive influence on the patient satisfaction of standardized coefficients at  $\beta = 0.199$ , assurance with  $\beta = 0.182$ , empathy with  $\beta = 0.181$ , reliability with  $\beta = 0.178$ , and tangibility with  $\beta = 0.0168$ , respectively.

### Hypothesis 2

H2o: Physician care in terms of indentifying health problem, answering questions satisfactory, helpfulness, friendliness and explaining about treatment do not influence patient satisfaction.

H2a: Physician care in terms of indentifying health problem, answering questions satisfactory, helpfulness, friendliness and explaining about treatment influence patient satisfaction.

**Table 6:** Regression Model summary

| Model Summary |                   |          |                   |                            |
|---------------|-------------------|----------|-------------------|----------------------------|
| Mode          | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1             | .668 <sup>a</sup> | .447     | .439              | .22952                     |

a. Predictors: (Constant), Explain about treatment, Friendliness, Answer queries satisfactory, Identify health problem, Helpfulness

In the table 6, the value correlation coefficient (R) is 0.668, which means that the physician care factors and patient satisfaction have a medium positive correlation. The multiple coefficient of determination, R-square ( $R^2$ ), is equal to 0.447, which indicates that 44.7% of patient satisfaction influenced by physician care.

**Table 7:** ANOVA Table for Regression Model

|       |            | ANOVA <sup>b</sup> |     |             |        |                   |
|-------|------------|--------------------|-----|-------------|--------|-------------------|
| Model |            | Sum of Squares     | df  | Mean Square | F      | Sig.              |
| 1     | Regression | 15.897             | 5   | 3.179       | 60.354 | .000 <sup>a</sup> |
|       | Residual   | 19.702             | 374 | .053        |        |                   |
|       | Total      | 35.599             | 379 |             |        |                   |

a. Predictors: (Constant), Explain about treatment, Friendliness, Answer queries satisfactory, Identify health problem, Helpfulness

b. Dependent Variable: Patient satisfaction

In the table 7 shows that the F value is equal to 60.354, and the significance level is equal to 0.000, which is less than 0.05 (0.000<0.05). Therefore, the null hypothesis was rejected. It means that sub-variables of physician care have at least one variable which significantly affected responsiveness on the linear relationship.

**Table 8:** Coefficient summary for Regression Model

| Coefficients <sup>a</sup> |
|---------------------------|
|---------------------------|

| Model |                             | Unstandardized Coefficients |            | Standardized Coefficients<br>Beta | t     | Sig. |
|-------|-----------------------------|-----------------------------|------------|-----------------------------------|-------|------|
|       |                             | B                           | Std. Error |                                   |       |      |
| 1     | (Constant)                  | 1.561                       | .198       |                                   | 7.865 | .000 |
|       | Identify health problem     | .141                        | .040       | .172                              | 3.537 | .000 |
|       | Answer queries satisfactory | .125                        | .035       | .171                              | 3.541 | .000 |
|       | Helpfulness                 | .166                        | .046       | .177                              | 3.607 | .000 |
|       | Friendliness                | .128                        | .035       | .180                              | 3.684 | .000 |
|       | Explain about treatment     | .121                        | .034       | .174                              | 3.529 | .000 |

a. Dependent Variable: Patient satisfaction

As shown in table 8, the significant values of identify health problem, answer queries satisfactory, helpfulness, friendliness, and explain about treatment were equal to 0.000, which were less than 0.05 significant levels. Therefore, the null hypothesis was rejected. It would be implied that the sub-variables of physician care which are identify health problem, answer queries satisfactory, helpfulness, friendliness, and explain about treatment had a significant influence on patient satisfaction.

Beta coefficient shows that physician care in terms of friendliness had the highest positive influence on the patient satisfaction of standardized coefficients at  $\beta = 0.180$ , helpfulness with  $\beta = 0.177$ , explain about treatment with  $\beta = 0.174$ , identify health problem with  $\beta = 0.172$ , and answering questions satisfactory with  $\beta = 0.171$ , respectively.

### Hypothesis 3

H3o: Nursing care in terms of on time, spending sufficient time, replying questions, supportiveness, understanding needs and having professional nursing skills do not influence patient satisfaction.

H3a: Nursing care in terms of on time, spending sufficient time, replying questions, supportiveness, understanding needs and having professional nursing skills influence patient satisfaction.

**Table 9:** Regression Model summary

| Model Summary |                   |          |                   |                            |
|---------------|-------------------|----------|-------------------|----------------------------|
| Mode          | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1             | .695 <sup>a</sup> | .482     | .474              | .22227                     |

a. Predictors: (Constant), Provide adequate medical treatment, Available on time, Reply queries, Supportiveness, Spend sufficient time, Understand needs

In the table 9, the value correlation coefficient (R) is 0.695, which means that the nursing care and patient satisfaction have a medium positive correlation. The multiple

coefficient of determination, R-square ( $R^2$ ) is equal to 0.482, which indicates that 48.2% of the patient satisfaction is influenced by nursing care.

**Table 10:** ANOVA Table for Regression Model

| ANOVA <sup>b</sup> |            |                |     |             |        |                   |
|--------------------|------------|----------------|-----|-------------|--------|-------------------|
| Model              |            | Sum of Squares | df  | Mean Square | F      | Sig.              |
| 1                  | Regression | 17.172         | 6   | 2.862       | 57.931 | .000 <sup>a</sup> |
|                    | Residual   | 18.427         | 373 | .049        |        |                   |
|                    | Total      | 35.599         | 379 |             |        |                   |

a. Predictors: (Constant), Provide adequate medical treatment, Available on time, Reply queries, Supportiveness, Spend sufficient time, Understand needs  
b. Dependent Variable: Patient satisfaction

The table 10 shows that the F value is equal to 57.931, and the significance level is equal to 0.000 which is less than 0.05 ( $0.000 < 0.05$ ). Therefore, the null hypothesis is rejected. It means that sub-variables of nursing care have at least one variable which significantly affected patient satisfaction on the linear relationship.

**Table 11:** Coefficient summary for Regression Model

| Model |                                    | Coefficients <sup>a</sup>   |            |                           | t     | Sig. |
|-------|------------------------------------|-----------------------------|------------|---------------------------|-------|------|
|       |                                    | Unstandardized Coefficients |            | Standardized Coefficients |       |      |
|       |                                    | B                           | Std. Error | Beta                      |       |      |
| 1     | (Constant)                         | 2.072                       | .158       |                           | 13.15 | .000 |
|       | Available on time                  | .099                        | .027       | .149                      | 3.694 | .000 |
|       | Spend sufficient time              | .089                        | .025       | .166                      | 3.629 | .000 |
|       | Reply queries                      | .105                        | .029       | .165                      | 3.556 | .000 |
|       | Supportiveness                     | .099                        | .027       | .171                      | 3.725 | .000 |
|       | Understand needs                   | .104                        | .028       | .175                      | 3.769 | .000 |
|       | Provide adequate medical treatment | .113                        | .031       | .168                      | 3.631 | .000 |

a. Dependent Variable: Patient satisfaction

In the table 11, the significant values of available on time, spend sufficient time, reply queries, supportiveness, understand needs, and provide adequate medical treatment were equal to 0.000, which were less than 0.05 significant levels. Therefore, the null hypothesis was rejected. It would be implied that the sub-variables of nursing care which are available on time, spend sufficient time, reply queries, supportiveness, understand needs, and provide adequate medical treatment had a significant influence on patient satisfaction.

Beta coefficient shows that physician care in terms of understand needs had the highest positive influence on the patient satisfaction of standardized coefficients at  $\beta = 0.175$ , supportiveness with  $\beta = 0.171$ , provide adequate medical treatment with  $\beta = 0.168$ , spend sufficient time with  $\beta = 0.166$ , Reply queries with  $\beta = 0.165$ , and available on time with  $\beta = 0.149$ , respectively.

### Summary and Recommendation

In this research, the researcher distributed 400 designed questionnaires to both Thai and foreign outpatients of Vejthani hospital in Bangkok in which 387 questionnaire were selected based on a screening question: "Have you received treatment at the Vejthani hospital in Bangkok."

**Table 12:** Summary of results from respondents' demographic profile

| Demographic Factor               | Characteristics  | Frequency ( <i>f</i> ) | Percentage (%) |
|----------------------------------|------------------|------------------------|----------------|
| Gender                           | Female           | 217                    | 56.1           |
| Age                              | 20–30            | 156                    | 40.3           |
| Occupation                       | Entrepreneur     | 119                    | 30.7           |
| Education level                  | Bachelor degree  | 280                    | 72.4           |
| Marital Status                   | Married          | 245                    | 63.3           |
| Monthly Income                   | 40001–50000 Baht | 115                    | 29.7           |
| Frequency of receiving treatment | 4–6 times        | 156                    | 40.3           |

Based on the demographic factors of research, the result showed that out of 387 respondents, the major group is the female group (56.1%) followed with the male group (43.9%) who were aged between 20 to 30 years old (40.3%). The most frequently receiving treatment time is 4–6 times (40.3%). The largest respondents group were entrepreneurs 30.7% who earned between 40,001 to 50,000 Baht monthly (29.7%). The majority of respondents are married (63.3%). For the education level, the highest percentage is bachelor's degree (72.4%).

### Summary of Hypothesis Testing

According to the objectives of this research, Multiple linear regression analysis is used in this study to test the relationship between variables. After analyzing the hypotheses, all null hypotheses were rejected. As hypothesis from 1 to 3 significant values at 0.000 were less than 0.05 at 95% confidence level. It indicates that all elements have a positive relationship with each other. The summary of all tested result are as follow:

Hypothesis 1: Service quality in terms of tangibility, reliability, responsiveness, assurance and empathy influence patient satisfaction.

Hypothesis 2: Physician care in terms of indentifying health problem, answering questions satisfactory, helpfulness, friendliness and explaining about treatment influence patient satisfaction.

Hypothesis 3: Nursing care in terms of on time, spending sufficient time, replying questions, supportiveness, understanding needs and having professional nursing skills influence patient satisfaction.

### **Research Findings, Discussion, and Implication**

For the demographic factors of this research, the results indicated that the most of outpatients of Vejthani hospital in Bangkok were married females and the aged between 20 to 30 years old who received treatment 4 to 6 times, most of whom were entrepreneurs who earned between 40,001 to 50,000 Baht monthly. In the other words, the Vejthani hospital's outpatients who received treatment at least one time in this hospital are young female adults who earned 40,001 to 50,000 Baht monthly. It was observed that customers (outpatients) are highly qualified with the majority holding a bachelor's degree. The Vejthani hospital's managers and marketers should pay greater attention to this group of customers (outpatients). They must analyze and understand their needs and demands in order to make them more satisfied and generate more loyalty customers (outpatients). The researcher investigated 3 hypotheses by using Multiple linear regression to understand the relationship between the variables.

For the analysis of hypotheses testing, three hypotheses were tested in this research, all the variables have positive relationship with patient satisfaction toward Vejthani Hospital in Bangkok. The results of all hypotheses are discussed as follow:

From hypothesis 1, the researcher found that the sub variables of service quality which include tangibility, responsiveness, reliability, responsiveness, assurance and empathy had a significant influence on patient satisfaction. This result is consistent with the finds of Amin and Nasharuddin (2013), who indicated that, establishment of higher levels of hospital service quality will lead patients to have a high level of satisfaction and behavioural intention. Moreover Duggirala *et al.* (2008), who stated that service quality is positive and significant relationship among the dimensions and patient satisfaction. Similary, Bellou and Thanopoulos (2006) pointed out service quality have a strong influence on patient satisfaction to use health service. Additionally, this finding supports the previous study of Alhashem *et al.* (2011) that value of service quality are positively affected patient satisfaction.

From hypothesis 2, the researcher found that null hypothesis is rejected. In addition, patient satisfaction is influenced by physician care in terms of indentifying health problem, answering questions satisfactory, helpfulness, friendliness and explaining about treatment influence patient satisfaction. The results from this study are consistent with the findings of Alaloola and Albedaiwi (2008) found that patient satisfaction is closely linked to communication with physician. It means that even if a physician is a competent physician, he may generate low levels of patient satisfaction if he can not communicate with patients, is friendly with patient. Similarly, Sharma *et al.* (2011) found that patient satisfaction levels with their physician's professional communication was more than 80 per cent in characteristics such as the doctors explain to them about their disease and its consequences, the need for guided tests and diagnostics schedule of prescribed treatment. Also, physicians deal with them in a friendly and courteous manner made patients relax from any tensions of disease, pay full attention to privacy and were very careful while treating and examining them. Patient satisfaction as evidenced by change to "complete satisfaction" with physician

and overall satisfaction with the clinical encounter (Trumble *et al.*). Given the choice, most patients prefer to see physicians in hospital.

From hypothesis 3, the researcher found that the null hypothesis is rejected. In addition, patient satisfaction is influenced by nursing care in terms of on time, spending sufficient time, replying questions, supportiveness, understanding needs and having professional nursing skills. This is supported by Senarath *et al.* (2013) found that the majority of patients are satisfied with the nurses' competency and the way nurses interacted with them. Patients' satisfaction as an outcome measure of quality nursing care However, patients were less satisfied with the comfort, environment and sanitation, and above all, the general and personal instructions made available to them. Moreover, Wagner and Bear (2009) and Giovagnoli *et al.* (2005) found that nurses can help patients to provide physical or psychological support, teaching, guiding and directing. When nurses promote patients to perform self-care, this will potentially enhance patient satisfaction. Additionally, this finding supports the previous study of Negash *et al.* (2014) studied about patient's satisfaction and associated factors with nursing care service in selected hospitals, the researchers found there is a significant relationship between nursing care service and patient satisfaction.

### **Recommendation**

Every human has particular thoughts, feelings and needs. Therefore, satisfaction is an important element to evaluate service in each industry. While in the hospital, patient satisfaction data are primarily used to monitor and improve hospital services. As measurement science improves, hospital's managers will have to ask patient's concerns in these areas. The main objective of this study is to find the potential factors that can affect the patient satisfaction toward Vejthani hospital in Bangkok. Based on the findings from this study, the researcher would suggest several recommendations as follows:

The research findings have shown that service quality has positively influenced patient satisfaction. If there is information table setting up in front of hospital, when patients come to hospital they can ask the all information they want to know from the information table service, the staff will make a detailed explanation for the patients' problem. Also, the hospital staffs well know specific patients needs, look out for the patients' best interests, and satisfy patients' requirements as well. For example, the hospital provide wheelchairs at the entrance, when elderly people or people who inconvenient to walking, the staffs will provide wheelchair service to them, follow the patient who comes alone until leaves the hospital. Some patients want to drink hot water because of disease or need blankets to keep warm, they can ask the staffs, the staffs will do best to meet the needs of patients, to make sure patients feel satisfied. Because service performance does not address individual patient requirements then patient will no longer to use the service. Only those patients who are satisfied with the healthcare providers will return when they need care again.

When patients are arrival at hospital, unfamiliar environment with facilities distressed will make them feel anxious, uncomfortable, and worsens their negative affect service quality. Therefore, creating a comfortable environment and soothing atmosphere is the one way of reaching patient satisfaction. This is supported by Brady and Cronin (2001) and Raajpoot (2002) found that the customer listed the service environment as a consideration in the service quality evaluations. The hospital provides

a lot of public resting area for the patient to resting, talking, but some patients do not want to let too many people know the contents of the conversation. At this time, the study suggested managers can establish some private space or rooms for patients, so the patient can safely talk. Because the hospital is very large, some patients can not find the right way to go, the hospital can set the instructions next to the escalator or convenient area to guide the patient. Although staffs wipe the facilities every day, but the managers still can ask staffs to disinfect the facilities on a regular basis, these services are intangible, but patients will feel relieved to satisfy service from hospital.

The research findings have shown that physician care positively influenced patient satisfaction. The researcher would like to suggested that doctors and managers need to pay more attention to conversation especially in the explanation of disease and relevant conditions, because patient satisfaction with health care providers can be influenced not only by evaluation of treatment outcomes, but also by care process. When patients come to doctors' room, doctors can greeting to patients before conversation. In the stage of explaining treatment, doctors can summarize the content of treatment methods, then, subdivided into a step by step. Every time after explaining a step of treatment, doctors need to ask patient either understand or confusing, because some patients are not good at expression, even they do not understand the things will not ask the doctors.

A successful treatment established under the communication between patients and physicians, patient cooperation during the conversation and afterwards. Although in the survey of this study, all of the respondents have a high school or above education background, but it does not mean that all people who come to hospital see doctors are well educated, able to clear everything. When doctors encounter these kinds of patients, they can use the simple words and metaphors way to explain the treatment methods and procedures. If the doctors are convenient to use the internet, can also search out and show the corresponding picture to patients, the patient will be more intuitive understanding of what they ought to receive the treatment. Also, doctors can encourage patients to actively face the disease, improve the fight against the disease and optimism, and to establish patients' confidence in the treatment. The British Audit Commission stated that communication is not an 'add on', it is at the heart of patient care. A direct feasible communication between patient and physician subsequently reduce patient litigation, low outcome, completely satisfy patient. For doctors, the profession is simply to give patients the best choice. If the patient and the doctor are able to participate in the treatment in good communication way, they will be more effective in the treatment, also be faster to restore health, this is also a part of the medical.

In addition, generous in giving time, understanding and sympathy, friendly, let patient know the doctor in the care for them, can let the doctor be satisfied in working, but sometimes doctors can't do it all. For example, there are some patients waiting for doctor at the same time, and doctor also needs to do a lot of things such as operation, examination, in the limited time, they can not receive patient whenever and wherever to give them help. Hospital can set up a consultation table in each clinic, by professional consulting staff to replace the doctor to answering the questions, giving time, understanding, and sympathy to patient to meet the patient needs.

The research findings have also shown that nursing care positively influenced patient satisfaction. In the recent year, nurses are considered to play an important role in patient care, and interactions between nurses and patients are perceived as a main determinant of patient satisfaction. In other word, Patients' satisfaction has been

advocated in the literature as an outcome to measure quality of nursing care. The study suggested nurses can explain the procedures to patients before processes to relief patients' nervous, because some patients feel nevernervous and anxious whenever nurses provide nursing care to them, especially unknown processes. In the course of providing nursing care for patients, nurses can explaining the action and result while doing nursing care to patients. Also nurses can flexible adjustment of nursing care through asking patients' feeling about the procedure and patients' facial expression to reach the patients' satisfaction. Obviously, ability to provide good nursing skill to patient is of central important to nurse to represent patient satisfaction. In order to improve to nursing skills, hospital managers, such as the department of head nurses can regularly choose a nursing skill to do training and assessment. Also, nurse can choose an interesting topic for nursing skill, sharing and practicing, then do assessment for it. Through this way, it can let the nurse to increase the nursing skills, better for the patients.

Every day, nurses need to face all kinds of different patients. So, the way nurses interacted with them is important. The study suggested that during the working time, nurses need to be aware of the differences between the cultures and customs. When the patients come to the clinic, nurses are the firstly to see the patient's information through hospital registration system, understand their basic information such as nationality, belief, and other content, and according to these information to talk with patients respectfully. Because of different backgrounds, each patient has different views on the same problem. At this time, nurses need listen carefully to patient's intentions, after answering the question, nurses can ask the patients whether the answer is clear. If patients still confused about answer, nurses need to explain more detail until patients are fully understand and satisfactory.

In conclusion, patient satisfaction as a key indicator of the quality of care and treatment provided by physicians, nurses, paramedical staff and the hospital as a whole. Assessing healthcare quality and understanding patient satisfaction are more crucial in this increasingly competitive rapidly changing and health care industry. The hospital managers can improve hospital service and enhance patient satisfaction by utilize several approaches to survey patient satisfaction of health care, such as suggestion boxes, formal complaints, qualitative methods, and audits.

### **Further study**

In order to improve and develop on the findings, various additional researches can conduct this study. This investigation will support the hospital industry. Also, the researcher would like to recommend other future researches based on this study.

Since the study focus on only one private hospital in Bangkok, further study can investigate other hospitals in other provinces or countries, it may provide a better and more precise analysis of research. In addition, further study with an expanded survey and increased number of respondents can also report better results.

In this study, the researcher deliberated several independent variables such as service quality, physician care and nursing care that influence on dependent variable that is patient satisfaction. Doing something extra for patients and by admitting mistakes gracefully will go a long way to providing satisfactory services. Other

variables which can influence patient satisfaction could be explored. They include workload, managers who make the policies, pharmaceutical service, nurse retention, and communication channels.

Finally, the researcher only utilized questionnaire survey in this study. Further study is recommended to use interview and questionnaires when conducting the survey. This will reduce the missunderstand in people face interpreting the questions in the questionnaire.

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## FACTORS AFFECTING COMPETITIVENESS OF MICE INDUSTRY COMPARISON BETWEEN THAILAND AND SINGAPORE

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### ABSTRACT

The purpose of this paper is to explore the literature review of MICE industry and analyze the industry between Thailand and Singapore. Nowadays, MICE industry in Thailand and Singapore grow continuously for the last five years and it has become the key industry to gain revenue for both countries. This paper presented the conceptual model of competitiveness factors which lead to success in MICE industry. The methodology is the literature review by using secondary data review from several researches related to MICE industry support data from government institution report and statistic both Thailand and Singapore. Moreover, the information is also analyzed by SWOT and PEST analysis techniques to find the competitiveness determinants that lead to success in MICE industry. The finding found that there are five determinants which are Technology, Infrastructure, English language ability, Government Support and Policy as well as Natural Resources. Singapore are really well settled in every determinant which have led Singapore to the top rank of MICE destination and gained opportunity to host many international events which allow Singapore stay on top in MICE industry. Thailand still needs more advance development in many areas according to these factors especially Technology, Infrastructure and English Skill. Thai government should focus more on these areas and make them top priority of their future development plan. This paper has elaborated implication for MICE industry to give the inspiration and idea to continue for further research in a deeper detail. The academician, practitioners, MICE company manager will gain benefits about the macro perspective of MICE industry in Thailand and Singapore and understand the important indicated determinants in the industry for the further research.

**Keywords:** MICE, PEST, SWOT, Competitiveness

## Introduction

The MICE industry is a sub sector of the tourism industry and the acronym refers to four major sectors: meetings, incentives, conventions and exhibitions (Matir, 2014). The MICE Industry is one of the high growth industries that are generating more revenues to all host destination countries (Hing, McCabe, & Leiper, 1998). MICE travelers or business travelers have a major purpose in attending MICE activities, with a minor emphasis on leisure tourism. Hence, most MICE travelers can also be considered leisure travelers because they do spend some of their money and time on tourist attractions or shopping. The advantage of the MICE Industry is the ability to generate large revenues; around three times higher than other sectors in Tourism industry due to the high spending potential of MICE tourists (TCEB, 2016).

Thailand is one of the main MICE players in Asia. Because of its central location in Southeast Asia, Thailand has a key competitive strengths compared to other countries such as tourist services, infrastructure, natural resources, transportation, human resources and so on (TCEB, 2016). Thailand is one of top five MICE destinations in Asia, with 100,000 delegates and THB 25 billion in revenue per annum (Rogers, 2003). In 2014, Asia Pacific and Middle East rankings about number of meetings per city found that Bangkok was ranked in 9<sup>th</sup> place, with 73 meetings in Bangkok city (ICCA, 2014). From the Thailand Convention and Exhibition Bureau (Public Organization) annual report 2015 found that Thailand increased in MICE travelers and revenues compared to the previous year. In 2015, Thailand welcomed more than 1,095,995 MICE visitors and generated MICE revenue earning around THB 95,875 billion, increasing to 19.24 percent and 18.66 percent, respectively, over the past year (TCEB, 2016).

Moreover, Thailand has strong support from the Thai Government, which is important to the success of the industry. The Thailand Incentive and Convention Association (TICA) was established in 1984 to support the growing of MICE sector in Thailand (TICA, n.d.). In 2002 the Thailand Convention and Exhibition Bureau (TCEB) was established by Royal Decree as a public organization to develop and promote the MICE industry in Thailand and Asia. In recent years, the MICE activities that were most attractive in Thailand were conventions and exhibitions, which increased to 26.86 percent and 26 percent respectively, followed by meetings at 23.95 percent, and incentive travel at 23.19 (TCEB, 2016). As a result, we found that Thailand is strongly expanding and improving as a MICE destination in Asia. On the other hand, there are some dramatic increases in competition as well.

The study of this paper is to analyze and compare Thailand's competitiveness as an international MICE destination with Singapore. Singapore is the main MICE player in Asia, and was awarded Asia's Top Convention City for the 13<sup>th</sup> consecutive year by ICCA Global Rankings in 2014 (SECB, 2015). The Singapore Tourism Board (STB) is an organization under the Ministry of Trade and Industry of Singapore that promotes Singapore as a MICE destination; furthermore, there is an established government agency for the MICE sector in Singapore named the Singapore Exhibition and Convention Bureau (SECB). The SECB is responsible for generating the reputation of Singapore's MICE industry as one of the world premier locations. (SECB, 2016). From the strong record of Singapore's MICE industry, it is clear that Singapore is one of leading MICE destinations in Asia.

From above information, It shows the interesting area of MICE industry in Thailand and Singapore. This paper is a literature review which gathering all the information from secondary documents and reliable sources from the government institution which provided the MICE statistics in the country perspective. There are some researches in MICE industry about Thailand and Singapore, however, it mostly focused on specific function in MICE industry. As Aswin (2009) mentioned in his limitation and future research that the further research should concentrated covered in all MICE section in Thailand (p.207). Therefore, this paper will cover all MICE section and give the overview of MICE industry. Additional, this paper also used PEST and SWOT analysis technique for analyzing the information in order to establish the conceptual framework. Therefore, this paper will fulfill the curiosity of the beginner in MICE industry by gathering, analyzing data in macro perspective and establishing the conceptual framework. The conceptual framework will describe the determinants in MICE industry that implicate the competitiveness and lead to the successful MICE industry in the future. This paper is contributed to the new comer company in MICE industry that would like to understand this industry in the whole picture. Moreover, this paper is contributed to the company that would like to establish their strategic plan that lead the company to the success in the future. Therefore, this paper is the antecedence which inspired the reader to get some idea to implement in the further research from the conceptual model determinants.

### Methodology

This paper is a literature review paper, therefore the methodology in this paper is secondary data review from several research related to MICE industry both Thailand and Singapore.

Moreover, this paper also used the support data from government institution report and statistic. Thailand statistics in MICE industry are mostly based on TCEB (Thailand Convention and Exhibition Bureau) which is the government agency under the supervision of the Office of Prime Minister that support and develop the organizations in MICE industry (TCEB, 2016). Second, TICA, the Thailand International Cooperation Agency, is the agency under the Ministry of Foreign Affairs of Thailand that supports the MICE industry to gain more international projects, and promote Thailand as a MICE destination in Asia (TICA, n.d.). Third, TEA, the Thai Exhibition Association, is an association under the supervision of the Trade Association Registrar Office that supports all related business in exhibition (TEA, 2015).

Singapore statistic and information also mostly based on STB, Singapore Tourism Board. It is under the Ministry of Trade and Industry of Singapore which concentrated on the tourism industry (STB, 2016). Second, SECB, Singapore Exhibition and Convention Bureau. It is a part of Singapore Tourism Board. SECB is a professional organization assisting event organizers, and it has over 40 years of experience in the MICE industry. The SECB mission is creating and promoting Singapore to be the premier business and MICE destination (SECB, 2016). Furthermore, this paper also analyze data by using PEST and SWOT analysis. The PEST technique is a powerful method for analysis of the external environmental factors (Team FME, 2013). We expected to realize the impact of the factors and environment in a macro perspective. We also chose SWOT analysis to factor in an internal environment perspective. SWOT analysis will help us understand the pros and cons of each country,

and find the gap for developing our strategy. This article concentrates more heavily on Thailand to recommend the possible ways for developing Thailand's strengths and avoiding future problems to compete with Singapore or other countries. All analyses will be clarified in the following sections.

### Finding and Discussion

Based on the secondary data reviewed and analyzed by PEST and SWOT analysis, there are five determinants, Technology, Infrastructure, English Proficiency Skill, Government Support and Policy, Natural Resources, which are the key factors of competitiveness that can lead to the success in MICE industry in the future. These determinants will describe and analyze by comparing Thailand and Singapore, one of the leading MICE destination in Asia.

#### Technological

Technology is a factor that is important for MICE industry. Technology progresses rapidly, impacting entire organizations and industries. Technology should be continuously updated, lest we lose opportunities to the new entrants, who on the cutting edge of technology and ready to enter the market (Team FME, 2013).

Singapore is one of the highly technological countries which received many world awards in the field; for example, Singapore ranked as the most "Network-Readiness Index country by the World Economic Forum in 2015, Top three on Ericsson's Networked Society City Index in 2013 (STB, 2014). Therefore, the Singaporean government planned their roadmap to create Singapore as a connected city (STB, 2014). Moreover, Singapore is home to air, sea and telecommunication hubs, which attract more than 4 billion people, and is positioned as a fast-growing country. Furthermore, information communication in Singapore can access up to 99 percent of the population through the country's broadband network (STB, 2016). High technology in Singapore is one of their strong points in competition with other countries.

Thailand's technology is not outstanding. Compared to Singapore, Thailand's information and communications technology (ICT) infrastructure and ICT are far less developed than Singapore and others countries because of underdeveloped ICT infrastructure in rural areas (UNCTAD, 2015). Comparing the ICT growth in Thailand with other countries, Thailand is considered as average growth in ICT and lowest in infrastructure and digital content. Thai government is not focusing on ICT development (Rassameethes, 2012). Thailand ranked as 64<sup>th</sup> in Network Readiness Index which is a big different comparing to Singapore that ranked as the 1<sup>st</sup> in this category. Moreover, Thailand's situation is going to fall into the "Middle-Income Trap," which means that it cannot be compared to a lower cost location. Thailand still lacks technology expertise and workforce capabilities (UNCTAD, 2015). Thai government in each department initiated their own ICT in each project which caused the overlapping with other department that lead to money problem (Rassameethes, 2012). Low technological competence in Thailand greatly affects the attractiveness of the Thai MICE market. This is a major weakness of MICE industry in Thailand.

From above information, it shows the advantage in Technology make Singapore looks more professional than Thailand. The readiness of technology in Singapore is one of the factor that build Singapore to be one of the top MICE destination in Asia. Moreover, Singapore roadmap is to build Singapore as a connected city which means

that Singapore is confident that Technology is their strong strength that can attract MICE tourist and choose Singapore as MICE destination. Technology is Thailand weakness so Thailand must concentrate in developing ICT in order to compete with Singapore or at least be the second place after Singapore.

## Infrastructure

Infrastructure is a factor that can exhibit drastic differences between countries because it can illustrate the country developmental levels. The infrastructure should be developing alongside with other major developments of the country.

Singapore infrastructure is the strength. Singapore has a standard of infrastructure in a strategic location, top class international connectivity, and a developed transportation system that attracts many meetings and world-class exhibitions (TCEB, 2015). It shows that Singapore is the developed country which is ready for the international events. The infrastructure in Singapore provide conveniences in all events. Moreover, Singapore has Changi Airport, which is the World's Best Airport according to "Skytrax World Airport Awards" (STB, 2016). There are more than 100 international airlines that fly to Changi Airport. A high standard airport represents a professional image in the international point of view.

In Thailand, infrastructure in Thailand is counted as lowest section (Rassameethes, 2012). There are many infrastructures that Thailand need to be developed especially in Transportation. There is a lack of ground transportation effectiveness in reaching the main convention venue for MICE tourists and it affects Bangkok image of MICE destination because of the inconveniences it causes (Sangpikul & Kim, 2009). Moreover, Thailand destination in MICE industry is not only in Bangkok but also in big cities around Thailand such as Chiang Mai and Phuket. These are important destinations in Thailand which can generate revenue for Thailand. However, the public transportation and accommodation are limited so Thailand government needs to invest more in infrastructure especially in transportation such as bus, sky train and subway system (Sangpikul & Kim, 2009).

The readiness in infrastructure is very important for the country. It effects to the country image and infrastructure is one of the criteria in choosing destination for corporations and associations. Thus, in this factor, Singapore is leading over Thailand. It can say that because of Singapore readiness in infrastructure can compete over Thailand in many important international event. Thailand government need to concern in infrastructure more because it will help to strengthen Thailand economy in the long term and support MICE industry in expanding in the future (Sangpikul & Kim, 2009).

## English Proficiency Skill

In MICE industry, especially in international events, English is used as a medium of communication. The major source of revenue in MICE industry comes from the international event. Therefore, English proficiency level employed among MICE employees can be one of the criteria in choosing destination.

Singaporeans, in general, have very strong English skills. Singapore is ranked in 12<sup>th</sup> out of 70 countries around the world, and it is number one in Asia (EF, 2015).

Singapore is very multicultural, with a variety of nationalities in their country. There are Chinese, Malaysians, and Indians, and all university-educated people who are able

to speak English fluently, as well as their mother tongues, such as Chinese Mandarin, Malay and Tamil (Singapore Department of Statistic, 2010). This is one of advantages of Singapore, which helps enable the country to attract more variety of investors because there are fewer barriers in communication.

In contrast, according to research by Jampa and Dennis, it is found that Thai workers have a difficult problem in speaking and listening skills in English. In language perspective, this can affect Thailand because when the staff in Thailand cannot communicate in English, it makes Thailand less desirable than countries that are better in English communication. (Supornnee & Dennis, 2016). According to the EF English Proficiency Index statistic from 2015, Thailand is in the rank of 62<sup>nd</sup> of total 70 countries around the world, and ranked 14<sup>th</sup> out of 16 in Asia. Thailand scored at a very low proficiency level in English compared to other countries (EF, 2015).

Language has very high impact in terms of success and quality of MICE industries. Communication language in MICE industries is mostly in English. The difference in English skill between Thailand and Singapore therefore creates the gap of attractiveness between the two countries. Because of the English skill differences is a competitiveness factor that can lead to the differences level of success in the industry. Thailand should concentrate more in developing the education system in Thailand to be more efficiency especially in English skill.

### **Government Support and Policy**

Government support is a main criterion for expanding the industry and has potentially large impact to the industry. If there is any change in the country's policy related to MICE industry, it could affect the industry both positively and negatively. Luckily, the MICE industry in Singapore and Thailand are growing rapidly and therefore typically get fully supported.

Singapore projected their country roadmap in this industry through the year 2020 by focusing on three areas. The first concept is called the "Connected City", in which Singapore would like to build the country as smart MICE city, where the visitors can access the Internet any place and do what they prefer by themselves, utilizing technology infrastructure to guide visitors. The second concept is the Singapore MICE Experience, which attempts to combine the MICE experiences of business visitors with leisure experiences. Last, MICEHQ.SG is the strategy of attracting companies to select Singapore as the headquarters of their regional hub in order to give the region support in training and development (STB, 2014).

Moreover, there are key associations in Singapore which support MICE industry which are Singapore Tourism Board (STB) and Singapore Exhibition and Convention Bureau (SECB). STB is concentrating in tourism industry because it is the main income of the Singapore economic. Tourism plans the long-term strategic for MICE industry by promoting country in the campaign called "YourSingapore" for creating the destination awareness (STB, 2016). SECB mission is creating and promoting Singapore to be the premier Business and MICE destination. SECB also expands the connection with people and technology for higher quality event. Moreover, SECB are also providing support to industry partner for efficiently events (SECB, 2016).

In Thailand, the TCEB, under the Office of the Prime Minister, has set the roadmap of Thailand's MICE Industry Development Master Plan (2015-2016) by focusing on three corporate strategies: to win, to promote, and to develop. The TCEB

also would like to position Thailand as the “Top of Mind MICE Industry in Asia”. Moreover, the TCEB also created brand communication campaigns by launching the “Thailand Connect The World” campaign in order to present Thailand as a hub of the business. This gave rise to the three main pillars of the MICE Industry, which are Destination, Business and People. These pillars will drive the industry and attract MICE travelers from around the world. In the macro roadmap, the MICE industry also receives the support from the government in developing transportation and infrastructure systems that facilitate visitors coming to Thailand (TCEB, 2016). MICE lane in Thailand is the obvious government support in transportation. MICE lane is the services that TCEB offers for the MICE tourist that attending business events in Thailand by offering information and conveniences. There is a TCEB counter information located in Suvarnabhumi for serviced the MICE travelers.

Not only Singapore that has government associations support, Thailand also has Thailand Convention and Exhibition Bureau (TCEB), Thailand International Cooperation Agency (TICA), Thai Exhibition Association (TEA). TCEB is the government agency that support and develop the organization in MICE industry (TCEB, 2016). TCEB association is the long-term commitment from Thai government with the private sector for promoting and developing country in MICE industry (Sangpikul & Kim, 2009). The TCEB also helps boost competitiveness through training courses and to coordinate the development of the MICE business with public and private agencies (Dabsomdet, n.d.; Tansakul, 2006). Furthermore, The TCEB and World Tourism Organization (UNWTO) have cooperate to provide knowledge and policy exchange, and drive regional ties toward the mutually beneficial goal of accommodating MICE travelers from around the globe (TCEB, 2016).

TICA also supported MICE industry to gain more international projects and promote Thailand as MICE destination in Asia (TICA, n.d.). Moreover, TICA are also coordinating closely between government and private sector to develop and promote MICE industry (Sangpikul & Kim, 2009). TEA are promoting Thailand's exhibition in globally, consult with government agency and non-government about development and structural improvements (TEA, 2015). The opening of Queen Sirikit National Convention Center (QSNCC) influences Thai government to active and be a supporter in MICE industry by motivated to build more convention and Exhibition Center in many areas in Thailand in order to promote Thailand as the leading convention destination in Asia-Pacific region (Sangpikul & Kim, 2009).

Both countries give the priority to the MICE industry because they see the growing opportunity and trends that can develop the country and create revenue for their country in the future. The MICE industry will grow rapidly and the market will expand widely. Thus, the roadmap will have a lot of impacts on the industry, and it will be the key motivation tool in the industry. Government Associations and Agency is the main part to influences the industry. The image of the country destination will be advantageous reliable from the investor to choose as their MICE destination. However, the support from government will be effective the most when the government support in the suitable section of each country and focusing on developing their weaknesses.

## Natural Resources

Natural Resources is counted as the determinant for competitiveness though the success in MICE industry because MICE is part of tourism industry, therefore, the

MICE tourists aren't choose the destination just because of the business but also expected about further leisure travel.

Singapore natural resource is counted as Singapore weakness. Due to Singapore being such a small country, the natural resources in the country are less than other countries such as China, India or Thailand. Singapore's strategy to enhance their tourism appeal is to establish new leisure infrastructure and attractions such as art and science museums, and theme parks (STB, 2013). They implement this strategy to attract new tourist markets. The critical difficulty is that Singapore has limited natural resources, so it is necessary to create any attraction because very few natural destinations exist. It cannot compete in terms of destination appeal with other, bigger countries. It can count as a weakness because when the visitors come for business trips, because there is high possibility that they will spend money on other leisure in a different location after they finish their business affairs. A destination which has various, attractive, exotic locales for tourists will be at a greater advantage because the visitor would prefer to choose a country that has several leisure places, and Singapore cannot compete in this regard.

On the other hand, Thailand is a rich natural resources country. There are more than 127 national parks, over 22 marine parks and natural forest cover almost 25% of Thailand. Several natural resources in Thailand create many interesting adventure activities such as trekking, river rafting, snorkeling etc. (Sharafuddin, 2015). Natural resource of Thailand is counted as strength. Thailand has ability to attract MICE tourist more in choosing as their destination. Government realizes the opportunity from this strength thus, government is supported to expand meeting and convention to major cities in Thailand. Government would like to enhance the economic growth and tourism in local areas (Sangpikul & Kim, 2009). In this factor, Thailand has more advantage over Singapore. Thailand should use this advantage from this determinant because it is unreplaceable resources. Even though Singapore recognizes their weakness and takes the action quickly by planning to build the tourist attraction to cover the weakness, but man-creation is not compared to environmental creation. However, Singapore is beware of losing its limited resources so Singapore tourism board are promoting sustainable development for better image, more livable and attractive which lead to promote Singapore as a "Green City in the Garden" (STB, n.d.). Therefore, currently Singapore has the advantages in two majors environmental over other countries in the same region which are a clean electrical grid and low transport emission (Singapore University of Technology and Design & SECB, 2015). Thailand also starts eco-tourism which affect to MICE industry to start campaign about sustainability too such as Thailand Sustain Event Guide and MICE Sustainability Forum 2015 (TCEB, TCEB Annual Report 2015, 2016)

## Discussion

According to the determinants which we mentioned above, it shows that most of the determinants that are the competitive factors which lead to success in MICE industry, Singapore is already achieved and some factor also received the guarantee from the world standard. From five determinants, technology, infrastructure, English language, government support and natural resources, it creates the Singapore image of MICE destination as the professional in MICE industry. Therefore, Singapore always be the selected MICE destination for the important events.

Singapore is already established high profile destination in the MICE industry. Because of their standard of infrastructure, well-trained private sector, and continual support from government, Singapore is ranked as the top worldwide MICE destination and hosted international events such as WTA Board Meeting and Global Advisory Council 2014 and SPAR UK Convention 2014 (STB, 2015; TCEB, 2015). Singapore also received many awards; for example, Asia's Top Convention City for the 12<sup>th</sup> consecutive year, by the International Congress and Convention Association (Global Ranking, 2013), Asia's Leading Meeting and Conference Destination (World Travel Awards, 2013), and Best Business City in Southeast Asia (Business Traveler Asia-Pacific Travel Awards, 2014) (TCEB, 2015). The more Singapore hosted international conferences and received awards, the more reliable it appears from an international perspective because these types of events expect professional organizers and destinations for their events.

Thailand should prepare ourselves according to the determinant factors to compete with Singapore. There are many areas which Thailand needs to develop and practice ourselves to be in the same standard as Singapore. Whilst Thailand is developing to reach the same standard as Singapore, Singapore also continuously improves to compete with worldwide. Thus, Thailand should not only focus on developing to reach Singapore standard but Thailand needs to plan further than just developing to reach other standards. Thailand is able to develop in many areas by gaining support from government sector. Thailand needs to develop in overall country technology, developed in public transportation and other infrastructures all over Thailand. Moreover, Thai government must give priority especially in Thailand educational system especially to improve their language learning curriculum. It is because English language nowadays is an international language that everybody must be able to use it but Thailand is still categorized as low proficiency in English language proficiency level (EF, 2015) which is lower than other countries in Asia.

### **Conceptual Framework**



Finally, from overall review from secondary data and analysis by PEST and SWOT analysis, conceptualized framework of the determinants for competitiveness that lead to the success in MICE industry are established. The conceptualized framework presents that there are five determinants which are Technology, Infrastructure, English Proficiency Skill, Government Support and Policy and Natural Resources. These determinants are all macro factors but they have direct effect to MICE industry. From the analysis, it could conclude that these five determinants are the key factors of competitiveness. Although the organizer is very professional in MICE industry but these factors in Thailand is not supported and not ready to serve the

industry, it will be difficult for MICE industry to develop and compete with Singapore and other countries in Asia. Finally, these factors are the competitive factors that can lead to success if the country focuses on them as a priority to develop and achieve the international standard.

### **Summary and Recommendation and Limitations**

This paper is aimed to present the overview of MICE industry and analyze the determinants which implicate the competitiveness that lead to the success in MICE industry. From reviewing secondary data and analyzing the data by PEST and SWOT, the result can conclude that there are five determinants which implicate the competitiveness which are Technology, Infrastructure, English Proficiency Skill, Government Support and Policy and Natural Resources. Singapore Technology has very high standard and received the award as the most “Network-Ready” country by the World Economic Forum in 2015 but for Thailand, technology is still not developed yet. Infrastructure in Singapore is already ready for the tourist and it's convenience. Thailand infrastructure still needs to develop more especially in transportation to the MICE venues. English proficiency skill between Thailand and Singapore is totally different. Singapore is the first rank in Asia but Thailand is almost last rank. Government is fully support both countries. The government is willing to promote the country to be the top Asian MICE destination so they established the association to support MICE organization. Natural Resources is the factor that Thailand has an advantage over Singapore. Thailand has various natural resources which can attract MICE tourist to select as the destination but Singapore also build the attractive places to compensate with the natural resources they lack and also compete with other natural resources other countries possess. This paper aimed to give the inspiration and idea to continue in further research in a deeper detail. The academician, practitioners, MICE company manager will gain beneficial about the macro perspective of MICE industry in Thailand and Singapore and understand the important indicated determinants in the industry for further research. The limitation of this paper is the information that represents and describes the macro perspective which is not focusing on details in each category of MICE industry. The analysis is concentrated in external factor from the overview of the industry rather than criticizing the depth of MICE function. Therefore, in the further research, the researcher could analyze and study micro perspective in each of MICE functions.

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**ENVIRONMENTAL INFORMATION DISCLOSURE AND PERFORMANCE:  
IN CASE OF FIRM REWARDED FOR SUSTAINABILITY**

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**ABSTRACT**

In 20<sup>th</sup> century, most businesses around the world pay attention to the sustainability on business operation. Since several scandals, businesses are required to concern on sustainability and protecting environment. To protect the environment, entities need to focus on pollution and to consume resources efficiency. The objective of this study is to examine the relationship between environmental information disclosure and firm performance. We adopt 28 listed firms that received rewards from the Thai Listed Companies Association and CSR Club. This study obtains data from the Stock Exchange of Thailand which is located in the annual report and Form 56-1. The results show that there is no significant relationship between environmental disclosure and corporate performance. In addition, there is no significant relationship between control variables, including number of directors, size, age of firms and industrial sector and firm performance.

**Keywords:** Sustainability, Environmental Disclosure

## INTRODUCTION

In 20<sup>th</sup> century, most businesses around the world pay attention to the sustainability. In fact, sustainability requires businesses to concern on social, economic development and environmental protection (UNCED 1992). In the past there are several cases of environmental damage, for instance, Gulf of Mexico Oil Spill or the BP oil spill, and PTT oil Spill in Thailand. Sustainability awareness become a top priority of many businesses. United Nations Conference on Environment and Development held the conference to reconcile worldwide economic development with protection of the environment as to concern on the sustainable development especially in developing countries (UNCED 1992). OECD (2004) defines corporate governance as the system which business corporations are directed and controlled for shareholders and stakeholders' interests. OECD (2004) also states that elements of corporate governance which can grouped into five major issues (1) the rights of shareholders and key ownership functions, (2) the equitable treatment of shareholders, (3) the role of stakeholders, (4) disclosure and transparency and (5) responsibilities of the board. Since occurring of several scandals related to poor corporate governance system, entities has called for engaging good corporate governance. In particular, corporate governance calls an attention to the sustainability business which has three majors concern. Firstly, economic development which is about providing incentives for businesses to adhere to sustainability guidelines beyond their normal legislative requirements. Secondly, social development which related to legislation protection of the health of people from pollution and other harmful activities of businesses. Finally, environmental protection which is related to the concerning of the humanity's future.

Protecting the environment is to prevent pollution as well as attempt to consume resources efficiency. This includes recycling, reducing power consumption (UNCED 1992). Nowadays the main factors of corporates success is not only maximizing their profit but also concerning environment to achieve the business sustainability (Setyorini and Ishak, 2012). In particular, environmental information reporting is referred to as corporate social responsibility and environmental business strategy that corporations need to communicate to stakeholders (Deegan, 2002; Knox et al. 2005). Environmental information enable mangers to identify risks of damaging environment, cost and investment to avoid harming of environment (Setyorini and Ishak, 2012).

Several studies link environmental disclosure to legitimacy theory. Dowling and Pfeffer (1975) state that corporations can continue to exist if their operations are perceived that such corporations operate their businesses within the bounds of a value system acceptable to society. Suchman (1995, p. 574) states that "Legitimacy is a perception or assumption that the action of an entity are desirable, proper, or appropriate within some socially constructed system of norms, value, beliefs, and definitions". Davis (1973, p. 314) address that "Society grants legitimacy and power to business. In the long run, those who do not use power in a manner which society considers responsible will tend to lose it". Wilmhurst and Forst (2000) environment disclosure is defined as disclosure information that related to the impact of businesses' activities on physical and/or natural environment. Alternatively, it can be said that corporations have a temporary rights from society to operate their businesses by using natural resources that belong to everyone. As such corporations must use resources in good manner and need to report of how they used and maintain such resources (Davis, 1973). Environment information disclosure can be classified as information in the past, current and future information (Arafat et al. 2012). In addition, stakeholder theory is also related to environmental disclosure. Stakeholder concept is defined as groups who benefit from or are harmed by, and those whose rights are violated or respected by, entity actions (Freeman, 1984). Tricker (1983) argues that stakeholder theory extends to the agreement for firm's decision by individuals whose support is required for the firm to achieve its objectives.

Studies of environmental information disclosure and firm performance have produced contradictory evidence. Gray et al. (1995) examine the social and environmental reporting among UK firms which have several voluntary to disclose social and environmental information. They find that there is no significant relationship between disclosure and performance. Hackston and Milne (1996) investigate on social and environmental disclosure practices of New Zealand companies. The result indicates that company size and industry are significantly related to social and environmental disclosure level and profitability. Ho and Taylor (2007) examine triple bottom-line disclosure areas: economic, social and environmental disclosure of 50 US and Japanese firms. The results indicate that larger firms with membership in the manufacturing industry disclosure more environmental information than smaller firms.

In addition, Ho and Taylor (2007) find that triple bottom-line reporting is higher for Japanese than US firms due to the fact that Japanese firms have environmental disclosure as the key driver. Connelly and Limpaphayom (2004) suggest that there is no significant relationship between environment reporting and firm performance. Kungkajit and Suttipun (2014) investigate the influence of environmental disclosure and performance of firms in two different industrial sectors including property & construction sector, and agriculture & food sector between 2006 and 2011. Their study indicates that the disclosure reporting between property & construction sector, agriculture & food sector are not significantly different. In addition, there is no significant relationship between environmental disclosure and firm performance. Ohidoa et al. (2016) investigate the impact of industry type, leverage and firm size on environmental disclosure of 50 listed firms between 2012 and 2015 in Nigeria. The study finds that industry type, leverage and firm size have no significant impact on environmental disclosure.

## OBJECTIVE

The objective of this study is to examine the relationship between environmental disclosure and performance of firms that received sustainability rewards.

## METHODOLOGY

As environment around the world is constantly changing, everyone cannot deny to take part of environmental responsibilities. In Thailand, the Stock Exchange of Thailand (SET) is also aware of the problem. Companies listed in the SET must disclose environmental information report. Furthermore, Thai Listed Companies Association and CSR Club has organized the sustainability report awards (CSR Club, 2015). The awards are classified as (1) Excellent awards, (2) Best awards, (3) Outstanding awards, and (4) Recognition awards (SET, 2015). This study interests to investigate if there is relationship between environmental disclosure and firm profitability in case of firm received sustainability awards in year 2015. The sample of this study is Thai listed companies that received awards from the CRS Club, which

includes 32 companies and there are only 28 companies have completed data for this study. The secondary data is obtained from the Stock Exchange of Thailand's website. The data is available in annual report and Form 56-1. This study uses ROA and ROE to be profitability measurements. This study includes the variables as follows:

#### **Independent variable**

ROA = Return on asset of company

ROE = Return on equity of company

#### **Dependent variable**

ENV = Number of words related to environment disclosure.

#### **Control Variables**

DIR = Number of directors on the board.

SIZE = Size of company. It is defined as the logarithm of sales.

AGE = Age of company. It is defined as the number of years since firms were established.

INDUSTRY = Industry of the firms, dummy variable: 1= resource industry and 0 others

$\varepsilon$  = a random error of company

This study attempts to test the relationship between environmental disclosure and firm performance while other firm characteristics are controlled. The models of this study are:

$$\text{ROA} = \beta_0 + \beta_1 \text{ENV} + \beta_2 \text{DIR} + \beta_3 \text{SIZE} + \beta_4 \text{AGE} + \beta_5 \text{INDUSTRY} + \varepsilon_{i,t} \quad \text{---(1)}$$

$$\text{ROE} = \beta_0 + \beta_1 \text{ENV} + \beta_2 \text{DIR} + \beta_3 \text{SIZE} + \beta_4 \text{AGE} + \beta_5 \text{INDUSTRY} + \varepsilon_{i,t} \quad \text{---(2)}$$

## RESULTS

Table 1 shows that the descriptive statistic of variables in this study. The results show that mean of ROA is around 8.38% and ROE is 12.07%. The mean of ENV is approximately 2,500 words. Most companies in the sample has average 14 directors on the board with maximum 20 persons. The mean of SIZE is around 146,000 million baht and average age of firms is 38 years.

**Table 1: The Summary of Description and Measurement of Variables**

|                     | Mean    | Median  | Std.     | Minimum | Maximum |
|---------------------|---------|---------|----------|---------|---------|
| ROA (%)             | 8.38    | 7.76    | 7.17     | -2.70   | 33.18   |
| ROE (%)             | 12.07   | 11.92   | 18.37    | -35.28  | 82.32   |
| ENV (words)         | 2,558   | 2,220   | 1,888.42 | 333.40  | 4,320   |
| DIR (person)        | 14      | 15      | 2.41     | 9       | 20      |
| SIZE (million baht) | 146,472 | 139,556 | 134,159  | 3,359   | 360,641 |
| AGE (year)          | 38      | 27.61   | 27.60    | 5       | 65      |

Table 2 Industry of Sample Company

|    | Industrial Sector                   | No. of companies |
|----|-------------------------------------|------------------|
| 1. | Agriculture (AGRO)                  | 3                |
| 2. | Consumption (CONSUMP)               | 0                |
| 3. | Finance (FINCIAL)                   | 3                |
| 4. | Industry (INDUS)                    | 4                |
| 5. | Property and Construction (PROPCON) | 3                |
| 6. | Resources (RESOURC)                 | 10               |
| 7. | Service (SERVICE)                   | 4                |
| 8. | Technology (TECH)                   | 1                |
|    | Total                               | 28               |

Table 2 shows the number of sample firms in different industrial sectors. The results show that most companies in the sample are in Resources sector and 4 companies are in Industry sector and Service sector. There are 3 companies each in Agriculture, Finance, and Property and Construction. There is only 1 company in Technology sector.

**Table 3: Multiple Regress Analysis: The Relationship between Environmental Disclosure Information and Firm Performance**

This table presents the results of the relationship of environmental disclosure and firm performance. Firm performance measurement are in Column (a) and (b). The other relationships are captured by control variables including DIR, SIZE, AGE, and INDUSTRY. Coefficients are presented and t-test results are reported in parentheses.

|             | Independent Variables |                       | Dependent Variables |                       |
|-------------|-----------------------|-----------------------|---------------------|-----------------------|
|             |                       | (a)<br>ROA<br>Model 1 |                     | (b)<br>ROE<br>Model 2 |
| ENV         |                       | 0.23<br>(1.14)        |                     | 0.17<br>(0.81)        |
| DIR         |                       | 0.12<br>(0.58)        |                     | 0.06<br>(0.27)        |
| SIZE        |                       | -0.10<br>(-0.49)      |                     | -0.09<br>(-0.31)      |
| AGE         |                       | 0.02<br>(0.96)        |                     | 0.12<br>(0.54)        |
| INDUSTRY    |                       | 0.24<br>(1.15)        |                     | 0.02<br>(0.08)        |
| R-Squared   |                       | 0.15                  |                     | 0.1                   |
| F-statistic |                       | 0.68                  |                     | 0.23                  |

\* Indicate statistically significant at the 0.01 level.

\*\* Indicate statistically significant at the 0.05 level.

Table 3 illustrate the relationship between environmental information disclosure and firm performance. In column (a), the results show that the variables of ENV, DIR, AGE and INDUSTRY are positive but not significant associated to ROA. However, it is found that the SIZE variable is negatively related to ROA but the relation is not significant. Similar as results in column (b), the results in column (b) show that the variables of ENV, DIR, AGE and INDUSTRY variables are positive and insignificant related to ROE. In contrast, the negative correlation is found between SIZE variable and ROE, but it is not significant. The results of this study are similar to ones of Connelly and Limpaphayom (2004); Ho and Taylor (2007); Najah and Jarboui (2013); Kungkajit and Suttipun (2014) who found no significant relationship between environmental disclosure and firm performance. As the business sustainability has been promoted in Thailand recently, it might not have positive results in the short period. OECD (2008) addresses that promoting sustainability business is important

which depends on achieving long term economic growth. It could possibly be that the level of environmental information disclosure will be significantly positive to firm profitability in the long-term. Concerning on environmental protecting, companies will adopt environmental protection activities such as prevent physical waste, increase energy efficiency or even use new technology to improve resource productivity. Consequently, companies can avoid environmental cost in the future and this could increase firm's profitability.

### Conclusion

Since there are several cases of environmental damage, sustainability business becomes a very important issue in business management strategies. There are several studies in the literature examine the impact of environmental disclosure and financial performance. Still results are ambiguous and have not clear-cut conclusion on the impact of environmental disclosure and financial performance. This study aims to examine the relationship between environmental disclosure information and performance of firms that received sustainability awards. The sample of companies in this study are 28 companies. The data obtains from the website of the Stock Exchange of Thailand in year 2015. This study uses other control variables which include number of directors in the board, size of companies, age and industry. This study finds that there is no significant relationship between environmental disclosure and corporate performance. For further study this study will investigate the relationship between environmental disclosure and financial performance by increase number of years. This aims to investigate the impact of long-term environmental disclosure on firm profitability and stakeholders' perceptions on firms that adopt environmental disclosure in their financial management.

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## OBSTACLES, MANAGEMENT PROCESS AND SUGGESTIONS: A CASE STUDY OF INVESTMENT IN BIOGAS

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### ABSTRACT

The purpose of this research is to study the problems and obstacles both internal and external by using management process according to 6P + 3E + 2S model. The 6P includes Policy, Public Sector, Private Sector, People, Partnership and Participation, while the 3E includes Efficiency, Environment and Economic, and the 2S includes Society and Sustainability. However, each element of 6P has to be integrated as the result of 3E and 2S. The suggestions for short-term, mid-term and long-term investment are as follows; the short-term concerns refer to the speed in obtaining plant construction permit, fairness of competition, adjustment of electricity charge to appropriate rate and building confidence in biogas. The mid-term concerns deal with the increase of a transmission pipeline and amending Town and Country Planning law. And the long-term concerns in value building stability and sustainability including further developing biogas knowledge into new innovations.

**Keywords:** The Worthiness, Alternative Energy, Investment in Biogas, Biogas  
Introduction

In our daily life, we cannot deny that electric power is necessary for our livelihood and daily activities because household appliances, office equipment, etc. all work with electricity. The more the society and economy grow up, the more the electric power is necessary. People need to use electric power to facilitate the increase of production capacity and work ability. On the other hand, electric power does not occur naturally in form suitable for practical application but it must be generated from other energy forms such as fuels. Generally, the source of electricity comes from commercial power or fossil fuel such as coal and natural gas which are non-renewable energy. In 2010, World Energy Council made a survey on energy resources and found that the majority of energy for generating electricity was coal (41%) and then natural gas (20.1%), water power (16%), nuclear power (14.8%), oil (5.8%) and renewable energy (2.3%) respectively (Energy for Environment Foundation, 2013) which mean that renewable energy was not a popular energy resource.

In Thailand, as for the proportion of energy resources used for electricity generation from 2011 to 2015, the majority resource was natural gas (52.25%) and then imported coal including anthracite and bituminous (17.16%), electricity imports (8.04%), renewable energy (7.46%), water power (3.03%) and oil (2.71%) (Department of Alternative Energy Development and Efficiency, 2013). When considering the percentage, it is assumed that Thailand mainly uses commercial power or fossil fuel to

produce electricity or imports electricity from other countries. The usage of renewable energy to generate electricity is still very low. As fossil fuel is not enough for the need of the country, Thailand has to import large amount of fossil fuel each year which also affects the energy security of the country.

As the limitation of energy security of fossil fuel which Thailand mostly used, Thai government has set an alternative energy policy to promote private sector to invest in alternative energy in order to increase energy security of the country. The government has offered attractive incentive measures to strongly support alternative energy investment. For example, supporting the purchase of electricity that generated by alternative energy from small-scale plants below 10 MW which was limited to only 1 MW in the past and increasing additional rate of electricity price in 2012 for the plant that used alternative energy as the resource.

Biogas is one of the alternative energies that can be used to generate electricity and is getting attention from new entrepreneur as it is renewable energy which can generate better return than other kinds of renewable energy. The several advantages include less time for installation, simple maintenance, convenience for demolition, no limit for raw material and byproduct of the biogas fermentation (Kittiyarangsit, 2011). Anyhow, the disadvantage of biogas is due to high investment costs. However, when considering the overall image, biogas is still interesting because the cost structure, expense and return are worthwhile. The estimated payback period is 3 – 4 years while the payback period of other kind of alternative energy are 7 years or over.

Although the investment of biogas is attractive, there are a lot of problems to be encountered. One of the problems is related to electricity market which the purchasing guarantee is uncertain. This problem causes the assessment of worthiness of biogas investment not in compliance with the calculating formula because there is no market to purchase the electricity after it has been generated so this caused delay in the payback period. Therefore, in this research, I would like to present the overall problems and obstacles including management process and suggestions which will bring to resolve the problems. The sub-topic of research article includes origin of biogas, biogas production system, cost structure, expenditure, return, problems and obstacles and suggestions, respectively.

### **Research Objectives**

To study the problems and obstacles both internal and external by using management process according to 6P + 3E + 2S model.

### **Methodology**

As for the research methodology, literature review was used to analyse the data collected from the academic research related papers relating to the issues including biogas and renewable energy investments. Then putting all the information to prioritize the topics in order to present in systematic and analytical methods used in combination with synthetic materials obtaining reliable information to create a framework that is connected to the suggestions for both short and long term. With this conceptual framework, it can meet the demand for solutions to entrepreneurs and practical importance.

### **Origin of Biogas**

“Biogas” is a production made from natural process which is the anaerobic digestion of organic substances with anaerobic bacteria in the absence of oxygen (anaerobic condition). The anaerobic bacteria have been divided into 2 categories, methanogenic bacteria and non-methanogenic bacteria. The methanogenic bacteria digests organic compound with non-complex structure which majority cause the formation of methane (chemical formula: CH<sub>4</sub>) and Carbon dioxide (chemical formula: CO<sub>2</sub>) and also form of other kind of gas just a little such as Hydrogen Sulfide (chemical formula: H<sub>2</sub>S). While these types of bacteria are anaerobic, one thing that we have to concern is the oxygen (O<sub>2</sub>) is the breathing gas which is essential to the human body's metabolic process, which sustains life. Therefore, during biogas production process, the anaerobic condition needs to be concerned because oxygen will affect to the efficiency of methane production. The methanogenic bacteria digest only non-complex structure nutrients.

For this reason, the production of methane from organic compounds with complex structures requires the non-methanogenic bacteria to digest organic compound with high complex structure to be low complex structure enough to cause methanogenic bacteria to be biodegradable. In other word, the production of methane requires the cooperation of various types of bacteria to form efficiency biogas. In general, the raw material used to produce biogas is sewage which is derived from the production of biomass such as agricultural products or manure from animal farms. In Thailand, generally the raw material came from sewage from agricultural industries such as sugar factory (produced from sugar cane), cassava factory, etc. These sewages will be used to produce methane which will be a resource to generate electricity.

### **Biogas Production System Commonly Used Nowadays**

Biogas production process would not be completed without various elements such as bacteria, organic compound, supplements and other appropriate environment, etc. These components must be without oxygen, and the production of biogas will be completed naturally. The natural phenomena of biogas production include emerging of biogas in fermentation tank, depth of river, lake, rice field with water logged, under the sea, damp bark or even in the intestine of human and cattle, etc. The emergence of biogas as mentioned previously is completely occurred by natural process. However, in chemical engineering, if we understand the process or structure to produce biogas, we will be able to produce biogas in non-natural circumstances by controlling the condition to be suitable for the rapid growth of bacteria (Kittiyarangsit, 2011). In other words, engineer will design systems to produce biogas by using the understanding about nature of the organic compound and the proper functioning process of anaerobic bacteria and set suitable conditions for bacteria to grow as desired. Generally, biogas production systems that the entrepreneur commonly used have 8 systems as follows;

- 1) Anaerobic Ponds is commonly used in the industries that make sewage as the cost of operation is quite cheap. However, even if the cost is not expensive, the disadvantages are stench and wastage of area.
- 2) Anaerobic Covered Lagoons is adapted from the anaerobic pond system by using material to cover the pond. The biogas that has been produced will be kept in the pond and can be utilized when needed. The advantage of this

system is the stench will not disturb other people and the biogas can be utilized efficiently.

- 3) Continuously Stirred Tank Reactor (CSTR) is the system that uses steel or reinforced concrete tank. The process started by mixing water inside the tank thoroughly in order for the nutrients to be fully exposed to the bacteria. This will cause biogas to be produced more rapidly. However, there's a disadvantage since the bacteria are usually washed out with the drain water. Hence, it will diminish the ability of the system.
- 4) Anaerobic Contact is the system that has been developed from Continuously Stirred Tank Reactor system in order to resolve the disadvantage of the system. The drain water will separate sediment in sedimentation tank. Then the sediment will be pumped back into stirred tank for continuously producing biogas.
- 5) Anaerobic Filter is the system that uses 'carrier' materials, often made of plastic, to which the bacteria adhere to prevent washing out with the drain water. When the amount of bacteria in the system is high, the high amount of biogas is produced.
- 6) Up flow Anaerobic Sludge Blanket (UASB) is the system commonly used around the world. The principle of this system is to make bacteria to grow in aggregations like sweet basil seed which approximately size is 0.4 to 2 mm. The aggregation of large quantity of the bacteria will cause the sediment of each bacterium to highly accumulate in biogas production system which causes the high amount of biogas to be produced.
- 7) Expanded Granular Sludge Bed (EGSB) is the system which continuously develops from USAB system. The principle of this system focuses on contact and mass transfer between bacteria and nutrient. This system required good design and maintenance.
- 8) Plug Flow Digester is the system commonly used in animal farm such as pig farms which have a high suspended solids.

The 8 types of biogas production system which has been mentioned above is the system which did not occur naturally but create optimal conditions for microorganisms to grow up as desired. The techniques and methods have been used to produce large amount of biogas. The biogas will be used as a fuel to generate electricity which is used in the industries and sold to purchasing market.

### Cost Structure, Expenditure and Return

The cost structure of alternative energy investment in all types is like a worth analysis that entrepreneur can use it to make a consideration on the investment decision. Phonphunthin (2014) have concluded the research finding that the investment of all types of energy solely have a cost structure that should be studied as the return of each type of energy is different. These different could reflect in the cost structure. In general, the cost structure of alternative energy investment includes electricity production time per day, operation day per year, percentage of machine operating time, amount of electricity that could be produced in a year, selling price of electricity per unit, revenue per year, investment fund of machine and system, cost of raw material in a year, cost of management and maintenance. See table 1 for the cost structure of electricity production from biogas.

**Table 1: The cost structure of electricity production from biogas**

| Description   | Amount     | Unit         |
|---|------------|--------------|
| 1. Electricity production time per day                    | 24         | hour per day |
| 2. Operation day per year                                 | 330        | day          |
| 3. Percentage of machine operating time                   | 80%        | percentage   |
| 4. Amount of electricity that could be produced in a year | 6,666,000  | Kilowatt     |
| 5. Selling price of electricity per unit                  | 4.2600     | unit         |
| 6. Revenue per year                                       | 26,991,360 | year         |
| 7. Investment fund of machine and system                  | 50,000,000 | baht         |
| 8. Cost of raw material per year                          | -          | baht         |
| 9. Cost of management and maintenance per year            | 4,870,655  | baht         |

Table 1 showed the cost structure of electricity production from biogas. The production time is 24 hours per day. Operation day is 330 days per year. The machine operating time is 80%. The amount of electricity that could be produced is 6,666,000 kilowatt per year. Selling price of electricity is 4.2600 baht per unit. Revenue is 26,991,360 baht per year. Investment fund of machine and system is 50,000,000 baht. Cost of management and maintenance is 4,870,655 baht per year.

In the meantime, the average cost of biogas plant investment could be divided into 2 categories; fixed costs and variable costs. Fixed costs include cost of land, building, machinery and systems, technology and consulting, and salary per year. And variable costs include cost of raw material per year, cost of electricity and maintenance per year, cost of transportation per year, average loan interest per year. Although the cost might fluctuate according to the status of the economy, it would not be absolutely inexact from the average which has been calculated and showed in the table 2

**Table 2: The cost of biogas plant investment**

| Fixed costs                             | Amount     |
|---|------------|
| 1. Land                                 | 4,500,000  |
| 2. Building                             | 25,000,000 |
| 3. Machinery and systems                | 18,500,000 |
| 4. Technology and consulting            | 2,000,000  |
| 5. Salary per year                      | 1,200,000  |
| Variable costs                          | Amount     |
| 1. Raw material per year                | -          |
| 2. Electricity and maintenance per year | 3,470,655  |
| 3. Transportation per year              | 200,000    |
| 4. Average loan interest per year       | 2,054,287  |

Table 2 showed that the fixed costs include land 4,500,000 baht, building 25,000,000 baht, machinery and systems 18,500,000 baht, technology and consulting 2,000,000 baht and Salary 1,200,000 baht per year. And the variable costs include raw

material, electricity and maintenance which cost 3,470,655 baht per year, average transportation 200,000 baht per year and average loan interest 2,054,287 baht per year.

However, the above tables could not indicate the difference of worthiness between the investment of biogas plants and other types of renewable energy. When considered in terms of return of investment after 25 years by using the calculating formula of Ministry of Energy, the payback period showed that the investment of biogas plant is worthier more than other types of renewable energy. See table 3 for the return analysis of biogas plant investment.

**Table 3: The return analysis of biogas plant investment**

| Description                          | Amount      | Remark                         |
|--------------------------------------|-------------|--------------------------------|
| 1. Accumulated profit after 25 years | 418,347,310 | Calculation period is 25 years |
| 2. Payback Period                    | 3           | year                           |
| 3. Internal Rate of Return (IRR)     | 39.51%      | percentage                     |
| 4. Net Present Value (NPV)           | 172,834,883 | baht                           |
| 5. Benefit and Cost ratio (BCR)      | 8.37        |                                |

Table 3 showed that the accumulated profit after 25 years equal 418,347,310 baht. Payback Period is 3 years. The IRR is 39.51%. The NPV is 172,834,883 baht and the BCR ratio is 8.37.

### The Problems and Obstacles of Biogas Investment

Even if the investment of biogas plant could generate better return than the investment of other types of renewable energy as considered by the payback period, cost structure and return which were calculated by the formula of Ministry of Energy. Moreover, in a period of last 10 years, the public sector has supported biogas by formulating policy to promote and stimulate to build up motivation. However, in a period of last 4 – 5 years, the entrepreneur has faced problem and obstacles. Most of the problems are not controllable. In other words, the problem occurred by the unclear policy of the public sector (Kumklam, 2014). The subsequent problem is the new investor not to invest because of they are afraid of the risk of loss. If these problems were not resolved urgently, the calculating formula and the indicator that showed the worth of biogas investment would have to be changed. Therefore, in order to reflect overall problems of biogas investment, I would like to conclude problems and obstacles as follows;

1) The people in community resist biogas power plant. To invest in biogas power plant, the first thing that the entrepreneur has to face is the resistant from the community as the primary thought of people, biogas power plant will cause pollution to community and environment not only water resource in the community but also odor pollution. This is the image of biogas power plant that usually presented in the media. However, this is the fact that there are some communities were affected by the problems as presented in the media. On the other hand, if the plant has systematic and good treatment, the operation of biogas power plant will not cause problems.

2) Delay of license issuance. There is some step that could cause delay such as working process of responsible public sector, as they are still using traditional bureaucratic operation or the process of issuance which is complex and takes long time.

Moreover, sometimes the license of plant installation is related to the patron-client system which discriminates and does not comply with authority framework equally. This will affect the new entrepreneur, who wasn't familiar with the officer, not to obtain license as requested. This will cause problem in operation even it is not the fault of the new entrepreneur.

3) The cost of technology is high. To invest in biogas power plant, the first thing that has to be accepted is the investment of electric machine, which the cost is quite high. The maintenance cost of the machine is also high as it operates for 24 hours so it would break down easily. Thus, this kind of cost makes some impact on the worthiness of investment.

4) Source of investment fund. Mostly the problem occurred with the new entrepreneur that has insufficient capital and need to find investment fund from the financial institutes. The problem arose when the financial institutes didn't approve investment loan easily as the electricity purchasing market is uncertainty. Therefore, there's no revenue security that can guarantee the ability to repay while the risk of loss is also high.

5) Town and Country Planning Act. As the law is unclear, there is a problem regarding the permission of plant construction. Some area was allowed to construct but some area was still unclear. Therefore, it will cause the new entrepreneur to be unsure in the regulation. For example, to construct biogas power plant in the area that is quite remote from community and the entrepreneur expects that it is not prohibited area according to town and country plan but when inspecting the town and country plan, the area was not allowed to construct the power plant.

6) The limit of transmission pipeline. The profit of biogas power plant occurred when the product was sold to the purchasing market which is Electricity Generating Authority of Thailand. The majority problem is the limit of transmission pipeline that connected with high voltage electricity station. When the electricity was produced but could not be sold due to lack of purchasing market, the entrepreneur may suffer severe loss and the investment risk would be higher.

7) The usage of area with high potential in biogas production. The private sector was not allowed to operate in full capacity as the public sector has fixed frame of thought that electricity from biogas is just energy reserves for supporting energy security of the country. Moreover, the price rate of electricity from biogas is higher than that of electricity imports. Therefore, the public sector has supported the private sector to operate biogas power plant not over 60 megawatts in the area that has high potential in biogas production.

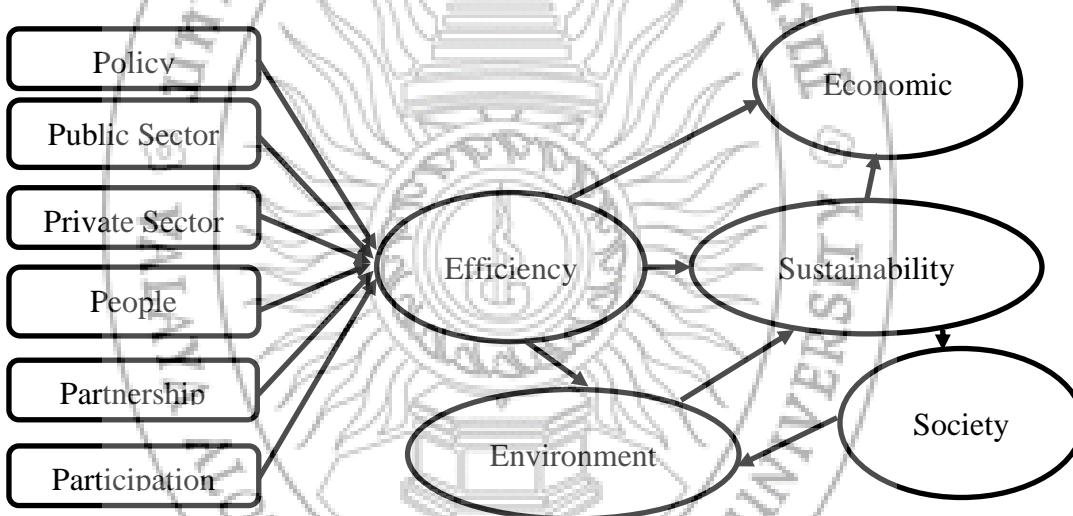
8) Lack of up-to-date information. The publication of innovative information to support electricity generation from biogas is essential. However, there's not much information which is related to technology development or innovation published and generated to the circle of entrepreneur. Moreover, the public sector does not support the database of new knowledge. In other words, there's no proactive action in the information service for the entrepreneur.

9) Pretext of public sector in regard to the expensive price of electricity generated from biogas. This problem is a fact because the investment cost of electricity generated from biogas is high. Then, the selling price is also high accordingly. Therefore, the public sector selected to import electricity from other countries such as

Lao because the price is cheaper. As mentioned previously, the electricity from biogas is just energy reserves to support country in energy crisis situation only.

### Management Process of Biogas Energy Achieve Maximum Efficiency

In order to maximize efficiency, the management process of biogas shall be implemented systematically and continually by the cooperation among various parties. In general view, the investment of biogas could generate benefit and directly involve the entrepreneur or private sector only. This is correct in narrow aspect. However, when considered in broader aspect, the operation of biogas energy involves various elements or environment. Each element has important role to deal with problems that the entrepreneur has faced. However, each element has to be driven and pushed together in the same way as creating shared value (Michael E. Porter and Mark R. Kramer, 2011). Then, the management process of biogas would be efficient and sustainable. Therefore, the elements that would drive management process of biogas would be called as 6P + 3E + 2S model.



Management Process of Biogas Energy to Achieve Maximum Efficiency Model  
Source: Asawatungsathian (2016)

Each element of Management Process of Biogas Energy for Achieving Maximum Efficiency Model could be explained as follows:

1) Policy means government policy which has been established to support renewable energy. Although the policy did not focus on the specific renewable energy, it could imply significantly to support and promote renewable energy to become primary energy which will be essential to people living. Moreover, it also encourages private sector or entrepreneur to expand and develop renewable energy to be available for all industries.

2) Public Sector represents the government agencies as they are responsible to drive government policies. As biogas is the energy that various sectors accepted that it is suitable for all industries such as automotive industry and the industries that require using large amount of energy. Therefore, the public sector has a role to support related knowhow, guidance/procedures and regulations for the private sector to be able to perform correctly.

3) Private Sector represents the private agencies as a govern policy executor and a direct stakeholder of biogas energy. As the private sector is the operator and gain profit in return, they need to understand the correct regulations which could direct to the compliance with the government agency and could cause benefits to people as the customer to receive valuable product.

4) People represent general people as a stakeholder of biogas industry activities. Moreover, people are also affected by the operation of biogas entrepreneur. However, the operation of biogas energy, people needs to be involved, especially the people in nearby community should acknowledge all activities that may affect their livings.

5) Partnership means the cooperation of every sector such as public sector, private sector, people, etc. All sectors shall accept shared responsibility from the result of biogas plants operation. Even if the public will not get direct impact, the public sector could not deny responsibility as they formulated policy for the private sector to comply with. On the other hand, people are also affected by the biogas operation both in positive and negative way. For example, in the positive way, people are able to use electricity from biogas as the alternative energy. However, in the negative way, the environment will be affected by odor pollution. The ultimate issue is the sustainable solution will be successful by shared responsibility of all sectors.

6) Participation means the participation in the context of biogas plant industry, the important thing that will make the industry to be accepted by various sectors is to give all sectors an opportunity to participate. The public sector has to understand the policy problems such as market, price, etc. In the meantime, the private sector / entrepreneur also have to understand the shared problem and share the experiences in management to further knowledge to become innovation. Moreover, the people also have to be aware of all management activities especially the activities that may affect people's living, the problem have to notify to people to acknowledge and find a joint solution.

7) Efficiency means the efficiency of biogas plant industry. The indicator that can be used to measure is the payback period. On the other hand, the efficiency can be measured by the acceptance of stakeholder such as government and people, etc. The stakeholders have to accept, acknowledge, participate in activities, solve a problem together and earn shared benefit.

8) Economic refers to the overall economic system. In the context of biogas plant industry, not only the entrepreneur to concern with their own profit, but they also has to concern with overall economy. In other words, the industry could stimulate liquidity and financial investment to occur at all levels, from the grass root level which include people in the mid-level who are entrepreneurs to the macro level which is the government.

9) Environment, as we cannot deny that the biogas plant industry shall affect the environment. The clear effect is that the odor from sewage could disturb the people in vicinity community. Therefore, the entrepreneur has to find preventive and corrective actions in order to reduce odor pollution and also communicate to people in community to have better understanding in the resolution. However, the environment is a sensitive issue to people more than other issues.

10) Society refers to society and community. As biogas plant industry has affected to overall society, the entrepreneur have to be concerned with the society in majority. If the entrepreneur ignored the society, they may be against by society and

will not be able to run the business in the area. Therefore, the successful of biogas plant will be occurred by the support from society and community as a statement “socially-friendly”

11) Sustainability, the key goal of biogas energy development is to promote it as sustainable alternative energy that can benefit to every industry. The sustainability will be occurred when the plant does not affect to the environment and society in the negative way. In the other word, the sustainability is equal to the worthiness as the worthiness can be measured by the sustainability and maximum benefit created from the management of the entrepreneur.

#### **Suggestions to resolve problems in biogas energy investment**

In order to resolve problems of investment in biogas plant industry, all sectors have to share responsibility. Only one sector could not resolve all problems successfully. As the problem of biogas plant investment, there are many sectors that have been affected. The government, as a policy creator and regulator, has to ensure that the public sector and the private sector / entrepreneur have complied with the policy. If the operation of the private sector / entrepreneur is almost completely unsuccessful, it can reflect the inefficiency of government policy. Mata-Alvarez (2014) has suggested that the government has a crucial part in setting direction and goal for the public sector and the private sector to follow. In the meantime, the private sector / entrepreneur have a role to transform the government goals into concrete action. For example, if the government wants to ensure the stability of renewable energy in order to become the energy security of the country, then the public sector has a responsibility to support and assist the private sector, as a direct stakeholder, to implement according to the intention of the government. However, the problems that have been occurred, both policy problem and management problem (Divya, 2015), have affected all parties especially the new entrepreneurs as they have to face with the uncertainty of the investment in biogas power plant. In this research, I would like to present the suggestions that I have processed information from multiple sources. The suggestions have divided into 3 terms as follows;

##### **Short Term**

1) Process of permit request. In order to encourage the project of electricity production from renewable energy especially biogas to be successful according to the intention of the government, the crucial problem that needs to be solved urgently in order to mitigate the suffering of the entrepreneur is the adjustment of the process for permit request. The process to obtain permit should be fast and not too complicated which may cause the new entrepreneur to lose the opportunity to do business.

2) Fairness of competition. There're normally business competitions in the biogas plant industry in order to earn worthwhile profit. The thing that needs to be concern with is that the business competition must have the same rule or operation standard. Meanwhile, the construction of the plant, which must follow engineering standard for electrical plant, should have been inspected since the beginning of the construction in order to ensure that the construction comply with standard and principle.

3) Pretext for expensive price. In order to resolve the pretext that is the problem of government policy, the government and related agency have to be involved with. As

the price of electricity from biogas is more expensive than electricity imports, so the investment will not be worthwhile. Therefore, the government should formulate a policy to support the buyer to purchase the electricity at the acceptable price of the seller. This aims to support and stimulate continuous investment of the private sector which will increase stability of energy reserves of the country.

#### Mid Term

1) Support for transmission pipeline. The chronic problems that every government cannot give obvious answer regarding the support of transmit pipeline to connect between biogas power plants and main purchasing market. In fact, we have to admit that the cost of the investment is quite expensive but the government needs to provide support otherwise the entrepreneur will suffer severe loss because the electricity that has been produced could not transmission to purchasing market. Therefore, in order to support and encourage the confidence of new entrepreneur, the government should find a concrete solution by supporting the transmission pipeline to biogas power plants.

2) Town and Country Planning. This chronic problem is related to the law. This problem needs to take time as it is related to the amendment of law to match the condition of the area. At this time, the Town and Country Planning law in some area is still not clear which area is allowed to construct the power plants, so the entrepreneur is uncertain for plant construction as they are afraid of breaking the law and the construction will be demolished. Moreover, some potential area is prohibited to construct due to the law which caused the loss of business opportunity. Therefore, the government and the public sector such as Department of Public Works and Town & Country Planning and the entrepreneur should have a discussion to find a joint solution of town and country planning problem, at least to clarify that which area can construct and which area cannot and also the possibility to amend Town and Country Planning to allow the potential area that is not close to the community to be able to construct biogas plant.

#### Long Term

The solution that all of the parties expect is the mutual solution which is acceptable by all parties and can resolve the problem on the basis of the understanding of all profound problems of biogas energy. The most objective solution is to promote the entrepreneur to develop quality of biogas. This will truly build the stability of energy security. Moreover, the performance of people, modern technology and efficient work process of the public sector should be continuously developed. Therefore, the suggestions for long term are to encourage all parties to see value and place important on renewable energy including develop renewable energy to become new innovation that can adapt to other industry and become sustainable in both performance and maximum utilization.

### Conclusion

The primary thing that has to understand prior to investment in biogas power plant is the origin and the nature of biogas. Prior to making decision to enter biogas energy industry, the entrepreneur should at least thoroughly understand the origin and production process of biogas energy in order to prevent the failure of investment. In the meantime, the study of technology regarding to biogas production is also essential as the new technology could be the key factor to develop cost and return. The cost

structure, expenditure and return are also the factors that the new entrepreneur has to be aware and study thoroughly as they are the significant indicators to measure the worthiness of the investment. However, the important things that the entrepreneur cannot ignore include the awareness of problems and obstacles that could occur during operation. The problems and obstacles, including the problem which occur within the circle of entrepreneurs and the external problems that occur from the government policy and other stakeholder, could be taken into consideration for better decision making. In addition, the solution to deal with the problems of the entrepreneur requires several components to resolve the problem such as clear policy, public sector, private sector, people, partnership and participation. These components can affect the efficiency and sustainability of the development of biogas to become cognitive innovation.

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## **FACTORS INFLUENCING DECISION OF CONSUMER TO PURCHASE SECOND HANDED PRODUCTS OF SOCIAL ENTERPRISE IN BANGKOK**

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### **ABSTRACT**

This research topic was raised from Mater plan of Thailand to encourage the number of social enterprise during the year 2010-2015. Second handed products of social enterprises were found as a tool for uplifting society. Many foundations were established second handed product social enterprises. Currently they are continuously running their operations supported by social donating and trading activity hence research objective were (1)To find out the factors influencing consumers to purchase the second handed products sold in social enterprise shop (2) To study demographic, behavior and donation purpose of consumer decision to purchase second handed products of social enterprise in Bangkok. (3) To suggest appropriate measure for marketer to design the right marketing to match the taste and preference of consumers. Research Methodology: The questionnaires were designed and used as a tool to collect the primary data. The content and structural validity of question were proved by item objective congruent (IOC) from 5 experts which was 0.86. There were 400 samples circulated to consumers who purchased the second handed products of social enterprise in Suan Keaw Foundation, Yvudhana Foundation, and Mirror Foundation. SPSS program was statistics program applied.

In this study, it focused on the demographic consumer behavior and donation purpose. The demographic data analysis, it was found that majority of consumers is married female, age 25-34 years. Primary school was majority of education level education found. Labor, or freelance work was majority in occupation found. 10,000 baht a month was majority in income found. The marketing analysis was found that consumers gave important in marketing aspects which were  $\bar{X}$  3.56, and S.D. 0.7. Regarding to hypothesis result, it was found that consumers with different in demographic, consumer behavior, and donation purpose have influenced consumer to purchase the second handed products of social enterprise shop in Bangkok at a confidential level of 0.95. The conclusion data would act as a guide for Foundations and individual for implement their plans and strategies in order to increase their revenues for run their social purpose.

**Keywords:** social enterprise purchase decision, second handed product, marketing mix, and donation.

## Introduction

### Statement of the Problems

Thailand has encouraged the growth of social enterprise by focusing on increasing the number of Social enterprise Master plan in the year 2010-1015. Currently, there are 116,298 social enterprises where in Bangkok was calculated 1.65% of total, and outside Bangkok was 98.35% of total. (Thailand Social Enterprise Office,2015) The social enterprises were established for social purpose. Second handed product of social enterprises has been seen. Some were established by foundations for purpose to earn revenue to carry their organization missions. In this research, the factors influencing consumer's decision to purchase second handed products of social enterprise in Bangkok were a topic. The researcher had a chance to interview 4 professionals from 4 social enterprises. They were from Suan Keaw Foundation, Yuvabdhana Foundation, ForOldy Shop, and Mirror Foundation. Firstly "*Suan Kaew Foundation*" was established in the year 1994 by Proyom Kanlayano a monk. He introduced business with social concept to Suan Kaew foundation by setting up Suan Kaew Super Market where the second handed products sold to people. This concept generates local job, and enhances sustainable development to the society. Secondly, "*Yuvadhana Foundation*" was established in a year 1993 which mission is to support Thai student education where her source of fund is derived various ways. Social enterprise is one mechanism of foundation to earn revenue. "*Pungun shop*" was established after Yuvadhana Foundation six years. Thai Youth education has been encouraging from people in the society through activities done by social enterprise. It is shown that how people in society share to each other's said by Ms. Susadi Charitroengkul, a manager of Pungun. Next "*ForOldy Shop*" was established in the year 2014. It came from hard work of Ms. Oranuch Lertdeerokkul to improve for retired people life. She operates her social enterprise with encouragement to see old people to access equipment. She has received the donating products and sold them in lower price. The revenue earned from social business activity is spent for operation cost. Finally, "*Mirror foundation*" was established with the purpose of educating and raising public awareness of victim of trafficking children, and women in the year 1991. There are operating cost occurred such as cleaning and classification cost, transportation cost, management fee, and warehouse space. "*Share*" was a project established to answer for social development said by Sarit Tirachanyo, team leader of Share Project.

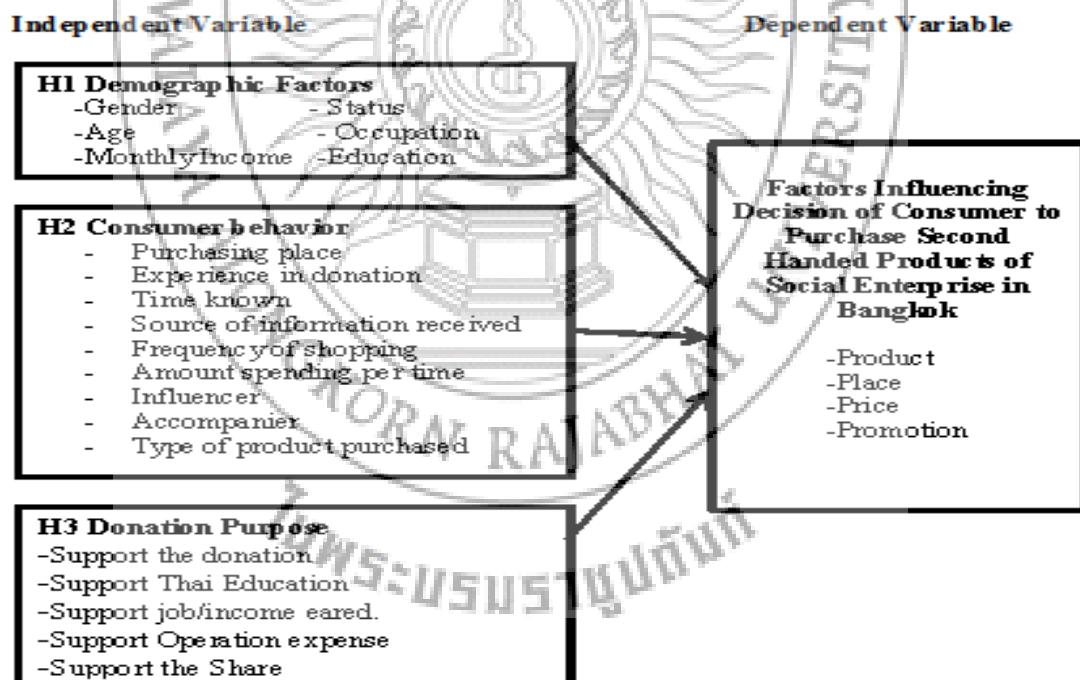
### Significance of the Study

1. This research guided foundation plan for marketing strategy for social revenue improvement and improve its strategy.
2. The research was conducted to know the behavior of consumers to decide purchasing second handed product of social enterprise in Bangkok. It applies and improves for social enterprise management.

## Scope and the limitation of the study

The researcher studied factors influencing decision of consumers to purchase the second hand products of social enterprise in Bangkok. There were two types of variables which were independent variable and dependent variable. A) *Independent variable ( IV )* was a one influencing the dependent variable. For this study, there were a.) Demographic Factors b.) Consumer behavior c.) Donation purpose. B ) *Dependent variable ( DV )* was factors that were used to predict and explain. For this study, factors influencing consumer decision to purchase products from social was considered as Dependent variable. This research was a quantitative research, the questionnaires were used as tools to collect the primary data. The 400 samples were circulated to consumers who purchase the second handed products of social enterprise in Suan Kaew Foundation, Yuvabandhana Foundation, and Mirror Foundation. The sample was collected from June - August 2016. The researcher applied the theories related in demographic variable, consumer decision making, marketing mix ( 4P ) and Donation purpose to find out the causes effect on decision making on purchasing the second handed product from social enterprise shop

## Conceptual Framework



## Research Hypothesis

**H1:** Consumers with different demographic have influenced in decision of consumer to purchase second handed products of social enterprise shop in Bangkok.

**H2 :** Consumers with different behavior have influenced in decision of consumer to purchase second handed products of social enterprise shop in Bangkok.

**H3 :** Consumers with different donation purpose have influenced in decision of consumer to purchase second handed products of social enterprise shop in Bangkok. .

## Research Objectives

The research focused on factors influencing consumer to purchase the second handed product of social enterprise in Bangkok. The purpose of research were (1)To find out the factors influencing consumers to purchase the second handed products sold in social enterprise shop (2) To study demographic, behavior and donation purpose of consumer decision to purchase second handed products of social enterprise in Bangkok. (3) To suggest appropriate measure for marketer to design the right marketing to match the taste and preference of consumers.

The researcher has reviewed the theoretical and conceptual background. These were applied and utilized to know factors influencing consumers to purchase second handed products of social enterprises. The related literature were **Social Enterprise and Donation Concept** :Social enterprise was introduced in 21<sup>st</sup> century for global growth to meet a challenge of entrepreneur in the competitive situation.(Ken Standford,2103). This was a tool for minimizing economic problem, and eliminating social, and environmental problem. Many foundations have followed social enterprise concept for their sustainability (McKinsey et Co., 2012 ).Opening the shop to sell donated products was a activity of social enterprise This showed that society focused on social purpose, and concentrated that people see how their donation useful for society. From 4 Professional interviews from 4 social enterprises, Yuvadhana foundation informed that people donated goods to foundation in order to support Thai Youth education. This was a tool for increase the share towards the society. Moreover, people learn how to donate for social purpose, as Pungun encouraging Share for society. Next Suankaew Foundation professional interview, people donated the goods to foundation as they believed in Proyom Monk mission that he did for society. This was a way to encourage local job for community, and used for operation expense. Moreover, people learn how to donate for social purpose. In the same for sourcing of operation expense, Mirror foundation established social enterprise shop for source of fund to run internal organization expense, informed by Sarit Tirachanyo, team leader of Share Project. **Consumer Decision Making Process:** The decision process for consumer to purchase the products; there were 5 steps 1.Need recognition: the consumers recognize their needs and reasons to have problem to purchase the product. 2. Information search: after, need recognition step the customer will seek solution to solve their needs. Therefore information search is next step 3: Evaluation of Alternatives: once customers did the information search. In this process, the alternative, and attitude towards brand of product will be concerned to make customer in purchasing decision. 4: Purchase Decision: after evaluation of alternative, the purchase decision process will be involved in the customer to purchase the product. In this step, the factors involved for

consideration to decide to purchase product. 5. Post-Purchase Behavior: It is the final step for buying decision of the customer. “The process in which customer take further action after purchasing, based on their satisfaction or dissatisfaction.” ( Kotler& Armstrong,2012 ) **Marketing Mix Theory (4P)** Product, Price, Place and Promotion. Product: product is “anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need”. Second Handed Shop of Social enterprise, there shall provide variety of products in the shop in order to influence people purchase the product in originate. The product in seonded handed product from social enterprise, there shall be variety product for the customer to choose. The variety and useful products is normally served for donation of people in the society. Price: it is “everything given by acquirer in terms of money, time and effort to obtain the product”. The organization can set the strategy and policy to make the price attractive to make consumer attraction to purchase product. Place: It is the distribution channel to sell the products or to conduct social enterprise activity. It is known as distribution channel for product flown where it is from a donor to a buyer, so the consumer behavior is shown in the distribution channel **Promotion:** It is defined as “the coordinated self-initiated efforts to establish channels of information and persuasion to facilitate or foster the sale of goods or service, or the acceptance of ideas or the point of view.” It is one element of the marketing mix. The promotion includes the direct sale, advertising, publicity, and sale promotion to attract consumer to purchase the products (Appannaiah, Reddy & Ramanath., 2009)

### Methodology

The purpose of this research was to study the factors influencing decision of consumers to purchase second handed products of social enterprise in Bangkok. The questionnaires were designed and used as a tool to collect the primary data. The content and structural validity of question were proved by item objective congruent (IOC) from 5 experts which was 0.86. There were 400 samples circulated to consumers who purchased the second handed products of social enterprise in Bangkok. The followings were methods and procedures **1. Research Design:** The researcher selected approach from relevant information by using primary data from professional interview and secondary source from the literature review. **2. Population and sample:** From interviews, there was about 200-300 customers in Suan Kaew foundation in a day. Yuvadhana Foundation was 60-100 people customers in a day. Mirror foundation was 30-50 people per day, and ForOldy was about 0-1 people per week. The total number of average people visited for 4 social enterprises were about 370 people per day. There were approximately 11,130 people in one month. By using Taro Yamane with 97% reliability, there were 386 samples. In order to prevent an error , 400 set of questionnaire were launched and circulated to the target customer in SuanKaew Foundation, Mirror Foundation, Pun gun Shop. After obtaining the questionnaires, SPSS program was applied for data and hypothesis analysis in order to know factors influencing consumer decision to purchase the second handed products of social enterprise in Bangkok. **Sampling method:** By using weight average method for distributing questionnaires where there were 271 samples for Suan Keaw, 86 samples for Yuvadhna Foundation, and 43 samples for Mirror Foundation. **Research Instrument:** There were 3 parts of questionnaires part 1 was multiple choices which was demographic questionnaires; sex, age, status, education, occupation, and income, Part 2 was multiple choices contained 9 questions

concerned about consumer behavior, and Part 3 was Likert scale for marketing 4 P, and Donation purpose. **Data Analysis:** In this research, 400 people was used for calculation by applying non probability sampling and calculated by Yamane. SPSS was a statistic program for analyzing the data. In this research comprise various comprise the variable and ANOVA was applied for analyzing the data at a confidential level of 0.95. Furthermore, the Descriptive statistics were applied for the program to show the population study, gender, age, occupation, and income and education level, and consumer behavior part the descriptive data was used such as frequency mean, and standard deviation were used in the relation of research questions. To test the ANOVA was conducted on the variable. One way test used to access the factors influencing independent variables.

### Research Results

The research purpose is to know the factors influencing decision of consumer to purchase second hand products of social enterprise in Bangkok. A total of 400 consumer questionnaires were coded and analyzed by using SPSS

#### Analysis of demographic variable of consumer decision to purchase second handed products of social enterprise in Bangkok.

**From Figure 1 below,** It was found that 60% of sample was female purchased the second products of social enterprise shop in Bangkok which was greater than male which was 40% of the total. It was found that 66% of sample was married, and 30% was single. The majority in age was between 25 to 34 year found. The occupation of samples was labor/ freelance worker found which was 38% of the total. The education level of sample majority was primary school which was 32% of the total.

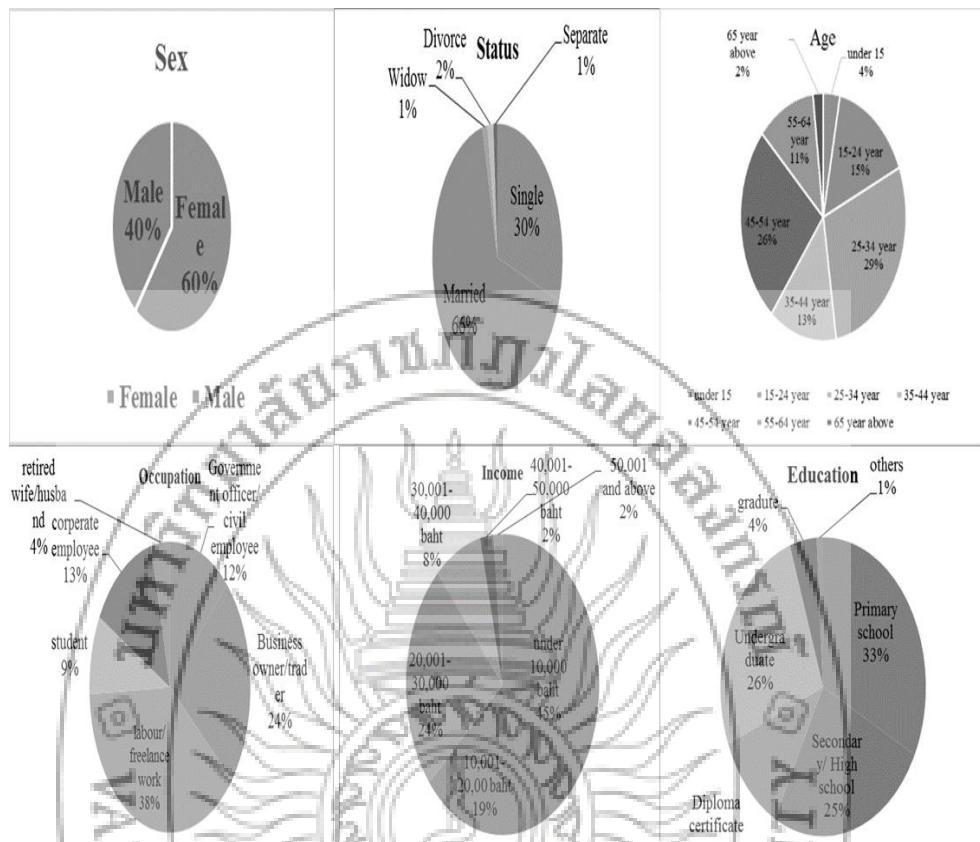


Figure 1 Demographic variables data

### Analysis of consumer behavior variable of consumer decision to purchase second handed products of social enterprise in Bangkok

**From Figure 2 below:** The favorite shop of consumer was Suan Kaew foundation which was 67% of total sample. It was found that 67% of people were ‘no experience’ in donating the second handed product to social enterprise. It was found that majority of people knew social enterprise more than 5 years which was 44% of the total. In respect of source of information respondents received information of social enterprise from television which was 46% of the total. In respect of frequency visiting social enterprise, 52% of the respondents were purchasing second handed products of social enterprise shop less than 1 time in a month. 39% respondent answered that they were influenced by themselves, and were accompanied with family 46% which were majority of answers. 44% of the total was found that they had budget not more than THB 250 baht for shopping in one time. The type of product purchased, 37% of total was found that they purchased clothes dress and accessories, and 26% of the total purchases kitchenware.

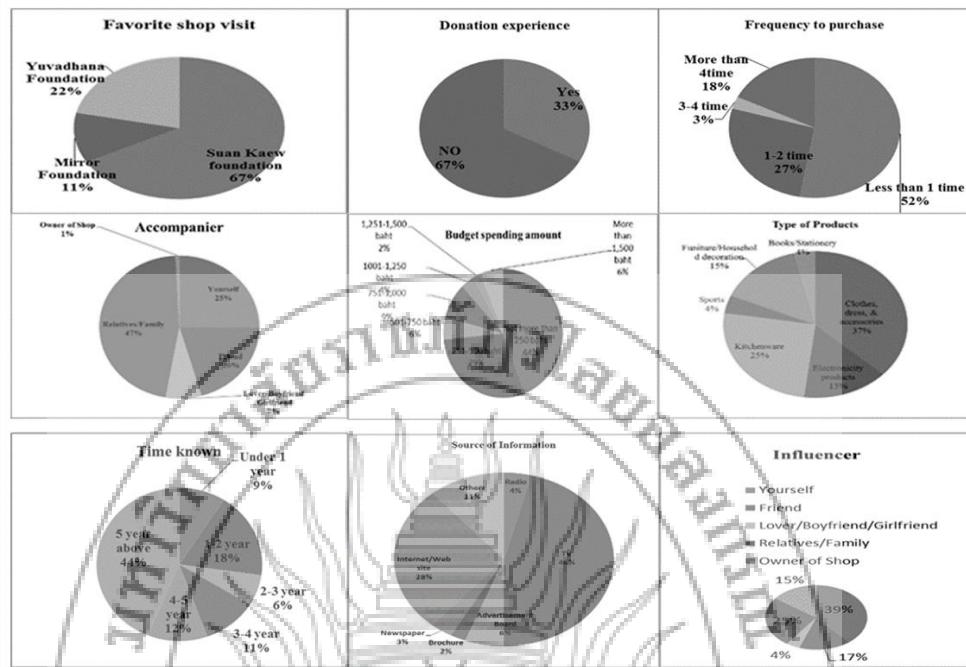


Figure 2 Consumer behavior variable data

### Analyze attitude toward marketing mix (4P) and Donation purpose of consumer decision to purchase second handed products of social enterprise in Bangkok

The research applied statistics by using mean and standard deviation for calculation the important level of consumer views towards marketing mix and donation purpose. It was found that in marketing mix aspect of product  $\bar{X}$  is 3.562, and S.D. 0.70 which was most important level. In respect of price  $\bar{X}$  was 3.39, and S.D. was 0.72 which was moderate important level. In respect of place,  $\bar{X}$  was 3.68, and S.D. was 0.7 which was most important level. In respect of promotion  $\bar{X}$  was 1.61, and S.D. was 0.62 which was least important level. Therefore, the marketing analysis was found that  $\bar{X}$  was 3.06, and S.D. was 0.70 which showed consumers gave moderate important level in marketing aspects. In donation purpose,  $\bar{X}$  was 4.24, and S.D. was 0.752 in overall. It showed that consumers gave important aspect of donation purpose which was (1) to support donation in the society, (2) to support operation expense for social enterprise, (3) to support education in Thailand, and (4) to support the share of the society.

### Hypothesis Testing and Summary

**H1:** Consumers with different demographic have influenced in decision to purchase second handed products of social enterprise shop in Bangkok

**H1.1:** Consumers with different in sex have influenced in decision to purchase second handed products of social enterprise shop in Bangkok. T-test value was 0.087, significance value was 0.931, greater than 0.05, so the null hypothesis was accepted, so consumers with different in sex has no influenced in decision to purchase second handed products of social enterprise shop in Bangkok **H1.2:** Consumers with different in status have influenced in decision to purchase second handed products of social

enterprise shop in Bangkok. F test value was 1.249. Its significance value was 0.290 which was greater than 0.05 so the null hypothesis was accepted so consumers with different in status have no influenced in decision of consumer to purchase second handed products of social enterprise shop in Bangkok. **H1.3:** Consumers with different in age have influenced in decision to purchase second handed products of social enterprise shop in Bangkok. F test value was 2.438. Its significance value was 0.023 which was less than 0.05, so secondary hypothesis was accepted so consumers with different in age have influenced in decision of consumer to purchase second handed products of social enterprise shop in Bangkok. **H1.4:** Consumers with different in occupation have influenced in decision to purchase second handed products of social enterprise shop in Bangkok. F test was 5.12. Its significance value was 0.00 which was less than 0.05 so secondary hypothesis was accepted so consumers with different in occupation have influenced in decision of consumer to purchase second handed product of social enterprise shop in Bangkok. **H1.5:** Consumers with different in income have influenced in decision to purchase second handed products of social enterprise shop in Bangkok. F test value was 0.833. Its significance value was 0.526, which was greater than 0.05. The null hypothesis was accepted so consumer with different in income have influenced in decision of consumer to purchase second handed product of social enterprise shop in Bangkok. **H1.6:** Consumers with different in education have influenced in decision to purchase second handed products of social enterprise shop in Bangkok. F test value was 5.075. Its significance value was 0.000 which was less than 0.05. So the secondary hypothesis (H1) was accepted so consumers with different in education level have influenced in decision to purchase second handed product of social enterprise shop in Bangkok.

**H2:** Consumers with different behavior have influenced on decision to purchase second handed products of social enterprise shop in Bangkok

**H2.1** Consumers with different in favorite shop visited have influenced in decision to purchase second handed products of social enterprise shop in Bangkok. F test value was 58.463. Significance value was 0.000 which was less than 0.05 so secondary hypothesis was accepted so the consumers with different in favorite shop visit have influenced on decision of consumer to purchase second handed product of social enterprise shop in Bangkok.

**H2.2:** Consumers with different in donation experience have influenced in decision to purchase second handed products of social enterprise shop in Bangkok. T value was 0.241, and significance value was 0.704, more than 0.05. The null hypothesis was accepted which means that consumers with different in donation experience have no influenced in decision of consumer to purchase second handed product of social enterprise shop in Bangkok.

**H2.3:** Consumers with different in time known social enterprise have influenced in decision to purchase second handed products of social enterprise shop in Bangkok. F test was 7.660. Its significance value was 0.00 which was less than 0.05. Secondary hypothesis was accepted, so consumers with different in time known have influenced on decision of consumer to purchase second handed product of social enterprise shop in Bangkok.

**H2.4:** Consumers with different in source of information have influenced in decision to purchase second handed products of social enterprise shop in Bangkok. F test was 10.171. Its significance value was 0.00 which was less than 0.05 so secondary hypotheses was accepted, so consumers with different in source of information received have influenced in decision of consumer to

purchase second handed product of social enterprise shop in Bangkok. **H2.5:** Consumers with different in frequency of purchase have influenced in decision to purchase second handed products of social enterprise shop in Bangkok. F test value was 4.619. Its significance value was 0.003 which was less than 0.05 so secondary hypothesis accepted. The consumers with different in frequency purchased have influenced in decision of consumer to purchase second handed product of social enterprise shop in Bangkok. **H2.6:** Consumers with different in Influencer have influenced in decision to purchase second handed products of social enterprise shop in Bangkok. F value was 8.305. Significance value was 0.000 which was less than 0.005. Secondary hypothesis was accepted. The consumers with different influencer have influenced in decision of consumer to purchase second handed product of social enterprise shop in Bangkok. **H2.7:** Consumers with different in accompanier have influenced in decision to purchase second handed products of social enterprise shop in Bangkok. F test value was 11.180. Its significance value was 0.000 which was less than 0.05. So secondary hypothesis was accepted so consumers with different in accompanier have influenced on decision of consumer to purchase second handed product of social enterprise shop in Bangkok. **H2.8:** Consumers with different in budget amount spending have influenced in decision to purchase second handed products of social enterprise shop in Bangkok. F test value was 8.843. Significance value is 0.000 which was less than 0.05. Secondary hypothesis was accepted so consumers with different in budget amount spending have influenced in decision of consumer to purchase second handed product of social enterprise shop in Bangkok. **H2.9:** Consumers with different in type of products have influenced in decision to purchase second handed products of social enterprise shop in Bangkok. F test was 9.14. Significance value was 0.00 which was less than 0.05 so secondary hypothesis was. So consumers with different in type of product has influenced in decision of consumer to purchase second handed product of social enterprise shop in Bangkok.

**H3:** Consumers with different in donation purpose have influenced in decision to purchase the second handed products of social enterprise shop of Bangkok.

**H3.1:** Consumers with different in donation support have influenced in decision to purchase the second handed products of social enterprise shop of Bangkok consumer. F test was 5.018. Its significance value was 0.001 which was less than 0.05. Secondary hypothesis was accepted. Consumers with difference in donation support have influenced in decision of consumer to purchase second handed product of social enterprise shop in Bangkok. **H3.2:** Consumers with different in support operation expense have influenced in decision to purchase the second handed products of social enterprise shop of Bangkok consumer. F test was 7.684. Significance value was 0.000 which was less than 0.05. Secondary Hypothesis was accepted. Consumers with different in support operation expense have influenced in decision of consumer to purchase second handed product of social enterprise shop in Bangkok. **H3.3:** Consumers with different in support job/income earned have influenced in decision to purchase the second handed products of social enterprise shop of Bangkok consumer. F test value was 6.447. Significance value was 0.000 which was less than 0.05. Secondary Hypothesis was accepted. The consumer with difference in Job/income earned have influenced in decision of consumer to purchase second handed product of

social enterprise shop in Bangkok. **H3.4:** Consumers with different in support education have influenced in decision to purchase the second handed products of social enterprise shop of Bangkok consumer. F test was 4.825. Significance was 0.001 which was less than 0.05. Secondary hypothesis was accepted which mean that support education has influenced in decision to consumer to purchase second handed product from social enterprise shop in Bangkok. **H3.5:** Consumers with different in Support Share have influenced in decision to purchase the second handed products of social enterprise shop of Bangkok consumer. F test value was 10.704. Significance was 0.000 which was less than 0.05. Secondary hypothesis was accepted. The consumers with difference in Support share have influenced in decision of consumer to purchase second handed product from social enterprise shop in Bangkok

### **Summary and Recommendation**

In this research focused on the factors influencing in decision of consumer to purchase second handed products of social enterprise in Bangkok which 400 questionnaires circulated and collected from the consumers who purchased the donated products from Suan Keaw Foundation, Yvabadhana Foundation, and Mirror Foundation.

### **Summary**

Demographic consumer behavior variable of consumer decision to purchase second handed products of social enterprise in Bangkok, it was found that most consumers bought the second handed product of the social enterprise shop was female which was 242 people or 61%. Majority was found that they were married which was 66%. Majority age was range found between 25 to 34 years which was 29%. Occupation was labor or freelance work found, 38.25% of total. The majority in income was THB 10,000 per month. Moreover, it was found primary school was majority of education level degree 32%. The respondent majority is most visiting Suan Kaew Foundation which is 67% of the total. The favorite shop of consumer was Suan Kaew foundation which was 67% of total sample. It was found that 67% of people were ‘no experience’ in donating the second handed product to social enterprise. It was found that majority of people knew social enterprise more than 5 years which was 44% of the total. In respect of source of information respondents received information of social enterprise from television which was 46% of the total. In respect of frequency visiting social enterprise, 52% of the respondents were purchasing second handed products of social enterprise shop less than 1 time in a month. 39% respondent answered that they were influenced by themselves, and were accompanied with family 46% which were majority of answers. 44% of the total was found that they had budget not more than THB 250 baht for shopping in one time. The type of product purchased, 37% of total was found that they purchased clothes dress and accessories, and 26% of the total purchases kitchenware

From the study of marketing mix and donation purpose of consumer decision to purchase second handed products of social enterprise in Bangkok. The consumer give attention towards the product in most important level, and its  $\bar{X}$  and S.D is 3.562 and 0.70 respectively. The consumer give attention towards price in moderate important level, and its  $\bar{X}$  and S.D is 3.39 and 0.72 respectively. The consumer give attention in

place in most important level, and its  $\bar{X}$  and S.D is 3.68 and 0.70 respectively. The consumer give attention in promotion in least important level, and its  $\bar{X}$  and S.D is 1.61 and 0.62 respectively. The marketing analysis found that  $\bar{X}$  is 3.06, and S.D. 0.70 showing that consumers give moderate important level in marketing aspect. In donation purpose,  $\bar{X}$  is 4.24, S.D is 0.752 for overall. It shows that the consumers give important aspect of donation purpose with the purpose of to support donation in the society, to support operation expense for social enterprise, to support education in Thailand, and to support the share of the society.

For the study on inferential data analysis to test hypothesis, researcher found that **H 1:** Difference in Demographic factors has influenced the consumer decision to purchase the second handed product of social enterprise shop In Bangkok at a confidential level of 0.95. **H2:** Different in Consumer behavior factors has influenced the consumer decision to purchase the second handed product of social enterprise shop In Bangkok at a confidential level of 0.95. **H3:** Different in donation purpose has influenced the consumer decision to purchase the second handed product of social enterprise shop In Bangkok at a confidential level of 0.95.

## Recommendation

1. The result of this research shall bring the foundation to understand the target customer. In this research majority of the consumer is lower income with having small budget which is not more than THB 250. They purchased the second handed products of social enterprise 1 time more than a month. They give the promotion at the least important. The foundation shall give attention on promotion strategy to attract the customer. In the same time, majority consumer of second handed social enterprise shop are the people whose income is lower THB 10,000 a month, and high income consumer, they have not visited the social enterprise shop. This shall bring social enterprise to notice and compete in the business while carrying social goal. Moreover, social enterprise shall encourage on the social media apart from TV. As information from the data analysis, the foundation shall use information to plan for business strategy in order to increase revenue which use for social purpose.
2. The second handed products of shop can review information in order to set the marketing mix aspect for earning income for their business.
3. Individual who are interested in this research can review the family incentive which influences the decision to purchase the second products. They can apply this information for further understanding for people who have less income.
4. The individual or the social entrepreneur would like to start up the second handed social enterprise shop can review how the people idea to toward the second handed social enterprise product. This research will help them to understand the factors will influence consumer to buy the product which is not only in Bangkok. In case, difference area to conduct research, the individual who interested to do this survey will help individual to understand demographic variable and behaviors which data to influence the consumer decision making.
5. The people can study with the other topic to the people who do not purchase the second handed product from social enterprise shop.

6. Individual can expand the sample over from the Bangkok location and any part of Thailand which there are social enterprise shop in order to know the people idea apart from Bangkok area.

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## THE SUITABLE MODEL OF ACCOMMODATION FOR TOURISM IN SONGKHLA OLD TOWN

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### Abstract

The purposes of this research is to study tangible and intangible heritages of Songkhla's old town that can create a model for accommodation suitable for the area, to study tourists' needs for suitable accommodation in Songkhla old town, and to study a model for accommodation suitable for Songkhla's old town. In depth interviews with people involved in the field of tourism was used as a method to collect data. 26 sampling interviews were conducted in 3 groups of people. Every group of people have been asked different questions. The sampling groups comprised 10 local people living in Songkhla old town area, 10 tourists, and 6 professionals and government officers. The result indicates that a suitable model for accommodating tourists in Songkhla old town should be small sized accommodation or boutique hostels in renovated ancient buildings, thus enabling preservation local heritage. The process of data collection was slightly impeded causing delays in our schedule. The result of this study can be used to develop suitable accommodation in any old town with the purpose to sustainable tourism.

**Keyword:** Accommodation, Old town, Tourism, Heritage

### Introduction

#### 1. Background

Tourism is a service industry which has an important role in terms of propelling social and economic development of a country. Tourism dose not only serve as a means of distribution of GDP but also creates other businesses both directly and indirectly such as accommodation, food and beverage, souvenir shops, infrastructure enhancement, and so on. According to tourism industry growth, it supports investment growth, employment, and income distribution to locals. Each year, our country can earn several hundreds of million baht from this industry.

Thailand is one of the countries that has been focusing on the tourism industry for a long time. One of the important roles of the tourism industry for many years has been an economic one. It can be mentioned that the tourism industry is the industry which can generate highest

earning. Since 2009, the Council Of Ministers agrees that tourism is an item of a national agenda which covers many organisations. Hence, there is a need to administer and manage it in such a way that needed to administrate and manage in a way that integration with government and private organizations, including the populace, can be achieved. After that, policies and strategic tourism plans have been implemented under the National Tourism Development Plan of 2012-2016.

The objectives of this plan revolve around reanimating and encouraging to expand and become sustainable, thus speeding up creating opportunities to earn money from tourism.

The national tourism development plan 2012-2016, takes in to account information related to tourism situation worldwide and in Thailand (Ministry of Tourism and Sports, 2011). For the tourism situation worldwide, changing tourism behavior related to changes in the global economic situation. Due to the impact of recession, tourists feel a need to spend carefully on tourism, consider more about the value of money, and are also more likely to consider special interest tourism such as cultural tourism, health tourism, sports tourism, etc. Because tourists would like to learn and get different travelling experiences, get in touch with pure nature and eco-friendly activities, and choose to stay in unique hotels and resorts. Furthermore, we notice an environmental responsibility trend, Preserving tradition, architecture and original culture are popular among tourists at present. As for Thailand's prominent tourism areas, our new government is serious about promoting tourism and as a result the number of tourists tends to increase.

In accordance with analyses of factors impacting the Thailand tourism industry which comprise an important issue for the development of Thailand's tourism industry, it was found that there were many strong points. For example; the government emphasised on tourism so they decided to acknowledge it as an issue of concern on the National Agenda and specified in its national economic and social development plan issue 11 (2012-2016). Thailand has an abundance of natural resources, cultural art, and traditions while its people are hospitable. These are the strong points of Thailand as a tourist destination. In addition, Thailand caters for particular attractions such as Thai boxing, spa treatment, service promoting, ancient knowledge and know-how that can be adapted to become remarkable and interesting tourism products.

Songkhla is one of the cities able to support very strong tourism development because it has many varied tourist attractions in terms of nature, culture, history, local knowledge and life styles. All these tourist attractions make up Songkhla's identity. Our local government has therefore incorporated and specified them in its Songkhla development plan 2015-2021. The goal is that Songkhla will become the centre for tourism in the southern part of Thailand. It also includes an international standard of service. According to the formation of a development plan and conservation of Songkhla old town in 2002, our local government thus aims to increase the number of tourists to travelling to Songkhla. Not only the development plan but also the obligation of the city to support tourism in the area specified in Songkhla's

obligation for “economic development, trade, tourism, agriculture industry in the ASEAN community”. In terms of policies, the administration team of Songkhla has policies for overall complete tourism development by developing its tourist attractions, accommodation, activities, safety and public relations (Songkhla Municipality Strategic Development Plan, 2015). Moreover, the analysis of problems and requirements of people in Songkhla city indicates has opportunities for tourism such as locations of government offices, educational institutes, financial institutions, hotels and several tourist attractions covering culture, history and nature as well as ancient knowledge present among its people which all together compose the identity of Songkhla.

In response to these policies, nowadays Songkhla tends to receive an increasing number of tourists, both Thai and foreigner. The statistics on the numbers of tourists in 2014 showed that one million Thai tourists and five hundred thousand foreign tourists traveled to Songkhla. The statistics also showed that the number of Thai and foreign tourists who travelled to Songkhla in total increased approximately with 2.5 percent (Department of Tourism, 2014). In particular, there are a lot of tourists who visit the old town area of Songkhla for sightseeing old architecture that still mostly remains to be original. For many years, enabling tourists to get in touch with retro-ways has becomes popular. Besides the original architecture, there are many attractions for tourists such as paying homage to the Guan-Yu Shrine and the shrine of the city-god, buying native souvenirs, and sampling famous local meat dishes and desserts on Nang Ngam Road. This area is full of people who come to visit to get in touch with the way of life in our community.

Songkhla Old Town, also known as Bo Yang is the area where is outstanding in landscape. Many foreign merchants were attracted by the outstanding of landscape, so they came to settle until now. Information can be found in the Songkhla old town Heritage Trail handout concerning to history of Songkhla that “the town has changed locations for three time from Khao Dang then Laem Son before it was established at Bo-Yang. Songkhla has a strategical location advantage as a center of South East Asia and the town situates on a peninsula flanked by Gulf of Thailand and Songkhla Lake not far from Andaman Sea. Besides, a location of Songkhla has been the port where is named as Maritime trading for a long time bringing in foreigners to the town” (Songkhla old town Heritage Trail booklet, 2015, Page 4). Currently, Songkhla old town considered as the nation’s heritage which is soon developing to the world’s cultural heritage. The diversity of cultures helps driving and supporting other values to become remarkable which they are all reflected the uniqueness of Songkhla city. Therefore, Songkhla nowadays is a melting pot of various cultures especially Thai, Chinese and Muslim as evidenced by the architecture of houses and religious places as well as food and tradition. Songkhla old town consists of 3 main roads which are Nakornnok and Nakornnai road, Nang Ngam road and Phatthalung road. (Songkhla Provincial Office for Tourism and Sports)

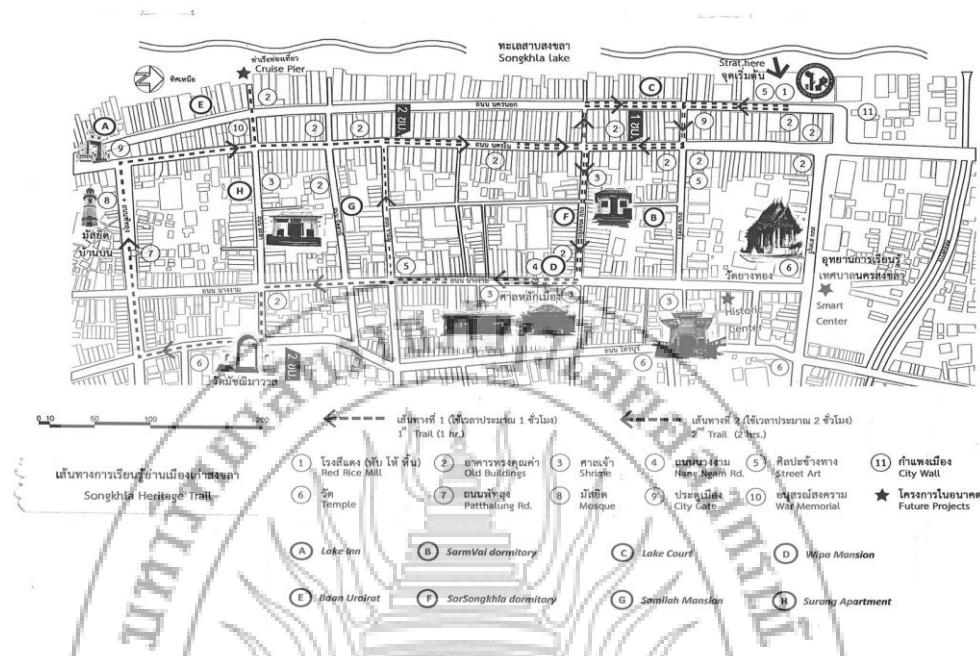


Figure I: Current an old town area of Songkhla map

Source: Songkhla Provinces. (n.d.). Songkhla old town Heritage Trail booklet.

Even though the current situation of tourism in Songkhla is going well by the support of organisations to promote old town of Songkhla, but there are also some threats which are barrier of tourism development in the area. The old town of Songkhla is becoming a popular tourist attraction but the area still has some problems especially facilities to support the growth of tourism, such as lacking of several kind of accommodation or convenience of infrastructure. In addition, tourism trend and government support are not only the big motivate of tourism in the capital city but also local area including Songkhla. On the other hand, many areas still have to face with problems like old town of Songkhla where need some development.

## 2. Significant of the study

The important of this study derives from the concept of tourism operation to be successful. Regarding to the study of many experts, it was showed that it should have a study and understand on tourism clearly especially a motivation on traveling of tourists so that we can know true need of them. Moreover, many interesting places, many activities that related to local culture and facilities might be the factors that attract them to travel.

Because the tourists are away from home while traveling so they need facilities during the trip which consist of 4 things (Virinia Mayor, 2011). First, an accommodation is an important need while traveling. Some of them can stay with their friends or relatives but some need accommodations. There are many types of accommodations such as hotel, resort, guest house,

and so on. Second, food and beverage are concerned as one of the importance needs of tourists. Third, facility services are souvenir shops, laundry, and recreation and so on. The last one is basic need of traveling such as communication system, transportation and public utility at tourist attraction.

According to a tourism operation and accommodation concept of Phuket and Penang, Malaysia, can adapt with a current situation of tourism in the old town area of Songkhla where is popular and provide support from government, local organisations, and local community. Besides, the concept of accommodation is also a model that supports a variety and standard of accommodation well, the old town area development to be sustainable tourist attractions of culture and architecture in the similar period of Songkhla such as Phuket and Penang, Malaysia. Both of the cities are extremely successful in tourism development and still remain the value of their heritage.

The Old town area of Songkhla is outstanding in architecture along with a combination of three cultures and ethnics of Thai, Chinese and Islamic. Moreover, local food in the old town area of Songkhla is popular thing that influences tourists to travel in the area. According to those interesting heritages, local governments and related organisations have created activities and events to support tourism and attract more tourists.

On the other hand, it can find out that the old town area of Songkhla still has some problems of facility to support tourism in the area such as insufficient parking area or narrow roads that are not convenient for the tourists to get into the area. Moreover, there is a lack of several kinds of accommodation and most of them are under standard as well as the old town area of Songkhla in the past used to have some hotels but it also did not successful so it become the importance issue that needs to improve.

The tangible and intangible heritages of Songkhla will be the identity of city, so the study of a model of suitable accommodation can help to remain all of those heritages and also be a significant of a researcher to study on this issue for adaptation and improvement of tourism at an old town area of Songkhla later on.

### 3. Statement of the problem

Nowadays, Songkhla becomes an important tourist attraction where has numerous of tourists who come to travel, so it needs full of facilities to support the tourism growth including accommodations. A facility is one of problem that can be a barrier on tourism development. The problems that has clearly found are infrastructure in the area of Songkhla old town where the roads are very small and there are a lot of alleys so that cause of an inconvenience for tourists. Therefore, the lack of several and under standard of accommodations so it becomes a problem that is importance issue affected to tourism.

A current situation of tourism in Songkhla old town is now growing but it contrasts with the readiness of accommodations in the area and most of accommodations are hotel or resorts that

located in Hat Yai city around 113 accommodations, 28 accommodations in other city of Songkhla and 31 accommodations in Muang district. A total amount of these accommodations in the province is 172.

There are not many kind of accommodation in the old town area of Songkhla for supporting all type of tourists who visit this area. Accommodation nearby is mostly hotels, Mansions and apartment that just only 8 accommodations Accordingly, it show that most of accommodations nearby are hotels and there is no accommodation that offers an opportunity to each kind of tourists to choose. Some groups of tourists need convenience facilities, cleanliness and safety. While another group of tourist especially backpackers like the accommodation that is cheap, locate in a center of town and near the tourist attractions because this type of accommodation is popular among backpacker tourists who need to exchange the information each other.

Therefore, the researcher anticipates the necessity of study in order to obtain the pattern of suitable accommodation in the old town area of Songkhla. It will support the tourism in the old town area of Songkhla to be satisfied among the tourists. Thus, the researcher uses the qualitative research by in deep interview with local people and tourists in order to obtain the pattern of suitable accommodation so that the community including the stakeholders can develop the accommodation properly.

#### 4. Scope of study

##### *Scope of detail*

The details of this research cover the suitable accommodation model for tourism in Songkhla old town as locals and tourists opinion. Research will be conduct by in depth interview with involve people in the area both enterprise and government. Moreover, the secondary data is the data that we can get from locals government documents about history and architecture of Songkhla old town. Local information not only covers the study of this topic, but also the tourism information of the area. The duration of conducting research will be 10 months.

##### *Scope of population*

Informants of this research are all group of stakeholders in the old town area of Songkhla for 26 samples that can be divided following: local people including trader or business owner, local government and tourists to find out the result of the suitable accommodation in Songkhla old town. 26 samples of informants can specific as 10 local people, 10 tourists, and 6 government officers.

##### *Scope of area*

The area for conducting this research is Songkhla old town where is an important historical area in Songkhla Province. Furthermore, there is an acculturation of Thai, Chinese, Western and Muslim all in the same area accordingly. This research covers the main important roads

that are located in Songkhla old town: Nang Ngam Road, Nakorn Nai Road, Nakorn Nork Road.

### Objectives

- To study both tangible and intangible heritages of Songkhla old town that are important information and sources to develop a suitable model of accommodation in the area
- To study the tourists' needs on the suitable accommodation for Songkhla old town
- To study the model of accommodation that is suitable for Songkhla old town.

### Research Methodology

This research requires several of primary and secondary data by study on heritage concept (tangible and intangible), tourist need concept and general tourism structure that influence to the study of an accommodation for tourism. The research focus on studying concepts and opinions that influence to the creating a model of suitable accommodation of Songkhla old town area. The research is qualitative includes mapping and picture of the study area and the related area and also the investigation of factors related to quality of a development on accommodation for tourism. Several steps in the research are following:

1. The investigation is an understanding of the background of the study, significant value of accommodation development, and the important of tourist need and heritage concept to support on tourism in old town area of Songkhla.
2. A survey of heritage with community profiling help on the area's information such as architecture, history or culture, etc. All the area's information is support on the documentary data about the area including post research. The survey will focus on the information of heritage that related to create a model of suitable accommodation.
3. Observation is important way to study both tangible and intangible values of heritage. Therefore, it provides a good opportunity to interact and communicate with locals and to see the relationships between stakeholders involved in the heritage. Observation and general interview can use as a basic information to create a model of suitable accommodation for old town area of Songkhla.
4. In-depth interview, it has a preparation of an interview schedule and list the names of interviewee with exact and clear research questions or themes which facilitate the process of interviewing. The sample will be 26 samples which consist of a range of groups follows: local people, group of academic, then the group of government organization.
5. The analysis process, the results from the literature review, survey, observation and in-depth interview with the different stakeholders who have given information and opinions will be analyzed. In this stage, the data analysis is identified by separating the classification of

data as study issues, creating a conclusion in the induction way and presenting the result of research by analytical description.

6. The final stage of analysis is drawing conclusions, discussions and suggestions for community, government, and other stakeholders who has involved in tourism and accommodation development in the old town area of Songkhla to achieve on cooperation among them. This research might be found out the advantages for sustainable development on accommodation in the area to support on the growth of tourism of Songkhla.

### Finding

1. To study both tangible and intangible heritage of Songkhla old town that are important information and sources to develop a suitable model of accommodation in the area.

#### *1.1 Local People*

Concisely, the data showed that most of the aspects of local people to tangible and intangible heritages of Songkhla old town have the same direction. Tangible and Intangible heritages of Songkhla old town consist of 5 mains heritage as follows;

- Firstly, remarkable local food such as khao satu Keart Fung, Salapao Ko Yao, Tae Chinese food, NamDao Restaurant, black sticky rice stir, Karawjee and so on.
- Secondly, the way of life of 3 races; Thai, Chinese, and Muslim that peacefully live together in the community.
- Thirdly, several local architecture styles such as Sino European style, Chinese style which is a two-story wood house combined with cement. Moreover, there is architecture that showed a local culture such as the red mill or Hub Ho Hin. Recently, Hub Ho Hin was renovated to be a local learning center for tourism.
- Fourthly, tradition such as a shrine of the city-god celebration that has carried on for a long time including Chinese operas performance.
- Last, street art is the pride for the community at this moment. It is also the thing that can attract tourists the most because the drawing informed and showed the local cultural from the past so it is continuously interesting among the tourists.



Figure II: Street art around an old town area of Songkhla

Source: Ms. Yingrak Chakcharoen, August 2016

### 1.2 *Experts, Professional, and government officers*

In addition, the aspects of experts to cultural heritages of Songkhla are not different too much from group of local people. Most of opinions showed that the identities of local cultural, being a local special pride, and attract tourists are

- Local food of Songkhla is different from the others because there are a combination of 3 races: Thai, Chinese, and Muslim that live together in the area of old town. According to the outstanding of food, so it is important to preserve this identity. Moreover, it should enforce one of local food for welcoming tourists such as Neaw Bork (Muslim's dessert), Tao Khua, Khao satu and so on.
- Local architecture, Songkhla used to be a port for commerce so it has an influence in local architecture style especially Chinese culture along with the others. Local architecture styles consist of traditional Chinese shop house, commercial Chinese shop house, Sino-European shop house, and art deco shop house. Apart from that, there are other archaeological sites that should preserve for being a learning center to support tourism such as Khao noi palace, Lam sai turret, ancient wall, Red mill (Hub Ho Hin). They are important for tourist attractions that not only show about the building but also the culture. At the present time, there is not only old houses around the old town but also drawing pictures that being a new identity and attract tourists to travel at the old town area of Songkhla.
- Local traditions, some of local traditions of the old town still remain activity until the present time. Local tradition that is well known and a pride of community is shrine of the city-god celebration. However, there are also performances that almost disappear which are Chinese opera, classical Thai tune, and fighting bull. All of them were very popular in the past.

Other important heritages that impressed tourists are the way of life, lively town, and people. Songkhla old town has a social value that Thai, Chinese, and Muslim can live

together peacefully in one community and welcoming, so this is the identity of the town. Then, Songkhla old town can be regarded as a visibly town of natural resources and cultural resources because it is located next to a beautiful view that everyone can enjoy the moment.

## 2. To study the tourists needs on the suitable accommodation for Songkhla old town

### 2.1 Tourists

Usually, most of tourists have several needs especially when they travel and look for an accommodation. According to data, there are some of considerations in choosing accommodation. The first concerned issue is safety and security following by convenient transportation service, located nearby tourist attraction, nice atmosphere, friendly staff, warm feeling, reasonable price that should be over 500 baht. The data showed that all of these are reasonable because most of people who will stay are the special groups of tourist so it has a lot of factors in consideration.

Nonetheless, both tourists and visitors agreed that they don't want a luxury accommodation but they just want to enjoy with local heritages, cleanliness of room, nice atmosphere, decoration that focus on an original style, 24 hours minimart, warm welcoming and friendship of local people. The importance point is to remain all of the value of heritage.

On the other hand, there is a problem of parking that is not enough. Moreover, an old town has a limit of space, so all roads in the area are too narrow to accept all of vehicles that get into the area. According to the problem, it becomes a destination weak point that tourist cannot really enjoy the sightseeing.

## 3. To study the model of accommodation that is suitable for Songkhla old town

There are several opinions of local people, experts, and tourists through a suitable model of accommodation in Songkhla old town that can divide into 4 types as follows;

### 3.1 Kinds of accommodation for Songkhla old town

- A small sized accommodation

Local people have agreed that the model of accommodation that more feasible is a small sized accommodation with less than 10 rooms, the decoration should be simple, located in a good location that easy to find something to eat. Apart from that, it should be easy to access by a convenient public transportation service. If we look at the area of an old town, the suitable location to create an accommodation is Nakorn Nork Road because it locates next to a beautiful Songkhla lake. Other than these, the most important thing concerned for accommodation is safety and security. According to all reasons above, the renovation of an

old house must be the main point to concern because an old town area of Songkhla should be an area for conservation. Moreover, the owners of the house have ability to create and manage an accommodation by themselves. The reasonable price should be 500 baht or more.

- **Boutique Hostel**

All of experts and some of tourists have agreed that a boutique hostel is a kind of accommodation that suits with an old town the most. Boutique hostel is suitable for Songkhla old town because it is a small accommodation that locates among an old town atmosphere. Apart from that, it is not a luxury accommodation but focuses on a convenient and outstanding image from each other. A boutique hostel uses a small area to build, so a renovation of an old building is a good idea and the way to conserve local heritage of an old town. The renovation will be also the advantage because guests can experience and enjoy a local decoration style, private time, and a beautiful view.



Figure III: Baan Nai Nakorn, First boutique hostel in Songkhla old town

Source: Ms. Yingrak Chakcharoen, October 2016

- **Homestay**

Most of tourists have supported on this concept. Homestay focuses on service or decoration but tourists will look for a friendly host, can experience local culture form local people. It is also a small accommodation that definitely has less effect to environment and old local heritages including generating revenue to local people aside from commerce.

- **Modern Guesthouse**

Some samples have mentioned about modern guesthouse. Guesthouse would be one of types of accommodation that tourists need because there is an identity of decoration that is different

from each other. According to that, it can decorate in an old style that may be suitable for Songkhla old town along with a budget price.

In summation, a creation of accommodation for tourism need to consider about cleanliness, service mind, and being a good host as main issue because it attracts not only the guests but also creates a sustainable tourism in an old town area of Songkhla.

### 3.2 Affectations and recommendations to a creation of accommodation in Songkhla old town

There is a problem of parking lots that is not enough to number of vehicles. Moreover, an old town has a limit of space, so all roads in the area are too narrow to accept all of vehicles that get into the area. According to the problem, it becomes a destination weak point that tourist cannot really enjoy the sightseeing. There are many ways to solve the problem such as provided public transportation service, proportion of parking zone setting, policy of parking in odd days or even days, local transportation (three wheels bicycle) can be used, set drop points that can take public transportation any time, and set direction signs. Not only the development of facility is important but also the surrounding atmosphere such as taking of cables down to the ground can make a road bigger and nice atmosphere.

### 3.3 Advantages after an incoming of cultural tourism

According to an incoming of cultural tourism has advantages in term of economic to locals and also cause them to appreciate their heritage more. Besides, it is also old architecture conservation includes a publicity of culture and tradition.

## Discussion, Recommendation, and Conclusion

At present, a cultural tourism is very popular especially Thailand where has several heritage sites. Some places have developed destination until it become popular tourist attractions to tourists. For example, Amphoe Chiangkhan, Loei Province or Chantaboon Old Town in Chanthaburi Province are cultural sites that the culture and original way of life are existed and widely known among the tourists. The houses that located in these areas still remain the primitiveness nearly 100 percent. For this reason, the tourists are impressive quite a bit.

At the present, Songkhla is the province where abundance of natural resource and man-made resource. It became the accepted origin and culture, thus the province is more famous in tourist attraction traveling. An important prominent point that makes Songkhla become more popular is Songkhla Old Town where improved and developed to make Songkhla turn to be jolly once again. Moreover, an important identity might be ancient building, local food, original way of life, including street art that get attention from the tourists a lot. Architecture of Songkhla Old Town is similar to architecture of Penang and Malacca in Malaysia, including Phuket Old Town in Thailand. It's evident that all of these following cities can be developed to cultural site for tourism of the world distinctly. As the following achievement, Songkhla begins to

foresee an important of old town in developing to be the tourist attraction. So, the old town is developed and restored continuously through 4 to 5 years. For this reason, it becomes the popular tourist attraction at this time and Songkhla is also one of ten old towns that have historical value of country.

When the tourism begins to play a role, it often benefit to that community. For Songkhla Old Town, it's evident that people in local area have more income and income distribution to community is begun that are different to the old town-area for many years ago because it was alone. Another important thing that benefits to local culture conserving is people in community, public sector and private sector are awakened to develop and restore the country to be better. Awakening to cultural conserving of oneself is a good thing because the culture won't disappear and shows the background of oneself in order that the lineage can learn and inherit. Furthermore, it is the way to publicize and spread the culture to others as well.

However, when the tourism begins to play a role, a bad result often come after as well that can be seen the cities as mentioned above are all affected. The development of old town to be the tourist attraction together with cultural heritage conserving is very important. When the tourism begins to play a role, the growth of facilities or businesses related to the tourism, for example, an accommodation, a restaurant, a tour company and so on. Hence, local resource usage, capitalist incoming and temptation to build the building or new culture in order to conceal the original culture are all the following main problems. Nowadays, culture and the way of travel change a lot because of an influence of social media in daily life. By the time, an ancient culture and antique still popular among tourists as well. Hence, it is not different to see a creation of new things along with an ancient concept for responding tourist need. There are many places that street art or wall drawing are conspicuous things that very famous and attract a lot of tourists at this moment. A favor of this kind of travel in Songkhla or Phuket old town might influence from Penang, Malaysia where it similar both tangible and intangible heritages especially architecture. Conversely, Songkhla has lost their own identity and cannot be able to identify their real value because locals only focus on the way to attract tourists and number of tourists instead of the value of tourism. At this point it becomes a suspense issue to concern because it will only be a temporality tourist attraction that tourists enjoy taking photo for a while and will not revisit the destination. At the end, it can be compared as two-edged sword.

According to a researcher opinion, Songkhla old town can be developed to a sustainable tourism because there are readiness of geography and culture. Songkhla old town located next to Songkhla Lake, moreover local food is a popular identity among tourists. In term of tourism facility should be provided properly follow tourist's need and be useful to both community and tourism development. All of those elements can support tourism in Songkhla old town becomes a sustainable tourism.

The aspect of tourism development, any facilities are considered as important elements especially transportation, sanitation, and accommodation service. However, it becomes a

problem of any new destinations that usually face. At present, Songkhla old town is also facing this situation and many problems have occurred. The principle problem originates in the limit of space that cannot respond to an increasing number of vehicles in an old town because of a lacking of well management. Even there was a policy of car parking in odd days and even days from local government but it was unable to enforce in the area because everyone thought only personal benefit and convenient or a car parking has provided nearby the area but it is inconsistency. According to a problem, the main cause that was an obstacle of development are people who are the important resource and element in tourism so the cooperation of locals and the understanding of each other are the best way solve the problem. Furthermore, local government should provide a suitable parking lot area for tourists and local people because neatness will make a better atmosphere and be suitable for sightseeing. Another way, public transportation should be added follow an increasing need along with an allocation of public transportation dropping points that tourists can get on and get off anytime. It will be advantage to guest who stay in the area and be able to solve a problem.

The important element to support a comprehensive tourism development is accommodation service. There are a lot of ideas to create an accommodation but the most suitable types of accommodation need to be considered follows any factors of a destination as Songkhla old town is a new famous destination. A researcher has an opinion that a conservation of local heritages and less effect to environment are the most importance factors to consider on a creation of accommodation in Songkhla old town. Moreover, accommodation quantity control is also important because an old town should not have much new buildings. We can be seen from other destinations that there were capitalists have invested in accommodation business, at the end the numbers of accommodation in that area was over demands of a market and local heritages was damaged. Fortunately, there is a new generation of local people get back to Songkhla because they alert and interesting in development of their heritages so it can reduce a chance of capitalists for investment. According to data analysis, a researcher has supported a concept of small sized accommodation that an old building in the area can be renovated to be accommodation. A small sized accommodation should not have many rooms, be able to accept a group of special tourist who want to experience local culture. Another important point that I also supported along with opinion of experts boutique hostel might suitable to Songkhla old town more than guest house because there are a different target group of guest. A group of special tourist has deeply interest to experience the different of culture in that destination than backpacker who is a main target group of guest house. Besides, a group of special tourist has high purchasing power than backpacker who rarely spends money for other services. Consequently, there are obviously difference of characteristics between both groups of tourist to the benefit of community and society.

Another way is concerning to a current condition of Songkhla Old Town that is not become the real tourism yet because most of tourists prefer to travel for one day trip and Songkhla Old town is supported to be the world heritage site, the inner area of old town that is compared as egg yolk is not appropriate to build the accommodation for the tourism or the accommodation

that offers the complete facilities. The good way is to find the suitable outside area to build the expanded accommodation for supporting the tourism and the tourists who come in groups.

A researcher thinks that there are two ways to create the suitable accommodation for Songkhla Old Town Area are all possible as mentioned above. That are the small accommodations where are renovated from the old buildings or expansion to build the new accommodation with more area in nearby zone that can support the number of guests and also add more facilities. It's evident that both of these ways have percentage to affect in society and culture not much, the size of accommodation is proper to the need. According to Songkhla Municipality has created the municipal law of building creation in the inner old town area to be the regulation. So, these two ways are more possible.

Above all, when the tourism plays a role, the development begins. The important thing is to value highly and conserve the cultural heritage that is the indicator to show a background of old town. So, it should have a development of human resource and instill in conservation because human resource is the importance element in propulsion of tourism for permanence. Summarily, buildings are only temporary things but heritages will be the identity of the community that remains forever.

### Acknowledgement

This Thesis has a main purpose to study a model of accommodation for tourism in Songkhla old town toward a development of tourism and accommodation in the future. The study had achievement properly, sincerely thank you to all the advisors especially Dr. Sippanan Nuanlang, family and friends, and all the samples for a cooperation and support.

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## FEASIBILITY OF ONLINE GROCERY SHOPPING IN SYDNEY, AUSTRALIA.

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### ABSTRACT

Online grocery shopping in Australia is unacceptable much because they have plenty of convenience store and supermarket so they can easy buy the grocery quickly to respond their need. Likewise, purchasing the online grocery is still new in the Australian opinion. This study aimed to evaluate the feasibility of online grocery shopping in Sydney, Australia by studying the attitude and perceptions of online grocery shopping about advantage and disadvantage, trait of online grocery shopper in term of demographic and lifestyle. To evaluate the feasibility of online grocery shopping in Australia, the qualitative research was conducted through two methods: focus group and in-depth interview. The representative was selected from the people who have experienced on online shopping by using non-probability method via judgmental sampling way. For focus group, was conducted into two different groups which are divided by occupation and they must be the people who have purchased the online product before, the first group is oversea students whilst the second group is the worker, the question was conducted by using non-structure question through professional moderator, debriefing analysis and content analysis method. As results, both groups are internet shoppers which their lifestyle and product purchased quite similar and difference in the same time due to different occupation and activity. Whereas, in-depth interview was conducted from five respondents who have experienced from online shopping and lives in Sydney. The respondents responded the questions by face to face interview method. The results show the respondents perceived the strength and weakness of buying product online but they accepted in weak point of online systematic because the online-price is cheaper than in-store price whilst the occupation, age and status do not effect to their online behavior.

**Keywords:** Online, Grocery, Shopping, Feasibility.

### Introduction

Nowadays, internet is well known instrument around the world and the number of customers who using internet or social network have been increasing in every year because it useful and became the part of customer's life in term of entertainment, education, work, or business such as online shopping.

Online shopping has been found for long time in the name of e-commerce (Merrilees and Miller, 1996) and getting more popular and important in every year on the reason of lacking time and changing lifestyle of people which the evidences shown the early of 1970s, forty percent of the married women were took part in the workplace. As a result, they try to purchase the product of goods via online more than store or shopping center (Chang and Samuel, 2004) which related to the research results of

A.T.Kearny (2015) found 90 percent of online grocery shoppers are female and over 33 percent of primary grocery shoppers bought groceries online in the past one year. Moreover, some evidences (Morganosky and Cude,2000, A.T.Kearny,2015) shown there are different characteristic of online grocery shopper, their age are younger than 55 years old, income more than \$70,000 and lived in urban. In addition, in term of online grocery potential, Brown, Pope and Voges (2001) found online grocery shopping will be benefit to people who dislike a supermarket and online grocery is one of the largest sources of growth for retailers and consumer product.(A.T.Kearny, 2015).

In Australia, online internet shopper have been increasing in every year which is supported by Australian Bureau of Statistic public report (2001) shown 65 percent of Australian are internet shopper which the popular online product of Australian is CD/DVD/Music, Pay Bill/Internet Banking and Booking ticket/travel. However, when consider online grocery shopping in the former of Australian found it still not famous due to Australia has plenty of convenience store and two big chain of supermarket (Coles and Woolworth). Nevertheless, at date, the lifestyle of Australian and the internet usage are increase significantly. They are looking for convenience and saving their time. Thus, the online grocery shopping will be the new potential market in the future.

### **Research problem**

According to the online grocery shopping in Australia is unacceptable much because they have plenty of convenience store and supermarket so they can easy buy the grocery quickly to respond their need. Likewise, purchasing the online grocery is still new in the Australian opinion (Kurnia 2003) while Miou Co. Ltd need to expand the business to online grocery shopping through the website in the Australia then they need to know the attitude of Australian toward online grocery shopping and feasibility of online grocery shopping in Australia to forecast their business.

This is important to clearly define management problem and marketing research problem.

### **Research Aims**

This report was produced for evaluating the feasibility of online grocery shopping in Sydney, Australia by studying the attitude and perceptions of online grocery shopping about advantage and disadvantage, trait of internet shopper and online grocery shopper in term of demographic and lifestyle.

### **Research Objectives**

1. To know about the characteristic of internet shoppers.
2. To know the attitude and perceptions of online grocery shopping.
3. To evaluate the feasibility of online grocery shopping in Australia.
4. To know about target market group of online grocery shopping in Australia.

## Literature Reviews

According to the aim of this research which toward to evaluate feasibility of online grocery shopping in Australia through educate about the trait of internet shopper, the motivation factor model for buying online grocery, the perception about advantage and disadvantage of online grocery shopping and the type of online grocery. So this literature review will divided into four sections following:

### 1. The type of online grocery

Morganosky and Cude (2000) separated the online grocery retailer into two sections: online retailers and online grocery shopping service.

- *Online retailers* is virtual supermarket which the company have only online shop. They service the variety range of product to make the one stop online shopping for customer and sometime they added the others offer more than grocery into the business such as laundry or video rental. The company warehouse to store the product and then will be delivery within a week after customer order with extra charge of delivery.

- *Online grocery shopping service* is the supermarket which customer can order the product through off-line store or online store and the customer can choose the delivery offer on two ways: picked up by themselves at store or free home delivery when purchase more than minimum order.

### 2. The trait of online shopper and online grocery shopper

Chang and Samuel (2004), Hiser (1999) and Kurnia (2003) illustrated the trait of internet shopper on the term of demographic (gender, age, education and location) and lifestyle of internet shopper which it can be seen following:

- *Gender*: the evidence shown male tend to be a person who shopping online more than female which is supported by Australian Bureau of Statistic demonstrated the 65 percent of internet shopper were male.

- *Age*: all of researcher above illustrated the age range between 24-44 years old which is fall down to the middle-age range tend to be internet shopper more than age over 45 years old or less than 24 years old which is supported by Donthu (1999) found the middle-age of internet user more likely to shop online due to high income and own the credit card.

- *Education*: the evidenced found the internet shopper tend to be the people who have high education more than people who have less education (Kurnia, 2003).

- *Location*: Chang and Samuel (2004, p.171-176) found the location factor effect to the purchase online decision. The people who live in metropolitan area tend to be the internet shopper more than people who live in local area which is supported by Australian Bureau of Statistic shown 65 percent of internet shopper lives in urban area.

Whereas, if specific to the trait of online grocery shopper, Kutz (1998) divided the potential of online grocery shopper into five groups which can be seen below:

1. *Shopping Avoiders*: people who do not like to buy grocery from the store and hate shopping.

2. *Necessity User*: people who is hardly to go in-store supermarket.

3. *New Technologists*: is the Gen Y people who always follow the new technology and confidential.

4. *Time Starved*: people who pleasure to use money to buy their time and do not worry about cost or price.

5. *Responsible*: people who had enough time and confident to shopping by themselves.

### 3. The motivation factors model for buying online grocery shopping.

The previous study about the influence factors which lead to buy online grocery product have conducted by many researcher. They tried to analyses the variable and create the model that can be identified and sufficient to evaluate the online grocery shopper behavior in the future. Kurnia and Chien (2003) and Hanson (2008, p.130) developed the model of buying online grocery shopping in the quite similar way which can be seen below:

**The acceptance model of online grocery shopping (Kurnia and Chien 2003).**

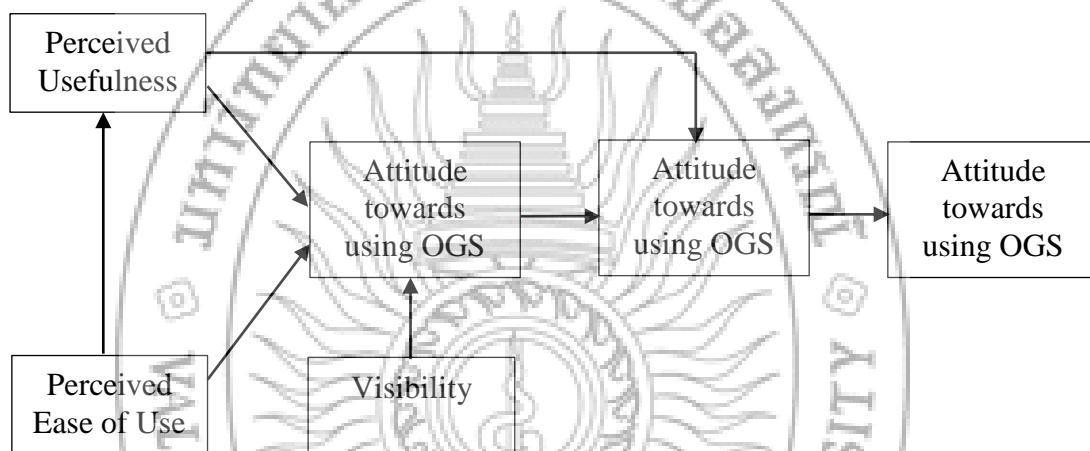


Figure 1: the acceptance model of OGS (Online grocery shopping) by Kurnia and Chien (2003)

This model shows the relation between three variable : Perceived Usefulness, Perceived Ease of use and Visibility which positive effect to the attitude of using online grocery shopping that is relative to Behavior intention of using online grocery shopping and lead to be actual usage online grocery shopper at the end of process.

From the model of this process can assume that if the customer perceive about the comfort of using the online website or recognize about the advantage of shopping the grocery online then they will have the positive attitude towards using online grocery shopping. After that, customer will attempt to use the online grocery shopping and being the actual online grocery shopping user finally.

### The conceptual model of online grocery shopping (Hansen 2008).

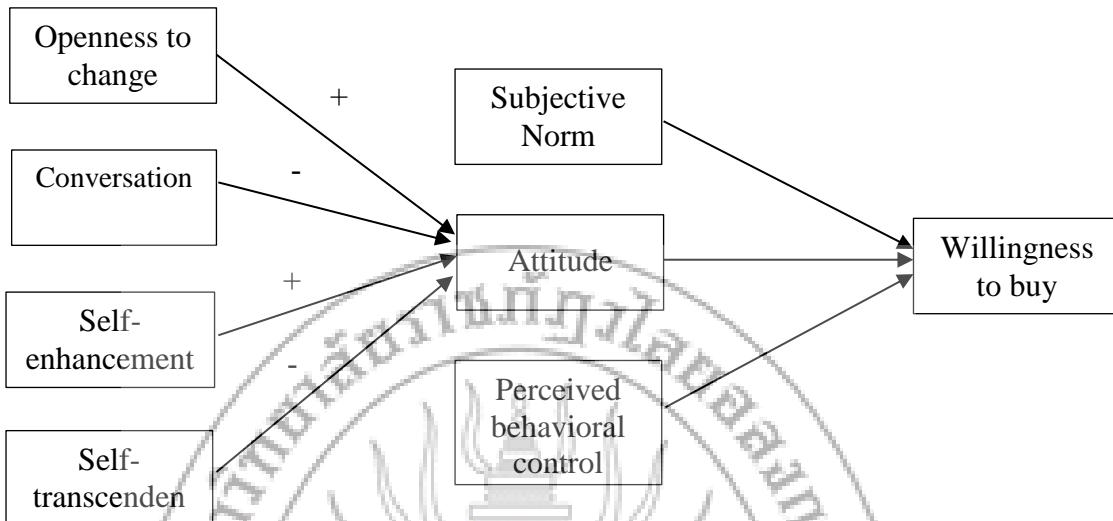


Figure2: the conceptual model of online grocery shopping by Hansen (2008, p130)

From this model, it will be explain one by one of variable following:

- Openness to change: this variable emphasis on the assortment and stimulation. It effect on the positive way to attitude then toward to the willingness of buying online grocery shopping variable.

- Conservation: it means doing normal activity or simply activities, then it effects on the negative way to attitude.

- Self-enhancement: this variable emphasis on the power to make everything successful and effectiveness. Thus, it wills positive effect to attitude.

- Self-transcendence: this variable effect to attitude in the difference way from self-enhancement because it concerns equality and society.

- Attitude: this factor means the perception of customer about online grocery shopping which is affected from the four variables above and relative to the willingness to buy variable on the positive way.

The model was shown that if customer open their mind to change or accept the new innovation and have enough self-successful then these will effect toward to attitude and lead customer to buy the online grocery product at the last process.

#### 4. The perception of advantage and disadvantage of online grocery shopping.

Nielsen (2015), Kurnia (2003), Herron (2011), Morganosky and Cude (2000) and Walters, Toase, Hong and Meckel (2005) found the perception of advantage and disadvantage of online grocery shopping following:

| Advantages                                 | Disadvantages                          |
|--|--|
| 1. Convenience                             | 1. Lack of security and confidence.    |
| 2. Promotion                               | 2. Problem of delivery such as delay.  |
| 3. Save the time                           | 3. Take time to response.              |
| 4. Cheaper price than in-store/Save money. | 4. Lack of ability of internet access. |

|  |  |
|--|--|
| 5. Good for big family or large amount of household. | 5. Extra cost for delivery.            |
| 6. Physical constraints such as disabled people.     | 6. Hard to return or exchange product. |
| 7. Less stressful than shopping in store.            | 7. Insufficient product information.   |
| 8. Easy to control the budget/expense.               | 8. Freshness of product.               |

Table1: Advantage and Disadvantage of online grocery shopping.

### Research Methodology

To evaluate the feasibility of online grocery shopping in Australia, the qualitative research was conducted through two popular methods: focus group and in-depth interview. The representative was selected from the people who have experienced on online shopping by using non-probability method via judgmental sampling way.

#### 1. Focus group design

Based on the aim of this research, the focus group design was conducted into two different groups which are divided by occupation of the sample. All of the participations (12 people) live in Sydney and were chosen by using non-probability sampling on the way of judgmental sampling method and they must be the people who have purchased the online product before. The first group is oversea students who are studying in University where is located in Sydney, Australia. Their age between 25-30 years old whilst the second group is the worker, age between 24-47 years old. The question was conducted by using non-structure question through professional moderator, debriefing analysis and content analysis method. As a results, it can be seen the outline of this focus group from table2.

| Topic                      | Group1                               | Group2                               |
|----------------------------|--------------------------------------|--------------------------------------|
| 1. Number of participation | 6 people                             | 6 people                             |
| 2. Age                     | 25-30 years old                      | 24-47 years old                      |
| 3. Gender                  | Male : 3 people<br>Female : 3 people | Male : 2 people<br>Female : 4 people |
| 4. Occupation              | Oversea Students                     | Worker                               |
| 5. Specific characteristic | Online shopping experienced          | Online shopping experience           |
| 6. Group composition       | Homogeneous                          | Homogenous                           |
| 7. Date                    | 28 August 2015                       | 29 August 2015                       |
| 8. Time duration           | 45 minutes                           | 35 minutes                           |
| 9. Record                  | MP3 player                           | MP3 player                           |

Table2: the outline of focus group

This method was conducted two group of focus group which is contained six people in each group. The first group is oversea students who are studying in University where is located in Sydney, Australia. Their age between 25-30 years old whilst the second group is the worker, age between 24-47 years old. The question was conducted by using non-structure question through professional moderator, debriefing analysis and content analysis method.

#### 1.1 Participation:

- *The first group:* is the oversea student who is studying in University where is located in Sydney, age between 25-30 years old, using the internet every day, relax and comfortable, interesting in new technology or innovation such as I-phone, I-pad etc.

- *The second group:* are the workers who have age between 24-47 years old, using the internet minimum twice a week and lack of time for shopping, interesting in technology.

### **1.2 The question for focus group.**

Both group were used the same question (non-structure question) by using the effective moderator to stimulate the respondent for participating. The example of question by following:

- What do you think about online shopping?
- What type of product have you bought online before?
- What are the factors which motivate you to do online shopping?
- Why do you shopping online?
- What is characteristic of internet shopper in your opinion?
- The method which you usually pay when buying the product from online?
- What do you think about online grocery shopping? Have you done it before?
- What is the advantage and disadvantage of online grocery shopping in your perception?
- What are the factors which motive you to buy online grocery shopping?

### **2. Depth interview design**

According to the objective of this research that need to evaluate the feasibility of online grocery shopping then the researcher chose the depth interview method to get the deep ideas, opinion and perception of customer about online shopping.

This method was created by using non-structure question to interview five people who have purchased the online grocery shopping, Ages range between 20-45 years old. The question included demographic, lifestyle, online shopping behavior and grocery shopping behavior and the result was produced by data analysis and analytical method.

#### **2.1 The respondent**

The depth interview was conducted from five respondents who have experienced from online shopping and lives in Sydney. They were selected by non-probability sample method on the way of judgmental sampling and using face to face method for asking the question.

#### **2.2 The question for depth interview**

The question was used in this research is non-structure question and quite similar to the focus group question. It was divided into four parts: demographic, lifestyle, online shopping behavior and online grocery shopping behavior. The example of the question can be shown by below:

- How often do you use the internet?
- What type of product have you bought online before?
- What are the factors which motive you to buy online grocery shopping?
- What is the advantage and disadvantage of online grocery shopping in your perception?

## Research Results

### 1. The finding of focus group

#### 1.1 The first group

The participation from group is six oversea students who is studying in University where is located in Sydney, all of them is internet shopper, they play the internet minimum once a day on the activities of checking email and searching the information. Likewise, they are internet shopper because they have bought the product via online before such as CD/DVD, Movie ticket and Booking the hotel/Accommodation on the reason of price is cheaper than purchase from the shop and they can find particular product such as game on the online cyber.

Moreover, all of participation perceived the advantage and disadvantage of online shopping. For the advantage in their perception are convenience and the price is cheaper than buying from offline store while disadvantage are lack of information about the product on the website and it is very difficult to refund or exchange the product if they change their mind or product faulty.

In the term of online grocery shopping, although they are internet shopper but no one prefer to buy grocery shopping via online because they though they cannot know about the quality and they cannot see the exactly feature of product. For example, one of participation said, if she needs to buy banana, how can she know it will be green or yellow color. In addition, all of them live in Sydney where plenty of convenience store and supermarket has.

However, they willing to buy the online grocery product if the price is cheaper than offline store, discount, promotion, security and full product information on the website.

#### 1.2 The second group

The participation of this group is six workers, two male and four female, all of them are internet user by using minimum once a day on the way of searching the information from the Google website. In addition, they are internet shoppers same the first group which the product they have purchased are similar and different from the first group in the same time due to different occupation and activity. The product that they have bought are ticket (flight, movie), electronic (CD, Cameras) and pay the bill.

In this group, they realize about the advantage and disadvantage of online shopping same as the first group. For advantage of purchasing online is cheaper and convenience while the disadvantage is lack of safety/security and too difficult to return or exchange stuff.

For online grocery shopping, one of these groups has purchased the grocery product before. She bought the big pack of water and the weight of them is very heavy than she decided to order and purchase online on the reason of free delivery and cannot carry the heavy product. On that time, she said, no problem happened and she will order the grocery online product again even it is the same price within store.

Moreover, all of participation in this group prefers to buy online grocery product more than the first group. They willing to buy the online grocery product if the price is cheaper than offline store, lack of time to go shopping, weight of product, convenience, have guarantee and the product is not available in store.

#### 1.3 The characteristic of online grocery shopper

The participations of both group are quite similar characteristic in term of demographic and lifestyle. For demographic, they are workers (part-time jobs for oversea students), income more than AUD600 per week, lived in urban and minimum diploma education degree while lifestyle, all of them like to play internet (once a day), energetic, active, willing to learn a new thing and have no time due to study hard or work hard.

## 2. The finding of in-depth interview

### 2.1 Demographic and lifestyle

All respondents age 18-24 years old, two men and three women, two of five are students whom usually use Facebook website to contact their friend while all worker use the Google website to search or surfing the information. All of them always did activities outside with their friend or family such as eating out, shopping, playing sport and using the internet every day.

Consequently, it can be assumed the personality of internet shopper is people who always follow up the technology and social network, like to go out with close up people. Likewise, the workers normally go to shopping more often than students because of their have more income.

|            | Respondent 1         | Respondent 2        | Respondent 3 | Respondent 4        | Respondent 5 |
|------------|----------------------|---------------------|--------------|---------------------|--------------|
| Age        | 21                   | 18                  | 33           | 30                  | 42           |
| Gender     | Female               | Male                | Female       | Female              | Male         |
| Occupation | Student              | Student             | Worker       | Worker              | Worker       |
| Status     | Single               | Single              | Married      | Single              | Married      |
| Website    | Facebook,<br>YouTube | Facebook,<br>Google | Google       | Google,<br>Facebook | Google       |
| Shopping   | 2 times/w            | 1 time/w            | 2 times/w    | 3 times/w           | 3 times/w    |

Table 3 : Demographic and lifestyle of respondent

### 2.2 Online shopping behavior

All of respondent have purchased the product via online. The popular product which they are usually buy online is electronics equipment (CD, DVD, Cameras), Ticket (Flight, movies), Booking the hotel/Accommodation and Apparel (Cloth, Shoes and accessories) on the first reason is cheaper than purchase from the shop, follow by convenience and they cannot find the product in the shop due to lack of size and ran out of item. Moreover, all of the respondent perceived about the advantage of online shopping is save the time and cheaper while the disadvantage of online shopping id they cannot see the quality or exactly feature of product when they purchase and waste the time if they need to refund or exchange it.

The method that they often pay by purchasing product online is credit card and PayPal more than other method because they trust in security of the system.

Overall, the internet shopper perceived the strength and weakness of buying product online buy they can accept in weak point of online system because the product is cheaper than buying from in-store, save their time whilst the occupation, age and status do not effect to their online behavior.

### **2.3 Grocery shopping behavior and the perception of online grocery shopping**

All of respondent always buying the grocery product from the big chain supermarket in Australia are Woolworth and Coles on the reason is close to their accommodation and convenience while only one respondent said he bought the product from the big supermarket because he need the fuel coupon due to he has a car. In addition, all of them usually go to buy grocery product every week but on one has purchased online grocery product owing to all of them live in the city or suburb which close to shopping center or convenience store. Moreover, all of the worker willing to buy the grocery online if it is cheaper, save the time, promotion and free home delivery while all of student ignore it because of they have enough time to shopping the grocery.

As a result, the online grocery shop will success in this business if they offer the cheaper price than supermarket, doing the promotion such as coupon, discount, free home delivery and good quality product.

### **Summary and Recommendation**

#### **Conclusion**

This research shown, it is more likely to open the online grocery shop in the future because the people in Australia willing to buy it online because the lifestyle of them has changed due to lack of time and they need more convenience in their life. Thus, the company should attack them by offer the good condition such as cheaper price, security, promotion, free delivery to lead them come to join with the new trend of business in the future.

#### **Recommendation for company's marketing implementation.**

From the result of this research, the company should do the marketing strategy to success in the online grocery shopping business by following:

1. The company have to place the fully information about the product on the website and make the attractive, friendly and easy to use website to attract the customer.
2. The company should do the online grocery website on the mobile app to make the customer more convenience to reach it which is supported by Roy Morgan Research said more than 60 percent of Australian using the mobile phone to access the internet.
3. The company should advertising the website by linking with the most popular search engine website - Google to attack the target group (worker) which is usually use this website every day to search the information.
4. The company has to set the security system to make customer confidence when they use the credit/PayPal to pay the product.
5. Although, online grocery shop hard to success because of the cost much higher than supermarket due to lower order volume. However, if they also subsidize free home delivery, the profit margin would be very low and not worth to do.

### **Limit of this research.**

#### **Limitation of focus group**

This research was conducted on two focus group which is both group had six participations each. So the limitation of this focus group can be seen below:

- The participation is not a good sample group of population because the first group is a student who live in the city and unnecessary to buy grocery online.
- Hague and Morgan (2004) said when do the focus group research should select minimum three group discussion to make the accurate, reliability and reduce bias of report.
- The moderator of this research do not has experience effectively to control the situation or asking the question.

#### **Limitation of depth interview**

- This research was asked only five respondents which unacceptable because the minimum of respondent of depth interview should be ten (Hall and Oppenheim 2004).
- The result of depth interview cannot take to evaluate the feasibility of online grocery shopping in Australia due to not enough respondents.
- The respondents are not good representative of population because they were chose by convenience of researcher.

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**THE STUDY OF ERRORS IN PAST TENSE VERB FORM USAGE  
OF STUDENTS FROM FACULTY OF ENGINEERING,  
KASETSART UNIVERSITY**

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**ABSTRACT**

This research aims to study errors in using English verb forms in past simple tense of the students in Faculty of Engineering, Kasetsart University. Moreover, it also aims to study the causes of the errors in using English verb forms in past simple tense and how it affects the process of learning second language. It is conducted through the theory of second language acquisition. The quantitative method was employed in this particular study, where the data were specifically collected through the questionnaire which contains 20 questions about the usage of verb form in past simple tense. Convenience sampling was used to select the participants. The main research instruments applied to this particular research include books, student's textbook and documents. The questionnaire was rechecked and adjusted by experts in English language for the accuracy before being used to collect data. The findings show that the analysis of the errors can be divided into 5 types; using verb form by adding suffixes '-s and -es' to show the sentences in present simple, using regular verb by adding suffixes 'ed' to show the past tense form instead of the proper irregular verb form in past simple tense, using verb form by adding suffixes '-ing' in past simple tense, using the regular verb form by not changing into proper irregular verb form in past simple tense and using irregular verb by adding suffixes 'en' to show the past tense instead of the proper simple past tense form in past simple tense. The happened errors were associated with certain factors referring to the theory of second language acquisition, language transfer, transfer of training, strategies of second language learning by adapting the complex structure of the second language into more easy to learn and overgeneralization of target language linguistic material. The causes of errors show that language learning and teaching should focus on an unconscious learning, proper environment and teaching atmosphere in order to students can apply the knowledge to real life communication.

**Keywords:** Error, Past Simple Tense, Second Language Acquisition

## Introduction

English is an international language or an interlingua for communicating with many countries in the world; therefore, it is considered a second language besides from a native language. It is widely studied in Thailand. With the necessity and importance of learning and teaching English, learning and teaching English officially started in the reign of King Rama V. The purpose of teaching English was to develop the students' listening, speaking, reading, and writing skills. In order to achieve this, students have to be able to understand and use all of these language elements correctly as John B. Carroll (cited in Suporn, 2524) has said that students who will be able to succeed in learning language are those who can effectively use all four English skills: listening, speaking, reading, and writing including vocabulary usage and an understanding of grammatical structure. As a result, learning grammar and rules is important and it is a fundamental knowledge for further studying in English in different aspects. Learning second language or foreign language is different from learning a native language, since there are obstacles in learning this language. According to Krashen (1981, 1982 cited in Achara, 2530) learning second language will be successful if it follows Krashen's process of learning and teaching language which consists of 2 processes: Natural second language acquisition and unnatural second language acquisition. Natural second language acquisition is an unconscious learning. The environment and the atmosphere of learning are as natural as those of learning native language are. When students say or write something incorrectly mistakes will not be corrected directly. On the other hand, unnatural second language acquisition is a conscious learning. The lesson will focus on grammatical structure and will be taught in a native language. Students will have to memorize all the grammatical rules and mistakes will be corrected directly since a correct grammatical structure is considered significant for this type of learning. This theory reflects a process of grammatical structure learning in Thailand which is considered an unnatural second language acquisition. The information about grammatical structure will be mainly focused and the grammatical structure in English will be compared to that of the native language. This reflects the current problem and the researcher has directly encountered this problem from the researcher's teaching experience. Students usually use a verb form that doesn't accord with a grammatical structure in terms of tense. For instance, students use past simple tense when it is supposed to be present simple tense (do → did and learn → learnt) and they are confused with the usage of tense when forming a sentence. With this problem, many researchers have studied the problem of learning and teaching English in institutions. It reflects problems in learning English in different aspects. For example, Suporn (2524) has studied errors in English vocabulary usage of students at higher certificate of education level. It is found that errors in English vocabulary usage can be divided into 5 categories: 1. Incorrect vocabulary usage deriving from not knowing the meaning of the words., 2. Incorrect vocabulary usage deriving from being confused with sound or words that look similar., 3. Incorrect vocabulary usage deriving from words that have similar meanings., 4. Incorrect vocabulary usage deriving from careless usage of tense and 5. Incorrect vocabulary usage deriving from being confused with the spelling. Moreover, Achara (2530) has studied the analysis of errors in English usage. It is found that error in writing can expand to error in language structure both in terms of sentence and content. This can be clearly seen in the usage of tense and verb form that doesn't accord with the tense. The problem is relevant to the learning of grammatical structure.

The

more complex the grammatical structure is, the more errors can be found. This can also cause problem about learning certain aspect of language. From the researcher's experience and many research studies concerning the problem of the way Thai people learn English, we all agree that students learn second language by transferring language from a native language to a second language. It shows that adding affixes or verb conjugation according with tense and subject doesn't exist in Thai. In Thai, there are only auxiliary verbs and adverbs of time. The problem and the importance of learning grammatical structure in the process of learning and teaching English in Thailand urge me to study the errors in usage of verb form in past simple tense of students from Faculty of Engineering, Kasetsart University. This study illustrates the reasons that lead to solution, development, and encouragement to English learning and teaching policy in schools and other language institutions.

## Research Objectives

1. To study errors in using English verb forms in past simple tense of the students in Faculty of Engineering, Kasetsart University.
2. To study the causes of the errors in using English verb forms in past simple tense and how it affects the process of learning second language.  
It is conducted through the theory of second language acquisition.

## Methodology

The purpose of this research was to study the errors in using English verb forms in past simple tense of 20 students in the Faculty of Engineering. The data were collected through the questionnaire which contains 20 questions about the usage of verb form in past simple tense. In order to obtain detailed research and achieve the research purposes, the quantitative research method was chosen.

### 1. Participant selection

The criteria are as follows:

1.1 Convenience sampling method was employed to select the participants. This method mainly depends on a researcher's convenience and in order to gain the thorough and efficient information within a limited time, the researcher chose to collect the data from students who are currently studying in the faculty of engineering, Kasetsart University, the same university as the researcher.

1.2 The reason why the researcher chose the convenience sampling by selecting students at the faculty of engineering was that, these informants have passed Kasetsart standard English examination; and faculty of engineering is considered one of the most famous faculties in Thailand.

1.3 The researcher assumed that students who were accepted into this university should have good English skills in certain level and every class in this faculty is taught in English. Their English skills and their method of learning make these students eligible enough for a primary step of researching about the problem in the usage of verb form in past simple tense.

Social factors are not included in this research because the convenience sampling makes it difficult to include social factors because social factors have fixed rules and standards

so including social factors in the research will not allow the researcher to obtain thorough information within a limited time. In additions, in the literature by Pornchulee (2541) about how age affects the process of learning the second language, it is found that the age factor doesn't affect the process of learning the second language of both adults and children. No matter what gender you are or how old you are, your ability to learn language is unlimited. You can learn languages in your entire life.

## 2. Data selection

2.1 The researcher surveyed English problem usage in Thais which is often generally found in the books and the documents. Moreover, student's textbook from Faculty of Engineering, Kasetsart University was used to create the questionnaire, analyzed the factor and led to the solution of errors in the future.

2.2 The researcher surveyed the research studies that related to Thai's second language learning process and second language acquisition theory in order to find the cause of the errors.

2.3 The researcher had collected the data from the book and the research studies, then the researcher created the questionnaire which contains 20 questions and checked the accuracy of content. Moreover, the researcher took the questionnaire example to English teachers and the experts in English language to recheck the accuracy in order to adjust the questionnaire to be appropriate.

## 3. The research tools

The research tool was collected through a questionnaire which contains 20 questions about the usage of verb form in past simple tense. The questionnaires consisted of two sections as follows:

Section 1: General participant's background such as name, gender, age, education, experience in English learning and experience in study aboard.

Section 2: Multiple choice questions which contains 20 items and the instruction to choose the correct verb form in past simple tense.

## 4. Data collection

The researcher divided the data collection as follows.

4.1 Data collection in Quantitative research by giving questionnaire to students to students from Faculty of Engineering, Kasetsart University. The student did the questionnaire which contains 20 questions. After that, the researcher brought the data to analyze the error category by following the concept of Etherton and Hudson (1977 and 1971 cited Achara, 2530) arrangement type of the error from the usage of verb form in past simple tense.

For example: - Students use verb present form with past simple tense.

“Those men do that five days ago”

“She come here yesterday”

-Student use verb present participle form with past simple tense.

“He is going to the cinema last week”

“Last summer, I am going to Mahasarakham with my friend”  
The analyzed data reflect the errors which can be led to the causes and the solution in English tense learning for Thai students in the future.

## 5. Data analysis

5.1 The researcher brought the data from 20 participants' questionnaires to check the score. The researcher defined the score's criterion: the correct answer get 1 score and wrong answer or answer more than 1 get 0 score. So, the questionnaire which contains 20 questions gets 20 scores in total. After the researcher had already checked the error, the researcher brought the data to clarify the errors in usage of verb form in past simple tense. The researcher adapted the calculation's criterion of the error from the questionnaires following the concept of Etherton and Hudson (1977 and 1971 cited Achara, 2530). The same errors and different errors were arranged in the same category in order to set the good system in data collection.

There are the criterions and the details as follows.

The calculation's criterion of the error from the questionnaires:

- The results from the calculation are calculated from the errors only.  
The correct answer would not be counted in this analysis.
- Using the percentage of calculation formula in order to calculate to find the errors with the amount of 20 questionnaires and 20 participants.

The formula to find the amount of errors:

The amount of error in each category multiply by 100

The amount of participants multiply the total of error answers

5.2 The researcher used the percentage to calculate the error in each category in order to find out which part of the verb form usage students have the most understanding and which part the students got the most error problems. Moreover, the researcher distinguished the error of regular verb and irregular verb, and then calculated to find the frequency and percentage of the correct and error answers. Based on this analysis, it can indicate the obvious cause and problem of the learning process.

5.3 After the researcher had the results from the analysis, then the researcher explained and discussed the results by using linguistic theory. The second language acquisition is the main concept to describe the result.

## Research Results

The results from the questionnaires illustrate that the participants have the error amount obviously shown in the following table.

**Table 1** The amount of errors in the usage of verb form in past simple tense.

| Test \ Error | suffixes '-s, -es' | suffixes '-ed' | Suffixes '-ing' | Using the regular verb form that do not change verb form in correctly. | Suffixes '-en' |
|--------------|--------------------|----------------|-----------------|--|----------------|
| 1.           | X                  | X              | X               |  |                |
| 2.           | X                  | X              | X               |  |                |
| 3.           |                    | X              |                 |  |                |
| 4.           |                    |                | X               | X  |                |
| 5.           | X                  |                | X               | X  |                |
| 6.           |                    |                | X               | X  |                |
| 7.           | X                  |                |                 | X  |                |
| 8.           | X                  |                | X               |  |                |
| 9            |                    | X              |                 |  |                |
| 10.          | X                  | X              | X               |  |                |
| 11.          |                    |                | X               | X  |                |
| 12.          | X                  |                |                 |  |                |
| 13.          |                    |                |                 |  |                |
| 14.          | X                  | X              |                 |  |                |
| 15.          |                    | X              |                 |  |                |
| 16.          | X                  |                | X               | X  |                |
| 17.          | X                  |                |                 |  |                |
| 18.          |                    | X              |                 |  | X              |
| 19.          |                    | X              |                 |  | X              |
| 20.          | X                  |                |                 | X  |                |

Based on the analysis of errors in using English verb forms in past simple tense, table 1 shows the errors that mostly happened with the students in Faculty of Engineering, Kasetsart University as follows:

1. Using verb form by adding suffixes ‘-s and -es’ in past simple tense.

Example: Last week, He goes to the Siam Paragon with his friend.

I takes French last semester.

Those men does that five days ago.

2. Using regular verb by adding suffixes ‘ed’ in past simple tense.

Example: He writed a letter to his friend yesterday.

She leaved school last year.

Last summer, John drived his car to China.

3. Using verb form by adding suffixes ‘-ing’ in past simple tense.

Example: Those men doing that five days ago.

She leaving school last year.

4. Using the regular verb form by not changing into proper verb form in past simple tense.

Example: I take French last semester.

I eat Pizza with my sister yesterday.

She go to the restaurant yesterday.

5. Using irregular verb by adding suffixes ‘en’ in past simple tense.

Example: I taken French last semester.

Last summer, John driven his car to China.

He written a letter to his friend yesterday.

Due to the analysis of 5 types of the errors collected from 20 questions in questionnaires, it can be calculated into the percentage which indicated the amount of the errors in verb form usage that mostly happened in past simple tense, as shown in the following table.

**Table 2** The percentage of the answer about the verb form usage in past simple tense

| Error Test        | suffixes ‘-s, -es’ | suffixes ‘-ed’ | Suffixes ‘-ing’ | Using the regular verb form that do not change verb form in correctly. | Suffixes ‘-en’ |
|-------------------|--------------------|----------------|-----------------|--|----------------|
| 1.                | 1                  | 1              | 5               | -  | -              |
| 2.                | 2                  | 5              | 9               | -  | -              |
| 3.                | -                  | 7              | -               | -  | -              |
| 4.                | -                  | -              | 1               | 2  | -              |
| 5.                | 4                  | -              | 2               | 1  | -              |
| 6.                | -                  | -              | 3               | 3  | -              |
| 7.                | 2                  | -              | -               | 2  | -              |
| 8.                | 3                  | -              | 4               | -  | -              |
| 9.                | -                  | 6              | -               | -  | -              |
| 10.               | 1                  | 3              | 5               | -  | -              |
| 11.               | -                  | -              | 4               | 2  | -              |
| 12.               | 1                  | -              | -               | -  | -              |
| 13.               | -                  | -              | -               | -  | -              |
| 14.               | 1                  | 6              | -               | -  | -              |
| 15.               | -                  | 14             | -               | -  | -              |
| 16.               | 3                  | -              | 1               | 1  | -              |
| 17.               | 2                  | -              | -               | -  | -              |
| 18.               | -                  | 8              | -               | -  | 1              |
| 19.               | -                  | 2              | -               | -  | 1              |
| 20.               | 1                  | -              | -               | 2  | -              |
| <b>Total</b>      | <b>21</b>          | <b>52</b>      | <b>34</b>       | <b>13</b>  | <b>2</b>       |
| <b>Percentage</b> | <b>9.54</b>        | <b>28.88</b>   | <b>18.88</b>    | <b>9.28</b>  | <b>5</b>       |

Table 2 shows that the error in verb form usage in past simple tense that is mostly found is using regular verb by adding suffixes ‘-ed’ to show the past tense form instead of the proper irregular verb form in past simple tense with the percentage of 28.88. On the other hand, the second place error that is mostly found is using verb form by adding suffixes ‘-ing’ with the percentage of 18.88. While the percentage of the error adding suffixes ‘-s, -es’ and using the regular verb form by not changing in proper irregular verb form in past simple tense are nearly similar with the percentage of 9.54 and 9.28. Lastly, the error that was hardly found is using irregular verb by adding suffixes ‘-en’ to show the past tense instead of the proper simple past tense form in past simple tense with the percentage of 5; it is the fewest percentage when compare with the other errors.

The errors in using English regular verb and irregular verb in past simple tense were also calculated into the frequency and the percentage between the validity and the error. The analysis results are shown as follows:

**Table3** The frequency and the percentage of the errors in using English regular verb and irregular verb.

| Error Test | Regular verb |           |            |           | Irregular verb |           |            |           |
|------------|--------------|-----------|------------|-----------|----------------|-----------|------------|-----------|
|            | Frequency    |           | Percentage |           | Frequency      |           | Percentage |           |
|            | Correct      | Incorrect | Correct    | Incorrect | Correct        | Incorrect | Correct    | Incorrect |
| 1.         | 0            | 1         | 0          | 100       | 12             | 0         | 100        | 0         |
| 2.         | 0            | 5         | 0          | 100       | 4              | 0         | 100        | 0         |
| 3.         | 0            | 7         | 0          | 100       | 12             | 0         | 100        | 0         |
| 4.         | 0            | 0         | 0          | 0         | 16             | 0         | 100        | 0         |
| 5.         | 12           | 0         | 100        | 0         | 0              | 0         | 0          | 0         |
| 6.         | 0            | 0         | 0          | 0         | 13             | 0         | 100        | 0         |
| 7.         | 15           | 0         | 100        | 0         | 0              | 0         | 0          | 0         |
| 8.         | 0            | 0         | 0          | 0         | 12             | 0         | 100        | 0         |
| 9.         | 0            | 6         | 0          | 100       | 13             | 0         | 100        | 0         |
| 10.        | 0            | 3         | 0          | 100       | 10             | 0         | 100        | 0         |
| 11.        | 0            | 0         | 0          | 0         | 14             | 0         | 100        | 0         |
| 12.        | 0            | 0         | 0          | 0         | 18             | 0         | 100        | 0         |
| 13.        | 0            | 0         | 0          | 0         | 19             | 0         | 100        | 0         |
| 14.        | 0            | 6         | 0          | 100       | 12             | 0         | 100        | 0         |
| 15.        | 12           | 14        | 46.15      | 53.84     | 7              | 0         | 100        | 0         |
| 16.        | 0            | 0         | 0          | 0         | 14             | 0         | 100        | 0         |
| 17.        | 0            | 0         | 0          | 0         | 17             | 0         | 100        | 0         |
| 18.        | 0            | 8         | 0          | 100       | 10             | 1         | 90.90      | 9.09      |
| 19.        | 0            | 2         | 0          | 100       | 16             | 1         | 94.11      | 5.88      |
| 20.        | 0            | 0         | 0          | 0         | 16             | 0         | 100        | 0         |

The errors, in verb form usage by adding suffixes ‘ed’ or regular verb and the usage of the irregular verb to show the past tense in past simple tense, were calculated into the frequency and the percentage between the validity and the error from 2 types of verb form in past tense: regular verb and irregular verb. The participants mainly use verb form by adding suffixes ‘ed’ or regular verb, that mostly found the error with the percentage of 100 when compare with the validity from 20 questions in questionnaires. On the other hand, the results from using the irregular verb found that the most participant can use verb form correctly in past simple tense with the percentage of 100 when compare with the error only found the percentage of 5. So, the result have the accordance with the percentage of the error answer. Overall, the participants use verb form in past simple tense are mostly found using regular verb by adding suffixes ‘ed’, there is the highest error with the percentage of 28.88. When compared the percentage of validity and the error found that it is the highest error with the percentage of 100. In part of the usage of the irregular verb to show the past tense in past simple tense, the percentage of error was only 5, which has the accordance with the result comparing with the validity and the error. The participant can use irregular verb form correctly with the percentage of 100, while the percentage of the error found was only 5. The result shows that the participants have knowledge and perception in

past simple tense with changing the simple past tense form in the structure correctly. For dividing the errors usage into 2 types of verb form: regular verb and irregular verb by the analysis the data which compare with validity and the error can show that the errors in usage of verb form in past simple tense of students from Faculty of Engineering, Kasetsart University in obvious and accurate details. Moreover, there are the effective data for the analysis in order to find the cause of second language acquisition for more reliably.

## Summary and Recommendation

From the result of the errors in verb form usage in past simple tense by using the method of dividing the error and calculation the percentage in order to find the mostly happened error of students from Faculty of Engineering, Kasetsart University, the summary and discussion are as follows:

1. The analysis of the errors can be divided into 5 types as follows:
  - 1.1 Using verb form by adding suffixes ‘-s and -es’ in past simple tense.
  - 1.2 Using regular verb by adding suffixes ‘ed’ in past simple tense.
  - 1.3 Using verb form by adding suffixes ‘-ing’ in past simple tense.
  - 1.4 Using the regular verb form by not changing in proper irregular verb form in past simple tense.
  - 1.5 Using irregular verb by adding suffixes ‘en’ in past simple tense.

Among the percentages of 5 types of error, the error that mostly found is using regular verb by adding suffixes ‘ed’ to show the past tense form instead of the proper irregular verb form in past simple tense. The second place of error that is mostly found is using verb form by adding suffixes ‘-ing’ instead of the proper verb form in past simple tense. On the other hand, the percentage of the error by using the regular verb form by not changing in proper irregular verb form in past simple tense and using verb form by adding suffixes ‘-s and -es’ to show the sentences in present simple instead of the proper verb form in past simple tense are nearly similar. Moreover, the error that was hardly found is using irregular verb by adding suffixes ‘en’ to show the past tense instead of the proper simple past tense form in past simple tense.

From the results, it can be summarized that each type of error reflects the factor in learning second language of the learner. All the errors can reflect that students have the problem about the wrong verb form usage that doesn't accord with a grammatical structure, past simple tense. Due to the factor on a native language, it shows that adding affixes or verb conjugation according with tense and subject doesn't exist in Thai, but it only has the vocabulary to tell the time in the past. Among the difference between two languages, it can link to a factor related to language problems in the second language learning process, in which the more errors can be found and led to build the interlanguage. All the results found that the participant learns with a grammatical structure in terms of tense by creating the new language, it's neither a native language nor a second language. The researcher can divide the error based on the psycholinguistic process as follows:

1. Language transfer is the method of the learner using the native language as a standard to create the rule in interlanguage. The learner will bring the knowledge from the native language mix with second language learning process because the familiarity in the usage of a native language. From the error found that the learner using the regular verb form by not changing verb form instead of the proper simple past tense verb form in past simple tense. The cause for this error is students transferring a native language as a standard to learning the second language and showing that adding affixes or verb conjugation according with tense and subject do not exist in Thai, it has verb form to show about the present, past and future in one word only or one word to tell the time such as yesterday, tomorrow and a moment ago etc. From the native language factor and the familiarity is the cause for the learner to learn by mixing the native language with second language. As a result, it has the error pattern by using the regular verb form by not changing in past simple tense.

2. From the result, the error from 2 types of verb form in past tense: regular verb and irregular verb show that the participants mostly have the errors about the regular verb usage or adding suffixes ‘ed’ in past simple tense because the participants use the language variation in structure form which the cause of the hidden from training. All the results have the cause from the previous knowledge process about a grammatical structure and term of tense. From the researcher’s experience either teacher or learner since the researcher was young, it was found that when we taught the grammatical rules about tense, the lesson would focus on memorizing all the grammatical rules and changing past participle verb. According to Krashen (2007) said that students will have to memorize all the grammatical rules and mistakes will be corrected directly since a correct grammatical structure is considered significant for this type of learning. This theory reflects a process of grammatical structure learning in Thailand which is considered an unnatural second language acquisition. On the other hand, when we say about past simple tense, the learner are often used to learn by using verb form adding ‘ed’ which is the easy way to show the term of past and verb form in past simple tense. So, the participants have the error verb form usage, it doesn’t accord with past simple tense. Moreover, the method in transfer of training by memorizing about tense structure, conjugation verb past participle, observing the words in order to complete the proper verb in past simple tense such as ago, yesterday, last week and seeing the words usually, always, often, sometimes should to complete the proper verb in present simple tense. From learning and training is the cause for wrong attitude in the participant about the usage grammatical structure with the proper regular form to accord in past simple tense.

The result in usage of irregular verb such as go-went, drive-drove, eat-ate, take-took, write-wrote, etc. show that the participants have the different results in usage of irregular verb. The participant understands the basic of structure and verb in the simple past tense form in past simple, as a result it cannot find the error for this type of verb form. The participant can mainly conjugate verb form accordance with past simple tense correctly. On the other hand, if the researcher compares the validity data in the irregular verb form usage with the same error in the irregular verb usage but the participant became conjugates verb past participle by adding suffixes ‘-en’ in past simple tense instead of the proper simple past tense verb form. From the error above, when the researcher compares the error with the validity in verb form usage in past simple tense, there is the validity percentage of 100 from all the participants.

It is found that the irregular verb type that has to conjugate into verb participle is the complicated problem for the participant to conjugate verb form the upper level in more complex structure. So, it made the participant confused. The error can reflect the factor that causes the error. The factor of training and teaching with the memorize aspect in the grammatical structure in terms of tense with to use verb form accordance with the structure. It is the cause for wrong attitude with learning process in more complex structure and the participant doesn't know about the grammatical structure in terms of tense entirely. Moreover, It made to confuse the conjugation past participle verb for accordance with grammatical structure in terms of tense.

3. The learner have the strategies of second language learning by adapting the second language structure into the less complicated. For example, the learner's error use verb form by adding suffixes '-ing' in past simple tense. The learner often add the suffixes '-ing' after every verb form in tense when they were confused and as a result, it is the complicated for the learner. So, that the easy way to learn about grammatical structure in term of past simple tense, the learner use the method to solve the problem by adding suffixes '-ing' after verb form in past simple tense.

4. Overgeneralization of target language linguistic material is the method to create the new interlanguage by overgeneralization of target language. The native language is not using this pattern. From the error found that the participant use verb form by adding suffixes '-s and -es' to show in past tense. The overgeneralization of target language can divide the cause of error into 3 types: combining the rule, deduction part of language and unsuitable teaching method about the rule of language. From the error, the participant used the rule by combining the rule with two structure: using verb form by adding suffixes '-s and -es' to show the sentences in present simple instead of the proper verb form in past simple tense which the participant creates the interlanguage in order to deduction part of language that from more complicated into the easy way to learn. So, the participant will have to use combining the rule in each other as a result to found the error. Furthermore, the participant may would like to deduct in some part in the usage the conjugation past participle verb with past simple tense which has more complex structure than the acquisition ability of the participant for this lesson.

The Error Analysis showed the cause of learning in learner's level and what's part that the learner should learn more. Furthermore, it can tell what is considered difficult for the learners to learn and the result of this study corresponds with Achara's (2530). Her study claimed that error in writing can expand to error in language structure both in terms of sentence and content. This can be clearly seen in the usage of tense and verb form that doesn't accord with the tense. The problem is relevant to the learning of grammatical structure. The more complex the grammatical structure is, the more errors can be found. This can also cause problem about learning certain aspect of language. For instance, using every verb form by adding suffixes '-ing' in past simple tense is confirmed that the learners are confused in learning process in term of tense with past simple tense structure. As a result, the learners have the strategy in learning by adapting the second language for more easy to learn by using every verb form by adding suffixes '-ing' to show the past aspect. On the other hand, from the error problem caused from studying and training from the error usage by adding the suffixes '-ed' and '-en'. Moreover, the cause from the learner doesn't conjugate verb form with

the proper past structure. From the factor link to plan for teaching course of the teacher in order to discern the problem from the learner's error. From the happened error, there are many factors: language transfer, transfer of training, strategies of second language learning by adapting the complex structure of the second language into more easy to learn and overgeneralization of target language linguistic material.

The cause of error showed that learning and teaching course should focus on an unconscious learning. According to Krashen (1981,1982 cited in Achara,2530) is the learning process by not isolating the learning organization, in other word teaching with words card to describe about the grammatical structure with the picture and sentences. Moreover, learning and teaching process should focus on proper environment, the atmosphere of learning and teaching for applying the knowledge to communication in the real life. At the present, a process of grammatical structure learning and teaching in Thailand which is mainly considered an unnatural second language acquisition, students will have to memorize all the grammatical rules and mistakes will be corrected directly since a correct grammatical structure is considered significant for this type of learning. This study illustrates the reasons that led to planning, development, and encouragement to English learning and teaching course policy in Thailand. Learning and teaching should not focus on the memorization way but learning and teaching should have the easy way to understand. In addition, the learner can apply the knowledge to communication in daily life and learning and teaching for other field.

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## CAPACITY BUILDING FOR STUDENTS OF UNIVERSITY OF COMPUTER STUDIES, YANGON

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### ABSTRACT

In the 21st Century, the demand for experienced and educated workers have been increasing and the students from University of Computer Studies, Yangon are to be trained to apply the knowledge of computing field in their working environment. They are expected to be prepared with the Small and Medium Enterprise (SME) if they realise the comparison and contrast of theoretical knowledge and hands-on experience, before they hunt job in the real world. It means prior to their completing Bachelor Degree programme, the university makes the internship program for them. Students are sent to the industries or companies and they are really engaged to the business fields or workplace. On this occasion, the engaged learning programme is required not only for the students but for the faculty members of the university.

**Keywords:** working environment, internship programme, engaged learning, hands-on experience

### Introduction

The 21st Century demands the efficient, educated and experienced people especially in developing countries like Myanmar. In order to meet this requirement, University of Computer Studies, Yangon has been developing the Internship Programme for the final year students who are going to seek their jobs and hunt for job opportunity.

In other words, it can be said that the university is strengthening the capacity building for our country. In this situation, the engaged learning is essential to our university and students should be aware of the transition from schools to working environment.

In education, student engagement refers to the degree of attention, curiosity, interest, optimism, and passion that students show when they are learning or being taught, which extends to the level of motivation they have to learn and progress in their education. (Division of Planning, 2014)

Moreover, “Engaged learning is the process in which students actively participate in their learning. Students are involved, beginning on the first day, in the decision making of the course of their study. Students vigorously research, discuss, create projects, and use technology to make discoveries based on their choices.” (Kaplan, 2009)

### What is Engaged Learning?

Engaged Learning means a part of a curriculum and it can change the way we can serve the students to their career path smoothly. Engaged Learning is to develop, coordinate and promote accessible, transformational, high-impact educational opportunities with and beyond the traditional classroom and curriculum. It can also be

said that EL is the new way of doing the same thing but in different way. The following are the features of engaged learning with its discussions and examples. (Kaplan)

(1) Educational Opportunity

It means recognizing the diversity and individualized needs of students and providing support and resources for students diagnosed with learning differences. The university can hold placement examinations, mathematics competitions, science fairs, and studying abroad in computing, engineering fields.

(2) Develop Accessible Educational Opportunity

It means innovations in education to improve teaching and learning because we are now in the digital world. We can change the traditional printed-based instructional material to digital content. Examples of this are offering digital educational material and resources (e-book); digital learning materials such as videos and movies from You Tube and formative assessments; refining the old material and creating the new material course.

(3) Coordinate Accessible Educational Opportunity

It refers to providing equal educational opportunity and full participation in and outside the classroom for students. The instances are publishing textbooks or supplemental material; offering online class programme, etc.

(4) Promote Accessible Educational Opportunity

It means innovations in education like digital teaching and learning which make students stronger. The example is the Internet access course. However, it sometimes face acute funding.

(5) Transformational Accessible Educational Opportunity

This means creating independent, self-directed, self-motivated learners who are capable of directing their own work and who have strongly developed higher-order thinking skills. Students can also have high-level skills in interpretation, analysis and communication. Examples are giving critical thinking skill like debate, giving assignment before / after teaching lessons, giving case studies that involve real world problems and real life data.

(6) High-impact Accessible Educational Opportunity

It means students get self-conscious as effectiveness in their learning. They can know how to learn, how to distinguish good information from bad, how to solve complex problems, and how to work with others especially when they are in work environment. The examples are teaching communication skills; studying abroad programme affiliated with another university; cross-cultural programme.

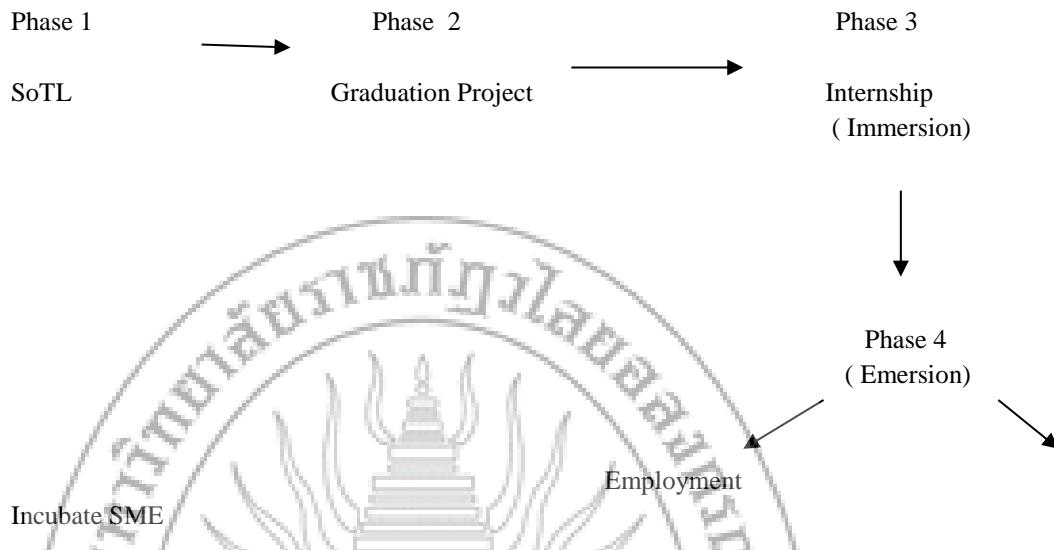
(7) Within the traditional Classroom and Curricula

It implies students attend the lecture on course content that includes powerpoint slides and then students practise with the course concepts by completing homework from the textbooks outside the classroom. The example is making students powerpoint presentations.

(8) Beyond the traditional Classroom and Curricula

It means the way to engage students, deepen understanding, and help create the conditions that enable students to transfer what they have learned to new contexts. In other words, students are sent into their communities or workplace to apply their knowledge to real-life situations and to prepare for the challenges they may face after graduation. Examples are Internship programmes and work placements; service learning; simulations and role-playing

### Phases of Engaged Learning Programme



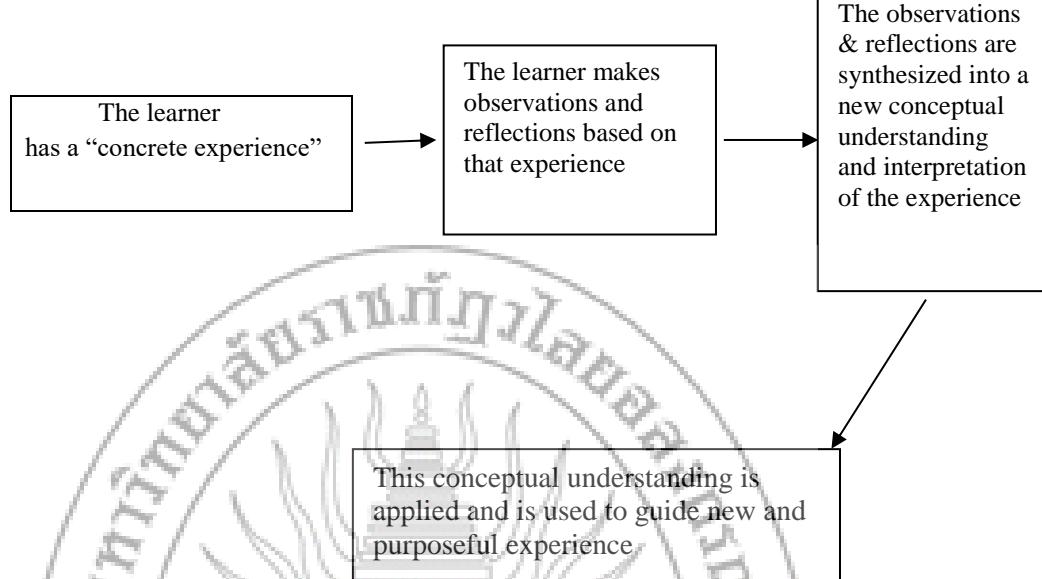
In **phase 1** SoTL refers to the Scholarship of Teaching and Learning. The Scholarship of Teaching Learnong involves faculty (sometimes in partnership with their students) undertaking systematic inquiry about student learning - informed by prior scholarship on teaching and learning - and going public with the results. SoTL also involves “faculty bringing their habits and skills as scholars to their work as teachers.....habits of asking questions, gathering evidence of all different kinds, drawing conclusions or raising new questions and bringing what they learn through that to...students learning.

**Phase 2** Graduation Project is based on such work done in Phase 1. Based on this discipline-specific excellence, we can promote cross-disciplinary fluency. Every students are expected to be engaged with the curriculum, acquire and display particular key attributes. Graduate project will continue to guide the researcher’s institutional polices, learning environment and broadening the curriculum. By providing a strong disciplinary learning experience combined with the broad curricular, students will be positioned to think and communicate well with their full engage in critical thinking and response intellectually to the real world problems.

**Phase 3** is the internship programme for the students. In this phase, students will continue to refine their skills as they faciliate their own workshops, as well as personal identity development. Their workshop is tailored to the needs of the group throughout the immersion internship, interns receive feedback from other peer interns in the programme, their supervisors, and from workshop evaluations to help them enhance their skills. Training is also conducted in small and large group. Before implementing a workshop the interns perform “rehearsals” with other interns to boost their confidence and maximize workshop effectiveness.

**In Phase 4** “emersion “ means “emerging”. Students participating and volunteering in an internship are the best employers of future success in the workplace. They can have the opportunity to start the career path and gain a competitive edge. They can run their own business as SME. In other words, emerging programme is a way for companies to bring new talent and yields positive results for many employers.

### The Classical Model of the Engaged Learning



### Engaged Learning Programme for the Students of UCSY

The University of Computer Studies, Yangon is now developing the Internship Programme for the final year students, starting from this 2016-17 Academic Year. According to the internship programme, the final year students do not need to attend two semester fully as usual. After completing the first semester (four-month-course), they will be sent to the work environment for three months during the second semester. Before they enter their real life working environment, they need to master their hard skills like how to maintain the computers, fix the networking, make the programme successfully, write the correct software programme, etc. Apart from this, they also need to recognize the ethics of business field.

As an Instructor of English Department, which usually supports every corner of UCSY, soft skills – interpersonal and intra personal skills, writing CVs, cover letter, business letters, reports, answering interview questions, telephone interview, negotiating terms and conditions of service are taught to the final year students to develop the English language and communication skills they need to get the job they want. Moreover, the students are asked to write the project paper on their respective fields with group or individual.

The faculty members also give the students opportunity to do workshops and invite people from business environment to share their knowledge to the students. Occasionally, incentive programmes like choosing the best student paper for writing programme, holding IT camps, programming contests locally or internationally as the extra curriculum activities are initiated from time to time.

### The outcome of the engaged learning programme

At the conclusion of the internship, students should have satisfactorily completed an intensive period of the respective fields that effectively inducts them into the nature, structure and organization of schools and the work, rules and responsibilities of employees and employers. They come to know the values and cultures of the working

environment. They may also have the ability to plan, implement, and evaluate the difference between theoretical and hands-on experience.

The University of Computer Studies, Yangon is now planning and developing the internship programme for the final year students in 2016-17 academic year. Since it is the first-ever programme of the UCSY, the result will not be said assuredly but it can be assumed that the students are able to realise that knowing the theory is not enough, knowing how to solve the problem is good. It is expected that the programme will promote the coordination of experiential learning programme and the integration of experiential into the total curriculum – when the students come back from their internship programme, they have realized their needs and the faculty members also explore the new material and refine some of the current curriculum which is applicable to the real life situation.

### **The Pros and Cons of the Internship programme**

Every coin has two sides. Likewise, the internship programme has its advantages and disadvantages.

As a bright side, internships provide real career and educational benefits to undergraduate and graduate level of students. Terms and conditions vary but most internships have positive impacts on educational outcomes which are as follows:

(i) *Gaining real world experience*: By means of going internship, students are able to understand better and apply the theories they learn in their classroom. During the transition of their academic career to the job market, they will have demonstrated a level of expertise that they cannot get from classroom instructions or research.

(ii) *Getting a taste of their chosen field*: Sometimes the application of what we learned is just not as fulfilling as the process of learning a discipline in school. It is better to find out early-on whether we want to stick with the career path we have chosen. Internships might open the students' eyes to other employment avenues which they have not considered.

(iii) *Getting a head start on developing a professional network*: Internships offer students the opportunity to build relationship that can benefit them throughout their career. If the performance of the student impresses the company sponsoring the internship programme, this student stand a better chance of being hired –on as a regular employee after complete the education or the internship.

However, from the dark side, it has some disadvantages:

(iv) *Low or No pay*: Most college students are financially challenged, relying on at least part-time jobs to get by. It will be convenient for them if they get some wages from their volunteering. However, some profit-companies are pretty tightly regulated where internships are concerned and they pay a significantly lower wage than regular employees would earn.

(v) *Some internships actually cost the student money*: Some management internships are taken the credit, putting students in the position of having to pay tuition and fees to participate.

(vi) *Nothing is guaranteed*: Sometimes the company or organization has no obligation to offer students employment at the end of the internship or upon graduation.

### Conclusion

In conclusion, Engaged Learning is not an excellent one if we do not put it in a scientific way. It is important to learn how the learners behave in their working environment. To develop the internship programme effectively, the combination of faculty members and entrepreneurship is necessary, if possible, the university should make joint-venture with the business sector to establish a special foundation to take care of engaged learning nationally.

To be an effective internship programme, the university or the authority needs to develop the two documents: the policies and the guidelines and recommendations. It is necessary to distinguish the do's and don'ts of the engaged learning that the university would adopt as policy and regulations apart from the beginning of the action plan, guidelines and recommendations are laid on how to proceed in making an internship programme successful.

In the current university, the concerned administrators and faculty members we are currently planning this programme for the final year students and they are enthusiastic about the internship. In other words, the effort this research is making is partly beneficial to Myanmar nation, which is marching to the democratization and building capacity for human resources.

### Acknowledgements

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## FACTORS AFFECTING CONSUMER SWITCHING BEHAVIOR WITH RESPECT TO MOBILE NETWORK SERVICE PROVIDER IN CHIDAMBARAM

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### ABSTRACT

Consumer switching behavior has become a critical issue facing by mobile service provider. Data on Consumer switching behavior gives as grater knowledge about customer relationship dynamics. The consumer behavior is always remaining under influence of factors that stimulates the behavior of consumers. The purpose of this paper is to examine the specific factors towards switchover of mobile service provider. Several hypotheses are framed from this research and are tested using statistical tools. The area covered under this study Chidambaram town in Cuddalore district of Tamilnadu. This study concluded that the pricing strategy and customer awareness plays a vital role in customer switchover with respect to mobile service providers, even the value added services plays a least important role.

**Keywords:** Switching Behavior, VAS, Consumer Awareness, pricing strategy

### Introduction

The study about consumer behavior reveals that it always remaining under the influence of factors that stimulate the behavior of consumers towards either remain loyal with existing brand or switch towards other brands. The consumer behavior study is basically the psychology of consumers like when, how, why and people buy and use the products for satisfying their needs. The companies are always trying to build mutual relationships with their customers through delivering better value and fulfilling their commitments, but due to competitive business environment it is becoming difficult for marketers to do so. According to [www.telecommunications.com](http://www.telecommunications.com), the telecom industry is one of the fastest growing industries in India. India has about 200 million telephone lines making it the third largest network in the world after China and USA. With a growth rate of 45 per cent, Indian telecom industry has the highest growth rate in the world ([www.telecommunications.com](http://www.telecommunications.com)). The mobile communication plays a major role in telecommunication industry. Indian telecommunication sector is prosperous as Indian economies are considerably good. Mobile network comes under the service sector, which is experiencing a rapid development which in turn is supporting the growth in Indian economy, provides ample chances employment and self employment generation. As mobile number portability has been introduced in India, retaining existing customers is now a very tough job for network providers. After the introduction of mobile number portability in India, the mobile user's switching turnover is more. India has seen rapid increase in the number of players which caused the tariff rates to hit an all time low. This allowed the players to target the low income population thereby increasing the market share. The availability of a number of subscriber options for consumers and varied tariff rates of each player, lead the consumers to switch between service providers. The consumer switching behavior is basically the behavior of

consumers in shifting their attitude from one brand (product) to another brand (product) (Zikiene and Bakanauskas, 2006). The consumer's emotional intelligence, relationship status and personality factors also play an important role in affecting the consumer switching behavior (Lin, 2010, p3209). The marketing efforts, like sales promotions, advertising and brand loyalty are also other influencing factors, which demotivate the consumer switching behavior (Nagar, 2009, p35).

### **Review of literature:**

The consumer behavior is identifying, searching, selecting and consuming products and services for satisfying their needs and wants (Solomon et al., 2006). Consumer behavior determines how consumers decide to buy our product and what the various factors responsible for this area" (Bhasin, 2010). The consumer switching behavior is there in between both, companies and customers, because the consumer switching behavior restricts both parties to make long term relationships and even it breaks the pre-developed long term relationships (Zikiene and Bakanauskas, 2006). M. Satish, K.J Naveen, V. Jeevananthan, (2011) identified the factors that influence the consumers to switch the service providers. They concluded that there is a relation between switching the service provider and the factors like poor network coverage, frequent network Problem, High call rates, influence from family and friends. Xuan Zhang (2009) investigated the impact of relationship marketing tactics on customer satisfaction and trust, which in turn increase customer loyalty, by focusing on Swedish mobile telecommunication sector. Richard Lee, Jamie Murphy (2005), explored determinants that cause mobile phone customers to transit from being loyal to switcher. They concluded that there are different factors which affect the Customers to switch from loyalty to switching intentions such as price, technical service quality, functional service quality, switching costs, etc. The result shows that price is the most important factor which affects the customers to switch loyalties to another provider. Dick and Basu (1994) uncovered the point that mobile subscribers incur switching costs when changers take advantage of lower call rates and potentially better services.

### **Research Gap:**

The relevant studies in literature review provides the detailed knowledge about consumers switching behavior and the factors that affects consumers switching behavior. The consumer switching behavior is being considered as complex study of factors, which stimulate the behavior of consumers towards switching their purchase between brands. The focus has been developed towards examining the product related factors that affects consumers switching behavior

### **Research Objectives**

1. To examine the role of demographic factors in consumer awareness about switching over
2. To explore the factors affects consumer switching behaviour in telecom industry
3. To compare switching behaviour among single brand user and multiple brand user
4. To find out difference across demographics and consumers switching behaviour

### Hypotheses:

- H1: There is no significant relationship between consumer awareness and satisfaction  
H2: There is no significant relationship between awareness, value added services and pricing strategy with switching behaviour  
H3: There is no significant difference in value added service among single brand user and multiple brand user  
H4: There is no significant difference in pricing strategy among single brand user and multiple brand user  
H5: There is no significant relationship between personal factors and consumers switching behaviour

### Methodology

The study is primarily based on the results obtained through survey. Data collection is made to examine consumer awareness and switching behaviour through primary sources. The data collection is divided into two phases. One, regarding awareness and second, regarding switching over from one telecom operator to another. A pilot study has been conducted to check the reliability of questionnaire, which resulted in some modifications and deletion of inappropriate questions. Further, the information is collected through individual interviews with customers with the aid of modified questionnaire. The collected data is then coded classified, tabulated and analyzed systematically using statistical tools. The sample size is identified on the basis of cluster sampling.

### Research Results

**Table 1. KMO and Bartlett's Test**

|                               |  |          |
|-------------------------------|--|----------|
|                               | Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | .641     |
| Bartlett's Test of Sphericity | Approx. Chi-Square                               | 8548.115 |
|                               | Df   | 153      |
|                               | Sig.   | .000     |

#### Result of KMO and Bartlett's test of sphericity

As indicated in table 1, the generated score of KMO was 0.641, reasonably supporting the appropriateness of using factor analysis. The Bartlett's test of sphericity was highly significant ( $p < 0.01$ ), rejecting the null hypotheses that the 10 variables are uncorrelated in the population. The factor analysis generated three factors explaining 61.605 percent (Table 2) of the variability in the original data.

**Table 2 Factor Analysis**

| Variable Name                   | Factor 1<br>Awareness | Factor 2<br>VAS | Factor 3<br>Pricing Strategy |
|---------------------------------|-----------------------|-----------------|------------------------------|
| Brand Image                     |                       | .586            |                              |
| Consumer Satisfaction & Loyalty |                       | .747            |                              |
| Switching knowledge             | .946                  |                 |                              |
| Switching Cost                  | .978                  |                 |                              |
| MNP                             | .977                  |                 |                              |
| Unfair call tariff              |                       |                 | .545                         |
| Unsuitable offer                |                       |                 | .613                         |
| Flexible pricing                |                       |                 | .432                         |
| Promotional offers              |                       |                 | .555                         |
| Timely Information              |                       | .865            |                              |

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 9 iterations.

#### Result of factor analysis

The first factor is awareness which consist of three items which are switching knowledge (0.946), Switching Cost (0.978), MNP (0.977). The second factor is Value Added Services which consist of three items which are brand image (0.586), Consumer Satisfaction & Loyalty (0.747), Timely Information (0.865). The third component was Pricing strategies which consist of four items namely Unfair call tariff (0.545), Unsuitable offer (0.613), Flexible pricing (0.432), Promotional offers (0.555).

**Table 3. Personal Characteristics of Respondents**

| Personal Factors |                             |                    |                      |                       |
|------------------|-----------------------------|--------------------|----------------------|-----------------------|
| Gender           | Male (54.7)                 | Female (45.3)      |                      |                       |
| Age              | Upto 30 yrs (52%)           | 31 – 40 yrs (27.7) | 41 – 50 yrs (15%)    | Above 50 yrs (5.3%)   |
| Education        | Higher Sec (25.7%)          | Graduate (31.7%)   | P.G (33.3%)          | Others (17.3%)        |
| Occupation       | Business (38%)              | Government (36%)   | Service (17.3%)      | Others (8.7%)         |
| Income           | Dependent on Others (34.7%) | Upto 15000 (22.3%) | 15000 to 30000 (27%) | 30000 and above (16%) |

**Table 4. Consumer Satisfaction with consumer awareness**

| Satisfaction | Switching Knowledge | Switching Cost | Single Brand users | Multiple Brand users | Total |
|--------------|---------------------|----------------|--------------------|----------------------|-------|
| Yes          | 20.7%               | 22.7%          | 6.6%               | 24%                  | 74%   |
| No           | 5%                  | 9%             | 2.7%               | 9.3%                 | 26%   |
| Total        | 25.7%               | 31.7%          | 9.3%               | 33.3%                | 100%  |

On the basis of Table 4,  $\chi^2$  calculated = 2.295, Degree of Freedom = 3 while,  $\chi^2$  tabulated (5% level of significance) = 7.815. It is proved that there is no significant relationship between the respondents belonging to different awareness about switching behaviour with consumer satisfaction at 5% level of significance, i.e  $H_1$  is accepted. As the consumer awareness level increase, the satisfaction also increases (Table 4).

**Table 5 relationship between factors and switching behaviors**

| Factors          | F ratio | P value | Sign / Insignificant |
|------------------|---------|---------|----------------------|
| Awareness        | 5.105   | 0.003   | Significant          |
| VAS              | 1.458   | 0.092   | Insignificant        |
| Pricing Strategy | 2.410   | 0.006   | Significant          |

It is inferred from the about that the value added service (VAS) alone have no significant relationship with consumer switchover behavior i.e., H<sub>2</sub> accepted. The factors awareness and pricing strategy have a significant relationship with consumer switching behavior.

**Table 6: T-test showing the switching behaviour with single brand user and multiple brand users**

| Switching Behaviour | Levene's Test for Equality of Variances |      | t-test for Equality of Means |       |                 |                 |                        |   |       |      |
|---------------------|---|------|------------------------------|-------|-----------------|-----------------|------------------------|---|-------|------|
|                     | F                                       | Sig. | t                            | df    | Sig. (2-tailed) | Mean Difference | Std. Err or Difference | 95% Confidence Interval of the Difference |       |      |
|                     |   |      |                              |       |                 |                 |                        | Lower                                     | Upper |      |
| Switching Behaviour | Equal variances assumed                 | 4.94 | .027                         | .831  | .458            | .407            | .043                   | .052                                      | -.059 | .147 |
| Awareness           | Equal variances assumed                 | .804 | .002                         | 3.075 | 458             | .002            | .334                   | .108                                      | -.548 | .120 |
| VAS                 | Equal variances assumed                 | 2.71 | .100                         | 2.907 | 458             | .004            | .225                   | .077                                      | .073  | .378 |
| Pricing Strategies  | Equal variances assumed                 | 3.87 | .005                         | 3.286 | 458             | .001            | .240                   | .073                                      | .096  | .384 |

The table 6 depicts that p value is .100 for value added services; therefore null hypotheses cannot be rejected at 5% level of significance for switching behaviour among single brand user and multiple brand user in telecommunication industry. But in the case of consumer awareness and pricing strategies the p values are .002 and .005 respectively; therefore null hypotheses rejected at 5% level of significance about switching behaviour among single and multiple brand using consumers.

**Table 7 Personal Factors Vs consumer switching behaviour**

| Factors    | F ratio | P value      | Significant / Insignificant |
|------------|---------|--------------|-----------------------------|
| Gender     | 5.105   | <b>0.000</b> | Significant                 |
| Age        | 3.410   | <b>0.000</b> | Significant                 |
| Education  | 1.745   | 0.200        | Insignificant               |
| Occupation | 2.410   | 0.925        | Insignificant               |
| Income     | 2.820   | <b>0.003</b> | Significant                 |

It is observed from the table 7 that, the hypotheses was accepted with education and occupation by not affecting the consumer switching behaviour, but with gender age and income it is vice versa.

### **Summary and Recommendation**

Most of the respondent's awareness about brand switching knowledge, switching cost are high and influenced among single brand users and multiple brand users of mobile network industry. The mobile network industry consumers switching behavior are highly influenced by the awareness and pricing strategy. Hence it is under should that value added service of mobile network providers are not influence the brand switching behavior of telecom industry, but the awareness and pricing strategy are high influence the brand switching behavior to telecom consumer. It is also supported by Richard Lee, Jamie Murphy (2005). They concluded that there are different factors which affect the Customers to switch from loyalty to switching intentions such as price, technical service quality, functional service quality, switching costs, etc. The result shows that price is the most important factor which affects the customers to switch loyalties to another provider. The research also depict the demographic or personal factors are also high influence the switching behavior of the telecom consumers. It is also supported by Hitesh Parmar and Jaidip Chaudhari (2012). Poor network facility of the previous service provider, better sms pack from new service provider and full talk time on recharge are some of the reasons for switching from one operator to another. With the help of the results as a researcher we recommend that the marketing strategies frame by the mobile network industry can give more importance to create awareness to the common public about their various pricing strategies

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## EFFECTS OF HRIS ON MANAGEMENT-A CASE STUDY OF A LEADING RMG ENTERPRISE TITLED HA-MEEM GROUP, BANGLADESH

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### ABSTRACT

Some clothing companies have already become the pioneers in the Garments sector of Bangladesh. Ha-Meem Group is one of them. The HR division of the companies has played the vital role to reach them in the leading position. I know that proper management of manpower of an organization using Information System is essential for the achievement of efficiency and effectiveness of operation. If manpower are properly managed and organized then it will result in the overall performance in a positive way to achieve short term and long term goal. Otherwise, it will result in poor performance. The system development process involves multiple stages from initial design to implementation and evaluation. Failure to follow these steps or rushing through them will result in a poorly designed system that will ultimately fail when it is implemented. This study intends to analyze the effect of HRIS in the HR Division of Ha-Meem Group. The types of information about users of the HRIS, the sorting of HRIS data into categories of human capital, and the main concepts of hardware and database security are covered.

**Key Words:** HRIS, Manpower, Database Security and System Development.

### Introduction

The study will begin by identifying the potential users and the kind of information that the HRIS will be managing and storing to facilitate decision making. The study will next discuss the technical infrastructure, how the technical infrastructure has evolved, and the many choices that the organization must make. After the technology is discussed, the systems implementation process will be presented.

### Research Objectives

This study has some objectives that are as follows.

1. To identify the effectiveness of HRIS
2. To create link between HRIS with Traditional HR
3. To identify the competitive position of Ha-Meem Group in terms of HRIS.

### Limitations of the Study

Although efforts will be made to make the report as comprehensive as possible, nevertheless, the following limitations have been identified for the preparation of the study:

- Data availability could be another big issue here because company might not want to disclose all the confidential information regarding their managerial strategies and plans.
- Data from different sources were quite inconsistent which created some problems in making the report.

### Methodology

This study is based on the primary and secondary data. This study also bears the practical knowledge I worked in the particular division during the study. So the methodology is the sampling of primary and secondary data with practical knowledge.

### Overview of the Ha-Meem Group:

Ha-Meem Group, a Bangladeshi clothing manufacturer, is leading supplier of readymade garments and denim fabric in the world. We are one of the top clothing companies in Bangladesh. The company produces some of the most fashionable denim fabrics and garment products and owns one of the most comprehensive and resourceful manufacturing facilities in Bangladesh.

### Historical background

Ha-Meem Group, a Bangladeshi clothing manufacturer, is leading supplier of readymade garments and denim fabric in the world. We are one of the top clothing companies in Bangladesh. The company produces some of the most fashionable denim fabrics and garment products and owns one of the most comprehensive and resourceful manufacturing facilities in Bangladesh.

Ha-Meem Group has earned name and fame both at home and abroad as one of the top clothing companies in Bangladesh. The continuous growth of this group is moving forward hand in hand with the industrialization of the home country Bangladesh. Moreover Ha-Meem as a Bangladeshi clothing manufacturer has been contributing immensely in the financial growth of the nation.

Ha-Meem Group, one of the top clothing companies in Bangladesh, has been exported its products to the USA and Europe for a long time. Because of our successful history with the world leading customers and buyers, It is the most valued and well reputed Bangladeshi clothing manufacturer. Company produces 6 million pcs of woven garments per month with the assortment of infant to adult in men and women. Today Ha-Meem Group employs around 50,000 workers and the company is equipped with 26 garments factories, a unique Denim mills, Spinning mills, Sweater factory, Embroidery and Printing factory, Carton factory, Poly bag industry, Label factory, Jute mills, Chemical formulation plant, Tea Garden, Transport company, News Channel and a National Daily Newspaper. Its overseas office in Hong and China gives fastest support in procurement of fabric and accessories. Own C & F office in every Bangladeshi port gives privilege of quick clearing and forwarding support.

Major Products : All Types of Bottom and Tops, Critical Cargos, Hi-Fashion Denim Jeans, Basic and Hi-fashion Washes, Wrinkle Free, Laser Finish / 3d Whisker, Men's Shirts, Dress Pants, Outwear /Jackets Facility.

### Buyers

Ha-Meem group deals with some world class buyer of the USA and Europe. Those are Abercrombie & Fitch, American Eagle, Gap/Old Navy, Levi's, JC Penny, PVH (Calvin & Klein, Timberland, IZOD), KOHL'S, TARGET, VF (Nautica, Lee, Wrangler) Osh Kosh, Walmart, Gymboree, Parry Ellis from USA and Next, H&M, Zara, Tesco, Mango, Lindex from Europe.



## HRIS and its Overview

### Concept of HRIS

HRIS is the abbreviation form of Human Resource Information System and also show the image of Human Resource Management System.

HRIS manipulates and makes the integration between Human Resource Management (HRM) and Information Technology. It helps Personnel Management to conglomerate with Technology. Even though these system may rely on centralized hardware resources operationally, a small group of IS Specialists having in the Personnel/Human Resource Department increasingly manage, support and maintain them. HRIS supports planning, administration, decision-making and control. The system supports application of HR basic functions like employee selection and placement, payroll, leave management, salary and benefit management, pension management, intake and training management, career-path management, equity monitoring, Performance appraisal, productivity and efficiency evaluation, effectiveness calculation and etc. this information system increase management efficiency and produce report of improving decision making.

### History of HRIS

#### Before 1945

- Personnel
- Old term for human resources
- Historically isolated from core organizational functions
- Record keeping
- Name, address, phone, employment history
- Employee exits and termination

#### Between 1945 and 1960

- Human capital issue
- Employee morale
- Formal selection and development
- No real changes from earlier days

#### Between 1960 and 1980

- Personnel became HR
- HR was seen as key in organizations
- Government and regulatory agencies increased reporting requirements
- Still, HRIS was used mostly for keeping administrative records

#### Contemporary HRIS

- Large and small businesses are utilizing HRIS
- Personal computers have made HRIS available and affordable for any sized firm
- HRIS has evolved from simple record-keeping to complex analytical tools to assist management decision making.

## Development of HRIS

Recent developments in technology have made it possible to create a real-time Information-based, self-service, and interactive work environment. Personnel Information Systems have evolved from the automated employee recordkeeping from the 1960s into more complex reporting and decision systems of late. Today, managers and employees are assuming activities once considered the domain of human resource professionals and administrative personnel. This represents a significant break with the past, but an improvement in overall organizational effectiveness. Consequently, given the authority and relevant accessible information for decision making, both managers and employees respond more quickly to changes.

### **Components of HRIS**

HRIS specialist presented the three major functional components in any HRIS. The Input function enters personnel information into the HRIS. Data entry in the past had been one way, but today, scanning technology permits scanning and storage of actual image off an original document, including signatures and handwritten notes. Moreover, the most visible function of an HRIS is the output generated. According to Kovach et al., to generate valuable output for computer users, the HRIS have to process that output, make the necessary calculations, and then format the presentation in a way that could be understood. However, the note of caution is that, while it is easy to think of HR information systems in terms of the hardware and software packages used to implement them and to measure them by the number of workstations, applications or users who log onto the system, the most important elements of HRIS are not the computers rather than the information.

### **Functions of HRIS**

Functional HRIS must create an information system that enables an assimilation of policies and procedures used to manage the organization's human capital as well as the procedure necessary to operate the computer hardware and software applications. While information technology affects Human Resource practices HRIS and HRIS administration comprise a distinct supporting function within HR. Few of the HRIS functions include the following.

#### **Integrating the Technology**

The developments in Information Technology have dramatically affected traditional HR functions with nearly every HR function like, requisition, compensation, staffing, motivation, performance appraisal and training, experiencing some sort of rearrangement of its processes with HRIS. However, this process of change has created significant challenges for HR professionals resulting in the transformation of traditional processes into technology based processes.

#### **Efficiency**

First moving computing technology has allowed more transactions to occur with fewer fixed resources like, payroll, flexible benefits administration, and health benefits processing (insurance). Though technologies of early mainframes provided significant efficiencies in these cases, the difference is that the record processing efficiencies that were once only available to large firms are now readily available to any organization size.

#### **Effectiveness**

With this processes, computer technology is designed to improve effectiveness either by in terms of the accuracy of information or by using the technology to simplify the process. This is especially the case where large data sets require reconciliation. However, onerous manual reconciliation processes may be executed faster, but also with near perfect accuracy using automated systems. For instance, pension and profit sharing applications, benefits administration, and employee activities are just to mention but a few. Using computer technology in these processes ensures accurate results and offer substantial simplification and timeliness over manual processing. Consequently, the vast majority of HR functions have had some degree of automation applied in order to gain both efficiency and effectiveness.

## IT-Enabled Processes

Many of the application areas ‘gains are through increased effectiveness and efficiency over manual processing, some are only possible using contemporary technologies. Most notably, computer-based more specific web-based training is a growing area of HR practice that was not available until computer software was created. Even computer-based training was not as practical as it is today because it was geographically dispersed until the training was upgraded from computer-based to web-accessible training. However, by taking traditional computer-based training programs and making them accessible on the Internet, firms have created a powerful tool to upgrade and assess employee skill sets. Moreover, many other traditional HR functions have evolved Information Technology dependent components with the advent of the Internet. Online recruitment centers, along with the ability to conduct virtual interviews, background checks, and personnel tests on-line have dramatically changed those processes, increasing the geographic reach of firms for potential employees.

## Cost and Benefits of HRIS

HRIS system represents a large investment decision for companies of all sizes. Therefore, a convincing case to persuade decision makers about the HRIS benefits is necessary. The common benefits of HRIS frequently cited in studies included, improved accuracy, the provision of timely and quick access to information, and the saving of costs. Kovach et al. listed several administrative and strategic advantages to using HRIS. Similarly, Backers and Bat pointed out at least five reasons why companies should use HRIS. These are,

- Increase competitiveness by improving HR practices
- Produce a greater number and variety of HR operations
- Shift the focus of HR from the processing of transactions to strategic HRM
- Make employees part of HRIS, and
- Reengineer the entire HR function.
- Key Human Resource functions and risks

Establishing and monitoring the effectiveness of internal controls are important management functions and the key functions and risk showing the details of better practice controls that are relevant to mitigating risks is given below.

## HR and payroll data management

Input and maintenance of HR and payroll data poses a significant area of risk in any HRMIS. It is important that controls are implemented to contribute to the maintenance of HR and payroll data that provides for accurate and complete employee information and payroll transactions.

## Workforce management

Workforce management is a key strategic consideration within government entities. As with most other organizations, human capital is considered a significant asset, and the recruitment and maintenance of the right workforce is the key to success for operational and strategic objectives. Here we focused on workforce management activities within a HRMIS to strengthen processes associated with the collection and maintenance of employee information, and in this context, the main activities that are discussed areas like,

- Employee commencements; and
- Employee exits and terminations.

## Payroll Processing and Administration

Payroll processing and administration is highly dependent on a number of inter-linking HR functions. The HRMIS provides a number of functions in performing payroll calculations that are crucial to ensuring that calculations are accurately performed. There are a number of supporting controls, particularly relevant to payroll disbursement and posting of payroll expenses to the General Ledger.

## Increment Management

HRIS Software keeps all the relevant data of the employee and employee's present salary. By this data the software can easily calculate the next increment of the prospective employee.

### **Leave Management**

Leave management is itself evolving into a solution termed workforce optimization. This builds on workforce management to encompass all aspects of managing the complete workforce life-cycle and supports the business with key insights into how its workforce is performing. Workforce management provides a common set of performance-based tools to support corporate management, front-line supervisors, store managers and workers across manufacturing, distribution, transportation, and retail operations.

### **System Maintenance and Integration**

There are a number of functions and configuration options that can be used within an HRMIS to enhance the control environment or to increase efficiency within HR management processes. The chapter recognizes that the extent of configuration of system controls varies across organizations. Factors such as entity size, size of the HR team, and whether payroll processing is outsourced contribute to the business requirements to operate and configure controls.

### **Managing and Maintaining the HRIS**

Establishing an effective control environment is critical to ensuring that HR information and processing is accurate and complete and that the integrity and confidentiality of information is maintained. Undetected weaknesses in the processes and controls that manage the information technology control environment may reduce the effectiveness of HRMIS controls. The following guidance may be of assistance in determining the effectiveness of important controls in the IT environment.

### **Change Management**

Effective change management controls are important to ensure that changes are authorized and appropriately tested before being introduced into the production system. Change management weaknesses may impair the proper classification and reporting of HR expenses and may reduce the integrity of information contained in employee records. A change management process should be maintained for the HRMIS. The change management process should also prevent changes being made to employee data, payroll reference data and its configuration without appropriate authorizations.

### **Interface Management**

Interfaces to the HRMIS present a significant area of risk to maintaining the integrity and confidentiality of HR information. Interfaces include the internal interface to the General Ledger and other business systems. External interfaces may include interfaces to BGMEA and NBR.

### **Best of Breed**

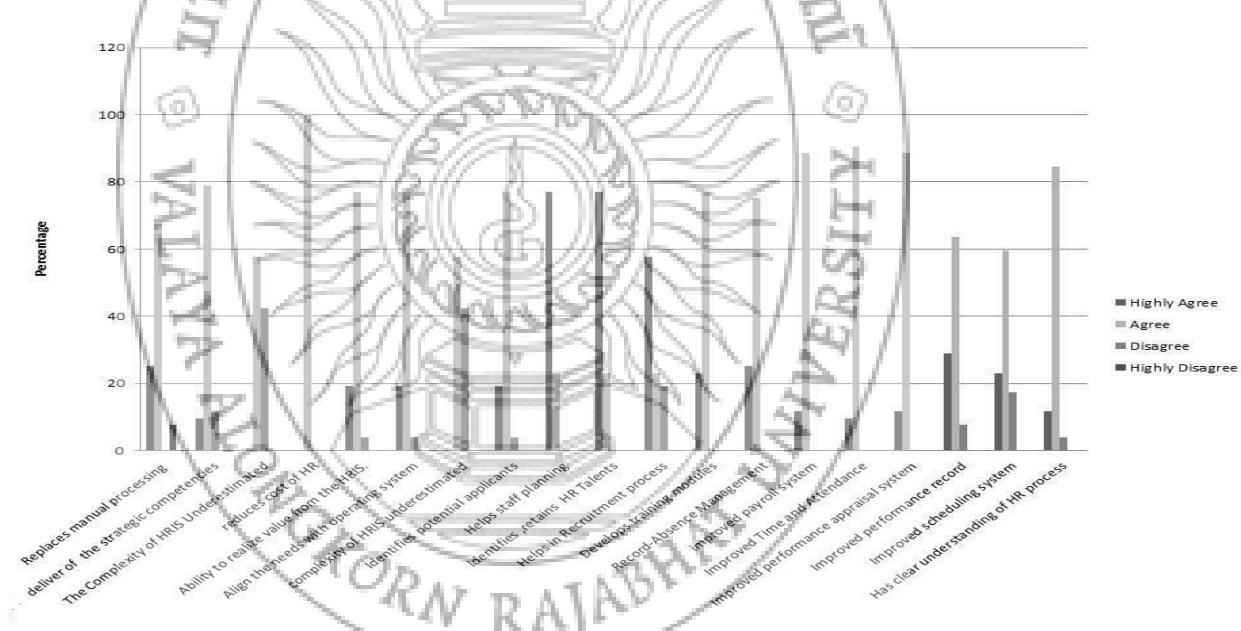
An HRIS exists as one of the main parts of an overall ERP software solution for the company. Yet the HRIS is not a monolithic solution even within HR business processes. There exist alternative software applications that solve specific HR business issues. This section addresses these types of solutions, the pros and cons of using multiple applications, and technical infrastructure. In general, an architecture that combines products from multiple vendors is called "best of breed" (BOB).

### **System Implementation**

Process a variety of authors, consultants, and others have discussed implementation methods for information systems. Rampton, Doran, and Turnbull discuss thirteen steps in the implementation process. Jessup and Valacich divide the implementation of a system into five (5) steps, with a focus on the systems side of the process. Regan and O'Conner provide 8 steps for implementing information systems. Some organizations have proprietary processes that they use for all implementations.

## Research Results

**Effectiveness of HRIS:** Many organizations have gone beyond the traditional functions and developed HRIS which supports recruitment, selection, hiring, job placement, performance appraisals, employee benefit analysis, health, safety, and security. Figure 1 clearly states that 76.92% agree that HRIS helps in identifying potential candidate. Majority (76.92%) highly agree with a substantial percentage (23.08%) of the respondents agreeing that HRIS helps the HR Department in staff planning, identifying, and retaining employee capabilities. Majority (80.77%) agree that it helps in recruitment and tracing competent employees through the system. Nearly more than half of the respondents (76.92%) agree and 23.08% highly agree that the system of HRIS has helped in developing training modules, 88.46% agree it has improved payroll system, 63.46% agree that there has been an improvement in performance record with 28.85% highly agreeing. Seventy-five percent agree that it has improved absence management system.



**Figure 1:** Effectiveness of HRIS

**Create link between HRIS with traditional HR:** Most HRIS project teams have a number of people assigned to converting historical data from the existing HR databases into the new HRIS, as well as for interfacing the new HRIS with other systems that rely on HR data. As this group starts mapping historical data to the new system for conversion, most often group members will find (particularly when combining data from several existing systems to go into one HRIS) that the existing HR data contains a significant amount of invalid, incomplete, or contradictory data. As the new HRIS was configured for new, reengineered or streamlined business processes, the existing employee data may not fit well into the new system. The new HRIS will demand more complete and accurate employee data.

Making sense of these data conversion problems is a skill that falls to HR analysts, not the programmers writing data-conversion routines. Conversion

and interfacing are not solely technical activities – user consultation and input are required. Many HRIS project teams discover these requirements too late, thus increasing the demand for time from HR analysts on the project team – time that the analysts most likely do not have.

Where is the position of Ha-Meem Group: Among the garments company in Bangladesh Ha-Meem Group is the pionner of the HRIS system. Table 3 will show the present condition.

**Table 3:** Competitive position on the basis of HRIS

| Sl. | Topics                            | % Agreed |
|-----|-----------------------------------|----------|
| 1   | Online attendance system          | 30       |
| 2   | Online payroll system             | 35       |
| 3   | Internal Server                   | 25       |
| 4   | Online Personal Database          | 5        |
| 5   | Decision Making by Scientific Way | 5        |

Present days Ha-Meem Group tries to adapt with HRIS system fully. HG tries to configure automated Payroll, Leave Management, Attendance, Manpower Planning and etc.

### Summary and Recommendation

Human Resource Information System plays a very crucial role for total performance of the organization. It is important to choose the right HRIS. A company that takes the time to invest in a HRIS that fits their goals, objectives, mission, and values, is a company that is investing in its future and in its success. The world is very competitive in this new millennium. Now-a-days every organization is getting the edge of using technology. To ensure better consultancy service the organization must have to ensure a good Human Resource Management practice. The area of Human Resource Management is very wide. Human Resource management is the heart of an organization which plays an important role of getting the right people to do the right job at the right places and at the right time, which helps to Human Resource Information System ensure the overall achievement of the goals of the organization.

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## AGENT BANKING AS A FINANCIAL INCLUSION TOOL IN BANGLADESH: A CASE STUDY ON BANK ASIA LIMITED

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### ABSTRACT

Agent banking is playing a sensible role in paving the way for financial inclusion by offering limited scale banking services to the semi-urban and rural people. The study focused on two and half year performance of Bank Asia Limited who has initiated agent banking in Bangladesh. Both primary and secondary data were collected from personal interview of agent banking personnel and then analyzed using descriptive statistics. The findings of the study indicated that the benefits of this model to the client are in the form of lower transaction cost, longer opening hours, shorter lines than in branches, more accessible for illiterates and the very poor who might feel intimidated in branches whereas for financial institutions, there are huge savings on cost of construction of bank premises and leasing costs, when banks are using the agency premises. From the growth perspective it is apparent that there is huge potential of banks in this arena. The study concluded that if one bank can attain enormous number of customers in such a short period other commercial banks should fully embrace agent banking through adoption of improved technology for information security to make it more reliable to customers.

**Key Words:** Agent Banking, Financial Inclusion, Bangladesh, Bank Asia Ltd

### Introduction

A vast majority of Bangladeshi lives outside the full formal banking network where the major barrier is geographical or physical access measuring the average distance from household to bank branch and therefore deprived from essential financial services and subjected to unfair money lending practices. Traditional financial markets are simply failing to meet the needs of a vast swath of society - especially the poor living in rural areas in a way that is affordable, convenient, and safe. Bangladesh government has addressed this issue of financial inclusion and Bangladesh Bank has promoted another banking model called "Agent Banking", which is offering financial services to clients of a bank through a third party contracted by the institution to conduct business on its behalf under the normal traditional agency arrangement where the bank is the principle. Banking sector of Bangladesh has started to adopt this model as organizations must develop new competencies while the old competencies gained are gradually eroded due to changes in both internal and external environment.

**Literature Review:** Financial inclusion or inclusive financing is the delivery of financial services at affordable costs to sections of disadvantaged and low-income segments of society. (Wikipedia, 2016). According to the Melinda and Bill Gates Foundation, financial inclusion can't happen on its own and governments need to make a policy to increase the same since unlike any other product or service, it can't find a market of its own. The excluded population then has to rely on informal sector

for availing finance that is usually at exorbitant rates leads to a vicious cycle (Waihenya, 2012). Mas, I. (Mas, 2009) stated that, by moving financial services beyond banks' traditional "bricks-and-mortar" infrastructure and shifting them to a more scalable, variable-cost channel, financial services can be provided profitably and sustainably to segments of the population that are poorer or more remote, and that are currently neglected by regulated financial institutions.

Agency banking, the offering of selected bank services through third parties appointed by the banks is expected to be one of the solutions to reaching sections of the disadvantaged in society providing them with affordable financial services and access to credit (Beck, 2007). As the banks reap from increased reach, the society also gains by having more people included in the formal financial sector (Ngugi, 2015).

A study conducted by Sanford (Sanford, 2013) in Brazil showed while only a minority of Brazilians are using agents for financial services other than bill pay, these individuals exhibit characteristics of traditionally underserved populations, suggesting that agents have made a difference for financial inclusion in Brazil. Another study conducted by Kumar et al. [7] found that the setup cost of a retail agent in Brazil can be as little as 0.5 percent of the cost of setting up a bank branch. Agency banking was implemented in South Africa in 2005 after amendment of Bank Act giving banks green light to contract nonbank third parties to collect deposits, money due to the bank or applications for loans or advances, or to make payments to such clients on banks' behalf (Dermish, Kneiding, Leishman, & Mas, 2011). In Ghana, agency banking was introduced in 2008 allowing for bank-based model of branchless banking using nonbank retail agents (Flaming, Mckay & Pickens, 2011). Ndome (2011) in a study of agent banking and its adoption in Nairobi focused on a low end residential area within the city of Nairobi and it was evident that the services were very welcome by the residents with lots of transactions being done at the agent points.

To the banking industry besides the cost savings, banks have penetrated and reached people they would never have reached particularly in the very remote areas (Kimalu et al., 2002). Soares and MeloSobrinho (Soares, Marden, and Abelardo Melo Sobrinho, 2007) found agency banks networks have dramatically increased bank outreach and proved an attractive way for banks to reach the general public that was previously bank-less. This use of ICT significantly reduces the costs and increases the reach of banking, making correspondents an attractive vehicle for the underserved low income population (Kumar, 2006).

Some of the benefits that commercial banks gain from agency banking are: huge savings on cost of construction of bank premises and leasing costs when banks are using the Agency premises; human resource expenses have reduced as banks do not have to employ new staff to manage the agency and the cost of training if any is to the bare minimum; savings on equipment like furniture and computers (Kumar et al., 2006).

Nevertheless, Ivatury and Lyman (Lyman, Timothy, Gautam, I. and Stefan, 2006) pointed at challenges facing agency banks such as loss of confidentiality of customer information; location of the agents in high risk areas poses security threat; poor customer service to the bank customer as the agents are not well trained; and, susceptibility of the agents to fraudulent transactions. Furthermore, reaching poor clients in rural areas is often prohibitively expensive for financial institutions since transaction numbers and volumes do not cover the cost of a branch (Kitaka, 2001)

The convenience of access to banking services and the extended hours that the agencies work has been the most attractive features to the customer [14]. With regard to the transaction verification, authorization, and settlement platform, banking agents are similar to any other remote bank channel (Jacobs, Claus and Loizos, 2005).

Kumar, Nair, Parsons and Urdapilleta (Kumar et al., 2006) stated that agency banking allows banks to serve more clients at lower cost, increases reach into areas where a full branch would not be cost-justified, and allows clients to access their accounts more frequently and manage their loan funds more easily thus leading to increased revenue. Additionally agency banking enhances banks turnover by making banking services available to the vast but higher risk populace through friendly format or medium. Beck, Cull, Fuchs and Getenga (Beck et al., 2010) avers that due to low cost agency banking has increased the ease of banks' expansion hence outreach to remote areas consequently increasing revenue and profit.

Lozano and Mandrile (Lozano et al., 2010) affirm that agency banking has helped banks enhanced value chain and performance through economies of scale and performance of the poor. Ivatury and Mas (Ivatury and Mas, 2008) recognized that agency banking leads to cost minimization by reducing maintenance cost of banks fixed assets such as buildings and cost of service delivery. On the contrary, Kamau (Kamau, 2012) established a low and negative impact of agency banking on financial performance. Pickens (McKay, Claudia and Mark, 2010) stated that agency banks have not contributed much to banks' revenue growth owing to customers' skepticism about its transactional security and further, system failure and conservatism among customers who prefer brick-and-mortar model makes the model ineffective. According to the Working Paper Series: WP1101 of the Bangladesh Bank Research Department (Bank, 2012), the number of bank branches per 1000 square kilometers increased from 44.24 in 2005 to 53.34 in 2010 which is a very slow growth because of the high cost of setting up a branch.

Pioneering banks, microfinance institutions, and mobile operators started to experiment with banking agent networks in various countries around the world such as Brazil, Peru, Colombia, Kenya, Mexico, Pakistan, the Philippines, and South Africa. Latin-American is the region with the strongest development towards banking agents (Mas, 2009). Bangladesh Bank has also laid down the necessary framework and guidelines for the operation of agent banking in November 2013.

Many studies have been done on agent banking, but very few in Bangladesh. However, the studies are not exhaustive because agent banking is still at its formative stages and several new developments and new changes are coming up on a continuing basis. On the ground of previous literature, this study aims to shed light on agent banking in Bangladesh and to put a stepping stone for further research in this area.

### **Research Objectives**

This study focuses on the operating system of agent banking in Bangladesh as well as sheds light on performance of Bank Asia's Agent Banking and predicts the viability of this business in Bangladesh based on the growth of Bank Asia's as it is the pioneering bank in Bangladesh.

### Methodology

This study focuses on the operating system of agent banking in Bangladesh as well as sheds light on performance of Bank Asia's Agent Banking and predicts the viability of this business in Bangladesh based on the growth of Bank Asia's as it is the pioneering bank in Bangladesh. Research design refers to the way the study is designed, the method used to carry out a research (Kothari, 2004). In order to generalize the findings of this paper to a larger population, descriptive study was used. Both primary and secondary data were used in this study. The primary data were collected through personal in depth interview with agent banking personnel. The secondary data were obtained from books, annual reports, magazines, newspapers and publications including annual reports and website of Bank Asia Limited. The data collected was edited, coded, classified on the basis of similarity and then tabulated. The findings were presented using tables, graphs, charts and percentages.

### Research Results

#### Agent Banking Model in Bank Asia Limited

Bank Asia, as the pioneer, successfully introduced Agent Banking in six Upazila under Munshiganj District as a pilot Project in January, 2014. This project's success has elevated their confidence to expand the project all over Bangladesh. Bank Asia had already appointed 491 agents in 132 Upazilas under 46 districts and has made a unique Agent Banking model with a mission to create more protected financial inclusion by offering technology driven banking solutions to the unbanked people living in rural and dispersed people of Bangladesh.

Bank Asia made a unique Agent Banking model with technology based banking concept ensuring appropriate security with real-time banking for customers. All the Agent booths are equipped with Laptop/P.C, image capturing device, POS machines, biometric identification system and mobile connectivity through internet banking. Agent banking transactions are on real time basis and integrated with Bank's Core Banking solution. Agents maintain a current account with bank and whenever customer deposits money, cash is debited from agents account. Logging through their Biometric authorization customers get instant confirmation of transaction through mobile SMS and system generated printed money receipts. Agent has to maintain sufficient balance in account and Cash in hand for uninterrupted transaction of customers. Agent Booths are distinctly branded with Bank Asia logo, Agent's name, Bank's contact number and call center number which gives vibe of a small bank branch. Branches and Regional office monitor agent operating in the area for smooth functioning besides monitoring by Agent Banking department.

| Responsibility of Agent   | Excluded Activity   |
|---|---|
| <input type="checkbox"/> Cash deposit, withdrawal and fund transfer<br><input type="checkbox"/> Collection of bill (Utility, tax, subscription fee) and passport fee collection<br><input type="checkbox"/> Foreign remittance payment<br><input type="checkbox"/> Balance inquiry and issue of mini statement<br><input type="checkbox"/> Collection & preservation of A/C opening form & others receipts copy<br><input type="checkbox"/> Facilitating small value loan disbursement and recovery of loan installments.<br><input type="checkbox"/> Cheque receive for clearing<br><input type="checkbox"/> Cash payment under government social safety net program | <input type="checkbox"/> Extra charge to the customers, in addition to the charges fixed by the Bank;<br><input type="checkbox"/> Any products or services other than Bank's products and services;<br><input type="checkbox"/> Any transaction by cheque except finger print & card;<br><input type="checkbox"/> Asking any personal information including account details and PIN number of customers;<br><input type="checkbox"/> Any other banking business beside agent banking.<br><input type="checkbox"/> Appointing another sub-agent to provide banking services on their behalf<br><input type="checkbox"/> Dealing with loans, foreign Currency, encashment cheques and Financial appraisal<br><input type="checkbox"/> Giving final approval of opening of Bank account and issuance of cards. |

### Success Factors behind Agent Banking

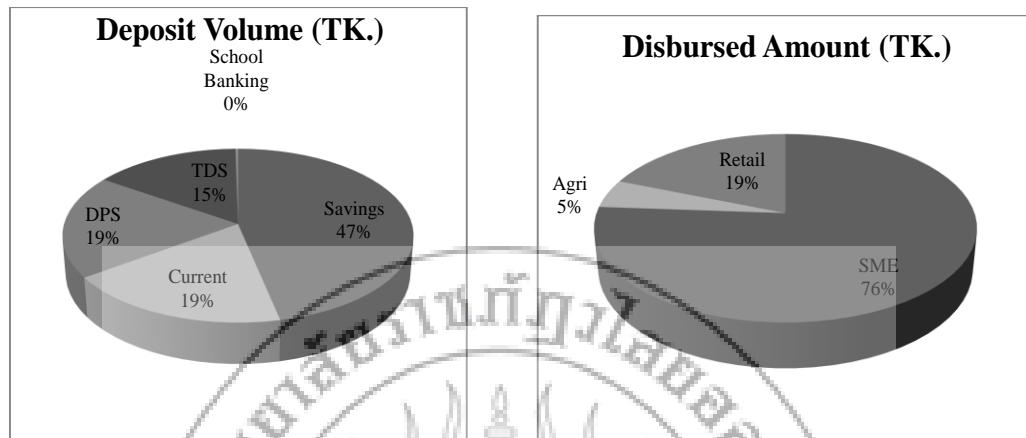
Though the concept of agent banking is relatively new and it is too early to reach a conclusion on measuring result of it, the success factors can be evaluated from three different perspective- bank, agents and end users.

**Bank's perspective:** Even when the ultimate goal is maximizing financial performance, mere financial measures may not capture longer-term strategic goals as they do not deal with the progress relative to customers' or society's requirements. As the agent banking is continuing its operation only for 2.5 years its return is not having a significant impact on overall return nonetheless the bank is considering a time frame of at least four years to realize the impact. But here the key performance indicator is the number of unbanked people the program has enabled to fetch under financial inclusion and the intangible asset of creating brand value and image by reaching remote areas.

**Agents' perspective:** Agents work independently on behalf of banks after providing necessary training and responsible for making their own profit based on the predetermined rate of commission per service. They can follow their own marketing strategy and appoint helping hands if necessary. As there remain a huge number of potential customers for an outlet the agents have the opportunity to grow and flourish their business.

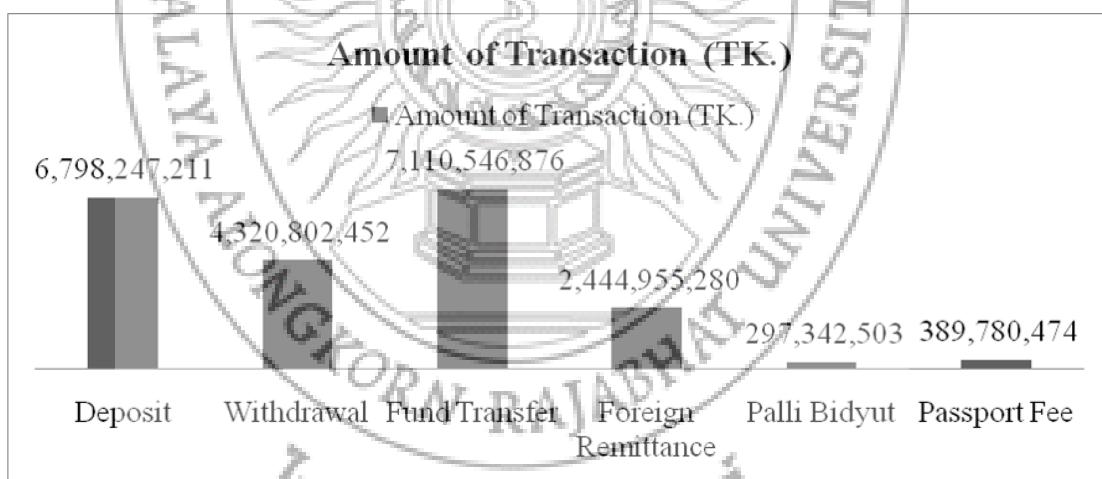
**End-users' perspective:** Another key performance indicator of any financial programme is whether it is able to bring differences in people's life. End-users or customers of agent banking are benefited in terms of monetary cost of going to branches as well as savings of time. They are getting wide range of financial services from agent banking outlets.

### Performance Analysis



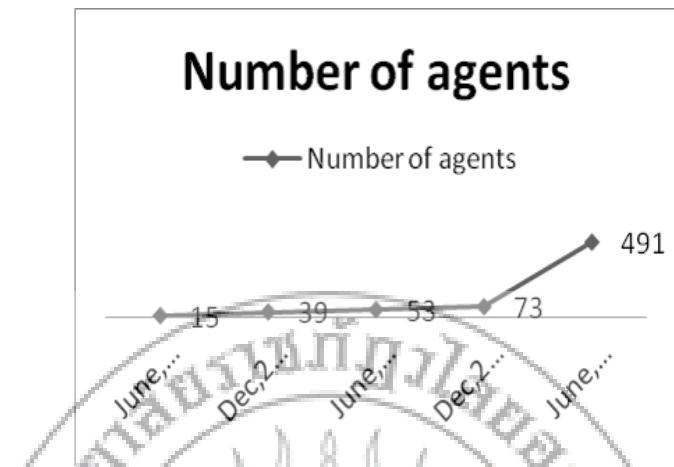
**Fig 1:** Transaction Types (as of August 31, 2016) **Fig 2:** Deposit Volume (as of August 31, 2016)  
Source: Personal interview

Peoples are using agent banking services mainly for fund transfer and for making deposit which means they have preferred security while taking the services. Transaction profile depicted in figure 01 also shows that fund withdrawal amount was almost twice than the foreign remittance transaction and others are using agent banking for paying utility bills like Palli Bidyot.

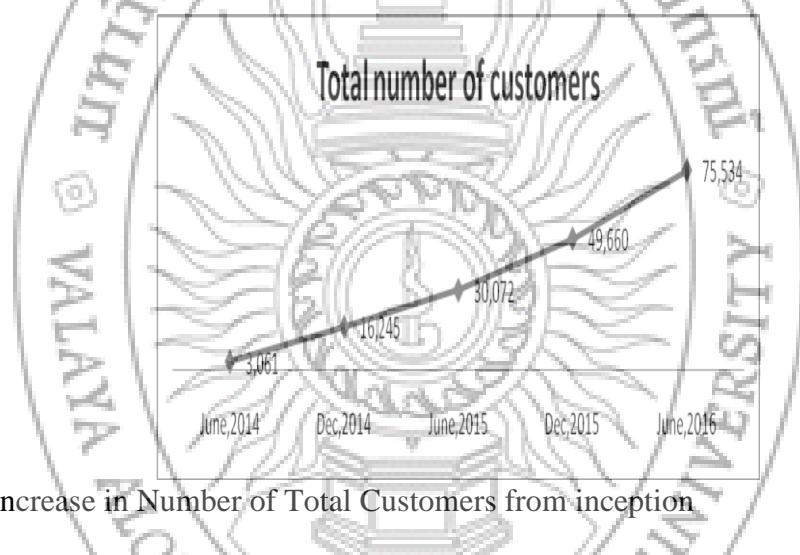


**Fig 3:** Transaction Types (as of August 31, 2016)  
Source: Personal interview

From figure 03 it can be said that the savings deposit is the most widely used deposit services. Amount deposited in DPS and current account was almost similar. Though Bank Asia Limited has started school banking under Agent banking but the volume is quite low which is expected to increase in near future. The Small and Medium Enterprise (SME) sector is getting the highest priority which is evident from the figure 3 which shows 76% of loan disbursed through agent banking was for SME sector. Retail has achieved the second most prioritized sector in loan disbursement. Surprisingly Agricultural sector got only 5% of disbursed loan which should be increased further.



**Fig 4:** Increase in Number of Agents from Inception



**Fig 5:** Increase in Number of Total Customers from inception

Since the inception of agent banking a steady growth in number of agents has been observed (Fig: 4) followed by a sharp rise in June, 2016 due to agreement with Union Digital Center (UDC). Being a densely populated country, a huge number of people is still out of banking network which leaves a great potential for agent banking. It is evident from more than 50% semiannual growth rate of total number of customers (Fig: 5) in this expansionary time period of agent banking.

#### Summary and Recommendation

Agent banking is a new concept in Bangladesh though it started with a small scale operation but it has very feasible prospect in future from the perspective of both banks and end users. From analyzing one bank's performance this study recommends that central bank should encourage all other commercial banks to develop agent banking so that the unprivileged people can come under same umbrella. It is necessary to continue research which may include identifying the determinants of financial performance of the agent banks; the role of the government in supporting the implementation of agent banking and the impact of agent banking on the financial sector deepening or financial inclusion. Studies can also be conducted on the efficacy of agent banking in providing banking service to unbanked people of Bangladesh. As

a part of roadmap development of agent banking in Bangladesh, further studies can be done on customer perception of agent banking to determine the level of acceptance among mass people.

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## **Green Human Resources Management (Green HRM) Perspective: The Emerging Roles of HR Professionals**

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### **ABSTRACT**

There is a growing need for the integration of environmental sustainability into human resources management. Organizations are nowadays realizing that, in addition to focusing on financial profits, they must consider all social and environmental impacts for their long term sustainability. Thus Green Human Resources Management (Green HRM) has recently attracted the attention of academic researchers and practitioners. The objective of this study is to explore the green human resource management practices of organizations based on the existing literature. Thus the study is concerned with concepts, policies, practices and challenges of Green human resources management. The methodology of the study includes searching, collecting and analyzing the contemporary studies on Green Human Resources Management using an archival method. The key concepts, functions, practices and challenges of green human resources management were identified in the paper. Accordingly the study is supposed to contribute to the field of green human resources management.

**Keywords:** Green management, green human resources management, human resources management, environmental sustainability

### **Introduction**

#### **Background of the Study**

The globally growing concern for environment compels businesses to move towards sustainable operations and formulate green policies. The international standards for environment protection and preservation call for businesses to devise environment-friendly strategies. With everyone, from customers to employees to investors becoming more and more environment-conscious, ‘Green Human Resource Management (referred as green HRM or GHRM)’ is emerging as a significant area in management (Mehta & Chugan, 2015).

The incorporation of environmental objectives and strategies into the overall strategic development goals of a company helps in arriving at an effective environment management system (Haden et al., 2009). Fayyazia et al. (2015) said that there is a requirement for the amalgamation of environmental management in Human Resource Management (HRM) because it is essentially or very important rather than just desirable. Now-a-days it seems that a considerable number of organizations practice green human resource management in the global context (Opatta et al., 2015). There is a need for companies to adopt formal environmental practices due to growing global environmental

concern and development of international environmental standards (Daily and Huang, 2001). Various literatures on Green Marketing (Peattie, 1992), Green accounting (Bebbington, 2001; Owen, 1992), Green Reatiling (Kee-hung, Cheng, and Tang, 2010), and Green management in general (McDonagh and Prothero, 1997) have fertilized the concept of Green HRM. There is a need of integration of environmental management into Human Resources (HR) called Green HR (Dutta, 2012).

Numerous researchers have their contribution to support and raise the awareness of Green HRM including (Muster and Schrader, 2011), (Brio, Farnendiz and junquera, 2007), (Farnendiz, junquera and Ordiz, 2003), (Govindarajulu and Daily, 2004), (Jabbour and Santosh, 2008), (Jabbour, Santosh and Nagano, 2010), (Madsen and Ulhoi, 2001), (Massoud, Daily and Bishop, 2008), (Ramus, 2001, 2002), (Renwick, 2008), (Stringer, 2009), (Wehrmeyer, 1996). There is a need for a proactive approach to environmental management across the world (González-Benito & González-Benito, 2006; Daily et al., 2001; Jabbar et al., 2010).

These researchers give importance to adoption of environmental practices as a crucial purpose of organizational functioning to make it significant with the strength of HRM practices (Jackson et al., 2011; Daily and Hung, 2001; Sarkaris et al., 2010). Lee (2009) defined 'green management' as the exercise whereby companies develop an environmental management strategy to manage the environment. So there is a need of proactive environmental management (Gonzalez-Benito and Gonzalez-Benito, 2006).

Employee involvement and participation and involvement of employee are critically important for success of the Green HRM concept. There is a need of implementing Green HRM Practices in our daily working as well as private life (Brio, Fernandez and Junquera, 2007; Fernandez, Junquera and Ordiz, 2003; Ramus, 2001, 2002; Renwick, 2008). Rashid, Wahid and Saad (2006) have archived that employee participation in environmental management systems has a positive effect on the character or environmentally responsible attitudes and behavior in an employee's private life. After a wealth of research into green marketing (Peattie, 1992), accounting (Owen, 1992), and management (McDonagh and Prothero, 1997), gaps still exist in the Human Resource Management (HRM) literature on the HR aspects of environmental management - Green HRM. Such gaps include an informative guide on the emergent literature, its scope and coverage, and a process model and research agenda in this field.

### **Research Objectives**

The objective of this study is to explore the green human resource management policies and practices of organizations based on the existing literature. Subsequently the following steps were taken to support the main objective.

1. Review the contemporary studies on HRM and Green HRM
2. Identify the basic functions of Green HRM
3. Identify the factors affecting Green HRM
4. Identify the key challenges in adopting and implementing Green HR policies
5. Provide the managerial/social implications of Green HRM

This study attempts to analyze the concepts, policies, practices and challenges of Green HRM. Thus this study is supposed to contribute to the field of Green HRM literature.

### **Methodology**

This study aims at exploring the concepts, policies and practices of Green HRM. This is a qualitative research based on the extensive analysis of existing literatures of Green HRM. Literature review is adopted as it enables to structure research and to build a reliable knowledge base in this field (Tranfield et al., 2003). In order to achieve the stated review objective, a systematic review of literature was conducted by using an archival method. This paper employs a methodology to review the articles cited in the databases like Sage, Taylor and Francis Online, Springerlink, ScienceDirect, JSTOR, Wiley Online Library, and Emerald. The other sources of data include books, journals, e-papers and websites. Contemporary research papers were given priority in analyzing the existing literatures. Research papers were delimited from the review if they did not have a focus on environmental management as it pertains to management, employees, work organisations, and the wider social arena. A systematic review of collected literature was done in detail.

### **Literature Review**

The Green HRM literature is largely a western one and, given the importance of Asian economic development for environmental management, this is an important gap for future studies to reduce (Renwick, Redman, & Maguire, 2013, p. 3). Fayyazia et al. (2015) said that there is a requirement for the amalgamation of environmental management in Human Resource Management (HRM) because it is essentially or very important rather than just desirable. Successful environmental management in an organization needs special efforts of human resource management (Rothenberg, 2003). Similarly Jabbour and Santos (2008) also stated that effective environmental performance results need human resource practices that support the whole execution and preservation of environmental management systems in the organisations. The extant literature in the HR field on the topic of sustainability suggests that more and more HR executives are keen to modulate their corporation as such to become exclusive environmental champions.

A great extent of empirical research highlights the impact of environment management practices on performance of the organization using different parameters (Iraldo, Testa, & Frey, 2009; Yang, Lin, Chan, & Sheu, 2010). Literature has given importance to adoption of environmental practices to identify the human resource management practices (Cherian & Jacob, 2012, p. 25). Haden, Oyler, and Humphrey (2009) comprehend that the integration of environmental objectives and strategies along with the strategic development goals of a company results in an effective environment management system. Daily and Huang (2001) proposed that organizations essentially need to balance the industrial growth as well as preservation of the environment because it has been confirmed that by endorsing green practices, the companies may profit more than before (Murari & Bhandari, 2011). The Human Resource Department of an organization plays a significant role in the creation of their company's sustainability culture (Harmon, Fairfield, & Wirtenberg, 2010). It is identified that the greater the

strength of green human resource policies, the greater is the intensity of adoption of environment management systems (EMS) and policies by the different companies (Bohdanowicz, Zientara, & Novotna, 2011).

Various contemporary scholars have augmented the understanding and studies on Green HRM in recent years (Berrone & Gomez-Mejia, 2009; Jabbour, Santos, & Nagano, 2010; Massoud, Daily, & Bishop, 2008; Renwick, 2008; Stringer, 2009). Green HRM depends on the unique and identifiable patterns of green decisions and behaviors of HR managers (Jackson, Renwick, Jabbour, & Muller-Camen, 2011). The incorporation of environmental objectives and strategies into the overall strategic development goals of a company helps in arriving at an effective EMS (Haden et al., 2009). There are various researchers who support the HRM practices to be effective for promotion of human capital and results in providing to contributors of organizational performance and competitive advantage (Boselie, Paauwe, & Jansen, 2001).

Cherian and Jacob (2012) published a comprehensive list in respect of studies on Green HRM. Based on their reviewed studies, very recent studies done in 2010 and 2012 are given in Table 1.

**Table 1:** Summary of Very recent research studies on Green HRM

| Author                  | HRM Functions  | Objective  | Data Type                                 | Findings  |
|-------------------------|--|--|---|---|
| Sarkaris et al., (2010) | Training and development                                   | Impact of stakeholder pressure on environmental management principles                              | Primary-Survey approach                   | Employees presented with better training have better perception of environmental management systems.  |
| Jabbar et al., (2010)   | Training, recruitment, rewards                             | Impact of HRM on Environmental Management System   | Primary-Case study                        | Human dimensions impact implementation of Green management principles.  |
| Teixeira et al., (2012) | Training and development                                   | Impact of green HRM practices on teamwork, organizational culture                                  | Primary-Case study                        | Employees with better training are vital to promote a good environmental management system in any organization and build an effective organizational Culture. |
| Grolleau et al.,(2012)  | Recruitment  | Impact of environmental principles on recruitment  | Primary-Survey                            | Professionals were concerned with the environmental stance of a company.  |
| Jabbar et al., (2012)   | Employee empowerment, rewards and recognition and feedback | Impact of HRM and environmental management on organizational performance of the company            | Primary-Survey                            | Human dimension impacts organizational performance as well as mediates environmental management system implementation.  |
| Daily et al., (2012)    | Training and development                                   | Impact of training and development related to environmental management on performance of employees | Primary-Survey                            | All other facets of HRM related to implementation of Green management principles are directly associated with good training.                                  |
| Ji et al., (2011)       | Employee Training  | Employee training influence on firm's performance in sustainable development                       | Primary-Survey approach (Empirical Study) | This study predicts both direct and moderating effects of employee training on the firm's performance in sustainable development.                             |

**Source:** Cherian and Jacob (2012).

## Research Results

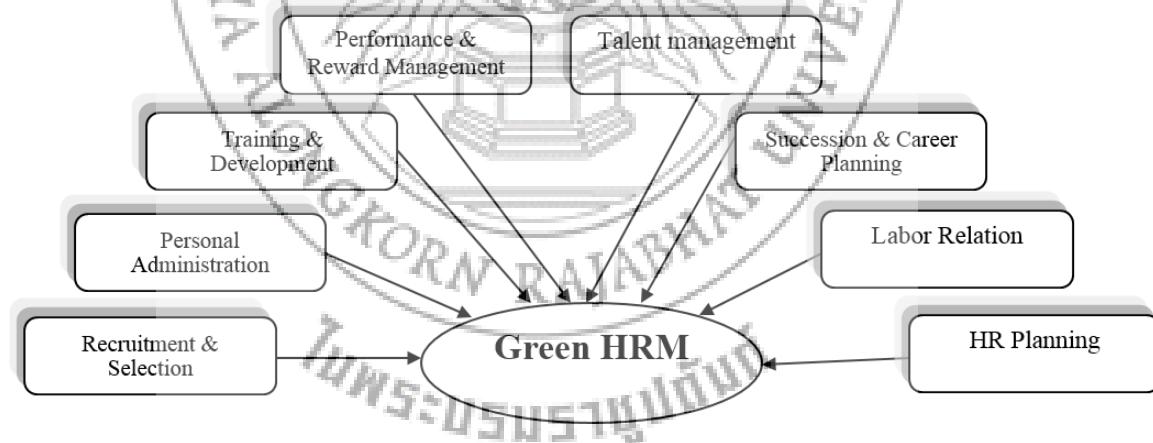
### **Green HRM Practices**

#### **Meaning of ‘Green HRM’**

Green HRM is referred to all the activities involved in development, implementation and on-going maintenance of a system that aims at making employees of an organization green i.e. environment-friendly (Mehta and Chugan, 2015). It is the side of HRM that is concerned with transforming normal employees into green i.e. environment-friendly employees so as to achieve environmental goals of the organization and finally to make a significant contribution to environmental sustainability. Deshwal (2015) stated that Green Human Resources Management (Green HRM) is the use of HRM policies to support the sustainable use of resources within organizations (Deshwal, 2015). Lado and Wilson (2014) defined the HRM system as “a set of distinct but interrelated activities, functions, and process that are directed at attracting, developing, and maintaining (or disposing of) a firm’s human resources.”

#### **Functions of Green HRM**

Green HR can adopt various green processes and practices in different HR functions like acquisition of human capital, their induction, training, performance management and reward management which will have a bearing on the overall carbon footprint of a company [Prasad, 2013]. There are functions of HRM which are generally considered as traditional and there can be a variety of green practices under each function. The following section presents summaries of the existing and certain new green HRM practices under each function of green HRM.



**Figure 1:** Process of Green HRM

Source: Deshwal, P. (2015)

#### **Green HR Planning**

Green HR practices start with the adoption of Green HR planning. At present, some companies engage in forecasting number of employees and types of employees, needed to implement corporate environmental management initiatives/programs/activities (e.g. ISO 14001, cleaner production, responsible care etc.).

In general, job descriptions can be used to specify a number of environmental protection related task, duties and responsibilities (Wehrmeyer, 1996; Renwick et al, 2008 and 2013). Job descriptions and person (job) specifications may include environmental, social, personal, and technical requirements of the organizations as far as possible. For example, environmental protection duties should be included, along with the allocation of environmental reporting roles and health and safety tasks (Crosbie and Knight, 1995; Wehrmeyer, 1996). In addition, some companies use teamwork and cross-functional teams as job design techniques to successfully manage the environmental issues of the company (Daily and Huang, 2001; Govindarajulu and Daily, 2004; Jabbour, Santos, and Nagano, 2010).

### **Green Recruitment**

Green recruitment is the process of recruiting new talent who are aware of sustainable process, environmental system and familiar with the words of conservation and sustainable environment. Green recruitment makes it sure that new talents are familiar with the green practices and environmental system that will support the effective environmental management within the organization (Wehrmeyer, 1996). In the race of attracting most creative and innovative employees, increasing recruiting potential and hiring quality staffs are very crucial challenges in the war of talent (Renwick et al., 2013). Companies must also know the effective way to attract new talent (Stringer, 2009). The corporate environmental culture of a company should be integrated with the recruitment process.

### **Green Induction**

After selecting the candidates for the posts, the companies should provide necessary basic information about the corporate environmental management policy, system and practices. In some instances, certain organizations do specific green induction as well to their new recruits. They induct new employees about environmental orientation programs specific to their jobs. In general, these two green induction practices are important for any organization nowadays. Employee orientation programmes should be designed in such a way as to facilitate the integration of new employees into a culture of green consciousness. Induction programmes should highlight an organization's concern for green issues of employees like their health, safety and green working conditions (Deshwal, 2015).

### **Green Training and Development**

HR can effectively nurture a green workforce through an environmental stewardship program. Human resource management in its employee training and development programs should lay emphasis on the social equity and significant reduction of environmental risks and ecological scarcities. Training and development programmes developed for employees at all levels should touch upon social and environmental aspects. Green training and development consist of employee working methods that reduce waste, proper utilization of resources, conservation of energy and reduces the causes of environmental degradation. It provides opportunity to engage employees in environmental problem solving (Zoogah 2011). Perron et al. (2006) has done a study by taking multiple case study approach and identified the role of Green training and development in promoting business value. Similarly Daily et al. (2007) conducted a

survey among 437 employees and the result of the survey shows that the formation of effective green management system was directly dependent on environmental training.

### **Green Performance Appraisal**

Using performance management (PM) in environmental management (EM) presents the challenges of how to measure environmental performance standards across different units of the firm, and gaining useful data on the environmental performance of managers. Integration of environmental management into performance management system improves the quality and value of environmental performances (e.g. Jackson et al., 2011; Renwick et al., 2013). Mandip (2012) identified that effective way of successful implementation of Green performance management is the linkage between performance management and green job description.

### **Green Learning and Development**

Training, development and learning plans should include programmes, workshops and sessions to enable employees to develop and acquire knowledge in environment management, green skills and attitude. Job rotation in green assignments should become an essential part of career development plans of talented green managers of the future. Training contents should be developed to increase employee competencies and knowledge in Environment Management. Extensive use should be made of online and web-based training modules and interactive media as training tools for not only for environment management training but also for other functional areas. Environment-related aspects of safety, energy efficiency, waste management and recycling can become the focal points of green training. Training managers should rely more on online course material and case studies rather than on printed handouts, thus further reducing use of paper.

### **Green Compensation and Reward Management**

Compensation mechanism can be leveraged to drive employees to change their behavior towards green performance (Mehta and Chugan, 2015). Compensation and reward management should recognize contributions in green management. Compensation packages should be customized to reward green skills acquisition and achievements by employees (Deshwal, 2015). Monetary-based, non-monetary based and recognition-based rewards can be used for green achievements of employees. Monetary-based rewards for contributions in environment management can be allocated in the forms of salary increase, cash incentives and bonuses while non-monetary rewards may include sabbaticals, special leave and gifts to employees and their family members. Recognition-based awards can highlight green contributions of employees through wide publicity and public praise and appreciation of green efforts by CEO or top management executives.

### **Green Employee Relations**

Promoting ‘eco-intrapreneurs’ is critical to add value to organization’s products and/or services with efficient utilization of existing financial, human and natural resources (Deshwal, 2015). Employee participation in Green initiatives increases the chances of better green management as it aligns employees’ goals, capabilities, motivations, and perceptions with green management practices and systems. Involving employees in EM has been reported as improving EM systems such as efficient resource usage (Florida & Davison, 2001); reducing waste (May & Flannery, 1995); and reducing

pollution from workplaces (Sarkis et al, 2010). Several workers in their study concluded that individual empowerment positively influences productivity and performance, and facilitates self-control, individual thinking, and problem-solving skills (Renwick, 2008). An important way in which employee involvement and participation can be encouraged within the organization is to seek entrepreneurs within the company who are socially or ecologically oriented known as eco-entrepreneurs (Mandip, 2012, p. 246).

### **Factors affecting Green HRM**

Green HRM that is concerned with transforming normal employees into green i.e. environment-friendly employees so as to achieve environmental goals of the organization and finally to make a significant contribution to environmental sustainability. The researchers are very much interested to identify the factors associated with the successful implementation of Green HR strategies and eventually identified the following factors that are related to Green HRM strategies implementation in the organization.

- (i) *Clear and distinct HR policies*
- (ii) *Top Management Commitment*
- (iii) *Teamwork*
- (iv) *Empowerment*
- (v) *Management Behavior*
- (vi) *Merit Systems*

### **Challenges of Green HRM**

Human resources play very important role in managing employee from entry to exit.

Deshwal (2015) highlighted the following challenges of Green HRM .

- It is difficult to alter the behaviour of employees in a short span of time.
- Not every employee is equally motivated to participate in the promotion of Green HRM practices in the organization.
- Developing the culture of Green HRM in entire organization is a cumbersome and lingering process.
- It requires high investment at initial stage and comparatively slow rate of return.
- Sourcing and recruitment of green employees with quality talents is a challenging task.
- It is difficult to measure the effectiveness of green HR practices in employees' behaviour.
- HR professionals faced problems of being expected to provide the essential green structures, green processes, green tools, and green thinking to make the best selection and develop the future green leaders of the organization.

### **Summary and Recommendation**

There is an inherent capacity of HRM functions in greening employees and organizational operations. From job design function to employee relations, HRM has gigantic potential in greening organization and its operations. The key challenge in front of HR professionals is to understand the scope and depth of green HRM in transforming their organizations as green entities. This effort ultimately leads to better environmental performance of the organization. Green HRM is new phenomenon in the field of HRM. It creates some new challenges for HR professionals. The study tried to explore the concepts, importance, processes, requirements and challenges of Green HRM based on the analysis of existing literatures. The study found that

Green HR can adopt various green processes and practices in different HR functions like HR planning, acquisition of human capital, their induction, training, performance management, reward management and better industrial relations which will have a bearing on the overall achievement of the organization's goals.

It was found that distinct HR policies, top management commitment, teamwork, empowerment, positive management behavior and transparent merit systems are associated with the successful implementation of Green HR strategies. HR professionals face a number of challenges regarding Green HRM. However it is clear from the study that the HR Professionals must address the environmental needs in crafting HR strategies and implementing the HR policies and practices in alignment with environment management. This study is supposed to help the researcher to identify the areas of Green HRM that are yet to be researched.

### **Scope for Further Research**

This study was conducted based on the extensive analysis of existing literature. The author has tried to organize the concepts, process, requirements and challenges of Green HRM in a constructive manner so that it can help the interested readers, researchers and academicians. However Green HRM is an emerging philosophy. Indeed, there are many gaps to be filled in respect of green HRM. Such gaps include an informative guide on the emergent literature, its scope and coverage, and a process model and research agenda in this field. Theoretical and empirical studies are needed to enhance the body of knowledge of Green HRM. The interested contributors/researchers can do extensive quantitative and/or qualitative research on Green HRM. Empirical study on GHRM practices in the context of Bangladesh can be run.

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## SCOPES, OPPORTUNITIES AND FUTURE OF INVESTMENT IN THE EXPORT PROCESSING ZONES (EPZS): BANGLADESH PERSPECTIVE

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### ABSTRACT

This paper focuses on the significance of Export Processing Zones (EPZs) in Bangladesh and tends to explore the present and future scope of investment as well as employment generation. Moreover, the determinants of investment and economic contribution of the export oriented enclaves in terms of facilitating exports have also been addressed. Findings show that, 499 enterprises are presently conducting their business operations in Bangladesh among which 56.71% are fully owned by foreign investors. Following the fact, BEPZA's contribution to economic growth has increased and export amount ranges between 16-17% of the total national export. Sound investment climate, geographical location, attractive fiscal and non-fiscal incentives and more specifically, availability of comparatively cheaper but skilled workforce are found to be the facilitating factors behind enhanced investment opportunities in the EPZs of Bangladesh.

**Keywords:** BEPZA, DTA, economic growth, industrialization

### Introduction

The government of Bangladesh has taken many remarkable initiatives to boost up the economic development among which progress of industrialization has always been considered as an essential indicator of economic growth. Development of industrialization has been facilitated by the government through adoption of the "Open Door Policy" as well as formation of Bangladesh Export Processing Zones Authority (BEPZA) as an official support for providing convenience to the potential investors. The Export Processing Zones (EPZ) emphasizes on keeping and maintaining a friendly investment climate while promoting, attracting and facilitating the foreign investment in the economic enclaves. Being regulated by the BEPZA act 1980, the EPZs of Bangladesh have been supporting the industrial progress through ensuring private capital inflows and adequate technical knowhow to the prospective projects (Fakir, Miah and Hossain, 2013). The organ also provides sound law and order situation being affiliated with the International Centre for Settlement of Investment Dispute (ICSID) and Multilateral Investment Guarantee Agency (MIGA) aiming to provide arbitration of international disputes and probable political risk guarantees. BEPZA also holds memberships of World Intellectual Property Organization (WIPO) and Overseas Private Investment Corporation (OPIC) in order to encourage creativity and facing development challenges in the emerging market. Presently 8 EPZs are operating in Bangladesh following the success of the first zone named Chittagong Export Processing Zone (CEPZ), which turned Bangladesh into a "New Horizon for Investment". CEPZ also earned the recognition as the 3<sup>rd</sup> best competitive zone and 4<sup>th</sup> best economic potential in the year 2010-2011 (Fakir, Miah and Hossain, 2013).

The contribution of EPZ, particularly in respect to export, employment and investment is mentionable. Fakir, Miah and Hossain (2013) examined the significance of EPZ using the GDP growth rate as a dependent variable and addressing factors such as up gradation of managerial and technical skills, better technology acquisition, and diversification of export, strength of backward linkages and up gradation of export-oriented legislation. The study also revealed the prevailing infrastructure, incentives, available product brands and their overall contribution. (Fakir, Miah and Hossain, 2013)

The EPZs with visionary design, operations and establishment has brighter chances of success in terms of sound investment climate, infrastructure and governance (Aggarwal, 2005). Aggarwal (2004) argued that being a part of the overall economy, it requires significant improvement to succeed in the long run. His comparative study showed the difference between the EPZs of India, Sri Lanka and Bangladesh and suggested that zones need to be specialized depending on the availability of domestic resources such as infrastructural facilities and human capital to encourage the growth of related industries as well.

Women's participation in the labour force, decision making and having control over income has narrowed the gender gap in many cases. However, there still is gender discrimination in terms of wage rates (Paul-Majumder, and Begum, 2000). A survey from 1990 to 1997 revealed that the disadvantages of migrated women are treated as comparative advantage for the export-oriented industries. In addition, they are also exploited by unhealthy conditions and working more than regular hours (Amin, 2006).

Li, Whitwell and Yao (2005) also conducted a macroeconomic analysis to determine the contribution of Special Economic Zones (SEZs) in China and concluded that the output level and the response of foreign investors towards changes in output level has a significant contribution on economic growth. Chinese economy is also being facilitated by the existence of Open door policy and sound investment climate (Li, Whitwell and Yao, 2005). However, the role of EPZs and its impact on the national economy of Bangladesh was discussed by Madani (1999) revealing the significant contribution of the economic enclaves in terms of promoting exports of various products (Madani, 1999). Similar result was also found by Islam and Siengthai (2006) emphasizing on the contribution of the liberalized export policy by the Government of Bangladesh with a view to keeping pace with the rules and regulations laid down by the WTO (Islam and Siengthai, 2009). BEPZA authority also prohibits the formation of trade union within the EPZ (Zohir, 2007).

### **Research Objectives**

The main objective of this study is to assess the scopes, opportunities and prospects of the Export Processing Zones (EPZs) in Bangladesh, particularly in terms of employment generation, export promotion and diversification as well as enhancement of both domestic and foreign investment. The following specific objectives were designed to give direction to the main objectives:

- To explore the present trend and future scope of investment and employment.

- To examine the determinants of investment and economic contribution of EPZ in terms of facilitating exports.
- To offer some viable recommendations to enhance the performance of the EPZs.

### **Methodology**

The study is both qualitative and quantitative in nature. It includes a very limited use of primary data in form of informal conversation with higher authority officials and observation of the existing environment of Dhaka Export Processing Zone (DEPZ) only. However, the secondary sources of information include different publications of Bangladesh export Processing Zone Authority (BEPZA), Bangladesh Bank (BB), Ministry of Finance (MOF), Board of Investment (BOI), Export Promotion Bureau (EPB), related journals and other websites. In order to draw conclusion and further recommendations, time series data of FY 1996-1997 to 2015-2016 (20 years) and Cross Sectional data of 8 EPZs have been used to enumerate the trend of investment, export and employment through tables and graphs.

### **Research Results**

Formation of EPZs in the late 70s had a manifested target to boost up industrialization, technology transfer as well as employment of human capital. However, these targets are supported by the required infrastructures and investment opportunities such as fiscal and non-fiscal incentives (Bhattacharya, 1998). Fiscal barriers separate the EPZs from Domestic Tariff Area (DTA) ensuring low cost and duty free export-oriented environment. The initiation of “Single Window Facilities” reduces corruption and smoothen the investment procedures.

BEPZA allows investment in three categories ranging from full foreign ownership to full local ownership or a joint venture between foreign and local owners. There is a free will of the investors to determine the type of business, the investment on which is also supported by their convertibility against foreign currencies.

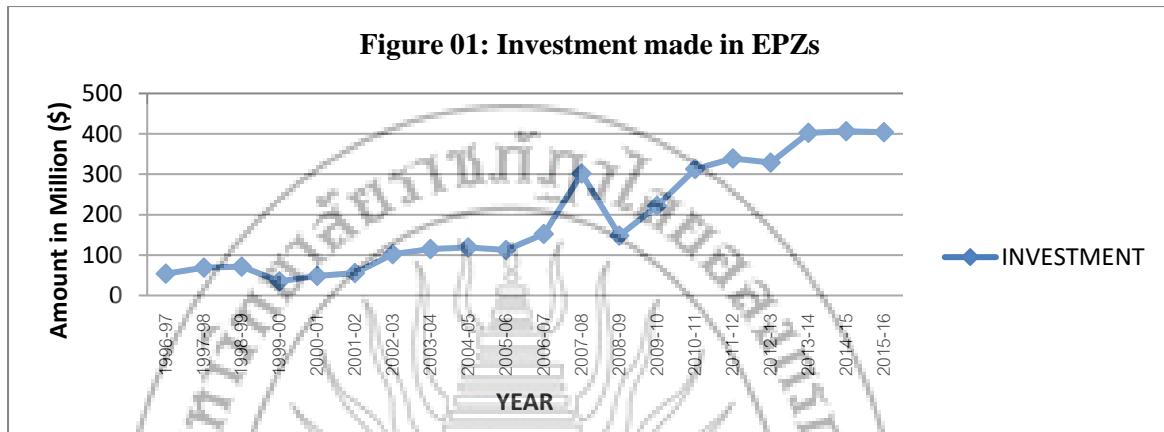
**Table 1:** Mode of investment

|          | <b>Mode of Investment</b> | <b>No. Of Investors<br/>(from 37 countries)</b> | <b>Percentage of total investment</b> |
|----------|---------------------------|---|---------------------------------------|
| <b>A</b> | 100% Foreign Ownership    | 283   | 56.71%                                |
| <b>B</b> | Joint Venture             | 64  | 12.83%                                |
| <b>C</b> | 100% Local Ownership      | 152   | 30.46%                                |
|          | Total                     | 499   | 100%                                  |

*Source: Bangladesh Export processing Zone Authority (BEPZA), FY 2015-16*

The table exhibits the percentage of investors in different categories. The number of industries with full foreign ownership and joint venture is significantly higher due to the strategic advantages Bangladesh offers to the foreign investors. The wage rate in Bangladesh is becoming competitive and comparatively cheaper whereas many countries like China, Sri Lanka, Thailand, Indonesia, Malaysia, Philippines and Cambodia are experiencing increase in wages resulting in inflated production costs. On the other hand, investment protection, one window service, opportunities

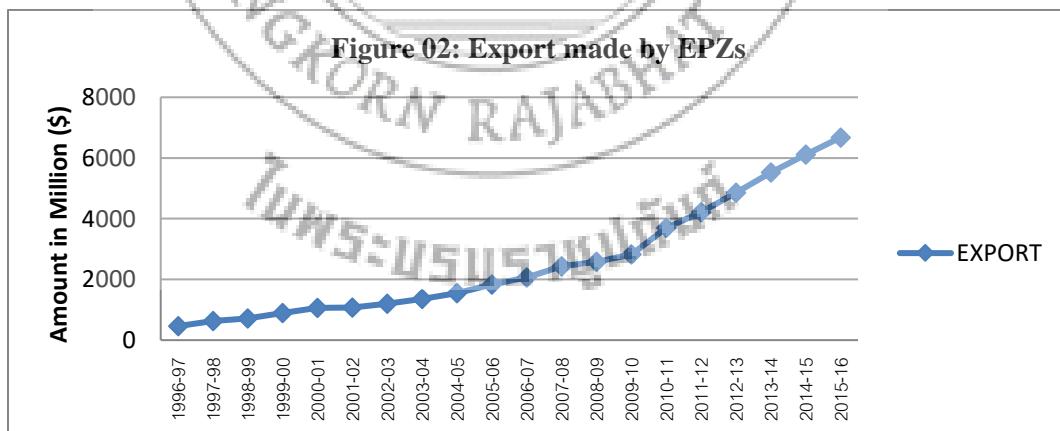
regarding convertible foreign currencies, structural facilities (utility connections) and other support facilities (insurance, clearing and forwarding agents, freight forwarder, transportation etc.) are attracting higher Foreign Direct Investment (FDI) for Bangladesh.



**Figure 1:** Investment made in EPZs

Source: Bangladesh Export Processing Zone Authority (BEPZA)

The total investment made by two EPZs operating back in 1996-97 was US\$ 53.9 million which increased later on with the formation of new EPZs and initiation of attractive investment opportunities. During FY 2005-06 the investment amount was US\$ 112.91 million that increased by 34% in the later year. During FY 2006-07 BEPZA far outreach the export target by exporting US\$ 2.064 billion's products. On the other hand, there was a growth of investment by 198% in FY 2007-2008 due to the lease signed investment by BEPZA. The cumulative investment amount by the EPZs since its inception is US\$ 3801.3 million with a constant trend within the last three years.



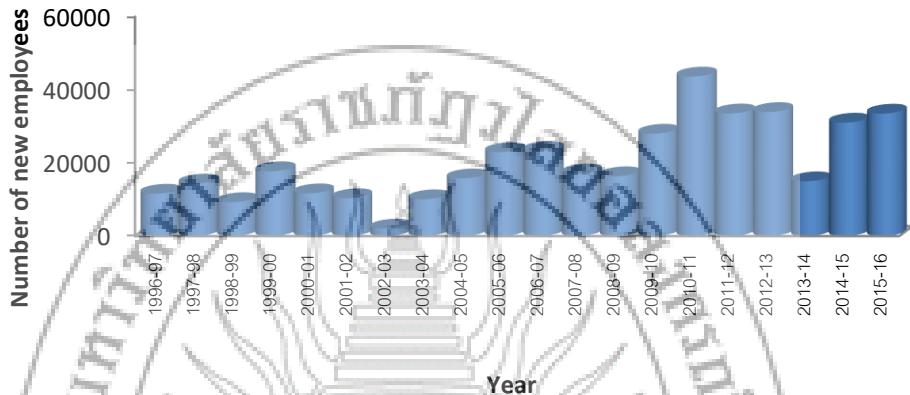
**Figure 2:** Export made by EPZs

Source: Bangladesh Export Processing Zone Authority (BEPZA)

Currently the number of enterprises running in the 8 EPZs is 499, which are owned by foreign investors, local investors as well as joint ventures (Table 1). The local enterprises of Bangladesh mostly exports garments accessories, textile products,

tent and camping items, leather goods and agricultural products. The accumulated export amount up to FY 2015-16 is US\$ 52817.47 million showing an increasing trend and steady growth in exports (shown in figure 02).

**Figure 03: Employment generation by EPZs**

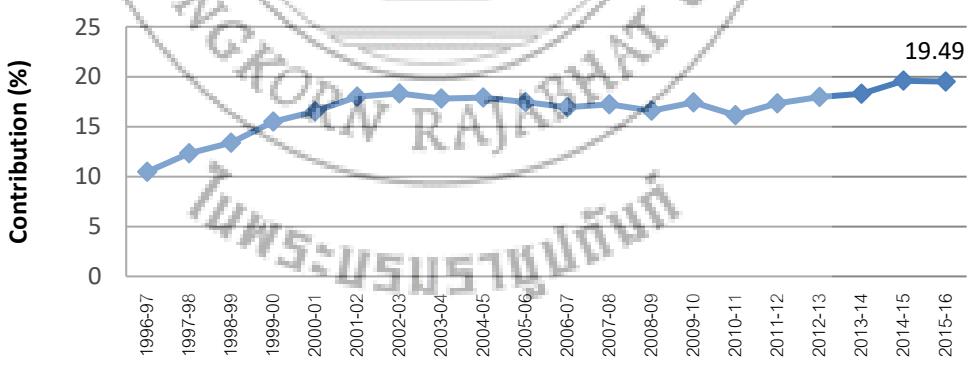


**Figure 03:** Employment generation by EPZs

Source: Bangladesh Export Processing Zone Authority (BEPZA)

The accumulated employment generated by EPZs up to FY 2015-16 is 453652 among which female work force constitute a major portion of the total workforce. The highest employment was generated in FY 2010-11 following the higher growth of investment in same year. BEPZA emphasized on women empowerment and their financial independence by employing 64% of their total employees from female category in FY 2012-13 (Fakir, Miah and Hossain, 2013).

**Figure 04: BEPZA's contribution to national export**



**Figure 04:** BEPZA's contribution to national export

Source: Export Promotion Bureau (Compiled by BGMEA) and Bangladesh Export Processing Zone Authority (BEPZA)

Acceleration of real economic growth and progress of industrialization has far been facilitated by the export oriented enclaves, named EPZs. Figure 4 exhibits BEPZA's contribution as a percentage of total national export of Bangladesh. It is

noteworthy that (%) export ranges between 16-17% from FY 2002-03 to present with highest contribution in latest two years. Garments and accessories constitute the largest portion of total export. Other important export products are textile products, backward linkage, tent and camping items, leather goods, agro products, electronic items, furniture etc. BEPZA absorbs skilled as well as unskilled workforce to make Bangladesh as labor intensive manufacturing country. Technology transfer and efficient manufacturing activities are also attracting more Foreign Direct Investment in Bangladesh. Domestic industries is also getting attention through diversified activities of EPZs resulting in tertiary businesses' expansion, rising domestic consumption as well as goods and services outsourcing. Besides, generating employment, promoting export and attracting investment, EPZs are also working towards export diversification by adding more export oriented items in the list.

Countries with highest investment, employment and larger number of enterprises are Bangladesh, South Korea, China, Taiwan, Japan, India, United Kingdom (UK), United States of America (USA), Malaysia, Pakistan, Sri Lanka, Germany etc. Chittagong EPZ (CEPZ) has the highest number of industries in operation with highest investment, export and employment while Dhaka EPZ (DEPZ) has been following the trend of CEPZ since its inception in 1993. The other 6 EPZs are also contributing significantly to the economic development of Bangladesh through their friendly infrastructure and efficient workforce.

Besides, facilitating the economic growth, EPZs have designed their employment patterns to empower women, a step towards achieving the Millennium Development Goal (MDG). The ultimate effect is on poverty reduction as the socially and financially independent women permanently migrate from the remote rural areas to join in the productive workforce, thus linking themselves with the industrialization process. Privatization is also being emphasized as evidenced by the praiseworthy decision taken by BEPZA to convert two loss making Enterprises of Bangladesh to active Export Processing Zones.

BEPZA considers the development of EPZs as its first priority. As Dhaka EPZ and Chittagong EPZ offers better infrastructures, many prospective investors are demanding more space in those oldest two EPZs. Adamjee EPZ (near Dhaka) and Karnaphuli EPZ (near Chittagong) are formed to support the two most demanded EPZs. Moreover, beside the regular exports, EPZ based service sectors such as Water treatment projects, Utility service projects, Power generation, Effluent treatment projects etc have also emerged. However, there are some policy recommendations for better performance of EPZs:

- As BEPZA provides the basic infrastructural facilities to the EPZs, the authority may try to attract the private sector to facilitate infrastructure related works as transportation, universities, and vocational institutes, utilities, resort centers and other financial infrastructure.
- With the increasing emphasize on e-governance by the Government of Bangladesh, EPZs can also be developed in ICT capabilities and automation. This will ensure convenient and quick service delivery to the investors.
- Compliance to globally accepted best practices regarding workers' union must be ensured to increase productivity of workers and sustain sound industrial relations.

- Investors have high level of reliability on DEPZ and CEPZ in spite of its space constraints. In this regard, Adamjee EPZ (near Dhaka) and Karnaphuli EPZ (near Chittagong) need both public and private investment for its own infrastructure development which can ultimately attract the investors with more FDI.
- To reduce the property right problems faced by the foreign investors, BEPZA authority may emphasize on building Special Economic Zones (SEZs) by ensuring clean land title and value added services.

### **Summary and Recommendation**

The Export Processing Zones provide the basic financial and social infrastructures which are prerequisites for ensuring improved investment and export activities. Following the fact, EPZs have gained comparatively better position than the Domestic Tariff Area (DTA) in spite of similar incentive offering. Stringent policies regarding Income Tax, Foreign exchange, landing permit, customs may make the EPZs as independent body to exercise the regulatory functions. The skilled manpower, cheaper labor, geographic location, investment protection and other supportive facilities have made Bangladesh as a lucrative nation for investment. Ensuring easier international access and effective promotion can widen the scope and opportunities of investment in the zones. The government of Bangladesh has taken many initiatives to develop the underdeveloped areas through industrialization process. The loss generating and once abandoned industries are being converted to functioning zones. Moreover, the facility enhancement of the existing zones is also important to view Bangladesh as an attractive destination for investment.

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## A CONCEPTUAL FRAMEWORK ON BUSINESS MODEL DEVELOPMENT TOWARDS DIGITAL AGE FOR COFFEE FARMERS

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### ABSTRACT

The major Thai coffee agricultural farmers in the northern of Thailand are hill tribe people. The challenges for a creation of business model innovation was creating the business with strategic brand and start up business through the new business model innovation in the defensive digital era was of vital important.

The purpose of the writing this conceptual paper is to analyse the relevance issues in the coffee (agriculture) business model that supports the radical economic system and thrives project Thailand 4.0 as the government officials that intends to transform the business towards the value-based Economy. The framework presented in this paper was an attempt to match the suppliers and customers need and the relevance issues for accelerating the local band awareness in socio-economic nation

Thus, small and medium sized enterprises should prepare themselves ready in a start-up business in form of new business model innovation.

**Keywords:** Business model development, coffee

### Introduction

Major Thai coffee agricultural farmers in the northern part of Thailand are the hill tribe people, which the Arabica coffee (Kiattisin, Nantarat, & Leelapornpisid, 2016; Panmanee & Wiboonpongse, 2016) specie is appropriate to grow especially at high altitude (800m – 2,500 m.). The small farmers stay together in the community villages are struggling to make profit from coffee in the emerging economy. It is a challenge for a creation of business model innovation for the hill tribe people to create their business brand and start up business through the new business model innovation.

In digital era, social media and internet has transformed business model whereas customers are actively influenced and gained their satisfaction in the way to understand the pattern of message from the environment they participated in. Thus, the customers treated the environment as giving them the contextual information needed to convert into knowledge, which signified brand trust.

Currently, world coffee recorded that world Arabica output (Panmanee & Wiboonpongse, 2016) was expected to rebound 60 percent of total production after being below this level the previous five years (Delgado et al., 2016). During 2016-2018, Thailand import raw coffee bean 57 million kg. and export 0.45 million kg. (Delgado, et al., 2016), but USDA was at 54 million kg.

Coffee is a commodity product. The benefits of its consumption not only be ascertained after the consumers consume the coffee, but also having engaged the good experiences at coffee shop and visiting the coffee plantation. Most concentrated in the

mature markets of western Europe and north America, now growing faster in emerging markets such as eastern Europe, Southeast Asia and in the coffee producing counties (e.g. Brazil) as a result of increasing income and a developing coffee culture (Abbasi, 2016; Delgado, et al., 2016).

### Research Objectives

The objective of this paper was to investigate the key elements that innovate new disruptive business models in Thailand 4.0 environment that could lead to the whole change in supply coffee chain of the new pace business model based on the sharing economy.

### Methodology

This is a conceptual paper, the study planned to adopt a qualitative approach and use interview as instrument to interview coffee stakeholders in the coffee supply chain such as people from public and private agencies and farmers. In the qualitative research, the researcher engages in a naturalistic inquiry of naturally occurring activities and processes as part of qualitative research. These activities are natural in the sense that they are not planned and manipulated by the evaluator as would be the case in an experiment (Mingmalairaks, 2011). Eight in-depth interviews would be conducted and the interviews would be face-to-face at coffee sites, as listed in table 1. In the interview process, the researcher will try to understand the participants or stakeholders' ideas, perspectives and perceptions, which contribute to knowledge and understanding of the phenomenology.

**Table 1:** Interviewees

| Actor                     | Role                                    | Number |
|---------------------------|---|--------|
| Farmer                    | Coffee bean production                  | 2      |
| Local consulting          | Advisor                                 | 2      |
| Local agriculture officer | Promotion, advisor                      | 1      |
| Agency                    | Wholesaler and retailer,<br>Coffee shop | 3      |

Secondary data from documents, articles and websites were used to validate the interviews or (primary) data.

In this paper, the stakeholders refer to public, private sectors and farmers. Hence, a set of procedures were developed and constructed to be available and enable future researchers that are interested in the same area or topic to study further or replicate the results. There are two forms of validity in case study research: internal and external validity (Rubin & Babbie, 2016). Internal consistency in this study is concerned with minimising errors and biases of the researcher during the interviews. External consistency refers to the ability of the researcher to cross-check the information provided by the participants or stakeholders in the interviews.

### Research Results

Business model was the architecture of the value creation, delivery and capture mechanisms (Teece, 2010) and it was the win-win outcome of the ways' creating value within a market network of producers, suppliers and consumers, which involve small farmers and SMEs (Vorley, Lundy, & MacGregor, 2009). Effective business models help farmer and other chain actors by alliance and linkage all participants.

#### Producer organization:

This paper found that large companies often prefer to work with the agency that would collect the products from the small farmers and buy at low prices. It should be better to form the organized farmers rather than individuals like a social enterprise for bargaining power and reducing cost. But it is necessary to embed any management for risk such as traceability system, technology and build their own brand not only raising the value and companies buying directly but also expending into the relative market such as tourism industry.

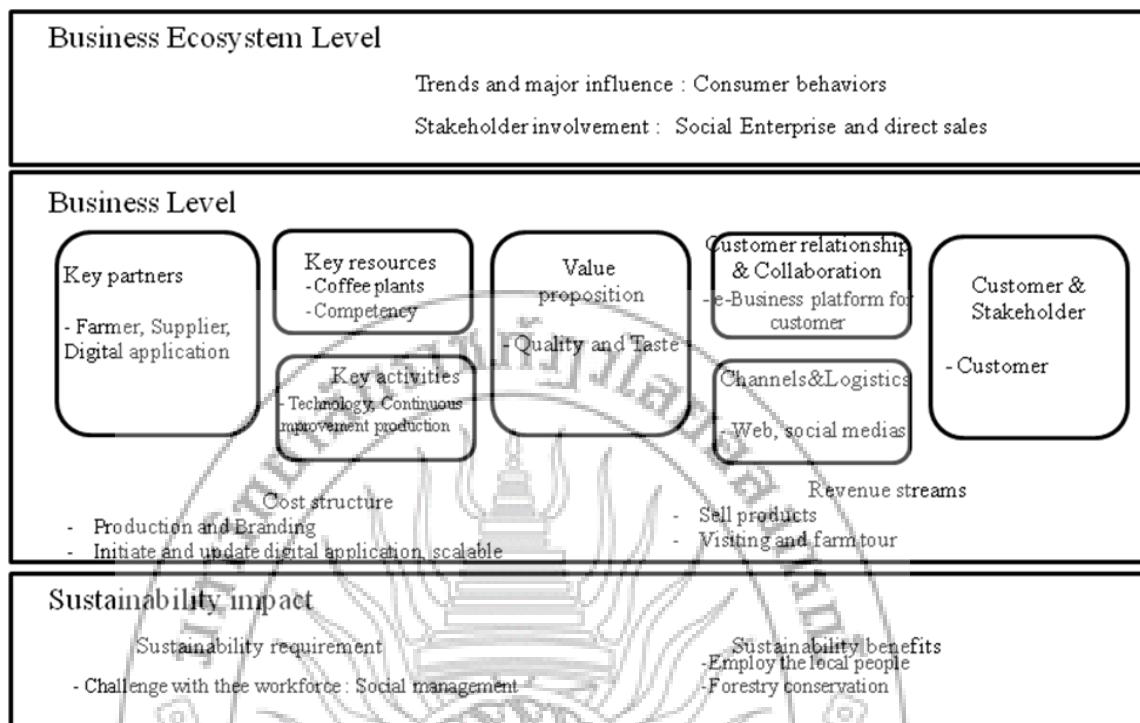
#### Buyer-driven:

Electronic commerce will lead to the emergence of infomediary-based value chains that privilege direct on-line access to consumers.

#### Intermediary:

In this paper, the study could be pointed out that the intermediary will be eliminated their role. Currently, the social media, the farmers know how to use Line, cut out the middleman or agency so that farmers can contact directly with the customers when they approach to the farmers.

1. Linking business with small-scale producer like
2. Directly



**Figure 1:** Framework for new business model innovation for agriculture (coffee plant) (Antikainen & Valkokari, 2016)

### Summary and Recommendation

Thai agriculture or farmers in Thai coffee industry is focusing on quality products. In managing a small or medium sized business such a coffee business, a business owner could have better control and operate their business efficiently as well as work closely with employees to be able to control the quality of products. Relationship plays a big role in this industry because it creates a good working environment amongst business owners and employees. In Thailand 4.0 structure, the customers will need the appropriate application to contact directly to the producers to reduce the cost between the producers and customers. However, information is of vital importance that customer will have to study before making decision to buy products that they need to study from the value proposition of the producers or suppliers of coffee (see figure 1).

### Acknowledgement

This conceptual research is a part of future research in Coffee section of service industry in the northern of Thailand. The authors would like to thank all the respondents for their time and their insight invaluable information.

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## THE SITUATIONS OF CHINESE TOURISTS VISITATION IN CHIANG KONG DISTRICT, CHIANG RAI PROVINCE, THAILAND, AFTER THE 4<sup>TH</sup> THAI-LAO FRIENDSHIP BRIDGE OPENNING

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### ABSTRACT

Presents the situations of Chinese tourists along the borders area, particularly in Chiang Khong District, Chiang Rai province, Thailand. After the opening of the 4<sup>th</sup> Thai-Lao Friendship Bridge, there were impacts, both positive and negative impacts to the socio-economics of people living in the Chiang Khong area. Therefore, the investigation of the Chinese tourists situation were taken place to investigate the current situations and how are the pattern change at the borders, Chiang Khong area. The quantitative approach was adopted and 100 Chinese tourists were aimed to investigate as initial study and preliminary and further study would be in terms of their pattern of visitation and behaviors.

**Keywords:** Chinese tourists, Chiang Khong, Boarder.

### Introduction

The strategic provincial that positioned Chiang Khong to be a Special Economic Zone emphasized on enterprises, integrated agricultural enterprises and general industry. There are 7 Sub-Districts and 103 Villages in Chiang Khong District and situated nearby the Mae Kong river. Chiang Khong recently has the 4<sup>th</sup> Thai-Lao Friendship Bridge, which linked Thailand and Laos, PDR. Between Ban Don Mahawan, Chiang Khong District and Ban Don, Huay Sai, Laos, PDR. The 4<sup>th</sup> Friendship Bridge was the contribution between the Thai government and Chinese government, which contributed about 1,486.5 Million baht for construction by the CR5-KT joint venture. The company was the China Railway Number Five of China and the Krung Thon Engineering Co, Ltd, Thailand. The construction was started since June 2010 and first operated in the year 2013. This 4<sup>th</sup> Friendship Bridge was one of the Logistics development projects according to the North-South Economic Corridor : NSEC along the R3E or R3A route that links between Kunming, China and Bo-Ten, Laos PDR to Thailand. This R3E or R3A route could direct to other regions of Thailand and connect with the neighbouring countries such as Cambodia and Malaysia. Therefore, The 4<sup>th</sup> Friendship Bridge has a significant role in connecting amongst GMS countries and the ASEAN countries with each other and the South China. (Siwarak S., 2014)

Chiang Khong Division was developed to be a Logistics City according to the Chiang Rai master plan 2014-2017 (Chiang Rai Integration Management

Committee, 2013, Page 1-18) acted as Distribution center and the multi-transportation mode (critical links) (the Office of Chiang Rai Commerce, 2013). Currently, both transportations and trades of goods and services have dramatically increased which contribute to Gross Domestic Products (GDP) among region.

### **Research Objective**

This study aims to investigate the situations of Chinese tourists after opening of the 4th Thai-Lao Friendship Bridge. This investigation presents what are the current situation and how are tourist patterns change at the border area in Chiang Khong District, Chiang Rai Province, Thailand.

### **Methodology**

This paper planned to adopt quantitative method and conducted using positivism approach because the positivist approach allows the researchers to verify the theoretical interest such as opinions, ideas and concepts to be validated as a true model or concept for their interests (Love, 2007). Also, the quantitative method was adopted because the quantitative data collection is relevant to dealing with a large sample size in order to generalise the findings to formulate ideas, concepts, frameworks and theory (Creswell, 2013). Besides, the quantitative data analysis typically uses statistical information to explain the phenomenon of the situation (Creswell, 2013). A questionnaire would be designed and the researchers aimed to use the Chinese tourists 100 respondents and validate information from the internet between April and September 2016.

### **Results**

Number of tourists that travel through the 4<sup>th</sup> Friendship Bridge both incoming and out-going of the 4<sup>th</sup> Friendship Bridge through the immigration processes at Chiang Khong.

Table 1: Statistical number of incoming and out-going tourists off country (Chinese tourists)

| Year  | Person (Individual) |                    | Per Car          |                    |
|-------|---------------------|--------------------|------------------|--------------------|
|       | Into the country    | Out of the country | Into the country | Out of the country |
| 2013  | 21,631              | 17,630             | 1,481            | 1,433              |
| 2014  | 31,645              | 27,800             | 5,419            | 5,232              |
| 2015  | 43,535              | 42,252             | 9,169            | 9,001              |
| 2016* | 21,140              | 21,438             | 7,046            | 7,106              |

Source: Chiang Saen Immigration, Chiang Khong Division (April, 2016) and

\*Chiang Saen Immigration, Chiang Khong Division (November, 2016)

Table 1 shows statistical information about number of Chinese tourists both incoming and out-going through the 4<sup>th</sup> Friendship Bridge, Chiang Sean immigration,

Chiang Khong Division. It was found that the number of Chinese tourists incoming through the 4<sup>th</sup> Friendship Bridge was about 21,631 people and out-going through the 4<sup>th</sup> Friendship Bridge were about 17,630 people in the year 2013 and all items increased in the year 2014, and increased cautiously to the year 2015 but in the end of October, year 2016, the number decreased, especially there is no vehicles incoming into Thailand in July and October.

The report could be summarised that the Chinese tourists visited into Thailand via the 4<sup>th</sup> Friendship Bridge in the year 2014 compared with the year 2013 increased 46.26% and going out of the country increased 57.69%. Also, the Chinese tourists drove their own vehicles into Thailand increased 265.90% and drove Chinese vehicles out of Thailand increased 265.10%. In the year 2015, the Chinese tourists visited into Thailand increased 37.57% and going out of Thailand increased 51.99%. The Chinese tourists drove their own vehicles into Thailand increased 69.20% and drove Chinese vehicles out of Thailand increased 72.04%. Major number of tourists would go directly to Chiang Mai and would not stay overnight in Chiang Khong, Chiang Rai. Most of Chinese tourists regularly visited in a group or in caravan and really had impacts to the local tourism service providers such as:

1. Negative impact to the tourist accommodation sector due to direct drive to another destination
2. Positive impact to the Food and Beverages sector due to increasing number of visitors in overall region but Chiang Khong has slightly positive effect, because the short time stay in Chiang Khong.
3. Negative impact to the local logistics and transportation provider sector due to the most of Chinese drove own transportation or vehicles

However, after the new practical rules in October 2016, number of cars visiting to Thailand from China was decreased. The informal rules were purposed on:

1. Decrease on the length of stay of the caravan group from 30 days to 7 days and can visit across only the northern part of Thailand.
2. The personal cars from China visiting Thailand can only visit in Chiang Rai province. The personal car must not be exceeding than 9 seating passengers and the weight must not be over 3.5 tons. In case visiting in a group, permission must be given in advance (in occasion).
3. Chinese driver must be trained to be able to drive following the Thailand transportation regulation for 30 minutes.

## Discussion and Conclusion

The opening of the 4<sup>th</sup> Friendship Bridge allowed the Chinese tourists to visit Thailand at low cost comparing with the air transportation. Most of the Chinese tourists then preferred to visit Thailand by their own transportation or vehicles rather than by the air transportation because it was more convenience and they could travel more freely as the regulation also allowed them to travel freely at the beginning. The number of Chinese tourists increased in the beginning since 2012, but it currently has decreased due to the new car restriction of Thailand. Furthermore, the impacts were on the local area, particularly to Chiang Khong were both positive and negative impacts which is not only the country level. The local tourism service providers

would have to deliver service accordingly to the need of Chinese tourists to attract them to stay longer to create the value and attract them to spend money in the local area. However, after the regulation changed in October 2016, the pattern of Chinese visitation into Thailand was also changed. The, local service providers should prepared the variety kinds of service and to develop human competency and skip to access the visitors especially Chinese tourists.

### Acknowledgement

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## FACTORS AFFECTING ONLINE REPURCHASE INTENTION OF CHALDAL.COM IN DHAKA, BANGLADESH

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### ABSTRACT

Online repurchase intention among present customers has been considered as a vital factor for the expansion and growth of e-commerce. Online shops will also let consumer to view and order products online from any part of the world. In today's world it is impossible to not to think shopping at convenience and ease considering busy schedules of the people. It is very important for the consumers to be satisfied with the services provided by online shops in order to continue to repurchase. This research paper aims at investigating the relationship between the independent variables such as media richness, ease of use, usefulness, attitude, security and trust aspects and demographic variables with dependent variable online repurchase intention among customers of Chaldal.com in Dhaka, Bangladesh. This study exclusively made use of survey methods to collect the data from 400 respondents and analyzed using statistical software. The target populations of the study are the present customers of Chaldal.com. Questionnaires were distributed. Descriptive statistics were used in describing parameters of the respondents and inferential statistics were used to test hypotheses. Multiple Linear Regression, Independent t-test and ANOVA were used find out the significance of independent variables with online repurchase intention. The results of Multiple Linear Regression and ANOVA have shown that some of the independent variables such as media richness, ease of use, usefulness, attitude, security and trust aspects have statistical significant influence on online repurchase intention among present customers of Chaldal.com in Dhaka, Bangladesh. Regression showed that usefulness, attitude trust has better influence on online repurchase intention among present customers of Chaldal.com in Dhaka. However, only demographic variables using independent t-test and ANOVA showed that there is no statistical deference in online repurchase intention among consumers. The result of this study will be beneficial for the organization and managers or anyone who is related with online shopping platform to understand the factors affecting online repurchase intention and also their behavior pattern. This research will also help to understand the differences of western and Asian culture. It would help them to develop website, allocate products and marketing strategies to facilitate more sales and hold strong customer base for growth of the organization.

**Keywords:** Media richness, Online shopping, Repurchase intention, Security, Attitude

## Introduction

Web shopping is a growing phenomenon around the world due to the increase rate of usage of internet. The development of the internet has created opportunities for firms to stay competitive by providing customers with a convenient, faster and cheaper way to make purchases. Purchasing via the internet is one of the most rapidly growing forms of shopping (Grunert and Ramus, 2005). Nowadays, the internet plays a vital role in the information technology age that can be benefitted to the daily lives of people all over the world and online trend has become the norm today. Two most advantages are noteworthy of online shopping, one is lots of product variety and the other is availability of many suppliers so that price advantage can be prevailing in the online shopping. Dhaka, the capital of Bangladesh, is one of the densest cities in the world. Since real estate is at a premium, stores are often tiny and carry very limited amount of inventory. Online shopping has become an emerging alternative means of brick-and-mortar models for distributing products and services and its behavior has been one of the focused research issues in both information system and marketing disciplines with the rapidly growing e-business (Javadi et al., 2012; Lee & Chen, 2010). While online shopping has many benefits it also has other factors deterring customer to shop online. It may be lack of trust that consumers may perceive disadvantages from online shopping, such as fear of credit card and personal information, lack of return policies and lack of customer service. The population of internet users has grown continuously in Bangladesh and percentage of internet users those who have intentions to buy product online are also increasing steadily. It is very important for the e-business to retain old customers in order to expand and attract new consumers.

## Research Objectives

The purpose of this research is to discuss the factors affecting online repurchase intention of Chaldal.com in Dhaka, Bangladesh. The researcher will emphasize on re-purchase intention and its related factors, such as media richness, security and trust aspects, demographic variables, usefulness, ease of use and attitude towards online shopping in this study. The objectives of this study are as follows:-

1. To study how ease of use and usefulness influence on attitude towards Chaldal.com.
2. To examine how media richness influence on repurchase intention of Chaldal.com.
3. To investigate a relationship between attitude and repurchase intention towards Chaldal.com.
4. To analyze how security and trust aspects influence on repurchase intention towards Chaldal.com.
5. To find a difference in repurchase intention of Chaldal.com when segmented by gender, age levels, education and income levels.

## Methodology

The research method adopted for this study is Descriptive research and Inferential Analysis such as (1) Independent samples t test (2) Analysis of variance and (3) Multiple Linear Regression Analysis. In this study the researcher is examining the relationship between online repurchase intention of customers of Chaldal.com with its

independent variables like media richness, security and trust aspects, demographic variables, usefulness, ease of use and attitude.

The population of customers in Chaldal.com is 14200 of 2015. For the present study, sample size was determined in order to represent the total population. The sample size for the study was determined based on the calculations of the previous researchers. Malhotra (2004) suggested that the sample size can be influenced by similar studies by taking the average sample size from previous empirical researches. Therefore, in order to get the sample size for this research, the researcher averaged three previous studies as references to form a sample size for this research. Pappas et al, (2014) studied moderate effects of online shopping experience on customer satisfaction and repurchase intentions by using 393 respondents. Lai and Chang (2010) studied the user attitudes toward dedicated e-book readers for reading by using 288 valid questionnaires. Juwaheer, Pudaruth and Ramdin (2013) studied factors influencing the adoption of internet banking: a case study of commercial banks in Mauritius by using 384 respondents.

### **Sampling procedure**

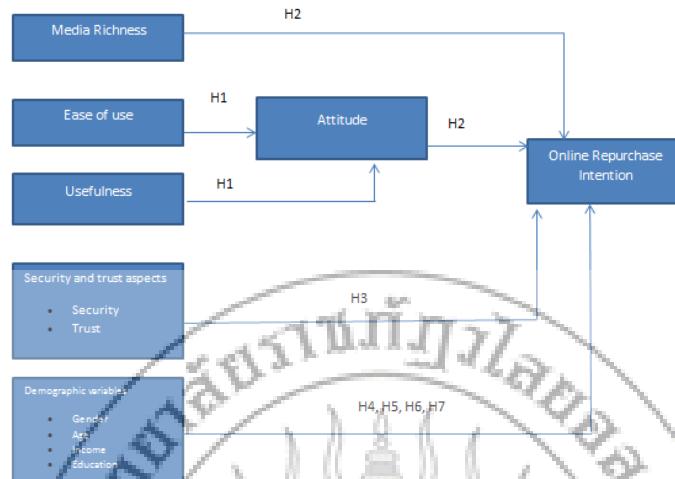
The researcher has applied nonprobability technique to find the sampling unit. They are quota sampling and convenience sampling. In quota sampling, the researcher aims to represent the major traits of the population by sampling a proportional amount of each (Babbie, 2001). In this research, the respondents are the customers of Chaldal.com who wished to repurchase the products offered online in Dhaka city. The researcher will divide the number of respondents among four big residential areas such as Gulshan, Banani, Dhandmondi and Uttara. The researcher will collect 100 surveys from each area to be the sample.

According to Cooper and Schindler (2006) convenience sample are least reliable but are cheapest and easiest to conduct. In this study, the researcher utilized this approach collecting data from the respondents in Dhaka city. The researcher distributed questionnaires to those four areas to any respondent who was willing to participate to fill up for the survey. After calculating the number of sampling needed, the researcher uses the convenience sampling by using the screening question in the questionnaire to target the available respondents to fill up the form.

### **Data Collection**

The researcher used both primary as well as secondary sources to gather information to assist while conducting research. According to Churchill (1999) defined primary data as the gathering of data and assembling them especially for a research at hand. The researcher also chose survey technique to collect the data from respondents. The researcher uses self-administered questionnaires as a means in this survey research, which required the respondents to fill in by themselves. In order to collect the data, the researcher design to use survey technique by distributing questionnaire to the respondents who have already purchased products online from Chaldal.com Dhaka, Bangladesh. The researcher has set a five point Likert scale for the respondents to answer. The secondary data was taken from several sources including journals, articles, textbooks and internet in order to apply them to the concept of the study to assist in the analysis, recommendation and to draw conclusions for this study.

Figure 1: Conceptual Framework



### Research Results

The researcher has used Multiple Linear Regression for hypothesis 1-3, Independent t-test for hypothesis 4 and Anova for hypothesis 5-7. The results are shown as following:

The summary of the results of Hypothesis Testing

| Hypothesis   | Statistical Treatment        | Level of Significance | Results                    |
|--|------------------------------|-----------------------|----------------------------|
| H1o: Ease of use and usefulness don't influence on attitude towards customers in Chaldal, Dhaka.<br>• Ease of use<br>• Usefulness                  | Multiple Regression Analysis | .167<br>.000          | Failed to Reject<br>Reject |
| H2o: Media richness and attitude do not influence on online repurchase intention of customers in Chaldal, Dhaka.<br>• Media richness<br>• Attitude | Multiple Regression Analysis | .387<br>.002          | Failed to Reject<br>Reject |

|   |                              |              |                            |
|---|------------------------------|--------------|----------------------------|
| H3o: Security and trust aspects in term of security and trust are not influenced on the online repurchase intention of Chaldal in Dhaka.<br><ul style="list-style-type: none"> <li>• Security</li> <li>• Trust</li> </ul> | Multiple Regression Analysis | .519<br>.000 | Failed to Reject<br>Reject |
| H4o: There is no statistical significant difference in online repurchase intention when segmented by gender   | Independent t-Test           | .555         | Failed to Reject           |
| H5o: There is no statistical significant difference in online repurchase intention when segmented by age levels.  | ANOVA                        | .107         | Failed to Reject           |
| H6o: There is no statistical significant difference in online purchase intention when segmented by income levels.   | ANOVA                        | .838         | Failed to Reject           |
| H7o: There is no statistical significant difference in online purchase intention when segmented by education levels.  | ANOVA                        | .275         | Failed to Reject           |

### Summary and Recommendation

In this research, the researcher distributed 400 designed questionnaires to customers of Chaldal.com in Dhaka, Bangladesh in which 400 questionnaires were

selected on a screening question: ‘Have you purchased goods from Chaldal.com in Dhaka’.

**Table 14:** Summary of demographic factors

| Demographic factors | Highest              | Lowest              | Frequency | Percentage |
|---------------------|----------------------|---------------------|-----------|------------|
| Gender              | Female               |                     | 264       | 66.0%      |
|                     | Male                 |                     | 135       | 33.8%      |
| Age                 | 31-40years           |                     | 203       | 50.7%      |
|                     |                      | 51years and above   | 10        | 2.5%       |
| Educational level   | Bachelor degree      |                     | 188       | 47.0%      |
|                     |                      | PhD                 | 13        | 3.3%       |
| Income              | Tk 81,000-Tk 120,000 |                     | 167       | 41.8%      |
|                     |                      | Tk121,000 and above | 23        | 5.8%       |

Table 14 indicates the summary of the demographic factors for this study. Among 400 respondents, the majority of 66.0% (264) respondents were female and male were 33.8% (135). With regards to the age, the majority was about 31-40years with 50.7% (203) and the lowest were of 51years and above with 2.5% (10). At the level of education, Bachelor was the highest with 47.0% (188) and the lowest was with PhD with 3.3% (13). And finally, with regard to income level, the highest respondents were with income Tk81,000-Tk 120,000 with 41.8% (167) and the lowest were Tk 121,000 and above with 5.8% (23).

### Summary of hypothesis testing

For this study, the researcher made use of Multiple Linear Regression (MLR), Independent t-Test and ANOVA to test and analyze the hypotheses. Hypothesis testing is a method to evaluate the relationship between the dependent and independent variables. There are seven hypotheses of the present research. In order for the hypothesis to be accepted or rejected, significance value is used. This research employed the 0.05 significance level ( $\alpha$ ) or 95 percent confidence level. If the significance value obtained from the test is less than 0.05 or 95 percent confidence level, then the Null hypothesis ( $H_0$ ) is rejected. In addition, the researcher used Multiple Linear Regression (MLR), Independent t-Test and ANOVA in order to analyze the data in this study. The results of all seven hypotheses are summarized below:-

Hypothesis one: There is a significant relationship between online repurchase intention and the independent variables such as ease of use and usefulness.

Hypothesis two: There is a significant relationship between online repurchase intention and the independent variables such as media richness and attitude.

Hypothesis three: There is a significant relationship between online repurchase intention and the independent variables such as security and trust.

Hypothesis four: There is no significant difference in online repurchase intention when segmented by gender.

Hypothesis five: There is no significant difference in online repurchase intention among current consumers of Chaldal.com when segmented by age levels.

Hypothesis six: There is no significant difference in online repurchase intention among current consumers of Chaldal.com when segmented by income levels.

Hypothesis seven: There is no significant difference in online repurchase intention among current consumers of Chaldal.com when segmented by education levels.

## Research findings, discussion and implications

The target population for this research consists of 400 respondents. Demographic factors such as gender, income level, educational level and age were evaluated for the study. The demographic factor relating to gender showed that 66.3% were female and 33.8% were male. The result implied that the numbers of female consumers are more than the number of male consumers for online repurchase of Chaldal.com in Dhaka, Bangladesh. It also suggests that most online customers are female than male in Dhaka for purchasing grocery and household items. With regard to the education level, the result showed that 47% had Bachelor degree, 42% had Master degree, 7.8% had higher secondary degree and only 3.3% had PhDs. The result implies that more customers who repurchase online in Dhaka had Bachelor degree. This may also suggest that maybe more families with Bachelor and Master Degree may have families that they need the service from online shops. With regard to age, 50.7% of the respondents are within the age group of 31-40 year, age group 41-50 years with 32.5%, age group between 21-30 years with 14.2%, and above 51 years and above with only 2.5%. This result indicates that 50.7% within the age group of 31-40 years are the current highest consumers of Chaldal.com in Dhaka. The result could imply that they belong to the working population and maybe have little time to shop around and mostly prefer to shop online. With regard to the income level, most consumers who shop online from Chaldal.com have an income level of Tk41,000-80,000 with 41.8%, consumers with income Tk 81,000-120,000 to 35.8%, consumer's income less than Tk 40,000 with 16.8% and above Tk 121,000 with only 5.8%. The result implies that online shopping from Chaldal.com is very popular among middle income groups, but is quite low among the lower income and very high income.

The primary objective of this research is to examine the factors affecting online repurchase intention. With regard to this, the researcher has chosen seven independent variables. The results of multiple linear regression, ANOVA and independent t-test have shown that all the independent variables have an influence on online repurchase intention.

### **Hypothesis One:**

Multiple linear regression (MLR) was used to test the hypothesis. Based on the analysis, the researcher found that there is a significant influence of ease of use and usefulness in terms of attitude towards online repurchase intention among present customers of Chaldal.com in Dhaka, Bangladesh. By examining the value of the beta coefficient, the research indicates that usefulness has a strong positive impact on attitude towards online repurchase intention of Chaldal.com in Dhaka, Bangladesh. Chaldal should focuses more on the advertising to increase perception of usefulness and convenience for customers. The result also implies that ease of use has lesser influence online repurchase intention than usefulness. The result of this study is consistent with the findings of Sprott et al., (2010) who studied reducing online privacy risk to facilitate e-service. This study investigated the relationship between usefulness and attitude. The results are consistent with our present study that usefulness has a positive significant effect on attitude to purchase online. If a user finds it difficult to operate a website, the user will leave the site according to previous studies by Pearson et al., (2007). In this study, ease of use has no significant effect on attitudes which is contradictory to the previous study by Gong et al., (2013). However, the present study is based on current customers of Chaldal.com, which means their customers already know the website attributes that may lead to a negative result. The current customers are already accustomed to the layout of website.

### **Hypothesis Two**

The second hypothesis was tested by Multiple Linear Regression. The result implies that, the researcher found that there is a significant influence of media richness and attitude towards online repurchase intention among present customers of Chaldal.com in Dhaka, Bangladesh. By examining the value of the beta coefficient, the research indicates that attitude has a strong positive impact on the online repurchase intention of Chaldal.com in Dhaka, Bangladesh. Beta value implies that media richness has lesser influence online repurchase intention than attitude. As the result, Chaldal.com needs to strengthen the customers' perception of media richness in order for customers to perceive the information richness as a positive image that would result an increase in sales and service. This finding is supported by a study conducted Liu et al. (2012), who did a research on topic of "Exploring the relationship among affective loyalty, perceived benefits, attitude and intention to use co-branded product". The result of the study showed there is a significant relationship between attitude and intention to use. A previous study by Boehlefeld (1996) found out that if different media attributes can be understood then exchange in communication will be more efficient. The greater the media richness it will help to reduce vagueness in communication stated Draft and Lengel (1986).

### **Hypothesis Three**

The third hypothesis was analyzed by Multiple Linear Regression. Based on the results, the researcher found that there is a significant influence of security and trust towards online repurchase intention among present customers of Chaldal.com in Dhaka, Bangladesh. By examining the value derived from the beta coefficient, the research indicates that security and trust aspects have a strong positive impact on the online repurchase intention of Chaldal.com in Dhaka, Bangladesh. Beta value implies that security has lesser influence online repurchase intention than trust. The result of this study is also supported by a research done by Lee et al., (2011). This research

investigated the relationship between trusts and online repurchases intention. The result of this study indicated that there is a significant relationship between trust and online repurchase intention. And also, Juwaheer et al., (2013) made a study on the topic “Factors influencing adoption of internet banking”. This study investigated the relationship between security and adoption of internet banking. The result of this research proved that there is a significant relationship between security and online repurchase intention.

#### **Hypothesis Four**

The fourth hypothesis was again analyzed by Independent t-test. Results indicated that the researcher found that there is no significant difference in online repurchase intention when segmented by gender. The researcher did not find a differentiated effect among male and female who shop online. Padaruth et al., (2013) studied “Factors influencing adoption of internet banking”. This study investigated the relationship between gender and adoption of internet banking. The result of this research proved that there is a no significant relationship with online repurchase intention when segmented by gender.

#### **Hypothesis Five**

The fifth hypothesis was also analyzed by ANOVA. Based on the results, the researcher found no significant difference in online repurchase intention among current customers of Chaldal.com when segmented by age level. The researcher did not find any differentiated effect on age of customers on Chaldal.com. Users of the internet were mostly middle-aged and younger who mostly has less purchasing power than older. Therefore, previous studies by Bellman et al. (1999) and Li et al., (1999) has shown no significant age difference among customers who shop online.

#### **Hypothesis Six**

The sixth hypothesis was again analyzed by ANOVA. The result indicated that there is no significant difference in online repurchase intention among current customers of Chaldal.com when segmented by income levels. The researcher did not find any differentiated effect on income of customers who purchase from Chaldal.com.

#### **Hypothesis Seven**

Lastly, the study showed that the seventh hypothesis was analyzed by ANOVA. The research indicated that no significant difference in online repurchase intention among current customers of Chaldal.com when segmented by education level. The researcher did not find any differentiated effect on education of customers who purchase online from Chaldal.com. However, conducting online purchase require minimum level of education to operate the service. The highest percentages of users have a Bachelor’s Degree with 47%.

Furthermore, the result of hypotheses 4-7, there are no significant difference in online repurchase intention based on gender, age, education and income. This may have caused due to the nature of the product itself which may have caused the sample to be homogenous. Chaldal.com sells grocery and household products that may be a reason of a diversified result. The researcher would also like to state the difference in culture

of western and Asian that may have caused a different outcome. The conceptual model is extracted from western concept and application in Asian concept may cause a diverse result. The sample of the consumers are also very biased with the survey , the characteristic of the sample mostly tend not to refer to a problem when any issue is asked as a part of cultural norm may also lead a different result. Infrastructure where the sample is collected is also very different; transactions in online shopping can also be made cash on delivery which may also have alter the result. Hence, security is one of the main concerns and different means of service will have a differentiated outcome.

### Summary

Chaldal.com is an online grocery shop in Dhaka, Bangladesh. At the convenience of consumers' footsteps it aims to deliver groceries, baby products and household items and so on. The main objective of this study was to analyze the factors affecting online repurchase intention of current customers of Chaldal.com in Dhaka, Bangladesh. In order to do this, the researcher has chosen seven independent variables such as media richness, ease of use, usefulness, attitude, security and trust aspects and demographic variables. The data were collected using questionnaire from 400 respondents were collected from the four locations such as Gulshan, Banani, Uttara and Dhandmondi in Dhaka, Bangladesh for this study. By analyzing the data from the questionnaire, the research has concluded the following results from the study. They are as follows:

For the analysis of demographic factors, the result indicated that most of the customers of Chaldal.com were female aged 31-40 years old, were all under working population. In other words, customers of Chaldal.com are mostly females in the middle aged group. It is also observed that customers who purchased online from Chaldal.com mostly have a Bachelor's Degree with income level earning about Tk 41,000 to Tk80,000. Therefore, it is very vital for the managers to pay more attention to this particular segment to increase loyalty and repurchase intention to purchase online. The managers also need to analyze their needs and want and be updated so that they can retain consumers and eventually that would lead to attain and maintain the customer base.

Based on the results of hypothesis 1 was analyzed data done by Multiple Linear Regression, the researcher found that usefulness is positively influenced on online repurchase intention among customers of Chaldal.com. According to the values of Beta ( $\beta$ ) coefficient derived from the multiple regression analysis of ease of use and usefulness is -.069 and .247. Usefulness at beta value .247 have a positive significant relationship with online repurchase intention among present customers of Chaldal.com. On the other hand, ease of use with a beta value at -.069 has a negative influence on online repurchase intention among customers of Chaldal.com in Dhaka, Bangladesh.

Based on the results of hypothesis 2 the researcher found out that attitude has a positive influence on online repurchase intention among customers of Chaldal.com in Dhaka. The data were analyzed using Multiple Linear Regression. According to the values of Beta ( $\beta$ ) coefficient taken from the multiple regression analysis of media richness and attitude is -.044 and .155. Attitude at beta value .155 have a positive significant relationship with online repurchase intention among present customers of Chaldal.com. On the other hand, media richness with a beta value of -.044 has negative influence on online repurchase intention among customers of Chaldal.com in Dhaka, Bangladesh.

Based on the results of hypothesis 3 the study revealed that security and trust aspects has a positive influence on online repurchase intention among customers of Chaldal.com in Dhaka. The data were analyzed using Multiple Linear Regression. According to the values of Beta ( $\beta$ ) coefficient derived from the multiple regression analysis of security and trust aspects is .034 and .224. Trust in beta value .224 has a higher positive significant relationship with online repurchase intention among present customers of Chaldal.com than security with a beta value at .034.

The finding of the null hypothesis 4-7 failed to be rejected. Therefore, it means that there is no difference in online repurchase intention when segmented by gender, age, education and income.

## Recommendations

The researcher based on the findings in this study would like to propose a couple of recommendations in order to enhance and retain online repurchase intention of Chaldal.com. The analysis of this study indicated that all the independent variables had a weak to moderate positive influence on online repurchase intention. The following recommendations would help the managers of Chaldal.com to improve their service and take necessary steps to rectify for better improvement of the service. This would lead the same independent variables will have a strong to very strong positive influence on online repurchase intention. The following recommendations are proposed according to variables.

Based on the result of hypothesis 1, the researcher found out that usefulness has a positive influence on online repurchase intention. The beta coefficient value is .247 which is moderately low. The managers of Chaldal.com need to advertise and highlight the usefulness of the service, to the target consumers to enhance the perception of usefulness among the customers. The managers should also strategically plan and create an offer and promotional product and services so that customers may feel that the service provided is useful to them. The managers need to create strong demand of usefulness by providing the products, packages and services in a convenient manner to retain and increase sales. On the other hand, ease of use has a negative beta value of -.069 which imply it has no influence on online repurchase intention. The interaction with the website is moderately easy for the customers because of the adequate literacy to use the system are required. However, managers of Chaldal.com should keep the website and the transaction easy to interact for the convenience of consumers of Chaldal.com.

Based on the result of hypothesis 2, the researcher found out that attitude has a positive influence on online repurchase intention. The beta coefficient value of attitude is .155. The managers need to focus on the improvement of the overall experience of the consumers so that the customer feels enjoyable and convenient for using the service. Managers of Chaldal.com may introduce more timeslot for deliveries and make refund policy easy, so that customers feel no regret shopping online. Media richness has a negative beta -.044. Therefore, media richness has no influence on online repurchase intention. However, the organizations should keep the media richness more vivid and organized for betterment of the consumers that they can shop at convenience online.

Based on the result of hypothesis 3, the researcher found out that trust has higher significant influence on online repurchase intention. Considering the beta ( $\beta$ ) coefficient value from multiple linear regression came out for trust is .224. Managers

need to focus and build trust among customers in order for their long relationship. Security has a beta ( $\beta$ ) coefficient of 0.034. Managers of Chaldal.com need to assure security of the medium for purchase of online products. The manager needs to heighten the security for online transactions from the convenience of the customers of Chaldal.com. However, Chaldal.com has an option of cash on delivery which is most widely used method of payment.

Based on the result of hypothesis 4, the null hypothesis are failed to be rejected. There is no statistical difference in online repurchase intention when segmented by gender. In this study, the researcher found out that the percentage of females is 66.3%, which is higher than male 33.8%. The managers should target their allocation of products based on the demand of their consumers.

Based on the result of hypothesis 5, the null hypothesis are failed to be rejected. There is no statistical significant difference in online repurchase intention when segmented by age level. The highest percentage of customers falls under 31-40 years, which is 50.7%. Therefore, managers need to target the allocation of the variety of the products mostly used among the particular age group.

Based on the result of hypothesis 6, the null hypothesis is failed to be rejected. There is no statistical significant difference in online repurchase intention when segmented by income level. Managers need to focus on the demand on products among the higher income group to increase its sales.

Lastly, based on the result of hypothesis 7, the null hypothesis is failed to be rejected. There is no statistical significant difference in online repurchase intention when segmented by education level. The increase in literacy rate may have a positive effect on shopping online.

## Future studies

Further studies can be conducted in the future to enrich and develop upon the findings of this research. The more research is done about a subject, it helps to understand and attain vast knowledge about the study. Any further study related to this study will be beneficial to online based companies. Therefore, the researcher would like to suggest the following sectors for future study.

The target population of this study was limited to 400 present customers of Chaldal.com, in only four major locations in Dhaka, Bangladesh. For future study, the researcher would like to suggest that not only four locations, but to spread out the research to cover entire Dhaka to get a better and all inclusive result. The analysis of the proposed study will have a broader application than the current one.

The geographic area of the present study was limited to only one district which is only the capital city, Dhaka in Bangladesh. For future study, the researcher would like to suggest expanding to other various districts in Bangladesh, where people of different tribes, cultures and languages live and they should be included to have diverse findings which are also important and unique.

The present study made use of seven independent variables such media richness, ease of use, usefulness, attitude, security and trust aspects and demographic variables to find out online repurchase intention of present customers of Chaldal.com. For further research, the researcher would like to suggest that many more independent variables which can affect online repurchase intention among present customers of online shop.

The researcher also encourages further studies to investigate on the variables to understand what drives consumers to purchase online to gain in depth understanding. Furthermore, the researcher suggests to study about past purchase behavior of the consumers for another worthwhile direction.

The data of the present study were collected on June 2016 so it's limited to a particular time frame. For later study, the researcher can study in a different time frame to see the variations in the result which would help them to gain a better understanding and more extensive conclusions.

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## FORECASTING INBOUND TOURISM DEMAND IN CHINA: A STATE SPACE APPROACH

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### ABSTRACT

The aim of this study is to forecast inbound tourism demand of China from the five main source markets, South Korea, Japan, the U.S., Singapore and Canada by using the state space model. State Space is a modern and advanced dynamic system which is able to test whether determinants have time varying characters. It is worth mention that the state space approach is firstly used to forecast China inbound tourism demand. The accuracy of forecasting results will be compared with linear regression and ARIMA methods. The research is based on quarterly inbound tourist arrivals from 1999 Q1 to 2015 Q2. The results of empirical study indicate that the State Space approach outperforms other competitors based on MAPE and RMSE.

**Keywords:** Tourism demand forecasting; State space model

### Introduction

Tourism is an important economic activity in China. Forecasting tourism demand has not only become the primary task for planners and operators, but also is of interest to scholars to improve forecasting methods. State Space approach is a modern and advanced model in tourism demand forecasting, which can offer dynamic analysis. Therefore, it is worthy that try to forecast tourism inbound demand by using state space approach in China.

The method and technology in forecasting tourism demand has evolved in more and more empirical studies. In the research of China tourism demand forecasting, ARIMA and two traditional static econometric models: static regression and gravity model, are employed in a number of research, but the dynamics of demand system is not considered yet (Li, 2008). State Space approach can offer models of dynamic system with unobserved variables to tourism demand analysis. Hence, the main interest in this paper is forecasting tourism inbound demand in China by applying state space approach. A state space approach modelling a dynamic system with unobserved variables and estimated by Kalman filter, provides a unified method for analyzing time series data. And its specifications, such as structural time series model (STSM) and time varying parameter (TVP) model are both advanced methods to be introduced in empirical studies of tourism demand. STSM is useful to consider seasonal demand forecasting. And TVP model tends to reveal elasticity changing of tourism demand. But in China tourism research field, state space approach is not a dominant method. Witt

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and Turner (2002) employed STSM model in the mainland China, Song and Wong (2003) focused on Hong Kong with TVP model, Song and Witt (2010) used TVP-STSM combined models in Hong Kong inbound demand market. With regard to these studies results, both of them showed that state space approach outperforms other models in short-run forecasting. Therefore it's going to be the first attempt to forecast mainland China international tourism demand among the several source markets

### Research Objectives

The aim of this study is to forecast inbound tourism demand in China from the five main source markets, South Korea, Japan, USA, Singapore and Canada by using time varying parameter state space model. To complete this purpose, the objectives are specified as following:

- a) To investigate the determinants of China inbound tourism demand from South Korea, Japan, the US, Singapore and Canada, whether the determinants have time-varying characteristic for each country.
- b) To test whether the state space model has a better prediction than the classical models, such as ARIMA model, linear regression models between 1999 Q1 to 2015 Q2.

### Methodology

State space method was introduced into economic analysis in 1970s, which providing a unified methodology for treating time varying characteristic of determinants in time series. In this approach it is assumed that the time-varying development of system under study is determinedly an unobserved series of vectors  $\alpha_1, \dots, \alpha_t$ , which are associated with a series of observations  $y_1, \dots, y_t$ .

The state space model can be represented in the following equation:

$$y_t = Z_t \alpha_t + \epsilon_t, \quad \epsilon_t \sim NID(0, H_t), \quad (1)$$

$$\alpha_{t+1} = T_t \alpha_t + R_t \eta_t, \quad \eta_t \sim NID(0, Q_t), \quad \alpha_1 \sim N(\alpha_1, P_1), \quad (2)$$

for  $t = 1, \dots, n$ , where the variables are explained as follows:  $y_t$  is a univariate time series,  $\alpha_t$  is a state vector containing unobserved variables,  $Z_t$  is vector of coefficients linking the state vector with the observation vector,  $\epsilon_t$  is an irregular vector containing disturbances. As Eq. (1) shows, state space model has linearity in observation variable  $y_t$  and state variable  $\alpha_t$ . Eq. (2) displayed the first order linear transition equation, which specifies state variable  $\alpha_t$  as time varying function.  $T_t$  in Eq. (2) is called transition matrix, in most economic applications,  $T_t$  is assumed to be the identity matrix  $I$  ( $T_t = I$ ). And  $\eta_t$  is a  $(r \times 1)$  vector containing the state disturbances with zero means and unknown variances. The matrices  $Z_t, T_t, R_t, H_t, Q_t$  determine structure system, which are initially assumed to be known. And the  $\epsilon_t$  and  $\eta_t$  are assumed to be independent of each other and independent from  $\alpha_1$  at any point of time.

State space method simulates different types of external shocks to tourism demand system, the models can be represented as time varying parameter regression:

$$y_t = \beta_{0,t} + \beta_{1,t} x_{1t} + v_t, \quad v_t \sim N(0, \sigma_v^2),$$

$$\beta_{0,t+1} = \beta_{0,t} + \xi_t, \quad \xi_t \sim N(0, \sigma_\xi^2),$$

$$\beta_{1,t+1} = \beta_{1,t} + \zeta_t, \quad \zeta_t \sim N(0, \sigma_\zeta^2).$$

Let  $\alpha_t = (\beta_{0,t}, \beta_{1,t})'$ ,  $x_t = (1, x_t)'$ ,  $H_t = diag(\sigma_\xi, \sigma_v)'$  and  $G_t = \sigma_v$ . The state space form of TVP:

$$\begin{pmatrix} \alpha_{t+1} \\ y_t \end{pmatrix} = \begin{pmatrix} I_2 \\ x_t' \end{pmatrix} \alpha_t + \begin{pmatrix} H\eta_t \\ G\varepsilon_t \end{pmatrix}.$$

And has parameters:

$$\Phi_t = \begin{pmatrix} I_2 \\ x_t' \end{pmatrix}, \quad \Omega = \begin{pmatrix} \sigma_\xi^2 & 0 & 0 \\ 0 & \sigma_\zeta^2 & 0 \\ 0 & 0 & \sigma_v^2 \end{pmatrix},$$

the initial matrix is:

$$\Sigma = \begin{pmatrix} -1 & 0 \\ 0 & -1 \\ 0 & 0 \end{pmatrix}.$$

### Research Results

The application of this study is about modelling and forecasting tourist arrivals to China from five source countries: South Korea, Japan, the US, Singapore and Canada. Time varying parameters are used in this model and expected to be estimated. Moreover, the forecasting accuracy of the State Space model is compared with that of traditional linear regression and ARIMA models.

#### a) The data and variables

The specification of function for modelling the demand of China inbound tourism by source countries:

$$\ln D_i = f(\ln Y_i, \ln P_i, \ln P_{Si}),$$

where “ln” is for the natural logarithm;  $D_i$  is tourism demand, with the proxy of tourist arrivals from source country  $i$ ,  $Y_i$  is the income level in origin country  $i$ , measured by the gross domestic product (GDP) at constant prices; and  $P_i$  is the tourism price in China relative to that of the origin country  $i$ , adjusted by the relevant exchange rates, i.e.,

$$P_i = \frac{(CPI_{China}/EX_{China})}{(CPI_i/EX_i)},$$

$$P_{Si} = \sum_{j=1}^5 (CPI_j/EX_j) \omega_j,$$

where  $\omega_j$  is the market share of substitute destination  $j$ , which is calculated from

$$\omega_j = [TTA_j / \sum_{j=1}^5 TTA_j],$$

where  $TTA_j$  is the total number of visitor arrivals to country/region  $j$ .

In this study, the quarterly data of tourist arrivals is collected over the period between 1999 and 2015, from 1999 Q1 to 2011 Q2 for model estimation, 2011 Q3 to 2015 Q2 for forecasting. All the data is secondary data. Tourist arrivals are collected from the Yearbook of China Tourism Statistics on a monthly basis, and then are aggregated to get quarterly data. The income, price and exchange rate data are obtained from DataStream-database.

#### b) Model estimation

The initial specification of the measurement equation of State Space model includes three explanatory variables. The parameters of the explanatory variables are specified as time varying and are modelled as random walk processes.

The estimating summary of explanatory variables in Figure 1 and Table 1 shows time-varying feature of demand elasticity clearly. All elasticity of determinants changing significantly over time. Specifically, time varying character of income level is most significant in all the countries in this study.

As mentioned to the regression results in the final state, income level shows the most significant (Table 1). The estimated results of tourism price shows expected signs, on the contrary, substituted price shows negative effect.

As Table 1 shows, the estimation of the income level ( $Y_i$ ) are significant at the 1% significance level in all the five source markets. It seems that the income level has effect on the tourism demand of China from all the developed countries. As regarded to the magnitude of income level elasticity, they differ each other. The income elasticity of Singapore is lowest, the following is South Korea, then the third and fourth one is Canada and the US respectively, and the highest one is Japan. In these five source countries, Canada and the US are American countries, whose tourists need more expenditure on transport, therefore the income elasticity is expected to be higher, while Singapore, South Korea and Japan, these Asian countries are near China, whose tourists will pay less. However, there is high percentage of Japanese visitors to China are for business purpose instead of overnight leisure travel, so the income elasticity of Japan on tourism demand is expected to be high as well.

The (a), (d), (g), (j) and (m) of Figure 1 displayed time-varying character of income on tourism demand. At the end of 1990s and the beginning of 2000s, the income elasticity of the US, Canada and Singapore showed a turning point, and at 2004 there is turning point in South Korea, Japan and the US. From 2006, all the figures show that the elasticity of income trended downwards, and it suggests that the maturity of China inbound tourism market.

With regard to the elasticity of tourism price, the results indicate that tourism demand of China is less sensitive to the tourism price changing from 2004. Tourism price is only deterministic to the tourists from South Korea, as shown in Table 1 and (b) of Figure 1. Substituted price seems more important to for Asian countries, but less important for American countries.

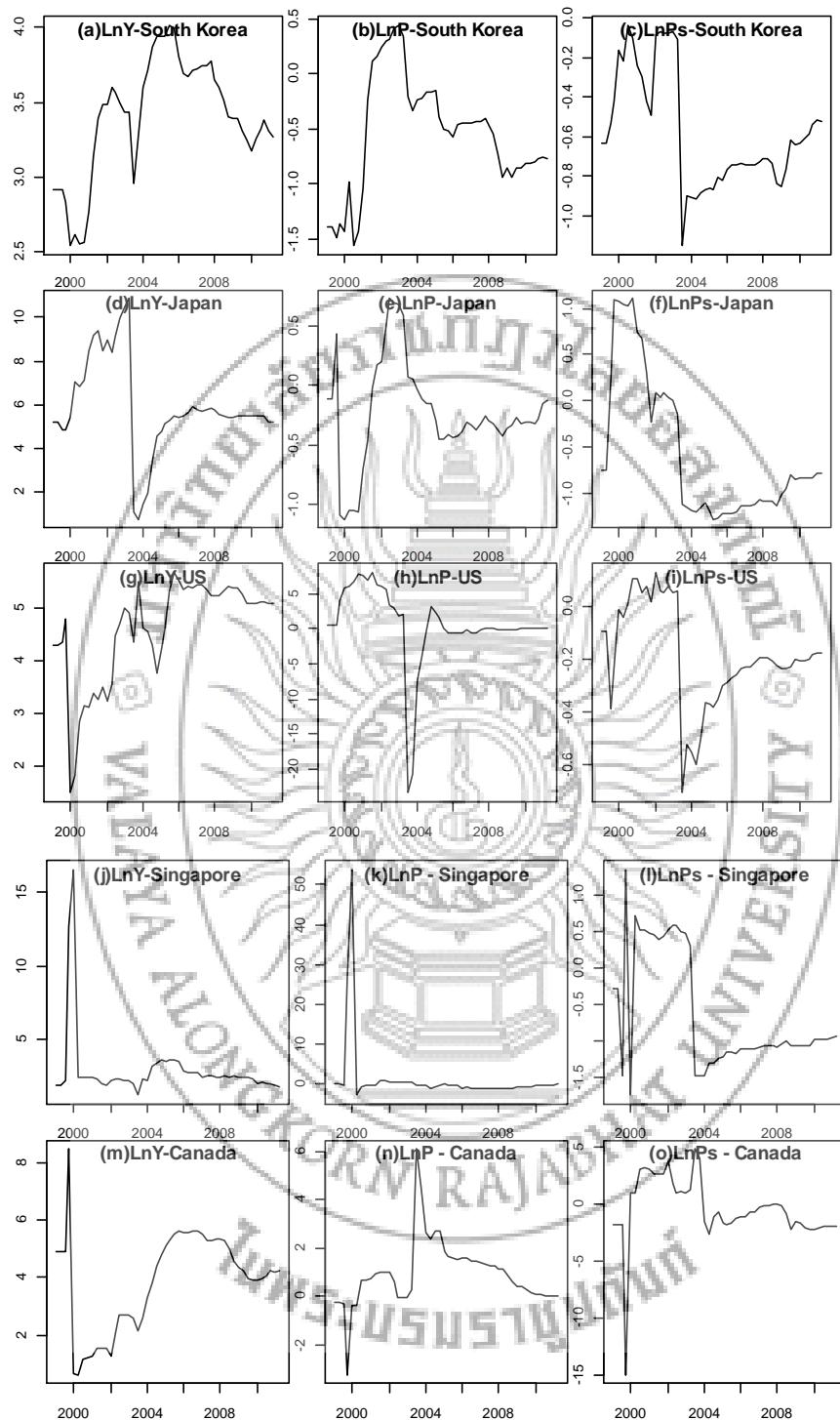


Figure 1 Estimation results of the State Space model at period between 1999 Q1 and 2011 Q2

Table 1 Estimation of the State Space model for tourist arrivals to China

|             | $\ln Y_i$           | $\ln P_i$             | $\ln Ps_i$          |
|-------------|---------------------|-----------------------|---------------------|
| South Korea | 3.266***<br>[4.119] | -0.766***<br>[-2.225] | -0.525*<br>[-1.690] |

|           |                     |                    |                       |
|-----------|---------------------|--------------------|-----------------------|
| Japan     | 5.197***<br>[6.711] | -0.134<br>[-0.351] | -0.771***<br>[-3.035] |
| US        | 5.113***<br>[3.170] | 0.028<br>[0.027]   | -0.174<br>[-0.800]    |
| Singapore | 1.844***<br>[2.462] | -0.010<br>[-0.007] | -0.944***<br>[-3.517] |
| Canada    | 4.206***<br>[2.378] | 0.051<br>[0.084]   | -2.028<br>[-0.954]    |

Notes: \*, \*\* and \*\*\* denote significance at the 10%, 5% and 1% levels.

### c) Forecast accuracy analysis

To compare the forecast accuracy of the state space model with traditional econometric and time series models, the period of out of sample for forecasting is 2011 Q3-2015 Q2, with 16 quarters ahead forecast horizons by using rolling window method during the whole procedure. The models are firstly estimated over the period 1999 Q1-2011 Q2, then the models are used to forecast tourist inbound arrivals of five countries, by applying state space model, linear regression and ARIMA models. The forecast accuracy is based on the mean absolute percentage error (MAPE) and the root mean square percentage error (RMSPE).

The results for the out of sample forecast accuracy are reported in Table 2. As evaluated by both MAPE and RMSPE among all the 16 forecasting horizons of five countries. It's shown that forecasting results of State Space model ranks as the first position in South Korea, Japan and Singapore over all 16 forecasting quarters. However, the forecasting result for the US arrivals of ARIMA model instead of State Space model comes up to the first position during six quarters and then State Space returns to the first place again after six quarters. In addition, the forecast for tourist arrivals from Canada of linear regression ranks at the first place in two quarters, and then that of ARIMA comes to the first place in the third quarter, and after the three quarters, State Space model forecasts most accurate among the three models. It illustrates that State Space model generates less accurate forecasting results on short horizon, as the time-varying nature of determinants cannot be captured in the short time. On contrary, traditional econometric and time series models outperform in six quarters.

Table 2 Comparison of forecasting accuracy of Canada and the US

| Horizon | Measure | Canada      |            |                   | US          |            |                   |
|---------|---------|-------------|------------|-------------------|-------------|------------|-------------------|
|         |         | State Space | ARIMA      | Linear Regression | State Space | ARIMA      | Linear Regression |
| 1Q      | MAPE    | 0.0029      | 0.0098     | 0.0010 (1)        | 0.0031      | 0.0027 (1) | 0.0898            |
|         | RMSE    | 0.0358      | 0.1188     | 0.0124 (1)        | 0.0411      | 0.0357 (1) | 1.1842            |
| 2Q      | MAPE    | 0.0047      | 0.0057     | 0.0040 (1)        | 0.0043      | 0.0028 (1) | 0.0904            |
|         | RMSE    | 0.0611      | 0.0851     | 0.0603 (1)        | 0.0582      | 0.0367 (1) | 1.1930            |
| 3Q      | MAPE    | 0.0052      | 0.0049 (1) | 0.0069            | 0.0052      | 0.0036 (1) | 0.0928            |
|         | RMSE    | 0.0660 (1)  | 0.0734     | 0.1023            | 0.0717      | 0.0492 (1) | 1.2250            |
| 4Q      | MAPE    | 0.0057 (1)  | 0.0058     | 0.0109            | 0.0054      | 0.0041 (1) | 0.0946            |

|     |      |            |        |        |            |            |        |  |
|-----|------|------------|--------|--------|------------|------------|--------|--|
| 5Q  | RMSE | 0.0718 (1) | 0.0818 | 0.1632 | 0.0731     | 0.0572 (1) | 1.2495 |  |
|     | MAPE | 0.0055 (1) | 0.0068 | 0.0148 | 0.0054     | 0.0047 (1) | 0.0960 |  |
| 6Q  | RMSE | 0.0695 (1) | 0.0932 | 0.2201 | 0.0735     | 0.0653 (1) | 1.2676 |  |
|     | MAPE | 0.0055 (1) | 0.0078 | 0.0187 | 0.0056     | 0.0052 (1) | 0.0974 |  |
| 7Q  | RMSE | 0.0686 (1) | 0.1062 | 0.2754 | 0.0760     | 0.0738 (1) | 1.2857 |  |
|     | MAPE | 0.0056 (1) | 0.0092 | 0.0222 | 0.0057 (1) | 0.0057     | 0.0983 |  |
| 8Q  | RMSE | 0.0702 (1) | 0.1266 | 0.3218 | 0.0763 (1) | 0.0811     | 1.2981 |  |
|     | MAPE | 0.0056 (1) | 0.0104 | 0.0248 | 0.0056 (1) | 0.0063     | 0.0993 |  |
| 9Q  | RMSE | 0.0695 (1) | 0.1425 | 0.3534 | 0.0749 (1) | 0.0894     | 1.3104 |  |
|     | MAPE | 0.0055 (1) | 0.0113 | 0.0273 | 0.0056 (1) | 0.0070     | 0.1004 |  |
| 10Q | RMSE | 0.0677 (1) | 0.1531 | 0.3826 | 0.0754 (1) | 0.1016     | 1.3249 |  |
|     | MAPE | 0.0058 (1) | 0.0125 | 0.0295 | 0.0058 (1) | 0.0078     | 0.1014 |  |
| 11Q | RMSE | 0.0723 (1) | 0.1712 | 0.4081 | 0.0786 (1) | 0.1147     | 1.3390 |  |
|     | MAPE | 0.0056 (1) | 0.0130 | 0.0312 | 0.0059 (1) | 0.0084     | 0.1022 |  |
| 12Q | RMSE | 0.0704 (1) | 0.1761 | 0.4278 | 0.0793 (1) | 0.1232     | 1.3485 |  |
|     | MAPE | 0.0057 (1) | 0.0137 | 0.0334 | 0.0061 (1) | 0.0092     | 0.1033 |  |
| 13Q | RMSE | 0.0708 (1) | 0.1836 | 0.4544 | 0.0815 (1) | 0.1368     | 1.3635 |  |
|     | MAPE | 0.0054 (1) | 0.0140 | 0.0313 | 0.0059 (1) | 0.0099     | 0.1031 |  |
| 14Q | RMSE | 0.0685 (1) | 0.1862 | 0.4371 | 0.0796 (1) | 0.1472     | 1.3612 |  |
|     | MAPE | 0.0055 (1) | 0.0145 | 0.0302 | 0.0058 (1) | 0.0103     | 0.1027 |  |
| 15Q | RMSE | 0.0689 (1) | 0.1915 | 0.4246 | 0.0780 (1) | 0.1512     | 1.3557 |  |
|     | MAPE | 0.0055 (1) | 0.0144 | 0.0291 | 0.0062 (1) | 0.0109     | 0.1015 |  |
| 16Q | RMSE | 0.0692 (1) | 0.1889 | 0.4123 | 0.0853 (1) | 0.1599     | 1.3410 |  |
|     | MAPE | 0.0052 (1) | 0.0137 | 0.0282 | 0.0062 (1) | 0.0114     | 0.0962 |  |
|     | RMSE | 0.0671 (1) | 0.1834 | 0.4018 | 0.0861 (1) | 0.1675     | 1.2996 |  |

### Summary and Recommendation

This study has firstly used State Space model to model and forecast tourism demand in China, with time-varying parameter of determinants. This model has been used for five source markets: South Korea, Japan, the U.S., Singapore and Canada. In addition, the forecasting results of State Space have been compared with two traditional models: linear regression and ARIMA forecasting.

The results indicate that State Space model forecasting tourism demand outperforms other competitors, traditional linear regression and ARIMA models. Over all three Asian countries, State Space models yield more accurate forecasting results than other models with time varying demand elasticity. With regard to American countries, State Space model has more outstanding performance of forecasting on tourist arrivals from forecasting ahead quarter 6, in another word, State Space models fits for longer horizon forecasting. This suggests that the State Space approach with time varying elasticity is benefit for forecasting tourism demand of China from origin countries.

Although the advantages of State Space approach applying in China tourism demand forecasting has been proven in the study, the more research needs to be carried out. Firstly, the significance of determinants variables should be improved. Secondly, autoregressive factors should be considered to explain the varying process of tourism demand. Thirdly, the accuracy of short term forecasting by State Space model should be improved by introduced the other econometric and time series techniques.

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## THE EFFECTS OF USING VIDEO MATERIALS TO ENHANCE ENGLISH LISTENING COMPREHENSION FOR MATTHAYOMSUKA 5 STUDENTS

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### Abstract

The purposes of this study were to 1) investigate the efficiency of using video materials to enhance English listening comprehension of Matthayomsuksa 5 students in order to meet the standard criterion set at 75/75, 2) compare students' listening comprehension test scores before and after learning through video materials, and 3) evaluate students' satisfaction towards learning by using video materials. The sample was 30 Matthayomsuksa 5/1 students at Muangkaephithayakhom School, Stuk District, Buriram Province in the first semester of academic year 2016. They were selected by using simple random sampling technique. The research instruments consisted of 8 videos, 8 lesson plans, 40 item achievement test and the satisfaction questionnaire. The statistics used to analyze the data were percentage, mean, standard deviation, and dependent samples t-test. The findings were as follows:

1. The efficiency of the lesson plans by using video materials was 87.97/88.25, which was higher than the standard criteria set at 75/75.
2. The learning achievement of students' post-test mean scores was higher than the pre-test mean score with statistically significant difference at .01 level.
3. The students' overall satisfaction with learning through video materials was at high level.

Keywords: Video Materials, English Listening Comprehension, Matthayomsuksa 5 Students

### 1. Introduction

In the age of globalization, English is an international language and widely used to communicate all over the world. People use English as a tool of communication in globalization. It plays an important role in many aspects such as business, academics, science and technology, culture, tourism and so on. It is used as an instrument for communication, giving information as well as being the media to transfer thought and culture of people in different countries. English does not only to native speaker groups but also the population of the world. English is used on global scale of roughly two billion users, it is necessary to learn English to respond several requirements (Crystal. 2003). Therefore, the importance of English language acquisition has been emphasized in many countries including Thailand.

As English is the most important international language, Thai government and Minister of Education realize the importance of English as a major core subject in schools, and it has been a compulsory subject at every level for many decades. Thai students study English from kindergarten to university level. In general, English instruction in Thai education system has less focused on listening and speaking skills but more emphasis on grammar and reading skills. Moreover, students have very few chances of talking and listening to native English speakers both inside and outside the classroom. Most students have to memorize the rules of language to be successful on a test but they might not be able to understand real-life language in communication. Therefore, the majority of learners are lack of confidence to express their thoughts in English.

Among four basic skills: listening, speaking, reading and writing, listening is used the most in real life (Morley. 1991). It is not only the skill most frequently used in both the classroom and daily life; it is also the first of the language skills developed. Listening has an important place in learning as it is one of the four major skills in language acquisition. It is the most significant part of communication especially in learning a language for communicative purpose. In learning a second language, learners must improve listening skill to understand what they have heard. According to Rivers (1970) listening comprehension is the first goal to be reached in learning for communication. Listening comprehension skill is a receptive skill and very important to practice for language learners.

As mentioned above, the significance of listening skill definitely has a key role in foreign language classroom and listening comprehension plays a crucial part in supporting language learning. This is the most significant reason for teaching listening comprehension to improve students' listening skill. However listening comprehension has been neglected in a classroom. A study by Swanson (1986) suggests that teachers are not apt to get much training on teaching listening. His survey of 15 textbooks used in teacher education programs revealed that out of a total of 3,704 pages of text, only 82 pages mentioned listening. Nunan (1997) calls listening as Cinderella skill in second language learning since it have been neglected in research and practice until quite recently. Teaching listening comprehension is highly complex. Moreover, many students have been getting very low scores in listening and speaking course.

To learn a language proficiently, students must develop the four macro skills of the English language from beginning: listening, speaking, reading and writing. People who speak well normally listen well. The key to speaking well is learning how to listen effectively. Listening is a fundamental skill in language acquisition. Gilbert (1988) notes that students from kindergarten through high school were expected to listen 65-90 percent of the time. Wolvin and Coakley (1988) conclude that, both in and out of the classroom, listening consumes more of daily communication time than other forms of verbal communication. Listening is the most frequently used language skill in the classroom (Ferris, 1998 & Murphy, 1991). In order to develop listening skills, effective material used in English as a Foreign Language (EFL) classes is a crucial aspect of the teaching method. One important tool to help students improve listening skills is using authentic materials.

In this study, the researcher used the video materials as a media in teaching listening comprehension. The use of video materials as teaching in the classroom are popular, interesting for students and can attract their attention in acquire the language. It is supported by Lonergan (1992) who notes that video materials found to be working as good motivating tools to increase the listening comprehension performance. Thanajaro (2000) states that the use of authentic videos in ESL or EFL classrooms has a positive effect on learners' motivation to learn the language. Most students prefer to use them for practicing English and they can get great pleasure while practicing. Rost (2002) states that teaching by using videos can provides learners with rich-content contexts with instruction of authentic language, learner can be motivated and their listening ability possibly to be improved. Handan (2015) notices that video content can enhance students listening skills in different ways. For example, the settings, actions and gestures provided by videos constitute visual stimulus for the EFL learners to interact in more constructive manners to interact in a more constructive manners with the listening materials. Martinez (2010) states videos is a rich and motivating source of language work. It shows real life conversation and culture, included human's posture and so forth.

For these reasons, the aim of this study is to study the effect of using video materials to enhance English listening comprehension in an EFL classroom.

## 2. Objectives

This study consisted of three objectives:

2.1 To investigate the efficiency of lessons using video materials to enhance the students' listening comprehension based on the criterion set at 75/75.

2.2 To compare the students' learning test scores before and after learning through video materials.

2.3 To study the students' satisfaction with learning toward using video materials.

## Research Hypothesis

Students' learning achievement of post-test mean scores in listening comprehensions after learning through video materials will be higher than the pre-test mean scores.

## 3. Methodology

### 3.1 Population and Sample

The population of this study were 150 Mattayomsuksa 5 students from 5 classes, studying the Fundamental English course (E32101) in the first semester of academic year 2016 at Muangkaepittayakom School, Satuk District, Buriram Province, Thailand.

The samples in this study were 30 Mattayomsuksa 5 students who were class 5/1 who studied the Fundamental English course (E32101) in the first semester of academic year 2016 at Muangkaepittayakom School, Satuk District, Buriram Province, Thailand. The sample was selected by using simple random sampling technique by drawing lots using classrooms as the sampling units.

### 3.2 Research Instruments

The instruments employed in the study were as follows:

3.2.1 Eight videos for enhancing English listening comprehension comprising of 1) Video 1: My pen pal; 2) Video 2: I live in a flat.; 3) Video 3: My life; 4) Video 4: Selling and Buying; 5) Video 5: Exercise; 6) Video 6: Messages; 7) Video 7: Looking for a job; 8) Video 8: Let's have dinner. Each video is 5-8 minutes in length. Three experts were consulted to check the content validity by using Likert's rating scale or five-point rating scales. The mean score was 4.88.

3.2.2 Eight lesson plans by using video materials were for the instruction. The researcher studied theories and principles on listening based on the Basic Education Core Curriculum B.E.2551 (A.D.2008) to construct lesson plans. Three experts were consulted to check the content and validity by using Likert's rating scale. The mean score was 4.33. The lesson plans were tried out with 30 students in 1 class of Matthayomsuksa 5/4 students in the academic year 2016 that were not the sample at Muangkaepitthayakom School in order to find out the reliability before finding out the effectiveness of the lessons by three steps namely the individual trial, the small group trial and the field trial. The process of teaching the students was started with doing pretest for 1 hour. Then they studied English listening comprehension by using video materials for 16 sixty periods. While the students were studying through the video materials, they did exercises and mini-test in each lesson. After that, they did post-test and filled out satisfaction questionnaire with learning by using video materials for 1 hour.

3.2.3 Achievement tests (pre-test and post-test) using video materials comprising of 40 multiple-choice questions to study the progress of students' learning achievement before and after they studied. The scores were 40. Three experts were consulted to check the validity by using IOC formula (Index of Item-Objectives Congruence). The IOC was between 0.67 - 1.00. The revised test was tried out with 30 students in 1 class of Matthayomsuksa 5/4 students who were not sample to check the level of difficulty (p) and discrimination power (B). The criteria used to select the test items were level of difficulty (p) at 0.2-0.8 and the level of the discrimination power (B) at 0.2-1.0 (Srisa-ard. 2002: 82-84). The level of difficulty (p) was between 0.47 – 0.73, and the discrimination power (B) was between 0.20 – 0.41. The reliability of the test will be accepted at  $\geq 0.7$  (Srisa-ard. 2002 : 96). The reliability by using the Lovett's method (Rcc) was at 0.88.

3.2.4 The satisfaction questionnaire toward learning by using video materials used to collect the information from the samples after learning. Three experts checked for the correctness and appropriateness by using Likert's method or five-point rating scales. The mean score was 4.82. The revised questionnaire was tried out with the Matthayomsuksa 6 students who were not the samples to find out the discrimination power which had to be at 0.28-1.00 level (Srisa-ard. 2002: 110). The score was between 0.44 – 0.74. The reliability by using Cronbach's Alpha ( $\alpha$ -Coefficient) which the value must be more than 0.80. The score was at 0.88. The researcher selected 12 statements which had the most discrimination power to be the questionnaire.

### 3.3 Data Collection

The procedures for collecting data were as follows:

3.3.1 A study was done with a pre-test and an orientation to understand about learning English by using video materials for 1 period. The test consisted of 40 items multiple choices.

3.3.2 The sample was taught through the 8 lesson plans and completed the activities (mini-tests in each lesson) 16 periods. Each period took 60 minutes.

3.3.3 After learning for 16 periods, the samples were asked to do the post-test and fill out the satisfaction questionnaires focusing on their satisfaction toward learning English through video materials.

#### 3.4 Data Analysis

3.4.1 The scores obtained from the exercises and a post-test were calculated to find out the efficiency of process (E1) and the efficiency of the outcomes (E2), respectively.

3.4.2 The pre-test and post-test were computed to find out the percentage (%), mean ( $\bar{x}$ ) and standard deviation (S.D.) to evaluate the students' English proficiency.

3.4.3 Dependent sample t-test was used to compare the difference between pre-test and post-test mean scores to find out the significant difference set at .05 level.

3.4.4 The data of five-rating scales questionnaire was computed for mean ( $\bar{x}$ ) and standard deviation (S.D.) in order to evaluate the students' satisfaction towards learning by using video materials.

3.4.5 The data obtained by learners' opinions and suggestions were interpreted to find out students' satisfaction and reaction towards learning through video materials.

#### 4. Research Results

The results were presented according to the research objectives as follows:

4.1 The achievement test utilized in the study to investigate the efficiency of lessons using video materials to enhance the students' listening comprehension based on the criterion set at 75/75. The quantitative data consisted of the activities scores in each lesson (efficiency of the process), and post-test scores (efficiency of the outcomes) as shown in Table 1 below.

Table 1  
Mean and Standard Deviation, and Percentage for the Lessons (n = 30)

| No. | Activities Scores of Learning through Video Materials<br>(Efficiency of the Process) |           |           |           |           |           |           |           |                | Post-test |
|-----|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------------|-----------|
|     | 1<br>(30)  | 2<br>(30) | 3<br>(30) | 4<br>(30) | 5<br>(30) | 6<br>(30) | 7<br>(30) | 8<br>(30) | Total<br>(240) |           |
| 1   | 28   | 27        | 27        | 26        | 27        | 27        | 24        | 24        | 210            | 35        |
| 2   | 29   | 26        | 30        | 28        | 28        | 29        | 27        | 26        | 223            | 37        |
| 3   | 30   | 29        | 30        | 30        | 29        | 29        | 27        | 28        | 232            | 39        |

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| No.       | Activities Scores of Learning through Video Materials<br>(Efficiency of the Process) |           |           |           |           |           |           |           | Post-test      |       |
|-----------|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------------|-------|
|           | 1<br>(30)  | 2<br>(30) | 3<br>(30) | 4<br>(30) | 5<br>(30) | 6<br>(30) | 7<br>(30) | 8<br>(30) | Total<br>(240) |       |
| 4         | 27   | 29        | 27        | 30        | 30        | 30        | 29        | 28        | 230            | 40    |
| 5         | 26   | 28        | 28        | 30        | 29        | 30        | 29        | 24        | 224            | 48    |
| 6         | 26   | 28        | 25        | 29        | 28        | 29        | 26        | 26        | 217            | 35    |
| 7         | 27   | 25        | 27        | 25        | 25        | 26        | 25        | 29        | 210            | 33    |
| 8         | 23   | 25        | 26        | 29        | 27        | 28        | 26        | 26        | 211            | 34    |
| 9         | 28   | 29        | 28        | 27        | 28        | 28        | 27        | 26        | 221            | 36    |
| 10        | 22   | 26        | 28        | 25        | 26        | 25        | 25        | 24        | 201            | 32    |
| 11        | 26   | 25        | 25        | 27        | 25        | 28        | 27        | 28        | 211            | 37    |
| 12        | 23   | 27        | 25        | 28        | 26        | 25        | 24        | 24        | 202            | 36    |
| 13        | 27   | 25        | 27        | 29        | 26        | 27        | 25        | 27        | 214            | 34    |
| 14        | 25   | 25        | 26        | 26        | 27        | 26        | 25        | 25        | 205            | 32    |
| 15        | 22   | 27        | 27        | 25        | 27        | 27        | 27        | 24        | 206            | 34    |
| 16        | 26   | 25        | 25        | 26        | 27        | 29        | 27        | 24        | 209            | 33    |
| 17        | 26   | 25        | 25        | 24        | 28        | 30        | 27        | 26        | 211            | 36    |
| 18        | 23   | 25        | 26        | 26        | 28        | 29        | 25        | 24        | 206            | 35    |
| 19        | 25   | 26        | 26        | 26        | 27        | 29        | 27        | 25        | 211            | 34    |
| 20        | 24   | 25        | 26        | 28        | 26        | 26        | 26        | 25        | 206            | 35    |
| 21        | 28   | 26        | 26        | 30        | 29        | 29        | 27        | 27        | 222            | 37    |
| 22        | 22   | 26        | 28        | 26        | 27        | 27        | 25        | 25        | 206            | 34    |
| 23        | 23   | 25        | 26        | 24        | 26        | 25        | 25        | 24        | 198            | 36    |
| 24        | 25   | 28        | 28        | 28        | 28        | 28        | 27        | 27        | 219            | 36    |
| 25        | 25   | 27        | 25        | 26        | 25        | 27        | 28        | 24        | 207            | 37    |
| 26        | 27   | 25        | 26        | 28        | 26        | 26        | 28        | 25        | 211            | 35    |
| 27        | 25   | 25        | 25        | 25        | 25        | 25        | 27        | 25        | 202            | 34    |
| 28        | 26   | 26        | 24        | 25        | 24        | 27        | 27        | 26        | 207            | 35    |
| 29        | 23   | 26        | 26        | 25        | 24        | 25        | 24        | 24        | 197            | 34    |
| 30        | 28   | 25        | 25        | 26        | 27        | 28        | 26        | 25        | 210            | 36    |
| $\bar{X}$ | 25.50  | 26.20     | 26.43     | 26.90     | 26.83     | 27.47     | 26.30     | 25.50     | 408.65         | 68.32 |

|      |       |       |       |       |       |       |       |       |       |       |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| S.D. | 2.19  | 1.37  | 1.48  | 1.88  | 1.51  | 1.63  | 1.37  | 1.48  | 8.84  | 1.88  |
| %    | 85.00 | 87.33 | 88.11 | 89.67 | 89.44 | 91.56 | 87.67 | 85.00 | 87.97 | 88.25 |

As shown in Table 1 above, the efficiency of the listening lessons to enhance English listening comprehension of Matthayomsuksa 5 students was 87.97/88.25 which was higher than the criteria set at 75/75. It indicates that students, who have learned English by using video materials, received the total mean scores from the exercises of eight lessons with videos at 87.97 % and total mean scores from the achievement test after learning through the learning using videos at 88.25 %.

4.2 This section presented the analysis results of the quantitative data from the achievement tests in listening lessons used in this study to compare students' learning achievement before and after learning listening comprehension by using video materials for Matthayomsuksa 5 students. The results were shown in Table 2.

Table 2

The Results of Comparison between Pre-test and Post-test Mean Scores

| Achievement | Students (n) | Total Scores | $\bar{X}$ | S.D. | t       |
|-------------|--------------|--------------|-----------|------|---------|
| Pre-test    | 30           | 40           | 18.70     | 3.28 | 30.65** |
| Post-test   | 30           | 40           | 35.30     | 1.88 |         |

\*\* Significant difference at .01

The result showed that the students' learning achievement in learning had higher post-test mean scores ( $\bar{X} = 35.30$ ) than on pre-test mean scores ( $\bar{X} = 18.70$ ) at the .01 level of statically significant difference ( $t = 30.65$ ).

4.3 This section showed the study of the students' satisfaction in learning toward using video materials as shown in Table 3.

Table 3

The Sample's Satisfaction toward the Lessons by Using Video Materials

| No. | Statements  | Mean<br>$\bar{X}$ | S.D. | Levels of satisfaction |
|-----|---|-------------------|------|------------------------|
| 1   | The classroom provided is appropriate.                              | 4.40              | .49  | More Satisfactory      |
| 2   | The exercises and post-test are relevant to the content.            | 4.47              | .51  | More Satisfactory      |
| 3   | I enjoyed activities provided in the eight lesson plans.            | 4.63              | .56  | The Most Satisfactory  |
| 4   | The video materials lessons are interesting and easy to understand. | 4.50              | .51  | The Most Satisfactory  |
| 5   | The content and activities are relevant.                            | 4.50              | .51  | The Most Satisfactory  |

|             |   |      |     |                       |
|-------------|---|------|-----|-----------------------|
| 6           | The content and activities in the lesson plans are appropriate.                       | 4.53 | .51 | The Most Satisfactory |
| 7           | Learning through video materials lessons improves my English listening comprehension. | 4.73 | .45 | The Most Satisfactory |
| 8           | The teaching procedures are appropriate.  | 4.33 | .61 | More Satisfactory     |
| 9           | Learning English through video materials enhances my critical thinking process.       | 4.20 | .61 | More satisfactory     |
| 10          | Learning through video materials enhances my autonomous learning.                     | 4.00 | .64 | More Satisfactory     |
| 11          | Learning through video materials has effects on my English listening comprehension.   | 4.57 | .50 | The Most Satisfactory |
| 12          | I have positive attitude toward learning English through video materials.             | 4.60 | .50 | The Most Satisfactory |
| Grand Total |   | 4.46 | .53 | More Satisfactory     |

The table above indicates that the students' overall satisfactions with learning English listening comprehension by using video materials were at more satisfactory levels (4.46). Having considered each item, it was found that the highest level (4.73) was the item 7 "Learning through video materials lessons improves my English listening comprehension." It was followed by the item 3 (4.63) "I enjoyed activities provided in the eight lesson plans.", and followed by the item 12 (4.60) "I have positive attitude toward learning English through video materials." respectively.

## 5. Conclusion and Discussions

### 5.1 Conclusion

#### 5.1.1 The Efficiency of Lessons Using Video Materials to Enhance English Listening Comprehension of Matthayomsuksa 5 Students

The findings showed the efficiency of the eight lessons using video materials to enhance English listening comprehension of Matthayomsuksa 5 students was 87.97/88.25 which was higher than the standard criteria set at 75/75. The result illustrated that the first efficiency of the process (E1) was lower than the second efficiency of the outcomes (E2). That means the students got higher post-test mean scores than exercise mean scores. This is because they had learned all the lessons and practiced all exercises. Also they did activities and discussed about the lessons with their friends. Moreover they had learned new vocabularies from the lessons that help them understand the videos easily.

The findings of the study could be considered that the researcher reviewed the related literature covering theories and principles on listening composing the Basic Education Core Curriculum B.E.2551 (A.D.2008), learning theory, teaching by using materials, lesson plans, satisfaction, efficiency, and some previous paper. In the production of the lessons, the researcher made a systematic study of the procedures and the contents to ensure relevance to the objectives and learners' interests, as well as to ensure a design appropriate activities and assessment tools. Moreover, the thesis

advisors and the three experts gave comments and evaluated the research instruments. Finally, the lessons using video materials were put on trials namely individual testing, small group testing and field testing and then improved the students' listening comprehension before it was employed with the sample group. These factors created high quality lessons. As a result, the lessons for the teaching English listening comprehension for Matthayomsuksa 5 students was characterized as efficient as expected by the standard. In addition, the lessons comprised of many components such as various contents, activities, exercises, pre-test, and post-test which students can learn, do the activities, and get feedback with their scores after each lesson. The findings above confirm that eight lessons using video materials were suitable to develop listening comprehension of Matthayomsuksa 5 students.

The finding is consistent with other previous studies, namely Rodngam (2011) used authentic materials selected from the internet such as YouTube, BBC, CNN to enhance vocabulary for listening comprehension with 45 high-school students who were taking a listening and speaking class at Winituksa School, Lopburi, Thailand and found that the use of authentic materials had a positive effect and helped to increase students' performances when listening to the target language. Ghaderpanahi (2012) examined authentic aural materials to develop listening comprehension in the EFL classroom and the result revealed that the students' listening comprehension improved. Insisiengmai (2014) used authentic materials included guidebooks, CDs, newspapers, pictures, menus, travel brochures, catalogs, maps, etc. to enhance Lao undergraduate students' English listening and speaking ability in the Hospitality Industry had an average efficiency value of 79.56/80.10, which was higher than the criterion set 75/75. Woottipong (2014) who used video materials to develop students' listening skills and found that their listening skills could be improved through the use of video materials.

#### 5.1.2 The Students' Pre-test and Post-test Mean Scores Learning Eight lessons through Video Materials

The result revealed that the learning achievement of post-test mean score was higher than the pre-test mean score learned by eight lessons using video materials with statistically significant difference at a .01 level. This could be concluded that lessons using video materials had the efficiency because it could improve students' listening comprehension after learning. They achieved higher scores with learning by using video materials. This is consistant with Meskill (1996) stated that video can help in promoting the language learners' listening comprehension since the pictures and gestures can support their understanding of the video's content, and guide them to guess and interpret the meaning of the message conveyed by the speaker.

The result confirms the hypothesis set that students' learning achievement of post-test mean scores in listening comprehensions after learning through video materials will be higher than the pre-test mean scores. The findings are similar to Martinez (2010) used videos included a science fiction movie 'Men in Black', a Drama and two CNN news to develop EFL listening skills at the University of El Salvador and found that the use of videos had positive effect, and students' post-test scores was better than their pre-test scores. Saiwaew (2010) investigated the effect of using authentic materials downloaded from the Internet including conversations, tales, documentaries and cartoons as a supplementary activity on English listening comprehension with the 35 first-year non-English majors at Ubon Ratchathani Rajabhat

University and found that the students' ability in English listening comprehension by the use of authentic materials was statistically significant at the 0.05 level. Also, Woottipong (2014) who use video materials to improve listening skill with university students. The result showed that post-test was higher than pre-test with statistical significance at the 0.05 level and the students' listening comprehension by using video materials was significantly increased.

### 5.1.3 Level of Students' Satisfactions in Learning by Using Video Materials

The result illustrates that students' satisfactions in learning through video materials were at high level. The findings show that the students were satisfied with learning by using video materials. This could be explained that the lessons using videos that evaluated by the experts had high quality, appropriate content, and suitable for the skill and proficiency level of students.

The result is consistent with prior research works, including, Martinez (2010), Insiengmai (2014), who investigated the development of teaching listening skill through video materials, and Woottipong (2014) who studied the effect of teaching listening comprehension by using video materials and found that learners' satisfaction towards learning by using video materials was at a high level. In addition, Rodngam (2011) used authentic materials to enhance vocabulary for listening comprehension of Matthayomsuksa 6 students, and the finding of this study showed the learners' satisfaction towards learning via authentic materials was high positive. Moreover, Handan (2015) explored the EFL Saudi University students' perceptions of the impact of video material on their listening skill, and the finding of the study showed positive attitudes videos integration.

In addition, from the open-ended questions, most students stated that learning by using video materials helped them in many ways including: increasing vocabulary including slang, idioms. They had fun and felt relaxed while watching the videos. Learning by using videos made them more interested in class and lesson than in texts. In contrast, some weak students faced some problems during the class. For example, they could not understand some difficult words and slangs. The conversations were too fast that make them could not catch the meaning. They want to watch the videos many times and slowly.

## 5.2 Pedagogical Implications

In relation to the theoretical implications of the major findings from this study, the researcher presents the following related implications for instructional practice of video materials in EFL contexts.

### 5.2.1 Listening comprehension elements should be taught to the students before listening to the videos.

5.2.2 Since the sitcom usually consists of certain characteristics in a common environment such as a flat or workplace, teacher should provide the students some general background knowledge. Moreover, jokes are mostly in the form of verbal humour such as slangs and idioms. Lacking this knowledge made listening difficult. Teacher should be aware of the culture content occurring in the story and understand what verbal humour is and explain to their students.

### 5.2.3 Teachers should be well-trained and well-prepared in the use of videos to achieve the students' goal.

5.2.4 The selection of the video content should be carefully chosen to the level of students' English proficiency. The topics of the content should be matched to their background knowledge and their interests in order to motivate them to learn.

### 5.3 Recommendations for Future Studies

Based on the research findings of this study, some suggestions are proposed here for future researchers.

5.3.1 The study may test two groups on two different types of listening materials; audio materials and another one using video materials.

5.3.2 It is worth to investigate whether video materials can promote students' learning writing skills.

5.3.3 A study should also investigate the effects of using other authentic materials such as movies, video clips, TV programs, news and TV commercials.

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## THEODOR W. ADORNO'S THEORY OF THE 'CULTURE INDUSTRY': A CRITICAL APPRAISAL IN THE CONTEXT OF NORTH INDIAN CLASSICAL MUSIC

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### ABSTRACT

Theodor W. Adorno has probably done more than any modern sociological thinker to place the arts, both 'serious' and 'popular', at the centre of a theory of modernity. He provided a way of thinking about the homologous relationship between art and social life that continues to influence the sociology of culture till today. According to Adorno, the cultural 'goods' that people buy are not necessarily different from other commodities. They are 'manufactured' for profit in accordance with the same laws that govern all commodity production in a society governed by the capitalist mode of production. For him, the culture industry – cinema, radio, popular music, television, internet and so forth – is a part of the interdependent system of capitalism, and the relationship of cultural commodities to consumers partakes of the same fetishism that characterizes the relationship of the consumer to all commodities produced by the system.

This paper will examine whether Adorno's theoretical construct of the 'culture industry' can possibly apply to the case of North Indian classical music. The emergent trends of standardization of performance formats and repertoires, homogenization of diverse stylistic affiliations and commoditization of the art-form appear to be the seed form of the tendency noted by Adorno. The intervention of sound recording technology and disembodiment of musical sound from the performers is an integral part of every performer's life in the current scenario in which features of utmost professionalism, standardization and commoditization of the musical material take top-most priority.

**Keywords:** Culture Industry, North Indian Classical Music, Standardization, Commoditization

### Introduction

This paper is divided into 3 sections – the first deals with a delineation of Adorno's 'culture industry' thesis; the second outlines the genesis and stages of development of recording and broadcasting industry in India; and, the third poses some emergent trends which point towards the rising importance of extraneous concerns in the field of North Indian classical music.

## The ‘culture industry’ thesis of Adorno

*“Today I am your champion; I may have won your hearts  
 But I know the game; you’ll forget my name  
 I won’t be here another year, if I don’t stay on the charts...”*  
 - Billy Joel’s ‘The Entertainer’

Adorno contends that, in a capitalist society, the relationship between cultural commodities and consumers partakes of the same fetishism that characterizes the relationship of the consumer to all commodities. According to Adorno, the cultural ‘goods’ that people buy are not necessarily different from other commodities. They are ‘manufactured’ for profit in accordance with the same laws that govern all commodity production.

Under capitalism the effects of cultural objects on an audience come to take precedence over their “truth content”, a concept which is central to Adorno’s understanding of any art form. For him, under the reign of the culture industry, “culture is made specifically for the purpose of being sold; production is subordinated to distribution and the promise of art is thereby dissolved.” (Gunster, 2000: 48)

Adorno is perplexed by the expression ‘free time’ or ‘spare time’ and poses it against its precursor ‘leisure’ in order to highlight the difference and a shift. For Adorno, “free time is a continuation of the forms of profit-oriented social life.” (Adorno, 2000: 164) On the one hand one should pay attention at work and not be distracted or lark about. On the other hand free time must not resemble work in any way whatsoever in order that one can work all the more effectively afterwards. In this entire situation, “people are unaware of how unutterly free they are, even when they feel most at liberty, because the rule of such unfreedom has been abstracted from them.” (Adorno, 2000: 165)

Everyone is kept satisfied within this overarching system as something is provided for all so that none may escape; the distinctions are emphasized and extended. “The public is catered for with a hierarchical range of mass-produced products of varying quality, thus advancing the rule of complete quantification. Everybody must behave (as if spontaneously) in accordance with his previously determined and indexed level, and choose the category of mass product turned out for his type.” (Adorno, 2000: 91)

Art is for Adorno the social enterprise where the thought of freedom is strongest, and therefore the enterprise in which society endangers its own authority, is at odds with itself. He says that “making music, listening to music, reading with all my attention, these activities are part and parcel of my life; to call them hobbies would make a mockery of them.” (Adorno, 2000: 163)

The culture industry thesis proposes that, in the objects of mass culture, commodification reaches its most extreme with use-value being entirely replaced by exchange-value. At its most basic level, this can be understood as referring to the fact that people are now only capable of evaluating aesthetic objects based upon their

value in the marketplace. While the culture industry does not hide the fact that its products are designed for sale, it also markets them as satisfying the needs and desires of its customers. For Adorno, part of the genius of the system is how it has been openly able to combine these two claims.

The constant mention of the term ‘industry’ while talking about cultural entities is indeed disturbing and Adorno is quick to assert the caveat that “the expression ‘industry’ is not to be taken too literally. It refers to the standardization of the thing itself – such as that of the Western, familiar to every movie-goer – and to the rationalization of distribution techniques, but not strictly to the production process.” (Adorno, 2000: 87)

In his essay titled ‘On the Fetish Character of Music and the Regression of Hearing’ (1938), Adorno lays out an application of his culture industry thesis. Making a clear distinction between ‘serious’ and ‘light’ music, he states that the illusion of a social preference for light music as against serious is based on that passivity of the masses which makes the consumption of light music contradict the objective interest of those who consume it. He says that the consumer is really “worshipping the money he himself has paid for the ticket to the Toscanini concert. He has literally ‘made’ the success which he reifies and accepts as an objective criterion, without recognizing himself in it. But he has not ‘made’ it by liking the concert, but rather by buying the ticket. (Adorno, 2000: 33) For Adorno, the specific fetish character of music lies in this very quid pro quo.

The split is between, on the one hand, music which accepts its character as commodity, thus becoming identical with the machinations of the culture industry itself, and, on the other hand, that self-reflective music which critically opposes its fate as commodity, and thus ends up by alienating itself from present society by becoming unacceptable to it. (Paddison, 1982: 204)

The second category – that of critical, reflective music – has, according to Adorno, a ‘subjective’ character, in that it opposes the situation as it is and strives, through negation, to retain a necessary tension between subject and object, individual and collectivity. It thus attempts to reveal cracks in the ‘false totality’ through which that which is ‘not yet identical’ may still be glimpsed. However, such music dare not affirm this ‘glimpse of truth’, because such an affirmation would immediately deliver it up again into the clutches of the culture industry and so destroy its truth-content. “Hence the paradox of what for Adorno constitutes authentic music: it is compelled to deny meaning in order to preserve it. At the reception stage, such music demands what Adorno calls ‘structural listening’ – a form of listening whereby the listener hears the parts in relation to the whole, and is able to recognize the unfolding of the objective significance of the work over against his/her own subjective demands and associations.” (Paddison, 1982: 207)

## Genesis and development of recording and broadcasting industry

*“Thirty years have elapsed since my first visit to India. We found music there static and after a few years there was very little traditional music left to record. Songs for festivals and weddings were already in our catalogue and new artists were learning their repertoire from gramophone records”*

- Frederick W. Gaisberg, *The Music Goes Round* (1942)

The ability to reproduce music on demand facilitated by the gramophone meant that the sound could now be heard in the houses and drawing rooms of literally thousands of people who had never seen the musician before. The technology of recorded sound meant that musical sound was now exposed as a resource capable of mass production. This mass production and commodification meant that music had entered into a new form of economic transaction that was to have significant and ongoing ramifications (Mc Neil, 2004: 164). In representation, the musician became an entrepreneur of a particular kind who received remuneration from the sale of her/his labour.

Two things began to happen when sound amplification was used in public concerts. First, because the music was needed to be heard by a large audience in a large physical space, the overall volume of sound produced by musicians had to be electronically increased. The quality of this sound was in turn then reliant of both the ‘sound system’ involved and the skill in its application. In other words, the musicians had relinquished their total control over their sound. Second, because under these conditions sound now physically travelled further from the musician, the immediacy of the experience of the music for the performer and the listener was somehow fundamentally altered. (Mc Neil, 2004: 165-6)

The first recording of Indian musicians, made on Saturday 8 November 1902, were of two nautch (dancing) girls called Soshi Mukhi and Fani Bala of the Classic Theatre. According to Gaisberg, quoted at the beginning of this section, they had “miserable voices” (Kinnear, 1989: 11). Hawd’s interest in Indian music appeared to be purely on the level of business. As he blithely put it in June 1902, “The native music is to me worse than Turkish but as long as it suits them and sells what do we care?” (Farrell, 1993: 33)

Thus, the company expressed its desire from manufacturing the gramophone as a novelty and status symbol in India to move towards a time where it would be consumed by the masses and a largely untapped market lay before them. Over five hundred titles were recorded during Gaisberg’s first visit in 1902. In 1904-5, his colleague Darby returned to record more than 1200 titles and, in 1906, Will Gaisberg recorded 1350 titles on his tour. The first recordings were pressed in Europe, but in late 1907 a record pressing plant was built in Calcutta to serve India and Southeast Asia. In 1909, the factory had the capacity to press 1000 records daily which was soon to be increased to 5000. This would imply an annual production ranging from 300,000 to 500,000 records thus giving a sufficient idea of the kind of demand even in the early years (Gronow, 1981: 257).

In 1924, “Gramophone” was replaced by the “His Master’s Voice” trademark (Gronow, 1981: 255). In 1931, the Gramophone Company and the Columbia Gramophone Company merged to form EMI and the company commanded an unrivalled position in India till recently and even the Government of India obtained a controlling interest in the company.

In fact, Gangubai goes on to assert that recording for H.M.V. was one of the ‘motivating forces’ in the initial stages spurring her towards broadcasting as well as a successful career as a performing musician: “My concerts in Bombay as well as H.M.V. recordings introduced me to All India Radio then located at Ballard Pier. Shri Dholekar, an officer of A.I.R. Bombay, suggested that I should apply for ‘audition’. However Shri Roopji of H.M.V. was against my undergoing an audition test. After a recording session attended by Shri Dholekar, he decided to accept me as a regular broadcasting artist over the radio.” (Hangal, 2003: 14)

However, not everyone was this enthusiastic by the entry of this new technological medium. When, at the end of his life, Hafiz Ali Khan was asked why he never made a commercial recording, he responded, “You know very well what my attitude to music is... I have looked on it as prayer – my humble way of glorifying my Maker. I could not endure the thought that a disc of mine could bought by some unworthy people and played casually anywhere – in *paan* shops, and wedding parties with people jesting and making merry the while. This is an insult to the art of music which had been given to us by God to worship Him with. Yes, several of them came together to Gwalior and persuaded the Maharaja to make me record for them. I was in a terrible quandary. I could not refuse my gracious patron. Very tactfully I explained my feelings to him adding that when my records would be played at paan shops etc., and jeered at by people to whom my classical music is something to laugh at, those records would bear the name of ‘Hafiz Ali Khan of Gwalior’ and the name of his Darbar would be subjected to the same indignities as my name and music. This last aspect appealed to the Maharaja and he stopped importuning me and I was able to get rid of the record company people. (Khanna, 1975: n.p. quoted in McNeil, 2004: 166-7)

Gaisberg wrote: “Thirty years have elapsed since my first visit to India. We found music there static and after a few years there was very little traditional music left to record. Songs for festivals and weddings were already in our catalogue and new artists were learning their repertoire from gramophone records” (Gaisberg, 1942: 58). One cannot help but notice the streak of arrogance which comes with rapid economic growth in the last statement along with a complete misunderstanding about the nature, form and diversity of Indian musical traditions. At the same time, his final comment is telling and raises questions related to actual performances of Indian music – How did recorded versions of *khayal*, *thumri* and other traditional genres relate to live performances? Were the records in fact “constructions” rather than “reproductions” of Indian music or, to put it in another way, was the music that appeared on discs the creature of recording technology rather than a representation of a performance?

Following the first recordings, Indian music performance existed in two worlds: the extended live performance and the two or three minute duration of the disc. It has been suggested that this represented a further split between the performance practices of the courts and those of the urban milieu of musical entertainment. However, that the short duration of discs did cause problems is indicated by the fact that in the early days, many great performers of Indian music refused to be recorded, because they found it contrary to the spirit of their art (Kinnear, 1989: 28).

Feedback from the audience is an important ingredient of Indian music performances. As the performance unfolds, the audiences interject exclamations of approval and astonishment at virtuoso passages. Such crucial interplay was absent from the recording situation, so that an important source of musical inspiration and affirmation was denied the performers. In a sense the early recordings are no more than snapshots of particular genres and styles of performance. But the recordings also give clues as to how musicians dealt with the short amount of time available on disc as well as providing insights into the nature of Indian musical form and its flexibility of structure. Musical devices which usually enjoy detailed extemporization and exploration in live performance become compressed down to short gestures. In this way features of Indian musical form are poured through the sieve of recording technology and time limitation until only the essentials remain. Farrell goes as far as to suggest that one possible effect of the duration on early recordings was to lead artists to give greater weight to the composed or fixed parts of the performances than they would normally have done in live recitals (Farrell, 1993: 51).

However, the tendency noted by Farrell may well have been ingrained in the minds of the later musicians in terms of recording skeletal and polished versions of performances for recording sessions. The increase in the number of sound recordings produced and sold created further consequences concerning the regulation of the transmission of musical knowledge. Never had it been easier to hear recorded artists and imitate their playing, or to privately copy their music from one recording medium to another. From the 1960s, such sound recordings have become a valuable resource for aspiring musicians and, in a sense, many of the recordings issued have collectively over the years become a type of unofficial ‘textual’ source informing contemporary music practice (Mc Neil, 2004: 196).

### **Is Hindustani music turning into an industry?**

*The ‘market economy’ conditions and considerations with motivated ‘trade practices’ are entering in the music field very rapidly. For the young or old musician, it is not enough now to learn and produce good music, but it is more important to know how to ‘sell’ it.*

- Vidyadhar Vyas, ‘The Decline of Gharanas’ (1995)

State-run radio and television continue to play an important role in providing a parallel forum for Hindustani musicians, primarily in terms of prestige and exposure. For staff artists still employed by state-funded institutions, the provision of a tenured job, accommodation and pension upon retirement provides substantial support for

many individuals around the country. For others, regular recording and broadcast fees are an important component of their income. (Mc Neil, 2004: 209)

At the same time, professional musicians within India who have managed to engage and exploit the expanding corporate networks have found themselves in better positions both in professional status as well as financial security than those who have been unable or unwilling to do so. (Mc Neil, 2004: 203) Alongside corporate sponsorship, other networks located outside India have also provided a lucrative source of income and professional standing for musicians from at least the 1960s.

The genesis and growth of corporate parlance and euphemisms in the language of promoters, musicians and media are no doubt symptomatic of this growing influence of corporate networks on the lives of musicians. From the corporate perspective, concerts and festivals are increasingly referred to as ‘events’. It is common knowledge that association with a world-class event can give a company the kind of credibility and competitive advantage that no other medium can. The need for corporate association has grown even further due to the present scale of performance fees paid to ‘celebrity’ musicians who are routinely known to charge anything between one and ten lakh rupees.

A new and influential cadre of brokers known as ‘event managers’ largely manage the interface between the corporate world and aspiring musicians who wish to be part of the network of patronage. The intervention of professional brokers between musician and patron marks a significant development in the patronage of Hindustani music, an engagement that in the past had been more or less characterized by a direct exchange between the two groups.

The coupling of the market economy with the endeavour of music has also created a new need – that of the media celebrity. Observing how collective corporate activity and globalization have valorized selected commodity ‘brand names’ in the marketplace, it is not surprising that within the ‘business’ of Hindustani music, a coterie of musical celebrities have also been valorized and turned into brand name products. The end result of this tendency is that the rest of the musicians, young or old, established or aspiring, turn into unbranded commodities or even ‘non-commodities’ (negation). The media celebrity figure is now the dominant and public sign of success and, automatically, an icon for aspiring musicians.

Beyond an ongoing high media profile, it is commonly expected for celebrity musicians to: regularly perform at major music festivals, often as the drawcard; regularly perform at corporate events and have a substantial number of commercially-released recordings. Once created, a musical celebrity can become a hub through which work is dispensed or distributed to students and other affiliates. In such an arrangement, the celebrity becomes the ‘brand name’ and the affiliates assume a position not unlike that of a franchisee of that name. This development is strikingly similar to what Benjamin termed an “artificial build up of the personality” and Adorno referred to as the “star” system which results indirectly in the creation of a group of those who are not stars and are thus not commercially viable entities.

Today's market for classical music consists of 80% "innocenti" and only 20% cognoscenti. The rewards of addressing only the cognoscenti are now beyond the reach of most musicians, while the risk of ignoring the innocenti has become unaffordable. Hindustani music now finds it profitable to address the lowest common denominator by keeping itself accessible, intellectually undemanding, and familiar. This reality defines contemporary classical music more comprehensively than most professional musicians will care to admit. (Raja, 2005: 26-7)

There seems to be ample ground to hesitantly make the assertion that the Hindustani music scene is hurtling towards the familiar, predictable and the titillating. A great deal of classical music now challenges the dividing line between art and entertainment. This can be seen in various performance scenarios. Apart from obliging sections of the audience in a concert which is usually funded by corporate business houses, there is an increased emphasis on virtuosity and technique. Other strategies are also starting to appear in contemporary Hindustani music which appear to emphasize and value novelty per se. Such diversions have included jugalbandis (duets) of unusual combinations, collaborations between Hindustani musicians with local or international popular musicians, as well as with overseas classical, jazz, traditional and 'world' musicians. Deepak Raja goes so far as to call such developments a "racket".

At the technological level, artists increasingly feel the need to sound like the CD in a live performance to invoke the familiar. Conversely, the live performance takes on the character of a forum or promotion for these commodities. (Mc Neil: 2004: 229) What Adorno warned as the technological rationale governing the artistic rationale seems to be taking place at an increasing pace.

What this shows is the way in which the distancing of the music from its originator, the artist, is a matter not only of its assumption of commodity form but also one of societal positioning. The music is not only commodified; in the process it is also distanced, alienated, from the artist, and becomes an object which is understood to exist in its own right. It moves from the private domain of the artist to the public domain of the market place. Reciprocally, the artist experiences a distancing from his/her music as it becomes product, and is experienced as existing in a different societal context. The record company acts as a gate-keeper shifting the experienced position of the music from the artist's individual identification with his/her music to the experiencing of the music as a commodity in the public market place. Here its existence as an object, a commodity *sui generis*, is constantly challenged, by creator, critic and consumer, all of whom tend to valorize the product as creator. (Stratton, 1983: 147-8)

Small companies are able to cope with the problem of 'art' and capitalism better than large companies not so much because they are more able to empathize with the people whose music they record (the reason often given), but rather because they do not need what these people offer as much as the big companies do. However, even if small companies are not in such need of hits to generate a regular cash flow, they are less able to sustain records which do not cover their costs. As a result, the pressure to

rationalize the link between sales and ‘good’ music increases. Small companies, bent on little more than breaking even, can cope better with the ‘art’/commercialism dichotomy by marketing a number of low-cost small-run records selling a limited number of copies, but they are still pressured to preserve the rationale that they record ‘good’ music.

Much of what Adorno wrote about the situation of Western music in both its classical and popular forms is coming into fruition in the Indian case at this moment of time. Whether the system is able to replenish itself from within and find alternatives and parallels within the overall situation or whether it gets submerged into the overarching capitalist system is something which can only be observed with the passage of time. However, the tendencies of encroachment into the artistic domain which have been highlighted throughout the preceding discussion suggests an undercurrent which is pregnant with the possibility of subsumption of artistic concerns within the cold logic of the public market place in the not too distant future unless and until radical steps are taken to check such a development.

#### **Bio-Note**

Irfan Zuberi is a National Executive member of the Society for the Promotion of Indian Classical Music And Culture Amongst Youth (SPIC MACAY) and former editor of *Sandesh*, the mouthpiece of the youth movement. He is currently engaged in a documentary film project on senior classical music maestros of India and has recently successfully defended a Master of Philosophy thesis titled ‘Theodor W. Adorno’s Theory of the ‘Culture Industry’: A Critical Appraisal in the Context of North Indian Classical Music’ at the Delhi School of Economics. He has also worked as the chief archivist at the Ravishankar Institute for Music and Performing Arts (RIMPA) for three years (2002-05). As part of his performance practice, he is a formal disciple of Ustad Rahim Fahimuddin Khan Dagar and Ustad Faiyaz Wasifuddin Dagar and has been learning from them for over three years.

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### ***Interviews***

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Interviews of Pandit Yeshwantbua Joshi on 29 October 2004, 3 October 2005 and 21 October 2008.

