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The goal of the *ASEAN Journal of Management & Innovation* (AJMI) is to publish insightful, original and timely research that describes or potentially impacts management and/or innovation that has the potential to be applied in the ASEAN context. Topics that are either distinctly ASEAN-related, or are regional or international in scope are encouraged. AJMI is multidisciplinary in scope and interdisciplinary in research methodology and content. AJMI accepts papers that initiate or redirect a line of inquiry as well as papers that provide new insights into previous work.

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Editorial

Dear Reader,

Welcome to Volume 5, Number 1 of the ASEAN Journal of Management and Innovation. This is my first issue as Editor in Chief and I am very pleased to assume this new role. The purpose of AJMI is to publish insightful, original, and timely research that is meaningful and contributes to management and/or innovation in the region. Effective management and innovation are particularly important as this diverse and multi-cultural region forges an Economic Community predicted to mature by 2025. One of the purposes of the community is “To promote active collaboration and mutual assistance on matters of common interest in the economic, social, cultural, technical, scientific and administrative fields” (ASEAN.org, p.1). Your research will be important to further these goals.

As the ASEAN Economic Blueprint states (ASEAN.org, 2018), there are five interrelated and mutually reinforcing characteristics of the envisioned community, “...namely: (i) A Highly Integrated and Cohesive Economy; (ii) A Competitive, Innovative, and Dynamic ASEAN; (iii) Enhanced Connectivity and Sectoral Cooperation; (iv) A Resilient, Inclusive, People-Oriented, and People-Centred ASEAN; and (v) A Global ASEAN” (p. 1). As ASEAN comes of age upon its 21st anniversary this year, we will focus on providing well-researched and useful articles that advance theory or have positive practical implications.

In this issue, we include many articles of direct relevance to our purpose. For example, **Ehret and Ortiz** make an optimistic prognostication about the future of ASEAN. They analyzed “...incentives that aim at deepening the existing economic relations between the different ASEAN nations. The existing Westphalian order in this part of the world is waning and a new system of intergovernmental relations is on the rise.” They help us understand how regional blocks may just be superseding the function of the state, much like aspects of the European Union (EU) has become a supranational governing body that molds regional behavior through policies ranging from trade, currency, and customs to human rights and the promotion of social justice. That may be in store for ASEAN down the road.

Regarding contributions at the level of the firm, we have several of note, among many in this issue, that help us better understand key functions of management and organizational behavior. All managers are concerned about motivating high performance, regardless of sector. By utilizing a cross-section of the employees working at a multinational manufacturing firm in Thailand, **Kunte and Rungruang** tested whether the role, job demands, job resources and personal resources were predictors of work engagement in Thai employees. The results suggested that job, and personal resources, such as self-efficacy, played a significant role in predicting work engagement. The outcomes of this study should be helpful to the managers and leaders at other manufacturing and non-manufacturing Thai firms but will undoubtedly help inform managerial behavior elsewhere in ASEAN as well. **Pimpan, Jhundra-Indra, and Raksong** surveyed 289 hotels in Thailand to discover whether dynamic service innovation leads to firm profitability. They found that indeed dynamic service is the most important contributor to firm profitability and confirmed Goldstein, et al’s original findings (2002) that a firm’s ability to constantly introduce new processes and new activities and adapt to the changing world of customer needs contributes to competitive advantage and business success. They walk us through a jungle of data to substantiate their claim. Though not necessarily

applicable to other sectors of the economy, hotels throughout ASEAN would do well to place innovation, creativity, and sound management at the center of any customer service strategy.

Given the multi-cultural nature of the region where Buddhist, Islamic, and Christian nations have coexisted for some time, but are now closely cooperating on shared concerns, **Goerlich** shows us the power of a simple intervention to reduce the tension between people of diverse cultural origins. He conducted an experiment among a heterogeneous group of MBA students to determine if a short training could help build understanding between people from different backgrounds. The idea was to develop cultural intelligence within the students leading to, as he says, “a better understanding [of each other] and happiness among fellow MBA students.” After only one cross-cultural training, he directly observed a positive change that was also reported by the students. As with so many things, a little focused consciousness raising goes a long way. Given the multi-cultural nature of the ASEAN region there are useful lessons in his article for educators and business managers alike.

Last but certainly not least, **Leelhaphunt** and **Suntrayuth** remind us that we might fool ourselves into thinking that crime pays in the short run but we live in the long run and sooner or later, either justice or Karma will catch up with the ethically errant, though perhaps not before they inflict financial and interpersonal harm. Their article asks, “Do business ethics enhance financial performance of the firm? To find the answer to that question they surveyed 785 participants in 84 companies on the Thai Stock Exchange and found that an ethical manager needs the support of an ethical culture and a code of ethics. Ethical middle managers do reinforce an ethical culture. Setting an example does, in fact, help. Ethical behavior in practice, in their view, has a positive relationship with servant leadership theory but ironically, they concluded that, “a strong code of ethics may not, itself, be a major factor to enhance ROA, but it can be used in minimizing unethical business conduct.” To put it another way, your actions actually do speak louder than your words.

The issue is filled with insight and though I have not mentioned all of the articles in this edition, I do not suggest that any article is more worthy than the others, simply that a small collection seems appropriate to the theme of this introduction. Enjoy them all.

A handwritten signature in blue ink, likely belonging to John Nirenberg.

John Nirenberg, Ph.D.; M.B.A, M.F.A., M.S.
Editor-in Chief
ASEAN Journal of Management and Innovation

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Focus on Professional Development in Higher Education Institutions

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Abstract

The paper presented explores and identifies a reflective process on professional development which basically refers to ongoing learning opportunities available to teachers and any other education personnel through online or traditional institutes and constituencies. This paper echoes on how professional development can be focused around student engagement through thinking skills and strategies; and the link between pedagogy and literature. The paper emphasizes the importance of professional development based on four stages: exploration of professional development for the present; developing the portfolio; undertaking the professional development and reporting on the professional development. The more educators integrate various strategies into daily learning, the more students will gain confidence to question, analyze, identify and apply ideas and concepts.

Today, educational institutes are facing an array of complex challenges as they have to work with an increasingly diverse population of students, integrate new technologies into classrooms, and meet extensive academic standards and objectives. This paper supports the theory that quality teaching and school leadership are the most important factors in raising students' achievements. For improved educational strategies, professional development is a very good tool to strengthen teacher performance. Many people are not aware of their institution's methods for improving teaching and student learning. This paper demonstrates that professional development is the appropriate way educators can better their performance and raise student achievement.

Keywords: Professional Development, educational reforms, professional portfolio, educational practice, learning challenges, student achievement

Introduction

In the words of Albert Einstein: *"I felt that my thirst for knowledge was being strangled by my teachers; grades were their only measurement. How can a teacher understand youth with such a system? From the age of twelve I began to suspect authority and distrust teachers"*

To be a truly successful educator, professional teachers must be dedicated to lifelong learning to benefit both, their students, as well as themselves. Professional development is required throughout one's career in education, as it supports professionalism and provides equal opportunities for educators to gain and improve the knowledge and skills relevant to their job performance. Student achievement depends on rigorous standards and a knowledgeable

team of educators. To maintain high standards for students, there must be high standards for staff members who work with them.

Personal attribute

To be an effective educator, I needed to embark on a professional development program that would enable me to further cultivate knowledge and skills that I needed to address students' learning challenges, and to provide correct and adequate support to overcome those challenges. I realized that professional development is only effective when it causes teachers to improve their methods of instruction and also causes administrators to become better school leaders. It all depends on how carefully we, as educators, conceive, plan and implement development as there is no substitute for rigorous thinking and execution.

Professional development may be explained as ***“The essential task for a teacher is to facilitate learning. As teachers we often need to consider the “support role” as much as the “academic role”, but our prime purpose is to enable the pupil to learn.”*** (Banks & Mayes, 2012).

In this paper, the four stages of professional development will be explored, and together with literature, will be able to understand that professional development keeps teachers up-to-date on new research, how students learn, new curriculum resources, emerging technological tools for the classroom, and much more. Effective professional development should be ongoing, experiential, collaborative, and connected to and derived from working with students and understanding their dynamics and culture.

1. Exploring Professional Development for New Times. What Is Professional Development?

“Improved self-management increases an education leader's ability to cope with stress, resolve conflict, manage change and manage to change, achieve sustainable peak performance, build and lead effective teams and influence organizational cultures.” (Tomlinson, 2004.)

Some observers would regard the emphasis on professional development as an inadequacy in education practitioners. But today, emphasis on professional development comes not from acknowledging inadequacies or deficiencies, but from growing recognition of education as a dynamic and professional field. Education practitioners are constantly discovering new knowledge and approached to different styles of pedagogies. Professional development can be considered as a process that is ***intentional, ongoing and systematic***. It is a consciously designed effort to bring about positive change and improvement. It is a deliberate process which is guided by clear vision of purposes and planned goals by which content materials are selected, procedures developed and evaluations prepared. It is believed that people, most surely, can be encouraged to change. But if the system in which the individual works does not support them, or allow enough flexibility, then the efforts for improvements will surely change. Similarly, if the organization's structure and policies are changed, but the individual within the system does not have enough opportunity to learn how to work with the new system, then the efforts of improvements will again fail.

Therefore, it is now safe to say, and maintain the fact that professional development is intentional, ongoing and systematic in relation to individual development and simultaneous development in the organization.

The Relationship Between Professional Development and Student Learning: Exploring the Link Through Design Research

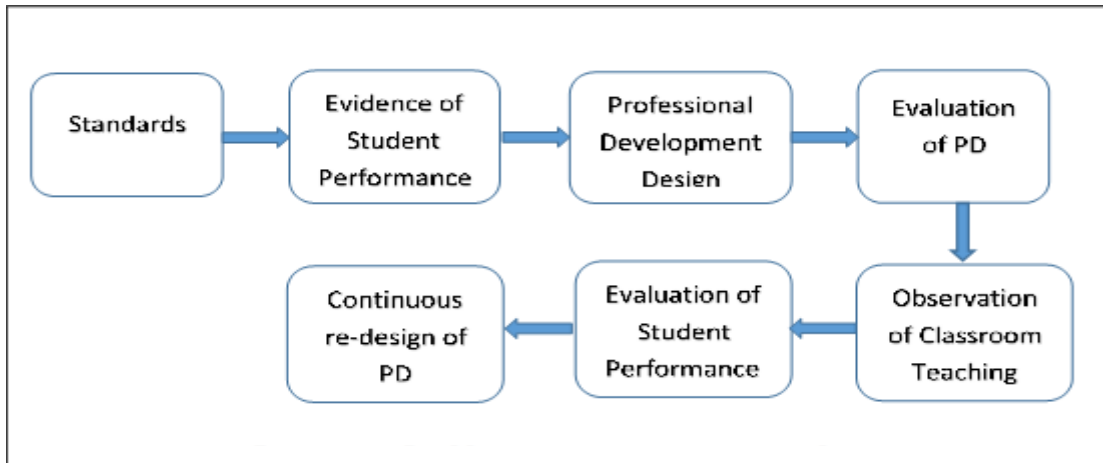


Figure 1. Design approach to Professional Development

Beth Kubitskey, Barry J. Fishman, & Ron Marx Center for Highly Interactive Computing in Education, University of Michigan

Focus of Professional Development

Strategies that schools and school districts use to ensure educators continue to strengthen their practice throughout their career could actually be termed as Professional development. The most effective professional development engages teams of teachers to focus on the needs of their students. The teachers involve and problem solve together in order to ensure all students achieve success. When goals for professional development are established and set, it is imperative to look beyond what educators or trainers are expected to do. Our focus, instead, should be on what participants are expected to do and what we hope the results of their actions will be.

“Professional Development for learning should be meaningful for the deliverer, the audience and those learners who are the end recipients of the learning (usually students but could also be teachers, leaders or parents”. (Ende, 2016.)

Change in Professional Learning

If learners are to achieve at high levels demanded by the high standards that communities have adopted, teachers have to help them do so. Teachers today are most definitely at the center of reform as they must maintain and carry out the high standards required in the classroom for education. Success of ambitious education reforms initiative and,

in a large part, qualification and effectiveness of teachers.

“To carry out the demands of education reform, teachers must be immersed in the subjects they teach, and have the ability to both communicate basic knowledge and to develop advanced thinking and problem solving skills among their students” (Loucks-Horsley, Hewson, Love & Stiles, 1998)

Formerly, teachers used to learn teaching by using a model of teaching and learning that primarily focuses heavily on memorizing facts and information without the emphasis of deeper understanding of the subject matter and knowledge. But today teaching has shifted to a more balanced approach which places emphasis on understanding the subject matter, which initiates the teachers to learn more about the subjects they teach and how students need to learn from these subjects. The integral part of any profession, and teaching is no exception, is the continual deepening of knowledge and skills of what is being taught. Educational reform requires teachers not only to update their information and skills, but also to transform themselves their role as teachers. This sort of education establishes new expectation for students, teachers as well as the school communities. Professional Development, today, is a key tool that keeps teachers abreast of current issues in education and also helps them in implementing innovations and in refining their teaching practice.

In retrospect, education in schools is creating new challenges where a movement for greater teacher professionalism and an emphasis on the school is the locus for changes. Laureate International Universities, the largest higher education network in the world, has many institutions that are house under this umbrella. Laureate, through its faculty development portal, offers a wide range of professional development courses for faculty who want to enhance their educational abilities. “Innovation and Creativity in Higher Education”, one of the many courses offered by Laureate for Professional Development. This course facilitated interaction and discussions with participants from all over the globe. Their views and perceptions allowed me to re-think strategies to tackle everyday challenges in education. It also paved way to redevelop traditional approaches to meet the complexity of present educational reforms. Continuous improvements in standards have created new expectations for students, as well as the search for better assessment techniques. Today, teacher roles are changing as teachers are learning to act more like coaches and facilitators rather than instructors. Effective professional development is necessary for all teachers involved in educational reform. Professional development also is essential for school-improvement teams to build a comprehensive framework for ongoing refinement

Importance of Professional Development

The importance of professional development cannot be overemphasized, especially in a field as vital as education. Only by continually arming oneself with the latest research, techniques and knowledge in the profession, can teachers hope to stay effective in their career.

“Improved districts hold all adults in the system accountable for students learning, beginning with the superintendent, senior staff and principals. The districts have clear expectations for instruction and apply consistent pressure on schools for improved outcomes for students” (Shannon & Bylsma, 2004)

There can only be few teachers who have been unaffected by the rapid pace of change which has influenced the teaching professions over the past decade. Professional teaching relies increasingly on an ability to respond quickly to changing student needs and requirements. Teachers are all being encouraged to embrace change and foster innovation. To adapt to these changes, there should be demands for new skills. No longer can keeping "up-to-date" be optional, as it is increasingly central to professional and organisational success. The response of many teachers to this challenge has been to embrace the concept of continuing Professional Development. From developing a single specialist skill in students to multiple skills requires the teachers to adapt to Professional Development. From planning careers and developing a skill during initial training period to students planning their own careers and continuous life-long learning requires the teachers to adapt to Professional Development. Embedded professional development allows 'teacher leaders' to mentor and support new or struggling teachers. It also provides excellent opportunities for collaboration among school and district staff and promotes the growth of strong professional networks within the district.

2. Developing the Professional Development Portfolio.

It is important to be aware of the fact that Professional Development is a subset of adult learning. Ascertaining how professionals engage in this process is important and distinctive in several ways. Professionals need to first master, and then maintain, a specific body of knowledge that is distinctive to their profession. They need to then develop the ability to apply the information in effective and appropriate ways. Last but not the least, professionals need to be skilful and autonomous learners who select and complete only those learning activities they feel are relevant and important to their professional practice.

Research conducted on effective professional development is undeviating across many studies. Researchers Willis Hawley and Linda Valli (Westchester Institute for Human Services Research) in their fusion of professional development literature, find that high-quality teacher development:

- provides a strong foundation in subject content and teaching methods;
- integrates goals to improve education guided by a coherent long-term plan;
- is designed to identify teacher needs and uses collaborative problem solving by discussing dilemmas and challenges
- provides sufficient time and resources, and engages teachers in working with colleagues in their school;
- is evaluated based on teacher effectiveness and student learning

Many considerations have been made while designing staff development programs for professional educators. Literature does not normally provide evidence of a common or one best approach to professional development, but there are several types of programs that are coupled with professional development. Successful Professional Development programs should be based on the knowledge of the people, the role they play and settings in question, as well as on the overall understanding of the change process and meaning of change. In a nutshell, programs should be designed specifically for the professionals and their unique conditions of practice. Workshops, conferences, meetings, seminars, presentations, all make up the typical

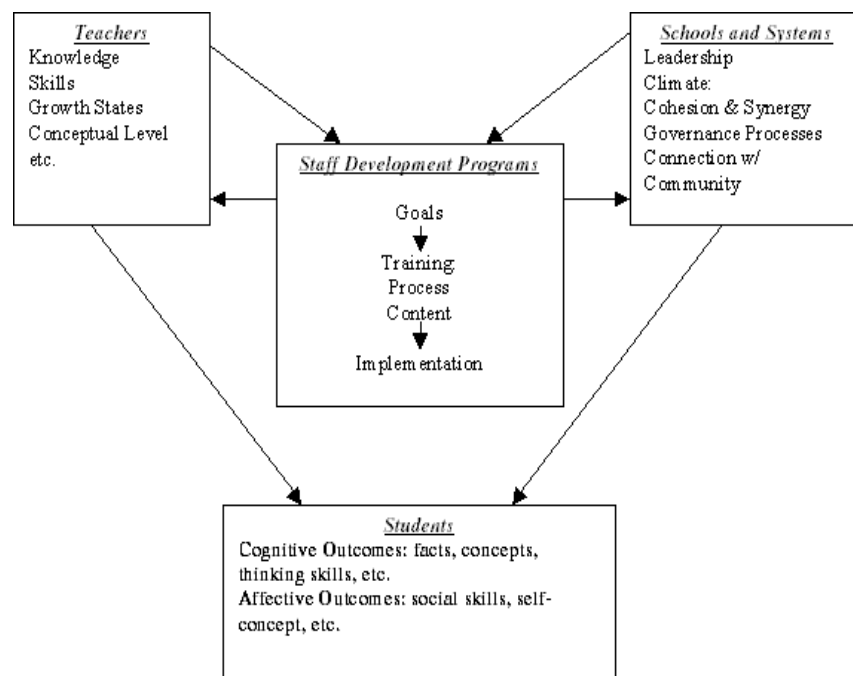
‘professional development agenda’. However, it is significantly understood that long-lasting professional development goes beyond a schedule of activities and events. If we need to take professional development to the “next level”, we need to establish a mind-set that focuses on on-going learning and encourages continuous self-reflection.

Link between Professional Development and Educational Practice

Having established a variety of formats and the focus for Professional Development, professional learners must think of best ways to engage themselves beyond just activities. If Professional Development is to be successful, certain principles as to how adults learn should be borne in mind. Strategies for engaging teachers should involve them in identifying areas of particular interest. This involvement is likely to increase their commitment to learning new techniques and paying attention to research. Teachers must also be encouraged to speak out loud and share their concerns and thoughts. They should be provided with hands-on experiences when possible.

For instance, if they are learning how to teach students to present their work, the professional development session should provide time for participants to practice the skills of presentation. Also, when watching clips or instructional videos about commendable practices, teachers should not only observe but also discuss what they are viewing. They should not be the unaffected recipients of yet another lecture but they should focus on taking responsibility for their own professional direction.

Joyce and Showers (1988) provides a model to describe the associated variables of Professional Development and their relationship.



A professional’s knowledge may be defined as a combination of both technical and practical knowledge. Technical knowledge is defined as the codified (the “know what”) information, obtained largely through classroom lecture, while practical or interpretive (the “know how”) knowledge is acquired only through experience. Thus, while both types of

knowledge are necessary for effective professional practice, it is the experiential knowledge that changes the practice behaviour of the professional.

A learner may acquire information in a professional development seminar, but it will not cause him/her to alter practices unless the specific problem discussed is the one that the learner is presently facing. Practical knowledge is directed towards action. Learners need work in “action contexts,” in which they must make decisions regarding practice “in the moment” and take responsibility for the consequences of their actions. It is believed that this is the context in which the largest part of learning takes place.

Since a long time now, the authors (Darling-Hammond and McLaughlin, 1995) argued that in today’s fast developing world of reform, teachers need to adapt to present needs of learners and teach in a ways they never contemplated before. The authors suggest that effective professional development must:

- *engage teachers in practical tasks and provide opportunities to observe, assess and reflect on the new practices*
- *be participant driven and grounded in enquiry, reflection and experimentation*
- *be collaborative and involve the sharing of knowledge*
- *directly connect to the work of teachers and their students*
- *be sustained, on-going and intensive*
- *provide support through modelling, coaching and the collective solving of problems*
- *be connected to other aspects of school change”*

What the past years have communicated is that respect, from students, comes through time, experience and making hard decisions. There is more that goes into being a good teacher than simply having knowledge. It is not effective for teachers to be cynical or negative about their students, or else, cast themselves as victims. It is exciting to try things that may fail; if someone succeeds, then the person has accomplished something – and if someone doesn’t succeed, then one has learnt that adjustments need to be made. Overall, just about all good teachers are eternally busy, and this is not because of the volume of classes they have to teach but because they are always trying something different or else refining what they have previously tried, not only to realize their professional direction, but also to direct students in taking responsibility in focusing on their own professional direction. This refinement can only come with professional development.

Evidently, good teachers need to motivate students by working within their incentive system, and to know their incentive system, one should first get to “know them”. Getting to know students in order to teach them, needs coaching and this coaching is concentrated in teacher professional development. Professional Development provides learning opportunities, including educational programs, courses, workshops, activities, resources, and interactions with instructors, mentors, and colleagues. Therefore, for a teacher, who has a full time teaching job, professional development plays an important part in keeping up with times.

3. Undertaking the Professional Development.

Fortunately, professional development is now widely recognized as a national priority. Many schools now support large scale professional development activities, some of which are

excellent. Professional development practices and experiences can lead teachers to change classroom activities which results in better teaching and improved outcomes for students.

“The challenge for the education system—for principals, superintendents, mathematics supervisors, political leaders, voters, and others—is to make high-quality professional development a given that does not depend on chance, circumstance, or heroic efforts by teachers.” (Zucker 2009)

Today, employees are reinforcing themselves with development which is indicative that they need and want to be in a workplace that has meaning and value to themselves and that, in it, they find the means and relevant opportunity to also be a contribution to the community. These initiatives and dependency on development gives rise to experiences that are valuable for learners to learn more about work in a specific occupational area. There are constant advances in our understanding of how students learn, and teachers need to know what these are.

“We need to train and retrain our hands so our teaching fits in line with the critical thinking, problem solving and group dynamics necessary to give our children a fighting chance,” (Beasley 2006).

In my opinion, teachers need to do a set number of professional development hours as a part of the condition of employment and certification. Teachers will definitely value increased student achievement as an outcome of professional development, more than any other variable, and judge the value of their professional development activities by how much they see a leap in student learning. As a result, professional development enables teachers to implement new teaching techniques, to help students work collaboratively and develop higher-order thinking skills, to encourage students to be engaged in the learning process, to assist students who have various learning styles and special needs, and to expose students to a broad range of information and experts.

Personal Professional Development Activities and Goals

A wide variety of people, such as teachers, health care professionals, lawyers, accountants and engineers engage in professional development. Individuals participate in professional development because of an interest in lifelong learning, a sense of moral obligation, to maintain and improve professional competence, enhance career progression, keep abreast of new technology and practice, or to comply with professional regulatory organizations.

Examples of professional development activities for teachers other than external/online courses could be:

- observing other teachers teaching
- watching a colleague present an assembly
- observing a visiting expert
- shadowing a fellow teacher
- visiting and seeing other schools in action
- observing and working with an artist in residence

When professional development is done well, has the opportunity to change teachers' practice and we know that teachers' practice is the most important factor impacting student

achievement. The desired outcome for being engaged in professional development is:

- *Information Transfer* – receiving information about new approaches, techniques, requirements, etc.
- *Skill Acquisition* – being taught a particular way to do something
- *Behaviour Change* - new information and/or skills are taught with the expectation that the new learning will be applied and change behaviour as well.

Professional Development can be very powerful when goals are identified. One may not succeed at every goal, but reviewing progress periodically to measure achievement, will give one an overview of accomplishments. Simply setting the goals will greatly increase the likelihood that one gets much closer to the identified target.

Reasons for my Professional Development

Following are some of the reasons, why Professional Development plays an integral part in an ongoing career growth:

- Professional development training would make me more productive and in turn, could also be profitable for the organization.
- Professional development helps me stay current on the latest educational skills and emerging trends
- Professional development allows opportunity to bring new ideas and best practices to the organization
- Job satisfaction and success are directly linked to continuous upgrading skills and acquiring new information
- When one feels engaged, one works harder and wants to produce the best work possible
- When one feels intellectually challenged, one is more likely to take on greater responsibilities
- Professional development is a cost-effective retention tool

Another important reason for choosing this professional development program is to illustrate that multi-lingual schools, are capable of providing opportunities for students to achieve and sustain high levels of academic excellence even when faced with challenges such as low income levels and a lack of students' English proficiency upon entering school.

“One recent analysis examined the effect sizes of previous research and concluded that, “Study after study has reported that children in bilingual programs typically outperform their counterparts in all English programs on tests of academic achievement in English. Or, at worst, they do just as well”. (Krashen and McField 2005)

Therefore, being engaged in a professional development program enables educators to provide students with safe, positive, stimulating and caring environment that encourages the fulfilment of the individual, and the growth of self-esteem in all areas: academic, social and personal.

4. Reporting on Professional Development.

As schools continue to move ahead into different phases of educational reforms, one factor that is consistent in each and every place; is the need for professional development. Educational reform requires teachers not only to update their skills and knowledge but also to

totally transform their roles as educators. It establishes new expectations for students, teachers, and school communities that some educators may not be prepared to meet. Professional development helps teachers learn new roles and teaching strategies that will improve student achievement.

“True professional development should be a learning experience for all who are involved ...professional development is a purposeful and intentional process designed to enhance the knowledge and skills of educators so that they might, in turn, improve the learning of students” (Guskey, 2002)

Along with the demand for quality professional development, comes the need to be accountable. Professional development programs must be assessed to document their value to the school organization, individual educator, and ultimately the students. To ensure the effectiveness of each professional development effort, the evaluation must be seen as an on-going process that is initiated in the earliest stages of program planning and continued beyond program completion.

“Evaluation can help in choosing the right program, adapting it to your local context, and to fine tune the program once in use”. (Guskey 2002)

Identifying the Learning Objectives

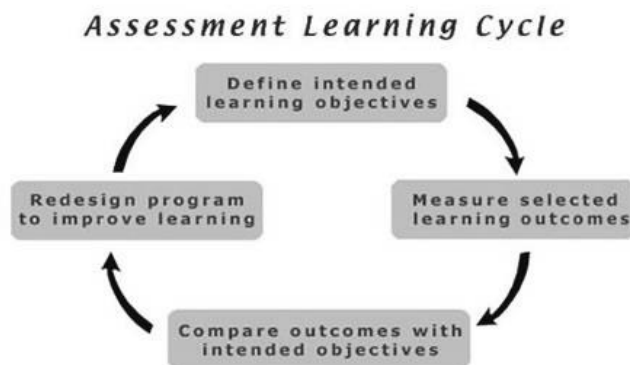
Although professional development programs are designed to affect the participants and in turn the students, they typically also have an impact on other stakeholders, administrators, counsellors, principals, and other instructional staff. I believe that affective learning objectives are concerned with the learner's interest in, attitudes toward, and appreciation of a subject. They are generally used where trying is as important as succeeding and include aspects such as 'showing sensitivity to', 'accepting responsibility for', 'being willing to' and 'demonstrating commitment to' improvement and self-realization. Professional Development outcome measures are important, but they present challenges in terms of appropriateness for practice and effectiveness of assessment methods. Outcome measurement implies a causal relationship between education and the effect that can be demonstrated.

In my opinion, learning objectives of professional development can be categorised into three parts:

- a measurable action,
- the conditions, if any, under which the performance is to occur, and
- a criterion of acceptable performance i.e. standard.

“The growing interest in better understanding what constitutes effective teaching practices, coupled with its power to leverage educational improvement, presents a challenge and opportunity for policymakers to address how to efficiently and reliably measure teacher performance” (Mathers et al 2008)

This reiterates that measuring teacher performance is imperative but can only be done if there are goals and objectives that need to be accomplished in order to be evaluated. It is believed that learning objectives should be stated in terms of learner-behaviour, be specific



and measurable, use an action that indicates the depth of understanding expected and be stated precisely using terms that have a uniform meaning and are consistent with other resources, and most of all, it should be realistic. A very apt model of understanding learning objectives and their outcomes is graphed below:

Assessment Primer: The Assessment Learning Cycle, University of Connecticut

The above simple, but effective cycle, by the University of Connecticut shows that in order to improve, there should be an objective and accomplishing this objective will give rise to identifying new ones. Accomplishment of objectives can be measured against the required outcome and, the need for improvement can be implemented only when the intended objectives have not been achieved.

The following are probably some learning objectives that have been identified when the decision to be involved in professional development is made:

- to modify and improve the quality of the relevant program;
- to make adjustment wherever required, ensuring optimal results;
- to determine the effectiveness of continuing professional development on teacher practice, school organisation and student improvement;
- to undergo a change in practice and roles as we move forward towards reform standards for teaching and learning
- to impact on my professional growth and development as an educator; including the nature of growth and changes in professional life, role and responsibilities;
- to impact on school organization and ultimately, student outcome

“Examination of teacher quality focuses on four categories of teacher quality indicators – teacher qualifications, teacher characteristics, teacher practices and teacher effectiveness. The four categories summarize the ways that teacher quality is commonly defined for policy purposes, and they are frequently linked to hiring and career-ladder decision making” (Goe 2007)

Contribution towards Professionalism

A wide variety of people, such as teachers, health care professionals, lawyers, accountants and engineers engage in professional development. Individuals participate in professional development because of an interest in lifelong learning, a sense of moral

obligation, to maintain and improve professional competence, enhance career progression, keep abreast of new technology and practice, or to comply with professional regulatory organizations.

“The ability of teachers to organize classrooms and manage the behaviour of their students is critical to achieving positive educational outcomes” (Emmer & Stought 2001)

Classroom management is one of the key performance indicators of professionalism in education and literacy. Where a classroom cannot be managed, knowledge cannot be delivered as the classroom environment is of vital importance in improving student outcomes.

“Although surveys indicate that experienced teachers have fewer concerns regarding classroom management, such surveys may be less of an indication that teachers learn over time how to manage classrooms effectively and more a result of the fact that many teachers who did not learn classroom management skills have simply left the profession” (Baker 2005).

This is just one example of how professional development can improve professionalism in educating and inspiring students to realize their intentions of learning. Experience has allowed me to witness teachers who mismanage class. Although they have been teaching for an extensive period of time, when it came to managing and organizing classroom activities and improving students' outcomes, they had been unsuccessful in achieving the desired result as per required institutional standards. It can be affirmed that, with professional development, one could begin to explore management techniques that will nurture a positive learning environment and also establish standards for behaviour. It helps determine the parameters of emotional and physical safety in instructional institution. It helps identify what professionalism and ethics in the classroom means – personally, professionally and institutionally. It also assists to conduct self-evaluation and ethical values to ascertain strengths and areas for improvement

Conclusion

“The ability of teachers to organize classrooms and manage the behaviour of their students is critical to positive educational outcomes. Comprehensive teacher preparation and professional development in effective classroom organization and management is therefore needed to improve outcomes for students in general and special education” (Regina & Daniel 2007)

Professional development is a broad term, which encompasses a range of people, interests and approaches. Those who engage in professional development share a common purpose of enhancing their ability to do their work. At the heart of professional development is the individual's interest in lifelong learning and increasing their own skills and knowledge. The 21st century has seen a significant growth in professional development. Content providers also incorporate collaborative web-based platforms such as discussion boards and wikis, thereby encouraging and facilitating interaction, and optimizing training effectiveness. Effectiveness of professional development indicates increased student achievement; increased teacher content knowledge and evidence that the two are linked together in some way. What actually counts, is that teachers need to know what they teach in a specialized way that promotes students' thinking, being able to pose a task, being able to understand their self-evaluation, able to

achieve their expectation and most importantly, being able to make decisions. It can be reaffirmed that those students who are educated by teachers with continuing professional development score higher on assessments as the teachers can understand and predict their frame of mind.

With professional development to one's advantage, one is able to realize its value in improving teacher practice, school organization and students outcomes. One is also able to participate in evaluation of other professional development programs. Gathering data by interviewing teachers and other educational professionals, and asking them to examine and discuss current attitudes towards professional development can also be achieved through professional development. With every little bit of assistance in education, is an added brick to the foundation that will only help to competently achieve desired performance, objectives and results.

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The Application of Stimulus-Organism-Response Paradigm: The Role of Social Media in Thailand's Destination Image and Behavioral Intentions

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Abstract

Online and social media have created a huge impact for all industries, and tourism has no exception. The digitalization enables international tourists to research, plan, review, make a deal for their trip in prior their actual site visitation. This paper investigated the impact of tourism information quality provided in social media on Thailand destination image and behavioral intentions. The research was quantitatively conducted with 214 international tourists throughout Thailand. Multiple Regression Analysis was employed to test hypothesized relationships. The empirical results discovered that some dimensions of information quality had significantly associated with perceived destination image and also resulting in favorable behavioral intentions. The result of this study helped related bodies in effectively use and manage tourism content provided through their social media, so that sustainable tourism success is achievable, especially in today's digital world.

Keywords: S-O-R model, Social Media, Destination Image, Behavioral Intention

Introduction

Tourism industry turns to be a significant industry in driving world economy. Globally speaking, tourism has shown a healthier growth in almost every country (World Travel and Tourism Council, 2017). Therefore, tourism becomes a core product that is much received attention from an international trade. In the past decades, the popularity of Thailand's tourism industry has steadily increasing and the kingdom has become one of the world's key players when it comes to tourism and hospitality. Thanks to its enormous appeal s, from friendly locals to tropical climate, from gourmet dishes to rich customs, from flora and fauna to adventurous sites, a number of international tourists visiting Thailand is increasing year by year. International arrivals increased from 15.9 million in 2010 to 26.5 million in 2013 (World Travel and Tourism Council, 2016). With some hiccups in 2014 when tourism was heavily threatened by Thailand's Coup, the number of foreign tourists was suddenly dropped by 20%. However, the number was soon recovered and almost doubled to 32.6 million arrivals in 2016 (World Travel and Tourism Council, 2016). To date, a positive forecast is still expected. Needless to say, tourism industry of Thailand is well capable of competing with other destinations in the growing global tourism market, evidenced by its increasing market share of international headcounts. Closing enough to the success of Thai tourism, there comes a difficult time Thailand may have to contend. Not only the increasing number of new destinations, but the changing of travelers' behavior has brought challenges in maintaining its sustainable success.

In the wake of globalization, social media has created a huge impact on all walks of every industry and tourism has no exception. Together with the information-sensitive nature of tourism industry, travelers put a great importance on electronic word-of-mouth (eWOM) (Zeng & Gerritsen, 2014). Many of social platforms (for example Facebook and Instagram) enabling customers to share their travel experience among those who having the same interest, research and plan their trip, find deals, and many more. This makes some sense to say that, consumers are now becoming the media themselves, while destination marketing organizers (DMOs) have less control over the message which can be hugely valuable when positive and vice versa.

Additionally, social media is also playing a critical role in shaping how visitors perceive a destination especially for first time visitors who solely base their judgments on the information that they are exposed to in the virtual world since actual site visitation has not yet taken place. Social media is even more important to the tourism industry as its penetration rate is ever increasing globally, this implies that travelers are internet-savvy, forever connected and social media obsessed (Wong, 2016). On the other hand, the utilization of social media is not limited to consumers. Social media has been used as an effective marketing tool in pushing a destination forward to global audiences. Social media allows DMOs to market a destination and deliver its favorable destination image to travelers. From this perspective, social media will continue to be a significant antecedent of travelers' attitude towards a destination.

The rising number of new destinations has brought tensions to the industry since there are more and more competitors sharing a piece of the same pie. This has shed the light on repeat travelers who are willing to return to a destination again in the future. A destination is not only beneficial from reducing advertising cost in attracting newcomers, but several studies have revealed that repeated visitors spend a lot more as comparing to first time travelers (Thomas, 1994). Undoubtedly, the retention of returning visitors always receive considerably attention from policymakers and practitioners as far as the development of tourism industry is concern.

Therefore, this research aims to address the influence of social media on perceived destination image, and behavioral intention. In so doing, several contributions are given. Academically speaking, this paper contributes to the expansion of destination image literatures. Besides, it also provides a holistic outlook and extends theoretical knowledge related to constructs being studied. By addressing the images holding by travelers, Thailand's destination can be altered to ensure that it correctly highlights tourists' demand. The paper, therefore, provides tourism organizations and agencies the destination image strategy and make Thailand sustainable tourism a success.

Additionally, having knowledge of behavioral intention and destination image make it possible for Thailand, as a destination, to create lifelong relationship with repeated visitors and in turn leading to further visitation and loyalty. Lastly, communication technology and social media can be effectively utilized as it is supported by governmental institution (Thailand 4.0 initiatives) by which the government tries to push innovation and creativity in driving national economy. A combination between maintaining strength from within (i.e. natural resource, culture, customs and tradition) and connection to the global marketplace would lay a successful path for tourism industry as proposed in Thailand 4.0 roadmap.

Literature Review

The Theory of Stimulus-Organism-Response

The theoretical foundation of this study is grounded based on the application of Stimulus-Organism-Response (S-O-R) paradigm by Mehrabian and Russell (1974). However, the stimulus-organism-response framework was originally rooted from environmental psychology (Mehrabian & Russel, 1974) and extended from Stimulus- Response (S-R) theory in behaviorism (Moore, 1996). The original model of behaviorism study discovered that

learning process was occurred through the combination between stimulus and response of animals' simultaneous reaction. From S-R perspective, such resulting behavior can be arose as provoked by certain stimuli without any intervention (thinking and feeling for instance). This was much received critique since the complexity of human's mental activities was disregard within S-R framework. Therefore, the extension of human internal mental evaluation led to the development of S-O-R paradigm. The S-O-R model suggested that the external inputs from exposed environment (Stimulus) triggers internal emotion (Organism) and lead to resulting behavior (Response). Based on this ideology, consumers may response in a different way to the given cues based upon their internal primary emotional reaction.

Social Media as a Stimulus

Recently, the growing awareness of the importance of social media is perceived clearly, yet little is known about how social media is effectively used when it comes to tourism sector. Inability to access the information quality, destination marketing organizations cannot evaluate their organizational information quality and examine its continual improvement (Y. W. Lee, Strong, Kahn, & Wang, 2002). It is therefore necessary to investigate the attribute of tourism information in social media and its effects on destination image. The definition of information quality in social media context was best given as the degree to which information is suitable for doing a specified task by a specific user, in a certain context (Fahame, Ahmad, Guy, & Wasana, 2013).

Information quality is divided into four quadrants; intrinsic quality, contextual quality, representational quality, and accessibility quality (R. Y. Wang & Strong, 1996). It is also worth pointing out that different sub-dimensions of information quality are used depending on the context and purpose. Intrinsic quality, independent of context, implies that tourism information has quality in its own right. It is a degree to which the information is accurate, believable, reliable, and presented by creditable source. Contextual quality is the extent to which information is value added, relevant, timely, and complete and sufficiency. Representational quality covers the consistency and concise representation of information. Accessibility quality emphasis how information is accessed and secured (R. Y. Wang & Strong, 1996).

Deriving from social media distinctive features; borderless accessibility, global audience reach, and ease of use, information quality slightly differs from tradition information system (Agarwal & Yiliyasi, 2010; Baeza-Yate, 2009). Since a number of evidences show lesser relevance of accessibility quality in the social media context, only three dimension remains in social media context; intrinsic quality, contextual quality; and representational quality. However, accessibility was not totally excluded from the model but rather put under the umbrella of representational quality. Although, it is yet included in information quality framework, social quality dimension is considered as an influential factor as far as social media is concerned.

Even more important, the enhancement of information reliability could be increased through real-time interaction among social media users and businesses as well. Therefore, social relationship-related variables partially advance information quality management to the success. Base on the study of P. Wang et al. (2017), two constructs could be included in social quality; social presence and social interaction. The information quality and its description in social media context is given in Table 1.

Table 1. Information Quality in Social Media Context

Dimension	Indicators	Description; Degree to which information is
Intrinsic quality	Accuracy	correct and free of error
	Completeness	of sufficient breadth and depth
	Objectivity	unbiased
	Reliability	trustable and came from good source
	*Originality	new and not copied from others source
Contextual quality	Amount of data	presented in appropriate quality or amount
	Relevancy	applicable for task in hand
	Timeliness	sufficiently up-to-date
	Ease of understand	clear without ambiguity and easy to comprehend
	Value added	beneficial and provides advantages to users
Representational quality	Conciseness	compactly represented without being overwhelming
	Consistency	presented compatibly in the same manner
	Accessibility	easily and quickly retrievable
*Social quality	*Social interaction	allowed a user to create active communication
	*Social presence	allowed a user to experience others as being psychologically present

Destination Image as an Organism

The most cited definition of destination image was early defined by Crompton (1979) as “the sum of all beliefs, ideas and impressions that people associate with a destination”. In later years, Baloglu and McCleary (1999) found out at the formation of destination image held by individuals also was also shaped by characteristics of a person. Having said that personal characteristics and beliefs are an uncompleted but significant antecedent of destination image, then it makes sense to reach the point that what are hold in travelers’ mind are different from one to another based on their way of thinking.

However, some other group of authors believed that destination image is rather a mental depiction of a destination (Alhemoud & Armstrong, 1996; Seaton & Bennett, 1996). From this viewpoint, it could be reasonably concluded that people are likely to have the image of a destination exhibited in their cognizance even before an actual visitation has been made. Destination image is also derived from the cognitive and affective evaluation of a person. A cognitive is what one knows and affective is how one feels. Bridging his concept to holiday destination, a cognitive image is referred to an interrelated set of beliefs, knowledge, attitude, understanding of individuals towards an object, in particular a destination, the cognitive image is then evaluated by attributes and resources of a tourist attraction (Goodall & Ashworth, 1995). The sample of cognitive evaluation are attractiveness, characteristics of locals, monetary worthiness, and gastronomy.

On the other hand, affective image represents how people feel or feeling and emotions created by tourist destination (Keller, 1993). Pleasure and arousal are sample of a latter variable. If a head were an analogy of such cognitive image, heart would be well described for the affective image. Cognitive component was proved to have considerable influence on and related to affective image (Lin, Morais, Kerstetter, & Hou, 2007; Ryan & Cave, 2005). Therefore, in order to gain in- depth understanding on how people assess a destination, cognitive and affective component should be distinctly investigated (Russell & Pratt, 1980). In line with this notion, it becomes more recent research approach that enabling the investigation of the effect of both cognitive and affective dimensions of destination image.

The Relationship between Social Media and Destination Image

The number of studies has reflected a significant relationship between these two variables from difference perspectives. For example, Xiang and Gretzel (2010) revealed that lot of travel information is derived from social media, and search engines likely escort travelers to social media site. Information provided in social media is considered more comprehensive. To date, social media is being used as an effective mechanism to create positive destination image and became more popular as a primary online source of travel information. Lim, Chung, and Weaver (2012) qualitatively conduct a research investigating Las Vegas destination perceived image by textually analyzing electronic video contents in YouTube generated by both consumer and destination brands. The key results revealed consumer-generated content is significantly influenced destination image as much as content delivered by marketers. However, consumer generated content is better to draw attention from public than content generated by marketers. In the same direction, Tham, Croy, and Mair (2013) found out that electronic word-of-mouth in social media platforms are playing an essential role to strengthening the creditability of information since it disseminates content from multiple perspectives and in turn enhancing visibility of destination image. Therefore, the hypotheses are proposed as follows:

- H1:** Intrinsic quality of tourism information in social media are positively associated with the cognitive/affective image of a destination.
- H2:** Contextual quality of tourism information in social media are positively associated with the cognitive/affective image of a destination.
- H3:** Representational quality of tourism information in social media are positively associated with the cognitive/affective image of a destination.
- H4:** Social quality of tourism information in social media are positively associated with the cognitive/affective image of a destination.

The Relationship between Cognitive Image and Affective Image

Having said that overall image of a particular destination was established by a combination of cognitive and affective image, cognitive image also leads to affective evaluation of an individual. Even these two concepts are distinct, they are hierarchically related. Many of research papers, in a primeval age, found that cognitive attributes engage in affective reaction (Gartner, 1993; Russell & Pratt, 1980) and, still, this notion has been used as a ground for literatures these days. As debated by S. E. Kim et al. (2014), such relationship between cognitive and affective evaluation also exists in tourism social media context. It is generally accepted that cognitive image is form prior to affective. Based on social media context and image formation, it is possibly that users establish destination image while they are exposed to travel and destination information available in social media platforms. Later on, feeling towards a destination is created and, if positive felling is aroused, led to actual behavior. Therefore, the hypotheses are proposed as follows:

- H5:** Cognitive image is positively related with affective image of a destination in social media.

Behavioral Intention as a Response

Schiffman and Kanuk (2007) described behavioral intention as a perceived likelihood that an individual will engage in a certain way in the future. Not to mentioned, the significance of behavioral intention has long been acknowledged, as it allows businesses to predict

consumers' behavior so that corresponding marketing strategies could be effectively developed. Central to tourism context, behavioral intention turns to be a critical element for sustainable tourism success especially for a mature holiday destination. The phenomenon of repeat visitation is crucial for such places. Thailand for instance, over 65% of international tourists are repeat visitors (Ministry of Tourism and Sports, 2017). At the operational level, revisit intention and recommendation intention were commonly used to measure destination loyalty (Oppermann, 2000). Each of the dimension is separated discussed in the section below.

Revisit intention is a desire or willingness to make a repeat visit to the site again in the future (Cole & Scott, 2004). The researched conducted by Thomas (1994) revealed outstanding financial benefits of marketing existing customers over acquiring new clients. That is to say, the expenditure was required five times lower for maintaining current customers than obtaining new ones, while 5% increase on customer retention rate would increase company profit from 25% up to 95% across variety industries. Specifically, repeat visitors are desiderated market because at a destination they return, they are likely to have a longer stay, create positive WOM, intensively involved in consumption activities (Lau & McKercher, 2004; Oppermann, 1998). Moreover, the stronger intention a person has, the higher likelihood to actually perform the behavior in future. Therefore, the underlying significance of revisit intention make tourism-related businesses give precedence to it since it is considered as a major source of long-term profitability for tourism businesses.

Westbrook (1987) defines **Word-of-Mouth** as "informal communications directed at other consumers about the ownership, usage, or characteristics of particular goods and services and/or their sellers". As in tourism context, traveler consumers who have visited a destination are likely to act as free word-of-mouth advertising agents by informally communicating with their peers and possibly bringing potential consumers to a product and service in future. With a high credibility people have on this referral marketing, the power of interpersonal communication has been well recognized in marketing field. Based upon intangible nature of tourism products, it creates difficulties and ambiguous in consumers' decision making process. Therefore, tourism industry heavily relies on the competence of WOM more than other industries (Ishida, Slevitch, & Siamionava, 2016).

Apart from traditional WOM by which informal communication among people occurs face to face, **electronic word-of-mouth** (eWOM) has been more highlighted as the emergence of communication technology development in today's digital era is improved. The major difference between WOM and eWOM lies between media used, eWOM, unlike traditional WOM, is hosted online through cyberspace for instance instant messages, websites, blogs, online communities, reviews sites, social networking sites (Ishida et al., 2016). eWOM is more desirable than traditional WOM in terms of span and speed of the information dissemination as well as the number of global audience reached, therefore yielding higher impact on decision making process than the traditional one (Jeonga & Jang, 2011). With benefits eWOM bring, eWOM does not completely conquer face-to-face communication. Traditional WOM is received higher creditability than both government-sponsored contents and eWOM since the interaction among friends, colleagues, family and relatives bears stronger ties (Cox, Burgess, Sellitto, & Buultjens, 2009). In studying aftereffects of destination image on recommendation intention, the combination between tradition WOM and eWOM should be together investigated.

The Relationship between Destination Image and Behavioral Intention

The interrelationship between destination image and behavioral intention was strongly supported. Court and Lupton (1997) quantitatively conducted a study with 903 local tourists in the States of New Mexico. The major conclusion was being reached, a favorable image of a

tourist destination as a byproduct of direct experiences positively influenced on intention to revisit. Simply speaking, people who have visited and have a positive travel experience, given the chance, are more likely to return. The path of “destination image-trip quality-perceived value-satisfaction-behavioral intentions” was investigated having Taiwan as the research setting by C. F. Chen and Tsai (2007). This research was quantitatively collected data from local tourists in the year of 2004. It revealed that all four destination image of Taiwan; destination brand, entertainment, nature and culture, and sun and sand, had a direct impact on behavioral intentions (i.e. revisit intention and recommendation intention). It is clear that the role of destination image is not only limited to traveler’s decision making process, but taking part post-purchase behavior of tourists as well.

Many of researches, across different counties, have shown direct and indirect effect of destination image on destination loyalty. In this sense, destination image is fairly recognized as an antecedent of destination loyalty that capable of explaining post- purchase behavior of tourists including intention to revisit and WOM. Therefore, the hypotheses are proposed as follows:

H6: Cognitive image of a destination is positively associated with revisit intention/ WOM/eWOM.

H7: Affective image of a destination is positively associated with revisit intention/ WOM/eWOM.

Research Method

Regarding research design of this study, primary data was quantitatively collected through questionnaires. Indeed, such instrument capacitates researcher to gather quintessential data from a big pool of population in a shorter time with relatively low cost. In pursuance of getting answers research questions, questionnaires will be designed to ascertain respondents’ perception of social media, destination image as well as behavioral intentions.

Construct Measurement

In constructing the questionnaire of this research, the measurement items from existing studies were followed. In so doing, reliability and validity would be, at least, preliminary verified. Information quality of social media was evaluated by using items developed by existing instruments developed by several scholars (Boo & Kim, 2013; Fox & McEwan, 2017; Haridakis & Hanson, 2009; Kaur et al., 2016; S. E. Kim et al., 2014; Y. W. Lee et al., 2002; Mercanti-Guérin, 2008; P. Wang, 2015).

The second part of the questionnaire aims to determine Thailand’s destination image, by investigating both cognitive and affective perception holding by international tourists. The cognitive image is measured by existing instrument based on the study of Chen & Tsai (2007), Kaur et al. (2016), and Martin & Bosque (2008). Affective image, on the other hand, is measured by seven pair of attributes representing respondents’ emotional state of mind towards a destination. The construct measurements were based on the study of Stylos et al. (2016). Behavioral intention is operationalized by three sub-constructs including intention to revisit, WOM intention and e-WOM intention. The measurement of intention to revisit and intention to recommend were adapted from Stylos et al. (2016), Sauiden et al. (2017), and Papadimitriou, Kaplanidou, and Apostolopoulou (2015). In addition, e-WOM is measured by questionnaire originally developed by Lo and Lin (2017) and Sohn (2009).

The set of six point Likert scale (having no neutral answer) is used for measuring information quality of social media, and so does destination image and behavioral intentions.

A study of Garland (1991) verified that an occurrence of social desirability, by which socially desirable response is falsely given as it would be viewed positively by others rather than selecting answers that is truly reflected individual perception, can be minimized once mid-point response is eliminated from measuring scale. Additionally, cultural difference plays an important role in response to Likert scale. For instance, midpoint is more frequently selected by Chinese and Japanese than American did (when positive and negative emotion is, most of the time, indicated) (J. W. Lee, Jones, Mineyama, & Zhang, 2002). It is suggested that construct validity could be improved when even response scale is being used (J. W. Lee et al., 2002). Therefore, a set of six point Likert scale (1 = strongly disagree to 6 = strongly agree) is employed in this study.

Sampling and Data Acquisition Method

As to ensure the representative of population being studied, quota sampling was firstly used by which international tourists were divided into strata based on regions visited, and then proportions were given to mutually exclusive subgroup. It is worth pointing out that Thailand itself is variably divided into different sets of regions based on purpose and responsible agency. However, this study was followed the clustering of Department of Tourism since it provides sufficient tourism statistics (Department of Tourism, 2017). However, the sample size for this study is followed the simplified formula suggested by (Yamane, 1967). Once applying the formula, 400 respondents are expected. The number of international tourists as of 2016 is separated by region visited and its proportion is demonstrated in Table 2.

Table2. The Proportion of International Tourists by Regions

Region	International Tourists	Percentage (%)	Sample size
Bangkok	20,689,273	31.07 %	124
Central	3,909,969	5.87 %	23
North	4,595,317	6.90 %	28
North East	1,475,492	2.22 %	9
East	10,100,950	15.17 %	61
West	1,987,325	2.98 %	12
South	23,841,182	35.8 %	143
Total	66,599,508	100 %	400

In terms of questionnaire distribution, the questionnaires were handed to international tourists at popular tourist attractions across the kingdom. The justification of selected sites is based on a number of international visited the attraction in 2016 (latest available statistic from Ministry of Tourism and Sport), the recommendation of Tourism Authority of Thailand and well-known travel website companies including TripAdvisor and Expedia.

Since destination image is complex, diverse types of tourist attraction must be taken into consideration. Therefore, questionnaires will be distributed in different destination categories ranging from cultural heritage to nature and wildlife, from place of worship to recreational and entertainment, from educational place to shopping venue, from spa and wellness to suburban living.

Data Analysis

Of 550 distributed questionnaires throughout the kingdom, 214 of which gave valid responses (response rate = 39%). Fifty-three percent (n=113) of these participants were female

and the majority (63%) of survey participants were aged between 20-39. Additionally, 57% of respondents were employed while another 29% were studying. The nationalities of respondents were European, Chinese, other in East Asia (Japan, Hong Kong, Korea), ASEAN, The Americas, Middle East, and Africa, respectively. Even most of respondents has an income higher than 3,000 USD (27.6%), those with an income between 500-2,000 USD was reported at 40.2%. Regarding travel experience, 116 participants (54.2%) have visited Thailand more than once (repeat visitor).

Personally arrange or DIY was found to be the most selected travel arrangement method (64%), following by personal group tour (19.6%), and group package tour (11.7%). Additional demographic characteristics of the respondents was fully exhibited in Table 3.

Table 3. Demographic Characteristic of the Respondents

Measure	Item	n	%
Gender	Female	113	53.8
	Male	101	47.2
Age	Below 20	19	8.9
	20-29	84	39.3
	30-39	49	22.9
	40-49	26	12.1
	50-59	16	7.5
	60 and above	20	9.3
Occupation	Student	61	28.5
	Employee	92	43
	Self-Employed	30	14.1
	Retired	17	7.9
	Other	14	6.5
Nationality	ASEAN	8	3.7
	China	77	36
	Europe	80	37.4
	Other in East Asia	24	11.2
	South Asia	4	1.9
	The Americas	9	4.2
	Oceania	6	2.8
	Middle East	3	1.4
	Africa	3	1.4
Measure	Item	n	%
Income	<500 USD	26	12.1
	500-1,000 USD	39	17.8
	1,000-2,000 USD	48	22.4
	2,000-3,000 USD	33	15.4
	>3,000 USD	59	27.6
	N/A	10	4.7
Travel Experience	First time visitor	98	45.8
	Repeat visitor	116	54.2
Travel Arrangement Method	Personal group tour	43	20
	Group package tour	25	11.7
	Personally arrange/DIY	137	64
	Other	9	4.2
Note: Total n = 214			

Validity and Reliability Test

This paper ensures questionnaire validity and reliability through factor analysis and reliability test. As presented in Table 4, Cronbach's alpha for all variables is higher than 0.7, internal consistency is verified. Additionally, factor analysis was conducted to report factor loading by using Maximum Likelihood method. The items below the threshold value of 0.5 were removed. Overall, the factor loading ranged between .978 and .607, thereby satisfying the validity.

Additionally, Variance Inflation Factor (VIF), in regression analysis, was also examined and favorable results were given since all VIF values were below 10. The highest VIF value for this model is 3.330, the nonexistence of multi-collinearity problem was proved in this study.

Table 4. Reliability test

Construct	Item	Cronbach Alpha	Factor Loading
Information Quality			
Intrinsic quality	18	.921	.967-.689
Contextual quality	16	.938	.964-.615
Representational quality	10	.901	.945-.651
Social quality	7	.886	.923-.685
Destination Image			
Cognitive image	25	.921	.978-.607
Affective image	7	.943	.932-.649
Behavioral Intentions			
Revisit intention	3	.857	.930-.616
Word-of-mouth	3	.922	.902-.885
Electronic word-of-mouth	3	.842	.962-.697

Result

In order to test proposed hypotheses, Multiple Regression approach was employed. Table 5 and Figure 1 report correlation coefficient (β), levels of significance (t-value), and significance effects. Of 7 hypotheses, three are fully supported, two are partially supported and another two is not supported. In terms of information quality in social media context, both contextual ($\beta = .172$, $t = 2.072^*$) and representational quality ($\beta = .318$, $t = 3.680^{***}$) was significantly associated with cognitive image. However, only representational quality ($\beta = .343$, $t = 2.383^*$) was significantly influenced affective image. Significant relationships between intrinsic/social quality and cognitive/affective image were not exhibited. Therefore, H2 and H3 is partially and fully supported, respectively. Additionally, cognitive image was positively associated with affective image ($\beta = .602$, $t = 6.655^*$). As expected, cognitive image significantly associated with all behavioral intentions; revisit intention ($\beta = .688$, $t = 8.286^{***}$), WOM ($\beta = .667$, $t = 8.594^{***}$), and eWOM ($\beta = .637$, $t = 6.054^{***}$). While affect image only significantly associated with revisit intention ($\beta = .140$, $t = 2.449^*$), and WOM ($\beta = .120$, $t = 2.241^*$). The relationship between affective image and eWOM was not founded. Therefore, H6 is strongly supported, and H7 is partially supported. Additionally, the results discovered that the representational dimension of information quality is the most influential factor impacting perceived destination image since it had the highest beta coefficients ($\beta = .318$, $.343$). Cognitive image is a stronger antecedent to behavioral intentions (revisit intention, WOM and eWOM intention) than affective image.

Table 5. Result of Hypotheses

H#		β	t	p	Result
H1	Intrinsic quality \rightarrow Cognitive image	-.025	-.307	.759	Not supported
	Intrinsic quality \rightarrow Affective image	-.181	-1.360	.175	
H2	Contextual quality \rightarrow Cognitive image	.172	2.072	.040*	Partially Supported
	Contextual quality \rightarrow Affective image	.097	.706	.481	
H3	Representational quality \rightarrow Cognitive image	.318	3.680	.000***	Supported
	Representational quality \rightarrow Affective image	.343	2.383	.018*	
H4	Social quality \rightarrow Cognitive image	.019	.370	.712	Not supported
	Social quality \rightarrow Affective image	.014	.163	.871	
H5	Cognitive image \rightarrow Affective	.602	6.655	.000***	Supported
H6	Cognitive image \rightarrow Revisit	.688	8.286	.000***	Supported
	Cognitive image \rightarrow WOM	.667	8.594	.000***	
	Cognitive image \rightarrow eWOM	.637	6.054	.000***	
H7	Affective image \rightarrow Revisit	.140	2.449	.015*	Partially Supported
	Affective image \rightarrow WOM	.120	2.241	.026*	
	Affective image \rightarrow eWOM	.049	.678	.498	

Notes: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.000$

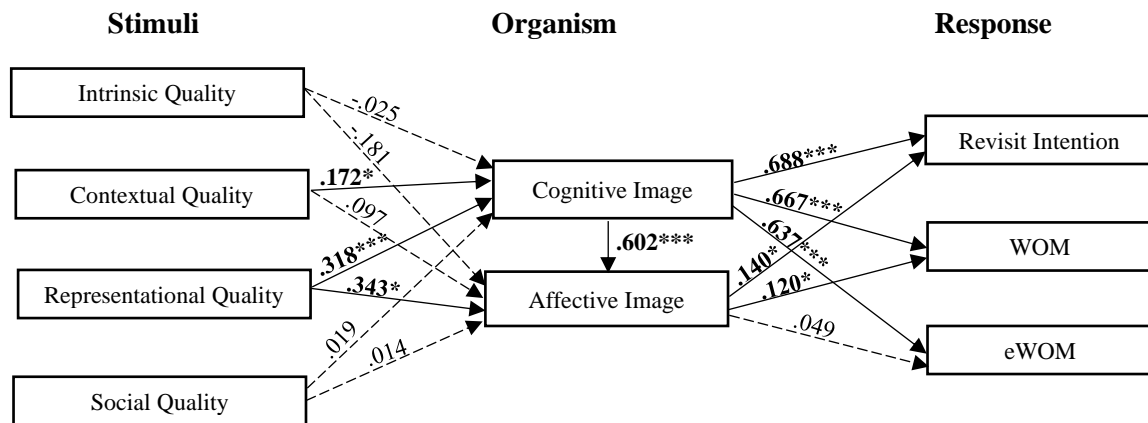


Figure 1. Multiple Regression of Research Model

Discussion and Conclusion

Discussion of the Results

The interrelationship among information quality in social media context, perceived destination image and tourists' behavioral intentions was investigated. It is suggested that there are some aspects of information quality that significantly associated with perceived destination image, both cognitive and affective dimensions. First, the contextual and representational dimension of tourism information quality positively affected perceived cognitive image. This implies that destination marketing organizer (DMOs) should bearing in mind the importance of "amount of data, relevancy, timeliness, ease of understand, and value added" and "conciseness, consistency and accessibility" of tourism information provided through social media since the image of Thailand held by international tourists is likely to be shaped by those projected information.

It is suggested that the degree to which tourist information provided in social media is 1) presented in appropriate quality and amount, 2) relevant to trip's purpose, 3) up-to-date, 4) easy to understand and clear, and 5) provide benefits to users, 6) presented without being overwhelming, 7) consistency presented, and 8) easily retrievable play a critical role in forming cognitive destination image. However, only representational dimension in social media posed a considerable impact on affective image. It makes some sense to say that with a higher level of tourist information' conciseness, consistency and accessibility, the affective destination image is more favorable formed by those who exposed to such information. Simply speaking, the representational dimension could help tourists to have positive feeling about visiting Thailand.

The result of this study also discovered the strong association between cognitive and affective destination image. It implied that the positive acknowledgement of tourism attribute in Thailand (cognitive image) is capable of constructing pleasant feeling in visiting Thailand (affective image). Finally, the destination image has a strong influence on tourist's revisit, word-of-mouth, and electronic word-of-mouth intention. This result emphasized that tourist intention is likely to increase once one has a positive understanding and perception towards Thailand (as a destination), and pleasant feeling. The happier the tourists, the more chance they will return and spread their recommendation. However, the result also disclosed that an affective image has no association with eWOM intention. Even the result contradicted to the hypothesis since it was originally hypnotized that affective image is positively associated with

eWOM, it can be said that tourist is likely to share their travel experience (i.e. what to do and where to go) online rather than narrate their feeling (either positive or negative).

Research Implications

In order to beat competitors (other countries) in today's digitalization environment, an online and social media is no longer unavoidable. This paper helps providing managerial insights to people-in-charge, policymakers, destination marketing organizations (DMOs) and responsible authorities to have better understanding towards social media as a marketing tool so that they can effectively use social media as a marketing tools in attracting tourists and create a sustainable success for Thai tourism. The managerial implication of this study are as follows.

First of all, since the result validated the influence of tourism information quality provided in social media on tourists' perceived destination image, it should be ensured that information is high in quality; especially the contextual and representation quality dimension. For instance, the tourist information should be presented in the easiest way with simple language and up-to-dated. The way information is being displayed is equally important as well, tourist information should be concisely presented (hit to the point, without being overwhelming). Moreover, tourist information should be easily accessed anytime when needed. By proving high-quality tourist information, effective destination marketing is achieved and resulting in the formation of favorable destination image.

Secondly, the empirical findings suggest that both positive cognitive and affective dimension of destination image are well explaining tourists' behavioral intentions. Therefore, various types of tourism attributes in Thailand should be positively presented on a regular basis. Moreover, tourism product quality should be well provided, so that pleasant feeling towards a destination (affective image) is produced. In so doing, Thailand, as a destination, will be considerably advantageous from tourists' behavioral intentions; visitors become repeat visitors, and sharing positive experience with potential tourists either in person or through online platform.

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The Knowledge-based Resources of Venture Capital firms and Born Global firms' Internationalization

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Abstract

This study analyzes how venture capital firms' (VCs') value-added activities affect the speed and scope of the internationalization and growth of born global firms. The existing literature has gaps in terms of the resources that facilitate the development of born global firms and how VCs may contribute certain knowledge-based resources in this development. This study received a response rate of 26% to questionnaires sent to 593 VC-backed entrepreneurs in Sweden. The study complements the survey data with four years of annual report data and tests the relationship between VC value-added activities and the born global firms' speed and scope with multivariate statistics. The results show that while born global firms are prevalent among Swedish VC-backed firms, there is no significant evidence that VC firms contribute to their speed and scope of internationalization through their knowledge-based resources.

Keywords: born globals, internationalization, venture capital, growth, entrepreneurship, Sweden

Introduction

The concept of born global firms broadly refers to entrepreneurial firms that internationalize their operations at an early stage. Prior studies examine them in various ways, often with a pre-dominantly resource-based perspective on the firms' development and growth (Knight & Cavusgil, 2004; Oviatt & McDougall, 1994; Rialp, Rialp, & Knight, 2005). However, gaps in the existing literature still exist regarding how and from where a born global firm may acquire and assemble the necessary resources and capabilities to pursue rapid internationalization and growth (Keupp & Gassmann, 2009).

Venture capital (VC) is a key driver for creating value, economic growth, and renewal by adding value to entrepreneurial firms with high growth potential (Landström & Mason, 2012; Isaksson, 2006; Bygrave & Timmons, 1992). However, only a few studies analyze VCs role in facilitating entrepreneurial companies' internationalization (Fernhaber & McDougall-Covin, 2009; LiPuma et al., n.d.; Lutz & George, 2012), even though international market potential is often a part of the high-growth company's characteristics. The current literature also lacks research on the internationalization of born global firms in particular, for instance, on how born global firms' network partnership with VCs impact the firm's internationalization process in terms of knowledge-based resources gained from the VC partnership.

VC firms have the potential to add significantly more value to its portfolio firms (PFs) than the equity investment as such, including knowledge (Rosenstein, Bruno, Bygrave, & Taylor, 1993) and overall assistance with decision-making and strategy formulation (Maula et

al., 2005; Rosenstein, Bruno, Bygrave, & Taylor, 1989). However, how and if such knowledge-based resources contribute to internationalization efforts, growth, and development of born global entrepreneurial firms deserves more attention.

This study's main contribution is the addition of new insights into the value that VCs add to born global firms. Given the gaps identified above, this study fills a clear void in the current research landscape, both in regard to VC and entrepreneurial finance, and in the field of international entrepreneurship. In the VC literature in particular, this study takes a demand-side perspective of VC research (Mason & Harrison, 1999) by looking at born global firms' perceived value of VC's knowledge-based resources. Additionally, much of the past research on born global firms generally uses qualitative, case-study based studies (Sapienza, Autio, George, & Zahra, 2006). Our study provides quantitative, survey-based information, to examine managerial practices and the international growth of born global firms in the interplay with VC partners on a larger scale. Lastly, this research also broadens the view of born global firms away from the narrow traditional focus on very young firms (Keupp & Gassmann, 2009; Jones, Coviello, & Tang, 2011); our sample includes born global firms that could be 10 years old or more, thus allowing a study of born global firms beyond the early internationalization efforts.

Literature Review and Hypotheses

Born global firms

Studies of rapidly internationalizing firms since the early 1990s challenge established paradigms in international business research that considers internationalization as slow, incremental, and only accomplished after firms are very established in their national home markets. Thus, prior international business research usually focuses on large, well-established multinational corporations and neglect newer, rapidly internationally growing firms (McDougall & Oviatt, 2000).

Researchers use different terms to describe these rapidly internationalizing firms, such as born global (Knight 1996), born international (Gabrielsson & Kirpalani, 2004), or international new ventures (Oviatt & McDougall, 1994), though most adopt Oviatt and McDougall's (1994, p. 50) broad definition: "*A business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of output in multiple countries.*" Such firms include Google, Facebook, Apple, Blackberry phone brand creator Research In Motion from Canada (Gabrielsson, Kirpalani, Dimitratos, Solberg, & Zucchella, 2008), and the Spanish fashion retailer Zara (Bhardwaj, Eickman, & Runyan, 2011).

As McDougall and Oviatt's (1994) broad definition shows, research into born global firms mainly applies the resource-based view (Barney, 1991) as an analytical lens. One common aspect is how these often young and resource-scarce firms could augment their resource bases to facilitate early internationalization and growth. Thus, these studies highlight networking and an orientation towards inter-organizational relationships as important for born global firms because they seem to deliberately and proactively create, improve, and orchestrate their networks relationships to gain access to the needed complementary resources (Mu & Di Benedetto, 2011).

For example, born global firms create new business opportunities through coopetition (Bengtsson & Johansson, 2012), commercialize innovations and build capabilities through international partnerships (Knight & Cavusgil, 2004; Abrahamsson et al. 2015), and increase the speed of innovation through networking. Case studies on born global and other types of innovative firms point to a connection between learning from alliance and network partners and the firm's innovativeness and innovation speed. For instance, networking increases

learning in the organization, which thus enhances innovation (Mort & Weerawardena, 2006; Salunke, Weerawardena, & McColl-Kennedy, 2011).

Born global firms and VCs

However, few studies investigate VC firms as network partners to born global firms in terms of the potential value they provide. Mäkelä and Maula's (2005) case study points out that partnerships with VC firms in the target country or countries for born global internationalization helps to legitimize the venture to that market by endorsement, thus reducing the liability of foreignness. Fernhaber and McDougall (2009) conducts a quantitative study on U.S.-based VC-funded born global firms and note that the intangible VC firm resources of reputation and knowledge-based resources contribute positively to internationalization. The authors use international sales intensity, international asset intensity, and international scope as a measurement of internationalization.

Furthermore, case-study evidence shows that VC firms' diverse resources, such as entrepreneurial experience, industry knowledge, and various network resources such as access to other investors, industry players, and executive recruitment, positively influence the scale of internationalization for born global firms (Lutz & George, 2012). In terms of value-added activities in general, past research indicates that both the financial and non-financial resources VC firms provide partly affect VC firm venture success. However, other venture-specific factors besides those brought in through the VC firm could explain this success. Conceptual research furthermore divides VC firms' potential non-financial knowledge-based resources into internal and external dimensions. The former refers to knowledge-based resources brought into activities such as recruiting of staff, developing strategies, management mentoring, consulting on or assisting with overall operations, and governance. The latter refers to the VC firm legitimizing the venture because their funding implies a signal of quality, and outreach to customers and other key stakeholders (Large & Muegge, 2008).

Large and Muegge (2008) note a contradiction in the research on the value adding effects of VC firm's post-investment activities. While many researchers find that VCs active involvement adds value to their investments (e.g., Gorman & Sahlman, 1989, MacMillan, Kulow, & Khoylian, 1989; Sapienza & Korsgaard, 1996), very few show empirically that it affects business performance. In fact, some studies that show a negative relationship between a high degree VC involvement and business performance (Fredriksen, Olofsson, & Wahlbin, 1997). One explanation may be that VCs tend to react only when they must (fire-fighters) (Fredriksen et al., 1997), indicating that VCs are more involved in the poorest performing companies in their portfolios. Manigart et al. (2002) examine the long-term effect of VC involvement by comparing the survival rate of 565 Belgian VC-backed companies and 565 comparable companies, and find that VC-backed companies do not have a higher probability of survival. This result contradicts the common wisdom that VCs add value in general. Manigart et al. (2002) conclude that VC funding from the right backer is probably better than receiving VC per se. This also supports findings from Jain and Kini (1995) and Brau, Brown, and Osteryoung (2004). Join and Kina (1995) find that the quality of VC monitoring was positively related to post-issue IPO performance; that is, some VCs are better than others are at adding long-term value through governance.

Brau et al. (2004) compare the performance of 126 VC-backed firms post-IPO with a control sample of non-VC-backed firms and find no significant differences between them. However, a problem with empirically studying the effect of VCs' post-investment activities (e.g., monitoring) is to separate them from the effects of pre-investment activities (developing and shaping ideas, picking winners, skillful contracting, etc.) (Large & Muegge, 2008; Sapienza, 1992). Additionally, other effects are very hard to measure, for instance, the

certification or legitimization effect of a financially strong investor. However, from a policy point of view, this might not be an issue. If VCs fill a gap in the capital market, and VC-backed firms grow and create employment, whether VCs are good investment analyst or good advisors and managers is unimportant.

One problem with studying the value adding effects of governance on business performance might be due to the methodological difficulties in measuring value-added and performance. For instance, it is difficult to separate the effect of skillful investment decisions and the effects of post-investment activities (governance) (Baum & Silverman, 2004). Furthermore, many studies simply investigate whether VCs perform activities beyond contributing capital, and assume that any additional activities add value. However, VCs may not contribute more than that of other active shareholders or outside board members (Gabrielsson & Huse, 2002; 2005). Additionally, traditional financial performance measures (e.g., profit, return on equity, or internal rate of return) are not that useful for young and fast-growing firms that might not be able to show a profit until, at the earliest, the very end of the VC investment cycle.

Thus, past research suggests that born global firms depend significantly on networking and various forms of inter-organizational collaborations and partnerships to facilitate swift and broad internationalization at an early age. VC firms could therefore be a beneficial partner for born globals because besides providing equity to the venture, they also often possess key non-financial knowledge-based resources to develop and grow the business. This notion has some support in previous research in the context of VCs and born global firms (Lutz & George, 2012; Mäkelä & Maula, 2005; Fernhaber & McDougall, 2009), despite the mixed evidence in more general contexts. Hence, the non-financial value-added (NFVA) from VC firms could increase the born global firm's internationalization speed and scope.

Furthermore, Sweden, Swedish VC firms, and Swedish born global companies comprises an interesting research context for two main reasons. First, Sweden is a small and open economy, and thus depends heavily on international trade. Entrepreneurial firms need to reach beyond their home market to scale sufficiently (e.g., Gabrielsson & Kirpalani, 2004). Second, the VC sector in Sweden has been quite active over the past decade; Sweden is second only to Silicon Valley in terms of VC-backed startups with a valuation over 1 billion US dollars, with 6.3 billion-dollar companies per million people (Davidson, 2015). Hence, we find it interesting to study the potential VC contribution, beyond equity funding, in developing Swedish startups, as startups from a country such as Sweden often need to internationalize to grow and to achieve subsequent high valuations.

We thus arrive at the following hypotheses on born global firms and the international value added by VC firms in Sweden steaming from their knowledge-based resources:

H1: Higher levels of VC international value added increases born global firms' internationalization speed.

H2: Higher levels of VC international value added increases born global firms' international scope.

Research Methodology

We study how VCs' value-added activities affect the speed and scope of the internationalization and growth of born global firms using a questionnaire. We generated an initial sample of 699 PFs by manually screening all VC firms in Sweden that were members of the Swedish Venture Capital Association (SVCA) and that listed their PFs on their homepage.

Most SVCA members list their active investments, from which we identified the names, addresses, or webpages for the PFs. After the initial screening, we used the Affärsdata database

to identify the organizational number of each firm. After this screening, we removed 106 inactive PFs (e.g., the company no longer exists, the VC already exited, or the VC did not finance the firm), leaving 593 active PCs. Using the organizational number, we collected the CEO's home addresses using another data deliverer, Ratsit. After two reminders, we received 153 responses, a response rate of 26 %.

An analysis (t-test) of non-respondents using annual report data (number of employees, turnover, and total book value of assets) did not reveal any indications that the respondents differed from the total sample. We also analyzed late responses, comparing responses on our first mail out with responses on our second reminder, and found no significant differences in our key dependent variables.

The vast majority of responding firms are small; for instance, about 37% of our respondents had fewer than 5 employees. However, this is in line with the nature of the VC industry (see, e.g., Isaksson, 2006). Table 1 gives further descriptive statistics on our sample.

Table 1. Descriptive statistics (annual report data) for the sample (153 firms)

Variable	Mean	Max	Min	Std. Deviation
Number of employees	34	1,075	0	102
Turnover (000 SEK)	59,772	2,175,807	0	198,078
Total assets (000 SEK)	45,289	1,111,842	0	108,623

Measures

Operationalizing born global firms

Prior studies use many different methods to operationalize export ratio in relation to time elapsed since firm inception to identify born global firms and international new ventures. Other metrics include start of international sales within two years (Knight 1996) after inception or having 75% international sales within 9 years after inception (Hashai & Almor, 2004). Halldin (2012) studied the operationalization of such firms in a Swedish context, concluding that studies could use a stringent definition of a 25% export ratio after three years since inception along with a modest definition of a 10% export ratio in five years. In contrast, Gabriellsson et al. (2008) argue that all operationalization efforts carry built-in flaws because the metrics relevant for a certain firm are heavily influenced by the country of origin, the country's neighboring markets, and industry-specific factors.

Based on this ongoing debate and lack of clear consensus on operationalization in the literature, we adopt Halldin's (2012) "modest" definition of born global firms, an export ratio of 10% in five years, as our threshold for "emerging born globals." We thus capture firms who began international sales rapidly, but also those that may not have started as of yet, perhaps for industry-specific reasons, but that emerged internationally in terms of export ratio. However, that these firms have international sales early on implies an interest and orientation towards internationalization.

Furthermore, we also use an export ratio of 40% in five years as a cutoff to describe born global firms with more immersive international operations. Hence, we provide data on two different sets of born global firms, which we believe can account for industry-specific factors, as Gabriellsson et al. (2008) point out could delay international sales, such as long lead times for product development in biotechnology. As such, the questionnaire and the study adhere to relevant theoretical frameworks for born global firms, their operationalization, and internationalization.

Table 2. Summary of born global measures.

Measure	Operationalization
Export ratio 1	Estimate of current export ratio measured on a nine interval scale (0-10, 11-20... 91-100 %) for sales outside Sweden.
Export ratio 2	Estimate of export ratio five years after the company started, measured on the same interval as Export ratio 1.
Born Global	We use Export ratio 2 to categorize all firms as born global, except for firms younger than five years, for which we use Export ratio 1 (age of firm where measured in a separate question) Born Global Class 1: Between 10-39 % sales outside home market. Born Global Class 2: More than 40 % sales outside home market.
Scope of internationalization	Respondents indicate the international markets in which they are presently active, providing the number of geographical markets.
Scope Grouping	Low Scope: Firms present in less than three markets outside Sweden. High Scope: Firms present in three or more markets.

Operationalizing NFVA

We adopt several different measures to capture both the more general VCs NFVA and the more specific international NFVA (INFVA). Overall, we measure the contribution as the entrepreneur's perception of the VCs contribution, which is a common measure of NFVA (Large & Muegge, 2008).

For the first NFVA measure, we a nine-item Likert scale where we asked respondents to estimate the degree that they perceived that the VC contributed to their firm's development on a scale from 1 to 6 (see Table 5 for item descriptions). Prior studies tested these items for the Swedish VC market (Isaksson, 1999) and we developed them from previous research on VC NFVA (Fried & Hisrich, 1995; Gorman & Sahlman, 1989; Sapienza, 1992).

In a second NFVA measure, we asked respondents to estimate if they perceived that the VC contributed valuable expertise to the company's development on a scale 1 to 6. We use this second measure as a more general measure of NFVA and to control for items the first measure does not cover.

We use a five-item Likert scale (1-6) question as a measure of INFVA in which we asked respondents to estimate the value of VCs NFVA activities related specifically to internationalization:

- Access to international customer and supplier networks,
- Better internal routines and processes,
- Recruitment of key personnel,
- Increased international certification, and
- Strategic decisions in the board of directors.

Results

Speed of internationalization

We first survey firms' export ratio to identify born global firms. In one question, we asked respondents to estimate their current export ratio, and in another question, to estimate their export ratio five years post-start up. For firms younger than five years, we use the answer for the first question, and for the other firms, we use the answer for the second question. Of the sample, 13 firms (approximately 10 %) were younger than five years, and we hence use their current export ratio. Table 3 reports the frequency of distribution for our merged export ratio measure.

Table 3. Frequency distribution of export ratio five years post-start or at present for firms younger than five years of age.

		Frequency	%	Valid %	Cumulative %
Valid	0-10%	60	38.5	42.0	42.0
	11-20%	13	8.3	9.1	51.0
	21-30%	6	3.8	4.2	55.2
	31-40%	7	4.5	4.9	60.1
	41-50%	7	4.5	4.9	65.0
	51-60%	8	5.1	5.6	70.6
	61-80%	10	6.4	7.0	77.6
	81-90%	12	7.7	8.4	86.0
	91-100%	20	12.8	14.0	100.0
Total		143	91.7	100.0	
Missing	System	13	8.3		
Total		156	100.0		

Table 2 shows that many VC-financed firms have international operations. In our sample, 68% have an international sales quota higher than 10 % within five years from inception (i.e., are born global firms). For comparison, research on Swedish born global firms shows that they constitute 2-3% of all new ventures in Sweden between 1998-2003 using the same measure (Halldin, 2012). Thus, born global firms do seem acutely more prevalent among VC-funded firms than in the general population of new ventures in Sweden.

Scope of internationalization

We measure the scope of internationalization by the number of geographical markets in which the firm is present. Table 4 summarizes the percentage of each market.

Table 4. Respondents' presence by region in descending order by percentage indicating their presence in the region.

Region	Total	Present	Not present	% Present
Nordic countries	156	110	46	71%
Europe	156	98	58	63%
Asia	156	61	95	39%
North America	156	57	99	37%
South America	156	23	133	15%
Oceania	156	22	134	14%
Africa	156	16	140	10%

As Table 3 shows, Nordic countries followed by other European markets are by far the largest export markets for our sample firms, with 71% and 63% of firms, respectively, in these markets. Interestingly, 34% and 36% export to North America and Asia, respectively. As the average Swedish exporter rarely ventures outside of Europe (Tillväxtverket, 2011), born global firms could be seen as having a broader international scope than the average Swedish exporting firm.

To measure the scope of internationalization, we follow Fernhaber and McDougall (2009) and count the total number of geographical markets by region, that is, Europe, North America, Asia, and so forth.

Table 5. Scope of internationalization of VC-financed firms (number of markets the firm is present in).

Scope	Frequency	%	Valid %	Cumulative %
0	30	19.2	19.2	19.2
1	29	18.6	18.6	37.8
2	27	17.3	17.3	55.1
3	23	14.7	14.7	69.9
4	21	13.5	13.5	83.3
5	12	7.7	7.7	91.0
6	7	4.5	4.5	95.5
7	7	4.5	4.5	100
Total	156	100	100	

Close to 81% of all firms in our sample are active in at least one market outside Sweden, and approximately 45% are active in three different markets or more. We examine whether born global firms have a significantly higher international scope by comparing the mean scope for born global firms with the rest of the firms. We divided born global firms in two groups: BG_CLASS1 (more than 10% international sales) and BG_CLASS2 (more than 40% international sales). From Table 3, it is clear that born global firms also have a much higher international scope than non BG firms do. Additionally, the BG_CLASS2 group has a higher scope than BG_CLASS1 does. While the average non-born global firm has a scope of 1.4

(active in little more than one market), born global firms are active in close to four markets on average.

Table 6. Difference in international scope between VC-financed firms.

Group	Mean	Std. Deviation
Not BG	1.4	1.5
BG_CLASS1	3.6	1.7
BG_CLASS2	4.0	1.7

To conclude the first part of our analysis of the speed and scope of VC-financed firms, our results show that that VC-financed Swedish firms are born global both in speed and scope than Swedish firms in general. In line with Large and Muegge's (2008) notion of venture success, this does not answer whether the born global firm's success (in internationalization speed and scope) is due to VC firms' value added activities or other characteristics inherent in the venture. Thus, the key question follows: To what degree do VCs contribute to the speed and scope of these firms' internationalization? Is this only a matter of investment selection (i.e., that VCs select firms with born global potential) or do VCs also contribute to their internationalization efforts?

Venture NFVA activities

For our first measure of NFVA, we asked respondents to estimate to their perceived value of VCs' contribution to nine different areas.

Table 7. Perception of VC NFVA activities (1, no importance; 6, very important).

Area	Mean	Std. Deviation	% High (5 or 6)
Advice on financial matters	3.72	1.50	35%
Sounding board for ideas	3.41	1.46	25%
Contacts and networks	3.26	1.39	20%
Strategic management	3.19	1.52	23%
Marketing skills	2.51	1.33	8%
International competence	2.47	1.43	12%
Recruitment of key personnel	2.37	1.34	10%
R&D and technological development	1.80	1.02	1%
Product expertise	1.77	0.98	1%

Table 5 indicates that CEOs of VC-backed firms value advice on financial matters the most. Note however that while this is the highest valued area, only 35% of respondents gave this contribution a high (5 or 6) ranking. Additionally, 12% perceived that international competence as a highly valued contribution, ranking it number six among the nine areas with an average score of 2.47 (i.e., on the lower side of the six degree scale).

We use a more general one-item question "To what degree to you perceive that the VC brings valuable expertise to the development of the company?" as an overall measure of NFVA. Table 6 provides the results for this question.

Table 8. Responses to “To what degree to you perceive that the VC brings valuable expertise to the development of the company?”

Response	Valid %	Cumulative %
Not at all (1)	13,1	13,1
2	15,9	29,0
3	15,2	44,1
4	27,6	71,7
5	16,6	88,3
to a very high degree (6)	11,7	100,0

Approximately 28% of respondents thought that the VC contributed to the firms' development (5 or 6) to a high degree. Furthermore, approximately 29% perceive that VCs provided a very limited or even non-existent contribution (1 or 2 on the scale).

We measure VCs' INFVA with a set of questions asking respondents to estimate the degree to which the VC supported the firm's internationalization on a six-point scale from (1) very low importance to (6) very high importance. Table 7 summarizes the mean scores for the sample (total, BG_CLASS1, and BG_CLASS2).

Table 9. Mean score of INFVA and percent of (BG_CLASS2) respondents that perceived INFVA as an important support for the firm's internationalization.

Activity	Mean score	% High (5 or 6)
Strategic decisions in board of directors	3,2	20,5
Increased international certification	2,4	11,5
Recruitment of key personnel	2,0	5,8
Better internal routines and processes	2,2	4,5
Access to international customer and supplier networks	1,8	3,8

Table 7 clearly shows that VCs' most important contribution to internationalization is through the board of directors, as approximately 28% of respondents gave this contribution a high rating, followed by increased international legitimization, with approximately 14% perceiving this contribution as valuable. These numbers indicate that 1) most VC-financed born global firms do not perceive that the VC contributed significantly to their internationalization; and 2) the recognized contributions are more of a hands-off strategic sort than a hands-on operational sort. That is, VCs do not contribute to born global firms through active involvement in the internationalization process, but act as a sounding board in the board of directors and by giving certification to the firm in their international contacts.

Linking INFVA to speed and scope

This study's main purpose is to investigate if VC firms' INFVA contributes to the speed and scope of their PFs' internationalization process. We first create a joint measure of INFVA by calculating the average of our five measures of INFVA (Table 7) after a factor analysis (Principal Component Analysis, see Appendix 1) found that all items loaded on one factor and the reliability analysis yielded a Cronbach's Alpha of .851 (see the appendix for more detail).

To investigate if higher levels of INFVA increase the internationalization speed of VC-financed firms, we perform a bivariate correlation analysis of INFVA and Export ratio (for all firms with an export ratio above 10%). This test yielded a non-significant ($p = .707$) Pearson Correlation close to zero (.044). Second, we test for mean differences between BG_CLASS2

and the rest of the sample of all firms with more than 10% international sales. That is, we investigate whether VCs need to contribute more INFVA to more internationalized firms than to those with a lower degree of internationalization (BG_CLASS1).

Table 10. Mean difference in INFVA between low and high export intensive born global firms.

Export ratio	N	Mean	Std. Deviation	Std. Error Mean
41-100 %	51	2.54	1.28	.18
11-40 %	24	2.13	.92	.19

Note: This test was only performed on firms with an export ratio of more than 10 %.

There is a slight difference in INFVA between high export intensive born global firms and born global firms with lower export intensity. High export intensive born global firms have a higher perceived INFVA than low export intensive born global firms do. However, the difference is quite small, with a significance level of .117 (not significant). Hence, this test does not support our hypothesis that VC firms' INFVA increases the speed of internationalization for VC-financed firms.

We investigate whether VCs' INFVA increases the scope of a firm's internationalization by testing whether a higher INFVA was associated with an increase in scope. A bivariate correlation analysis of INFVA and SCOPE gave a non-significant (.610) Pearson Correlation close to zero (-0,060). We also divide the born global sample (i.e., all firms with a more than 10 % export ratio) into two equal groups (with a cut point of 4 or more markets for the group with highest scope) and compare the means. Table 7 reports the results.

Table 11. Mean difference in INFVA between low and high scope firms.

SCOPE	N	Mean	Std. Deviation	Std. Error Mean
>= 4	37	2.47	1.27	.21
< 4	38	2.34	1.11	.18

Table 7 shows the slight difference in INFVA between high and low scope firms. Firms with a higher international scope do perceive a slightly higher INFVA than firms with a lower international scope do. However, as with international speed, the difference is very small and not significant ($p = .644$). Hence, our analysis does not support our hypothesis that VCs' INFVA increase firms' international scope.

Discussion and Conclusion

This study examines the role of VCs' INFVA in the internationalization of born global firms in Sweden and thus helps explain the potential role of VC firms in the growth and development of born global firms. Past research (Fernhaber & McDougall, 2009; Lutz & George, 2012; Mäkelä & Maula, 2005) hints that VC firms have an overall positive impact for this type of firm. Our results indicate that Swedish VC-financed firms are much more likely to be born global than the average young venture in Sweden. Furthermore, Swedish VC-financed born global firms seem to have a broader scope in terms of geographical export markets than the average Swedish exporting firm and VC-financed non-born global firm. As such, there is a connection in terms of VC involvement in the born global firm and its success in internationalization speed and scope, which is in line with theory in the field. However, Large and Muegge (2008) point out, this success may not be due to VC firms' NFVA.

Subsequently, our hypotheses that VC firm's INFVA contributes positively to internationalization speed and scope did not yield significant statistical support in our sample. This possibly contradicts past research on VCs and born global firms in part. As there is a consensus in born global research that these firms are highly dependent on augmenting its resource base through inter-organizational collaborations (Mu & Di Benedetto, 2011; Salunke et al., 2011), Swedish born global firms could value various other types of collaboration more for their development than those with VC partners. Furthermore, the internal competence of Swedish born global firms in internationalization might already be high enough to offset the need for significant contributions from VC firms. This study also supports the notion in past research that VC firms are skilled in picking "winners" (e.g., born global firms) with a high inherent potential for success (Baum & Silverman, 2004), but might lack NFVA contributions to significantly develop their PFs through those means.

Based on this discussion, this study opens up many fruitful avenues for continuing research on VC firms' NFVA and the development of born global firms. A cross-country and industry breakdown and comparisons might yield a more in-depth picture of the value of INFVA for born global firm internationalization in certain contexts. More qualitative research of the specific value of INFVA elements and how they might influence the born global firm could also be beneficial. How VC firms' orchestrate their INFVA resources and capabilities and how they decide to utilize them in their PFs also deserves further attention, which is possible through either qualitative or quantitative methods.

This study also has relevant implications for VC firm managers, as they could likely need to further develop their INFVA capabilities to play a more effective and pro-active role in developing their born global PFs, which in turn could lead to more successful exists in the long-term. Furthermore, in accordance with Rosenstein et al. (1993), strong value adding capabilities for developing young PFs could differentiate them from their VC competitors, thus adding further incentive for them to develop these capabilities.

In terms of policy implications, the study supports the idea that entrepreneurs do not primarily use private VCs to internationalize. Instead, they can develop the skills and capabilities required for internationalization through other means, which can for instance be incubator and accelerator programs, which focus on startup business development rather than equity investments. As such, this study suggests that continued and increased public support for incubators and accelerators could be a more fruitful avenue to achieve startup internationalization and born globals, rather than policy support for VCs.

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Appendix 1. Creating International Non-Financial Value-added (INFVA) index Correlations between INFVA measures

INFVA-variable	1	2	3	4	5
1. Strategic decisions in board of directors	1	,395**	,400**	,527**	,589**
2 Access to international customer and supplier networks	,395**	1	,731**	,534**	,562**
3. Increased international certification	,400**	,731**	1	,544**	,489**
4. Recruitment of key personal	,527**	,534**	,544**	1	,735**
5. Better internal routines and processes	,589**	,562**	,489**	,735**	1

** Correlation significant at the 0.01 level (2-tailed).

Comments: All items are significantly (positive) correlated.

Factor analysis of International Non-Financial Value-added (INFVA) measures

Communalities	Initial	Extraction
Better internal routines and processes	1	0,722
Recruitment of key personal	1	0,709
Increased international certification	1	0,610
Access to international customer and supplier networks	1	0,577
Strategic decisions in board of directors	1	0,515

Extraction Method: Principal Component Analysis.

Comment: All items load on the same factor.

Reliability analysis of International Non-Financial Value added (INFVA) measures

Cronbach's Alpha: .851 (5 items).

Descriptive statistics: INFVA measure

	N	Minimum	Maximum	Mean	Std. Deviation
INFVA	75	1	6	2,41	1,19

Note: The correlations, factor analysis and reliability analysis use BG_CLASS2 (N = 50) to test the strongest form of BG. Descriptive statistics refer to BG_CLASS1.

Impact of Attitude towards Teacher on Students' Satisfaction with Educational Business in Thailand

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Abstract

This study examines the factors that influence students' satisfaction with language institutions. The influences of eight teacher factors (Appearance, Fairness, Helpfulness and Care, Friendliness, Communication Skills, Reliability, Credibility, and Competence) and five demographic components (Age, Gender, Highest Education Level, Occupation, and Income) were analyzed using mixed methodology. For the quantitative research, sixty-question surveys were distributed to 254 students from one commercial language institution in Pathum Thani. In terms of qualitative research, this study conducted in-depth interviews with three students. The results of the quantitative analysis indicate that the teacher's competence, communication skills, and appearance have a significant positive relationship with students' satisfaction whilst there were no significant differences in satisfaction levels among each different demographic group. The results of the qualitative analysis are also consistent with the quantitative analysis. The findings of this study provide informed recommendations for the purpose of improving the quality of educational services and helping teachers establish a better relationship with their students.

Keywords: Students' satisfaction, Impact of attitude toward teacher, Teacher factor, In-depth interview.

Introduction

Nowadays, the lifestyle of people who live in cities and the surrounding suburbs has changed due to the sheer diversity of choices available to them today. The sheer number of choices has made our lives more convenient but they have also made them busier. The central task of any market-oriented organization is to ensure that its product provides a mix of attributes that is consistent with the preferences of its customers (Reed, Binks & Ennew, 1991). The education business is one of the service sectors that is facing a severe situation in today's competitive economic environment, where customers have such a huge number of choices. The factors that enable an educational institution to attract and retain students should therefore be studied in depth. Due to the intense pressure from increased competition in the education service industry, educational institutions are focusing more on the customer and, as such, aiming to provide better services that meet the customers' needs and expectations (Farahmandian, Minavand & Afshardost, 2013).

Student satisfaction is one of the means by which to evaluate whether the quality of the service provided meets the students' expectations or not. There are many factors that affect students' satisfaction, as will be discussed, in this study, such as the facility, equipment used, course content, administrative services, student consultation, tuition fee, etc. Among those elements, the teacher could be the biggest factor which affects student satisfaction through the aspects of the teacher's competency, teaching skills, attitude, etc. In fact, Suarman (2015) found that the relationship between a lecturer and his or her students is an important factor in determining the lecturer's quality in teaching and contributes to the students' satisfaction. The study of Voss, Gruber and Szmigin (2007) indicated that students want teachers to be knowledgeable, enthusiastic, approachable, and friendly as the qualities of effective teachers.

This study attempts to explore the factors contributing to customer satisfaction in the education industry. Its findings will be beneficial to educational service providers by enabling them to identify the most effective factors for attracting and retaining customers. In addition, this study might reveal the differences between the results of a quantitative method and a qualitative method of studying this topic. The scope of the study is focused on language institutions of the Institute of East Asian Studies, Thammasat University, in Pathum Thani, Thailand. The characteristics of the sample includes both male and female participants who are students aged between 15 and 50 years old.

Literature Review

The influence of students' attitudes toward their teachers on the students' levels of satisfaction is the focus of this research study. As such, it is important to understand the relevant context of attitude and student satisfaction, as well as to identify teacher factors utilizing the service quality determinants and the effective teaching principles that could have an impact on student satisfaction. An attitude is an opinion that one has about someone or something. It can reflect a favorable, unfavorable, or neutral judgment (Breckler & Wiggins, 1991). An attitude can also be the inner feelings or beliefs of an individual toward particular phenomena, while an expression of those inner feelings and beliefs can reflect whether a person is favorably or unfavorably pre-disposed to the phenomenon in question. Student satisfaction is continuously structured by different events and experiences during their academic life (Elliot & Shin, 2002). In essence, however, student satisfaction is the satisfaction and contentment of students arising from the service quality of their academic institution (Atheeyaman, 1997).

Components of Teacher Factors

The study of service quality often encompasses overall organizational factors. Parasuraman, Zeithaml and Berry (1994) identified ten determinants of service quality: reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding and knowing the customer, and tangibles such as facilities and equipment. However, the measure of teaching quality needs to focus on the dimensional factors that directly influence the process of delivery of the service and the outcomes of the course. Quality teaching can be defined as an ability to engage the student in an in-depth and comprehensive approach to the subject matter in a manner that is durable and in which the critical construction of knowledge is integrated with the student's previous knowledge and then put into action (Entwistle & Ramsden 1983). Pennington and O'Neil (1994) proposed eight principles that underscore effective teaching: 1) enhancing students' general capabilities and work-related skills; 2) using student experiences as a learning resource; 3) encouraging active and co-operative learning; 4) promoting responsibility in learning; 5) engaging with feelings, values and motives; 6) fostering open, flexible, reflexive and outcome-based assessment; 7) evaluating

teaching and learning to encourage reflective teaching; and 8) developing organization-wide strategies to establish a congruence of policies to enhance the physical and material learning environment. Hill, Lomas, and MacGregor (2003) reported in their study the emergence of three major teaching strategies which were highly rated by students in higher education: delivery strategy and techniques in the classroom, feedback to students in the classroom and in assignments, and relationship with students in the classroom. Lmaasers and Murphy (2002) concluded from their study of quality teaching that the lecturers' enthusiasm, knowledge, ability in the subject, and effective classroom management were highly valued skills which interacted with other physical factors such as course design to produce effective teaching and learning. In this research, the focus has deliberately been on factors that are immediately within the control of teachers. The teacher factor consists of 8 constructs: 1) appearance, 2) fairness, 3) helpfulness and care, 4) friendliness, 5) communication skills, 6) reliability, 7) credibility, and 8) competency.

Shah (2012) mentioned that teachers have a big responsibility to teach good things to their student, that students learn from their teachers by imitating them, and that the appearance of the teachers often influence their students' learning. Bingwei (2014) stated the importance of fairness in the interactions of classroom teaching in order for teachers to manage their classrooms. The research of Maphosa (2014) concluded from its findings that most of the mentors were very helpful to their students, for example, assisting with the transmission of knowledge and skills. The study of Hamada (2011) on the relationship between teacher friendliness and student learning provided support for the notion that teacher friendliness is related to student perceptions and might contribute to theory building about teacher quality. According to Muste (2016), the communication process is designed to mediate between the student and teacher behavior, and is important for creating an effective relationship between the two.

It has long been held that the working style of teachers in terms of the way in which they organize their communication skills is very important for the efficiency of their teaching. Ilias, Rahman and Razak (2008) examined the relationship between reliability and student satisfaction, and found that reliability is a critical factor contributing to student satisfaction. Gili (2013) stated that credibility is one of the important factors that distinguish a good teacher, and students recognize teachers as credible not only from their disciplinary expertise, but also from their didactic and communicative expertise. The study of Nessipbayeva (2012) observed that teachers need a wide range of competencies in order to face the complex challenges of today's world, before concluding that teaching competency is an inherent element of an effective teaching process and that educational organizations need professionals who are culturally competent, talented, innovative and creative problem-solvers, and skilled critical thinkers.

Customer Satisfaction Model

Service quality and satisfaction are becoming increasingly important for gaining a competitive advantage and becoming the consumer's preference in a globalized economy. Customer satisfaction is the most important function of any service. The success of an organization could be attainable when the organization is fully focused on the satisfaction of its customers. As a result, satisfied customers tend to become loyal customers who purchase and use the product and the service repeatedly. In addition to their own purchases, they can be a positive messenger for their preferred product or service through referring others (Hasan et al., 2008). Customer satisfaction can be achieved by matching the customers' anticipation to the actual performance of the product or service. It is when the customer enjoys the use of a product or service that they experience what is defined as customer satisfaction.

Hussain et al. (2014) investigated how service quality, service provider image, and customer expectations, are related to perceived value, customer satisfaction and brand loyalty. Service quality was used as an antecedent to measure customer satisfaction, and a condition which can bring about brand loyalty. This customer satisfaction model indicates that service quality, perceived value, and corporate image have a positive impact on customer satisfaction, which can in turn lead to brand loyalty.

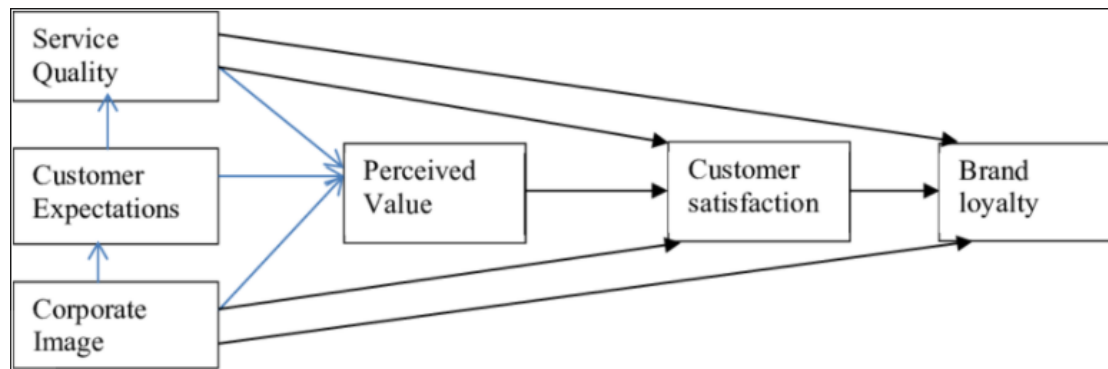


Figure 1. Customer satisfaction model

Source: Hussain et al. (2014)

This customer satisfaction model explains that service quality has a direct impact on perceived value and customer satisfaction. As reported in the literature, service quality is an important driver of perceived value (Cronin et al., 2000). When customers receive good quality service, they perceive it as good value and are happy to pay a considerable price because high quality leads to superior perceived value. Moreover, providing superior service quality is a strategic tool for customer satisfaction (Hussain et al., 2014). This model also explains that perceived value has a direct impact on customer satisfaction. According to the literature, perceived value is a consumer's overall evaluation of a product based on the consumer's perceptions of what is received and what is given (Zeithaml, 1988). Furthermore, this model explains that corporate image has a relationship with, and an impact upon, customer expectations, perceived value, and customer satisfaction. Therefore, corporate image is a promising marketing strategy for attracting new consumers, retaining existing customers, and distinguishing a company from its competitors. This customer satisfaction model indicates that superior service quality, good corporate image, and perceived value lead to customer satisfaction, which will in turn yield a further positive outcome, brand loyalty.

Research Framework

According to the literature review, it is important to understand the relationship between students' attitudes toward their teachers from eight different determinants of whether a teacher is capable of controlling them, from which, student satisfaction follows. In addition, the students' demographic profiles, i.e. age, gender, highest education level, occupation, and income level, should also be explored to understand the whole picture of the relationships. Therefore, the research framework of this study can be depicted as in the following *Figure 2*.

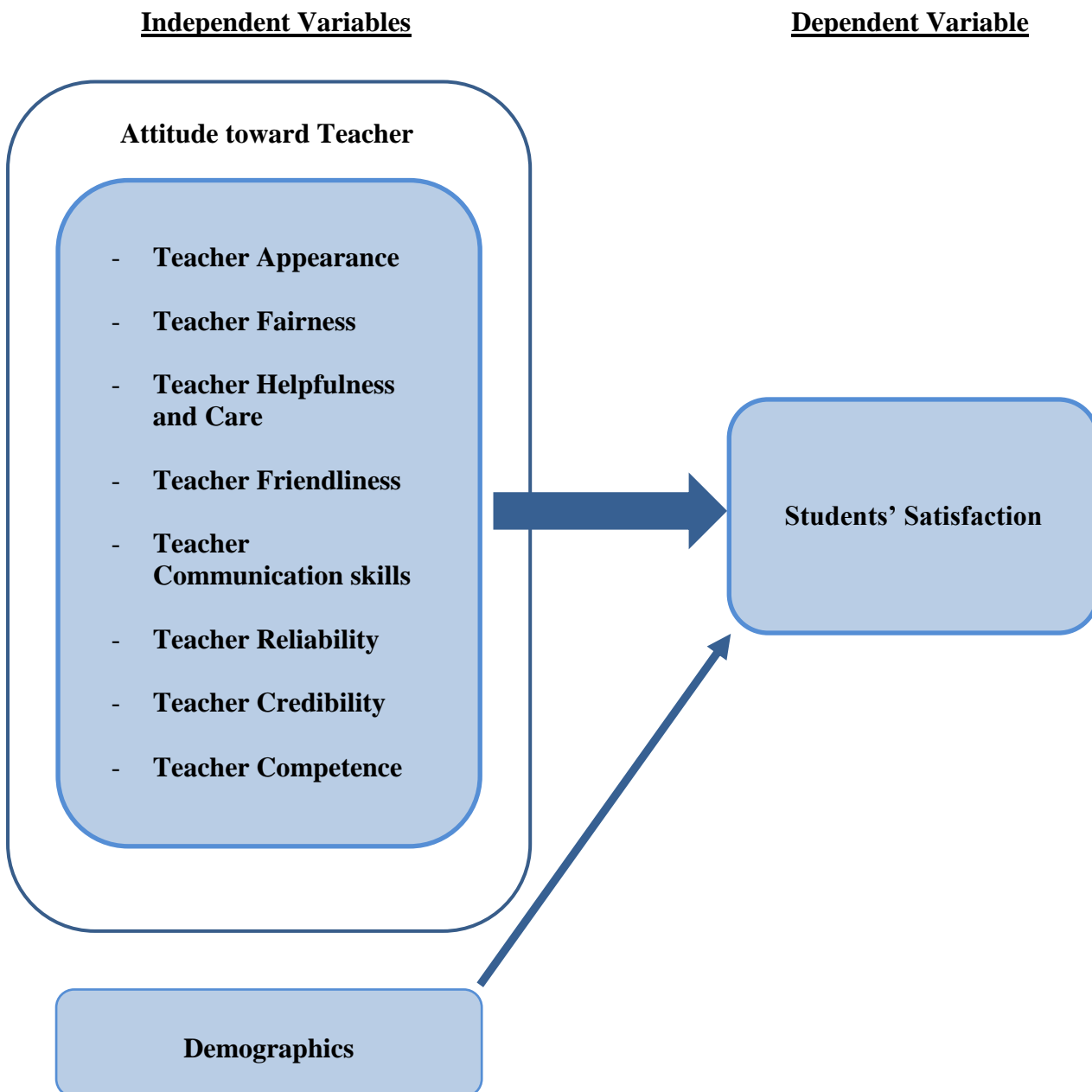


Figure 2. Research Framework

Research Methodology

This study employed a mixed methodology of quantitative research, which involved a questionnaire survey of 254 students, followed by qualitative research via an in-depth interview with three students to enhance the insights discovered from the quantitative phase.

I. Quantitative Research

According to the research framework aforementioned in *Figure 2*, the following hypotheses can be developed:

H1: A student's attitude toward a teacher has a significant influence on the student's satisfaction.

H2: The demographics of a student have a significant influence on the student's satisfaction.

The direct survey method was used to collect the primary data for this study. A questionnaire was developed to gather data on the relationship between attitude toward the teacher and student satisfaction. The items in the questionnaire covered all of the variables in the framework, which was developed from the discussed theories. The independent variable entails eight (8) item groups of attitude toward the teacher and one (1) item group of student demographics. The fifty five (55) questions were developed based on Fieger, P. (2012), What Kids Can Do (2004), Hamid, J. A. et al. (2004), and Quality in VET-schools (2005).

The primary research was conducted in the Institute of East Asian Studies, Thammasat University in Pathum Thani, Thailand. Additional research was also carried out in Nava Nakorn, Pathum Thani. The researcher visited different classrooms six days a week for two weeks, during which time 259 sets of the questionnaire were distributed to the sample group. From those 259 distributed sets of the questionnaire, a total of 254 sets were returned without error, while 5 sets were returned in an incomplete form and so were not able to be used.

II. Qualitative Research

The objectives of conducting qualitative research in this study are to gain insights into the students' expectations toward their teachers and to compare the factors that affect the students' satisfaction with the quantitative results collected from the respondents.

The data were collected from direct in-depth, semi-structured interviews. The questions to be discussed during the interviews could be separated into 3 sections as follows:

- Section 1. Introduction Questions: To discuss mostly about personal data and learning experiences.
- Section 2. Main Questions: To discuss mostly about satisfaction with the teacher, expectations from the teacher, and attitude toward the teacher.
- Section 3. Closing Questions: To discuss additional opinions about the teacher.

The interviewees were selected from among those who had responded to the qualitative questionnaire, and all were over 20 years old. The questions to be asked in the interviews were sent to interviewees via e-mail and Line. After all the questions had been approved, the researcher made an appointment with the interviewees. The researcher invited and met with the interviewees at the Institute of East Asian Studies or in a café depending on what was more convenient for each interviewee. The interview process took time around 30-40 minutes, and the researcher recorded the contents of each interview in addition to taking notes.

Key Findings

Quantitative Analysis

The overall distribution of the respondents in *Table 1* shows that the majority of the respondents are aged 20-29 years old, are female, have an income of 20,001-30,000 Baht per month, have attained a highest education level of Bachelor degree, and are company employees.

Table 1. Summary of Demographics

		Frequency	Percentage
Age	15 – 19 years old	32	12.6
	20 – 29 years old	138	54.3
	30 – 39 years old	64	25.2
	40 – 49 years old	18	7.1
	50 years old and over	2	0.8
Gender	Male	74	29.1
	Female	180	70.9
Highest Education Level	Lower than high school	8	3.1
	High school	29	11.4
	Bachelor degree	182	71.7
	Higher than bachelor degree	35	13.8
Occupation	Student	74	29.1
	Government Official	10	3.9
	Company employee	158	62.2
	Private business	5	2.0
	Not working	7	2.8
Income	10,000 Baht or lower	67	26.4
	10,001 – 20,000 Baht	36	14.2
	20,001 – 30,000 Baht	86	33.9
	30,001 – 40,000 Baht	37	14.6
	More than 40,000 Baht	28	11.0

Table 2. Reliability test of teacher factor

Factor	Constructs	Construct Reliability	Factor Reliability
Teacher Factor	Teacher Appearance	.863	.978
	Teacher Fairness	.890	
	Teacher Helpfulness and Care	.910	
	Teacher Friendliness	.875	
	Teacher Communication skills	.882	
	Teacher Reliability	.876	
	Teacher Credibility	.840	
	Teacher Competence	.927	

Table 2 above shows the reliability of each construct for the Teacher Factor. The reliability test reveals an alpha score of 0.863 for Teacher Appearance, while the rest of the constructs show alpha scores ranging from 0.840 to 0.927. The reliability test also shows an alpha score of 0.978 for the Teacher Factor, which implies that the Teacher Factor of this study is reliable.

Table 3. Summary of mean and standard deviation of teacher factor

Factor	Constructs	Mean	S. D.
Teacher Factor	Teacher Appearance	4.60	.45
	Teacher Fairness	4.60	.47
	Teacher Helpfulness and Care	4.55	.48
	Teacher Friendliness	4.64	.44
	Teacher Communication skills	4.56	.45
	Teacher Reliability	4.51	.43
	Teacher Credibility	4.34	.55
	Teacher Competence	4.53	.49
	(Overall)	4.54	.41

Table 3 shows the mean and the standard deviation of each construct. The overall mean of the Teacher Factor was 4.54, SD 0.41. Teacher Friendliness shows the highest mean score, while Teacher Credibility shows the lowest mean score. The mean scores of five constructs—Teacher Friendliness, Teacher Appearance, Teacher Fairness, Teacher Communication Skills, and Teacher Helpfulness and Care—exceeded the overall mean score, while the mean scores of three constructs—Teacher Credibility, Teacher Reliability, and Teacher Competence—were lower than the overall mean score.

As shown in *Table 4*, Multiple Regression Analysis revealed that $R^2 = 0.603$ (adjusted $R^2 = 0.590$), meaning that 60.3% of the variance in the students' satisfaction is explained by the eight dimensions provided in the output, and the F statistics ($F = 46.430$) are significant at 0.000.

Table 4. Multiple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
(Constant)	.535	.226		2.369	.019
Appearance	.191	.089	.178	2.144	.033
Fairness	-.021	.089	-.020	-.232	.817
Helpfulness and Care	.059	.090	.058	.655	.513
Friendliness	.092	.084	.084	1.092	.276
Communication skills	.206	.088	.190	2.326	.021
Reliability	.117	.088	.105	1.337	.182
Credibility	-.002	.059	-.002	-.035	.972
Competence	.261	.080	.264	3.255	.001

R=0.776, R²=0.603, Adjusted R²=0.590

F=46.430, Sig. F=0.000

The results show that Competence (unstandardized coefficients B is 0.261, $t = 3.255$, $p < .05$), Communication Skills (unstandardized coefficients B is 0.206, $t = 2.326$, $p < .05$), and Appearance (unstandardized coefficients B is 0.191, $t = 2.144$, $p < .05$) are significantly related to students' satisfaction. This means that Competence, Communication, and Appearance are the three critical factors that positively contribute to students' satisfaction, ranking from highest to lowest respectively.

In contrast, the remaining five dimensions are not significantly related to student satisfaction. From the results, therefore, Hypothesis 1a: Teacher Appearance, Hypothesis 1e: Teacher Communication skills, and Hypothesis 1h: Teacher Competence are accepted.

Summary of Hypothesis Testing

The findings of the quantitative study can be summarized in the following *Table 5*. Teacher Competence, Teacher Communication Skills, and Teacher Appearance are significantly related to student satisfaction. On the other hand, Teacher Credibility, Teacher Fairness, Teacher Helpfulness and Care, Teacher Friendliness, and Teacher Reliability are not significantly related to student satisfaction.

These findings are supported by several other researches. As an overall idea, Bigne, Moliner and Sanchez (2003) found that service quality has a significant relationship with student satisfaction, while Ham and Hayduk (2003) found that there is a positive correlation between perception of service quality and student satisfaction. In addition, the results are in line with Suarman (2015), who found that students' perception of their teachers' teaching quality had a definite impact on those students' satisfaction.

Table 5. Summary of Hypothesis Testing

Hypothesis	Sig.	Result
H1: Student's attitude toward teacher has a significant influence on students' satisfaction.		
H1a: Student's attitude toward teacher's appearance has a significant influence on students' satisfaction.	.033	<u>Accepted</u>
H1b: Student's attitude toward teacher's fairness has a significant influence on students' satisfaction.	.817	Rejected
H1c: Student's attitude toward teacher's helpfulness and care has a significant influence on students' satisfaction.	.513	Rejected
H1d: Student's attitude toward teacher's friendliness has a significant influence on students' satisfaction.	.276	Rejected
H1e: Student's attitude toward teacher's communication skills has a significant influence on students' satisfaction.	.021	<u>Accepted</u>
H1f: Student's attitude toward teacher's reliability has a significant influence on students' satisfaction.	.182	Rejected
H1g: Student's attitude toward teacher's credibility has a significant influence on students' satisfaction.	.972	Rejected
H1h: Student's attitude toward teacher's competence has a significant influence on students' satisfaction.	.001	<u>Accepted</u>
H2: Demographics of students have significant influence on students' satisfaction.		
H2a: Student's age has a significant influence on students' satisfaction.	.850	Rejected
H2b: Student's gender has a significant influence on students' satisfaction.	.773	Rejected
H2c: Student's highest education level has a significant influence on students' satisfaction.	.995	Rejected
H2d: Student's occupation has a significant influence on students' satisfaction.	.562	Rejected
H2e: Student's income has a significant influence on students' satisfaction.	.316	Rejected

As for the demographic components, the results show that there are no significant differences in terms of satisfaction levels among each different demographic group based on gender, age, highest education level, occupation, and income.

The researcher concludes that students, regardless of their gender, age, highest education level, occupation, and income, perceived their satisfaction based on the Teacher Factors that students have experienced from the teachers in the classroom.

The findings of this study confirm that improvements in the Teacher Factor, in terms of Teacher Competence, Teacher Communication Skills, and Teacher Appearance, will relatively increase the level of satisfaction among the students. It can also be concluded that students' attitudes toward their teachers definitely have a certain impact on their satisfaction.

Qualitative Analysis

Summary of In-Depth Interviews

This study conducted an in-depth interview with three students, both male and female, chosen from among those who had responded to the quantitative questionnaire. The qualitative study found that the students expect the characteristics of their teacher to be respected and trustworthy, and also to be able to create a good atmosphere and have good communication skills. In addition, the students expect their teacher to be a personal advisor, personal mentor, and personal trainer. Moreover, the students expect their teacher to share a high level of knowledge and their own experiences in order to illustrate the relationship between the contents of the lesson and their future, their target, and real life. This is because the students want to know the realistic context of the contents being studied. In contrast, the aspects of a teacher that the students found to be negative included a teaching only limited knowledge, not being good at communication, not being respected, and being like a machine.

Comparison between Quantitative Research and Qualitative Research

The results of both the quantitative and qualitative research confirmed that the students have similar ideas about the influences of the Teacher Factor on their satisfaction, especially from the viewpoints of Teacher Competence, Teacher Communication Skills, and Teacher Appearance. Also, the students expressed similar attitudes with regard to the factors of Teacher

Credibility, Teacher Fairness, and Teacher Helpfulness and Care. On the other hand, regarding Teacher Reliability and Teacher Friendliness, the students expressed some differences as illustrated in *Table 6*, which summarizes a comparison between the quantitative and qualitative research results.

Table 6. Comparison between Quantitative Research and Qualitative Research

Teacher Factor	Quantitative Research	Qualitative Research
1. Teacher Competence	Significant (Sig.=0.001)	Important The students showed their appreciation for teaching higher knowledge, being skilled in controlling the classroom, sharing the teachers' experiences, and finding and correcting students' weak parts.
2. Teacher Communication skills	Significant (Sig.=0.021)	Important The students showed their wants for teachers who have good communication skills.
3. Teacher Appearance	Significant (Sig.=0.033)	Important The students expressed their happiness if the teacher shows a positive attitude in terms of recognition and understanding.
4. Teacher Reliability	Not Significant (Sig.=0.182)	Important The students showed their requirement that the teacher has to be respected and trustworthy in order for the students to follow the teachers' ideas and decisions.
5. Teacher Friendliness	Not Significant (Sig.=0.276)	Possibly Important The students didn't specifically express that the teacher has to be like a friend, but the researcher observed that in order to create a productive relationship, the students expect some kind of friendly attitude from the teacher.

Table 6. Comparison between Quantitative Research and Qualitative Research (Cont.)

Teacher Factor	Quantitative Research	Qualitative Research
6. Teacher Helpfulness and Care	Not Significant (Sig.=0.513)	Not Important The students mentioned that they need a certain level of help from the teacher sometimes when they have a clear target to achieve higher results.
7. Teacher Fairness	Not Significant (Sig.=0.817)	Not Important The students expected the teacher to be their personal advisor or personal supporter. Also, the students expected to receive personalized advice.
8. Teacher Credibility	Not Significant (Sig.=0.972)	Not Important The students expressed their attitude that they do not like teachers who teach like a machine that strictly follow rules, times, and

Conclusions & Recommendations

Conclusions

The results of this study help fulfill a gap in addressing how to improve the satisfaction of students, considered as customers of educational institutes, by revealing and highlighting important Teacher Factor components. In conclusion, based on the study outcome, it is clear that some aspects of the Teacher Factor have a significant relationship with student satisfaction. Of the eight Teacher Factor components, a significant positive relationship with student satisfaction was found from three components: Teacher Competence, Teacher Communication Skills, and Teacher Appearance. This suggests that improving these three components may potentially improve student satisfaction, and this should be the priority of educational institutions in order for them to create satisfied students. It is also worth noting that Teacher Reliability also showed the possibility to influence students' satisfaction directionally.

On the other hand, there were complicated results for two components of the Teacher Factor: Teacher Credibility and Teacher Fairness. As aspects of a teacher's character, those two components could be accepted; however, as aspects of the students' satisfaction, those components had the possibility to create a negative influence on the students' satisfaction. In addition, the results showed that there were no significant differences in the satisfaction levels of the students among the different demographic groups.

Ultimately, this study showed that some aspects of students' attitudes toward their teachers have a significant influence on student satisfaction, while the demographics of the students have no significant influence on student satisfaction.

Recommendations for Education Businesses

Teaching quality has been accepted as an antecedent of student satisfaction, and neglecting it may jeopardize the competitiveness of educational institutions as the students' satisfaction and the competitiveness of service-related educational organizations are inter-related. For that, denying or neglecting the importance of the quality of the teachers is tantamount to risking the continuation and the competitiveness of the institutions because the teacher factor could cause a variance in student satisfaction. As a validation of the findings of this study, by focusing on the critical elements of the teacher factor, especially competence, communication skills, and appearance, then the institution might be able to pave the way toward to a better evaluation in terms of student satisfaction and consequently expand their customer base. Thus, this could lead to the following issues on which educational institutions should concentrate.

1.) Teacher's Competence. In order to increase student satisfaction, the teachers must raise their competence levels to meet the expected standards. In order to raise the students' evaluation of teacher competence, it is recommended that when the teachers enter the classroom, they should recognize the students' expectations, which are as follows:

The students want the teachers to share not only the contents written in textbooks but also higher knowledges and the teachers' own experiences. Also, it is expected that the knowledge and experiences shared will be relevant to the subject matter being taught and will clarify the relationship between the contents that the students are learning and real life, the students' futures, and the students' targets. Also, since the students expect to reach their learning targets efficiently, it is important for the teacher to observe the students well and to clarify their purpose of study. In addition, the students see the teacher as their guide to their future, so the knowledge and experiences shared by the teacher are expected to be something that is in some way unexpected or surprising to the students as part of their educational discovery.

Moreover, the students are seeking benefits from class learning that they cannot experience from independent learning or private lessons, and they are also seeking interactive approaches and class management skills. For example, it is considered an effective teaching strategy to make opportunities to listen to each student's study goals, and reconfirm these goals on a regular basis. It is also considered effective for the teacher to share not only his or her experiences, but also to show the relationship between real-life scenarios and the content being learned through the utilization of media resources.

2.) Teacher's Communication Skills. Another aspect of increasing student satisfaction requires the teachers to improve their communication skills. For that, it is recommended that the teachers observe the students closely, and make efforts to know the communication style of each student. In addition, the students have a desire to be recognized as individuals, and also want to receive advice and support that matches their personality. It is considered effective for the teacher to clarify the most appropriate methods of communication and use those methods properly. This involves, for example, subdividing the communication methods into several functions, such as listening, talking, watching, discussing, writing, arranging, etc. and then communicating in the method that suits the purpose and preference of the students.

On the other hand, if the teacher sticks to a principle of fairness toward the students as a group and fails to communicate with them as individuals, the teacher might fail to meet the student's expectations and fail to achieve their satisfaction.

3.) Teacher's Appearance. As a third step toward increasing student satisfaction, the teachers must improve their appearance because the appearance of the teacher affects the communication between the teacher and the student, and also affects the sense of respect and trust the students have for the teacher. The appearance we discuss here includes looks, impression, facial expression, behavior, attitude, intelligence, and teacher-likeness. For example, it is effective for the teacher to have a look that is considered handsome or beautiful, but it is also considered effective to have professional manner in how to present things and how to speak in front of people. Also, in order to enhance the motivation of the teacher and to express that to the students, it is an effective strategy for the teacher to clarify the goals of what he or she expects from the students in the classroom.

On the other hand, although the students accept the teachers' strictness in relation to achieving the study purpose of the students, teacher strictness that is only intended at keeping schedules and rules might adversely affect the expectations and satisfaction of the students. Finally, the students recognize the teacher as a human being the same as themselves, and so the students are ready to accept teachers with flexible viewpoints. On the other hand, the teacher has to recognize that the students have strong expectations that the teacher should be a person who is respected.

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ASEAN and the rise of a new interstate order in the Pacific Rim

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Abstract

This paper analyzes incentives that aim at deepening the existing economic relations between the different ASEAN nations. The environment supporting these incentives has progressed so far that national leaders in the region are relinquishing long-held views regarding national sovereignty. The development, understandably, does not always occur by voluntary choice. Case studies will provide the necessary source material for both this research and for a methodological analysis. ASEAN's economic integration turns increasingly into a new reality. This process does not happen without setbacks. The American withdrawal from the Trans-Pacific Partnership, initiated by the Trump Administration, can be perceived as the most recent major obstacle that the further ASEAN integration encountered. Despite this change of direction in Washington's foreign policy, plenty of other initiatives for further regional integration still exist. The disappearance of boundaries and a closer political-economic integration seem to be foreseeable results on the still distant horizon. The existing Westphalian order in this part of the world is waning and a new system of intergovernmental relations is on the rise.

Keywords: AEC, AFTA, APEC, ASEAN, free trade agreements, FTAAP, RCEP, TPP, Westphalian Order

I. New Global Framework?

The purpose of this section is to give context concerning what the Westphalian system is about and how there is now emerging an alternative structure that potentially can replace the traditional Western-centric interstate order. In fact, the significance of this transformation is that non-state actors are becoming more relevant and empowered. When looking at Southeast Asia specifically, the rise and increasing importance of ASEAN since 1967 is notable regarding how this particular regional intergovernmental organization has become the key engine and venue for economic integration and political coordination. Furthermore, the elevation of China as a global superpower since the dawn of the 21st century has led to speculation concerning the manner international relations will be conducted perhaps along a more Sino-oriented structure. States remain essential units of analysis but the concept of "communities" and "markets" are forcing a rethink.

A. Methodology

The research approach utilized for this paper is qualitative and primarily exploratory concerning focus of the subject matter. By employing this method one can gain an understanding of underlying reasons, opinions, and motivations. It provides insights into the problem or helps to develop ideas or hypotheses. Being qualitative in nature, the paper will be

both descriptive and analytical yet close on a predictive note. The topic revolves the transformation of the Asia-Pacific, both politically and economically, from a bastion of independent, sovereign states to a realm of interdependent, integrated markets. Additionally, a qualitative research approach is more suitable to uncover trends in thought and opinions, and dive deeper into the problem.

Theoretically speaking, it can be argued that the Westphalian interstate order is a social construct, which has been tied to the concepts of sovereignty and borders as well as to states being the preeminent units of analysis in the study of international relations. Also, it is Western-centric. From this premise, the research framework of the paper looks at the emergence of a post-Westphalian structure where the concepts of sovereignty and borders are being redefined (as well as challenged) and where non-state actors are the leading drivers for change and integration (e.g. Association of Southeast Asian Nations and Asia Pacific Economic Cooperation). Equally significant, due to the advent of China as a global superpower, it must be entertained that a post-Westphalian interstate order may be dominated by Chinese characteristics.

A case study focus will be implemented, revolving around the ASEAN community and its centrality to the economic integration that is occurring across the Asia-Pacific region today. Greater commercial and investment activity between states have resulted in the proliferation of trade agreements (e.g. Trans-Pacific Partnership, Regional Comprehensive Economic Partnership, and Free Trade Area of the Asia Pacific) that heighten interdependency and more “open borders”, thereby oxidizing the underpinnings of the traditional Westphalian structure. It must be mentioned that case studies emphasize detailed contextual analysis of a limited number of events or conditions and their relationships. Moreover, partial historical comparison will be undertaken between the processes of economic integration experienced by Europe and Southeast Asia since the end of World War II. Such an approach permits the paper to move into the arena of constrained prognostication.

Finally, the paper’s methodology is anchored by a primary research question and two supporting secondary questions.

First of all, how will new generation free trade proposals like the TPP and the RCEP advance the integration of ASEAN as a single political and economic unit?

Secondly, what is ASEAN centrality and how will it enable the ASEAN community to migrate into a more manifest post-Westphalian order and benefit from the resultant transformation of the Asia-Pacific? Likewise, with the near simultaneous appearance of the TPP and the RCEP and their subsequent association with superpower sponsorship (TPP and the United States, RCEP and China), will there be a pivot to APEC’s long recommended Free Trade Area of the Asia-Pacific as the most inclusive and rational choice?

B. Westphalian Order

1. Definition

The Westphalian Order was initiated by the Treaties of Westphalia, signed in both Münster and Osnabrück. They marked the end of the devastating Thirty Years’ War. Within this framework, the state was understood as possessing unlimited sovereignty over its territory, at the same time being an independent subject in the conduct of international affairs. The model of the state was rising as a form of power, elevated to a monstrous shape in Thomas Hobbes’ *Leviathan* from 1651.

The Westphalian model prevailed for a long period of time and became the pattern for the modern nation state. The outcome of the Treaties of Westphalia even strongly influenced the framework of the United Nations, founded in 1945, almost 3 centuries later (Bordoni, 2013).

C. Post-Westphalian Order

This Westphalian model seems to be highly endangered as a result of developments in the late 20th and early 21st century, related to an increasing level of globalization. It ultimately undermines the sovereignty of established nation states (Bordoni, 2013). The loss of power, that modern states experience, namely in form of global economic crises and refugee streams, seems to mark the end of the Westphalian model and the rise of a post-Westphalian one. Here it is important to clearly differ both terms from one another. While Bordoni calls the current, disappearing order “post-Westphalian” (Bordoni, 2013), other scholars call the current order “Westphalian” and the rising one “post-Westphalian”. This paper will apply the latter definition and not follow Bordoni’s. We currently are witnessing how elements of control, formerly belonging to the state, are shifting to trade blocs and supranational organizations.

1. Trade Blocs

Trade blocs require a minimum set of common legal standards and regulations, agreed between their members and effecting the sovereignty of nation states. The degree to which nation states are effected, can vary strongly: it depends on how integrated the trade blocs are. While the NAFTA (North American Free Trade Agreement) is relatively limited, the EU (European Union) is the most advanced one in terms of integration. It is also the largest trade bloc on the planet, followed by NAFTA, MERCOSUR and AFTA (ASEAN Free Trade Area). The EU clearly is a success model, even if not without odds. Founded in 1992 by 12 member nations, with Germany and France as the driving core, it succeeded various predecessor organizations (European Economic Community, European Community). By 2013, following several previous enlargement phases in 1995, 2004 and 2007, 28 member states had joined. The EU is not only a trade bloc, but 19 of its membership nations also use a common currency, the Euro, issued by the European Central Bank (ECB), located in Frankfurt am Main. The Euro has been used since 2002, but has for most times of its existence been the subject of major concern that directly connects to initial failures in the construction of the EU. While the EU is economically a giant, it is politically impotent at the same time. Its member states act often divided on important burning issues (currency crisis, refugee crisis) and the cohesion effect is disappearing: in 2016, the United Kingdom, one of the most powerful member states, decided to leave the trade bloc. With this, we witness an important indicator for the limitations of trade blocs: they cannot supersede all of the functions of a nation state.

2. International Organizations

The establishment of functioning, permanent international organizations (IOs) dates back to the 19th century. The probably best known one is the United Nations (UNO or UN), founded in 1945, to establish a post-World War II order, following on its less successful predecessor organization, the League of Nations. 193 of 195 US recognized nations on the planet are member states (as of August 2017). The degree of cohesion within the UN is understandably low.

One example for the lack of executive power was the report of the MacBride Commission, presented to UNESCO conferences from 1978 until 1980, about global inequalities with regards to communication and media access. The governments of the USA and the UK opposed it and it did not result in the intended change (Pickard, 2007). Similarly, the invasion of the country of Iraq in 2003, conducted by the USA and its Allies, happened in opposition to important UN member states and without being permitted by a UN resolution.

On the other hand, UN permitted military actions needed strong nation states to lead the military forces into combat, such as in the Korean War (1950 – 1953) and in the Gulf War (1991), where troops, operating under UN mandate, were in both cases led by the United States. It is interesting to know, that the country of Iraq was during the Desert Storm campaign in 1991 not only subject of a military action against it, permitted by the UN, but also a member state of the UN itself. This indicates, how limited the degree of cohesion among UN member states themselves really is, but also how fragile is the concept of national sovereignty.

Other key international organizations in existence today are multinational corporations (MNCs), whose origins are reaching back to the early 17th century and to the British and the Dutch East India Companies. They owned authority not only to engage in trade relations, but also to govern in the colonies of their nations. The MNCs of the 20th and the 21st century are large entities, stretching across nation states. Through means of lobbying, they are extremely influential in political terms and can exercise their will, making governments partly and in a limited way act on their behalf. Their economic power can be stronger than the annual gross domestic product (GDP) of an entire nation state: the company Walmart generated in 2016 a revenue of over \$482 billion, larger than the taxes of the Netherlands, Spain, Australia (Rodionova, 2016).

Another special form of international organization that challenges directly the power of states is modern, organized crime. A notable example was the cocaine trafficking Cali Cartel, based in the city of the same name in Colombia. It acted like a corporation. In the city of Cali, the cartel leaders were the real authority, far more powerful than the government in distant Bogotá. In the 1990s, its money and political influence undermined the functioning of Colombian government, jurisdiction, police and military to a large extent and to cartel benefits. Its operations extended over continents and included for example drug trafficking routes from Colombia via Central America into the United States, where its headquarter was located in New York. Related modern crime syndicates are and remain a threat to the power of the nation state. But whatever its shape and modus operandi, the traditional notion of sovereignty is becoming diluted and a post-Westphalian system is beginning to take root.

II. From Fragmentation to Community

The purpose of this section is to provide the reader with a sense of the tremendous historical changes that have taken place in Southeast Asia since the end of World War II. In fact, it is crucial to understand the evolution of the region from a colonial possession to ideologically-divided independent states to a more closely linked community of nations. Furthermore, there are certain parallels to the building of integrated regional communities in other parts of the world, such as in Europe, which the reader will identify.

A. Colonial Domains

The majority of the lands that nowadays form the organization ASEAN, belonged until the mid of the 20th century to different colonial empires. The most important one in this part of the world was the Dutch empire, ruling what would later become Indonesia. Important was also history's largest colonial empire, the British Empire, owning territories, from which later independent Burma (nowadays Myanmar), Malaysia, Brunei and Singapore would emerge. Indochina was under French control: the territory where Laos, Vietnam and Cambodia were located. Neighboring Thailand was the only nation, that was nominally independent and the Philippines were in the unique situation of being a colony of the United States: of a country that once had emerged from 13 colonies itself. The major event that changed the situation of

the mainly European empires, was World War II and the Japanese invasion that took place in the years of 1941 and 1942.

B. Independence

The course of World War II had demonstrated to the peoples in South East Asia, how weakened the position of their European colonial masters was. That another Asian power, the Japanese Empire, was capable of conquering Britain's stronghold Singapore in 1942 so quickly, send a signal to all the nationalist movements in the underground that the time had come to overthrow the old order. After the surrender of the Japanese forces to the Allies in 1945, they were fighting for independence. While in some countries, the transitions into sovereignty were peaceful, they were brutal in others. Burma, Malaya (later the core region of Malaysia) and Brunei reached their freedom from the British on a rather peaceful way. In a similar way did the Philippines became independent from the United States, even receiving their independence on a 4th of July, the same day and month, when America had declared its own in 1776. Indonesian nationalists had to fight against their Dutch colonial masters: the heaviest single battle took place in Surabaya, Java, in 1946. But the worst conflict was the Indochina War. The French tried to prevent the independence of Vietnam, Laos and Cambodia. They lost against the charismatic Vietnamese leader Hồ Chí Minh, while the decisive battle took place in Điện Biên Phủ, in 1954. At this time, probably no one knew that this was just the prologue leading into the Vietnamese Civil War, one of the bloodiest conflicts in the 2nd half of the 20th century, resulting into a major US involvement in the region that ended like the French endeavor: with a defeat.

C. ASEAN

In 1967, this intergovernmental organization was established with the Bangkok Declaration. Its aim was and is to promote collaboration on various levels of society. A strong focus is on economic growth. The initial member states were Malaysia, Singapore, the Philippines, Thailand and Indonesia. The latter is now in terms of size and population the most important one. It is no coincidence that the Secretariat of ASEAN is located in its capital city Jakarta. While the 5 countries are located in the same part of the world, they are quite diverse. Malaysia and Indonesia are to the largest extent Muslims countries and similar to one another in terms of language and culture. Thailand and Singapore were strongly influenced by Buddhism, whereby Singapore was a young, mainly Chinese settlement, dating back to the 19th century and established by the British. It had split off from Malaysia only 2 years before the ASEAN foundation. Next to this, the Philippines present a special case. As a Catholic country, it was of all newly independent nations in the strongest way influenced by the process of colonization: especially in the centuries under Spanish rule. Not only is it the most Christianized country in Asia, but also in terms of culture probably closer to Latin America than to its Asian neighbors.

1. From Five to Ten

ASEAN was later joined by five other nations: Brunei, Cambodia, Laos, Vietnam and Myanmar. It has not changed the status of Indonesia as the most important of the ASEAN nations in terms of landmass, economic product and population. But it surely has increased the already existing diversity: with Laos and Vietnam, two socialist countries joined, both nominally still communist. This is remarkable, remembering that in the initial years of ASEAN's existence, the fear of communism was a driving force behind the newly established

collaboration. Also the economic income situation of the member states is very diverse: while Laos is a very poor country with immense hunger problems, Singapore and Brunei are rich and highly developed. The human development standard in Thailand and Malaysia is still regarded as high (even if below the one in Singapore and Brunei), and above the one in countries like Vietnam and the Philippines. Also, the six major economies in the region are many times larger than the four remaining ones. Despite the inequality between the member nations is there confidence with regard to the current situation: “ASEAN nations’ strategy of export-orientated growth and trade openness has resulted in rapid rates of economic progress in the last few decades, lifting millions out of poverty,” writes Aédán Mordecai in “The Diplomat” (Mordecai 2017).

D. AFTA

The Asian Free Trade Agreement (AFTA) was signed in 1992 in Singapore by the six ASEAN members Indonesia, Malaysia, Thailand, Singapore, Brunei and the Philippines, resulting in the creation of a trade bloc. Vietnam joined 3 years later, followed by Myanmar and Laos in the year of the Asian crisis. The last country to join the trade bloc was Cambodia in 1999. Its aim is basically to increase the economic competitiveness of the region and to promote local manufacture. This is supported by reduced trade tariffs between the membership countries. In addition, an increase of investment from outside ASEAN is desired. Responsible for the handling of AFTA matters are the trade and customs authorities in the membership countries. In case of controversies, regarding AFTA affairs, bilateral solutions between the involved countries have to be found. The ASEAN secretariat possesses no authority in those matters – another hint how strong the position of the nation state still is (AFTA 1998).

E. AEC

The ASEAN Economic Community (AEC), established in 2015, marks the youngest step with regards to integrating the region in economic terms. Main goal is, similar to the European Union, to establish a single market within the region. At the same time, free movement of goods, services and skilled labor shall be enabled. This future ASEAN market is supposed to be integrated into the global economy. An example for regional economic integration already exists in the border area of Indonesia, the Philippines, Brunei and Malaysia, living space for 70 million people. This initiative was launched in 1994. As one of the next steps in terms of integration, the focus is on the banking systems of the membership nations. Until 2020, it is planned to adapt them to each other, while expanding them within the region at the same time. This still creates hurdles, as administrative barriers need to be diminished. An example of a sector that requires more liberalization and improvement would be the banking and finance industry.

For other nations such as the Philippines, the transition process might even be harder, as it must fear not to be competitive enough (ASEAN 2017). The final step could be, as it already happened in the EU, to adopt a common currency. In order to make this happen, economic disparity between membership countries does urgently need to be reduced. Otherwise, ASEAN is doomed to suffer of similar currency problems as the Euro zone is experiencing them right now. As the income gaps in Europe are not as diverse as in AEC membership countries, potential future currency troubles could even be worse, if not handled carefully. A last concern is at the same time fundamental to Consumerism: the assurance of providing enough quality food to ASEAN citizens. The US Food and Drug Act from 1906 serves as one of the earliest and most important examples for addressing consumerist concerns. It might have served as an inspiration for ASEAN needs (Frith/Mueller 2003).

III. Economic Integration 4.0

The purpose of this section is to define and to illustrate how the process of economic integration has progressed from the basic reduction of tariffs and non-tariff barriers to deeper and wider linkages between national economies that have legal, technological, social, and cultural ramifications. In fact, discussions about integration today not only touch upon the connection of markets through trade agreements but also cover how contemporary economic arrangements are leading to an erosion of traditional state sovereignty as well as to the diminishment of borders as the principal cornerstones of the interstate order. Actually, the provisions contained within trade agreements nowadays push for the creation of post-Westphalian regional communities and the centrality of non-state actors in international affairs. Upon close examination of the historical evolution of economic cooperation and integration in the Asia Pacific region, it can be argued that many countries have experienced a flourishing in their respective economic, political, cultural and social spheres. It also has accelerated the process of global interconnectivity between the Asia Pacific and the rest of the world. Economic integration in the Asia Pacific region refers to trade, commercial, and investment arrangements entered into by governments, but it also involves the interaction of peoples and societies.

Accordingly, these linkages enable the national economy to achieve some degree of integration that can improve the country's position in the global marketplace. Since the late 1980s, trade barriers have been reduced or eliminated and now goods, capital and labor can flow more freely across the Asia Pacific as governments have implemented policies and measures to draw their national economies closer together. Fast forward to today and the economic system in the Asia Pacific region is much more open, interrelated and interdependent. Economic integration across the Asia Pacific has changed the pattern of national development and changed the way of life of people. It has transformed the marketplace, making it more open and free, offering both more opportunities and challenges. For instance, it has promoted rapid economic development by eliminating trade barriers between countries and increasing the efficient utilization of resources in the region. As a result, the quality of production has improved in many countries, markets have expanded, competitiveness has been boosted, and productivity levels have been raised. In addition, the process has permitted countries to form good relationships of cooperation to ease tensions and to promote interdependence, particularly with regards to supply chains. But the economic integration of the 21st century is much more comprehensive than a simple preferential trade agreement of the 1990s.

Presently, the Asia-Pacific region is moving towards a horizon that is defined by deeper and wider interconnectivity, not only on an economic level, but also on a political, legal, technological, and socio-cultural level. The recent US withdrawal from the Transpacific Partnership (TPP) has shaken the Asia-Pacific region, causing governments and stakeholders in this part of the world to ask why the United States has escaped the agreement that was perceived to enhance its economic and strategic interests in the region. Doubts about the long-lasting advantages of bilateral free trade agreements and the broad rebound in global trade have pushed further the necessity of economic arrangements that create a web of multilevel linkages that bind national markets closer. The TPP is such an endeavor, but not the only one. At the same time, important economic, technological and institutional developments are rapidly changing the nature of trade and investment, creating new opportunities and challenges for companies of all sizes as well as individual entrepreneurs. Such a trend is obligating governments to surrender more power and authority thereby redefining national sovereignty.

IV. Many Roads, One Destination

The purpose of this section is to highlight the advent of a several ambitious trade arrangements that aim to create a single economic market in the Asia-Pacific region. In fact, it is these trade agreement proposals that are heralding the growth of a post-Westphalian structure, with ASEAN playing a pivotal role.

A. TPP

The Trans-Pacific Partnership (TPP), is a massive trade agreement, accounting for 40% of the world's economic output (BBC, 2017). Inclusive of eleven countries: Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam, the TPP was signed in February 2016 and came to be associated closely with the Obama Administration. The primary intention of the pact is to promote trade by slashing tariffs to create deeper economic ties, and eventually economic prosperity. Members of the TPP also have expressed an expectation for eventual progression into economic and political regulation, similar to that seen in the European Union. Before the agreement could come into force, all prospective members had to ratify their decision. The trade union included the United States, until President Donald Trump announced the country's retraction on the basis that the TPP presented more of a loss than a gain for the US. Other parties to the agreement regarded the participation of the United States in the TPP as essential due to the economic influence the country holds in markets around the world. Therefore, the US withdrawal signified uncertainty for the future as difficulties abound in region-wide acceptance of the TPP as the cornerstone of a 21st century Asia Pacific community (Rodionova, 2016).

Previously encompassing 12 Pacific Rim countries, it would have included approximately 800 million people, double that of the EU's internal market. The TPP is a remarkable agreement in that it incorporates labor rights, environmental protections, and regulatory measures. Moreover, the trade agreement is centered on the fastest growing region in the world, which witnessed economic growth of 8% in 2012 (Meltzer, 2012). The Pacific Rim presents great economic opportunities for multinational corporations and local business enterprises, which can enhance the overall economy of the Asia-Pacific as well as boost the health of the global economy. Some critics still believe the TPP serves primarily the economic and financial interests of the US and aims to assert US dominance across the region at the expense of free trade and commercial liberalization (Stiglitz, 2014). Additionally, now that the US has withdrawn, some governments are questioning the true benefits.

Japan has stated that the agreement does not have the same value now that the US has left from the TPP (BBC, 2017). For the 11 remaining members, the future does not look as bright as it did before. Still, the TPP is not just significant to the participating members, but to the world as well. Considering that the Asia Pacific accounts for about 50% of free trade and 60% of global GDP, these figures illustrated its importance to sustained global economic growth. Promoting development, establishing rules of trade and commerce, and strengthening the US relationship with partners and allies, the TPP assists in reinforcing US economic linkages to the region and, by extension, maintaining its primacy of the global marketplace (Office of the United States Trade Representative, 2015, October 04). By removing tariffs and trade barriers, companies are more able to conduct business more freely in those national economies that are part of the TPP. Indeed, the benefits of foreign direct investment are predicted to increase dramatically across the Pacific Rim (O'Flaherty, n.d).

B. RCEP

The Regional Comprehensive Economic Partnership is a proposed free trade agreement. It is an arrangement that includes the 10 ASEAN nations of Thailand, Singapore, Cambodia, Malaysia, Philippines, Brunei Darussalam, Vietnam, Laos, Myanmar, and Indonesia, with an additional six members being China, Australia, India, Japan, New Zealand and South Korea. The reason behind launching the negotiations of the RCEP was to reach the goal of a high quality, comprehensive, and mutually benefiting economic partnership between the members of ASEAN and the organization's Asian partners. The RCEP started in late 2013 and it covers different sectors: intellectual property, e-commerce, trade in goods, investment, small and medium enterprises (SMEs), trade in services, economic and technical cooperation, dispute settlement, competition and other issues. One thing that is very unique with the RCEP is that three of the largest economies in Asia are involved. China, India and Japan's presence in the RCEP constitutes a major strength for the trade arrangement. India and China are regarded as two countries with the fastest growing national economies in the world. With a population of almost 3.5 billion people, the RCEP community stands to be the biggest trade bloc if ratified, dominating 30% of global trade and 40% of the world's GDP.

The RCEP promotes broad economic integration with its proposed open trade and investment marketplace through an FTA arrangement that takes into account the efficacy of gradualism in bringing together diverse economies. Equally important, being inclusive is something the RCEP understands and recognizes as vital to the success and sustainability of any project aiming for economic interconnectivity. In fact, the RCEP enables SMEs to leverage their local advantages to expand their business operations into other markets on a measured basis. More than 90% of SMEs – small and medium-sized businesses make up the economic activity in all countries participating in the RCEP. The endogenous development of national economies is crucial for regional integration and the establishment of an interconnected and functioning community. Furthermore, the RCEP has mechanisms meant to deal with potential turbulent externalities concerning trade liberalization and globalization. For large corporations, the RCEP plays a huge role, and it presents a lot of commercial and investment opportunities throughout the East Asian region, the hub of the global economy today. There are 16 countries that are participating in the RCEP and this stands for nearly half of the entire world's population. Trade barriers will be lowered, thereby permitting services and goods to have improved market access. As noted, the agreement accounts for 40% of the global economy.

For countries like China and India that do not have an existing bilateral free trade agreement in place, it is expected that the RCEP will be very beneficial for both Beijing and New Delhi. Indeed, the RCEP possesses the capacity to convert Asia into the world's new manufacturing hub because of its inclusion of three of the world's largest economies: China, Japan, and India. The creation of both a production and supply chain network throughout the RCEP trade bloc is something that can elevate significantly the development levels of all the participating members as well as increase its attractiveness as an investment destination. Accordingly, the RCEP provides a great opportunity for Asian economic growth in general, and opportunities for the advancement of a well-integrated ASEAN community, more specifically (ASEAN, 2016).

C. FTAAP

After years of discussions, APEC members committed themselves in 2014 to take the final step in approving a long-term free trade agreement for the Asia-Pacific, thereby turning the vision into a reality. However, converting the idea into an actual initiative took time. In

fact, the proposal for a Pacific Ocean Free Trade Agreement had been discussed initially in 1966, though APEC did not formally deliberate the concept until its 2006 summit meeting in Hanoi (Bergsten, 2007). The Free Trade Agreement of the Asia Pacific (FTAAP), involves the following 21 Pacific Rim economies: Canada, United States, Mexico, Peru, Chile, Russia, South Korea, Japan, Taiwan, Vietnam, Philippines, Brunei, Indonesia, Papua New Guinea, Australia, New Zealand, Singapore, Malaysia, Thailand, Hong Kong and China (Graphics, 2014). These same economies also are a part of the Asia-Pacific Economic Cooperation (APEC). Indeed, creating a free trade bloc encompassing the entire Asia Pacific has been one of the goals of the forum. Similarly, the development and construction of a wide-ranging trade framework for the region were issue-areas covered by the agreement.

What the FTAAP proposes is to connect all of the Pacific Rim economies from Chile to China, even the United States. By bridging the gap between the TPP and the RCEP, advocates of the initiative argue that there may be more opportunities and benefits with the actualization of the FTAAP. But now that the United States has withdrawn from the TPP the future remains uncertain for the establishment of an integrated Asia Pacific economic community. Nonetheless, at the moment, the most viable option for the realization of a trans-Pacific free trade bloc is the RCEP, yet the FTAAP continues to be an unexplored alternative (China Daily, 2016). Calling for the elimination of trade barriers for the region, the FTAAP is an ambitious project as it seeks to create an inclusive free trade zone that is founded upon the principles of neoliberalism (Bergsten, 2016). In comparison to other regional trade agreements that have been proposed, the FTAAP has the advantage in that both the United States and China are included in the arrangement. Furthermore, the FTAAP is a lot larger than the TPP regarding membership, with the FTAAP counting 21 economies and the TPP revolving around 11 countries. Likewise, the FTAAP became a more feasible option to exercise after the 2014 APEC summit meeting in Beijing when it was announced that the forum would launch “a collective strategic study” of the initiative (Ministry of Commerce PRC, 2014). Interestingly, now that the Trump Administration has removed the United States from the TPP, talk has turned to the possibility of the FTAAP functioning as a “bridge” between the competing economic agendas of the United States and China concerning the Pacific Rim, as Washington is not a party to the RCEP.

By aiming to create a free trade zone, the FTAAP significantly expands not only regional economic growth, but also interconnectivity. Perhaps, more importantly, this arrangement is the first Asia Pacific free trade pact where both the United States and China are members, which potentially can boost economic development throughout the Pacific Rim and, in particular, stimulate international trade and commerce. But in order for the global economy to evolve, it is said that the United States and China must cooperate and agree first on binding rules for trade, commerce, investment and finance affecting the Asia Pacific, only then can the twin goals of progress and prosperity be achieved and sustained globally. With the participation of both the United States and China, the agreement can open up a future that is more integrated and open rather than a future characterized by division and restrictions. No matter which free trade agreement prevails, whether it be the Trans-Pacific Partnership or the Regional Comprehensive Economic Partnership, the Pacific Rim is dependent on both the US and China, as the world's first and second largest economies, to reach an accommodation that revolves around the construction of an inclusive and thriving Asia-Pacific community (Brilliant, 2016).

V. Looking Beyond the Present

The purpose of this section is to provide some concluding remarks about ASEAN and its move into a post-Westphalian environment, where states are markets/supply chains and these markets/supply chains, in turn, function as the nuclei of vibrant cross-border

communities. Moreover, these national markets find themselves inextricably linked to the same central hub of economic activity in the Asia-Pacific, whether it be China or the United States. In fact, there will be an examination of the concept of ASEAN centrality and APEC's relevance as a key pillar for an integrated Asia-Pacific community, despite all the media attention given to the TPP and RCEP. Finally, the paper's findings will be put forward and the main research questions revisited.

A. ASEAN Centrality

The concept of ASEAN centrality has drawn the interest of International Relations researchers since regional integration began to take place such as ASEAN+3 Process in 1997 and the first East Asia Summit (EAS) in 2005. So far, regional integration in East Asia and the Asia-Pacific are seen through several regional mechanisms such as the ASEAN+3 Summit, East Asia Summit, ASEAN Regional Forum, and Asia Pacific Economic Cooperation (APEC). At the 4th East Asia Summit in October 2009 in Thailand, Australia also proposed the idea of Asia Pacific Community by stating that ASEAN is the core of this newly-proposed regional architecture (Ministry of Foreign Affairs of Japan, 2009). It can be stated that whatever proposal involving regional integration in East Asia or in Asia Pacific, ASEAN is key. Furthermore, besides political cooperation, Corbett and Umezaki (2009), in their executive summary, conclude that ASEAN Economic Community (AEC) is also at the hub of economic integration in East Asia. Therefore, ASEAN is the hub of both political and economic cooperation in the region. However, there are many challenges. According to Hernandez (2008), ASEAN is needed to be the driving force of the regional community building efforts due to rivalry not only between China and Japan, but also between China and the United States. In other words, ASEAN is just "the driving force by default" while other key regional players are competing with each other for influence and future leadership in the region.

However, there has been no official definition of the term "ASEAN centrality" and a clear-cut approach on how to promote it. According to ASEAN's Political and Security Community Blueprint (ASEAN Secretariat, 2016), in order to strengthen the centrality of the organization in regional cooperation and community building, ASEAN must fulfill certain criteria. These include the following: "... initiate, host, chair and/or co-chair activities and meetings with Dialogue Partners within the context of ASEAN+3, EAS, and the ASEAN Regional Forum (ARF); initiate and implement concrete cooperation activities; advance ARF towards Preventive Diplomacy; and enhance coordination in ASEAN's external relations and regional and multilateral fora." For instance, ASEAN has been chairing and hosting those kinds of regional meetings since 1994. In addition, ASEAN leaders at the 16th ASEAN Summit in Hanoi back in April 2010 agreed to adopt a "two-prong approach" for maintaining ASEAN centrality through the acceleration of ASEAN integration and the intensification of ASEAN's external relations with major powers (ASEAN, 2012).

Yet, what underpins ASEAN centrality itself? We should look into the role of power, as argued by Camilleri (2003), in the internal dynamics of regionalism. According to Yahuda in his foreword for Emmers (2003), the concept of balance of power has been central to the inner development of ASEAN and is also the underlying force for driving security cooperation in ARF. He notices the importance of using balance of power concept by Emmers to explain how ASEAN manages security relations between great powers to prevent the emergence of regional hegemony (US and China) and maintains the independence of the smaller states. Emmers' thesis is an exceptional finding of ASEAN's development. He argues that "ASEAN and ARF were established with the denial of hegemony in mind, but not in a conventional sense ... the balance of power factor has influenced the creation and institutional evolution of

ASEAN by constraining intra-mural hegemonic dispositions and providing some member states with an additional incentive to cooperate” (p.162). According to his analysis, the balance of power strategy has been used by ASEAN to prevent internal hegemony among member states and also to avoid and constrain external hegemony in the region, coming from the US and China. In so doing, ARF has been used as cooperative security regime in the Asia Pacific to maintain peace and stability through confidence building measures in the present time and also preventive diplomacy in the future.

There are four regional players, US, China, Japan, and India, which are the main concern for ASEAN in terms of balance of power calculation. However, ASEAN’s ability to manage its relations with all major players seems to be limited. In addition, ASEAN’s prosperity also depends on a positive relationship existing amongst the aforementioned four. According to Weatherbee (2005, p.292), ASEAN is facing potential risk in its great power equation through which the region’s economic and political stability depends on better relations in the China-Japan-United States triangle. From this view, the balance of power alone is not enough in managing ASEAN’s external relations. Consequently, it becomes an imperative for ASEAN to push forward greater economic interconnectivity across the Asia-Pacific through the advocacy of multilateral free trade arrangements. For instance, ASEAN has free trade agreements with six partners namely People’s Republic of China (ACFTA), Republic of Korea (AKFTA), Japan (AJCEP), India (AIFTA) as well as Australia and New Zealand (AANZFTA).

B. Pivot to APEC

APEC was created in 1989 in response to the need for a regional structure that would bridge the Pacific, avoiding the possibility that regionalism would devolve into geographic cliques — namely, a proposed East Asian Caucus (an Asia-only structure tabled by then Malaysian prime minister Mahathir Mohamad), the North American Free Trade Agreement (NAFTA), and the European Union. APEC’s agenda has been overwhelmingly focused on economic coordination and facilitation, not security, and APEC is an important and useful structure that links key countries across the Pacific. However, its own members admit that it does not have any legal mandate to compel economies to adhere to consensus agreements. And while it already includes 21 economies, it does not include all of the ASEAN countries, nor does it include key Latin American countries seeking to join the trans-Pacific dialogue such as Colombia. On trade, APEC has been effective in tabling issues that help prepare members for increasing and expanding trade and investment, but it has ceded effective trade liberalization efforts to initiatives such as the TPP or the RCEP.

Historically speaking, APEC has been visionary but nowadays it appears that it has lost much of its relevance. For instance, its much vaunted concept of Open Regionalism has not been embraced officially by any national government in the Asia Pacific, even though it is tied inextricably to the process of trade liberalization. Moreover, non-tariff barriers remain in place in most countries of the Asia-Pacific and the emerging powerhouse of China is affecting the direction of the overall regional economy. The realities of geo-economics set aside, APEC continues to serve a necessary function in that it is a forum of inclusiveness, bringing together economies of all sizes and levels of development. And perhaps it is this permanent feature that makes the organization so valuable for the future of the Asia Pacific as a whole.

Indeed, the competition between the TPP and the RCEP mirrors conflicts between developing and developed economies in the region. More importantly, it showcases the elevated geopolitical competition between China and the US. From these observations, it can be argued that APEC can serve as a bridge for an emerging trans-Pacific community and that its FTAAP blueprint can narrow the gap between the conflicting visions of China and the US. Such a process holds the potential not only for redefining the Asia Pacific region but also herald

the creation of a new post-Westphalian system wherein national sovereignty has been subsumed to the priorities of inter-state community formation.

C. Results

Without a doubt, Southeast Asia has experienced remarkable transformation since 1945. Previously a Cold War theater, this corner of the globe was an epicenter of superpower rivalry amongst the United States, Soviet Union, and China. Devastated and divided by armed conflict and ideological tensions for over a period of 45 years, the region was an economic backwater. Yet, in 1967, the seeds were planted that would result in Southeast Asia moving from a battlefield to a marketplace, a region that would be a leader in economic integration. The establishment of the Association of Southeast Asian Nations initially aimed for political accommodation and collective security but by the 1990s the regional intergovernmental organization increased its membership and embarked upon a path of greater economic openness and cooperation. ASEAN included all Southeast Asian states by 1999 and the formation of a community of nations commenced. Nonetheless, with the inauguration of the ASEAN Economic Community in December 2015, the region is embracing interdependency and interconnectedness on a number of levels, not just merely economic. Equally significant, ASEAN centrality is apparent in the creation of a more inclusive regime architecture for the Asia-Pacific. From the research conducted, it is clear that the Western-centric Westphalian structure today experiences a multiplicity of challenges with the presence and prevalence of dynamic non-state actors, such as ASEAN.

These organizations many times are redefining the trajectory of global affairs or compelling states to undertake actions that result in diminished sovereignty and a gradual acceptance that national borders often act as impediments to progress and prosperity. Additionally, the rise and prominence of China as a global superpower has altered the ebb and flow of interstate relations across the Asia-Pacific. A large percentage of world trade and commerce is linked to the Chinese economy and ASEAN, both as a collective and its individual member states, is gravitating more towards China's sphere of influence. Simply put, states remain a permanent fixture of the international landscape but their sovereignty and the inviolability of their borders are undergoing a major rethink by governments and political leaders of countries that are highly enmeshed into the global economy. Likewise, the ascent of China has brought to the fore a realization that the current Western-centric Westphalian order may be replaced with a new post-Westphalian structure that is delineated with Chinese characteristics. Debate about a post-Western world system is not novel but it is interesting that economic forces are a key driver in this change.

Finally, new generation free trade agreements like the Trans-Pacific Partnership and the Regional Comprehensive Economic Partnership no longer remain as mere conceptual schemes, but rather have gravitated into actual policies that push national governments onto the road of fast-track economic integration. Moreover, this heightened interconnectivity is multidimensional in that it involves not only the economic sphere but also matters pertaining to the political, social, technological, and legal spheres. The ascension of the TPP and of the RCEP is a clear example that there exists an acknowledgement amongst many political and business leaders that the Asia-Pacific requires the establishment of a more open and extensive marketplace. Trade and commerce between the countries of the Asia-Pacific are fueling much of the region's development and wealth. Yet, differing visions have surfaced, particularly between the United States and China. With Washington throwing its weight behind the TPP (under the administration of President Barrack Obama) and with Beijing associating itself more with the "alternative" RCEP, there existed a perception that a closely-knit Asia-Pacific community of economies was in jeopardy. Nonetheless, despite the policy dissimilarities, a

framework for greater interconnectivity can be found in APEC's proposed Free Trade Area of the Asia-Pacific and still seems to be the most inclusive and rational choice. And ASEAN lies at the center.

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Dynamic Service Innovation Strategy and Firm Profitability: Empirical Evidence from Hotel Businesses in Thailand

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Abstract

This research aimed to study the relationship between dynamic service innovation strategy and firm profitability of hotels businesses in Thailand. Data were collected from 289 hotel business in Thailand by using questionnaire mail survey. Hypothesized relationships among constructs were examined by regression analysis. The results indicate that customized service concentration is the most important dimension of dynamic service innovation strategy affecting all consequences. The hotels improve their management to cope with the concurrence because of the changing business environment. Hence, business operators must consider how to engage consumers in customized service concentration to be competitive in the industry. Furthermore, managerial and theoretical contributions, suggestions for further research, and a conclusion are provided in details.

Keywords: Dynamic Service Innovation Strategy, Service Excellence, Service Advantage, Customer Fulfillment, Service Performance, Firm Profitability

Introduction

In recent decades, the business is growing with continuous dynamism and high economic growth, which leads to change in the condition of market and economic environments more than ever before. Many service businesses are facing speedy with a dynamic environment characterized by working under changes in the customer need, demand uncertainty, complexity and high competition in both the manufacturing and service sectors. (Schmitt and Klarner, 2015). In addition, many leading firms have the necessity to adapt themselves for new rivals, the emerging of new technology in a variety in the customer requirements to ensure the survival, and success of the service in the future (Danneel, 2002). Likewise, firms need to apply competitive strategies to deal with the changing situations and develop their strategic alignment with the internal and external business environment. Dynamic service innovation strategy is a significant part of service innovation strategy and the ability of firm to innovate and gain the competitive advantage (Watson and Hewett, 2006). The concept of service innovation has been defined in similar ways. Service innovation is create value for customers through new process offerings, which leads to be practical and beneficial to the organization that has developed it; the benefits often come from renewable value added to customers (Toivonen and Tuominen, 2009). Service innovation is the introduction of new concepts that focus on new ideas, new service business models, and continuous improvement techniques to customer experience (Enz, 2012).

Therefore, service innovation strategy is to create a good or effective business opportunity with new service concepts that lead to new business services reforms. As to prior literature, this research defines dynamic service innovation strategy as the ability of firms to constantly evaluate the conditions and determine to introduce a new process, create new activities and adapt to the changing environment of the company to maintain competitive advantage and business success (Goldstein et al., 2002). They have strategically utilized dynamic service innovation strategy as a system comprising of methods and techniques that is used to gather and provide information for executive that is useful for service decision-making. Hence, this study aims to examine the relationship among dynamic service innovation strategy, service excellence, customer fulfillment, service advantage, service performance, and firm profitability in Thai hotel businesses. The questions is how dynamic service innovation strategy affects firm profitability.

Literature Review

The relationship model of dynamic service innovation strategy and its consequences is shown in Figure1.

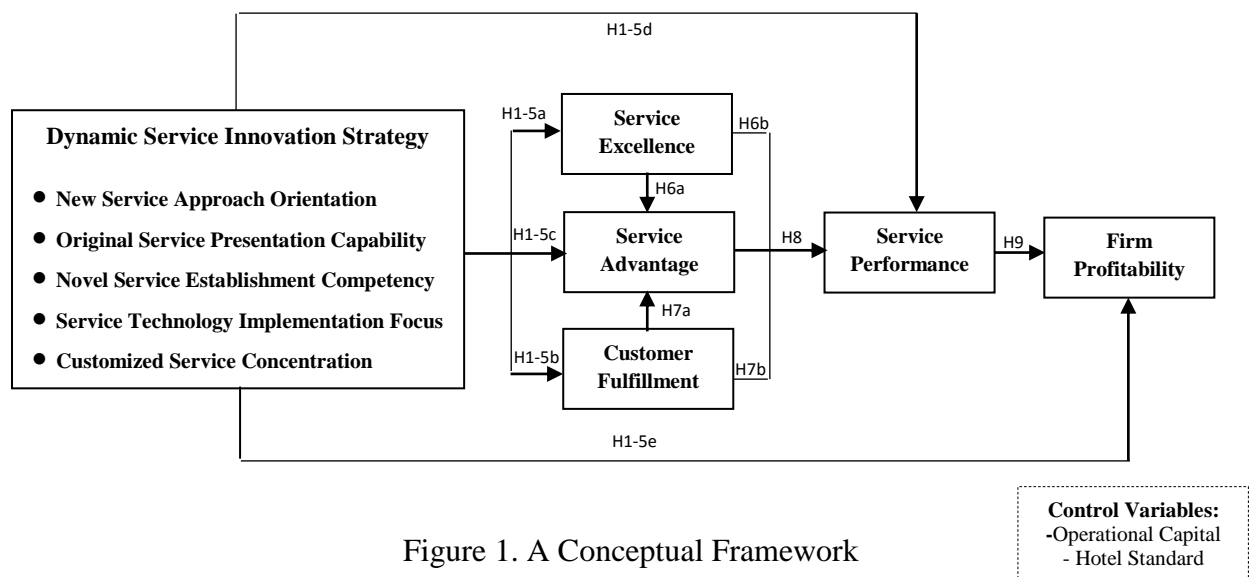


Figure 1. A Conceptual Framework

New Service Approach Orientation (NSAO)

New service approach orientation refers to firm's focus on using the new process, new designs, and modern operation management that can increase superior profitability and can help business grow in all situations (Goldstein et al., 2002). In this research, firms attempt to develop or generate new service for response to a customer's needs and wants (Johnson et al., 2002). New service is a resource in the pursuit of competitive advantage because using new service can help maximize benefits for those customers, increase customer loyalty, increase performance, and profitability (Nicolau and Santa-Mari'a 2013). Therefore, firms need to develop all new service processes and sustain themselves in the competitive markets. This position is reflected the hypothesis as below:

H1 a-e NSAO is positively associated with: (a) service excellence, (b) customer fulfillment, (c) service advantage, (d) service performance, and (e) firm profitability.

Original Service Presentation Capability (OSPC)

Original service presentation capability refers to the ability of the organization to offer new service experience, attempt to create different new service that can achieve the better service than competitors in the same industries (Venkatesh et al., 2012). Original service is a key strategy in making new products, methods, distribution, processes, providing concepts for gaining competitive advantage and performance (Wang and Ahmed, 2004). Moreover, the company's willingness is to continuously explore and create differentiated services with the aim to provide a wide range of services to satisfy customer (Venkatesh et al., 2012). To overcome this, companies need to develop the ability to represent their services in the original way in order to achieve customer delight through service excellence and establish long-term relationships with customer (Gouthier et al., 2012). Hence, this research hypothesis that:

H2 a-e OSPC is positively associated with: (a) service excellence, (b) customer fulfillment, (c) service advantage, (d) service performance, and (e) firm profitability.

Novel Service Establishment Competency (NSEC)

Novel service establishment competency is defined as firms to establish the unique service that differentiates from others and responds to the change to customer wants and customer is satisfied for diversity of different new service concepts and competitive advantage (Hertog et al., 2010). Novel service plays an important role in the improvement of service and the success of service innovation (Froehle and Roth, 2007). Therefore, firms should offer unique service to customer satisfaction based on their feelings to achieve superior performance and gain competitive advantage (Randhawa and Scerri, 2015). Hence, this research hypothesis that:

H3 a-e NSEC is positively associated with: (a) service excellence, (b) customer fulfillment, (c) service advantage, (d) service performance, and (e) firm profitability.

Service Technology Implementation Focus (STIF)

Service technology implementation focus refers to firm's concentration that uses technology to develop new service continuously with more efficiency, which may lead to increase the productivity and respond to changing customer expectations and needs (Den Hertog, 2000). Technology becomes an integral part of service with organizations offering new ways of reaching out to the customer by adopting new technological channels and provides a range of service advantages for guests (Kolah, 2011). Therefore, technology is important for the service sector, increases the innovative ability of firms, whether production or service and to improve productivity (Tatiana, 2010). There is no doubt that technology is very useful in increasing the efficiency and service in any field, especially in hotels which would lead to customer satisfaction and result in maximizing the profitability (Chen, 2011). Hence, this research hypothesis that:

H4 a-e STIF is positively associated with: (a) service excellence, (b) customer fulfillment, (c) service advantage, (d) service performance, and (e) firm profitability.

Customized Service Concentration (CSC)

Customized service concentration refers to the organization that provides new service to meet the needs of customers. To create a specific of service, and activity that can bring

firm to gain the competitive advantage than competitors (Spohrer and Maglio, 2008). More importantly, to achieve customized service that can enhance the value of their offerings, understanding of the customer needs and expectations (Wang et al., 2012). Thus, customized service concentration is the firm that looks for business activity that has a value added to respond to target market of customer needs, and creates a customer's satisfaction (Victorino et al., 2013). This result customize service not only customer fulfillment, but also customer happiness that can make the long-term profitability for company (Edvardsson and Enquist, 2011). Those services also enable companies to increase profitability (Hogan et al., 2011). Hence, this research hypothesis that:

H5 a-e CSC is positively associated with: (a) service excellence, (b) customer fulfillment, (c) service advantage, (d) service performance, and (e) firm profitability.

Service Excellence (SE)

Service excellence refers to the ability of firm's managing in looking for to introduce new service beyond customer expectation, customer satisfaction, customer relationships, and service quality before competitors (Johnston, 2004). Moreover, service excellence is the best practice to support the value of the organization, strategic, stakeholders' expectations, and maintains and exceeds competitive positions (Ritchie and Dale, 2000). Service excellence can be used to help an organization provide the level of service customer demand by achieving outrageous levels of customer satisfaction and delight (Bitner et al., 2010). Thus, organization can be used the service excellence to a quick response to customer need, the ability to complete an operation in the best way and survival with risk environment (Kumar and Gulati, 2010). Hence, this research hypothesis that:

H6 a-b SE is positively associated with: (a) service advantage, and (b) service performance.

Customer Fulfillment (CF)

Customer fulfillment refers to the ability of firms to meet the needs of customers, which are able to create the variety of services that exceed customer expectation (Jadesadalug and Ussahawanitchakit, 2009). Firms must adapt rapidly in order to respond to change whether in policies, plans, operation processes, business transactions or internal environment (Danneel, 2002). Therefore, if service provider can fulfill the needs of the customer better than its competitors, it is easier to create satisfaction and overall service performance. (Truch, 2006). Hence, this research hypothesis that:

H7 a-b CF is positively associated with: (a) service advantage, and (b) service performance.

Service Advantage (SA)

Service Advantage refers to the ability of firm to offer the different and higher benefits to consumer demand and satisfaction of consumer, which is better than competitors (Bendoly et al., 2009). The firm, can get the benefit from cost changes by making a new product or service at a lower price associated with superior competitive advantage. Moreover, in relation to innovation efforts, when advantages are created in the new product, the products should be better received in the marketplace (Nakata and others, 2006). Therefore, service advantage is a potential factor to enhance service performance. Hence, this research hypothesis that:

H8 SA is positively associated with service performance.

Service Performance (SP)

This research views service performance as focus on firm's reputation such as developing service, and attracting new customers. Service performance could be achieved with the organization and to create positive viewpoint in the workplace (Goldstein et al. 2002). Therefore, in this research, service performance refers to the result of a service activity as measured by customer demands, added value for customers, and overall performance related to non-financial procedures (Gao, 2010). In this regard, organizations are focused on increasing their service performance to harness the benefits that come with competitive advantages and profitability (Salifu, 2010). Hence, this research hypothesis that:

H9 SP is positively associated with firm profitability.

Firm Profitability (FP)

Firm profitability refers to the firm to achieve the objective and goal successfully in more profit, revenue, and market share increasing the sale of firms. It reflects the successful goal integration of organization and the employees. Therefore, firm profitability can be indicated through income, sales, and increase profitability (Szekely and Knirsch, 2005).

Methodology

The population of this research was acquired from the list of sample from the database of Tourism Authority of Thailand. The population in the sampling frame was approximately 1,200 based on assumptions of business research, a 20% response rate for a mail survey is deemed sufficient (Aaker, Kumar and Day, 2001). Total returned questionnaires were 297, a response rate of 24.89 percent. Of 297 returned questionnaires, 8 questionnaires were deleted because respondents incompletely answered the questionnaire. After cleaning the data, the number of questionnaires used for the analysis was 289. Lastly, to test a non-response bias is followed the recommendation of Armstrong and Overton (1977) to ensure that no statistically significant different between early and late respondents. The variables used for non-response bias testing were business owner type, hotel standard, hotel location, firm capital, the period of time in business operation, number of room, and average sale revenues per year. The results indicated that a non-response bias is not a problem in this study.

Measurements

All constructs in the model are multiple-item scales. These variants are each measured from a five point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

Dependent Variable

Firm profitability is measured by using four-item scale to examining how firms make the overall of sales growth rate, profit, and high income.

Independent Variable

New service approach orientation is measured by using four-item scale to evaluating how firms emphasis on new offering methods that can achieve competitive advantage and effectiveness of organizations better than their competitors. Secondly, original service presentation capability is measured by using four-item scale to potential how firm offers the different newfangled service and develops new service in an organization. Thirdly, novel service establishment competency is measured by using four-item scale to assessing how firms organize, unique creativity and new techniques to respond to customers for competitive advantage. Fourthly, service technology implementation focus is measured by using four-

item scale to investigate how firms use of new technology and developing of service technology for customer satisfaction. Lastly, customized service concentration is measured by using four-item scale to examining how firms can offer a specific service, and endeavoring to add superior value for customers.

Mediating Variables

Service excellence is measured by using four-item scale to investigate how firms can offer their highest service, beyond expectation to the customer's needs better than its competitors. Secondly, customer fulfillment is measured by using four-item scale to assessing how firms deliver service quickly and perfectly. Thirdly, service advantage is measured by using four-item scale to introducing how firm presents the different services, service accessibility, and service quality. Finally, service performance is measured by using four-item scale to examining how firms can evaluate reputation, market share, and overall performance.

Control Variables

Operating capital (OC) is defined as a large amount of money used to produce. Operating capital is measured by the capital or asset on investment in firms' operation. In this study, Operating capital is represented by a dummy variable as 60,000,000 baht or less =1 and more than 60,000,000 baht =2. Hotel standard (HS) is defined as the standard quality and characteristics of the hotel by using stars as a rating symbol. In this study, Hotel standard is represented by a dummy variable as four-star hotels =1 and five-star hotels=2.

Results and Discussion

Table 1. Results of Measure Validation

Items	Factor Loadings	Cronbach's Alpha
New Service Approach Orientation	0.745 – 0.830	0.773
Original Service Presentation Capability	0.726 – 0.768	0.748
Novel Service Establishment Competency	0.639 – 0.823	0.704
Service Technology Implementation Focus	0.769 – 0.859	0.838
Customized Service Concentration	0.795 – 0.836	0.843
Service Excellence	0.730 – 0.862	0.824
Service Advantage	0.744 – 0.852	0.819
Customer Fulfillment	0.704 – 0.876	0.817
Service Performance	0.751 – 0.846	0.811
Firm Profitability	0.777 – 0.914	0.881

Table 1 presents the results of measure validation. Factor loading scores are between 0.639 and 0.914. All factor loadings are greater than the 0.40 cut-off (Nunnally and Bernstein, 1994). Thus, the result indicates that there is the validity construct. Furthermore, the reliability of the measurements was assessed by Cronbach's alpha coefficients which are between 0.704 and 0.881, greater than 0.70 (Nunnally and Bernstein, 1994).

Thus, the scales of all measures appear to produce internally consistent results. In sum, the reliability and validity of all variables is acceptable.

Table 2. Descriptive Statistics and Correlation Matrix

Variables	NSAO	OSPC	NSEC	STIF	CSC	SE	SA	CF	SP	FP
Mean	4.349	4.312	4.358	4.377	4.312	4.116	4.127	4.187	4.119	4.303
SD	0.429	0.451	0.372	0.416	0.477	0.471	0.483	0.452	0.546	0.501
NSAO	1.00									
OSPC	0.657**	1.00								
NSEC	0.567**	0.495**	1.00							
STIF	0.449**	0.359**	0.701**	1.00						
CSC	0.639**	0.592**	0.681**	0.646**	1.00					
SE	0.439**	0.487**	0.375**	0.428**	0.601**	1.00				
SA	0.458**	0.409**	0.291**	0.376**	0.544**	0.750**	1.00			
CF	0.523**	0.455**	0.356**	0.402**	0.591**	0.669**	0.746**	1.00		
SP	0.462**	0.369**	0.451**	0.443**	0.587**	0.644**	0.534**	0.618**	1.00	
FP	0.478**	0.427**	0.398**	0.403**	0.517**	0.542**	0.481**	0.585**	0.720**	1.00

Correlation is significant at the 0.05 level (2-tailed)

Table 2 presents descriptive statistics and correlation matrix for all constructs. Correlation coefficients of each construct is ranging from 0.291 to 0.750, which is exceeding 0.80 (Hair et al., 2010).

Table 3. Results of Regression Analysis

Independent Variables	Dependents Variables				
	SE (a)	CF (b)	SA (c)	SP (d)	FP (e)
NASO (H1 a-e)	.007 (.072)	.243*** (.074)	.184** (.075)	.155** (.075)	.208*** (.078)
OSPC (H2 a-e)	.222*** (.069)	.091 (.070)	.100 (.072)	.052 (.071)	.088 (.074)
NSEC (H3 a-e)	.154** (.078)	.214*** (.080)	.262*** (.082)	.042 (.082)	.032 (.085)
STIF (H4 a-e)	.163** (.073)	.125* (.074)	.170** (.076)	.090 (.076)	.132* (.079)
CSC (H5 a-e)	.448*** (.080)	.443*** (.082)	.424*** (.084)	.412*** (.084)	.249*** (.087)
OC	-.177 (.105)	-.016 (.105)	-.172 (.109)	.073 (.109)	.140 (.112)
HS	-.089 (.099)	-.043 (.100)	-.176 (.103)	.018 (.103)	.069 (.167)
Adjusted R ²	.396	.391	.349	.346	.303
Maximum VIF	2.704	2.704	2.704	2.704	2.704

***p<.01, **p<.05, *p<.10 Beta coefficients with standard errors in parenthesis

Results and Discussion

In this study, the variance inflation factor (VIF) values are between 1.002 and 2.704, below the cut-off score of 10 (Hair et al., 2010), meaning that the independent variables are no multicollinearity problem in this research. Table 3 shows the result of regression analysis of the relationship between dynamic service innovation strategy and its consequences. New service approach orientation has a positive impact on customer fulfillment ($\beta = .243$, $p < 0.01$), service advantage ($\beta = .184$, $p < 0.05$), service performance ($\beta = .155$, $p < 0.05$), and firm profitability ($\beta = .208$, $p < 0.01$). Firm is necessary to the existence of sustaining competitive advantage because service innovation reflects that is the business's proclivity towards supporting new ideas, and creativity for the development and new creation (Shirokova et al., 2016). **Therefore, Hypotheses 1b, 1c, 1d and 1e are supported.** Original service presentation capability increases service excellence ($\beta = .222$, $p < 0.01$). Continue the discussion of these results, companies who want an idea of the original service to allow users to participate in a creative process in their service innovation process (Kristensson et al., 2008). **Therefore, Hypothesis 2a is supported.**

Novel service establishment competency has an important positive effect on service excellence ($\beta = .154$, $p < 0.05$), customer fulfillment ($\beta = .214$, $p < 0.01$), and service advantage ($\beta = .262$, $p < 0.01$). Alam& Perry (2002) further state that the continuum of service delivery is essential to success. Therefore, the user should be involved in the creative process as quickly as possible. **Therefore, Hypotheses 3a, 3b, and 3c are supported.** Service technology implementation focus has a significant effect on service excellence ($\beta = .163$, $p < 0.05$), customer fulfillment ($\beta = .125$, $p < 0.10$), service advantage ($\beta = .170$, $p < 0.05$), and firm profitability ($\beta = .132$, $p < 0.10$). Firm should focus on technology and use the specialists, in order for future opportunities (Lusch, Vargo and Tanniru, 2010). **Therefore, Hypotheses 4a, 4b, 4c and 4e are supported.** Customized service concentration has a positive impact on service excellence ($\beta = .448$, $p < 0.01$), customer fulfillment ($\beta = .443$, $p < 0.01$), service advantage ($\beta = .424$, $p < 0.01$), service performance ($\beta = .412$, $p < 0.01$), and firm profitability ($\beta = .249$, $p < 0.01$). Consistent with De Brantini (2001) who found that firm needs to understand and appreciate of the everyday customer life, in order to succeed in customized service. **Therefore, Hypotheses 5 (a-d) are fully supported.**

On the contrary, some hypotheses are not supported. New service approach orientation has no effects on service excellence ($\beta = .007$, $p > 0.10$). According to the results of previous studies indicated that the life cycle of new service will make it possible to improve a service excellence in the short term because of the service can be copied easily (Tidd and others, 2001). **Therefore, Hypothesis 1a is not supported.** Secondly, original service presentation capability has no effects on customer fulfillment ($\beta = .091$, $p > 0.10$), service advantage ($\beta = .100$, $p > 0.10$), service performance ($\beta = .052$, $p > 0.10$), and firm profitability ($\beta = .088$, $p > 0.10$). If the organizational structure changes in the service sector, therefore, firm needs to develop and create new services which are ideal for customers in industries (Alam, 2002). **Therefore, Hypotheses 2b, 2c, 2d, 2e are not supported.** Thirdly, novel service establishment competency has no effects on service performance ($\beta = .042$, $p > 0.10$), firm profitability ($\beta = .032$, $p > 0.10$). Customers do not perceive real value from the new service, their satisfaction toward it may not be achieved even the firms invest in strategies attempting to offer and pursue them to try out the new service (Docters et al., 2010). **Therefore, Hypotheses 3d, 3e are not supported.** Fourthly, service technology implementation focus has no effects on service performance ($\beta = .090$, $p > 0.10$). In fact, this type of business requires high capital investment in the same industry as skilled workers and modern technology (Kellogg and Nie, 1995). **Therefore, Hypothesis 4d, is not supported.**

Table 4. Results of Regression Analysis

Independent Variables	Dependents Variables		
	SA	SP	FP
SE	.443*** (.050)	.408*** (.063)	
SA		.524*** (.055)	
CF	.450*** (.049)	.336*** (.062)	
SP			.707** (.045)
OC	.095 (.077)	.138 (.098)	.089 (.093)
HS	.129 (.072)	.074 (.092)	.079 (.044)
Adjusted R ²	.671	.475	.519
Maximum VIF	1.822	3.097	1.002

***p<.01, **p<.05 Beta coefficients with standard errors in parenthesis

Table 4 also presents the results of the research relationships. Service excellence has a positive impact on service advantage ($\beta = .443$, $p < 0.01$), and service performance ($\beta = .408$, $p < 0.01$). It can be said that customers are more likely to perceive better service positions than those of other companies (Garrett et al., 2009). **Therefore, Hypotheses 6a and 6b are supported.** Moreover, customer fulfillment has a significant and positive effect on service advantage ($\beta = .450$, $p < 0.01$), and service performance ($\beta = .336$, $p < 0.01$). From this statement, when customers feel good about a company, they often find that the company is a better company than any other companies. Therefore, the company is likely to benefit from its position in the service and leads to increased service efficiency (Lam et al., 2004). **Therefore, Hypotheses 7a and 7b are supported.** Next, service advantage increases service performance ($\beta = .524$, $p < 0.01$). When the company has the advantage of providing services in terms of providing superior services to customers, customers are willing to redeem products and pay premium price for superior value. This will lead to increase efficiency (Carbonell and Rodriguez, 2006). **Therefore, Hypothesis 8 is supported.** Finally, service performance is positively related to firm profitability ($\beta = .707$, $p < 0.05$). It shows that companies with the higher of performance appear to have profitability growth (Salifu, 2010). **Therefore, Hypothesis 9 is supported.**

Theoretical Contribution and Directions for Future Research

This research investigates the effect of dynamic service innovation strategy on firm outcomes of hotel businesses in Thailand. The results indicate that CSC has a strong positive influence on all the outcomes including SE, CF, SA, SP, and FP; NSEC and STIF are significantly affecting SE, CF, and SA; and NSAO has a positive significant effect on CF, SA, SP, and FP. Besides, OSPC has no significant influence on CF, SA, SP, and FP. Future research may need to do more literatures of OSPC in its characteristics, antecedents, consequences and re-conceptualize its relationships with valuable outcomes.

Managerial Contribution

This research has some limitations about which one should be concerned. The population of this research is scoped as only hotel industrial sectors. Thus, the generalizability of the findings is limited to only explain hotel sector. These findings may have been varied if a broader range of companies had been selected. The results of this research may be narrowed down as there are no general concepts of industry and other countries. Moreover, firm need to pay attention to how they manage all components of dynamic service innovation strategy effectively and utilize several supports to promote their implementations in order to achieve best organizational outcomes, including customer loyalty, corporate survival and firm performance.

Conclusion

This study investigates the impact of dynamic service innovation strategy in the context of hotels in Thailand. Certainly, those of the relations are positively significant and partially supported. The model testing collected data from a mailed survey of 289 hotel businesses in Thailand. Thus, future research may be separate the samples of this study to different business types or comparative population in order to verify the ability to generalize of the research and increase reliability.

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Personality Traits on Affective and Work Commitment toward Employees' readiness for change in Real Estate Sales Representative

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Abstract

This study aims to find out the effect of being need for achievement, workaholic and time urgency or multi-tasking on employees' readiness for change by mediating of affective and work commitment. Ex post facto design with self-administered data collection was used with 195 respondents who are the sale representative of four real estate organizations in Thailand. Confirmatory factor analysis and Structural equation model was used for testing on hypotheses. The result was showing significant mediation of affective commitment between time urgency or multi-tasking with employees' readiness at total effect of standard coefficient 0.237. While work commitment mediating on being need for achievement and employees readiness with total effect of standard coefficient at 0.121, workaholics did not find any effect at all path of the model. Surprisingly, the model found extra path on affective commitment which was strongest effect on work commitment with the standard coefficient at 0.7. Consequently, time urgency or multi-tasking trait is providing the most significant trait either on affective commitment as direct effect or work commitment as indirect effect through affective commitment and finally both commitment effects on employees' readiness.

Keywords: Personality Traits, Affective Commitment, Work Commitment, Employees' Readiness for change

Introduction

There is no doubt that advance technology makes the difference on working environment in many businesses including real estate industry. It impacts either on attitude or behaviour of consumers and seller. It changes the way of consumers' participation with the organization which can be must easier than before (Tednok, 2018). As Thailand approach of ageing society, it also another reasons to increase the market size of smart home for the real estate in Thailand. Tednok (2018) refers to the information from Global home research that smart home will be increasing 137,950 million baht (13.65%) in the next five years (2022). Many real estate companies are starting use of Virtual reality (VR) for sale department by allowing the customers to see the property as the VR tour while Artificial intelligence (AI) also being use for controlling inside the property. Therefore, even the real estate industry is continuously growth up to 6.1% by average in 2018 according to Vichai Viratkpan where Bangkok and Metropolitan is 8.6% and 2.1% for rural (<https://www.prachachat.net/property/news-80314>), the number of sale representative could be decreased as the replacing of technology.

Theoretical Model and Hypotheses

Personality refers as "the total of all characteristics which gives a human being his individuality and distinguishes him/her as a person" (Ndalolo, 1990 cited in Dimkpa, 2011 page 193). It can be used as a predicable on person development path (Greenberg and Baron,

2003). While, Big 5 separate traits by emotional stability, sociability, agreeableness, conscientiousness and intellectual openness, Type A and B personality separate by hostile or aggressive, workaholics, being need for achievement and time urgency or multi tasks (Friedman and Rosenman, 1974). Big5 personality traits are having used in the large number of research however personality traits that use to distinguish between Type A and Type B are rarely used. It is more likely use on health and stress rather than on employees' performance in working environment context such as employees' commitment or readiness for change. Hence, this study will concentrates on those traits of Type A and B. However, the research excludes hostile and an aggressive trait. Furthermore the research also focus more on mediating variables which are affective and work commitment to see direct impact and indirect impact from personality traits through employees readiness for change.

Being need for achievement is classify as desiring to achieve higher occupational status and interesting more on getting things done rather than enjoining doing things (Friedman and Rosenman, 1974; Chesney and Rosenman, 1980) and having higher positions, earning more money and tending to evaluated themselves on the number of success and being more possessive (Matthews, 1982; Kunnanatt, 2003). *Being workaholics* are behaviour that exert more effort and drive on work involvement, with a negative feeling toward work (Spence and Robbins, 1992 cited in Rakhshanimehr and Jenaabadi, 2015). It can impact on their personal life such as relationship with other or the way of handling themselves with the society and even cause on their health and happiness as their spending more time on work than other thing else in life (Snir and Harpaz, 2004). Some authors may find the negative impact some may find the positive impact of workaholic on individual. Meanwhile, Schaufeli, Taris, & Bakker, 2008; McMillan, O'Driscoll, & Burke, 2003 cited in Balducci, et al. (2012) that workaholism mean work hard and having inner for work.

Time urgency or multi-tasking is defined as a characteristic of individuals who concern about time and timing, and they always hurry in every activity they can and try to accomplish several tasks simultaneously within a little allocated amount of time, being impatient, being punctual, controlling deadlines, and scheduling tasks (Wright, 1988; Bingham and Hailey, 1989; Conte et al., 1995; and Waller 1998). Time urgency is also classify as accelerated activity and generated competitiveness hostile (Timmons, 1985 cited in Ahmad, 2010). In general, time urgency always characteristically move, walk, eat and talk rapidly, tend to "hurry" to the end of their sentences, tend to interrupt others and finish the sentences of people who are speaking slowly, and find it difficult to wait for others to do things that they might be able to do faster (Friedman and Rosenman, 1974). Time urgency is associated with working multi-tasks as the people who have this trait always have fewer patients to wait or do one task as a time.

Commitment

Commitment has been mentioned as the variable that increase employees' performance for long thought. However, there are slightly different between each type of commitment. Majority of the papers refer to organizational commitment while small number of papers using Fink (1992) that separate as work, organization and co-worker commitment. Researches have gone along between organizational commitment, career commitment, occupational commitment, work commitment and so on. Nevertheless, organizational commitment is the most concentrate of this psychological behaviour while work commitment is still less concentration. Boles, et al. (2007, p. 312), defined "the organizational commitment as the feeling towards organization and its values". It refers as the correlation between employees and organizations (Landry and Vandenberghe, 2009). It consists of affective, continuance and normative commitment (Meyer, and Allen, 1991). *Affective commitment* is an emotional attachment with organization to stay and providing more effort on their work and results of

their commitment (Allen and Meyer, 1990) while Robbins and Judge (2007) classify affective commitment as level of matching employees' goals with organization goals and willing to be a member of organization.

Work Commitment refers as a willingness of employees to put more effort on one's work (Fink, 1992; Gallie and White, 1993; Koponen et al., 2010) how the employees give the value of work as the something important in life and it is specific during working in organization (Jawahar, 2006 cited in Iqbal, et al., 2015) which excludes the meaning from career commitment where it is the worker wished to develop and advance in his or her career (Adeoye and Fields, 2014). Gefen (2004) mentioned that level of work commitment input can make the different of outcomes. Hence, the distinguished between affective commitment and work commitment is affective commitment associate emotionally attach to organization while work commitment just only think of the successful in particular one work.

Employees' Readiness

Change is a common situation in organization in order to improve organization performance, to business survival. The difficult of having change will occur on how employees accepted or resisted the change. In order to be easily on accepting the change, there will be employees' readiness to be considered. Change readiness is strongly working when employees realize on the importance of change (Dalton and Gottlieb, 2003) or promote psychological readiness through the need of change (Rusly, Corner and Sun, 2012; Holt et al., 2007a, b). Therefore, change readiness is classify by Armenakis et al., 1993 and Armenakis and Bedeian, 1999 cited in Amis and Aissaoui, 2013, pp. 71 that it is a "redirect attention to the role of individual cognitions in understanding change outcome".

The relationship between variables

No doubt that personality trait can make an impact on human behaviour. The point is there will be the different between one with another trait on positive or negative impact. Messara and Dagher (2010) found that there is a positive relationship between proactive personality with affective commitment and career commitment. Phosorn and Liemsuwan (2015) found that work achievement impact on organizational commitment among teachers at early childhood development center. Pavapatta and Narkwiboonwong (2015) noted that achievement can impact on organizational commitment via the employees' satisfaction of Thai airway technical department. Jintananon and Sirikutta (2014) study the impact of achievement on affective commitment of government officer in Nakhon Pathom, Thailand which results on moderating impact. While, Amyx & Alford (2005), find out that although need of achievement impact on job performance but it may not necessary impact on organizational commitment. Baruch (2004) revealed that need of achievement did not have the direct impact on performance and also not related with performance when mediated by organizational commitment.

Rakhshanimehr and Jenaabadi (2015) found that there is a positive relationship between workaholics and Teachers' organization commitment. Furthermore, it is used as a predictor of teachers' organizational commitment. Moreover, Tiftik (2014) concluded that there is strongly positive correlation between workaholics and organizational commitment. Meanwhile, work overload are positively relate with affective commitment (Karatape, et al., 2014). Yasili, (1998) cited in Awang and Zin, (2010) that work load can impact work commitment of educator in secondary school in Kota Kinabalu. Nonetheless, workaholics was not made any impact on change in job performance (Shimazu, et al., 2012) which could imply on the way of learning attitude on employees' readiness. Organizational commitment has an impact on employees behaviour on accepting change either by natural (Guest, 1997) or

perceived of benefit (Lau and Woodman, 1995). Nordin (2011) concluded that all three components of commitment have impact on employees' readiness on change while affective commitment found as the most impact with a beta of 0.364. Although there is limitation on comparing the impact of affective commitment and work commitment on employees readiness, there are many researches comparing on employees performance, turnover intention and employees satisfaction.

Freund and Drach-Zahavy (2007) stated that Job or work commitment showed greater impact than organizational commitment on interprofessional team effectiveness in all four group of professional. Supporting by Cohen, 1993; Ellemers et al., 1998 cited in Steenbergen and Ellemers, 2009), job or career commitment can be used for predicting employees' behavior either withdrawal or internal mobility better than organizational commitment. Nevertheless, time urgency is less likely concentrate of being the impact factors either on both commitments and employees readiness. However, it is an intentionally to find how it impact on those variables.

Research Model and Hypotheses

According to figure 1, there are 3 independent variables which base on the personality of being need for achievement, workaholics and time urgency. Meanwhile affective and work commitments are intervening variables and employees' readiness for change is the dependent variable. Research hypotheses are presented below:

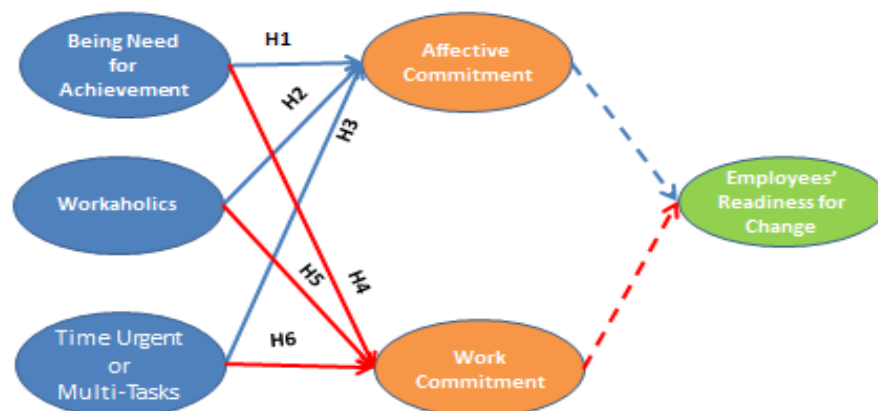


Figure 1. Research model

Hypothesis 1: Affective commitment mediates the relationship between being need for achievement and employees' readiness for change.

Hypothesis 2: Affective commitment mediates the relationship between workaholic and employees' readiness for change.

Hypothesis 3: Affective commitment mediates the relationship between time urgency and employees' readiness for change.

Hypothesis 4: Work commitment mediates the relationship between being need for achievement and employees' readiness for change.

Hypothesis 5: Work commitment mediates the relationship between workaholic and employees' readiness for change.

Hypothesis 6: Work commitment mediates the relationship between time urgency and employees' readiness for change.

Methodology

Ex-post facto design was used as a research design by conducting the survey. Unit of analysis (UOAs) of this research was the employees who were working for the top organization of real estate companies under the sale department in Thailand. There were four organizations agreed to participate as unit of analysis. The sampling process was an attention to used census as the number of population cannot be identify to the public. As a result, sampling plan was collect all the data of each office base on individual agreement who were agree to be respondents. Convenience sampling technique was used. Hence the sample size was 195 respondents who complete the entire question. This research used self-administered on collecting the data.

Questionnaire consists of three sections with 36 questions that response on independent, intervening and dependent variables. 26 employees of the fifth company were used for pretesting on reliability with a result of Cronbach's alpha at 0.882 while post-test reliability was 0.897. Confirmatory factor analysis and Structural equation model was used for testing on hypotheses.

Results

Moreover, this research also analysed Confirmatory Factor Analysis in order to check the validity of each element and it is shown on the following figure:

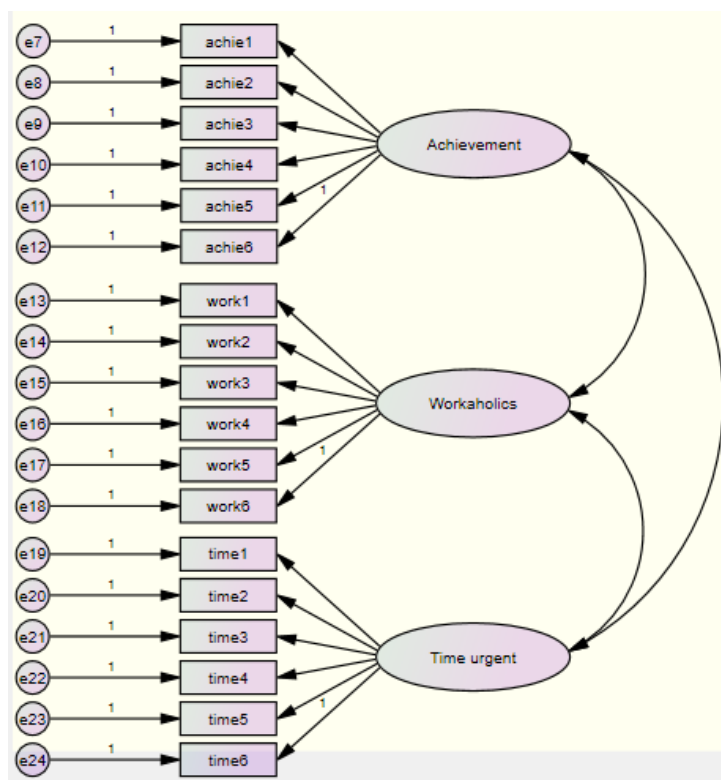


Figure 2. Confirmatory Factor Analysis (CFA)

According to the figure 2, circles in CFA model represent the latent variable, while rectangles in CFA model represent the questions from the questionnaire design. The results of the overall fit statistics are: CMIN/DF = 2.196, GFI = 0.871, CFI = 0.853, and RMSEA = 0.079, which mean that the model was moderately fit and some indices were within the recommend range CMIN/DF < 3, GFI > 0.9, CFI > 0.9, RMSEA < 0.1; (Schreiber et al., 2006).

Research hypothesized SEM is described graphically in figure 3. This research performed a SEM analysis based on data from 195 respondents at a real estate industry on the 18 questions for three constructs of independent variables and 18 questions for three constructs of dependent variables (2 intervening variables). The hypothesized model appear to be a moderate fit to the data because the result of overall model fit are CMIN/DF = 1.747, GFI = 0.833, CFI = 0.889, RMSEA = 0.062. The final model after running SEM showed in figure 3 below.

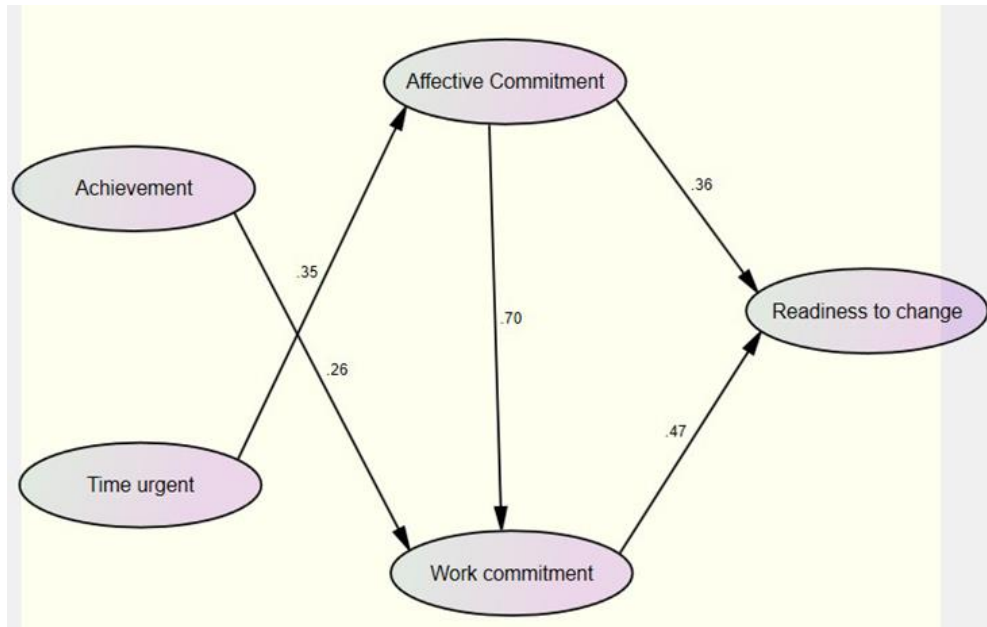


Figure 3. The final model after running SEM (Standardize Coefficient)

According to Table 1, the table of unstandardized estimate and significance values of each relationship between independent variables, intervening and dependent variable will be illustrated as the following table:

Table 1. The model estimate results

		Estimate	S.E.	C.R.	P	Label
Affective Commitment	<--- Time urgency	.362	.100	3.628	***	par_29
Work commitment	<--- Achievement	.133	.063	2.112	.035	par_30
Work commitment	<--- Affective Commitment	.267	.094	2.850	.004	par_42
Readiness to change	<--- Affective Commitment	.259	.096	2.686	.007	par_31
Readiness to change	<--- Work commitment	.876	.383	2.284	.022	par_32

As a result shown in table 1, the relationship, which has significance value higher than 5%, will be excluded from the analysis. Hence, the proposed model for the need for achievement personality has direct impact to work commitment (estimate value = 0.133, p-value < 0.05). Moreover, time urgency or multi-tasking personality has direct impact to affective commitment (estimate value = 0.362, p-value < 0.05). On the other hand, affective commitment and work commitment have direct effect to employee's readiness to change (estimate value = 0.259, p-value < 0.05, estimate value = 0.876, p-value < 0.05 respectively). Lastly, the results found a new path from affective commitment has direct impact to work commitment, which the significance value is less than 5% and the estimate value is 0.696 (0.7).

Table 2. Total direct and indirect estimate of each variable by standardize coefficients

Model	Affective Commitment	Work Commitment	Readiness to change
Direct			
Achievement	0.000	0.259	0.000
Time urgent	0.346	0.000	0.000
Affective commitment	0.000	0.696	0.360
Work commitment	0.000	0.000	0.467
Indirect			
Achievement	0.000	0.000	0.121
Time urgent	0.000	0.241	0.237
Affective commitment	0.000	0.000	0.325
Work commitment	0.000	0.000	0.000
Total			
Achievement	0.000	0.259	0.121
Time urgent	0.346	0.241	0.237
Affective commitment	0.000	0.696	0.685
Work commitment	0.000	0.000	0.467

Discussion

The results indicate that there is a direct effect from being need for achievement to work commitment while there is a direct effect from time urgency to affective commitment. Furthermore, there are two direct impacts from both affective and work commitment to employees' readiness for change. In addition, a new path which is not design from the beginning model has a strong direct impact from affective commitment to work commitment. Finally, the affective commitment has the strongest impact to readiness to change. While affective commitment has working as mediating variable between time urgency and employees' readiness for change. The results shown the significant role of affective commitment which supported by the study of Danish, Humayon, Shahid and Nawaz (2015) that level of affective commitment positively impacts the level of performance. Furthermore, Soumyaja, Kamlanabhan, and Bhattacharyya, (2015) also revealed that affective commitment works as mediation between emotional attachment and employees' readiness for change. The study had been done in India. Affective commitment also be the best predictive of employees readiness for change when comparing with continuance and normative commitment (Nordin, 2012).

In contrast, affective commitment has not effecting on employees readiness when the independent variables were being need for achievement and workaholics. Consequently, hypothesis 3 has accepted while hypotheses 1 and 2 have rejected. Strengthened by Baruch, et al. (2004) that need for achievement did not provide any direct effect or indirect effect on job performance by using organizational commitment as mediating variable. However, the research which using organizational commitment as independent variable and leaving out achievement variable, it found that organizational commitment had impact on job performance. Moreover, they also concluded that the people, who have high level of need for achievement, will help the others when it was not effect on their personal cost. It could be implied that employees who were looking for high achievement will not spend their own time or cost on helping organization. Therefore, need for achievement did not provide any effect either on affective commitment or employees' readiness.

Finally, the results also show that work commitment has stronger effect on employees' readiness than affective commitment when compare on direct effect of standard coefficient. Although, ShimaZu, et al (2012) found the effect of work engagement on employees' performance, Wiener and Vardi (1980) found stronger effect of job commitment on employees' performance or effectiveness than organizational commitment. This is because job commitment related with exerting extra effort to improve their performance. Moreover, employees who have high in emotional attach to organization as affective commitments will leads to increase on job commitment before increasing their performance. The research also found work commitment has working as mediating variable between being need for achievement and employees' readiness. Baruch, et al. (2004) reinforced on strong relationship between need for achievement to performance. However, work commitment was not impacting as mediating variables between workaholics, time urgency or multi-tasking with employees' readiness for change. Therefore, hypothesis 4 has accepted while hypotheses 5 and 6 have rejected. Nonetheless, this study finds the significant path of analysis as direct effect of affective commitment on work commitment with the strongest effect of standard coefficient at 0.696. This study also reinforces the study of Wallace (1993) that organizational commitment is positively correlation with occupational commitment.

As a result of this effect, total effect path when work commitment plays a mediation role between affective commitment and employees' readiness for change with standard coefficients at 0.685 which is the strongest total effect following by the effect of work commitment to employees readiness at 0.467. Karacaoğlu (2005) cited in GÜNEY, et al., (2012) that there is mutual relationship between both organizational and work commitment. While Cohen (1993) found the effect of organizational and work commitment on employees withdraw which could be implied as employees who have low either in organizational or work commitment may not willing to put more effort on adjusting themselves on change or any other organizational performance. Clearly, the total effect path that showing the effect from time urgency through affective commitment and employees readiness is the only path that impact from the beginning until the end with standardize coefficients at 0.237. Even though it is not the strongest standard coefficient but it is showing strongly mediation of affective commitment. In addition, line path that should be looking for further study which is the most interesting one is the time urgency or multi-tasking that effect on affective commitment and mediation through work commitment and finally effect on employees readiness.

Conclusion

The focus of this research can be concluded that time urgency or multi-tasking trait has the most impact when compare with being need for achievement in term of its effect on employees readiness for change either by direct or indirect effect through intervening variables as affective commitment and work commitment. In contrast, workaholic did not find any effect on affective commitment, work commitment and employees readiness for change. Meanwhile work commitment has stronger direct impact than affective commitment when comparing only its direct impact. However, when look at the entire path of indirect impact, affective commitment play the most significant role to have an impact directly to employees' readiness for change or to provide strong impact to employees readiness for change via the work commitment with strong standard coefficient. Therefore, time urgency or multi-tasking traits is necessary for sale representatives which lead on their affective and work commitment and finally improve their attitude on readiness toward change.

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Work Engagement in the manufacturing sector in Thailand

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Abstract

This study measures the work engagement using the Utrecht work engagement scale and the job demands resources model in a manufacturing firm in Thailand. By utilizing a cross-section of the employees working at a multinational manufacturing firm, this study tests the role job demands, job resources and personal resources as the significant predictors of work engagement in Thai employees. The results suggested that job, and personal resources such as self-efficacy played a significant role in predicting work engagement. The outcomes of this study will be helpful to the managers and leaders at other manufacturing and non-manufacturing Thai firms.

Keywords: Work engagement, job resources, job demands, personal resources, Thailand

Introduction

Work engagement is a popular positive psychology concept, which gained approval with the grounded theory study on personal engagement and disengagement by Kahn (1990). The research on this concept gained momentum after the introduction of positive organizational behavior by (Seligman & Csikszentmihalyi, 2000). With the introduction of the job demands resources model by (Demerouti, Bakker, Nachreiner, & Schaufeli, 2001), and the Utrecht Work Engagement Scale (UWES) (Schaufeli, Martinez, Pinto, Salanova, & Bakker, 2002), the concept has seen extensive research in both burnout and engagement literature. Parallely, it was popularized with the use of employee engagement surveys by commercial firms such as Gallup (Harter, Schmidt, Keyes, 2003; Robinson, Perryman, & Hayday, 2004), and Towers Perrin engagement survey.

In terms of its significance, work engagement has been linked as the antecedent to both individual and organizational outcomes such as, task and extra role performance (Saks, 2006, 2008; Salanova, Agut, & Peiró, 2005), innovation (Hakanen, Perhoniemi, & Toppinen-Tanner, 2008), satisfaction (Schaufeli & Salanova, 2007a), proactivity (Sonnentag, 2003), reduced intention to turnover (de Lange, De Witte, & Notelaers, 2008). At the individual level, work engagement leads to improved well-being and positive emotions (Bakker & Demerouti, 2008), improved job performance (Ahola & Hakanen, 2007; Halbesleben & Wheeler, 2008).

The job demands resources model

Work engagement is an important indicator of workplace well-being (Bakker, 2011), and with the help of the job demands resources model, it has been used to understand, explain, and make predictions about the workplace well-being, its antecedents, and outcomes (Bakker & Sanz-Vergel, 2013). Based on the job demands resources model, work engagement has been stated as positive pole of burnout (Maslach, Schaufeli, & Leiter, 2001; Hakanen, Bakker, &

Schaufeli, 2006), or as the positive antithesis of burnout (Schaufeli et al., 2002). The job demands resources model connects a set of job characteristics including job demands, job resources (Schaufeli & Bakker, 2004), and personal resources (Xanthopoulou, Bakker, Demerouti, & Schaufeli, 2007) leading to work engagement. Additionally, interactions between job resources and job demands (Bakker, Demerouti, & Euwema, 2005; De Jonge & Dormann, 2003), and personal resources and job demands (Mäkikangas & Kinnunen, 2003; Pierce & Gardner, 2004) are stated as the predictors of work engagement.

Research gap and current study

Schaufeli (2012) stated that the job demands resources model is the most often used models to explain work engagement, and UWES is the most often used scales to measure work engagement. However, the review of literature indicates that a majority of engagement studies have been conducted in a concentrated part of the world (Netherlands, and other Schengen countries). This signals a research gap. A need for geographical replication and cross-country research (Schaufeli et al., 2002) has been identified as a direction for future research in order to validate the findings across different samples (Rich, Lepine, & Crawford, 2010; Xanthopoulou et al., 2007). Although recently, a few studies tested the model in Japan (Shimazu et al., 2008), and China (Yi-wen & Yi-qun, 2005), no notable studies have been conducted in Thailand so far.

Within this premise, the current study utilized a cross-section of 77 Thai employees working in the manufacturing sector of a Thai multinational firm to test the role job demands, job resources and personal resources as predictors of work engagement in Thailand. Figure 1 below depicts the study framework.

Figure 1 goes about here.

Variables

Job demands

The research on the job demands resources model indicates that job demands are the “demanding aspects of work which lead to taxing and exhaustion” (Demerouti et al., 2001, p.502). Job demands are also known as the environmental stressors or as contextual work characteristics associated with engagement (Christian et al., 2011). Physical demands and stressful work conditions lead the workers to become physically uncomfortable (Campion, 1988), resulting in more negative experiences while at work (Humphrey, Nahrgang, & Morgeson, 2007). However, empirical evidence on the relationship of job demands to engagement had been mixed (Bakker, Emmerik, & Euwema, 2006; Schaufeli & Bakker, 2004). This was due to the nature of demands as either challenges or hindrances. Challenge job demands are positively related to work engagement, while hindrance job demands are negatively related to work engagement. Previous studies (e.g., Hakanen et al., 2008; Sonnentag, 2003) approve this differential nature of job demands.

Based on the theoretical argument and the empirical evidence, this study argues that job demands will be related with work engagement. Specifically, this study hypothesizes that-
H1a: Workload (e.g., time pressures and quantity of work) will be positively related to work engagement

H1b: Role conflict will be negatively related to work engagement

H1c: Role ambiguity will be negatively related to work engagement

Job resources

Referring to the literature, the term resource means supplying to a want or deficiency. Based on the conservation of resources theory (Hobfoll, 1989), resources are defined as “. . . those entities that either are centrally valued in their own right, or act as means to obtain centrally valued ends” (Hobfoll, 1989). In the job demands resources model, Hackman and Oldham (1974) pointed at the five key job characteristics, which foster the psychological states of experienced meaningfulness and responsibility of work. These five job characteristics of skill variety, task identity, task significance, feedback, and autonomy have been linked to positive outcomes such as high quality work performance, job satisfaction, low absenteeism, low turnover, and high work motivation (Fried & Ferris, 1987) and have been employed as job resources in the model. Bakker (2011) and Christian et al. (2011) stated that these job resources have intrinsic motivational potential. Additional empirical support was provided by other studies (e.g., Hakanen, Perhoniemi, & Toppinen-Tanner, 2008; Schaufeli et al., 2009).

Based on aforementioned studies, and other empirical evidence (e.g., Mauno, Kinnunen, & Ruokolainen, 2007; Xanthopoulou et al, 2007b, 2008), this study hypothesizes that,

H2: Job resources (e.g., skill variety, task identity, task significance, autonomy, and feedback from the supervisors and colleagues) will be positively related to work engagement.

Personal resources

Along with job resources, personal resources have been significant determinants of work engagement. The conservation of resources theory (Hobfoll, 1989) stated that personal resources are fundamentals components of individual adaptability. The individual characteristics that function as a means of dealing with individual adaptability are called ‘personal resources’. Prieto, Soria, Martínez, and Schaufeli (2008) differentiated between job resources and personal resources and defined personal resources as “people’s mental characteristics which reduce the negative impact of demands on psychological well-being” (p.355). Broaden and build theory (Fredrickson, 2004) and conservation of resources theory (Hobfoll, 1989) provided the theoretical support on how personal resources actively affected the motivational process in the job demands resources model (Demerouti et al., 2001). Empirical support provided evidence for personal resources such as, self-efficacy, organization based self-esteem, optimism (Langelaan et al., 2006), resiliency (Bakker & Demerouti, 2008; Luthans, Norman, Avolio, & Avey, 2007).

Based on the empirical findings, the conservation of resources theory (Hobfoll, 1989), and the concepts proposed as, self-efficacy (Bandura, 1991), organizational-based self-esteem (Pierce, Gardner, Cummings, & Dunham, 1989), optimism (Scheier & Carver, 1985), this study hypothesizes that,

H3a: Self-efficacy will be positively related to work engagement

H3b: Self-esteem will be positively related to work engagement

H3c: Optimism will be positively related to work engagement

Demands-Resources Interactions

The job demands resources model suggests that job demands, job resources, and personal resources can have joint effects leading to a motivational process in the model (Salanova, Agut, et al., 2005), and that individuals use the performance protection strategy

against the demanding aspects of work (Demerouti et al., 2001). Empirical evidence shows that employees with high personal resources focus more on job resources than job demands, and thus experience higher levels of work engagement (Mäkikangas & Kinnunen, 2003; Pierce & Gardner, 2004). Based on the empirical support, this study hypothesizes that:

H4: Job resources and personal resources will moderate the relationship between job demands and work engagement

Method, sample and data collection

The current study was conducted on a group of Thai-speaking respondents, and targeted the Thais working in manufacturing industries in Thailand. Sample size was calculated based on the guideline from Barlett, Kotrlik, and Higgins (2001), which suggested a sample size of around 209. Henceforth, self-administered questionnaires were disseminated to Thai employees working in a multinational manufacturing firm in Sriracha, Thailand. A cover letter accompanied the questionnaires, explaining to the respondents the objective of the study. Voluntary participation, anonymity and confidentiality was also stressed. Of 210 questionnaires distributed, responses were received from 95 employees (response rate of 47.5%), with 77 being usable for this study. Of the respondents, 70.1% were female and 68.8% were single. 37.7% were in the age range of 20-30, 29.9% were in the 31-40 age range and the rest (32.5%) were in the age range of 41-50. A majority (35.06%) had a work experience of less than 5 years, 18.2% had a work experience of 6 to 10 years, and the rest (46.7%) had a work experience of 11 or more years. Among the respondents, 22.08% had a salary of less than 30k per month, while a majority of people (46.7%) earned a salary between 30000 to 50000 Baht per month, and 31.1% earned a salary of more than 50000 Baht per month.

Measurement scales

The instruments used in the study were derived from established reliable and valid scales. The questionnaires were translated from English in to Thai following the procedure recommended by Beaton, Bombardier, Guillemin, and Ferraz (2000) to ensure translation equivalence in both versions. The dependent variable of work engagement was measured with the Utrecht work engagement scale (UWES) developed by Schaufeli et al. (2002). This 17-item scale measures the underlying concepts of vigor, dedication, and absorption. Workload was measured using seven items from Karasek's (1979) job demands and decision latitude scale. This scale was developed to assess the effects of stressful jobs on physical health of the employees and uses seven items. Role conflict and ambiguity was measured via the 8-item and the 6-item scale developed by Rizzo, House, Lirtzman (1970). The eight items for role conflict measure the the degree to which there was consensus regarding the respondents' role expectations for an organization. Role ambiguity was assessed with the remaining six items and measured the degree of uncertainty respondents felt about what actions to take to fulfill a role. The job diagnostic survey (Hackman & Oldham, 1974) was used to measure the job resources. This scale uses five subscales with 15 questions to measure skill variety, task identify, task significance, autonomy, and feedback. Among personal resources, self-efficacy was measured using 8-item scale developed by Luszczynska, Scholz, and Schwarzer (2005) assessing a general sense of perceived self-efficacy to predict coping and adaptation of stress. Self-esteem denoted a valid measure of global self-worth and was assessed with 10-item Rosenberg's (1965) Self-esteem scale (RSE). Optimism was measured using the 10-item Life Orientation test (LOT) developed by Scheier, and Carver (1992). In addition to the independent predictor variables, previous studies show that demographics and indicators of socio economic status affect work engagement (Bakker, Hakanen, Demerouti, & Xanthopoulou, 2007). Hence,

to reduce the potential confounding effects, the demographic variables were controlled for statistically.

Data analysis

The control variables were categorical in nature. However, excluding gender and marital status, variables such as age ranges, education, job position, work experience, and salaries had a rank order and thus were not converted into dummies for regression. The gender and marital status variables registered a reply in only two of the three categories (male, female for gender and single, and married for marital status) and did not register any response on the third category (other for gender, and separated for marital status).

The means, standard deviations, and the correlation coefficients of all variables are presented in Table 1. The zero order correlations depicted that work engagement correlated positively with workload ($r = 0.26, p < 0.01$), role conflict ($r = 0.24, p < 0.01$), job resources ($r = 0.37, p < 0.001$), optimism ($r = 0.30, p < 0.01$), and self-efficacy ($r = 0.29, p < 0.01$), while negatively correlated with role ambiguity ($r = -0.49, p < 0.001$).

Workload was positively correlated with role conflict ($r = 0.34, p < 0.01$), self-esteem ($r = 0.29, p < 0.05$), optimism ($r = 0.36, p < 0.001$), self-efficacy ($r = 0.39, p < 0.001$). Role ambiguity was negatively correlated with job resources ($r = -0.54, p < 0.001$), optimism ($r = -0.46, p < 0.001$), and self-efficacy ($r = -0.36, p < 0.001$). No other notable correlations were observed.

Table 1. Correlation and reliability coefficients of the study variables

	Means	SD	Correlations														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1 Gender	1.70	0.46	–														
2 MS	1.31	0.47	.25**	–													
3 AgeRange	1.95	0.84	0.13	.61**	–												
4 Education	4.03	0.74	-0.05	-0.21	-.23**	–											
5 Job Position	1.06	0.25	0.06	0.05	.33***	-.44***	–										
6 Work Experience	2.77	1.23	0.08	.49***	.80***	-0.19	.31**	–									
7 Salary	3.65	1.54	-0.08	.36***	.57***	0.03	0.20	.55***	–								
8 Workload	3.65	0.77	0.12	0.18	.30**	-.23**	.32**	.27*	0.11	[0.82]							
9 Role Conflict	3.22	0.75	0.12	0.03	0.19	0.01	0.09	0.15	-0.08	.34**	[0.79]						
10 Role Ambiguity	2.72	0.66	0.00	-0.12	-0.11	0.18	-0.07	-0.03	-0.15	-0.17	-0.18	[0.79]					
11 Job Resources	3.85	0.41	-0.01	0.02	0.03	0.01	-0.04	-0.15	-0.01	0.21	0.05	-.54***	[0.79]				
12 Self-esteem	3.70	0.61	0.00	-0.10	0.11	-0.06	0.08	0.08	-0.19	.29*	.34**	-0.08	0.06	[0.71]			
13 Optimism	4.03	0.57	0.00	-0.17	0.01	-0.18	0.14	-0.04	-0.22	.36***	.30***	-.46***	.40***	.54***	[0.70]		
14 Self-efficacy	4.51	0.64	0.00	0.09	.29**	-.24*	0.20	0.20	0.04	.39***	0.22	-.36***	.39***	.45***	.54***	[0.93]	
15 Work Engagement	4.15	0.80	0.00	0.01	0.18	-.28**	0.13	0.12	0.14	.26**	.24**	-.49***	.37***	0.02	.30**	.29**	[0.95]

*. Correlation is significant at 0.05 level, **. Correlation is significant at 0.01 level, ***. Correlation is significant at 0.001 level
Reliability coefficients are indicated on the diagonal in bold and brackets

Hierarchical regression analysis

The predictive power of the antecedents of work engagement was studied by using hierarchical regression analysis. The independent variables were entered in blocks where the control variables (e.g., gender, marital status, education, age range, job position, work experience, and salary) were entered in step 1, while the predictor variables (e.g., job demands, job resources, and personal resources) were entered in step 2. In the next block, the interaction effects (between job demands and job resources and between job demands and personal resources) were entered. Work engagement was the dependent variable. The results of the analysis are presented in Table 2 below.

Table 2. Regression output for the predictors of work engagement

Variables	β
Step 1: Demographics	
Gender	.03
Marital Status	-.24
Age Range	.27
Education Level	-.34**
Job position	-.10
Work Experience	-.12
Monthly Salary	.17
R^2	0.14
F (<i>df</i>)	1.62 (7, 69)
Step 2: Antecedents of work engagement	
Gender	.01
Marital Status	-.26
Age Range	.13
Education Level	-.28**
Job position	-.12
Work Experience	.03
Monthly Salary	.12
Workload	.09
Role Conflict	.18
Role Ambiguity	.30**
Job Resources	.17
Self-esteem	-.15
Optimism	.02
Self-efficacy	.02
R^2	0.39
ΔR^2	0.25
F (<i>df</i>)	3.69** (7, 62)
Step 3: Interaction effects	
Gender	-.01
Marital Status	-.37**
Age Range	.14
Education Level	-.40***

Variables	β
Job position	-.20**
Work Experience	.15
Monthly Salary	.01
Workload	.19
Role Conflict	-.06
Role Ambiguity	.18
Job Resources	.26**
Self-esteem	-.12
Optimism	-.14
Self-efficacy	.11
Interaction Job resources and Workload	.06
Interaction Job resources and Role Conflict	-.04
Interaction Job resources and Role Ambiguity	-.29**
Interaction Self-esteem and Workload	-.12
Interaction Self-esteem and Role Conflict	.07
Interaction Self-esteem and Role Ambiguity	-.31
Interaction Optimism and Workload	.02
Interaction Optimism and Role Conflict	.30
Interaction Optimism and Role Ambiguity	-.27
Interaction Self-efficacy and Workload	-.35**
Interaction Self-efficacy and Role Conflict	.66**
Interaction Self-efficacy and Role Ambiguity	.43**
R ²	0.74
ΔR^2	0.35
F (df)	5.72*** (12, 50)

Results of the hierarchical regression analyses concluded that control variables explained 14% of the variance in work engagement. After the entry of the predictor variables in step 2, the total variance explained by the model was 39%. Of the variables representing the job demands, role ambiguity explained an additional 25% of variance in work engagement after controlling for the demographics. At step 2, the final model explained 74% of the variance in the dependent variable. The interactions explained a unique 35% of variance. In this model, job resources ($\beta = 0.26$, $p < 0.01$) was the sole predictor of engagement. This supported the hypothesized relationship between job resources and work engagement (H2). Apart from this main effect, some interaction effects were also significant. Job resources moderated the relationship between role ambiguity and work engagement ($\beta = -0.29$, $p < 0.01$). Moreover, the personal resource variable, self-efficacy, moderated the relationship between all three job

demands and work engagement ($\beta = 0.35$, $p < 0.01$ for workload, $\beta = 0.66$, $p < 0.01$ for role conflict, and $\beta = 0.43$, $p < 0.01$ for role ambiguity). Hence, the results of the hierarchical regression analyses also supported the hypothesized moderation of job and personal resources in the relationship between job demands and work engagement (H4). In conclusion, out of the eight hypothesized relationships from the job demands resources model, the data provided statistically significant support to only two hypotheses.

Discussion and managerial implications

Hierarchical regression analysis was used to test the role job demands, job resources and personal resources as predictors of work engagement in Thai employees. The results suggested a partial support for the current sample of respondents. These findings indicate the significance of both job and personal resources in predicting work engagement. Based on the findings of the current study, the managerial implications are discussed in the following section.

Hackman and Oldham (1976) refer to the job resources are five core dimensions of job that lead to the desirable psychological states of meaningfulness, responsibility, and knowledge of work. Job resources are those physical, social, or organizational aspects of the job that: (1) help reduce job demands; (2) are useful in achieving work goals; or (3) encourage personal growth, learning, and development (Schaufeli & Bakker, 2004). The current study findings support that in the current sample of respondents from the manufacturing company, job resources facilitate work engagement (Bakker, 2011; Hakanen, Bakker, & Schaufeli, 2006; Bakker & Demerouti, 2007). Managers need to focus on those resources that can motivate employees intrinsically including job redesign techniques such as enlargement and enrichment. The idea of balancing established and emergent task elements by Ilgen and Hollenbeck (1991) can be a useful tool for achieving person-job fit at the same time reducing role conflict. In addition, managers can encourage job crafting (Tims et al., 2013).

This study also found that for the current sample from the manufacturing company, personal resources such as self-efficacy moderated the relationship between challenge and hindrance job demands and work engagement. Managers need to take into account that self-efficacious individuals are more engaged at work depicting better performance, well-being, and stress appraisals (Luszczynska, Gutiérrez-Doña, & Schwarzer, 2005). Self-efficacy has been associated with positive stress appraisals and well-being (Bandura, 1991). Therefore, self-efficacy as a personality trait can be assessed at the time of recruitment and selection, job interviews, promotions, and performance management. Also, trainings can be devoted to improving this personality trait so that employees can be motivated to think positively and perceive job demands as challenges not hindrances (Xanthopoulou, Bakker, & Fishbach, 2013). In addition, managers need to rethink of compensation systems as support mechanisms to promote mastery, growth and gains instead of being only a basis for evaluations of performance as effective or lacking. Working on the similar line of thought as Crawford et al., (2010), managers can design jobs, which promote the employees to view their job as “opportunities to learn, achieve, and demonstrate the type of competence that tends to get rewarded” (p.836).

Limitations and future research directions

The first limitation of this study was the small sample size. For the sake of generalizing the results of this study, the sample should be representative. With the low sample size, it is plausible that the results of the analysis only apply to the manufacturing company in consideration. Future research studies should employ larger samples and non-probability sampling techniques to ensure generalizability of findings. Secondly, it is important to note

that quantitative cross-sectional survey based research has dominated the overall engagement research. Whereas Kahn (1990) stressed the contribution of work context in personal engagement or disengagement, not many studies have been taken up afterwards covering contexts. Cross-sectional studies are abundant, thus highlighting the common limitations that here the association between antecedents and engagement cannot be interpreted in terms of cause and effect. Future studies should employ data triangulation and longitudinal research designs to study the application of the model. Lastly, it is notable this study was conducted in a multinational firm employing people from multiple nationalities and cultures. Referring to the work value dimensions developed by Schwatz (1999), Thailand is categorized as high in hierarchy, moderate in harmony, and conservatism dimensions, and low in autonomy and egalitarianism. In Thai context, conflict and uncertainty avoidance, emotional control, modesty, and politeness is viewed as important and Thais rank lower in assertiveness and competitiveness amongst other Asian countries (Pimpa, 2012). It is plausible that the findings of this study cannot be generalized to other manufacturing firms, which employ Thais and have a different organizational culture. It is advisable that future studies employ Thais working in a Thai organization. Concurrently, based on the conceptualization of engagement, it would be worthwhile for future studies to explore this difference in work engagement due to the difference in organizational culture.

Conclusion

In the current study, the data partially supported the application of job demands resources model in this cohort of Thai employees. Job resources were positively related to work engagement and were viewed as important by employees. In addition, self-efficacy emerged as a significant personal resource in countering the challenges and hindrances as job demands. Overall, the analysis depicted agreement with some of the hypothesized relationships between the antecedents of engagement.

By taking into context the historical foundations of the concept (Kahn, 1990; Schaufeli et al., 2002), it becomes clear that employee engagement is rooted in the psychology of the employee and observed through behavior (Rich et al, 2010). Several studies indicate the significance of engagement at the workplace. Schaufeli and Salanova (2007) stated that engagement is “essential” for contemporary organizations given the many challenges they face (p.156) and Macey and Schneider (2008) argued that organizations can gain a competitive advantage through employee engagement. Jack Welch, the former General Electric CEO and business consultant, listed engagement as the number one measure of a company’s health (Vance, 2006). Consequently, research will see an uproar in the study of engagement and of the factors leading to engagement.

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Appendix - Figure 1

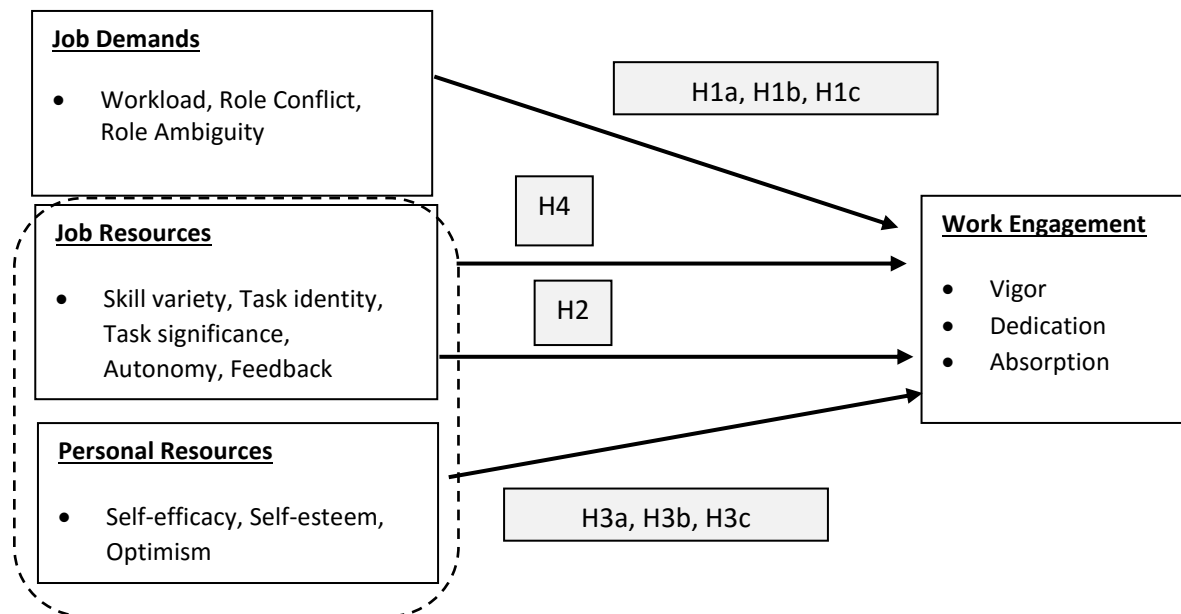


Figure 1. Framework for the study

Mature Coastal Destinations and Management Strategy for the ASEAN Regional Integration of Sustainable Coastal Tourism

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Abstract

This paper investigates three mature coastal destinations in Thailand, their brief histories, and the consequences of an unplanned and unsustainable approach to coastal tourism development. The literature review revealed three cases of unplanned coastal development in Thailand and its detrimental effects to the coastal environment. There are problems such as traffic jams, destruction of natural resources, environmental degradation, tree cover removal, polluted wetlands, polluted beaches by wastewater, coral reefs disappearance, beach erosion, waste management, high cost of living, overcrowding, and profits over natural and cultural assets; these are important issues in tourism promotion to be avoided. This study also conducted a field survey at Bangsaen beach to investigate the current beach activities, the attractions, the problems, and the environmental impacts to this coastal destination. The lessons and the field study results were drawn to propose strategies for the regional integration of sustainable coastal tourism development. Based on the ASEAN 2016-2025 Tourism Strategic Plan and Vision, this paper focused on sustainable and inclusive coastal tourism. Coastal tourism encounters sensitive marine environments, local people's livelihoods, community prosperity, and economic development, which require an appropriate strategic planning.

Keywords: Coastal Tourism Development; Inclusive Tourism; Mature Coastal Destination

Introduction

Geographically, Thailand has a shape like an elephant's head; its underside of trunk and chin embrace the Gulf of Thailand, and the topside of the trunk touches the Andaman Sea. Thailand's coastal tourism is prosperous with many famous beaches such as Rayong, Ko Samed, Bangsaen, Pattaya, Hua Yin, Phuket, Ko Samui, Ko Pha Ngan, Ko Phi Phi and Ko Tao. The influx of tourists, and the beach activities associated with them, puts tremendous pressure and influence at these coastal destinations. This paper investigates three mature coastal destinations in Thailand, namely Bangsaen, Patong, and Pattaya, their brief histories, and the consequences of a spontaneous approach to coastal tourism development.

Building on the momentum of the Association of Southeast Asian Nations (ASEAN) Tourism Strategic Plan 2011-2015, ASEAN tourism seeks to make a greater contribution towards the ASEAN integration goal in the post 2015 decade of moving to an economic growth scenario that is more "inclusive," "green" and "knowledge-based." In this context, the vision for ASEAN tourism over the next decade to 2025 is to commit to "responsible, sustainable, inclusive and balanced tourism development" (ASEAN, 2015, p. 5).

Coastal tourism encounters the sensitive marine environments, local peoples' livelihoods, community prosperity, and economic development, in time it shapes the characters of each coastal destination. Mature coastal destinations tend to exhibit the signs of aging concerning the pressure from all aspects of tourism development. This study utilized this

conception to investigate three cases of unplanned coastal development in Thailand and its detrimental effects to the coastal environment. Understanding the historical precedence and the current issues facing the mature coastal destinations, learning from the lessons of spontaneous approaches to coastal tourism development, and investigating their challenges and opportunities in the ASEAN region, this study expects to offer the benefit of forward strategies to avoid repeating the mistakes of spontaneous development from the past. The ASEAN 2016-2025 Tourism Strategic Plan and Vision points out the lacking of well-defined strategies for inclusive and sub-regional coastal tourism management (ASEAN 2015), thus this study could fill-in the gap utilizing coastal tourism as the platform for sustainable tourism cooperative action and promoting sustainable and inclusive tourism for such integration in this region.

Literature Review

ASEAN Strategic Plan 2016-2025

According to ASEAN, “there is a lack of clearly defined policies for the development of inclusive, green and knowledge based sub-regional thematic destinations, community participation, and climate change adaptation” (ASEAN, 2015, p. 12). The ASEAN plan also points out the challenges of protecting natural and cultural heritage through proper coastal management. Thus, there is a need to take a strategic approach to develop the region as a competitive, sustainable, and more socio-economically inclusive and integrated tourism destination.

Inclusive Tourism

The word “inclusive” refers to the concept of “social inclusion” (Rains, 2009, p. 3). This is the opposite of the exclusion found in stereotyping, pity, and discrimination. Inclusive Tourism is “the systematic application of universal design by the travel and hospitality industry at every stage of its product, service, and policy life cycle” (Rains, 2009, p. 3). The tourism sectors in Bangsaen, Pattaya, and Patong can be classified in two sectors: formal and informal. Formal sector enterprises “are licensed and registered for taxation. They are officially enumerated, and often eligible for available government subsidies. This sector includes operations of hotels and bungalows, restaurants, boutiques, bars, discos, night clubs, jewelry stores, souvenir shops, etc.” (Wahnschafft, 1982, p. 431). Informal sector enterprises generally operate “without legal recognition or protection, they are neither enumerated nor systematically registered. This sector includes pickup truck and taxi drivers, scooter boys, self-employed vendors, food stands, banana boat operators, and the like” (Wahnschafft 1982, p. 431). Since Thai government institutions currently favor the formal tourism sector, the informal tourism sector is limited, “perpetuating, and perhaps widening of existing socioeconomic disparities”. (Wahnschafft 1982, p. 449).

Coastal Debris and Wastewater Management

Williams (2011) notes that five parameters were of the greatest importance for beaches: safety, facilities, water quality, litter and scenery. According to Reopanichkul, Carter, Worachananant, and Crossland (2010), coastal waters around Phuket, Thailand are “influenced by numerous sewage outfalls associated with rapid tourism development” (Reopanichkul, et al., 2010, p. 287). The marine water quality study by the Ministry of Natural Resources and Environment of Thailand confirms that Bangsaen, Chon Buri coastal area has high levels of nutrients presenting at the ocean water (Pollution 2000). Thushari, Chavanich and Yakupitiyag (2017) conducted a research to quantify coastal debris along the three beaches (Angsila,

Bangsaen, Samaesarn) in eastern coast of Thailand. The results showed that “Bangsaen had the highest average debris density (15.5 m⁻²). The most abundant debris type was plastics” (Thushari, et al., 2017, p. 121).

Sustainable Tourism Development and Management

In their study, Sakolnakorn, Naipinit and Kroeksakul (2013) point out that tourism policy development is one critical factor for sustainable tourism development. “Policy-makers need to understand the nature of local tourism and the role of participation in policy-making” (Sakolnakorn, Naipinit & Kroeksakul, 2013, p. 81). They then need to implement economic, social, and environmental methods to help the development of local tourism. The study found that “traffic and transportation systems are important to the development of sustainable tourism. Tourism resources are essential but need to be developed sustainably, particularly the transportation system, including roads, public transit, and ports” (Sakolnakorn, Naipinit & Kroeksakul, 2013, p. 81). The study further suggests cultural tourism management to present local culture, products, and lifestyles as tourism products; and management of the natural resources where people and nature can coexist harmoniously. The success of sustainable tourism management depends on appropriate planning and management of these assets (Sakolnakorn, Naipinit & Kroeksakul, 2013).

Managing a Mature Coastal Destination

UNEP (2009) points out that in order to minimize tourism-induced problems and secure both the sustainability of the tourism industry and coastal resources used by other sectors, increased attention must be given to proper planning and the better integration of tourism in coastal development. When the destination’s resources are overused and exploited, the best remediation is to implement tourism management strategies with varying degree of local community involvement and consensus (Agarwal & Shaw, 2007).

Wong concluded that the “coastal development in Southeast Asia has largely been unplanned. Pattaya presents the best example of unplanned and spontaneous development in Southeast Asia” (Wong, 1998, p. 93). Longjit (2013) conducted an empirical research in Pattaya, which was guided by a conceptual framework incorporating three basic features of management: goals, activities and management structures. The study finds that there was not a “comprehensive destination-wide approach” and the management of these features do not stress integration, coordination or collaboration (Longjit & Pearce, 2013, p. 165).

Wong (1998, p. 97) points out that, “traditionally, knowledge of the coastal environment has been strong among fishermen and coastal villagers. Specific coastal problems, such as high wave energy during onshore winds, floods, and coastal erosion, have not escaped the attention of authorities”. Not until recently, “the coastal environment comes under the planning regulation for the construction of coastal resorts and appear in relation to environmental impact assessment, marine parks, and marine conservation legislation” (Wong, 1998, p. 97).

Sustainability and Tourism Carrying Capacity

According to the Laboratory of Environmental Planning at University of Aegean, “coastal areas are normally associated with mass tourism, large scale construction and infrastructure, intensive land development and extensive urbanization” (Planning, 2002, p. x). This is mostly true with the coastal tourism destinations of Thailand. The concept of tourism carrying capacity arises from the understanding that unchecked tourism growth would cause

irreversible damage to the local system. To achieve sustainability of the site, Jurado, Damian and Fernández-Morales (2013) suggest three different approaches. The first approach aims to protect resource by introducing limits and measurable goals. The second approach, adapts the best-known tourism model by developing the activity with marketing, improving the infrastructure or renewing the products. The third approach is based on communities' participation of stakeholders by means of a process of social negotiation (Jurado, Damian and Fernández-Morales, 2013). In mature destinations, tourism management can benefit from the knowledge of the carrying capacity of the site and anticipating the possible impacts. According to Jurado, et al. (2013, p. 16), "the overcrowding, the noise, and the area's authenticity influence the satisfaction level of tourists' experience. These factors could be used to formulate better plans for area management".

Research Methodology

Data

For the Bangsaen study, the author conducted the field survey during the months of July-August and January-February with the assistance of several groups of students. The author and students visited the beach several time during the low tide to observe the debris of plastic at the beach. The number of vending stalls, parking spaces, and sunbeds were counted for both the weekdays and weekends. The statistical data of domestic tourism were downloaded from Ministry of Tourism and Sports official website. The collected quantitative data was then checked and averaged, and then entered into an Excel spreadsheet for Statistical Data Analysis. The results are presented in tables to simplify the data and its summation. Variables are presented as percentages for categorical data. Qualitative data and literature reviews were documented, analyzed, and synthesized with notes for discussion.

Method

The historical documents, photos, satellite images, the Strategic Plan and Vision of ASEAN 2016-2025, and supporting literature are the basis of this paper's analysis. This paper examined the fast-paced growth, the histories, and the consequences of unsustainable approach to coastal tourism development. This study also conducted a field survey at the Bangsaen beach to investigate the current attractions, the problems, and the environmental impacts to this coastal destination. The survey focused on the beach activities, the informal sector of local vending stalls, and the infrastructure of vehicular access and parking spaces.

The quantitative data, qualitative data from literature reviews, and guidelines of ASEAN 2016-2025 tourism strategies were analyzed and synthesized. The results were drawn to propose strategies for the regional integration of sustainable coastal tourism development. The study of mature coastal destinations can reveal the problem of the overgrowth and the consequences of unplanned development, these relevance and lessons link to the critical factors of implementing sustainable and inclusive coastal tourism advocated by the ASEAN. This study propose strategies as a starting point of tourism cooperation for the regional integration of sustainable coastal tourism development. Below is a diagram of the conceptual framework of this paper. (Figure 1)

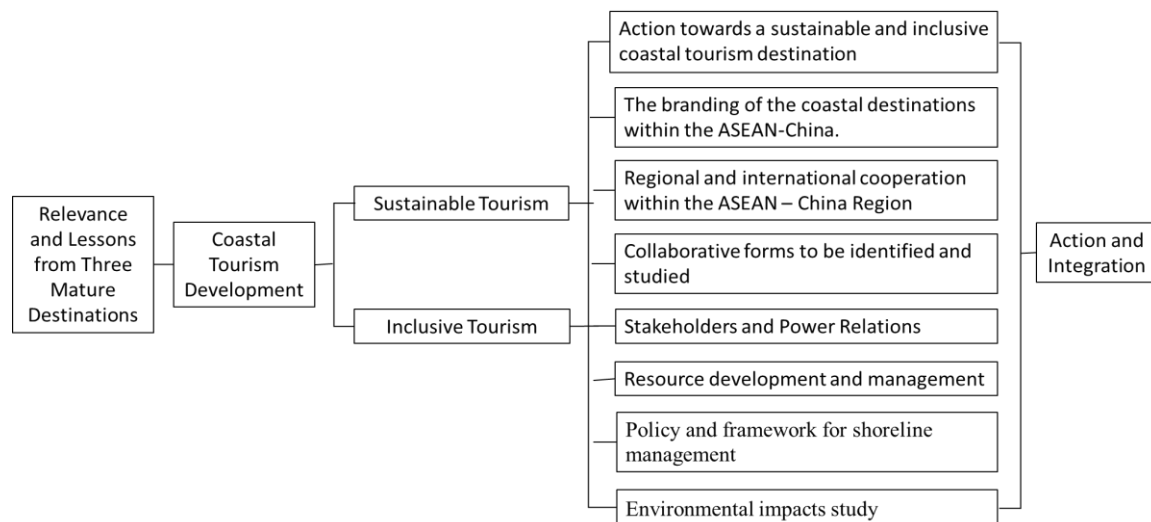


Figure 1. The conceptual framework of A Strategy of Tourism Cooperation for the Regional Integration of Sustainable Coastal Tourism Development.

Results and Discussion

Field Data Result and Analysis

Bangsaen beach is a popular weekend destination for many Thai citizens especially from the surrounding districts and cities. Table 1 indicates that around 95% of visitors are Thai and only about 5% are foreigners. The dominant presence of Thai as the primary visitors of this destination strongly influence the activities and amenities of this location. The shops and food vending stalls mainly provide traditional grilled seafood, bicycling, swimming, and other annual events for Thai people.

Table 1. Internal Tourism in Bangsaen, Chonburi

Visitor	2016	%	2015	%
Total	2,555,712		1,892,284	
Thai	2,431,103	95%	1,786,237	94%
Foreigners	124,609	5%	106,047	6%

Source: Sports, 2017

This study conducted the survey for the entire stretch of Bangsaen beach, which is about 2500 meters straight sand beach. The beach scenery is monotonously flat lying seascape with densely packed 10,000 sunbeds with umbrellas stretched in the same monotonous manner. Two rows of 379 /705 (weekday/weekend) vending stalls line the pedestrian walkway under the palm tree groves. Adding to this scene is the similar long stretch of four lane streets running parallel to the pedestrian walk with vending stalls. Parking spaces are located on both side of the streets with double parking for the weekend's rush (Figure 2).



Figure 2. The scene of Bangsaen, Thailand 2017

Source: Author 2017; DigitalGlobe, 2015

The traffic congestion is caused by two factors, the loss of traffic lanes due to double parking and the increased traffic demand during the weekend rush (Table 2). The available parking spaces along the beach is apparently inadequate. The designated parking spaces with total capacity of parking (3600 people load by cars) versus the maximum weekday/weekend visitors per day (5449/10899) reveals in fact that currently designated parking spaces, even with the overflow of double parking (4240), does not accommodate the needs of the visitors (Figure 2).

The average number of visitors during one day of weekends (10899) doubles the number of visitors during one day of weekdays (5449), while the available parking spaces for the weekend rush only increases from 900 to 1060 (Table 2). When we compare the number of Sunbeds versus the people load from the capacity of parking, this study found that the existing parking spaces are insufficient. The weekday's sunbeds capacity (5194) and the weekend's doubled sunbeds capacity (10610) significantly exceed the available parking capacity (3600). This means that there are too many sunbeds for visitors while there is not enough parking to accommodate the vehicles. That is an overcrowding factor, perhaps caused by the individual shop owner's competitive desire to have more customers. This reduces the quality of the beach atmosphere and the relaxation of beach goers.

Table 2. Beach amenities and survey results-A

Amenity Item	Classification	Quantity	Average	Remark
Beach	length	2500		meter
Annual visitors	Year 2016	2555712	5449	visitors/day-weekday
			10899	visitors/day-weekend
Sunbeds with umbrella	bed	5194	5194	person/sunbed/weekday
	bed	10610	10610	person/sunbed/weekend
Parking	Designated	900	900	space
	With Overflow	1060	1060	space (traffic lane)
Capacity of parking (people)	Designated	3600	3600	4 people/car/weekday
	With Overflow	4240	4240	4 people/car/weekend

Source: Author, 2017; Sports, 2017

When considering the average count of vending stalls, there are 379 vending stalls during the weekdays and 705 vending stalls during the weekends. We can compare the number of vending stalls with the number of visitors to determine a service ratio per shop. When we consider the number of vending stalls versus the number of sunbeds (one customer for each bed), each stall serves about 14 customers in the weekday and 15 customers at the weekend assuming that visitors occupied all of the sunbeds (Table 3). This is not an adequate number of customers to allow stall owners to make a livable income, since a low number of customers would generate fewer profits. The competition among the vendors would be fierce, since most of the vending services are similar in character. This leads to the findings of low incomes for many of the small vending stall owners (informal sectors).

Table 3. Beach amenities and survey results-B

Amenity Item	Classification	Quantity	Average	Remark
Annual visitors	Year 2016	2555712	5449	visitors/day-weekday
			10899	visitors/day-weekend
Business Blocks	Block	86	29	meter/block
Shops	Stall	379	4.4	stall/block-weekday
		705	8.2	stall/block-weekend
Service ratio	People/stall	379	14	customer/stall-weekday
		705	15	customer/stall-weekend
Trash bins	Bin	521	6	bin/block
Toilets	Public / Private	18	289	person/installation

Source: Author, 2017; Sports, 2017

Lessons from Bangsaen, Thailand

Bangsaen is a good weekend getaway place in Thailand. Due to its short distance from Bangkok, Bangkok urbanites are the frequent weekend visitors of this pleasant beach. The traditional street stands by the beach offer popular Thai style grilling seafood. Bangsaen was a pastoral beach town with jungle forest and fishing port at its beach until the prime minister built summer houses for vacationers in the 30s (Iwase, 2011) (Figure 3). During the weekends or holidays, the beach is crowded with tourists and inundated with coastal debris. Thushari, Chavanich and Yakupitiyag (2017, p. 121) conduct a research to quantify coastal debris near Bangsaen area. The results showed that “Bangsaen had the highest average debris density (15.5 m⁻²)”. The photograph the author took at the low tide during the field study (Figure 4) verified this phenomenon.



Figure 3. The historical photos of Bangsaen, Thailand around 1943 and 2010
Source: Iwase, 2011



Figure 4. The historical photos of Bangsaen, Thailand 2011 and 2017
Source: Barrow, 2011 (left); Khamung, 2017 (right)

Bangsaen is known as a university town. Burapha University is a renowned research university in eastern Thailand. The aerial photos of Bangsaen indicate the town's mature growth in 2006 and 2015. There were patches of open land throughout the town in 2006. 10 years later, these patches of land were well developed (Figure 5). Most of the visitors to Bangsaen are Thai (95%), while there are some foreign tourists (5%) all year round (Table 1), most the tourists are local because, when comparing Bangsaen with other nearby beaches (Pattaya or Sattahip), Bangsaen is the cheapest beach to travel to (Wikitravel, 2017).

According to Iwase (2011), there were two periods of power relations in Bangsaen's tourism development. “Power relations in the first period are characterized by a dictatorship (3rd, 8th, and 11th Prime Minister of Thailand). The environment of a seaside resort in the first period was created by destroying the seaside grazing land” (Iwase, 2011, p. 9). “The

environment of a modern tourism city in the second period was created by destroying the seaside resort. The local entrepreneurs have developed tourism in Bangsaen for seeking profits, and have become the source of economic, political and social power” (Iwase, 2011, p. 9). It is apparent that pursuit of profits of these local entrepreneurs have neglected the essence of cultural heritage and natural beach beauty. Worse, the rich people would possess the political power and exhibit their social influence in the local community.



Figure 5. The aerial images of Bangsaen, Thailand

Source: DigitalGlobe, 2006 and 2015

Lessons from Phuket, Thailand

Phuket is Thailand's largest island. “Tourism began on the island in the 1970s with the first beach bungalows at Patong beach” (Phuket.net, 2004). Patong means “the forest filled with banana leaves” in Thai (Referbangkok.com, 2017). The aerial photos of Patong indicate the town’s mature urban sprawl in 2006 and 2015. The forest of banana leaves have been mostly taken over by the resort and town development. There were a few patches of open land in 2006, however, by 2016 these patches of land were filled with development (Figure 6 and Figure 7). “During the 70s Phuket was a haven for backpackers. Phuket’s idyllic tropical beaches and clear warm waters attracted travelers from all over the world to the island. The building of an airport in the mid-1970s” (Phuket.net, 2004) facilitated this occurrence.

With the growth of tourism, the pressures of land development and population increase has led to “a reduction in Phuket's natural landscape and a degradation of surface, ground and coastal waters” (Boonchai and Beeton 2016, p. 109). According to Sakolnakorn, Naipinit, and Kroeksakul (2013), there are numerous problems and threats facing sustainable tourism management in Phuket. The study finds that problems such as traffic jams, narrow roads, destruction of natural resources, waste management and public hygiene, high cost of living, and crime concerns are important issues in tourism promotion in Phuket.

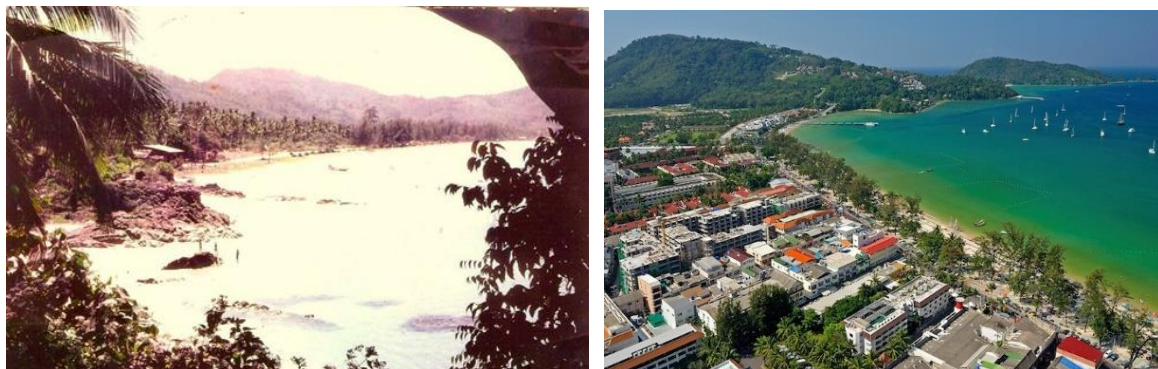


Figure 6. The historical photos of Patong, Thailand around 1977 and 2017

Source: Patong 2014 (left) and TourChoice.com 2017 (right)

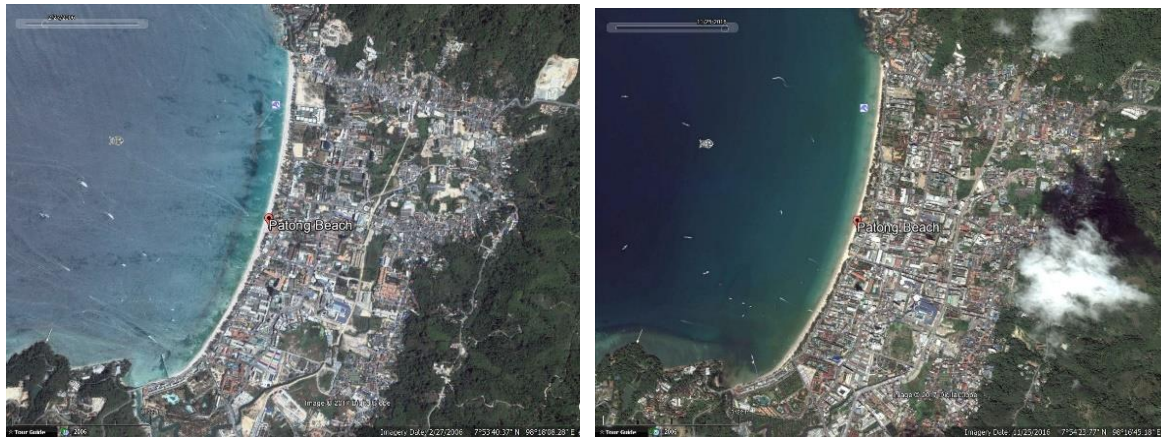


Figure 7. The aerial image of Patong, Thailand
Source: DigitalGlobe, 2006 and 2016

Lessons from Pattaya, Thailand

“Pattaya, a once sleepy fishing village, was transformed into a heaving sun, sea, and sex destination courtesy of it being used as an R&R (rest and recreation) destination for US troops during the Viet Nam War. Development ran at a totally unsustainable rate, eventually only slowing down when Pattaya's beaches became so polluted that swimming became dangerous” (Travelfish, 2017).

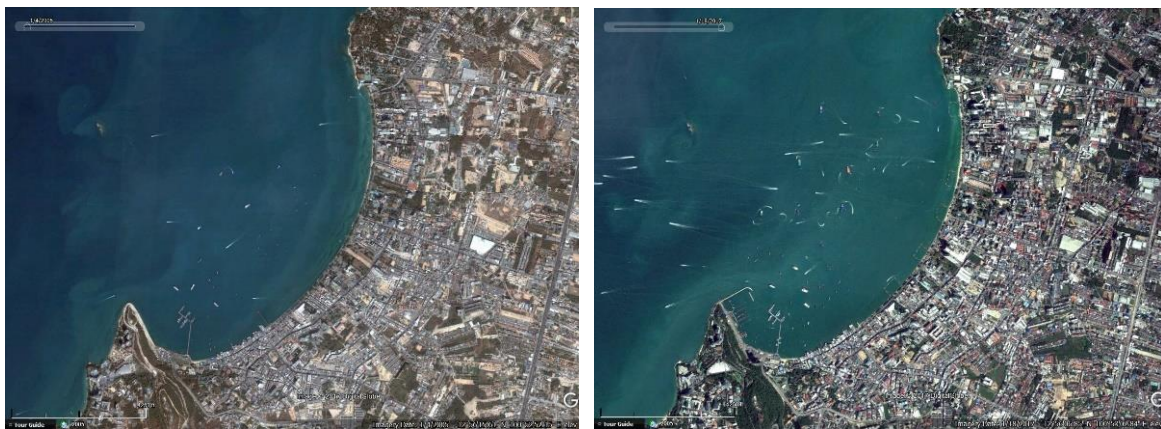


Figure 8. The aerial image of Pattaya, Thailand
Source: DigitalGlobe 2005 and 2017

The above statement is an obvious consequence resulted from the neglect of environmental considerations in favor of economic interests. Tourism Authority of Thailand has been criticized for heavy commitment to tourism promotion while ignoring the damage being done to Thailand's natural and cultural resources (Highham, 2000). The aerial photos of Pattaya indicate the town's high density growth in 2005 and 2017. The once idyllic fishing village with tropical forest in the 70s has transformed to a bustling city by 2005 with very few patches of open land for development (Figure 8).

According to Wong (1998, p. 91), “coastal resort development in Southeast Asia has largely been unplanned and spontaneous in order to meet the tourist demand, and Pattaya presents the best example of unplanned and spontaneous development in Southeast Asia”.

“This is encouraged by the developers’ pursuit for profits, the slow response by governments to the rapid development, and the lack of enforcement” (Wong 1998 p. 91). Resort developers usually do not have the knowledge of how to care on the physical environment but simply follow the trend of demands. It is “the region’s most intensely developed coastal resort and its image has been strongly associated with the existence of a distinct 300-m stretch of bars, nightclubs and massage parlors” (Wong, 1998, p. 91). These unplanned developments caused environmental degradation, tree cover removal, polluted wetlands, and polluted beach by wastewater. “Elsewhere in Southeast Asia similar unplanned developments are happening” (Wong, 1998, p. 92). “Patong beach on Phuket Island repeats the same story with some local variations, and is in danger of becoming another Pattaya”. (Wong, 1998, p. 92) (Figures 9).

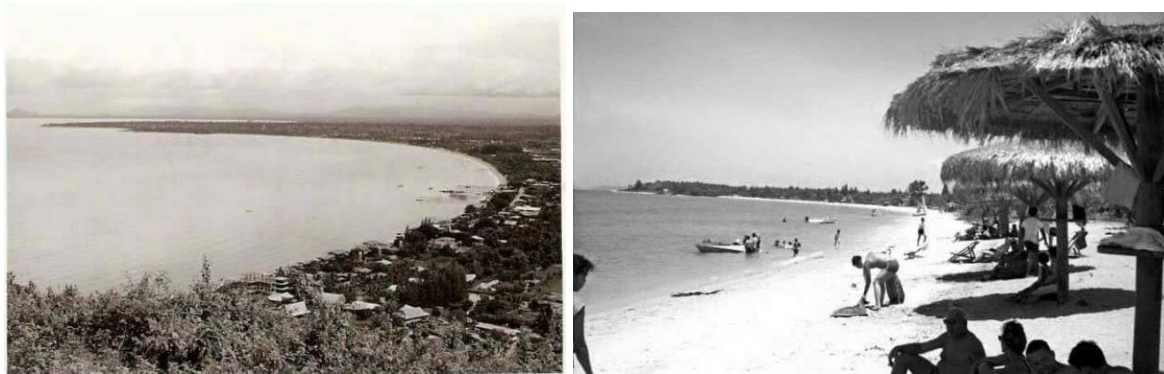


Figure 9. The historical photos of Pattaya, Thailand 1965

Source: RuaBan 2015

Recommendations for Cooperative Actions and Processes

This study proposes eight strategies as the starting point of Tourism Cooperation for the Regional Integration of Sustainable Coastal Tourism Development.

a. Build towards a sustainable and inclusive coastal tourism destination.

The strategic direction to ensure that ASEAN tourism is sustainable and inclusive would follow the 2016-2025 plan closely with the following strategies: 1. “Participation of local communities and private sectors in tourism development”; 2. “Support of safety, security, and protection in tourism destinations”; 3. “Support of the protection and management of heritage sites”; 4. “Address environmental, and enhance climate change responsiveness”; 5. “Guidelines for incorporating environment and climate change mitigation” (ASEAN, 2015, p.viii)

b. The branding of the coastal destinations within the ASEAN.

Thailand and ASEAN’s coastal resorts are renowned for their pristine ocean front and they have enjoyed almost a century of popularity and prosperity. For ASEAN to cooperate fully and attract intra-tourist visits, a clear destination image for the region as a whole and a brand which can market sustainable and inclusive tourism is a priority. This study suggests the creation of a brand position related to the tourism aspect of the ASEAN region, and the development of branding communication strategy for ensuring a better global market position.

c. Regional and international cooperation within the ASEAN.

This action is “to enhance the development and promotion of ASEAN as a single tourism destination with world-class standards, facilities and attractions, therefore, to create

favorable conditions for the public and private sectors to engage more deeply in tourism development” (Wong, Mistilis & Dwyer, 2011, p. 369). This action also encourages “intra-ASEAN travel and investment in tourism services and facilities, and encourages the establishment of an integrated network of tourism and travel services in order to maximize the complementary nature of the region’s tourist attractions” (Wong, Mistilis & Dwyer, 2011b, p. 885).

d. Stakeholders and Power Relations.

To be inclusive, the stakeholders who have political and social power should share those powers with other stakeholders in order to co-manage natural and cultural assets in host societies. By being inclusive and letting other stakeholders “participate in decision making in tourism development policies, strategies, and planning tourism can develop in a way which reproduces nature, strengthens social relationship and inherits local knowledge” (Iwase, 2011, p. 9).

One research done by Larsen, Calgaro and Thomalla (2011), illustrates how stakeholder agencies at the interface of formal and informal institutions was the main determinant of resilience building in Thailand’s tourism-dependent coastal communities after the 2004 tsunami. Their study proposed a framework for conceptualizing stakeholder agencies within social-ecological systems. This framework shows how the vulnerability of each stakeholder is co-dependent on the ability to exert its agency by mobilizing the social relationships associated with entitlements and resource access.

e. Identify collaborative forms for destination planning and development.

The lack of coordination and cohesion within the highly fragmented tourism industry is a well-known problem to destination planners and managers (Jamal & Getz, 1995, p. 186). Jamal and Getz point out the importance of “an effective organizational structure for tourism management and the need for continuous, integrated planning”. Calgaro, Lloyd and Dominey-Howes (2014, p. 341) advocate that “tourism planners know little about the complex drivers of destination vulnerability, leading to the creation and application of ineffective resilience-building solutions”. They present the Destination Sustainability Framework (DSF) to assess vulnerability and resilience, and support successful resilience-building initiatives.

f. Ecologically friendly coastal tourism resource development and management.

Fabbri (1998, p. 51) suggests, “The over-development of the coastal areas has also brought about a multitude of negative environmental impacts such as the effects of improper industrial and human waste management, accelerated erosion and deposition, eutrophication, destruction of marine life, and an overall decrease of bio-diversity”. The management of coastal zones need to “consider the ecosystem approach” (Fabbri, 1998, p. 51). Wang and Zhu (2014, p. 32) suggest coastal tourism develop “low carbon coastal tourism based on the idea of green thinking”. They encourage tourism to be more creative with ecotourism and alternative tourism.

g. Develop policy and framework for shoreline management.

Shoreline and coastal zone management, and tourism development, can be integrated so that the quality of the environment may be improved at any stage of the resort cycle. Although this can be more easily “achieved in the early and latest (rejuvenation) stages, sustainability-based planning could, and will probably have to, be implemented throughout the resort cycle, at least where there is a strong regulatory framework” (Jennings, 2004, p. 899).

Four issues are responsible for the changing relationship between coastal tourism and shoreline management: an increase in, and the changing nature of tourist-related pressure at the coast; advances in shoreline management approaches including the adoption of Integrated

Coastal Zone Management (ICZM) principles, the geomorphologic behavior of coastal systems, and projections of near-future climate and associated sea-level change (Jennings, 2004, p. 900).

h. Environmental impacts and integrated approaches towards coastal management.

The impact of unplanned tourism development has clearly shown the need for the use of Environment Impact Assessment (EIA) for tourism projects. ASEAN can serve to lead and to communicate to the different government agencies for the implementation of proper legislation for resorts developed near the coastal zone. The maintenance of a proper setback, protection of native plants and wetland, wastewater treatment, and protection of shoreline erosion are important EIA requirement for coastal resorts. "In general, EIA legislation in Southeast Asia has not progressed far enough to include detailed checklists of short-term environmental impacts of beach-front hotel development" (Wong, 1998, p. 103). Hall (2001, p. 614) points out that "one of the greatest challenges facing coastal managers is how to integrate tourism development within the ambit of coastal management, and thus increase the likelihood of long-term sustainability of the coast as a whole".

Conclusion

This study focuses on a narrow spectrum of three mature destinations in Thailand. Many studies have pointed out that plans for tourism development should incorporate environmental management on sewage discharge, shoreline erosion, beach maintenance, and other ecosystems appropriate for tourism (Wong, 1998; Fabbri, 1998). Community-based tourism (CBT) should be utilized as a tool of sustainable tourism development which focuses on politics in local administrations, protection and conservation of the environment and involvement of all stakeholders in the social aspect of their livelihood (Polnyotee and Thadaniti, 2015).

In mature destinations, tourism management can benefit from the knowledge of carrying capacity of the site and anticipating the possible impacts. The tourists, vendors and stakeholders need to be educated with environmental awareness, and reuse and recycling to reduce public littering (Thushari, Chavanich and Yakupitiyag, 2017). This study also found that Thai government institutions currently favor the formal tourism sector, the informal tourism sector is limited, and "perhaps widening of existing socioeconomic disparities". (Wahnschafft 1982, p. 449)

Learning from the past and looking to the future is the key to successful integrations of sustainable coastal tourism development. The scope of this study is limited; however, coastal tourism encounters the sensitive marine environment, local people's livelihoods, community prosperity, and economic development, which requires an appropriate strategic implementation plan and regional collaboration at large.

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Do the business ethics enhance a financial firm performance?

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Abstract

In the recent years, there have been many embezzlement scandals relating to some publicly listed firms, especially in that they were caused by the executives in the organization. As consequence, a huge damage has been caused to people and the country. Moreover, ethical failure in leadership at the managerial level is still active in order to seek short-term gains even if it leads to a loss of future business opportunities. In terms of supervising and leading any ethical corporate business practice, it requires a combination of business ethics. As such this study seeks to understand the linkage between managerial ethical leadership, organizational ethical culture, a code of ethics, and financial firm performance of ROA for the listed firms on the Stock Exchange of Thailand. Furthermore, we focus on the Stewardship theory to explain the linkage of a positive relationship between manager and firm's success and challenge the traditionally business belief that business ethics and financial firm performance are mutually exclusive ends. We explore both mediating effect and moderated mediating effect that have influences on ROA by utilizing OLS Regression and PROCESS model 4 and 14. There were 84 firm samples, which represented by 785 participants. The study results reveal that each some combination of business ethics has either positive or negative relationship with ROA. In terms of managerial implication, our findings would suggest that an ethical manager needs an informal control mechanism of organizational ethical culture to supervise and lead their subordinates to achieve the corporate's goal by enhancing ROA.

Keywords: managerial ethical leadership, organizational ethical culture, a code of ethics, ROA, moderated mediating model

Introduction

Business ethics issues have been rapidly reaching global attention and becoming integral in the implication of globalization. The term globalization refers to how a group of people interrelate and communicate in different countries and locations, including the process of international trade and investment which uses information technology (Globalization101, 2007). These processes and actions have influences on the environment and economic development, and especially on people's well-being around the world. Thus, business ethics are the major roles in determining what is right and wrong business conducts for achieving the business sustainability in this era of globalization.

For this reason, all listed firms and all level of management need to behave according to their established codes of ethics. However, unethical business practices have dramatically increased in order to achieve a short-term gain. In other perspectives, the degree of implementation of the code of ethics and ethical failure in leadership, both have an influence

on the organization and on all stakeholders. It is consistent with Steven (2004) that in the case a leader's behavior is perceived to be unethical, subordinates are likely to behave unethically. In recent years, there have been numerous unethical scandal cases around the world, suggesting that there might be the relationship between leaders' behavior and the firm's performance. There are several pieces of evidence from a previous study from 2012, Pfizer violated the FCPA to win the business by giving bribes to doctors and healthcare professionals; in 2014, Hewlett-Packard violated the FCPA when improper payments were given to government officials to maintain profitable contracts (Donadelli et al., 2014). In the short term, the firm performance might be increased, but this activity could lead to the risk that a firm could be sued for offering a bribe.

For Thailand, looking back on the last three years, there were many scandals relating to the unethical manner of the managerial leaders of listed firms. Beginning with the year 2015, Siam Commercial Bank Plc. (SCB) and King Mongkut's Institute of Technology Ladkrabang (KMUTL) in which approximately 1.5 billion baht of the institute's money disappeared from its SCB accounts, was caused by a former unethical bank manager violating procedures by withdrawing money without a confirming signature (NationMultimedia, 2015). Later, in 2016, the Securities and Exchange Commission Settlement Committee (SEC) imposed fines on a former securities investment consultant and aiders for manipulating the shares price and trading volume of The Union Mosaic Industry Plc. (UMI) (SEC, 2016). The nine offenders were fined at the amount of 447 million baht. Recently, in October 2017, SEC imposed fines on three fund managers of CIMB Thai Bank Plc. (CIMB) for failing to exercise a duty of care in order to enable the investment to be made appropriately (SEC, 2017). The three offenders were fined at the amount of 600,000 baht.

In conclusion, when any listed firm has a weak degree of code of ethics implementation and conducting unethical business practices, it may intentionally lead other stakeholders to follow the wrong direction. Particularly, most of those scandal cases were committed by an authority in the organization and resulted in negative financial firm performance. In some of the worst cases, firms ceased their business operations and went out of business. Then, there is not only damage to the shareholders, but also a lot of damage to the other stakeholders. In terms of cause-and-effect, there are possibilities for a positive or negative effect. For example, the ethical leader can reduce any unethical business conduct, or by implementing a code of ethics can also decrease any unethical business conduct, and vice versa. Besides, an organizational ethical culture is also able to influence the firm performance. Thus, it is consistent with the study of Oke et al. (2009) that individual characteristics and organizational policies direct the ethical path of organizations. As it results in an ethical business practice in an organization.

Conceptual Framework and Hypothesis Development

In order to survive in this era of globalization, the firm needs to focus on the concept of long-term business sustainability with good corporate governance and a friendly environment. For this reason, most of the firms are paying more attention to a code of ethics as they believe that ethical business practices will create long-term business sustainability. Moreover, the major driver of this ethical business practice is the leader and/or middle manager of the organization. It is consistent with the study of Floyd and Wooldridge (2000) and Fenton-O'Creevy (1998) the roles and functions of middle manager have received an increased attention as middle managers' roles do not only center on the planning, controlling, and monitoring of their units' activities, but they can influence strategy and culture in both an upward and downward direction. In general, the majority of manager in large organizations are middle managers. It would mean that middle managers are also key role models and have an influence on daily tasks in the organization and the firm performance.

It is also consistent with the study of Oumlil and Balloun (2009) that the followers' ethical perceptions of their leaders and corporate ethical values are generally reflective of an institution's ethical behavior. Unfortunately, there are some middle managers who mislead and misconduct business practices and cause a negative effect on firm performances. To better understand how the role model of the middle manager would influence the organizational ethical culture, the implementation of the code of ethics, and the consequence of financial firm performance of ROA, it is proposed to study the linkage between all mentioned variables toward ROA for the listed firms on the Stock Exchange of Thailand.

The theoretical framework will be based on the Stewardship theory and a combination of business ethics by explaining the linkage of the strong relationship between an ethical manager and a firm's success. According to Davis et al. (1997), they defined that *"a steward protects and maximizes shareholders' wealth through firm performance because by so doing, the steward's utility functions are maximized"*. Stewardship theory recognizes the importance of structures that empower the steward and offers maximum autonomy built on trust and it can minimize the costs aimed at monitoring and controlling behaviors (Donaldson & Davis, 1991). It is in line with Smallman (2004) that when shareholder wealth is maximized, the steward's utilities are maximized too because organizational success will serve most requirements.

In addition, Urdang et al. (1984) defined ethics is "the branch of philosophy dealing with values relating to human conduct, with respect to the rightness and wrongness of certain actions and to the goodness and badness of the motives and end results of such action". From the previous study, Kahn (1990) found that an ethical leadership at a managerial level has the potential to influence an employee work because such action can make an employee feel safe to invest their energies into the job as a member of the organization. Trevino et al. (1998) also found that there is a positive relationship between ethical culture and ethical behavior as an organizational ethical culture promotes positive organizational behavior and the achievement of firm performances.

Moreover, a code of ethics acts as an ethical safeguard, which has used by an organization to prevent unethical behavior and promote ethical practices and regulates ethical behavior (Von Der Embse et al., 2010). Although the existence of a code of ethics can boost stakeholders' trust, there is no assurance to the degree of implementation. Therefore, this study will utilize a combination of business ethics to examine the relationship between managerial ethical leadership, organizational ethical culture, a code of ethics, and ROA. Then, the conceptual model is presented in Figure 1.

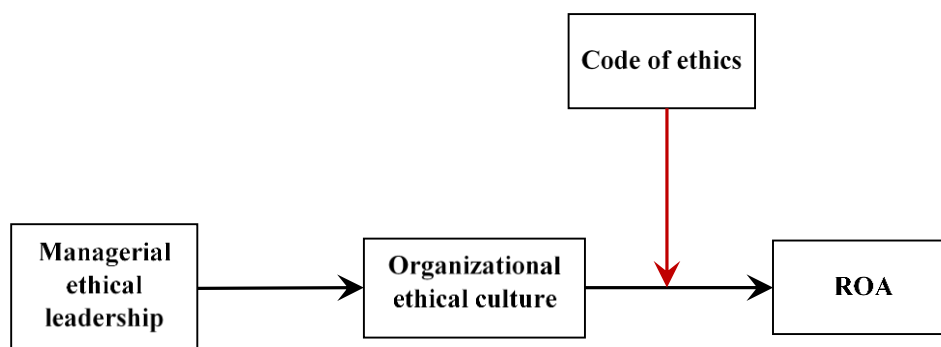


Figure 1. Conceptual Model

First, it will focus on a direct relationship between managerial ethical leadership and organizational ethical culture. According to the study of Grant (2007), he found that the meaningful work is able to protect and promote the well-being of other people. Thus, an ethical manager can utilize the concept of meaningful work to facilitate a subordinate on the well-

being basis in a working life and lead them by ethical conduct such as integrity, fairness, and concern for others. In consequence, the ethical manager can establish an organizational ethical culture. Therefore:

Hypothesis 1: Managerial ethical leadership has a direct positive relationship with organizational ethical culture.

Second, an indirect effect of an organizational ethical culture that would mediate the relationship between managerial ethical leadership and ROA. For this indirect relationship, an ethical manager might utilize an informal control system of organizational ethical culture to enhance the ROA. It is consistent with Valentine et al. (2011) that a corporate culture strengthened by ethical values and other positive business practices likely yields a more favorable employee work response, consequently a positive work performance will enhance a higher rate of return. In terms of a model person based on the Stewardship theory, the manager is a self-actualization person and tends to operate the firm to maximize financial performance as well as shareholders' profit, while his utility is also maximized. Consequently, all members of the organization have been instilled with the ethical values and beliefs, and they will, therefore, run the business in terms of integrity, transparency, and accountability which leads to a positive relationship with ROA. Therefore:

Hypothesis 2: Organizational ethical culture will mediate a positive relationship between managerial ethical leadership and ROA

Lastly, the conditional indirect effect of a code of ethics will be tested on the relationship between managerial ethical leadership and ROA through organizational ethical culture. The underlying assumption of this study is, a strong code of ethics is implemented in organizational ethical culture by the ethical manager will enhance a firm performance. It is in line with Brown et al. (2005) and Mayer et al. (2008) that "only under the condition of a strong code of ethics, organizational ethical culture is expected to promote employee productivity and contribute to a firm performance". In addition, Treviño and Weaver (2003) define a code of ethics is "a formal and tangible organizational control system that has been established to align employee behavior with certain ethical standards and rules". In contrast, a strong code of ethics implemented by an unethical manager will serve only as "window dressing" for the corporate public image. In consequence, all stakeholders would then distrust the corporate business practices which would lead to a negative firm performance. Thus, in the case that an ethical manager is well complemented by a strong code of ethics and organizational ethical culture, a firm performance is likely to be positive. Thereby, we propose the moderated mediation model to predict this assumption:

Hypothesis 3: The relationship between managerial ethical leadership and ROA through organizational ethical culture is positive when the organization has a strong code of ethics.

Methodology

Research design and unit of analysis

According to the research objective, this study is a causal research to investigate the cause and effect relationship of three predictive variables (e.g., managerial ethical leadership, organizational ethical culture, a code of ethics) on the dependent variable of ROA. The unit of analysis is at the organizational level by investigating the 483 listed firms on the Stock Exchange of Thailand. These listed firms are categorized into 8 different industries: 1)

Agriculture & Food Industry; 2) Consumer Product; 3) Finance; 4) Industrial; 5) Property and Construction; 6) Resources; 7) Services; 8) Technology.

Sample and procedures

To determine the sample size, there are 219 firm samples by Taro Yamane's formula with 95% confidence level (Yamane, 1973). In order to minimize the bias from the nature of business, the first-tier sample will represent each industry and utilizes the stratified random sampling method which calculates each industry by percentage and converts to total firms. While, the second-tier sample will represent each listed firm and will focus on 3 tentative departments; Sales/Marketing, Finance/Accounting, and Strategy/Management, but it is not limited to other departments. Because this 3-tentative department is directly related to major stakeholders and requires a high degree of ethical business practices to fulfill the functions. It may take 2-5 staff from each department.

However, the minimum acceptable for each firm's representation is 5 staff in two different departments and each staff has at least 1-year working experience with the organization. As such, it utilizes the convenience sampling method, where the respondents are derived from various channels (e.g., a variety of departments, web-based questionnaire, on-site collection). In order to collect the data, it used both personal networks and formal letters to ask for any cooperation. Furthermore, as the business ethics topic is a very sensitive issue, the participating firms will be informed that all given information will be treated confidentially and just for the scientific purpose of the study.

Measures

Managerial ethical leadership. There are a variety of measures that have been used to assess ethical leadership. Particularly, Brown and colleagues' ethical leadership scale focuses on promoting ethical conduct and concern for others. As such, a 10-items scale developed by Brown et al. (2005) was used to measure this managerial ethical leadership by a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The sample of items are "My manager sets an example of how to do things the right way in term of ethics" and "My manager listens to what employees have to say". This variable is derived from primary data and will be treated as an interval scale on all hypothesis testing.

Organizational ethical culture. As this organizational ethical culture scale of Trevino et al. (1998) focuses on 1) the degree to which unethical behavior is punished, while the degree to which ethical behavior is rewarded, 2) the degree to which a code of ethics are effective in promoting ethical behavior, and 3) the ethical norms of the organization. As such, this 14-items scale was used to measure this organizational ethical culture by a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The sample of items are "Ethical behaviors are the norm in this organization" and "Ethics code requirements are consistent with informal organizational norms". Besides, there are four reverse items of this scale. This variable is derived from primary data and will be treated as an interval scale on all hypothesis testing.

Code of ethics. In order to assess the degree of implementation of the code of ethics in the organization, we modified a 10-item scale based on the studies of O'Dwyer and Madden (2006) and Weaver et al. (1999). As their studies focused on the three key areas of the code of ethics: 1) the existence of a code of ethics; 2) the issues addressed by the code of ethics; 3) the implementation/enforcement mechanisms being in place to support the code of ethics. The sample of the items are "Does your organization have an official code of ethics' policy?" or "How frequently do you receive a code of ethics program training?". The responsive scale

depends on the question format. For example, the question of the existence of a code of ethics can be “yes” and “no” and will be recorded as 1 for “existing” and 0 for “non-existing”. For the question of ethics program training, the responsive scale will be Likert scale ranging from 0 (never) to 4 (very frequently). As there are two types of responsive scales, the range of value for each item is between 0-1, then it forms a composite measure of a code of ethics by summing all the 10-item scores (Eisenbeiss et al., 2015). Hence, the higher value on the measure reflected a stronger code of ethics. This variable is derived from primary data and will be treated as a nominal scale on hypothesis 3. Thus, the moderator identification of a code of ethics will utilize the statistical value of mean, maximum, minimum, standard deviation, skewness, and kurtosis to define a moderator. Any listing firm with a score of the code of ethics higher than the value of mean is defined “a strong code of ethics”, and “a weak code of ethics” is vice versa.

Return on assets (ROA). There are many financial ratios of accounting measures that can be used to represent the financial firm performance (i.g. ROE, ROI, ROS). Principally, ROA is one of the most well-known financial ratios that presents the percentage of profit a company earns in relation to its overall resources, it is the best apply in comparing companies with their total capitalization, which is derived from total liabilities and equity. Thus, ROA is measured by using the 2016 financial statements of each listed firm. This variable is derived from secondary data and will be treated as a ratio scale on all hypothesis testing.

Control variables. As some potential effect may derive from firm demographics, we controlled for firm size, firm industry, and public listing age. Firm size is categorized by total asset ranging from 1 (Less than 10,000 million baht) to 4 (100,000 million baht or above). The 8 industries are represented by 7 dummy variables. Listing age is measured by total years of public registration.

Data analysis

This study uses individual responses to represent the organizational level, which is divided into 2-level of analysis as initial testing on an individual level and hypotheses testing on the organizational level. The main purpose of this initial testing is to aggregate the individual responses onto the organizational level. So, it needs to determine the interrater agreement between participants for the scale measurement by employing Intraclass Correlation Coefficient from the software program SPSS version 20. Another main purpose is to perform the scales validation by employing confirmatory factor analysis from the software program AMOS version 20. The general purpose of this initial testing is to provide the respondents' general demography by employing descriptive statistics of frequency and percentage.

Next, the hypotheses testing on the organizational level, it will investigate the direct effect of hypothesis 1, the mediating effect of hypothesis 2, and the moderated mediating effect of hypothesis 3. Thus, the software program SPSS version 20 and PROCESS custom dialog box for SPSS are employed for testing these relationships.

Results

Initial testing on individual level

A self-reported questionnaire was originally constructed in English. We developed Thai-questionnaire version and verified by both academic and professional persons. Then, it was pre-tested on a small sample of 41 respondents randomly selected from listed firms with different industries. Three scales' Cronbach's alpha were managerial ethical leadership = 0.83, organizational ethical culture = 0.87, a code of ethics = 0.71, which indicated an acceptable reliability. Besides, these respondents were removed from the final survey.

Demographic Information

The final data collection was conducted from January to April 2017. The incomplete questionnaires and the lesser than 5 respondents per listed firm were removed from the analysis. Thus, total participants consisted of 785 employees from 84 listed firms, which accounted for 38.36% of total firm samples, were in the analysis. The average employee of each listed firm was 9.35, which was ranged between 5 to 15 employees per listed firm. Then, the main characteristics of the respondents on an individual level are presented in Table 1.

Because this study focused mainly on middle management level by utilizing the perception of subordinates to rate the variables. The results of demography analysis indicated that majority of the respondent was the general employees/subordinates and not entitled on any managerial level in their firms, which was accounted for 60.76 percent. Moreover, the two of three target departments of respondents were yielded the most and accounted for 57.71 percent (e.g., Finance and Sales). Therefore, an appropriateness of the respondent is considered at admissible significantly level.

Table 1. The characteristics of the respondents on individual level

Demographic items		Frequency	Percent
Gender	Male	253	33.23
	Female	532	67.77
Age	22-25 years	221	28.16
	26-30 years	294	37.45
	31-40 years	99	12.61
	Above 40 years	171	21.78
Education level	Certificate/Diploma	92	11.72
	Bachelor degree	523	66.62
	Master degree	170	21.66
	Above Master degree	0	0.00
Job task	Strategy/Management	155	19.75
	Finance/Accounting	250	31.85
	Sales/Marketing	203	25.86
	Production	79	10.06
	Investor Relations	42	5.35
	Others	56	7.13
Years of work	1-3 years	293	37.32
	More than 3 years but less than 6 years	291	37.07
	More than 6 years but less than 9 years	63	8.03
	More than 9 years but less than 12 years	32	4.08
	More than 12 years	106	13.50
Current position	Employee/worker	477	60.76
	Supervisor/Assistant Manager	197	25.10
	Sub-unit/Junior Manager	111	14.14
	Senior Manager	0	0.00
Total		785	100

To aggregate the individual responses onto organizational level, it needs to determine the interrater agreement between participants for three scales' measurement (Klein & Kozlowski, 2000). Therefore, intraclass correlation coefficient presented acceptable values: ICC1 = 0.39/ICC2 = 0.86 for managerial ethical leadership, ICC1 = 0.24/ICC2 = 0.81 for organizational ethical culture, and ICC1 = 0.17/ICC2 = 0.68 for code of ethics, which indicated the appropriate degree of aggregation with a large sample size of 785 participants.

Scales validation. We conducted the discriminant validity for three predictive variables by using first-order confirmatory factor analysis with Structural Equation Model (SEM) to reduce some redundant items of each scale and to prevent the problem of multicollinearity. Each initial one-factor model was derived by loading all items of each scale into a "grand factor". Then, we adjusted the initial models by inspecting modification indexes and utilized maximum likelihood method (ML). There were some removed items from the initial models. The estimation of three revised models provided an admissible solution with the goodness of selected fit indicators (Kline, 2016). Thus, each revised one-factor model presented an excellent model fit as stated in Table 2. To summarize, this discriminant validity is at a satisfactory level to measure the factor, which there are the numbers of left items on each revised model for further analysis on the organizational level.

Table 2. Goodness of fit indicators for each revised one-factor model (N = 785)

Factor	Total items in initial model	Total items in revised model	X^2/df	GFI	CFI	RMSEA	PCLOSE
Managerial ethical leadership	10	8	4.01	.98	.97	.06	.10
Organizational ethical culture	14	9	2.94	.98	.98	.05	.48
Code of ethics	10	7	3.26	.98	.98	.05	.34

Hypotheses testing on organizational level

The 84 firm samples derived from different nature of the business, size of the total asset, and total years of public listing age. Additional, these ROA are substantially varied. Hereby, the summary of all firm samples' characteristics is presented in Table 3.

To conclude that firm samples from the industry of services and financial were the majority in this study, which accounted for 40.45 percent. Most of the participants have their total asset lesser than 10,000 million baht, which accounted for 60.71 percent. The average public listing age was 19.30 years. Total firms with listing age above an average were 57.14 percent. An average ROA was 7.29 percent. Total firms with ROA above an average were 58.33 percent. On overall demography analysis, it demonstrated the data distribution at an acceptable level.

Table 3. The characteristics of listed firms on organization level

Demographic items		Frequency	Percent
Firm industry	Agro & Food	10	11.90
	Consumer Product	4	4.76
	Financial	16	19.05
	Industrial	7	8.33
	Property & Con.	14	16.67
	Resource	8	9.52
	Services	18	21.43
	Technology	7	8.33
Firm size (total asset)	< 10,000 million baht	51	60.71
	10,000 – 49,999 million baht	13	15.48
	50,000 – 99,999 million baht	7	8.33
	=/> 100,000 million baht	13	15.48
Firm age	Mean = 19.30 years		
	Max. = 42 years, Min. = 2 years		
	> Mean	48	57.14
	< Mean	36	42.86
ROA	Mean = 7.29%		
	Max. = 23.44%, Min. = -10.39%		
	> Mean		58.33
	< Mean		41.67
Total		84	100.00

In terms of initial support to hypothesis testing, the correlation analysis is presented in Table 4. The correlation among all variables ranged from 0.64 - 0.79, which provided an admissible level. As suggested by the criterion value, a correlation coefficient of two predictive variables exceeded the range of +0.80 and -0.80 can cause a potential problem of high multicollinearity. The result showed a high level of correlation between organizational ethical culture and code of ethics at 0.79, which is still in the range of acceptable.

Table 4. Means, Standard Deviations, and Correlations

Variables	1	2	3	4
1. Managerial ethical leadership	1.00			
2. Organizational ethical culture	0.67**	1.00		
3. Code of ethics	0.76**	0.79**	1.00	
4. ROA	0.64**	0.68**	0.79**	1.00
Mean	3.80	3.93	0.57	7.29
SD	0.40	0.33	0.50	6.64

Note: N = 84, * $p < 0.05$, and ** $p < 0.01$ (2-tailed)

According to Hayes (2013), he recommends the procedure for evaluating an indirect effect of mediation by using PROCESS Model 4. Based on multiple regression analysis, we conducted PROCESS Model 4 to estimate the regression coefficients and examine hypothesis 2 that organizational ethical culture will mediate positive relationship between managerial ethical leadership and ROA. Besides, this Model 4 provides the estimation of direct effect from independent variable to the mediator, which belongs to hypothesis 1. The other advantage of

this model is to provide both p -value and statistical inference of confidence interval. The testing was based on a 95% bias-corrected bootstrapping interval of confidence with a 1,000 sample. The analysis, presented in Table 5. and Figure 2., indicated “Path a” from managerial ethical leadership (X) to organizational ethical culture (M), and its result was significant ($b = 0.51$, $p < .001$, $R^2 = 0.49$). The study result revealed that managerial ethical leadership has a positive relationship with organizational ethical culture and thus hypothesis 1 was confirmed.

In addition, the results, presented in Table 5 & 6., indicated “Path b” from M to Y, its result was significant ($b = 9.13$, $p < .001$, $R^2 = 0.58$), and “Path ab” showed the significantly indirect effects on ROA ($b = 4.67$, $p < .001$). Lastly, the results also indicated significantly total effect on ROA ($b = 9.76$, $p < .001$). The study result revealed that managerial ethical leadership has a positive relationship with ROA through organizational ethical culture, therefore, hypothesis 2 was confirmed. In addition, firms in the industrial industry were less significantly positive relationship with ROA than firms in the financial industry ($b = -4.94$, $p < .05$).

Table 5. Results of Mediating Effect by PROCESS Model 4

	Organizational ethical culture (M)	t	ROA (Y)	t
Constant	1.91	6.53***	-47.86	-7.11***
Managerial ethical leadership (X)	0.51	6.42***	5.09	2.80**
Organizational ethical culture (M)			9.13	4.27***
Firm size			0.45	0.78
Industry-Agro & Food			1.00	0.53
Industry-Consumer Product			-0.88	-0.33
Industry-Industrial			-4.94	-2.30*
Industry-Property/Construction			-0.31	-0.17
Industry-Resource			0.32	0.15
Industry-Technology			0.61	0.28
Firm listed age			-0.03	-0.57
R ²	0.49		0.58	
F	6.98***		8.89***	

Note: N = 84; * $p < 0.05$, ** $p < 0.01$, and *** $p < 0.001$ (2-tailed).
Industry-Financial is the reference.

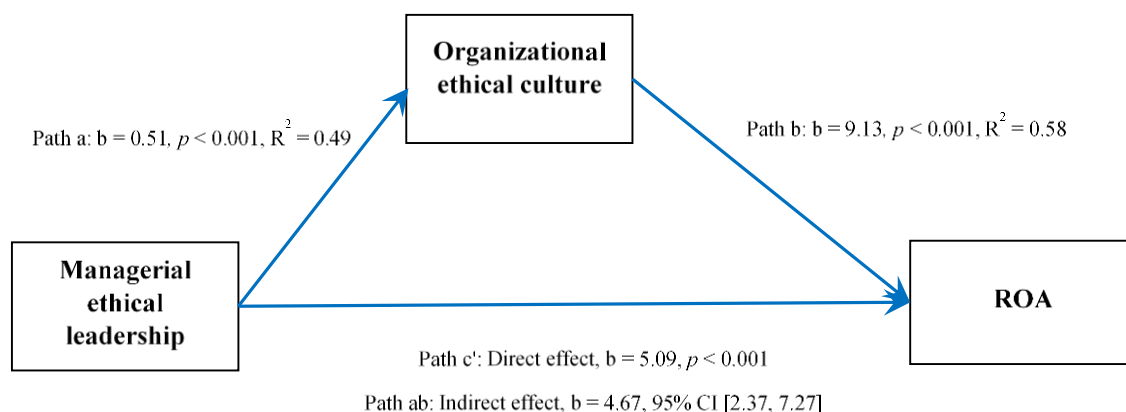


Figure 2. Results of Mediating effect on ROA

Table 6. Results of Path Analysis by PROCESS Model 4

Mediating effect	ROA (Y)
Managerial ethical leadership (X)	5.09**
<i>Direct effect of X on Y through direct path ($P_{X \rightarrow Y} = c'$)</i>	
Organizational ethical culture (M)	4.67***
<i>Indirect effect of X on Y through M in path ($P_{X \rightarrow M \rightarrow Y} = ab$)</i>	
Total effect of X on Y	9.76***
<i>= direct effect + total indirect effect of X on Y</i>	

Note: N = 84; * $p < 0.05$, ** $p < 0.01$, and *** $p < 0.001$ (2-tailed).

To test our hypothesis 3 that the relationship between managerial ethical leadership and ROA through organizational ethical culture is positive when an organization has a strong code of ethics, we followed the recommendation of Hayes (2013) by performing PROCESS model 14 to analyze this conditional indirect effect of the second-stage moderated mediation. Besides, the frequency analysis showed the normal distribution of code of ethics (e.g., skewness = -0.10, kurtosis = -0.54), which considered the appropriateness in utilizing the mean to identify either strong or weak of a code of ethics. The analysis indicated a code of ethics (V) as dichotomous moderator and it was represented by Dummy variable (0 = weak, 1 = strong), and all component variables of interaction term were mean centered. The testing was based on a 95% bias-corrected bootstrapping interval of confidence with a 1,000 sample. The results, presented in Table 7. and Figure 3., indicated “Path a” from managerial ethical leadership (X) to organizational ethical culture (M) was significant ($b = 0.51$, $p < 0.001$). “Path b_1 ” from organizational ethical culture (M) to ROA (Y), and its result was nonsignificant ($b = 3.70$, $p = 0.12$). “Path b_2 ” was from a code of ethics (V) to ROA. “Path b_3 ” was interaction term, which was derived by $M \times V$. The result of “Path b_3 ” from interaction term to ROA was nonsignificant ($b = 4.40$, $p = 0.33$).

Furthermore, to follow the analytical approach of Hayes (2013), he emphasizes the value of bootstrap confidence intervals to indicate the statistical inference. It would imply that hypothesis testing is accepted when the result has no “zero” contained in the confidence interval, and it is statistically supported. For the computation of conditional indirect effect of X on Y at values of moderated mediator, he suggests this equation:

$$\omega = a(b_1 + b_3V).$$

where:

$$\omega = \text{Total conditional indirect effect of X on Y at the value of the moderated mediator}$$

$$a = \text{Path a from X to M}$$

$$b_1 = \text{Path } b_1 \text{ from M to Y}$$

$$b_3V = \text{Interaction term}$$

$$V = \text{Value of moderator}$$

Thus, PROCESS provided those results, presented in Table 8., to indicate the conditional indirect effect of X on Y through M at a strong value of V had “zero” contained in the 95% confidence interval (CI [-0.42, 6.58]), and positive conditional indirect effect ($\omega = 2.85$). The study result revealed that the indirect effect of managerial ethical leadership on ROA through organizational ethical culture was not found under a strong code of ethics, therefore, hypothesis 3 was rejected.

Table 7. Results of Moderated Mediating Effect by PROCESS Model 14

	Organizational ethical culture (M)	t	ROA (Y)	t
Constant	-2.02	-6.92***	3.58	0.52
Managerial ethical leadership (X)	0.51	6.42***	1.16	0.65
Organizational ethical culture ^a (M)			3.70	1.46
Code of ethics ^a (V)			8.75	4.83***
Interaction effect			4.40	0.87
Firm size			-0.01	-0.02
Industry-Agro & Food			0.24	0.14
Industry-Consumer Product			-3.17	-1.31
Industry-Industrial			-5.30	-2.80**
Industry-Property/Construction			-1.11	-0.70
Industry-Resource			-1.11	-0.59
Industry-Technology			-2.15	-1.07
Industry-Service			-1.88	-1.22
Firm listed age			0.01	0.22
R ²	0.70***		0.83***	
F	6.98		11.60	

Note: $N = 84$; * $p < 0.05$, ** $p < 0.01$, and *** $p < 0.001$ (2-tailed).

^a Organizational ethical culture and code of ethics were mean centered.

Use a 95% bias-corrected bootstrap confidence interval with 1,000 samples

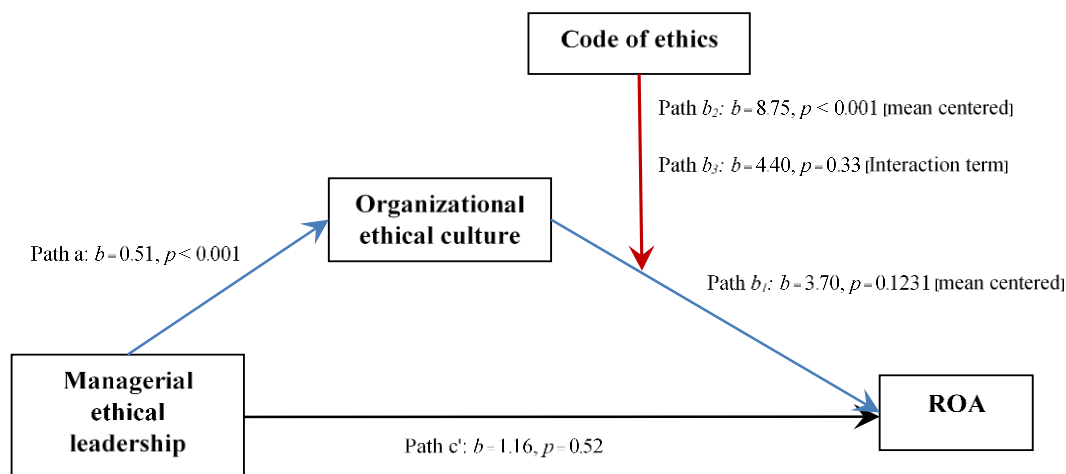


Figure 3. Results of Moderated Mediating Effect on ROA

Table 8. Results of conditional indirect effect path analysis by PROCESS Model 4

Conditional indirect effect of managerial ethical leadership on ROA at values of moderated mediators: $\omega = a(b_1 + b_3V)$				
Organizational ethical culture^a	ROA (Y)			
Code of ethics^a	95% CI^b			
	ω	Boot SE	BootLLCI	BootULCI
Weak code of ethics (V = -0.5714)	0.61	1.47	-2.48	3.18
Strong code of ethics (V = 0.4286)	2.85	1.80	-0.42	6.58

Note: N = 84

^a Organizational ethical culture and a code of ethics were mean centered.^b CI = Bootstrap confidence interval; LLCI = lower level of confidence interval; ULCI = upper level of the confidence interval.

Discussion and conclusion

Although prior studies of Eisenbeiss et al. (2015) and Wu et al. (2015) focused mainly on CEO ethical leadership on firm performance and corporate social responsibility, these studies have limited focus at the middle management or managerial level. This study seeks to understand the relationship between managerial ethical leadership, organizational ethical culture, code of ethics, and ROA for the listed firms on the Stock Exchange of Thailand. Furthermore, we focus on Stewardship theory to explain the linkage of a positive relationship between manager and firm's success and challenge the traditionally business belief that business ethics and financial firm performance are mutually exclusive ends.

As expected, our findings of hypothesis 1 revealed that managerial ethical leadership has a positive relationship with organizational ethical culture. It is consistent with Stewardship theory that manager's behavior is pro-organization and collectivists and in line with the previous study of Trevino et al. (1998) that ethical leadership behavior helps to create and reinforce an ethical culture. We also found that the association of managerial ethical leadership and organizational ethical culture has a positive relationship with ROA (hypothesis 2). It is supported by Stewardship theory that manager protects and maximizes shareholders' wealth through firm performance. It is also in line with the study of Ampofo (2004) that organizational ethical culture motivates members to enhance their ethical values and potentially influencing firm performance. In terms of managerial implication, our study results would suggest that an ethical manager needs an informal control mechanism of organizational ethical culture to supervise and lead their subordinates to achieve the corporate's goal by enhancing ROA.

It is beyond our expectation, our findings of hypothesis 3 revealed that indirect effect of managerial ethical leadership on ROA through organizational ethical culture was not found under a strong code of ethics. It is inconsistent with the previous studies of Brown et al. (2005), Mayer et al. (2008), and Eisenbeiss et al. (2015) that "only under the condition of a strong code of ethics, organizational ethical culture is expected to promote employee productivity and contribute to a firm performance". However, a firm performance can be categorized into two perspectives of economic and organizational, and economic firm performance is derived from either an absolute cost advantage, economy of scales, or product differentiation (Ghemawat, 2002; Hansen & Wernerfelt, 1989). On the overall, a code of ethics is considered as a formal ethical safeguard, while it is also considered as a "hard formal control". Moreover, our findings revealed that there is some contradiction between a strong code of ethics and the association of managerial ethical leadership and organizational ethical culture which considered a "soft control mechanism". In the employee's perspectives, they may require a high degree of

sympathy and are reluctant to work out of their scopes, including the preference of staying in safety zone. This can lead to the lack of creativity and innovation to boot up the firm performance. Thus, a strong code of ethics may not be a major factor to enhance ROA, but it can be used in minimizing an unethical business conduct in an organization. In terms of managerial implication, our findings would suggest that manager may implement a certain degree of a code of ethics to be fit with its culture and make a balance between a corporate's goal and employee.

In conclusion, our findings reveal that ethical manager under Stewardship theory is a crucial variable in determining a firm performance, but it also requires the other combinations of business ethics. However, particularly the financial firm performance, our findings of overall model testing reveal that some combination of business ethics is unable to enhance ROA. Thus, the traditionally business belief between business ethics and financial firm performance is still valid.

Limitation and future study

This study presents a preliminary investigation of listed firms on the Stock Exchange of Thailand and there are two main limitations. First, collecting data at organizational level is difficult and complicate as it requires the number of employees to represent its organization. Besides, it may acquire a small sample size. Second, these listed firms may have different leadership approaches as they are running a business in the different business contexts. It has potentially influenced on their subordinates' perception and may create some bias by respondents. Finally, we would encourage future study to acquire larger sample size with larger respondents and to collect longitudinal data for generalizing the overall result of Thai context or to study further in the relevant variables for enhancing any firm performance.

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The Effect of Factors on Audit Renewal Strategy of Certified Public Accountants (CPAs) In Thailand

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Abstract

The purpose of this study is to examine the influences of market-driving audit vision, audit well-roundedness, comprehensive knowledge diversity, stakeholder expectation increase and professional competition intensity on audit renewal strategy. Audit renewal strategy is the auditor's capability to transform their method, concept, audit process, and learning to raise audit performance. Likewise, audit renewal strategy is directly influenced by external environmental factors and internal factors based on contingency theory. The data were collected from a survey of 391 CPAs. The results of regression analysis find that internal factors, including market-driving audit vision, audit well-roundedness, comprehensive knowledge diversity, and stakeholder expectation have a positively influence on audit renewal strategy. Finally, theoretical and managerial contributions, conclusion, and suggestions for future research are discussed as well.

Keywords: Audit Renewal Strategy, Market-Driving Audit Vision, Audit Well-Roundedness, Comprehensive Knowledge Diversity, Stakeholder Expectation Increase, Professional Competition Intensity

Introduction

The change of the global economy and international investment force the intense audit competition between the firms in Big 4 (PricewaterhouseCoopers, Deloitte, Ernst & Young and KPMG) and the local audit firms or non Big4. Moreover, the auditing context in Thailand are also affected by the entry into the ASEAN Economic Community (AEC) that brings about to auditors' opportunities, challenges, and significantly changing points under the new realm of free movement of labor. These things will result in higher competitive field auditing. It also affects the success and survival of the auditor (Federation of Accounting Professions, 2014). Thus, Thai auditors must adjust their audit strategy in accordance with this new era, as well as the changes in the international accounting standard and complex transactions to ensure sustained success in the audit profession. To fulfill confidence to investors since they need to be assured, in order for them to make a correct business decision that the financial statements have accurate and prepared according to the international standards, good auditing is of great importance to the economy (Peecher, Schwartz, and Solomon, 2007). The aspect of strategic renewal in the field of strategic management focuses on the need of firms to continually renew or recreate their new strategies (Agarwal and Helfat,

2009). Besides, the firm's strategic renewal includes the use of new knowledge and innovation in organizational management leading to increase the competitive advantage and bring a firm to superior performance than other competitors (Floyd and Lane, 2000). Thus, auditors are necessary to renew in audit strategy because it is the main procedure for developing new strategy in the audit practice to suit the situation and it corresponds to the audit standard for audit performance, including the requirement to developing their well-roundedness and sensibly seeks the capability to transform the situation (Federation of Accounting Professions, 2014). Audit renewal strategy is the best response for auditors to create a competitive advantage, survival, and support to utilize new knowledge and innovative behavior (Chakravarthy and Doz, 1992).

Thus, audit renewal strategy in this study has integrated the main concept of strategic renewal that focus on the need of firms to continually renew or recreate their strategies (Huff, Huff, and Thomas, 1992), and self-renewal of organizations while neglecting individual-level heterogeneity (Lacetera et al., 2004). Especially, it still focuses directly on renewal strategy in individual-level that is CPAs in Thailand for fulfilling research gap that lacks in the prior literature. Audit renewal strategy offers the perspective of 5 dimensions, including audit development continuity, audit method adaptation, audit concept change, audit process flexibility, and audit learning dynamism. The previous literature reviews on audit renewal strategy use contingency theory to describe the positive relationship between the antecedent variables and audit renewal strategy (Chang, Joyce, and Varun, 2003; Curtis and Payne, 2008; Nicolaou, 2000). The important principles of contingency theory are 1) there is no universal or one best way to perform 2) the design of audit planning and its subsystems must fit with the environment. Thirdly, effective audits not only have a proper fit with the environment but also between its subsystems. Finally, the auditors' needs are more satisfying when appropriately designed for both the tasks undertaken and the nature of the workgroup (Fiedler, 1964).

Moreover, the relationship between the antecedent variables and audit renewal strategy is supported by many studies such as Bierstaker and Brody (2001) find that competitive tendency markedly has a direct influence on audit quality. Besides, audit well-roundedness increase audit performance and create the credibility of audit opinion in the financial report (Carpenter, 2007). The auditor's comprehensive knowledge diversity has importance for protecting stakeholders from financial statement fraud (Peecher, Schwartz, and Solomon, 2007). Stakeholder expectation is positively associated with the level of operational activity and audit performance (Burke and Logsdon, 1996). Professional competition intensity causes an important change in the auditing industry (Sudsomboon and Ussahawanitchakit, 2009). These dependent variables are part of audit renewal strategy. However, the few studies focus on the auditor's strategic capability of an integrated approach. Besides, the prior studies lack to link the relationship between internal factors, external factors, and audit renewal strategy together.

As a result, the study aims to examine the influences of market-driving audit vision, audit well-roundedness, comprehensive knowledge diversity, stakeholder expectation increase and professional competition intensity on audit renewal strategy. The key question is "How do market-driving audit vision, audit well-roundedness, comprehensive knowledge diversity, stakeholder expectation increase and professional competition intensity affect audit renewal strategy?" As a result, the key objective of this study is to examine the influences of market-driving audit vision, audit well-roundedness, comprehensive knowledge diversity, stakeholder expectation increase and professional competition intensity on audit renewal strategy.

Literature Review and Hypotheses Development

Theoretical Foundation

The relationship between the antecedents and audit renewal strategy is explained by the contingency theory. The antecedent variables consist of market-driving audit vision, audit well-roundedness, comprehensive knowledge diversity, stakeholder expectation increase, and professional competition intensity, which all are the main determinant of audit renewal strategy. The contingency theory is applied to explain how audit renewal strategy achieves audit performance in a dynamic situation. The contingency theory is the behavioral theory to describe that there is no one best way to design the systems, organize a corporation, or make decisions by management concepts and practices which are based on the situation. Any way of organizing is not equally effective, and an organizational style which may be effective in some situations, may not be successful in others (Fiedler, 1964). This theory can explain the relationships among task environment, technology, and work-unit structure, which suggest that the demand is imposed by technical tasks in firms that encourage strategy improvement to coordinate and control activity. Most previous studies use the contingency theory to examine the relationships between various internal and external factors of audit functions (Anderson et al., 2012). The external factors are stakeholders' expectations, technology, and environmental. Internal factors include internal audit resources, experience, and leadership. Thus, the relationship between the antecedent variables and audit renewal strategy are supported by contingency theory. The conceptual model is presented in Figure 1.

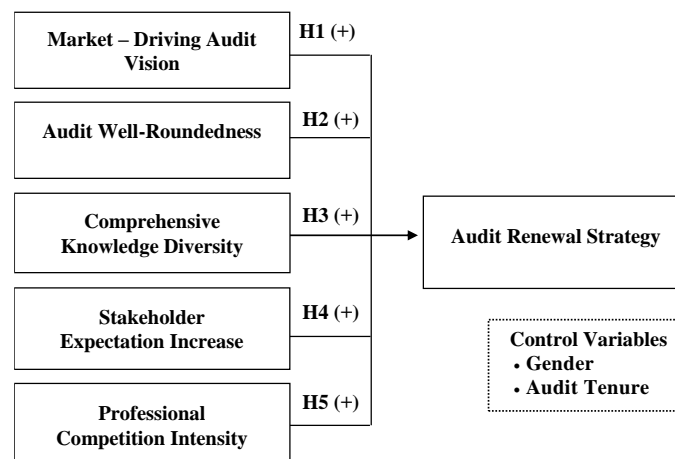


Figure 1. The Conceptual Model of the Effects of the Antecedents on Audit Renewal Strategy

Antecedents of Audit Renewal Strategy (ARS)

Market-driving audit vision (MDA) is defined as goal-setting or future expectations in the quality of auditing for stakeholders, rules, and regulations related to constant accounting changes. It is one of the important factors in setting policy or a process of auditing in a long term to create a competitive advantage and audit survival. As a result, auditors must modify their audit strategy and upgrade the audit profession to advanced audit performance. They have to develop the ability to audit and understand the implementation of the new business model to be able to effectively react to change both from increasing competition in audit volatility and the entry into the ASEAN Economic Community (AEC). Besides, the previous literature review found that competitive tendency markedly has a direct influence on audit quality (Bierstaker and Brody, 2001). Audit vision has a significant positive

influence on modern audit practice ability, audit knowledge diversity, and audit learning competency of Thai auditors (Wiroterat, 2014). Thus, market-driving audit vision is likely to increase the capability of audit renewal strategy so that the hypothesis is proposed as follows:

H1: Market – driving audit vision has a positive effect on audit renewal strategy.

Audit well-roundness (AWR) is defined as the omniscient and understanding in audit work about accounting and auditing standard, law, regulations, accounting information system and characteristics of firms. an auditor who is knowledgeable and has expertise or skills, including capability and professionalism (Haurani et al., 2007; Struweg and Meintjes, 2008). The auditors who are the well-roundedness are more successful than other auditors who do not have these things (Dando and Swift, 2003; Robertson and Houston, 2010). Besides, audit well-roundedness increase audit performance because it provides an opportunity to develop understanding in the audit task (fraud detection, risk assessment, and misconduct) and create the credibility of audit opinion in the financial report (Kariuki and Lowe, 2006; Trotman, Wright, and Wright, 2005). In summary, audit well-roundedness has the potential possibility to affect audit renewal strategy. Audit profession well-roundedness has the important past to support the comprehensive audit planning proficiency. Audit profession well-roundedness has a positive influence on audit risk assessment, excellent audit resource allocation, and integrative audit method use (Chopset, 2014). Thus, the hypothesis is proposed as follows:

H2: Audit well-roundness has a positive effect on audit renewal strategy.

Comprehensive knowledge diversity (CKD) refers to potential in the integration of knowledge and ability about auditing or the holistic system view of audit knowledge evaluated by an auditor's individual learning from the success and mistakes basing on their prior experiences. It is because when auditors have the capacity to completely retrieve information by knowledge encoding, retrieval, and analysis (Libby and Luft, 1993), they are high audit performance well and receive reliability from clients. This includes an auditor's ability to implement their superior variety of comprehensive knowledge to plan audit procedures and to gain an accurate, consistent, and stable audit judgment and report. In the previous literature review, the auditor's comprehensive knowledge diversity has importance for protecting stakeholders from financial statement fraud (Peecher, Schwartz, and Solomon, 2007). Therefore, the auditors need to be concerned with comprehensive knowledge diversity because it is an essential element required for the development of the audit in order to have the competitive advantage in the audit profession. The knowledge diversity of auditors is positively associated with greater audit renewal strategy capacity. The dynamic audit learning positively affects audit adaptation capability (Thongchai, 2017). Thus, the hypothesis is proposed as follows:

H3: Comprehensive knowledge diversity has a positive effect on audit renewal strategy.

Stakeholder expectation increase (SEI) is defined as the growing willingness of groups of consumers to demand that companies refrain from egregious, irresponsible, and exploitative behavior. Stakeholders are any group or individual who could affect or have affected by the achievement of an organization's objectives (Jurgens et al., 2010). The stakeholders include two groups of stakeholders that influence organizations: internal and external stakeholders. Internal stakeholders include owners, employees, managers, and board members. External stakeholders include customers, suppliers, creditors, governments, unions, local communities, and the general public. In the previous literature review, stakeholder expectation is positively correlated with the level of operation activity and related to audit

performance, which pressure rise indicates that the auditor has to perform audits to ensure that there is more accuracy to perform their jobs and that they are proactive which is indicative of higher performance (Burke and Logsdon, 1996). It is consistent with the study of Sarkis, Gonzalez-Torres, and Adenso (2010) that confirms the pressure of stakeholders affects audit process. The stakeholder expectation has an effect on the level of audit quality (Nehme, 2013). When there is high expectation of auditing work and audit quality, it pressure on the auditor need to use all skills to provide reliability and assurance of the financial statements. Thus, the hypothesis is proposed as follows:

H4: Stakeholder expectation increase has a positive effect on audit renewal strategy.

Professional competition intensity (PCI) is defined as the degree of competition in the audit profession that an auditor faces at current. It is measured by the competitive climate in the audit market (Chanruang and Ussahawanitchakit, 2011). In competitive climate of the audit market, investors always rely on the professionalism of auditors in considering investments in stock. Auditors raise the increasingly stringent audit, including adding more internal controls. The auditors need to heal damage to its reputation caused by the fraud of the client, and continue to face major problems in their auditing industry in that the industry is monopolized by four giant companies or the “BIG 4”. In the previous literature review, professional competition intensity causes a significant change in the auditing industry (Sudsomboon and Ussahawanitchakit, 2009).

Environmental pressure and competition intensity cause auditors are likely to adapt and improve auditing process by creating a new method of detection (Wiroterat, 2014). Thus, the hypothesis is proposed as follows:

H5: Professional competition intensity has a positive influence on audit renewal strategy.

Audit Renewal Strategy (ARS) as a dependent variable

In this study, audit renewal strategy is defined as the auditor’s capability to transform their method, concept, audit process, and learning to raise audit performance. These results in effectiveness and an effective audit, improve the dynamic capabilities, leading to the creation of competitive advantage, and meet with environmental uncertainty. The key question of this study is “How do market-driving audit vision, audit well-roundedness, comprehensive knowledge diversity, stakeholder expectation increase, and professional competition intensity affect audit renewal strategy?” It is because audit renewal strategy has been received as an important topic for academics and many audit firms. In general, it is considered as strategic actions, including the content, context, and process of strategic renewal to align organizational competencies with the environment to increase competitive advantage (Flier, Van Den Bosch, and Volberda, 2003). Particularly, the dimensions of audit renewal strategy in this study have been adapted from strategic renewal. The concept of strategic renewal is strategy procedures that affect a firm’s adaptation in light of environmental changes and impediments, the same as its self-renewal in terms of changes in capabilities and strategic intent (Chakravarthy and Doz, 1992). Therefore, audit renewal strategy consists of five dimensions: 1) audit development continuity, 2) audit method adaptation, 3) audit concept change, 4) audit process flexibility, and 5) audit learning dynamism.

Firstly, audit development continuity provides an overview of an auditor’s learning characteristics that knowledge is acquired mainly through education and training in accounting and

auditing programs, communication or interaction with the external environments such as clients and others, and conversely with auditors.

Secondly, audit method adaptation provides an overview of achieving an audit's objective by gathering sufficient and appropriate audit evidence in order to obtain a reasonable opinion regarding the financial statement compliance with Generally Accepted Accounting Principles (GAAP).

Thirdly, audit concept change provides an overview of adjusting the notion and the attitude which is necessary for auditing because the uncertainty of the competitive environment that results in the auditor reacting to changes within them.

Fourthly, audit process flexibility provides an overview of the ability to adjust audit procedure; audit planning, audit practice, and making audit reports to agree with the situation while also good operation in order to comply with the continued, changed situation and auditing to enhance effective and timely performance.

Fifthly, audit learning dynamism provides an overview of professional learning, including the behavioral skill development via training and pursuing relevant news in tasks, and to communicate or interact with the external environment.

Research Methods

Sample Selection and Data Collection Procedure

Certified public accountants (CPAs) or auditors in Thailand are chosen as the population of this study and the database uses from the online database of the Federation of Accounting Professions under the Royal Patronage of His Majesty the King. The population size amounts to 9,250 auditors (information drawn on May 22, 2015). A required sample size is 385 auditors selected by using Yamane (1967) to calculate the sample size. In the previous literature, an adequate response rate for a mail survey is 20% (Aaker, Kumar, and Day, 2001), and to maximize the response rate to 100 percent, this study systematically confines 1,925 (385x5) auditors as a sampling frame. Later, the questionnaires are directly mailed to all 1,925 auditors. The survey questionnaires were directly mailed to 1,925 CPAs using a simple random sampling procedure. A total of 395 respondents mailed back the questionnaire, representing an overall response rate of 22.47% ($391/1,740 \times 100$).

Further four returned surveys were incomplete responses that lack personal or household information, thus resulting in 391 completed questionnaires used in this study. Time of data collection is about eight weeks. Moreover, the non-response bias is tested for generalization based on Armstrong and Overton (1977) to test the significant differences of the demographic information of age, marital status, education level between early respondents (the first group) and late respondents (the second group). The result of t-test comparison provides the evidence that there are no statistically significant differences between the two groups. Thus, it can show that non-response bias is not a serious problem.

Measurement

To measure each construct in the conceptual model, all variables are anchored by five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree), excluding control variables.

Additionally, all constructs are developed for measuring from the definition of each construct and examining the relationship from theoretical framework and previous literature reviews. Thus, the variables measurement of a dependent variable, independent variables, and control variables are described as follows:

Dependent Variable

Audit renewal strategy is measured by using a twenty four-item scale which involves these attributes reflect auditing development continuing, audit method adaptation, audit concept change, audit process flexibility, and audit learning dynamism. The construct of this variable is developed a new scale and based on its definition.

Independent Variables

This study has five independent variables; including 1) market-driving audit vision is measured by using a five-item scale which is modified from Langkunsan and Ussahawanitchakit (2014). Moreover, 2) audit well-roundedness is measured by using a four-item scale that is adapted from Wangcharoendate and Ussahawanitchakit (2010). 3) Comprehensive knowledge diversity system has a four-item scale that is developed from Sinchuen and Ussahawanitchakit (2010). 4) Stakeholder Expectation Increase is measured by using a four-item scale, which is adapted from Uachanachit and Ussahawanitchakit (2012), and 5) professional competition intensity is measured by using a five-item scale, which is adapted from Chanruang and Ussahawanitchakit (2011).

Control Variables

Control variables in this study include gender and audit tenure because they have an influence on the relationships between all antecedent variables and audit renewal strategy. The previous related literature found that there are differences between male and female in audit performance and audit quality. For instance, male auditors have better problem-solving skills than female auditors because male auditors discover more potential misstatements than female auditors (Mgbame and Enofe, 2012). Thus, this study demonstrates that gender has an effect on audit renewal strategy. Thus, gender is represented by a dummy variable of which 0 means female, and 1 means male (Chung and Monroe, 2001). Audit tenure is one of control variables and is defined as the number of years the auditor has been in an auditing job and practicing.

In literature review found that a long period in the working of auditors can increase competency in the audit performance. It corresponds to the study of Gul, Fung, and Jaggi (2009) that found the association between shorter auditor tenure and lower earnings quality is weaker for firms audited by industry specialists compared to non-specialists. It suggests that audit tenure affects audit performance. This study controls audit tenure by representing as a dummy variable, 0 refers to less than or equal to 11 years, and 1 refers to more than 11 years.

Reliability and Validity

The questionnaire consists of six parts. Part one asks for the personal information of auditors such as gender, age, marital status, education level, audit experiences, and length of CPA tenure. Part two to five ask to measure each of the constructs in the conceptual model. These items are adapted from previous related literature and are created from the definition of each variable. It is designed as a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The last part is the recommendations and suggestions. Two academic experts who have experience in this area reviewed the instrument to ensure that the questionnaires use suitable wordings, and all constructs are adequate to cover the content of the variables. Then, the pre-test is conducted with the first 30 returned questionnaires. The range of factor loadings by EFA and CFA is between 0.442-0.862. These values are greater than the cut-off score of 0.4 to indicate acceptable construct validity (Hair et al., 2010). Moreover, the results of Cronbach's alpha coefficients are 0.774-0.936

which exceed the acceptable cut-off score, which is equal to or greater than 0.7. It ensures that validity and reliability of the questionnaires.

Table 1. Result of Validity and Reliability Testing

Variables	n	Validity (Factor Loadings)	Reliability (Cronbach's Alpha)
Audit Renewal Strategy (ARS)	30	0.442- 0.799	0.936
Market-Driving Audit Vision (MDA)	30	0.703- 0.806	0.828
Audit Well-Roundedness (AWR)	30	0.764- 0.808	0.797
Comprehensive Knowledge Diversity (CKD)	30	0.752- 0.862	0.843
Stakeholder Expectation Increase (SEI)	30	0.706- 0.823	0.774
Professional Competition Intensity (PCI)	30	0.733- 0.810	0.835

Statistical Techniques

The Ordinary Least Squared Regression (OLS) is used to test all hypotheses. OLS is how to appropriate to examine the relationship between the dependent variable and independent variables which are based on data qualified as interval and categorical scales (Hair et al., 2010). The regression equation is a linear combination of the independent variables that are the best for explaining and predicting the dependent variable (Aulakh, Kotabe, and Teegen, 2000). As a result, all proposed hypothesis is transformed to one statistical equation as shown:

$$\text{Equation 1: ARS} = \alpha_1 + \beta_1 \text{MDA} + \beta_2 \text{AWR} + \beta_3 \text{CKD} + \beta_4 \text{SEI} + \beta_5 \text{PCI} + \beta_6 \text{GEN} + \beta_7 \text{ATN} + \varepsilon$$

Research Finding

Table 2 presents the descriptive statistics and correlation matrix for all variables. With respect to potential problems relating to multicollinearity, variance inflation factors (VIF) is used to provide information on the extent to which non-orthogonality among independent variables inflates standard errors. Table 3 shows that the maximum value of VIF is 3.783 (Equation 1), which is lower than the cut-off score of 10 (Hair et al., 2010). Therefore, VIF ensures the non-existence of multicollinearity problem.

Table 2: Descriptive Statistics and Correlation Matrix

Variables	ARS	MDA	AWR	CKD	SEI	PCI	GEN	ATN
Mean	4.08	4.15	4.16	4.14	4.14	3.99	n/a	n/a
Standard	0.44	0.48	0.50	0.52	0.54	0.59	n/a	n/a
Audit Renewal Strategy (ARS)	1							
Market-Driving Audit Vision (MDA)	0.724***	1						
Audit Well-Roundedness (AWR)	0.777***	0.813***	1					
Comprehensive Knowledge Diversity	0.749***	0.741***	0.772***	1				
Stakeholder Expectation Increase (SEI)	0.615***	0.638***	0.648***	0.619***	1			
Professional Competition Intensity (PCI)	0.577***	0.609***	0.596***	0.603***	0.672***	1		
Gender (GEN)	0.058	-0.028	0.002	0.029	-0.046	-0.023	1	
Audit Tenure (ATN)	-0.001	-0.077	-0.052	-0.033	-0.075	0.002	0.405***	1

*** Correlation is significant at the 0.01 level (2-tailed), ** Correlation is significant at the 0.05 level (2-tailed).

Table 3 shows the regression analysis results of hypotheses 1–5. Firstly, the result indicates that market-driving audit vision positively affects audit renewal strategy ($\beta_1 = 0.135$, $p < 0.01$). It is consistent with the study of Figueroa and Cardona (2013), who found that the auditors should continue improving and be aware of the long-term value creation for clients with an emphasis on extensively monitoring mechanisms. Moreover, it is also supported by the study of Altioik (2011) who found that market-driving audit vision that focuses on auditing, leadership, realizing an effective audit, comprehensive monitoring mechanisms, and continued development can achieve long-term success.

Thus, Hypothesis 1 is supported.

Secondly, the findings from this study describe that audit well-roundedness has a positive influence on audit renewal strategy ($\beta_2 = 0.361$, $p < 0.01$). Accordingly, audit well-roundedness can improve audit performance during audit practice because it provides an opportunity to develop understanding in the audit task such as fraud detection, risk assessment, and misconduct. Audit profession well-roundedness is an important determinant on audit renewal strategy and resolving conflicts of performance problems (Wilks and Zimbelman, 2004). ***Thus, Hypothesis 2 is supported.***

Thirdly, the findings indicate that comprehensive knowledge diversity positively affects audit renewal strategy ($\beta_3 = 0.285$, $p < 0.01$). It is generally known that comprehensive knowledge diversity has potential in the integration of knowledge and ability about auditing, or the holistic system view of audit knowledge as evaluated by an auditor's individual learning from

successes and mistakes, based on their prior experiences. It is consistent with Real, Leal, and Roldan (2006) who supported that comprehensive knowledge diversity improves the auditor's completely capacity to retrieve information and analysis. *Thus, Hypothesis 3 is supported.*

Table 3. Results of Regression Analysis

Independent Variables	Dependent Variable
	Audit Renewal Strategy (ARS)
	Equation 1
Market-Driving Audit Vision (MDA: H1)	0.135*** (0.054)
Audit Well-Roundedness (AWR: H2)	0.361*** (0.056)
Comprehensive Knowledge Diversity (CKD: H3)	0.285*** (0.049)
Stakeholder Expectation Increase (SEI: H4)	0.089** (0.044)
Professional Competition Intensity (PCI: H5)	0.049 (0.042)
Control variables: Gender (GEN)	0.099 (0.066)
Audit Tenure (ATN)	0.053 (0.066)
Adjusted R²	0.672
Maximum VIF	3.783

*** p < 0.01, ** p < 0.05, * p < 0.10, Beta coefficients with standard errors in parenthesis

Fourthly, the study reveals that stakeholder expectation increase significantly influences audit renewal strategy ($\beta_4 = 0.089$, $p < 0.05$). This is consistent with Sarkis, Gonzalez, and Adenso (2010) who find that the pressure of stakeholders affects the operation of the auditor in accordance with the expectations of society. The stakeholder pressure has an effect on audit renewal strategy of audit learning capabilities (Roome and Wijen, 2006). *Thus, Hypothesis 4 is supported.*

Fifthly, the analyses indicate professional competition intensity does not significantly influence audit renewal strategy. The result is consistent with Geiger and Rama (2006), who suggest that external environment has an insignificant impact on audit independence and audit professional. *Thus, Hypothesis 5 is not supported.*

Additionally, the results of control variables indicate that gender and audit tenure have no a significant influence on audit renewal strategy. It can be interpreted that the audit renewal strategy is not influenced by the auditor who is male or female and the number of years in an auditing job and practicing in the context of Thailand.

Conclusion

The investigation of the influences of market-driving audit vision, audit well-roundedness, comprehensive knowledge diversity, stakeholder expectation increase and professional competition intensity on audit renewal strategy is the purpose of this study. The results indicate that market-driving audit vision, audit well-roundedness, comprehensive knowledge diversity, and stakeholder expectation increase have a strong and positive effect on audit renewal strategy, and they seem to be the most influential determinants of the successful implementation of audit renewal strategy. The results confirm contingency theory that the effectiveness of audit performance will occur when new strategies fit or match within their internal and external context. In this study, stakeholder expectation is an external factor which has an important role in determining the success of audit renewal strategy. Meanwhile, market-driving audit vision, audit well-roundedness, comprehensive knowledge diversity are internal factors which have a positive effect on generating audit renewal strategy as well based on the contingency theory.

Moreover, the results help Thai auditors identify and select to focus on market-driving audit vision, audit well-roundedness increase, and professional competition intensity which are factors to improve the effectiveness of audit renewal strategy. When Thai auditors recognize these important factors that there are the effect on the use of new audit strategy or audit renewal strategy, it causes them adapt themselves these contexts to enhance the quality of audit practices, audit value increase, audit report quality, audit performance and financial information usefulness which can lead to audit survival. Furthermore, to maximize benefits this result, CPAs who apply audit renewal strategy include 1) audit development continuity, 2) audit method adaptation, 3) audit concept change, 4) audit process flexibility, and 5) audit learning dynamism will have the achievement depend on market-driving audit vision, audit well-roundedness, comprehensive knowledge diversity, and stakeholder expectation. There are two limitations: the first limitation is the results lack confirm again such as in-depth detail about audit renewal strategy of auditors. Secondly, data collected from Thai certified public accountants cannot explain comprehensively the context of auditors in other countries. The future research may re-investigate the research hypotheses for fully understanding the good characteristics of audit renewal strategy that affect audit performance. Similarly, the future research should use other approaches such as mixing method between qualitative and quantitative research to gain anticipated the more precise analytical results.

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Enhancing Audit Management Competency and Sustainable Audit Success: Evidence from Governmental Auditors in Thailand

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Abstract

The objective of this study is to investigate the relationships of enhancing audit management competency on sustainable audit success via the mediating influences of audit value awareness, audit professional proficiency, and efficient audit report. Comprehensive audit professionalism, audit learning commitment, and regulations practice force have become the antecedents of enhancement audit management competency. Also, audit system efficiency is the moderating variable of the relationship between enhancement audit management competency mediating variables. The hypotheses test the variables. Testing data was collected from 328 governmental auditors from the Office of Auditor General of Thailand (OAG). A questionnaire was analyzed by using the Ordinary Least Squares (OLS) regression analysis employed to examine all hypotheses, which indicated that most of variables from enhancing audit management competency were positively significant, and were related to factors relevant to audit value awareness, audit professional proficiency, efficient audit report and sustainable audit success. Specifically, evidence was found that audit value awareness had a positive significance in relationship to audit professional proficiency. Further, audit professional proficiency also had a positive significance toward efficient audit report. Moreover, comprehensive audit adroitness, audit learning commitment and regulations practice force had a positive effect on enhancing audit management competency. Additionally, audit system efficiency showed partially positive, supporting effects on enhancing audit management competency-mediating variables. The results provide the benefits for increasing auditors' awareness as well as to improve and enhance audit management competency in accordance with environmental change in order to achieve auditor professionalism in the future.

Keywords: Enhancing Audit Management Competency, Sustainable Audit Success, Governmental Auditors in Thailand

Introduction

Since the beginning of the 21st century, innovation has been one of the fundamental aspects of industrial and economic development policies in other countries. The change in these factors affects the operation and lifestyle, both individual level and organizational level in order to be able to operate effectively under the constantly changing environment. As well as Eryesil, Esmen and Beduk (2015) state that based on today's rapidly changing dynamic and competitive world, organizations intending to be success need to make necessary changes in a quick and precise way, which will result in a target and to survive under globalization. The rapidly changing of environmental have an affect auditor's performing by causing increasingly difficult and complex operational audit. Therefore, to maintain the audit quality and achieving audit goal, the auditor requires developing their ability in order to adjust audit

operation in accordance with environmental change always. Due to a enhance management framework that will contribute to efficiency, productivity and bring success to meet the target in order to create high performance (Sushil, 2015). In term of auditing context, the auditor will need to adjust or modify audit method validation process new accounts to comply with changes in technology to maintain audit quality.

Enhancing audit management is a part of the way to modify to accommodate changes from the original method to a new way by focusing on the issues of agility and a variety of method of operation. Based on the concept that enhance audit management is an important tool that enables them to perform activities quickly, convenient, causing quality and more efficient (Schneider & Spieth, 2014). Likewise, the auditors who working the public sector, and governmental auditors were affected by factors that as a result of globalization. Previous research, there are wildy studying on issues of ability to implement in audit competency in the enterprise widely, but there are a few research focus on enhance audit management competency in individual-level that is governmental auditors in Thailand for fulfilling research gap. (Schneider & Spieth, 2014). By the year 2012, the office of Anti-Corruption Agencies (ACAs) which is the organization that prevents and suppress corruption and money laundering in Thailand, illustrated that 54.78% has strength of steps taken by Thai government against corruption is at moderate level. Interestingly, 349 numbers of corruption and money cases viewed that local government or municipalities were the most vulnerable to corruption. (OAG, 2012).

For this research, governmental auditors are interesting to investigate, that has a role in the added-value economy of the country through creating reliability and confidence of investors to government operations with no corruption. In addition, social and the public as stakeholders expect audit quality for audit reporting to be transparent with accurate and straight forward facts (Mauro, 1998; Li, Xu, and Zou, 2000). Moreover, the qualities of audit practices in the governmental auditors have the effect of reducing corruption and will help build trust and confidence for stakeholders (Li, Xu and Zou, 2000). Based on the aforementioned discussion, this research has interest in studying the enhancement of the audit management competency issue in order to use the research result to gain useful information for improving the performance of governmental auditor in the era of globalization as well. The ability of an auditor will affect the audit success that has achieved the audit objective efficiently and effectively.

In this study, the analysis was based on a sample of government auditors in Thailand, from a list sourced at the Office of the Auditor General in Thailand. Hence, the specific research questions are: (1) How does each dimension of enhancing audit management competency have an effect on sustainable audit success through mediating the relationship among audit value awareness, audit professional proficiency, and efficient audit report?(2) How does audit value awareness have an effect on audit professional proficiency? (3) How does audit professional proficiency have an effect on efficient audit report? (4) How do the antecedents have an influence on each dimension of enhancing audit management competency? And (5) How does audit system efficiency moderate the relationships among enhancing audit management competency and mediating?

Research Objectives

The main objectives of these studies are as follows: (1) to empirically examine the effects of enhancing audit management competency on audit value awareness, audit professional proficiency, and efficient audit report,(2) to examine the mediating effects of three consequences on sustainable audit success, (3) to investigate the association between audit value awareness with audit professional proficiency, (4) to determine the association

between audit professional proficiency with efficient audit report, (5) to explore the relationships among three antecedents on enhancement audit management competency, and (6) to examine the relationships between enhancing audit management competency and consequences by using audit system efficiency as a moderator.

Theoretical Foundation

This study applies the dynamic capability theory and contingency theory to explain the conceptual framework to support how enhancing audit management competency affects consequences and sustainable audit success. The conceptualization of dynamic capability represents an extension of the Resource Based View (RBV) in a response to the critique of RBV. Dynamic capabilities explain how some firms secure competitive advantage in dynamic environmental conditions. Helfat (1997) and Eisenhardt & Martin (2000) indicate that dynamic capabilities are the abilities of a firm that supports creating innovation and competency in manufacturing processes, or in new products, responding to market changes. Moreover Chien & Tsai (2012) found that dynamic capability has a positive influence on performance. This study applied this theory to explain enhanced audit management competency as dynamic capability, in that auditors need to adjust and develop their audit process so as to be consistent with continuously changing circumstances.

The contingency theory is a theory about organizational design and systems, in order to be suitable for the environment that continuously changes. The appropriate action depends on the situation, both internally and externally, and depends on the situation in which one selects the best way to perform, and which is also appropriate for each situation (Ginzberg, 1980). Prior research that adapts the contingency theory posits that the theory enables a researcher to initiate factors to describe or predict expected phenomena. However, the theory is engaged in the setting of sustainable audit success that is based on specific, contingent factors. Comprehensive audit adroitness, audit learning commitment, and regulations practice force are contingent factors. These variables were impact enhancing audit management competency. Likewise, this study attempts to use the structural contingency theory to describe the relationships between the context and structure of audit professionalism and survival in this career (Wangcharoendate, 2015).

Literature Review, Conceptual Framework and Hypotheses Development

Currently, the business environment that has rapidly changed has affected the auditor's work with difficulty and more complexity. Therefore, to maintain audit quality, auditors need to increase competency. Dynamic environmental change that impacts audit competency requires development to enhance an efficient audit and is in accordance with rapid environmental change. According to Sigh, Oberoi & Ahuja (2013), it was stated that a very important tool which provides organizations with the ability to change levels of rapid production, is to develop new products and to respond quickly to competitive threats, which enhances audit management competency. The literature distinguishes enhancing audit management competency as one of the management techniques that are useful for explaining why auditors need to adjust and develop their audit process so as to be consistent with continuous changing circumstances. Therefore, the conceptual model of this study is presented as shown in Figure 1.

1. Enhancing Audit Management Competency

Enhancing audit management competency (Alissa, Jeanjean & Suca, 2014) refers to the individual ability to develop and create new audit practices or methods for adaptation according to rapid environmental change, based on the efficiency of the audit task. Finally, the goal and the objectives of the firm are achievement.

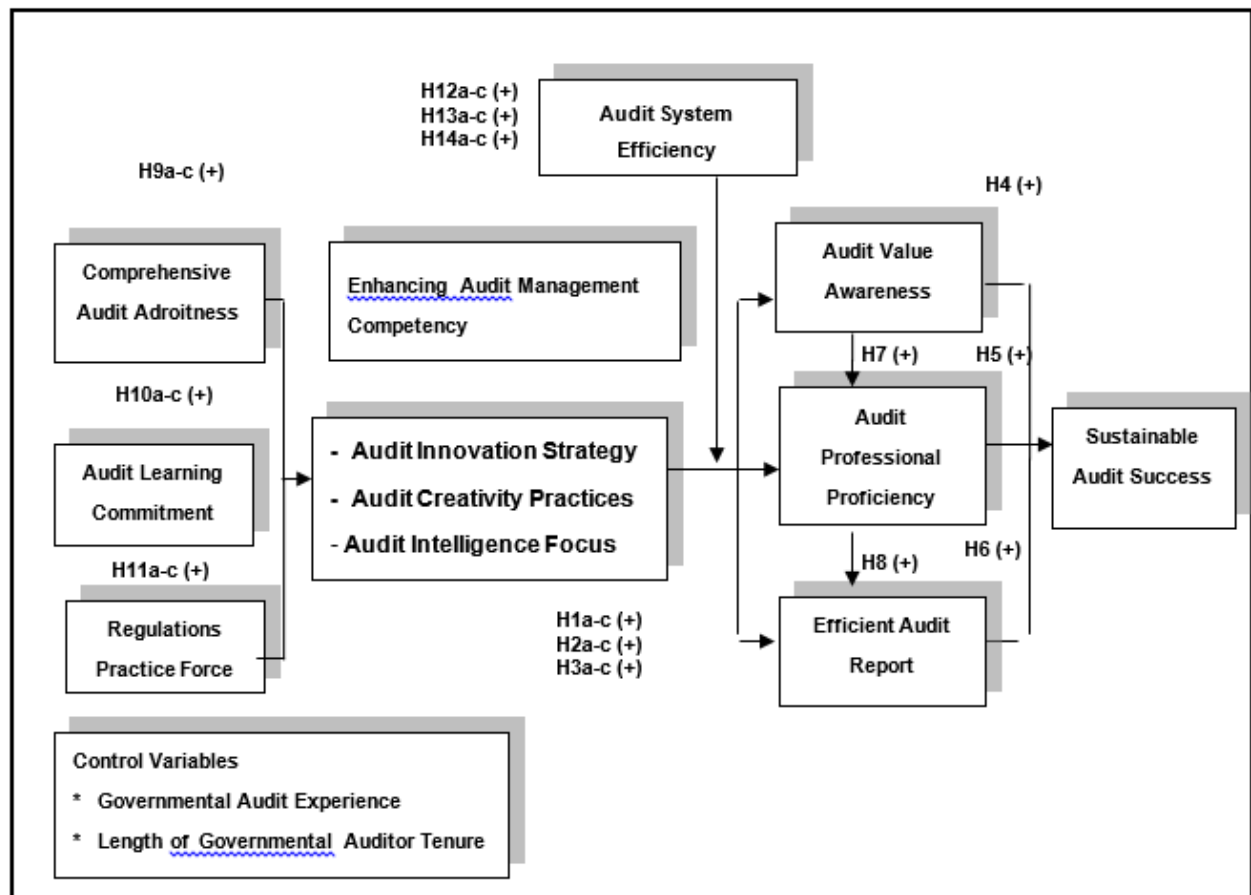


Figure 1. Conceptual Model of Enhancing Audit Management Competency and Sustainable Audit Success: Evidence from Governmental Auditors in Thailand

1.1 Audit Innovation Strategy

Audit innovation strategy (Chan & Vasarhelyi, 2011) refers to expertise applied to new, ingenious audits or techniques, including adopting of appropriate modern technology in order to enhance audit success. Therefore, hypotheses 1a-1c have been formulated as follows:

Hypotheses 1a-1c: Audit innovation strategy is expected to improve: (a) audit value awareness, (b) audit professional proficiency, and (c) efficient audit report; to allow businesses to focus more effectively on sustainable audit success.

1.2 Audit Creativity Practices

Audit creativity practices (DeFond & Zhang, 2014) is the ability to efficiently adjust audit operations, modify audit planning, change audit techniques and apply audit methods that are appropriate to situations. Therefore, hypotheses 2a-2c have been formulated as follows:

Hypotheses 2a-2c: Audit creativity practices is expected to improve: (a) audit value awareness, (b) audit professional proficiency, and (c) efficient audit report; to allow businesses to focus more effectively on sustainable audit success.

1.3 Audit Intelligence Focus

Audit intelligence focus (Tonge & Willett, 2012) is defined as the expertise of auditors, including specific skills and experience, to perform more complex audit tasks and provide more superior quality service than other auditors. Therefore, hypotheses 3a-3c was formulated as follows:

Hypotheses 3a-3c: Audit intelligence focus is expected to improve: (a) audit value awareness, (b) audit professional proficiency, and (c) efficient audit report; to allow businesses to focus more effectively on sustainable audit success.

2. Mediating of Relationships between Enhancing Audit Management Competency and Consequences

2.1 Audit Value Awareness

Audit value awareness is defined as the intention to present the audit opinion to provide relevance, reliability, timeliness, and assurance that the financial information is free from material misstatement (Watson & Dow, 2010). Therefore, hypotheses 4 and 7 were formulated as follows:

Hypothesis 4: The higher the audit value awareness is, the more likely that auditors will gain greater sustainable audit success.

Hypothesis 7: There is a positive association between the degree of audit value awareness and audit professional proficiency.

2.2 Audit Professional Proficiency

Audit professional proficiency refers to achieving an audit task by gathering sufficient and appropriate auditing evidence, according to the scope of a work schedule, and complying with related professional standards and regulations (Wangcharoendate, 2016). Therefore, hypotheses 5 and 8 were formulated as follows:

Hypothesis 5: The higher the audit professional proficiency is, the more likely that auditors will gain greater sustainable audit success.

Hypothesis 8: There is a positive association between the degree of audit professional proficiency and efficient audit report.

2.3 Efficient Audit Report

Efficient audit report refers to the issues of having a correct opinion regarding the client's financial statements, in accordance with the general principles of accounting and auditing at an appropriate level of audit risk (Francis, 2004). Therefore, hypothesis 6 is formulated as follows:

Hypothesis 6: The better the efficient audit report is, the more likely that auditors will gain greater sustainable audit success.

3. Antecedents of Enhancing Audit Management Competency

Enhancing audit management competency is gained from the influence of both endogenous and exogenous individual determinants.

3.1 Comprehensive Audit Adroitness

Comprehensive audit adroitness is defined as auditor's action by accumulating variety of knowledge, various direct and indirect experiences and expertise in the audit work that transmits into audit differences that are likely to strengthen in specialization (Wong & Cheung, 2008: 116). Therefore, hypotheses 9a-9c were formulated as follows:

Hypotheses 9a-9c: Governmental auditors who have comprehensive audit adroitness are more likely to have an effect on enhancing audit management competency to a greater extent.

3.2 Audit Learning Commitment

Audit learning commitment refers to an auditor's continuous learning attitude in which a variety of knowledge is acquired mainly through education and training in accounting and auditing programs (Sundgren & Svanstrom, 2014). Therefore, hypotheses 10a-10c were formulated as follows:

Hypotheses 10a-10c: Governmental auditors who have audit learning commitment are more likely to have an effect on enhancing audit management competency to a greater extent.

3.3 Regulation Practice Force

Regulation practice force is defined as success in practices regarding the relevant rules of firms including the law, rules, codes of conduct and policy. Therefore, hypotheses 11a-11c were formulated as follows:

Hypotheses 11a-11c: Governmental auditors who have regulation practice force are more likely to have an effect on enhancing audit management competency to a greater extent.

4. Moderating Effects of Relationships

4.1 Audit System Efficiency

Audit system efficiency is defined as the ability of the audit system which provides audit information to facilitate business activities and support audit tasks. Moreover, audit system efficiency can increase the best practices of management auditing, as it encourages the relationships between the executive leadership, employee competency and competitive intensity (Nicolaou, 2000). Therefore, hypotheses 12-14 were formulated as follows:

Hypotheses 12-14: Audit system efficiency has a moderating effect on the relationship between the dimension of enhancing audit management competency and its consequences.

5. Dependent Variable

5.1 Sustainable Audit Success refers to the existence of professional auditors who are evaluated by continuing clients, their creation of new clients, and achievement of their objectives or goals for the long term. In addition, audit success is result of excellence audit performance to achieve an accurate and fair audit report as well as client acceptance, including the image of audit service (Sundgren & Svanstrom, 2014).

6. Control Variables

6.1 Governmental audit experience is measured by the number of years in governmental audit jobs and practice that affects the relationships among audit management competency, audit performance and audit quality. Prior research has suggested those low-experience auditors' consistently found ethically questionable situations presented in the vignettes more acceptable, suggesting that beginner auditors have lower professional audit behavior than senior auditors (Cao, Li & Zang, 2015).

The auditors with more experience in collective knowledge have skills that lead to increased audit competency (Kaplan, O'Donell & Arel, 2008). Therefore, the number of years of audit experience is represented by a dummy variable including which is 0 (less than or equal to 10 years old) or 1 (more than 10 years old) (Graham & Bedard, 2003).

6.2 Length of Governmental Auditor Tenure plays an important role for the audit professional. Due to professional judgment, the audit is essential in a risk context. The auditor makes risk assessments that are primary and which modify in the light of new audit evidence collected throughout the audit process. Thus, this study demonstrates that the length of governmental auditor tenure has an impact on audit management competency and audit success. Therefore, the length of governmental auditor tenure in this study is represented by a dummy variable that was separated into two groups; 0 is less than 10 years old, and 1 is equal to or more than 10 years olds (Elias, 2008).

Research Methodology

The aims of this study were explored through two sets of research method: (1) sample selection and data collection procedure, and (2) questionnaire development.

Sample Selection and Data Collection Procedure

The population of this study was gathered from governmental auditors in Thailand which are chosen from the database of human resources management office, the Office of the Auditor General of Thailand (OAG): <https://www.oag.go.th>. This data base includes 1,245 auditors (accessed June 16, 2016). The governmental auditors were the key informants.

An appropriate sample size is 295 firms under the 95% confidentiality rule (Krejcie & Morgan, 1970). Based on prior business research, a 20% response rate for a mail survey, without an appropriate follow-up procedure, is deemed sufficient (Aaker, Kumar & Day, 2001). Hence, the sample size is 100% (or $295 \times 100 / 20$), which equals 1,475 governmental auditors that are an appropriate sample for a distributed mail survey. There were 147 surveys that were undeliverable, because of some auditors that had been dismissed or had moved to unknown locations. Thirty-six surveys were incomplete. Thus, the valid mailing was 1,292 surveys from which 328 responses were received as completed surveys. The effective response rate was approximately 25.39%.

Questionnaire Development

In this study, several constructs and multiple scale items are developed from new scales, and the literature reviews. Therefore, a pre-test method is appropriately conducted to assert the validity and reliability of the questionnaire. The instrument was then pretested among thirty, random key informants from a population frame that must not be included in the sampling (Hewett, Roth & Roth, 2003).

Five parts of the questionnaire include the following. Part one presents demograph while part two indicates dimensions of enhancing audit management competency construct. Part three discusses the construct of consequences and sustainable audit success. Part four demonstrates the construct of the antecedents. Part five presents the audit system efficiency construct for the moderating effect. The final part is an open-ended question for suggestions and opinions. All of the variables were obtained from the survey and were measured by a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

Reliability and Validity

Table 1, shows that all variables have factor loading scores between 0.621 and 0.847, indicating that there is construct validity. Also, the Cronbach's alpha coefficients for all variables range from 0.634 to 0.832, indicating that these constructs are at an accepted reliability level (Cronbach, 1951).

Table 1. The Results of Measure Validation and Reliability

Variables	Items	Factor Loading	Cronbach's Alpha
Sustainable Audit Success (SAS)	SAS1	0.795	0.815
	SAS2	0.728	
	SAS3	0.847	
	SAS4	0.731	
Audit Innovation Strategy (AIS)	AIS1	0.728	0.832
	AIS2	0.833	
	AIS3	0.847	
	AIS4	0.756	
Audit Creativity Practices (ACP)	ACP1	0.806	0.816
	ACP2	0.822	
	ACP3	0.761	
	ACP4	0.789	
Audit Intelligence Focus (AIF)	AIF1	0.802	0.798
	AIF2	0.792	
	AIF3	0.740	
	AIF4	0.766	
Audit Value Awareness (AVA)	AVA1	0.828	0.744
	AVA2	0.816	
	AVA3	0.798	
	AVA4	0.782	
Audit Professional Proficiency (APP)	APP1	0.803	0.805
	APP2	0.795	
	APP3	0.814	
	APP4	0.754	
Efficient Audit Report (EAR)	EAR1	0.811	0.724
	EAR2	0.806	
	EAR3	0.794	
	EAR4	0.763	
Comprehensive Audit Adroitness (CAA)	CAA1	0.752	0.726
	CAA2	0.650	

Variables	Items	Factor Loading	Cronbach's Alpha
	CAA3	0.790	
	CAA4	0.782	
Audit Learning Commitment (ALC)	ALC1	0.692	0.717
	ALC2	0.685	
	ALC3	0.633	
	ALC4	0.621	
Regulation Practice Force (RPF)	RPF1	0.664	0.634
	RPF2	0.655	
	RPF3	0.675	
	RPF4	0.689	
Audit System Efficiency (ASE)	ASE1	0.723	0.702
	ASE2	0.711	
	ASE3	0.702	
	ASE4	0.719	

This research employed both descriptive and inferential statistical techniques, including variance inflation factors (VIFs) which were applied to test for multicollinearity among the dependent variables. Correlation analysis tested the primary correlations between two variables, and multiple regression analysis was operated to statistically estimate the coefficient of hypothesis- testing following the conceptual model because both dependent and independent variables in this study are categorical data and interval data. Therefore, the equation models of the relationships are shown as follows:

$$\text{Equation 1: } \text{AVA} = \alpha_1 + \beta_1 \text{AIS} + \beta_2 \text{ACP} + \beta_3 \text{AIF} + \beta_4 \text{ASE} + \beta_5 (\text{AIS} * \text{ASE}) + \beta_6 (\text{ACP} * \text{ASE}) + \beta_7 (\text{AIF} * \text{ASE}) + \beta_8 \text{GAE} + \beta_9 \text{LGAT} + \varepsilon$$

$$\text{Equation 2: } \text{APP} = \alpha_2 + \beta_{10} \text{AIS} + \beta_{11} \text{ACP} + \beta_{12} \text{AIF} + \beta_{13} \text{ASE} + \beta_{14} (\text{AIS} * \text{ASE}) + \beta_{15} (\text{ACP} * \text{ASE}) + \beta_{16} (\text{AIF} * \text{ASE}) + \beta_{17} \text{GAE} + \beta_{18} \text{LGAT} + \varepsilon$$

$$\text{Equation 3: } \text{EAR} = \alpha_3 + \beta_{19} \text{AIS} + \beta_{20} \text{ACP} + \beta_{21} \text{AIF} + \beta_{22} \text{ASE} + \beta_{23} (\text{AIS} * \text{ASE}) + \beta_{24} (\text{ACP} * \text{ASE}) + \beta_{25} (\text{AIF} * \text{ASE}) + \beta_{26} \text{GAE} + \beta_{27} \text{LGAT} + \varepsilon$$

$$\text{Equation 4: } \text{SAS} = \alpha_4 + \beta_{28} \text{AVA} + \beta_{29} \text{APP} + \beta_{30} \text{EAR} + \beta_{31} \text{GAE} + \beta_{32} \text{LGAT} + \varepsilon$$

$$\text{Equation 5: } \text{APP} = \alpha_5 + \beta_{33} \text{AVA} + \beta_{34} \text{GAE} + \beta_{35} \text{LGAT} + \varepsilon$$

$$\text{Equation 6: } \text{EAR} = \alpha_6 + \beta_{36} \text{APP} + \beta_{37} \text{GAE} + \beta_{38} \text{LGAT} + \varepsilon$$

$$\text{Equation 7: } \text{AIS} = \alpha_8 + \beta_{44} \text{CAA} + \beta_{45} \text{ALC} + \beta_{46} \text{RPF} + \beta_{47} \text{GAE} + \beta_{48} \text{LGAT} + \varepsilon$$

$$\text{Equation 8: } \text{ACP} = \alpha_9 + \beta_{49} \text{CAA} + \beta_{50} \text{ALC} + \beta_{51} \text{RPF} + \beta_{52} \text{GAE} + \beta_{53} \text{LGAT} + \varepsilon$$

$$\text{Equation 9: } \text{AIF} = \alpha_{10} + \beta_{54} \text{CAA} + \beta_{55} \text{ALC} + \beta_{56} \text{RPF} + \beta_{57} \text{GAE} + \beta_{58} \text{LGAT} + \varepsilon$$

Results and Discussion

Respondent Characteristics

The respondents' characteristics are described by the demographic characteristics of governmental auditors (including gender, age, marital status, education level); governmental audit experience, length of governmental auditor tenure, working position and work place; all of which are shown in Table 2.

The results presented the demographic characteristics of 328 key participants. More than half of the participants are female in gender, which is about 70.12 percent, while 29.88

percent are male. The range of age of most respondent participants is more than 40 years old (55.18 percent). Most participants are single (56.71percent) and the education level is bachelor's degree (76.52 percent). They have less than five years' experience in government audit (32.32 percent). The government auditor tenure is less than five years (44.82 percent). Finally, the work place is headquarters (56.71 percent).

Table 2. Key Participant Characteristics

Description	Categories	Frequencies	Percentage
1. Gender	Male	98	29.88
	Female	230	70.12
	Total	328	100.00
2. Age	Less than 30 years old	51	15.55
	30-35 years old	59	17.98
	36-40 years old	37	11.29
	More than 40 years old	181	55.18
	Total	328	100.00
3. Marital Status	Single	186	56.71
	Married	125	38.11
	Divorced	17	5.18
	Total	328	100.00
4. Educational Level	Bachelor's Degree	251	76.52
	Higher than bachelor's degree	77	23.48
	Total	328	100.00
5. Governmental Audit Experience	Less than 5 years	106	32.32
	5-10 years	85	25.91
	11-15 years	36	10.98
	More than 15 years	101	30.79
	Total	328	100.00
6. Length of governmental auditor tenure	Less than 5 years	147	44.82
	5-10 years	69	21.03
	11-15 years	44	13.42
	More than 15 years	68	20.73
	Total	328	100.00
7. Workplace	Headquarters	186	56.71
	Provincial Audit Office	142	43.29
	Total	328	100.00

Result of Correlation Analysis

The descriptive statistics and correlation matrix for all variables are shown in Table 3. Variance inflation factors (VIFs) ranged from 2.356 to 3.189 (Table 4), which are well below the cut-off value of 10 as recommended by Hair, Black, Babin & Anderson, (2006), meaning that the independent variables are not correlated with each other. Accordingly, there are no significant multicollinearity problems confronted.

Table 3. Descriptive Statistics and Correlation Matrix

Variables	AIS	ACP	AIF	AVA	APP	EAR	SAS	CAA	ALC	RPF	ASE	GAE	LGA _T
Mean	4.42	4.32	4.14	4.10	4.26	4.05	4.29	4.22	4.11	4.17	3.54	3.56	3.22
S.D.	0.498	0.540	0.581	0.679	0.586	0.607	0.528	0.518	0.489	0.552	0.543	0.438	.519
AIS	1.000												
	0.891*												
ACP	*	1.000											
	0.722*	0.815*											
AIF	*	*	1.000										
	0.721*	0.759*	0.779*										
AVA	*	*	*	1.000									
	0.740*	0.761*	0.785*	0.715*									
APP	*	*	*	*	1.000								
	0.594*	0.634*	0.629*	0.644*	0.526*								
EAR	*	*	*	*	*	1.000							
	0.768*	0.809*	0.785*	0.754*	0.785*	0.811*							
SAS	*	*	*	*	*	*	1.000						
	0.741*	0.762*	0.816*	0.800*	0.790*	0.803*	0.911*						
CAA	*	*	*	*	*	*	*	1.000					
	0.836*	0.861*	0.866*	0.765*	0.812*	0.640*	0.811*	0.844*					
ALC	*	*	*	*	*	*	*	*	1.000				
	0.610*	0.659*	0.672*	0.746*	0.537*	0.627*	0.658*	0.761*	0.716*				
RPF	*	*	*	*	*	*	*	*	*	1.000			
	0.718*	0.634*	0.688*	0.795*	0.661*	0.748*	0.682*	0.618*	0.738*	0.757*			
ASE	*	*	*	*	*	*	*	*	*	*	1.000		
GAE	0.334*	0.409*	0.315*	0.257*	0.264*	0.303*	0.261*	0.358*	0.418*	0.412*	0.394*	1.000	
LGAT	0.238*	0.284*	0.266*	0.365*	0.272*	0.314*	0.294*	0.463*	0.259*	0.364*	0.338*	0.298*	1.000

** Correlation is significant at the 0.05 level (2 tailed)

Table 4 presents the results of OLS regression analysis, based on equations 1-3, which show that the hypotheses predictions positively affect the dimensions of enhancing audit management competency on the consequences (audit value awareness). In equation 1, the results indicate that audit innovation strategy ($b_1 = 0.256$, $p < 0.05$), audit creativity practices ($b_2 = 0.183$, $p < 0.05$), and audit intelligence focus ($b_3 = 0.182$, $p < 0.05$) have positive, significant effects on audit value awareness. Thus, hypotheses 1a-1c were supported, but only audit system efficiency ($b_4 = 0.132$, $p > 0.05$) is not supported. Bradts (2007) found that audit innovation strategy can help audit performance to be more effective, more productive and ultimately add more value for firms' performance.

Meanwhile in equation 2, the results show that audit innovation strategy ($b_{10} = 0.234$, $p < 0.05$), has a positive, significant effects on audit professional proficiency. Thus, hypotheses 2a was supported but hypothesis 2b-2c was not supported. Moreover, in equation 3, the results show that audit innovation strategy ($b_{19} = 0.180$, $p < 0.05$), audit creativity practices ($b_{20} = 0.172$, $p < 0.05$), and audit intelligence focus ($b_{21} = 0.204$, $p > 0.05$) have positive, significant effects on efficient audit report. However, the results show that audit system efficiency ($b_{22} = 0.193$, $p < 0.05$) have insignificant an effect on efficient audit report. This is consistent with prior studies which suggest that intelligence audit working paper processes into the overall audit management cycle, which is a best practice that can help

reduce audit function and help enhance an effective audit execution process. Thus, hypotheses 3a-3c was supported. In summary, these findings reveal that three dimensions of enhancement audit management competency influence directly upon its consequence variables. Equation 4 results showed that audit value awareness, audit professional proficiency, and efficient audit report are positively significant to sustainable audit success. ($b_{28} = 0.293$, $p < 0.05$; $b_{29} = 0.187$, $p < 0.05$; and $b_{31} = 0.213$, $p < 0.05$). These results are consistent with the prior research of Garcia-Benau & Zorio (2004) who state that auditors who work efficiently are more likely to be accepted by the stakeholder, gain high reputation, take pride in their work, and will achieve audit success. Therefore, hypotheses 4-6 were supported.

Table 4. The results of OLS Regression Analysis^a

Independent Variables	Dependent Variables			
	E 4: Sustainable Audit Success	E 1: Audit Value Awareness	E 2: Audit Professional Proficiency	E 3: Efficient Audit Report
Audit Innovation Strategy (AIS)		0.256** (0.079)	0.234** (0.083)	0.180** (0.085)
Audit Creativity Practices (ACP)		0.183** (0.089)	0.061 (0.089)	0.172** (0.093)
Audit Intelligence Focus (AIF)		0.182** (0.085)	0.093 (0.088)	0.204** (0.091)
Audit System Efficiency (ASE)		0.132 (0.080)	0.167** (0.090)	0.193** (0.093)
AIS x ASE		0.154** (0.071)	0.127** (0.060)	-0.073 (0.077)
ACP x ASE		0.184** (0.083)	0.165** (0.093)	-0.052 (0.077)
AIF x ASE		0.084* (0.067)	0.066* (0.033)	0.051* (0.081)
Audit Value Awareness (AVA)	0.293** (0.092)		0.158** (0.078)	
Audit Professional Proficiency (APP)	0.187** (0.090)			0.196** (0.070)
Efficient Audit Report (EAR)	0.213** (0.087)			
Governmental Audit Experience (GEA)	0.05 (0.093)	0.22** (0.106)	0.31** (0.123)	0.190* (0.106)
Length of Governmental Auditor Tenure (LGAT)	0.100 (0.094)	-0.11 (0.016)	-0.172 (0.012)	-0.151 (0.106)
Adjusted R square	0.301	0.369	0.384	0.432
Maximum VIF	2.356	3.189	3.189	3.189

** $p < 0.05$, * $p < 0.10$ ^a Beta coefficients with standard errors in parenthesis.

The equation 5 result shows that audit value awareness was positively and significantly related to audit professional proficiency ($b_{33} = 0.158$, $p < 0.05$). Moreover, in equation 6, the result shows that audit professional proficiency was positively and significantly related to efficient audit report ($b_{36} = 0.196$, $p < 0.05$). Thus, hypotheses 7 and 8 were supported. The result is consistent with Okab (2013) who found that audit value awareness enables auditors to detect fraud, and improves the efficiency and capability of an audit performance. Finally, in Table 5, variance inflation factors (VIFs) shows a range of 1.098 to 1.499, meaning that the independent variables are not correlated with each other. Accordingly, there are no significant multicollinearity problems confronted in this study.

This table also presents the results of OLS regression analysis based on the positive relationship between the antecedents of enhancement audit management competency. In equations 7-9, the result shows that comprehensives audit adroitness has significant and positive effects on audit innovation strategy ($b_{44} = 0.173$, $p < 0.05$), audit creativity practices ($b_{49} = 0.179$, $p < 0.10$), and audit intelligence focus ($b_{54} = 0.293$, $p < 0.05$). This finding supports that auditors must require all professional auditors to take steps under the capability of their authority, to proficiently undertake the work they perform. Thus, hypotheses 9a-9c were supported.

However, audit learning commitment has significant positive effects on audit innovation strategy ($b_{45} = 0.198$, $p < 0.05$) and audit creativity practices ($b_{50} = 0.252$, $p < 0.05$). Thus, hypotheses 10a-10b were supported but hypothesis 10c was not supported. Moreover, regulation practice force has significant positive influences on audit intelligence focus ($b_{56} = 0.179$, $p < 0.05$). The results provide that auditors should intend to implement completeness to relate all rules that will achieve their legal responsibilities and fulfill their management function as successful professionals. Thus, hypothesis 11c was supported, but hypothesis 11a-11b were not supported.

Table 5. OLS Regression result of antecedents on Enhancing Audit Management Competency^a

Independent Variables	(5) AIS AIF	(6) ACP	(7)
CAA	0.173** 0.293** (0.093)		0.179** (0.086)
ALC	0.198** (0.089)	0.252** (0.089)	0.027 (0.070)
RPF	0.039 (0.091)	0.104 (0.090)	0.179* (0.098)
Governmental Audit Experience (GEA)	-0.021 (0.068)	0.001 (0.069)	0.014 (0.071)
Length of Governmental Auditor Tenure (LGAT)	-0.011 (0.069) (0.065)	0.023	-0.012 (0.056)
Maximum VIF	1.098	1.499	1.499
Adjusted R ²	0.246 0.307		0.295

** $p < 0.05$, * $p < 0.10$

^a Beta coefficients with standard errors in parenthesis.

Implications of Research

This study provides a better understanding of relationships among enhancing audit management competency and sustainable audit success in the context of governmental auditors in Thailand. Especially, the results of this study extends to an auditor who operates audit processes according to creative audit practices, intelligence focus, application audit innovation, and awareness in audit change in order to develop audit competency for achieving the audit goal. Moreover, governmental auditors with enhanced audit management competency tend toward successful auditing. Consequently, the government auditors, regulators, and the Office of Auditor General (OAG) are responsible for encouraging audit

management competency; that is, the abilities of audit proficiency, best audit practice, audit productivity, audit quality, and audit excellence.

Conclusion

The rapidly changing environment had an effect auditor's performance by causing increasingly difficult and complex operational audits. Thus, to maintain an audit quality guarantee and achieving audit goals, the auditor is required to always develop their ability in order to adjust audit performance in accordance with environmental change. Therefore, this study focuses on audit management competency for filling the gap at the individual-level, which are governmental auditors in Thailand. The results of OLS regression analysis indicate that enhancing audit management competency is a positive influence on its consequences. In addition, audit value awareness, audit professional proficiency, and efficient audit report are an influence on sustainable audit success.

Moreover, audit value awareness positively affects audit professional proficiency and audit professional proficiency (which positively affect efficient audit report). For the influences of antecedent variables, this study finds that most of them positively affect each dimension of enhancing audit management competency. Finally, it was found that the relationships between each dimension of enhancing audit management competency and its consequences are partial by the moderating effect of audit system efficiency which provides the opportunity to extend studies in future research. This study provides benefits for increasing auditors' awareness, and to improve and develop audit management competency in accordance with environmental change in order to achieve future auditor professionalism. Furthermore, the findings may be a useful guideline for regulators and organizations to strengthen their audit department by enhancing the management competency of auditing.

Limitations and Suggestion for Future Research

This study has some issues as to limitations. Firstly, the undelivered mailed surveys may contain key answers to more support of the hypotheses. Secondly, the majority of literature reviews are prior studies that are obtained from a foreign country; but this study is an empirical study in a Thailand context. Future research may be needed to for a closer investigate on of other mediating variables on the relationships between each dimension of enhancing audit management competency and its consequences, such as audit intelligence and audit proficiency. Moreover, this study provides other moderating variables on the relationships between enhancing audit management competency and consequences, such as technology adaptation capability and environmental munificence. Moreover, this study uses only questionnaires for the data collection.

Thus, future research might use other approaches such as case studies and in-depth interviews, in order to completely understand the effect of enhancing audit management competency on sustainable audit success. Finally, future study may suggest new theoretical frameworks that examine enhancing audit management competency in Thailand in order to increase the level of reliable results.

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Why a niche category signals high quality?

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Abstract

The purpose of this paper is to study whether positioning the same product in a niche versus mass-market category would signal quality differently. Drawing from the specialization concept, it is proposed that a product positioned in a niche category will be perceived as one of higher quality compared with the same product positioned in a mass-market category. Additionally, the product's main feature should be perceived as possessing higher quality than an additional feature. In order to test the research questions, three experiments were conducted. The first experiment used price perception as a surrogate for product quality perception. The second experiment measured product quality perception directly. The third experiment measured feature quality perception. The findings reveal that the same product positioned in a niche (versus mass-market) category is perceived as possessing higher quality, along with its main (versus additional) feature. Price perception is not a surrogate for quality perception. Managers would benefit from this research by applying the knowledge gained in launching a product. That is, those who launch a product with combined features should consider the impact of the category in which it positions that product. The main contribution of this research is to offer a new perspective in positioning, specifically, to use category entry as a quality signal.

Keywords: Quality signal, Specialization, Positioning, Niche category, Consumer perception

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Introduction

One way to innovate a new product is to combine two product features, one from each of two categories, into one product. The marketer must then decide in which category the new product should be positioned. One example is a combined binocular-video recorder. The marketer can either position the new product as a binocular that comes with a video recording feature, or as a video recorder with a binocular feature. In the former positioning, the main category is binocular, while the main category in the latter positioning is the video recorder. A binocular is considered a niche category compared with a video recorder. It is an interesting question as to whether changing the positioning of a product would signal quality differently. According to the quality signal theory (Nelson, 1970), information asymmetry exists between the sender and the receiver. The sender or marketer tends to send a positive signal to consumers (Connelly et al., 2011). Specialization is one method a marketer can employ to signal quality (Kalra and Li, 2008).

Drawing from specialization literature in various contexts, specialization is perceived as an expertise that produces higher-quality results than what generalists produce (Dunn and Mayhew, 2004; Lim and Tan, 2008; Tolman and Mullendore, 2003). Kalri and Li developed a mathematical model to prove that specialization signals quality, especially when consumers are uncertain about product quality (Kalra and Li, 2008). It can also be inferred from Krishnan's

specialization concept that a niche product should have higher quality than a mass-market product, possibly because the niche producer must invest in building its niche expertise (Krishnan, 2001). Therefore, a product positioned in a narrower niche or more specialized category should be perceived as possessing higher quality than a product positioned in a mass-market category that requires no specialized skill.

A group of scholars believe that consumers use price as a representative of perceived quality (McConnell, 1968; Shugan, 1984). Therefore, high price indicates high quality (Monroe, 1973; J. C. Olson, 1977). In study 1, the researcher will measure price perception as a surrogate for perceived quality. In study 2, the researcher will measure perceived quality directly. The specialization concept can be applied in various contexts. The main feature is directly associated with the category in which the producer specializes. Therefore, the main feature should be perceived as having higher quality than an additional feature. The researcher will measure feature quality perception in study 3. The three experiments were conducted in Thailand. The results support the hypotheses that a product in a niche category has a higher quality perception than that in a mass-market category. However, although price signals quality, price perception is not a surrogate for quality perception. The current research extends the quality signal theory and specialization concept by testing the quality signal of niche versus mass-market categories, and the main feature versus the additional one. The findings contribute to the topic of product management.

Literature review

Positioning

Positioning is the creation of brand perception in a consumer's mind. The positioning must be relevant to consumers, as well as differentiate the brand from its competitors (Arnott, 1992; Ghodeswar, 2008). As a result, positioning creates the reason consumers want to buy a product (Blankson et al., 2014; Wind, 1982). To achieve this result, positioning requires an iterative process comprising proactive management and monitoring (Arnott, 1992). According to Aaker, brand association is anything about a brand in a consumer's memory (Aaker, 1991, 1996). Consumers can associate with a brand as a result of its positioning. Positioning is part of the market-entry strategy used to launch a new product. Prior research found that early entry helps a brand to differentiate and to signal quality. Competitive positioning leads to consumer satisfaction (Rodríguez-Pinto et al., 2008). Much new product launch literature has been written in the context of brand extension, which is a new product launch as an extension of its parent brand.

The literature in this area puts the emphasis on the fit concept, both the fit between the new extension and the parent brand, as well as the fit between the new extension and the category (Sheinin, 1998). Other literature discusses how fit affects factors such as promotion evaluation (Shen, 2014). The main concerns lie in cannibalization and how the extension might hurt the parent brand (Hoek et al., 2003; Kim and Lavack, 1996). This paper's context is not necessarily brand extension; it could be a new product launch unrelated to a parent brand. Prior research also examined how to position a brand within a category. For example, Jarvis and Goodman found that in the wine category, a small brand should position itself in a niche segment, while a big brand should focus on attributes that enhance variety seeking (Jarvis and Goodman, 2005). While prior research has focused on different players within one category, this paper discusses how to choose a category for a product, i.e., to decide whether the product should be positioned in a relatively more niche category or a relatively more mass-market category.

This paper uses a product that combines binocular and video recording features. Positioning the product as a binocular with a video recording feature places it in a niche category. Positioning the product as a video recorder with a binocular feature places it in a mass-market category.

Quality signal

Even though the term quality does not literally carry a positive connotation, quality is defined as the superiority a product has relative to its competitors (Garvin, 1988; Zeithamal, 1988). Generally, sellers and consumers do not have the same level of knowledge about product quality. According to the quality signal theory (Nelson, 1970), this represents information asymmetry. As a result, consumers have to look for quality signals or cues, which can be intrinsic or extrinsic. If the signal is part of the physical product or process, such as material or texture, it is an intrinsic cue. To change an intrinsic cue, the product to be consumed must change as well. If the signal is related to the product, but is not part of the product or process, it is an extrinsic cue. Changing the extrinsic cue will not affect the product to be consumed. Examples of extrinsic cues are brand, price, and origin (J. Olson and Jacoby, 1972). In the current paper, category is an extrinsic cue because it does not change the product itself; its role is to signal product quality. One product positioned in different categories should signal product quality differently.

Being in a niche category is viewed as something specialist in nature (Carroll, 1984). Specialization signals quality. When products in a brand portfolio are compatible or convey similar skills, a specialized expertise signals quality (Berger et al., 2007). Similarly, a firm that enters a single category rather than multiple categories is viewed as a specialist and signals quality (Kalra and Li, 2008). When a firm launches an extension from its parent brand, a “line extension” within the same product category transfers the quality perception of the parent brand better than a “brand extension” into another product category (Dens and De Pelsmacker, 2010). Line extension uses the same expertise in the same category, and therefore is perceived as a more effective quality transfer. Therefore, the skill to produce a niche product should not be commonly available in the market as it is in the mass-market category. The perceived quality of the niche product produced by a true specialist should be higher than that from producers who are not players in the category. In other words, the niche versus mass-market positioning is considered a category membership which serves as a stereotype for consumers.

In this paper, it is hypothesized that consumers will perceive a binocular with a video recording feature to have a higher quality than a video recorder with a binocular feature because a binocular is in a relatively more niche category than a video recorder. In other words, other things being equal, niche positioning should lead to higher quality perception than a mass-market positioning. The above discusses the quality perception at the product level, hypothesizing that a niche category signals higher quality than a mass-market category. The quality signal concept should apply to the product feature level as well. This study refers to two types of product features: a main feature and an additional feature. For a binocular with a video recording feature, the binocular function is the main feature or, in other words, a category feature. A video recording feature comprises an additional feature. For a video recorder with a binocular feature, the recording function is the main feature, and the binocular feature is additional. The main feature is associated to the category in which the brand operates, while the additional feature is supplementary. Therefore, consumers should perceive that the main feature has higher quality than the additional feature. In other words, precisely because it is positioned as the main feature, it should signal quality differently compared with the additional feature.

Quality perception and price

It is widely accepted that consumers generally refer to a reference price when estimating price (Janiszewski and Lichtenstein, 1999). Specifically, they may refer to the previous price a retailer charged, prices at other retailers, or the suggested retail price from the manufacturer (Federal Trade Commission, 1986). There are several price theories, such as adaptation-level theory (Helson, 1964a), range theory (Helson, 1964b), range-frequency theory (Parducci, 1965), and frame of reference (Ostrom and Upshaw, 1968). Despite differences in some aspects of price theory, all agree with the price-reference concept.

The price of a niche product usually starts low and then rises. In contrast, the price of a mass-market product usually starts high and then falls (Bergemann and Valimaki, 2006). Consumers are usually familiar with these aspects of high-price niche products and low-price mass-market products. Additionally, prior research found that price is positively related with value or quality perception (Beneke et al., 2013). As a result, when a product is positioned in a niche category, the perceived price should be higher compared with the same product being positioned in a mass-market category. For example, a binocular with a video recording feature (positioned in the niche binocular category) should be perceived as higher priced than a video recorder that has a binocular feature (positioned in the mass-market video recorder category).

From the literature review discussed above, three hypotheses emerge as follows:

- H1.* The price perception of a binocular that comes with a video recording feature is higher than that of a video recorder that comes with a binocular feature.
- H2.* The quality perception of a binocular that comes with a video recording feature is higher than that of a video recorder that comes with a binocular feature.
- H3.* A main feature has a higher quality perception than that of an additional feature.

Methodology

To test the hypotheses, the researcher first ensured that a binocular represents a niche product and a video recorder represents a mass-market product. Then, the researcher conducted three experiments to test the three hypotheses respectively. ANOVA was employed to analyze the results. The detail of the manipulation check and the three experiments are as follows.

Manipulation check:

This research proposes that consumers perceive a niche product to have higher quality than a mass-market product. Therefore, the important manipulation is that the binocular is perceived to be more of a niche product compared with a video recorder. On average, the binocular ($M = 1.45$, $SE = 0.10$) is seen as significantly more of a niche product than the video recorder: ($M = 3.45$, $SE = 0.17$), $t(59) = -11.05$, $p < 0.05$, $r = 0.14$.

Study1: Price perception

Sixty undergraduate students at Thammasat University in Thailand participated in a within-subject research design. They read a product description and wrote their perceived price of the product. The four product descriptions were “a binocular that comes with a video recording feature,” “a video recorder that comes with a binocular feature” and the two control

cells of single products with one feature. The one-way ANOVA shows that the perceived price among the four product descriptions differs significantly: $F(3, 236) = 5.913$, $p = 0.001$. The one with the highest perceived price is a video recorder that comes with a binocular feature with a mean of 33,609.98 baht, followed by a binocular that comes with a video recording feature of 28,090.00 baht. The third one is a video recorder with a mean of 12,014.98 baht. The last one is a binocular with a mean of 8,979.17 Baht. Note that one euro is about 40 Thai baht, and 1 USD is about 35 Thai baht. The two products emphasizing one category with an additional feature had the highest perceived price, followed by the products with a single feature.

Within each product type, the video recorder, which is a mass-market product, is perceived to have a price higher than that of the binocular. The results do not support the initial expectation that the niche category should be perceived as having a higher price. The researcher then conducted two follow-up focus groups and found that the respondents rated the video recorder price highly because they all have a video recording feature in their smart phones. Therefore, they perceive that a product that highlights this feature would have to be a professional model with a correspondingly high price. Study 2 measures perceived quality directly, with an expanded respondent profile to include working people.

Table 1. Price Perception

Product Description	Mean of Price Perception (Thai Baht)
A video recorder that comes with a binocular feature	33,609.98
A binocular that comes with a video recording feature	28,090.00
A video recorder	12,014.98
A binocular	8,979.17

Study 2: Product quality perception

Five hundred and sixteen respondents participated in a between-subject design experiment. One of the six stimuli was randomly shown to the respondents. In study 1, the stimuli are a binocular that comes with a video recording feature, a video recorder that comes with a binocular feature, a binocular, and a video recorder. In study 2, two stimuli added to the study are the additional control scenarios that describe the product with both product features, but do not put emphasis on any product. One is a binocular and video recorder, and the other one is a video recorder and binocular. The identical product picture is presented with the different product descriptions. The key measure is perceived quality. Lastly, the product involvement is also measured.

The respondent average age was 25.4 years old, with males comprising 32 percent of the sampling. The manipulation check is the same as in study 1. The research participants were randomly assigned to look at one of the six stimuli. After that, they were asked to rate their perceived quality and product involvement scores. The one-way ANOVA shows that the perceived quality differs significantly across the six stimuli: $F(5, 510) = 4.265$, $p = 0.001$. Within each of the three product types — first, one category emphasis with an additional feature; second, single-feature; and third, dual-feature (no category focus) — the product highlighting the binocular has a higher perceived quality score. The perceived quality scores (SE) are a

binocular with a video recording feature, 3.57 (0.08); a video recorder with a binocular feature, 3.12 (0.08); a binocular, 3.52 (0.09); a video recorder, 3.27 (0.09); a binocular and video recorder, 3.42 (0.08); and a video recorder and binocular, 3.34 (0.08).

Table 2. Quality Perception

Product Description	Mean of Perceived Quality Scores
A binocular that comes with a video recording feature	3.57
A video recorder that comes with a binocular feature	3.52
A binocular	3.42
A video recorder	3.34
A binocular and video recorder	3.27
A video recorder and binocular	3.12

Regarding the main research question, the binocular with a video recording feature ($M = 3.57$, $SE = 0.08$) has significantly higher quality perception than the video recorder with a binocular feature: ($M = 3.12$, $SE = 0.08$), $t(83) = 3.639$, $p < 0.05$, $r = -0.024$. As expected, the product positioned in a niche category has significantly higher perceived quality than the same product positioned in a mass-market category.

Product involvement was measured to ensure that the perceived quality is due to product positioning, not product involvement. The one-way ANOVA shows that the average product involvement is not significantly different across the six scenarios: $F(5, 505) = 1.180$, $p = 0.318$. That is, the perceived quality score is a result of product positioning.

The findings from study 2 reveal that positioning a product in a niche (versus mass-market) category leads to higher quality perception. To further extend the specialization literature, the main (versus additional) feature should be perceived as higher quality because consumers expect the company to have relatively higher expertise in the main rather than the additional feature. Study 3 tests how consumers perceive the feature quality.

Study 3: Feature quality perception

Testing feature quality perception involves two steps. The first step is to test the same feature across two versions of product positioning: the same feature positioned as a main feature and also as an additional feature. The second step is to test the different features of the same product: the main versus additional feature. Sixty undergraduate students at Thammasat University in Thailand participated in a within-subject research design. They read the product description, and then rated the perceived quality of both the main and additional features. The product descriptions are “a binocular that comes with a video recording feature” and “a video recorder that comes with a binocular feature.”

To test whether consumers perceive the main feature as having higher quality than the additional feature, the researcher first tested whether the binocular feature is perceived to be of higher quality when it is a main (category) feature (a binocular that comes with a video recording feature) rather than an additional feature (a video recorder that comes with a

binocular feature). The results show that on average, when a binocular feature is the main feature ($M = 4.00$, $SE = 0.11$), consumers perceive it to have significantly higher quality than when the binocular feature is an additional feature: ($M = 3.34$, $SE = .13$), $t(59) = 4.696$, $p < 0.05$, $r = 0.30$.

The researcher then tested whether the video recording feature is perceived to be of a higher quality when it is a main (category) feature (a video recorder that comes with a binocular feature) rather than an additional feature (a binocular that comes with a video recording feature). The results show that on average, when the video recording feature is the main feature ($M = 4.13$, $SE = 0.12$), consumers perceive it to have significantly higher quality than when the video recording feature is an additional feature: ($M = 3.30$, $SE = 0.14$), $t(59) = 4.764$, $p < 0.05$, $r = 0.08$.

The above tested the same feature across different products. To cross-check the above results, the researcher tested the different features of the same product. For a binocular with a video recording feature, it is found that on average, the binocular feature as the main feature ($M = 4.00$, $SE = 0.11$) has significantly higher perceived quality than a video recording feature as an additional feature: ($M = 3.30$, $SE = 0.14$), $t(59) = 4.425$, $p < 0.05$, $r = 0.22$. For a video recorder with a binocular feature, it is found that on average, a video recording feature as the main feature ($M = 4.13$, $SE = 0.12$) has significantly higher quality perception than a binocular as an additional feature: ($M = 3.33$, $SE = 0.13$), $t(59) = 6.626$, $p < 0.05$, $r = 0.52$.

Conclusion and discussion

The current research extends the quality signal and specialization literature in proposing that a niche (versus mass-market) positioning signals higher quality. The first study found that the price perception of “a binocular that comes with a video recording feature” is relatively lower than the price of “a video recorder that comes with a binocular feature” even though the binocular category is more of a niche category compared with that of the video recorder category. Qualitative research reveals that because consumers have decent video recording features in their smart phones, they expect products that highlight video recording to be professional models with correspondingly high prices. This is in line with prior literature stating that price is not necessarily representative of perceived quality, especially when there is another quality signal such as the product itself (Gardner, 1971). Prior research found that price perception leads to value perception (Beneke et al., 2013). The current research extends that the reverse relationship is not the case.

The second study measures perceived quality directly, and found that one product positioned in a niche (versus mass-market) category has higher perceived quality. Lastly, study 3 found that the main feature is perceived as having higher quality than the additional feature. The current paper extends the quality signal and specialization literature to explain how consumers perceive the different positioning of the same product, as well as how consumers perceive the main versus the additional features. Marketers can apply this learning to their positioning strategy to signal quality to consumers more effectively. Framing product positioning to be more niche would lead to higher product quality perception than positioning in a mass-market category.

This research is without limitation, and thus presents new research opportunities. Although the current research measured product involvement and found no difference in the scores when respondents evaluated the product positioned in niche and mass-market categories, positioning niche products in other contexts can possibly reduce the perceived relevancy with the product. Future research should further study this issue and look into ways of positioning a product to be in a niche category while having consumers still feel its relevancy. This paper studies the niche versus mass-market category positioning. Other types of positioning would

affect consumer perception in many ways. For example, a milk-and-fruit-juice product positioned in the fruit juice category should have its key benefit perceived as being refreshing, whereas in the milk category, consumers should perceive it as more filling. A milk-and-coffee product positioned in the milk category should be perceived as healthy, whereas in the coffee category, consumers should perceive it as tasty. Future research could look into different aspects of product positioning and its impact on the quality signal.

Additionally, consumers view a company as better at producing the main feature than additional features. Future research could look into ways to optimize the quality perception of products with multiple features. For example, would having an alliance in co-producing additional features help to signal quality and, if so, how? In discussing other aspects of the main feature, if it is perceived as high quality, does that mean managers should focus on the main feature's benefits in their communications? Future research should also study how consumers perceive the expertise of a conglomerate that has multiple offerings. Does having multiple offerings harm the quality perception? If yes, at what level does it take effect? For example, does it happen at the company level, the business unit level, or at the product level?

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Appendix: Stimulus



New Model!

Binocular

that comes with a
VDO recording feature
2in1



New Model!

VDO Recorder

that comes with a
binocular feature
2in1



New Model!

Binocular

Appendix: Stimulus (Continue)



New Model!

VDO Recorder



New Model!

**Binocular and
VDO recorder
2in1**



New Model!

**VDO recorder and
Binocular
2in1**

The Contribution of Salient Mall Attributes to Customer Satisfaction: An Importance - Performance Analysis Across Nations

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Abstract

By employing an importance-performance analysis technique, this paper first compares the similarities and differences in mall attributes that are important to mall shoppers in China and Thailand. The performance of all attributes in each country are then evaluated to gain further understanding about consumers' satisfaction level toward malls' overall performance. It is found that while Thai shoppers place more importance on both functional and experiential aspects of mall attributes, Chinese shoppers place more importance on functional aspects of mall attributes alone, likely due to their differences in shopping motives. The results of this study provide useful insights for international mall managers in terms of customer retention and attraction. The results can also help mall managers to prioritize their scarce resources with higher efficiency and effectiveness to maximize customer satisfaction.

Keywords: Importance-performance analysis, customer satisfaction, mall attributes, cross national

Introduction

With the allure of China's huge consumer base, together with potential purchasing power, retailers in Thailand are expanding their businesses into the Chinese market (Hua, 2009; Setboonsarng, 2018). However, expansion to Chinese market without fully understanding the local customers could be risky. For instance, Thai retail conglomerate Central Group was failed in their recent expansion in China. Within a few years of their expansion, the company had closed all of its three department stores located in Shenyang, Hangzhou, and Chengdu city, likely neglected the difference in shopping behavior among Chinese and Thai consumers (Inside Retail Asia, 2014). Therefore, to avoid duplicating such failure in Chinese market, it would be beneficial to Thai retailers to understand what factors contribute to customer satisfaction across the two countries.

On the other hand, Thailand has been ranked as the top overseas travel destination for Chinese tourists (China Travel News, 2017). More and more Chinese people are visiting Thailand, which contribute to a new yet sizable segment of the Thai retail market. According to Tourism Authority of Thailand (TAT), there were 9 million Chinese tourists visited Thailand in 2017, which represents 30% of total inbound travelers. Based on their recent survey, TAT reported that Chinese allocate 41% of their traveling budget to shopping (Tungsirisurp & Athigapanich, 2017). Indeed, as the senior director of partnerships of TripAdvisor Asia Pacific

Aaron Hung says “Bangkok is one of the leading shopping capitals of the world and continues to be a top destination for the Chinese” (Inside Retail Asia, 2017). However, given the difference in Chinese and Thai consumers’ mall shopping behavior (Cai & Shannon, 2012), it is not likely that local shopping malls can effectively attract Chinese shoppers by providing them offerings that designed for Thai shoppers. Thus, by understanding the underlying factors that contribute to customer satisfactions across the two countries may provide Thai mall retailers useful insights about how to re-position their shopping centers to satisfy both of Chinese and Thai shoppers.

Customer satisfaction has become increasingly important for mall retailers, as it may increase customer loyalty, cross-buying, positive word of mouth, reduce price sensitivity (Szymanski & Henard, 2001; Matzler, Bailom, Hinterhuber, Renzl & Pichler 2004; Venkatesh & Goyal, 2010). Satisfaction is viewed as a result of a preference for an object or service and judgments of its performance (Myers & Alpert 1968). Built on this concept, an importance-performance analysis (IPA) technique was first developed as a market tool for researchers (Martilla & James 1977).

IPA has been applied in understanding critical performance factors in customer satisfaction for products and services in various disciplines (e.g., O’Neill and Palmer 2004; Chen 2014; Sheng, Simpson & Siguaw, 2014; Chen, Murphy & Knecht, 2016). However, the application of IPA in mall research has been limited. During the past decades, although tremendous efforts have been spent towards identifying preferences of mall attributes to different shopper segments, the evaluation of the actual “performance” of these attributes in terms of satisfying shoppers has been neglected (Yavas, 2003). The “performance” of these attributes is important, as they reveal the ability of the retailers to satisfy consumers’ motives (Yavas, 2003; Michon, Chebat & Turley, 2005; Fiore & Kim, 2007; Morin, Dube & Chebat, 2007; Michon, Smith & Chebat, 2008). By employing an IPA approach, this study aims to compare differences in customer satisfaction levels through assessing importance and performance of salient mall attributes in China and Thailand. Specifically, this study seeks to address three research questions as follows:

- (1) What are underlying mall attributes that attract Chinese and Thai shoppers’ mall visit, respectively?
- (2) How important are these mall attributes to Chinese and Thai shoppers’ mall visit satisfaction, respectively?
- (3) How do Chinese and Thai shoppers perceive the importance and performance of these attributes, use the IPA framework?

Conceptual Background

A widely accepted method to measure customer satisfaction is to compare the gap between the product’s perceived performance and a buyer’s expectations. A customer is more likely to be satisfied, if the product’s performance exceeds their expectations, whereas a customer is more likely to be dissatisfied, if the product’s performance lags behind their expectations (Armstrong & Kolter, 2014). The strong predictive power of this comparison process on customer satisfaction has been evidenced by empirical meta-analysis (Szymanski & Henard, 2001), and it can be further explained by Expectation Disconfirmation Theory (EDT)

(Oliver, 1980). According to EDT, satisfaction is determined by a customer's disconfirmation experience which result from a comparison between product performance and customer expectations (Oliver, 1980). Consistent with EDT, in the setting of this study, we expect that consumers' satisfaction toward their mall shopping patronage will be determined by the disconfirmation experience that they gain by comparing their expectations toward salient mall attributes and their perception toward the actual performance of the mall on those attributes. Moreover, driven by their differences in cultural and social economic background, we expect that consumers from China and Thailand might form different expectations toward mall performance.

Literature Review and Hypotheses

Importance-performance Analysis

Three steps are involved in the IPA process. In the first step, a set of product features or attributes is identified through a literature review, focus group interviews and the use of managerial judgment (Martilla and James 1977). After that, consumers are asked two questions about each attribute: "How important is it?" and "How well did the provided product or service perform?" Last, the importance and performance scores are calculated for each attribute. These values provide x and y coordinates which are then placed on a two-dimensional plot called the Action Grid (Blake, Schrader and James 1978) (See Figure 1).

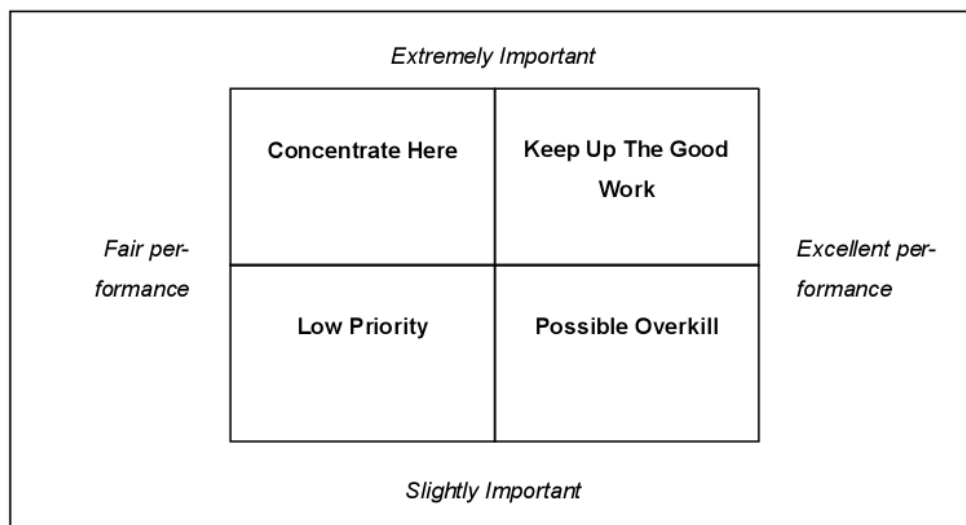


Figure 1. Importance-performance matrix

(Adopted from Martilla & James 1977, p.78)

As can be seen from Figure 1, attributes located in Quadrant I (both performance and importance are high) are major strengths of the mall, thus should be maintained, leveraged, and heavily promoted (Lambert & Sharma 1990). What mall managers need to do here is to "keep up the good work". Attributes located in Quadrant II (high importance yet fair performance) reveal that they need immediate attention for the improvement (Martilla & James 1977). The

omitting of them may result in losing current patrons and failure in attracting potential shoppers (Yavas 2003). Therefore, these attributes are major weaknesses, which require “concentrate here”. The attributes in Quadrant III (both performance and importance are low) signal no immediate attention, thus are labeled as “low priority”. Attributes in Quadrant IV (high performance and low importance) implies that a “overkill” has occurred, thus managers should deploy the business resources elsewhere.

Salient mall attributes

Over the years, different authors have identified different underlying mall attributes by adopting a multi-attribute approach. In general, an overview of existing literature suggests that salient mall attributes could be classified into “big four” categories, namely merchandising, accessibility, service, and atmospherics (for a comprehensive review, see Sit et al., 2003). For instance, Bloch, Ridgway and Nelson (1991) propose that size and assortment of stores may encourage shopper’s browsing behavior; while a weatherproof environment may make malls comfortable places to spend free time. In addition, safe, low cost of entry, the availability of stimuli and social variables all attract consumers to shop at malls to fulfil their leisure needs. Reynolds, Ganesh and Luckett (2002) identify four critical mall attributes which include mall essentials, entertainment, brand-name merchandise and convenience. Sit et al., (2003) conclude eleven salient mall attributes in Australia, namely: merchandising, macro-accessibility, micro-accessibility, personal services, amenities, ambience, atmospherics, specialty entertainment, special event entertainment, food and security.

Anselmsson (2006) lists out attributes that correlated to customer satisfaction and mall visit frequency in Sweden. It is found that eight salient mall attributes, namely selection, atmosphere, convenience, sales people, refreshments, location, promotional activities and merchandising policy are correlated to customer satisfaction; whereas convenience, location, promotional activities and merchandise policy are attributes that correlated to visit frequency. El-Adly (2007) report six salient mall attributes in UAE as: comfort, entertainment, diversity, mall essence, convenience, and luxury. More recently, Kushwaha, Ubeja & Chatterjee (2017) investigate Indian consumers’ mall shopping behavior. They find that service experience, internal environment, convenience, utilitarian factors, acoustics, proximity, and demonstration are key factors that induce consumers to visit a shopping mall.

While salient mall attributes have been well documented in the literature, nonetheless, these attributes are mostly based on the results from Western studies. Arguably, the transplanting of such results directly to a non-Western context may be risky. Wong et al., (2001) contends that culture plays a role in shaping consumer’s attitudes towards salient mall attributes in China. By applying a SCATTER instrument that consists of 21 attributes, they find that quality and variety of the product are considered the most salient attribute that influence shoppers’ patronage decision. Unexpectedly, location, which was proposed by Huff (1962) as one of the most important factors that influences retail patronage, is not the most critical consideration for Chinese shoppers.

Differences between Chinese and Thai Shoppers

According to Hofstede (1980), both Chinese and Thai cultures are collectivist in orientation. However, while there are many similarities between the cultures, some behavioral differences may be expected due to differing values. A comparison between Chinese and Thai core cultural values indicates that although majority of values more or less overlap between the two countries, three values are specific to Thais, namely '*mai pen rai*' (never mind), *present oriented* and '*sanuk*' (fun) values. It is believed that these values are specifically shaped by the Buddhist teachings, thus are represented as values unique to Thai society (Ovatsatit 2007). Given their hedonic orientation, Phillips (1966) proposes that *mai pen rai* and *sanuk* values have made Thais more individualistic than they are widely assumed. In addition, Chetthamrongchai and Davies (2000) suggest that hedonic shoppers are likely to be present oriented. All of these findings suggest that the likelihood for Thais to be hedonic shoppers is high. Accordingly, they are supposed to place more importance on experiential aspects of mall attributes. In contrast, the notion that Chinese mall shoppers are more likely to be utilitarian driven has been well documented in the literature (Li et al. 2004; Tse et al. 1989; Tse 1996). Therefore, it is proposed that:

H1: Thai consumers place more importance on experiential aspect of mall attributes than Chinese consumers do.

H2: Chinese consumers place more importance on functional aspect of mall attributes than Thai consumers do.

Research Methodology

Measurement

Based on the survey by the Institute for Marketing Information of China (IMI) in four metropolitan cities in China, namely, Beijing, Shanghai, Guangzhou, and Chongqing in 1997 (Wong et al. 2001), together with works from the literature, (such as Bellenger et al. 1977; Sit et al. 2003; Wong et al. 2001), an initial item pool was developed, which was then modified based upon the result of a focus group interview in China. At the beginning of the focus group interview, 27 mall attributes under five categories (See Table 1) were presented to participants. The participants were asked to indicate the extent to which they perceived the importance of each potential mall attribute, that is, how each attribute will contribute to their mall selection decision. After that, individual attributes that were considered least attractive to the respondents were eliminated. Extra attributes were reported important during the interview by some participants and were then added to the pool after getting the consensus of all participants. According to the result, *late closing hour*, *availability of imported goods*, *delivery service of goods*, *occasional entertainment*, *availability of supermarket*, *merchandising styling/fashion*, *courtesy of personnel* were attributes that considered not or much less important, therefore they were removed from the list. On the other hand, *crowdedness* and *security* (no theft loss) were additional attributes that considered important to participants, thus they were included in the

list. Due to space constraints, attributes that related to mall atmosphere, such as the background music, fashionable color scheme and modern decor were all combined into one item under the name “mall atmosphere”. Rather than listing them out as independent item, they were listed as the examples to describe the term “mall atmosphere” in a parenthesis. The final items were then examined for clarity, conciseness, and relevance (DeVellis, 1991) by other academic researcher not involved in the research. The reviewer was fully briefed on the purpose of the scale, previous research in this area, and the ideas that had come from the focus groups. Finally, a list of 22 mall attributes used by mall shoppers in their selection decision was identified.

Table 1. List of Potential Mall Attributes

Category	Attributes
Merchandising	Merchandising variety Merchandising pricing Merchandise styling/fashion* Availability of supermarket* Availability of imported goods* Merchandise quality Sales promotion
Accessibility	Convenient location Ease of parking Vertical transportation
Services	Assistance at information desk Knowledge of employees at information desk Courtesy of personnel* Return of goods Delivery service of goods*
Atmospherics	Pleasant background music Fashionable color scheme Modern decor Air-conditioned Cleanliness Resting seat Lay out Adequate and well-designed entrance Late closing hour*
Entertainment	Availability of entertainment facilities (i.e. cinemas and game zones) Occasional entertainment (i.e. fashion shows and lucky draws)* Availability of food court/restaurant

**eliminated item after the focus group*

Respondents were first asked to indicate the importance of each mall attribute, using a

six-point Likert-like scale (1 = Extremely Unimportant; 6 = Extremely Important), they were then asked to indicate the extent to which the mall that they shop the most frequently was perceived to be similar or different for each of these characteristics along another six-point scale (1 = Strongly Disagree; 6 = Strongly Agree). The reason to adopt a six-point scale is because of the potential problem of courtesy-bias on the part of Asian respondents (Ayer 1970), who tend to select the middle path to maintain the harmony, which can result in a high number of neutral responses.

Sample

As street survey is prohibited in China, therefore, a self-administered web-based survey with convenience sampling was used to collect the data in both countries. The website of the questionnaire was posted to several big online communities, where a large number of potential respondents could be accessed. In order to encourage participation, a cash drawing was provided. In addition, a smaller number of hard-copy surveys were conducted at the same period of time in order to minimize potential sampling bias that derived from online survey (Schaefer and Dillman 1998; Illieva et al. 2002). Screening questions are provided in the questionnaire, so the qualified respondents are those who have ever been to a shopping mall in the past two months and are at least 20 years old.

The total number of usable returned questionnaires was 643, with 320 in China, and 323 in Thailand, with a response rate of 30-40% in each country. Fewer usable surveys were obtained in China because many respondents did not understand what a shopping mall is, confusing it with other shopping venues such as department store, great merchandiser or anchor supermarket within a shopping mall, likely because the format is relatively new. After the data editing and cleaning, the final number of questionnaires with no missing values in all variables under analysis was 305 in China, and 308 in Thailand.

In terms of overall demographics, 90% were aged between 20 to 38, 69% were female, 71.6% were single and 82.7% had no children, 57.4% had a bachelor's degree 65.7% were white collar, and 45.1% had monthly income between 2000 to 6000 Yuan (or 10,000 to 30,000 Baht). Compared with Chinese respondents, Thai respondents were older, better educated and more affluent ($p=.000$).

Analysis & Findings

In the present study, among a variety of approaches, such as index mid-point, grand mean, mid-rank, and median (Crompton & Duray 1985; Huan et al. 2002; Nitse & Rushing 1996; Oh 2001), grand mean scores were used as a benchmark to identify the importance of the 22 attributes. The grand mean scores for both importance and performance were summed across all attributes then divided by 22. The mean of each attribute was then compared to this grand mean. The attributes whose averages exceeded the grand mean were designated as "high importance" or "excellent performance", and those which had lower means compared with the grand mean were labeled as "low importance" or "poor performance" attributes.

Importance of Mall Attributes

The result of one-way ANOVA (see Table 2) indicates that compared with Chinese shoppers, Thai shoppers placed more importance on merchandise variety (mean=5.35 vs. 5.10, $p=.000$), close to home (mean=4.96 vs. 4.37, $p=.000$), ease of parking (mean=5.31 vs. 3.95, $p=.000$), adequate layout (mean=5.12 vs. 4.88, $p=.001$), knowledgeable salesperson (mean=4.83 vs. 4.49, $p=.000$), uncrowded store (mean=5.01 vs. 4.71, $p=.000$), availability of food court (mean=4.67 vs. 4.19, $p=.000$), availability of entertainment zone (mean=4.31 vs. 3.88, $p=.000$) and clean (mean=5.60 vs. 5.43, $p=.003$). Therefore, hypothesis 1 suggests that Thai consumers place more importance on experiential aspect of mall attributes than Chinese consumers do is partially supported. Thai consumers not only place importance on experiential aspect of mall attributes (such as availability of food court, availability of entertainment zone), but also place importance on functional aspect of mall attributes.

The finding may be explained by some plausible reasons. As mentioned earlier, Thai respondents were found relatively older than their Chinese counterparts. While it is a conventional wisdom that young people tend to be hedonic oriented, it is thus possible that when people getting older, they may be more utilitarian driven, likely because of the different life stage they getting into. The result of the analysis suggests that on one hand, Thais may shop for fulfilling their hedonic needs which influenced by their 'sanuk' (fun) values; on the other hand, for those relatively older shoppers, they may seek for satisfying their utilitarian needs simultaneously which resulted from their different social role plays in their life stage.

The result of ANOVA analysis also indicates that compared with Thai shoppers, Chinese shoppers placed significantly more importance on good reputation of the mall (mean=4.74 vs. 3.74, $p=.000$), resting seat (mean=4.09 vs. 3.80, $p=.003$), merchandise quality (mean=5.65 vs. 5.00, $p=.000$), prompt help at information desk (mean=4.55 vs. 4.32, $p=.02$), return policy (mean=5.32 vs. 4.97, $p=.000$), air conditioning (mean=5.19 vs. 4.80, $p=.000$), and vertical transportation (mean=4.92 vs. 4.62, $p=.002$). As all of these attributes are function driven, therefore, hypothesis 2, which proposes that Chinese consumers place more importance on functional aspect of mall attributes than Thai consumers do is fully supported. The finding lends support to the previous findings that Chinese consumers tend to be utilitarian driven (Li et al. 2004; Tse et al. 1989; Tse 1996).

Table 2. Differences in Mall Attributes Importance between Chinese & Thai Shoppers
($n_{\text{China}}=305$, $n_{\text{Thai}}=308$)

Item	Country	Mean	Std. Deviation	F Value	Sig.
Reasonable price level	China	5.28	0.90	0.601	0.439
	Thailand	5.33	0.88		
Good reputation of the mall	China	4.74	1.09	102.395	0.000
	Thailand	3.74	1.34		
Resting seats	China	4.09	1.22	8.645	0.003
	Thailand	3.80	1.19		
Merchandise variety	China	5.10	1.00	13.151	0.000
	Thailand	5.35	0.70		
Close to home	China	4.37	1.34	33.656	0.000
	Thailand	4.96	1.16		
Atmosphere	China	4.89	1.05	0.804	0.370
	Thailand	4.81	0.98		
Merchandise quality	China	5.65	0.61	103.627	0.000
	Thailand	5.00	0.94		
Ease of parking	China	3.95	1.48	186.063	0.000
	Thailand	5.31	0.91		
Adequate layout	China	4.88	0.98	11.501	0.001
	Thailand	5.12	0.83		
Prompt help at information desk	China	4.55	1.17	5.411	0.020
	Thailand	4.32	1.27		
Knowledgeable salesperson	China	4.49	1.14	14.764	0.000
	Thailand	4.83	1.09		
Return policy	China	5.32	0.84	19.718	0.000
	Thailand	4.97	1.06		
Fast checkout	China	5.14	0.90	0.012	0.913
	Thailand	5.14	0.90		
Air conditioning	China	5.19	0.96	25.946	0.000
	Thailand	4.80	0.92		
Adequate and well-designed entrance	China	4.71	1.00	0.757	0.385
	Thailand	4.78	1.02		
Uncrowded store	China	4.71	1.05	14.282	0.000
	Thailand	5.01	0.87		
Security in the mall	China	5.40	0.83	0.581	0.446
	Thailand	5.45	0.83		

Table 2. Differences in Mall Attributes Importance between Chinese & Thai Shoppers
($n_{\text{China}}=305$, $n_{\text{Thai}}=308$) (continued)

Item	Country	Mean	Std. Deviation	F Value	Sig.
Availability of food court	China	4.19	1.25	25.388	0.000
	Thailand	4.67	1.06		
Vertical transportation	China	4.92	1.14	9.501	0.002
	Thailand	4.62	1.28		
Availability of entertainment zone	China	3.88	1.28	18.879	0.000
	Thailand	4.31	1.17		
Clean	China	5.43	0.79	9.058	0.003
	Thailand	5.60	0.64		
Frequent sales promotion	China	4.86	1.21	2.673	0.103
	Thailand	4.70	1.18		

Customer Satisfaction

Table 3 presents the results of simultaneously considering each attribute's importance and performance in both countries. Seven attributes in both countries fell into the "keep up the good work" quadrant. These attributes are strengths of the malls, thus should be highly emphasize when developing marketing strategies for both attraction and retention of customers. Merchandise quality, clean, air-conditioning, fast checkout, merchandise variety, vertical transportation and atmosphere are attributes that Chinese shoppers satisfied with, whereas merchandise quality, clean, security in the mall, merchandise variety, adequate layout, uncrowded stores and close to home are attributes with which Thai shoppers are satisfied. While air-conditioning, vertical transportation and atmosphere are important attributes to attract Chinese shoppers, they have less value in attracting Thai shoppers. While fast check out is considered strength for the Chinese malls, it is considered weakness for the Thai malls, thus requires immediate improvement.

In contrast, while security in the mall and adequate layout are strengths for the Thai malls, they are weaknesses for the Chinese malls to improve. Although uncrowded stores and close to home are critical factors that attract Thai shoppers, but they are likely have no value for Chinese shoppers. Five and four attributes in China and Thailand respectively fell into the "concentrate here" quadrant. These attributes require immediate improvement with greatest efforts, since they are the key reasons that make malls lose their current shoppers to their competitors and fail to attract new shoppers. Return policy and reasonable price level are universal attributes that require immediate improvement in both countries. While frequent sales promotion needs immediate improvement for Chinese malls, Thai malls already do well on it. Perhaps due to their differences in car ownership, while ease of parking requires immediate improvement for Thai malls, it should not be a focus for Chinese malls. Good reputation of the mall, adequate and well-designed entrance, availability of food court, and availability of entertainment zone are attributes that have over developed across nations.

Similarly, prompt help at information desk, knowledgeable salesperson and resting

seats are attributes where no immediate attention should be paid on.

Table 3. Summary of Results

Item	Chinese Malls			Thai Malls		
	Imp.	Perform.	Quad.	Imp.	Perform.	Quad.
Merchandise quality	5.65	4.99	K	5.00	4.75	K
Clean	5.43	5.34	K	5.60	5.02	K
Security in the mall	5.40	4.62	C	5.45	4.75	K
Return policy	5.32	4.30	C	4.97	4.02	C
Reasonable price level	5.28	4.35	C	5.33	4.58	C
Air conditioning	5.19	5.45	K	4.80	4.74	O
Fast checkout	5.14	4.69	K	5.14	4.54	C
Merchandise variety	5.10	5.07	K	5.35	5.06	K
Vertical transportation	4.92	5.13	K	4.62	4.83	O
Atmosphere	4.89	4.93	K	4.81	4.61	L
Adequate layout	4.88	4.50	C	5.12	4.64	K
Frequent sales promotion	4.86	4.48	C	4.70	4.64	O
Good reputation of the mall	4.74	4.86	O	3.74	4.65	O
Uncrowded store	4.71	4.45	L	5.01	4.71	K
Adequate and well-designed entrance	4.71	4.99	O	4.78	4.68	O
Prompt help at information desk	4.55	4.22	L	4.32	4.09	L
Knowledgeable salesperson	4.49	4.16	L	4.83	4.31	L
Close to home	4.37	3.96	L	4.96	4.88	K
Availability of food court	4.19	5.10	O	4.67	4.90	O
Resting seats	4.09	4.24	L	3.80	4.10	L
Ease of parking	3.95	4.24	L	5.31	4.53	C
Availability of entertainment zone	3.88	4.80	O	4.31	4.65	O
Grand mean	4.81	4.68	-	4.85	4.62	-

K stands for: Keep up the good work; C: Concentrate here; L: Low priority; O: Overkill.

Conclusions

The results of present study provide some useful insights for Thai managers. First, while Thai shoppers' satisfaction level are more likely to be determined by their evaluation on both functional and experiential aspects of mall attributes, Chinese mall shoppers' satisfaction level are more likely to be determined by their evaluation on functional aspects of mall attributes alone, likely a result from their shopping motives. Second, a further IPA analysis indicates that despite their similarities, Chinese and Thai malls also share differences in their strengths and weaknesses. Interestingly, what considered as strengths for Chinese malls may be considered as weaknesses for Thai malls, vice versa. The findings imply that international mall retailers should not simply transplant those strengths from one country to another without understanding

local consumers' needs and wants. Last, in addition to identifying criteria that consumers use to select a mall, the results of this study also indicate the actual performance of these criteria. Therefore, mall managers will be able to identify improvement priorities for salient attributes and direct quality-based marketing strategies (Hansen and Bush 1999). By doing so, mall managers can allocate their scarce resources more effectively and efficiently to attain the highest degree of customer satisfaction.

Limitations & Future Research

Like any of other research, this study has some limitations too. First of all, due to some constraints, the data were collected online rather than in the shopping malls. Technically, it would be better to do the survey in the shopping malls, as the perception of the respondents towards the mall attributes is still fresh. By doing so, less bias due to difficulties in recalling will generate. This may be especially true when collecting the data that measure the performance of the malls. However, in spite of its drawbacks, the online survey also provides a number of benefits, such as easier access to a wider range of customers (Illieva et al. 2002), avoid incomplete responses (Byrne 2001), allows for the use of uncomplicated directions (e.g., through automatic routing), as well as richer and more interesting question formats to help respondents complete the survey effectively. Online surveys may reduce field costs by 50-80%, lower response and data processing times substantially, and enable the centralization of research project management (Dillman 2000; Illieva et al. 2002).

Secondly, the generalizability of the findings may be limited to consumers who aged between 20 to 38 in both countries. It is possible that different attitudes towards mall attributes may be found for consumers who younger than 20 or older than 38.

Last, given the differences in the demographic background (that is age, education and income) of the respondents in the two countries, it would be hard to distinguish whether the results of this study are derived from these differences or other proposed factors. Therefore, the findings need to be interpreted with cautions.

Future research could employ different sampling techniques, such as mall intercept method to reduce the sampling bias. Future research should also try to avoid the differences in the demographic background of respondents from two countries to reduce the "noise" in the comparison. However, on the other hand, it would be interesting to examine the moderating effect of some demographic variables in this study. For instance, mall attributes that are important to female might be different from attributes that are important to male. Attributes that considered important for young shoppers may not be important for old shoppers. Given the dominance of Confucianism in a number of Asian countries, such as Japan, South Korea and Singapore, it would be interesting for future researchers to replicate this study in these countries to see if similar findings from Chinese consumers can be found when comparing to Thai consumers.

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Cross Cultural Training To Develop Cultural Intelligence Within A Group Of MBA Students: A Qualitative Evaluation

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Abstract

Cross Cultural Groups (CCG's) are now well established in many Master of Business Administration (MBA) classes around the world as there is an increasing amount of students who can afford to study abroad. That has created many unique challenges for educators who face now more and more students from a wide variety of countries in their MBA programs. Particularly as many of those students now come to study abroad for the first time, cross-cultural related issues are experienced in the classroom. Cross-cultural training (CCT) might have the capability to create a higher degree of Cultural Intelligence (CQ), as those CCT's can form a greater awareness of the impact of culture. This research adopts and interpretive approach that investigates the experience of International MBA students during their program of study and investigates the potential change in behavior and the development of CQ. In particular the changes students have experienced before, during and after applying a CCT. This research is based on various qualitative data collection methods based on qualitative open ended surveys, collected before and after the CCT as well as observations before during and after the CCT took place. Even so the results of that evaluation research are not representative they suggest that a greater CQ among the CCG can be achieved with a CCT, which also correlates with the findings of similar research. In addition, a better understanding and happiness among fellow MBA students after the CCT have been observed and also reported by the students. Overall the research contributes to a more professional approach to Education within the international MBA environment.

Keywords: Teaching; Cross-Cultural Groups; Cross-Cultural Training; Cultural Intelligence

Introduction

The performances of graduate students after they entered the job marked play an important, perhaps even significant role in shaping the future of societies, regions and prosperity of entire countries (Symonds, Schwartz, & Ferguson, 2011). In particular the Master of Business Administration (MBA) has long been recognized to be an essential forerunner in educating students around the world about the 21st century required skills and knowledge for today's demanding jobs (Kuratko, 2003). As stated by Vallaster, the understanding of 'cultural diversity' is now largely accepted within organizations and universities alike as a major source of potentials and challenges that are culture related (Vallaster, 2005). Within the literature, it is widely argued that 'culture' might create vast benefits for Cross Cultural Group's (CCG's) compared to mono cultural or homogenous groups (Bergh & Lehmann, 2006; Distefano & Maznevski, 2000; Lehmann & van den Bergh, 2004). At the same time does research suggest the downside of 'culture' on CCG's as reported in various studies as culture strongly influence the behavior of its members (Cho & Greenlee, 1995; Hofielen & Broome, 2000; Segalla, 1998). According to (Richards, 1997) the notion that an MBA program should include a Cross Cultural Training (CCT) when it is an international program wasn't well researched nor understood.

The debate started with the need to better understand the requirements for such training. For example, should a CCT to be considered useful by more focusing on culture specific or more on culture general aspects? As a result of their research findings, the idea that the design of such training has a tremendous impact on the benefits of such international MBA programs needs to be taking into consideration. The two stage study of (Young & Schartner, 2014) indicated that a group of graduate students who studied cross cultural communication (CCC) performed ‘significant’ better in academic achievements over a wide range of accomplishments and measurements as a ‘peer’ group studying a comparable course but without any focus on CCC during their studies. Further, their study outlined that many students have been able to adjust and adapt much better as the group without the CCC background. According to (Ramsey & Lorenz, 2016) and their study, Cultural Intelligence (CQ) might be the missing link to better understand if an academic course that includes any ‘Cross-Cultural Management (CCM) elements, such as a CCT can help students to better perform during their course and thereafter in their career. It is argued in their research that CQ can actually be learned in the classroom and that it might have a significant impact on the happiness and overall fulfilment of their chosen program (Ramsey & Lorenz, 2016). (Levitt, 2016), point out that there is a greater than before need for intercultural competency within higher education and practitioners in industry. It is argued that the increased demand of CCG’s within the workforce asked for such skills to be developed early in education.

Even so, as (Volet & Ang, 1998) describe, the increase of CCG’s within Universities has made is necessary to study about their needs and their requirements as well as the challenges CCG’s face and search for potential solutions how such CCG’s can be helped to perform better. As there are so many terms given in the literature that can be subsumed as CCG’s, for example the statement “all teams are groups but not all groups are teams” (Hingst, 2006, p. 3) required to include multinational teams (MNT’s) research into this paper to make it more coherent with the wide body of theory within the literature. CCG’s therefore can be described as a group of members that varies in their gender, the age array, their occupational experience and functions and that they all have a wide range of cultural backgrounds. Further, they can be classified in having positive and negative aspects. On the positive aspects are an increased resourcefulness and that well working CCG’s can solve more complex problems, creating ‘value’ to the CCG’s work performance (Distefano & Maznevski, 2000). To sum up, students studying in MBA programs are now more and more to be found being in a CCG. In addition, those groups face culture related challenges and might benefit of the development of a greater CQ as a skill.

Literature review and development of research questions

According to Ingols and Shapiro, the MBA is an advanced business degree, which is taught at universities at postgraduate level. Further they point out that the MBA degree teaches and aims to develop both, ‘hard skills’ as found for example as ‘tangible’ knowledge in Accounting or in Finance or other essential business functions and knowledge and ‘soft skills’ that are ‘intangible’ such as team work or business ethics (Ingols & Shapiro, 2014). The notion of what makes a group of people multicultural or cross-cultural can be defined according to (Adler, 2001) if a significant amount of the members differentiate them self in the group by “represent three or more ethnic backgrounds” (Adler, 2001, p. 140). Marquardt and Horvath offer a similar view on what makes a cross-cultural group (CCG) when they outline that a group is surrounded by members from various cultural backgrounds (Marquardt & Horvath, 2001). In that regard an MBA class with various members coming from different cultural backgrounds can be considered a CCG.

The Challenges of Cross Cultural Groups and the need for CQ

As discussed in (Goerlich, Wu, & Pemberton, 2008), previous research on CCG's indicate the different needs of CCG, for example how decisions are made between their members, e.g. do members need to study their facts first before decisions can be made or can decisions be made immediately without much previous considerations (P. C. Earley, 1999; Fisher, Hunter, & Macrosson, 2002; Marquardt & Horvath, 2001). CCG's also show variations of expectations, as for example, what type of leadership style is expected. The need for hierarchy, vs. equally, or how group members have different needs to make success visible vs. respecting leaders without any need for achievement (Adler, 2001; Huijser, 2006; Trompenaars & Hampden Turner, 1997; Trompenaars & Woolliams, 2003). Even how CCG's members want to be rewarded, separately based on performance or collectively based on group efforts differs tremendous as reported in (Berry & Ward, 2006; Kippenberger, 2000; Rohn, 2006). Based on research conducted by (Adler, 2001; Jinsoo, 2007; Oertig & Buergi, 2006) there is some clear indication that CCG's will face trust building issues not only between virtual but also between face-to-face CCG's.

That is significant as 'trust' is considered the 'glue' that keeps groups together, enabling them to achieve their desired tasks (Stahl, Mayrhofer, & Kuehlmann, 2005). Another known and well research issues CCG's commonly face are due to possible miscommunication between their members and variations of English speaking capabilities (Appelbaum, Shapiro, & Elbaz, 1998; Schneider & Barsoux, 2002). According to (Dight, 2004), in reason years a new concept emerged. Because it is not enough to just understand the do's and don'ts of cultural differences if someone want or need to interact effectively across cultures but instead to possess a sort of intelligence, that is labeled CQ.

As argued in their book, (P.Christopher Earley, Ang, & Tan, 2006) believe that Cultural Intelligence (CQ) is a kind of 'natural ability' to understand and react appropriately to new and unfamiliar situations that are rooted in cultural differences. Whereby, according to their definition CQ possesses three main features: First, 'the head' the can be best explained as the rational mind that is able to explore and process new information and knowledge about cultural differences. Second, 'the heart' that means someone has the right amount of enthusiasm and willingness to interact with a new culture or cultural setting. Third 'the body', that someone is able to adjust own actions and manners as deemed appropriately in the given cultural environment. As a consequence, an individual that possesses a higher CQ will have it much easier to detect behaviour of others that are culture related, be able to better decode the possible meaning and significance of such culture related behaviour and to adapt their own actions accordingly (P.Christopher Earley, et al., 2006).

As Janssen and Brett argue, it can be concluded that as higher someone's CQ, as higher the chances that this person is able to comfortably, in a natural kind of way, is able to interpret and adjust their own behaviour to new culture related situations and to therefore work together more effectively across cultures (Janssens & Brett, 2006). Landis, Bennett and Bennett defines Cross Cultural Training with the "interdisciplinary focus between cultural anthropology, cross-cultural psychology, sociolinguistics, multicultural education, intercultural communications and international business management" (Daniel Landis, Bennett, & Bennett, 2004, p. 1). As pointed out by (D. Landis & Bhagat, 1996; Morris & Robie, 2001) CCT can be described as a process and learning about, first, to understand others behaviour, like how others do things. Second, cognitive actions as to why someone is doing what they are doing. And third, competencies, like to be able to adopt behaviour in the right manner given the circumstances or situation in another culture setting. According to (Littrell & Salas, 2005), Cross Cultural Training (CCT) and research on such specific kind of trainings require a deep understanding on the training dynamics and measurements if a training can be considered successful.

As outlined in (Goerlich, 2014) CCG's need to find a way to overcome the issues they face that can be traced back to cultural differences. It is therefore necessary to find the right measures when it comes to the appropriate CCT methods and when and how such training to be conducted.

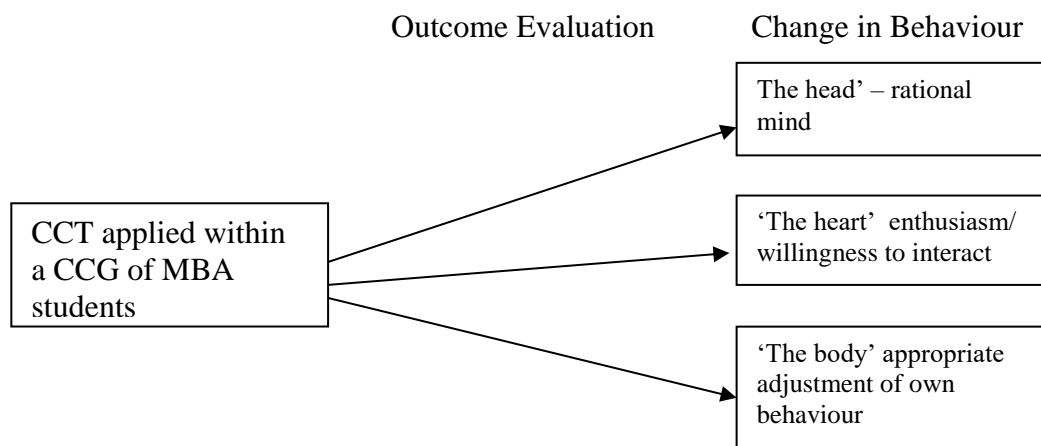
Research Objectives

The question that emerged from the literature review is to what extent is a CCT able to develop a higher degree of CQ? Moreover, if so and a higher degree of CQ can be developed, how do the students benefit from such skill?

The objectives of this research are:

1. To evaluate, based on Kirkpatrick's 4 level of evaluation the outcome of the CCT and impact of the CCG of MBA students?
2. Can the possible change in behaviour be linked to an increase in CQ by using the theory of CQ by (P.Christopher Earley, et al., 2006), as what has changed in terms of the behaviour at
 - a. 'the head' – rational mind
 - b. 'the heart' – enthusiasm/willingness to interact
 - c. 'the body' – appropriate adjustment of own behaviour

Conceptual Framework



Methodology

The aim of the research is to investigate the possible change in behaviour of a cross-cultural group of MBA students after a CCT was conducted. The study was therefore conducted at an International Business course that lasted several weeks with meeting the student weekly as part of an MBA program within an International University.

Data collection

In a first step of collecting the data, a questionnaire with only qualitative elements was administered to a group of 37 students. The group of students had been comprised in total 13 nations with students from Pakistan, Sweden, Germany, Nepal, India, China, Myanmar, USA, Vietnam, France, Austria, Thailand and Nigeria. The qualitative questionnaire was distributed before the CCT and asked the students based on open-ended questions about their relationship, how they understand others behaviour, emotions when working with others and a reflection on their own behaviour when working with others to fellow students and their attitude towards them. Moreover, if they believe they are able to interpret the behaviour of their fellow students correctly? In addition, if they think they are able to adjust their own behaviour when interacting with different students? Those questions derived from the theory of CQ.

Table 1. Sample questions of qualitative open-ended questionnaire:

Relationship 'head'	Please describe in your own words your relationship to your class members during your MBA so far? Describe a situation that you remember during your MBA that explains the relationship to your classmates?
Understanding others 'head'	Do you think you understand fellow student's actions when working in groups? Has there been situations that you recall that you found challenging when working with others? Please explain?
Emotions when working with others 'heart'	How would you describe your emotions when working with your group members?
Own behaviour 'body'	Do you adapt your own behaviour when working in a group? Please explain?

Source: The researcher

As a second stage, a 6-hour lasting CCT was conducted with that same group of student that comprised a theory part, a role play part with elements in which students together as part of group work needed to find solutions to culture related issues. The final aspect of the CCT was to reflect on experiences on own and other understandings (critical incident). Three weeks after the CCT was conducted a second questionnaire was administered that asked the same questions as the first questionnaire. It also included a qualitative section in which students have been asked for their specific reflections and experiences of behaviour after the training.

Table 2. Sample questions of follow up questionnaire:

Relationship 'head'	Please describe in your own words your relationship to your class members after attending the Cross-cultural Training
Understanding others 'head'	Do you think you now had better understand fellow student's actions when working in groups? Please explain:
Emotions when working with others 'heart'	After attending the Cross-cultural training, how would you describe your emotions when working with your group members?
Own behaviour 'body'	After the Cross-cultural training, how did you adapt your own behaviour when working in a group? Please explain:
Change in behaviour 'head, heart and body'	Did you notice any change in your own behaviour after attending the Cross-cultural training when working with others? Please explain:

Source: The researcher

Lastly, the class has been observed before, during and after a CCT took place, specifically on the group working dynamics of the students by the researcher. For that purpose an observation journal was kept. As the researcher is a foreigner from Europe, working in Asia and due to the fact that the researcher also has extensive work experience abroad, coupled with many research experiences in and around the topic of cross-culture makes him an expert in theory and practice about cross-cultural work relevant for that research.

Since the aim of the research is not to proof or disprove theory, nor to develop theory but to investigate what is happening and why something is happening, the research applied evaluation as its main research method. According to (Hall & Hall, 2004), the focus of evaluation research is a more applied and practical approach to research rather than on developing theory. It can be summarised, as Patton (2002) mentioned, that the two main directions of evaluation research can be ‘summative’ based on outcomes and or ‘formative’ evaluating the processes of something (Patton, 2002). The underlying research philosophy is based on interpretivism, using qualitative data collection methods (qualitative observations and qualitative open ended questionnaires) (Saunders, Lewis, & Thornhill, 2006).

Data analysis

The four stage evaluation framework as described in (D. L. Kirkpatrick & Kirkpatrick, 2006; J. D. Kirkpatrick & Kirkpatrick, 2005) has been applied in this research.

Table 3. Kirkpatrick’s Four Level of Evaluation

Level	Basic Questions	Assessment Method
Reaction	What was the reaction to the CCT?	Observation and Qualitative Questionnaire
Learning	Did learning occur during and as a result of the CCT?	Observation and Qualitative Questionnaire
Behavior	Has a change in behavior occurred as a result of the CCT?	Observation and Qualitative Questionnaire
Results	Can the learning/results linked to an increase of CQ?	Observation and Qualitative Questionnaire

Source: The author, inspired by Kirkpatrick and Kirkpatrick (2006)

Further the Miles and Huberman approach to qualitative research, based on data collection, data display, data reduction, conclusion/drawing/verifying and using the steps backward and forward as necessary has been applied by the researcher (Miles & Huberman, 1994). A ‘template analyses’ as described by King (2004) as an approach to “thematically organizing and analyzing textual data” (King, 2004) was further used. In the first step of the template analysis, the answers of the questionnaires have been transcribed, after that grouped into categories and subcategories in a template. Further, the answers have also been scanned for key words and those key words counted. In the final step, the emerging categories have been further grouped and the data have been reduced to be able to draw and verify the conclusions.

Findings

Objective one, what was the outcome of the CCT and impact of the CCG of MBA students? The first questionnaire indicated that many students had issues when it came to building relationships with other students during their MBA. Particularly building friendships among students seemed to be difficult. There have been some students who mentioned that they have developed friendships with other students but only with some individuals and not the whole group. Most of the class members had some distance to each other. As one student mentioned:

“Even so I like most of my classmates I found it very difficult to connect to them, particularly after class. Also there are many small groups, like the Chinese, and the Westerners, they like to hang out most of the time together”

Further understanding others behaviour/action seemed to be mixed among the students. Some students indicated that they ‘believe’ or ‘think’ they understand fellow students. Many reported that they not often, some even said that they ‘never understand’ what people do or way?

“I don’t get it, so many times have I been disappointed by (country) students. I do not understand what they do. That is quite frustrating”

In total it was mentioned 6 times curiosity/interest, 5 times confusion/chaos, 4 times disappointment and others emotions when working with others. Interestingly ‘anger’ and ‘frustration’ ranked with 16 mentioned highest, which can be translated into a high degree of interest to work together among the students as only very few mention ‘that they don’t care’. Perhaps the high mentioning of the frustration/disappointment is also related in slowing down students own performance, and even own grades that might be lower due to lower group work efficiency?

In the beginning of their MBA was the most reported response, students tried sometimes to adapt their behaviour to others but that they are now mostly themselves and do not adapt to others anymore. As one student reported:

“...to be honest, I don’t care much anymore. I think it is pointless to be different, yes sometimes I’m more of a kind person, like in the beginning but I ended up that others just used me. Now I’m just me, trying to get the project done”

Objective two, can the possible change in behaviour be linked to an increase in CQ? After the CCT, there have been some fundamental changes reported by the students in the second questionnaire. At the relationship level, most not all students reported that they find it now easier to connect with the fellow students. There seem to be a better relationship among the students as one student point out:

“I can’t help myself but it looks like that the last exercise we had to act as the other culture has helped to break the ice”

And like another student wrote *“...the (country) students behaviour is still weird but actually they are not so unfriendly as I thought they are, now we can work together easier”*

At the understanding others level, there have also been many reports from the CCG that they think they can now better understand the 'motives' and 'actions' of the fellow students. In total 9 times have the word, 'working style', 6 times 'motivation/incentive', how others do something be mentioned. For example as a student noted:

"...now I know why (country) people don't say anything. And I thought in the beginning they are inexperienced or uninterested but they just don't want to offend others"

In addition, the emotions when working with others of the CCG has significantly changed compared to answers from the first questionnaire. Now the most mentioned, 12 times key word was 'relaxed' and with 4 mentioned 'relieved'. It appears that most students now enjoy working with each other compared before the CCT. There have still been students mentioning that they have a rather negative feeling when working with others, but overall the mood seems to have changed.

When ask for the change of own behaviour that was probably the main change that has been reported. Student mentioned that they now had better adjust/change behaviour as they have the feeling they can contribute to a better outcome of the group work as the following except demonstrate:

"....because the (country) students normally don't say something I ask them first before I say something. That I would normally not do but hey, it works. Now (country) say something useful too"

Moreover, when prompted to explain the 'change in own behaviour' students believed that they are now better prepared to cope with culture related behaviour. Even so that may or may not be purely subjective there was a great amount of students who mentioned that the CCT has been a revelation and that they think they are now better prepared to better/easier connect with others.

Observational results:

Two group works before the CCT has been conducted has been observed. The observer had the impression that in each group there had been students who talked all the time and some have been very quiet the whole time. In addition, the observer got the feeling that the group work was not enjoyed by everybody.

After the CCT, and in following group works, however, there was a noticeable change in behaviour as now nearly all students work together, with a lot of talking and discussions among them. Further students looked much more relaxed and seem to enjoy their group work more.

Discussion

The outcome of the CCT seems to have been resulting in a noticeable change in behaviour of the CCG. Can this be linked to an increase in CQ? Given the responses from the students there certainly is a strong indication that the CQ at some, perhaps even the most student has increased. This result correlates with the findings of (Young & Scharfner, 2014) who stated based on their study that student with some CCT background performed significantly better adjusting and adapting to new culture related situations as for example group work with students from different cultural backgrounds. The CCG mentioned that they

are able to adjust own behaviour and that they now feel to better prepared to decode the rational behaviour of others. There is some, by the students reported and also observed mood change after the CCT took place that has resulted in higher degree of interaction among the CCG members. It can therefore be stated that the findings of this study has show similar outcomes. Those findings also correlate with the definition of CQ by (P.Christopher Earley, et al., 2006). We can therefore assume that the findings can be linked to an increased CQ. Even so the findings are not representative given it was an interpretive investigation, it can be assumed that a CCT conducted for a CCG of MBA students can contribute to develop a higher CQ.

The study had several constrains as the researcher had only access to a quite small sample size, limitations in time and also not applying quantitative methods. It is therefore suggested to have additional research on that topic. That research should apply a larger sample, perhaps a quasi experiment using quantitative research. To sum up, there are strong indication that a set of skills, subsumed as CQ can be developed with a CCT, positively influencing the students and their happiness. However, it cannot be stated if those changes in behavior can have a long-term effect, for that also further research with a longer time span would be required.

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Consumer Behaviors and Factors Affecting Online Buying Behaviors of University Students in Digital Disruption Era

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Abstract

The Digital disruption era and advance communication technology emerging lately had more impact on the way of doing business. Company strategies and method of doing business are changing to match with the changing of customers' demands. Customers today prefer faster in service and better in quality but cheaper in price. New business model such as online store where online sales volume is driven by modern technology can fulfill with the demands of customers in disruption era. Research results showed university students found fast and convenient for buying online products that fashion items were on the top list followed by health and beauty products. Good time for surfing online stores was during 6.00 – 10.00 p.m. University students made decision to buy online products by themselves. Each order was 1,000 Baht or lower and payment made through bank transfer. Product and Place factors had more influence on buying decision than Price and Promotion factors. Male and female students had no significant difference in online buying behavior. But students with different ages and income rates had significant differences in online buying behaviors at 0.05 level of significance.

Keywords: consumer behaviors, factors affecting online buying behaviors, digital disruption era

Introduction:

The emerging of new media advertising and digital innovations in the digital disruption era today such as hi-tech mobile phones, Hybrid cars, electronic tickets, smart-home gadgets, digital devices, techniques, and designs have created an abrupt change to people way of life and also to the methods of production goods and services in business sectors. The world traditional marketing yesterday has to improve its ways of doing marketing movements to survive in the digital marketing era where sale force is driven by modern technology and innovations. A new paradigm of marketing platform, from traditional marketing to digital marketing strategy, is a phenomenon of business movements adjusting to the new world. People may have to stop working fulltime someday to obtain new skills in order to survive in the world of new and unfamiliar devices controlled by intelligent computer systems. We all now are living in the sphere of digital and social media that the majority of people are dependent on online interaction.

We have changed the way we so shopping, at this moment in time, we can either buy things we need from online store at early morning without taking a shower or simply buy some grocery in the middle of the night in old pajama instead of going out to retail store down town and being stuck in heavy traffic. Online store is an electronics commerce shop that allows customers to purchase products and services via internet or web browsers at any time. People found online shopping make their life easy (Anamika S., 2017: online) and simply.

Online shops help busy people, who do not have time or tolerance to wait for a long line at the checkout counter, to have things they need. People nowadays can browse more information they need to know, without difficulty, from internet or from other social media platforms. They can even read online product reviews posted by other consumers before making decision. In addition, they can post their feedback sharing their moods after consuming those merchandizes on that platform. It can be said that we simply buy anything we need from online stores at anytime, anywhere, or any day by just having a mobile phone in hand.

The modern communication technology today has influenced people lifestyle and ways of life as we can see numbers of new media advertisement via YouTube and other online platforms are launching in every single minute. As number of hours people spend on social media is surprisingly increasing (Evan Azano, 2017: online), marketers in the digital disruption era use this fact to create their marketing campaign and advertisements run on internet platform to suit with each customers' group. New contents added in online advertisement and new online channels to communicate with potential customers are creating. Significantly, consumers in the digital disruption era are worth more than product buyers or consumers; they can be active promoters to help increase sales volumes of satisfied products by writing comments, giving feedbacks over online channels. Thus, all marketers in manufacturing companies in the disruption era need to use various but effective online channels plus digital marketing strategies to promote their products to customer and to learn to know their target group of customers' behaviors in order to increase their sale volumes.

Results from a study of buying behaviors and factors affecting online buying behaviors of university students in digital disruption era will be a practical guideline for online stores and business sectors to produce products and services respond to this group of consumers' needs, as they are quite a big group of consumers. Furthermore, research results also help online stores to plan for their marketing campaign and social media management.

Research objectives:

The research aimed at studying and comparing consumers' buying behaviors and factors affecting online buying behaviors of university students in digital disruption era.

Definition of Terms:

Consumer Behaviors refer to customers' decision making, choosing, selecting, buying, and consuming product or service to fulfill with their needs.

Digital Disruption Era refers to period of time the revolution arises because of the emerging of innovations and new digital technologies that affects people way of life or the methods of doing business.

Facebook Store refers to an online store that is free and allowed its members to buy products or services directly on Facebook.

Factors Affecting Online Buying Behaviors refer to factors influencing consumers' online buying behaviors in four dimensions: Product, Price, Place, and Promotion.

Online Store refers to any kind of social networking websites or applications that sell products and services.

University Student refers to students enroll in any university located in Phetchaburi Province for a bachelor degree level at the time of conducting research.

Scope of the research

- 1) This research is limited to study consumers' behaviors and factors affecting online buying behaviors of university students who are currently pursuing bachelor degrees at any university in Phetchaburi Province.
- 2) The consumers' behaviors in digital disruption era focus on 1) product category, 2) buying frequency, 3) buying reason, 4) convenient time of buying, 5) amount of money spending each time, 6) buying decision, and 7) payment method.
- 3) The factors affecting online buying behaviors of university students focus on four dimensions: product, price, place, and promotion.

Literature Review:

Consumer behaviors

Consumer means any individuals, groups, firms, institutions, or organizations who buy products and/or service from market or any other place where those products or services available. It includes persons or organizations that associate, dispose, and use products and services. A study of consumer behavior is the study about how persons or groups choose and use products and services. Marketers of product manufacturers need to understand their customers and customers' behaviors before producing products or services to fulfill with customers' needs. Consumer decision making may involve with many different factors for example: personality types, ages, lifestyles, social status, family status, motivation, culture, subculture, innovation, attitudes. It is necessary to understand consumer behaviors, consumer types we are targeting. Understanding consumer-buying decision or customer behavior will help us to understand factors that influence the target group, especially when launching new products or services (Daniel Long, 2017: online).

Kit Smith (2016: online) suggested marketers and manufacturers to ask these questions and get the answers before producing or launching new products: how customers think and feel about other choices, what reason why customers choose different alternatives, customers behavior while shopping or researching, how consumers are influenced by their environment, and how marketing campaigns influence customers?

Digital Disruption Era in the Higher Education

Digital disruption or digital interruption or disturbance refers to period of time the revolution arises because of the emerging of innovations and new digital technologies that affects people way of life or the methods of doing business. The competition between each business is very tough due to the changing of customer demands. Customers in digital disruption era require cheaper but faster or better in quality. Textbook, channels of teaching methodology and activities can be delivered via new technologies that students can learn and access from anywhere and anytime. Students in digital disruption era can obtain their degree while working. Numbers of blended learning course and full online course are launching. The disruption of digital world impacts on how universities delivery their education as well as the way how students learn and spend their lives.

Factors Affecting Online Buying Behavior

Consumer buying behavior is everything related with customers' moods and emotions. Consumers may begin by asking themselves whether they should buy that products or services

or not, do they really need that product? And when they make decision to buy it they may ask themselves more questions such as where do they want to buy; from the retail shop or online store?, how much does that product cost?, is product worth its price?, etc.

Consumers' buying behavior can easily change depend upon many factors involved in buying decision for instance social factor, economic factor, personal factor, and etc. The digital disruption era is emerging where numbers of modern communication technology devices and innovation are invented. These innovations are totally changing people's lifestyle that create a boom of online stores where people can order any kind of products and services with their mobile phone in hand. In this study, factors that affect online buying behaviors of university students in disruption era will focus on the basic marketing mix strategy introduced by E.Jerome McCarthy, which is summarized as follows:

The Basic Marketing Mix Strategy (4Ps)

It is about 55 years ago since E. Jerome McCarthy, an American marketer, had introduced the four P's Marketing Mix Strategy to the business world (McCarthy, 2018: online). This basic but classic core-marketing concept is still known as one of effective marketing strategies for modern business society. McCarthy used four words starting with letter "P" to help people recognize and understand those terms easily. Price, Promotion, Product and Place, all terms begin with "P". The first P is product that covers both physical products and services. The second P is Price that means cost for buying or consuming products or services. The third P is Place refers to place, location, or distribution where customers can buy products or services and the last P is Promotion that covers all communication activities includes PR and advertising, and marketing campaigns company use to communicate with its customers includes PR, advertising, sales promotion, etc.

Social Media, the Great Customer Service Platform in Disruption Era

The world is on the completion of transforming into the digital disruption era, which internet or online activity has swung people everyday life. People life styles are also changing and adapting to cope with the digital society. People daily life today are relying on social media in one way or another where internet is one of fast and convenient communication platforms. Internet can help making people's lives easier that they can absorb numbers of advantages from shopping over online shop. Anamika S. (2017: online) pointed out that people prefer to buy merchandize online than going to store serviced by the conventional method of buying. Major business marketers take advantages of digital marketing era, that people spend a great amount of time a day surfing internet, by creating social media platform to satisfy their potential customers. According to Evan Azano (2018: online), teenagers spend up to nine long hours working and playing with internet, while other people spend almost two hours or 116 minutes a day on social media. Azano also helped us to have a clear picture on how people spent on social media in a lifetime, for instance, people spent 1 year and 10 months on YouTube, 1 year and 7 months on Facebook, and 8 months on Instagram. Time spent on social media of people have made sudden and unexpected drive to business. As we can witness sales revenues of popular online stores such as Lazada, Looksi, Shoppi, Cmart, etc., sale volumes of these online stores are unbelievably increasing every year.

Research Methodology

Population and Samples: The population of this research were university students studying a bachelor degree at University in Phetchaburi Province. A convenient sampling method is applied to collect data from 400 students.

Research Tools: Questionnaire, as a tool of research, was constructed respond to research objectives and theory from literature review part. The questionnaire composed of three sections: Respondents demographic or personal data, respondents buying behaviors, and factors affecting online buying behaviors. 400 sets of questionnaire were distributed to sample groups and were collected during December 2017 and February 2018. Collected data were carefully treated by using descriptive statistics and a statistical package for the social sciences (SPSS) program.

Research Findings

The research aimed at answering buying behaviors and factors affecting online buying behaviors of university students in digital disruption era, which the research results were summarized as follow:

1) Respondents Personal Data:

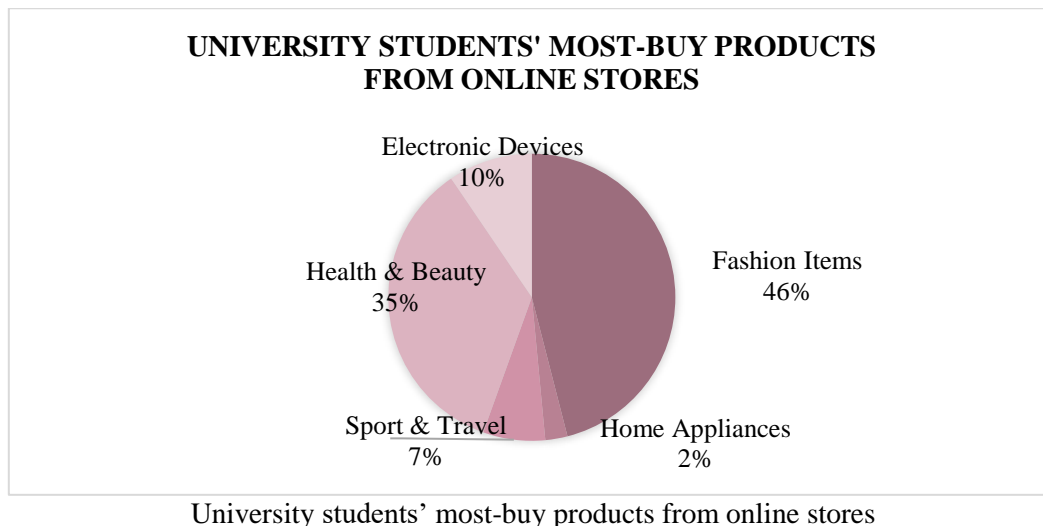
The findings revealed that the majority of respondents responding to this study were female university students (54.50%), aged 18-21 years old (60.00%), were studying on third year (32.50%). An average income earned per month was between 5,001 – 10,000 Baht (39.00%) and lower than 5,000 Baht (35.50%). Parents were major supporters for university students' expenses (79.00%). Only 3% of university students responded to the study relied on a student loan program.

2) Buying Behaviors:

Research results showed that the top two popular merchandises university students, which mostly like to buy from online stores, were fashion item (46.00%) and health and beauty product (35%). Convenient time to search product details and place orders was during 6.00 – 10.00 p.m. (49.50%) or after school and from 02.00 - 06.00 p.m. (21.50%). There was only 5.5% of university students checked out at online stores during 06.00 -10.00 a.m.

University students found fast and convenient to buy things from online stores (44.50%). In their point of view, it was convenient to buy and try trendy and imported products from online stores. About 8.5% of students bought items from online store because they wanted to try them. No person or thing influenced university students in buying decision but his or her own decision-making (79.00%).

Product cost by order was 1,000 Baht or lower (48.50%) and 1,000 – 2,000 Baht (27.50%). About 12.50 % of university students bought 2,000 – 3,000 Baht per order and 11.50% bought more than 3,000 Baht per order. Major payment method was made through bank transfer (71.50%). Only 7 % of students paid by credit cards. A Chart below showed university students most-buy online products

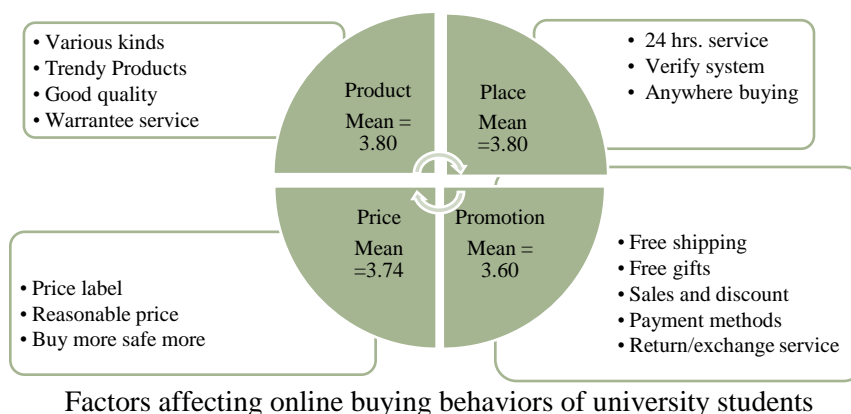


The bar chart presented above showed that the most popular online products university students usually ordered from online store were fashion items (46.00%) and health & beauty products (35.00%). Products in sport & travel, home appliances, and electronic devices categories were ordered around 10 % or less.

3) Factors Affecting Buying Behaviors:

As mentioned earlier, this research focused on four dimensions: Product, Price, Place, and Promotion (4Ps) that affected on online buying behaviors of university students in digital disruption era. From the study, it found all four factors affected university students at a high level with an average mean of 3.74.

Among four factors, Product and Place got the highest level (mean = 3.80), followed by Price (mean = 3.74), and Promotion factor (mean = 3.60) respectively. A chart presenting factors affecting online buying behaviors of university students was shown below.



From above chart, factors most affected on online buying behaviors of university students were product and place (mean = 3.8). University students preferred having various kind of products to choose and shop online especially trendy products with warrantee service. Besides, they found fast and convenient for buying online products anytime and anywhere as they wish.

Price and promotion factors also influenced on buying behaviors of university students at mean average of 3.74 and 3.6 respectively. It was easy for university students to make decision for items that showed price label in a clear way. For promotion factor, university students were satisfied with free shipping and handling service. They also preferred products with a gift campaign.

4) Hypothesis Testing

One-way analysis of variance (ANOVA) was applied to test the research hypothesis. The testing revealed that university students with different genders had no significant difference on online buying behaviors. On the other hand, university students with different ages and monthly income rates had significant differences on online buying behaviors at 0.05 level of significance. Table below showed hypothesis testing results comparing between groups of university students with different genders.

Table 1. The results of t-test to compare the difference in online buying behaviors between male and female students

Factors influencing Buying Behaviors	Mean Average		t-test	Sig
	Male	Female		
Product	3.87	3.74	1.76	0.08
Price	3.81	3.69	1.23	0.22
Place	3.79	3.79	0.03	0.98
Promotion	3.63	3.58	0.41	0.68
Overall	3.03	3.70	0.86	0.49

Table above showed there was no significant difference between male and female students in online buying behavior at the significant level of 0.05.

Conclusion and Discussion

From research results, the top two online product categories university students mostly bought were fashion and health and beauty items. They preferred having more variety of trendy products with good quality and warrantee service to choose. They also found fast and convenient when buying from online store. In addition, we all witness the fact that, in the digital disruption era, the lifestyle of today customers are almost totally changing. They are busy with work and personal activity and spend much more time interact with social media. People, in general, spend more than two hours a day on online activities, while teenagers spend up to nine hours a day on social media platforms (Evan Azano, 2018: online). They – not to shop at department store but at online store with fast convenient and secured. (Zhang Tao, 2017: online).

In summary, university students in the digital disruption era found fast and convenient to buy products from online store. They preferred variety of product types with competitive prices. Product with gift campaign and a warrantee service was attractive to this group of consumers. Fashion and health and beauty products were undoubtedly on the top lists among university students. Buying online product was not only convenient and secured for everyone included university students; it was a modern store where consumer found a better price and got more variety of product choices with no crowds. Likewise, online shopping made busy people' lives easy (Anamika S., 2017) in this digital disruption world.

Recommendations for Future Research

As we can see, digital disruption had more impacts in the way of doing business and education. The rapid change of new technology have affected people and students ways of life. Research results showed teenagers or young adults spent numbers of hours a day searching and playing on internet. New technology could help university students to study, do a research, send homework, buy products, listen to music, watch TV, play games, or do their activities suit to their needs. Students could simply do their work, study, or communicate with family and friends from home or dormitory via mobile phones. Major mobile phone companies endeavor every possible ways to launch attractive campaign suits to each group of customers. The higher educational institutions in Thailand and abroad also come up with interesting blended programs or full online courses to meet with the demand of these groups of students.

However, due to the limitation of this study and time constrains, it would be more practical to study further online buying behaviors with students in different levels and different provinces. Future research may help online stores to have clearer picture of what are online buying behaviors of university students.

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Capital Market Integration: Vietnam and Its Connection with ASEAN Peers

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Abstract

There have been many initiatives planned and implemented by the authorities to raise the level of financial market integration in Southeast Asia to reap potential benefits and though the importance of Vietnam in the region has continued to grow, only a small number of research has considered its stock markets. This paper investigates the extent and nature of integration of two Vietnamese stock markets (Ho Chi Minh and Hanoi exchanges) and other peers in ASEAN-5 countries from January 2009 until December 2013, using cointegration techniques and the Granger Causality approach. The empirical results suggest evidence of some degree of integration such that the gains of international investors holding a diversified portfolio in the region may have been reduced but not eliminated and policymakers and regulators will have to consider monitoring and driving the developments in the future.

Introduction

In the past decades, the growth of new emerging countries has been rapid. These economies become significant as world economic driving factors and investment destination. Most of these markets are scattered in South America and Asia. Among each group of these emerging markets, there have been initiatives to cooperate to enhance their competitiveness and economic significance. Among ASEAN countries, the initiative has started in 1967 when 5 ASEAN countries declared the Association of Southeast Asian Nations (ASEAN). The founding members include Indonesia, Malaysia, the Philippines, Singapore, and Thailand. Today, there are 10 member-states of ASEAN and the cooperation has been greatly heightened. ASEAN is the sixth largest economy in the world and the third largest community by its population. The region has attracted immense capital flows and trades most of which are from intra-regional activities (ASEAN Secretariat, 2017). The recent milestone development includes the establishment of ASEAN Economic Community (AEC) and the ASEAN capital markets to facilitate greater trade and investment flows across the region.

The capital market development and integration require deep and liquid capital markets to channel funds and expand investment opportunities for investors. It is undeniable the ASEAN members are at their different pace of an infrastructure development resulting in an uneven relationship among them. Several researches examined the degree of financial integration among ASEAN countries. Some of these papers focused on the regional connection among ASEAN-5 alone while some investigated integration of ASEAN and non-member countries (Sharma & Wongbangpo, 2002; Click & Plummer, 2005; Chen, Gerlach, Cheng, & Yang, 2009; Majid, Meera, Omar, & Aziz, 2009; Aizenmanm, Jinjark, Lee, & Park, 2016; Caporale, Gil-Alana, & You, 2017; Rahman & Shahari, 2017). The finding of these researches is still mixed.

However, there is a limited research on Vietnam financial markets, the latest stock markets of ASEAN, and their connection with financial markets in other countries. Vietnam has experienced a significant change in the last few decades. With its population growing from 66.01 million in 1990 to 92.70 million in 2016, the country's GDP has grown from \$6.47 billion to \$205.27 billion and the GDP per capita has jumped from \$0.09 million to \$2.17 million (World Bank, 2018). As an economy has expanded, financial market, banking system and the stock markets have been established. The stock market mechanism is believed to be effective economic tools to generate competition on financial markets reducing the cost of borrowing and foster a sound corporate governance among businesses (Wang, Chang, Jin, & Bui, 2013). As the first stock exchange in Vietnam, The Ho Chi Minh City Stock Exchange (HOSE) was established in July 2000. However, prior to 2002 the market only traded on alternate days and it was not until 2005 that the market has undergone a rapid growth and a rise in liquidity. As of 2017, there were 396 securities listed on the HOSE with a market capitalization of approximately \$28 billion (Ho Chi Minh Stock Exchange, 2017). Hanoi Stock Exchange (HNX) was officially launched in 2005 with its first name as Hanoi Security Trading Center (HaSTC). It has been a second trading center in Vietnam. The market was re-organized and renamed in 2009 and as of 2017, The HNX's Market Capitalization was \$7.1 Billion (Hanoi Stock Exchange, n.d.).

This research aims to examine the integration between Vietnam stock markets and other ASEAN stock markets using Granger causality test to determine the intra-regional relationship between the new and the existing financial markets of the cooperative region. The study will also signal the effectiveness of cooperation in terms of capital flows and financial market liberalization. The results will benefit not only academia in the field of financial integration, but also serve investors since the linkages between stock markets have important implications on portfolio diversification, as well as, policy makers and regulators who need to monitor financial market development and its consequences on economic growth. Moreover, unlike some previous works, this research contributes to the literature by investigating both the Ho Chi Minh and Hanoi stock exchanges of Vietnam separately to better understand their relationships with the ASEAN-5 markets.

Literature Review

As the sixth largest economy in the world and the third largest market in Asia, ASEAN has enjoyed great flows of capital and cross border trades. In 2015, ASEAN attracted \$121 billion of investment with intra-region activities constituting the largest share of the flows (ASEAN Secretariat, 2017). These increasing cross-border capital movements are partly the results of financial integration which improves financial system and efficiently allocates funds to maximize productivity across the region (Yuhn, 1997; Beine & Candelon, 2011; Park & Lee, 2011; Bai & Zhang, 2012; Rahman & Shahari, 2017). The importance of capital market integration is even larger after the Asian Financial Crisis in 1997-1998 when investors depend less on traditional bank loan financing. The linkage among countries in the region has been strengthened and the financial system has been improved leading to regional macroeconomic infrastructure and liquidity support. Financial integration expands the size-constrained of domestic saving pool and allow capital to flow from resource-abundant countries to resource-scarce destination (Lucas, 1990). In addition, integrated regional financial markets are more appealing to investors outside the region as shares become more liquid. Listed companies can expand their stock holders base and reduce transaction cost (Freeman, 2000). Feldstein and Horioka (1980) suggested that the financial integration lower the cost of trade, offer more diversified investment, provide a safe haven when economic activities highly fluctuate.

According to Click & Plummer (2005), an integrated stock market is more efficient than segmented national capital markets. It signals market efficiency allowing investors from all member countries to allocate funds in any location in the region where their capital is most productive. Cost of financing decreases as the degree of competition rises. However, there is no universally accepted definition of financial or capital market integration. The concept has been defined by Llewellyn (1980) as equality and co-movement of interest rates, the co-movement of exchange rates, and the transfer of money across countries. In the work of Marston (1995), financial market integration involves two interrelated conditions: the deregulation of national markets and the liberalization of international capital flows. Park (2013) supported the condition raised by Marston (1995) that even exact definition of financial integration is still being discussed, many agree that it is closely related to the financial openness and capital mobility.

An integration of ASEAN financial markets has been the topic of interest among researchers. Various methodologies were used to quantitatively assess the financial liberalization. Researchers might rely on the number of legal restrictions on regional capital flows or use the actual measure of the cross-border capital flows itself since they reflect the degree of openness in practice, not how the market appears to open legally (Park, 2013). An early work of Click & Plummer (2005) considered the degree to which the ASEAN-5 stock markets are correlated as a way to assess investment and diversification potential of ASEAN stock markets. The work has been supported by Majid, Meera, Omar, & Aziz (2009) who examined the interdependence among ASEAN-5 using Johansen & Juselius (1990) cointegration test and the Generalized Method of Moments (GMM). Their results indicated cointegration among ASEAN-5 both before and after the Asian financial crisis and the connection among ASEAN-5 has become stronger overtime. Chen et al. (2009) expand the research empirically by exploring the structural break on the level of financial integration among ASEAN-5. Using data from 1994 to 2005, the cointegration found among ASEAN are consistent with Click & Plummer (2005) and Majid et al. (2009). You, Fung, & Tam (2010) used high-frequency indicators to show that the financial market integration among 10 Asian countries including ASEAN-5, Hong Kong, Taiwan, South Korea, and Japan is not complete. The degree of integration between mature and emerging markets varies due to the difference in political, economic, and institutional aspects of each countries. Chien, Lee, Hu, and Hu (2015) examined the dynamic cointegration among ASEAN-5 and China to support prior research that the cointegration among the ASEAN-5 is incomplete. China has become more important in ASEAN economies and the relationship between China financial market and the market of ASEAN-5 varies across the countries. The relation between ASEAN and China has also been examined by Nguyen & Elisabeta (2016). The paper focused only on the fast-growing ASEAN economies: Indonesia, Malaysia, Thailand, and the Philippines. Using beta and alfa convergence, the authors showed that the integration among the 4 countries of ASEAN and China are time-varying but higher during the financial crisis

Caporale et al. (2017) and Maharakkhaka, Ramasoot, & Kluaymai-ngarm (2017) have expanded the research in ASEAN financial market integration to include regional and global markets. Caporale et al. (2017) studied integration among 10 emerging Asian economies and the Japan to assess degree of regional cointegration and focus on the integration between the 10 emerging Asian countries and the U.S. to examine global financial market integration. Their evidence suggested regional rather than global integration during 2000-2016 sample period. Maharakkhaka et al. (2017) explored the cointegration among equity markets of the ASEAN-5 and other 12 financial markets from Asia, Europe, U.S., and Australia. The findings indicated time-varying relationship among financial markets. Higher level of regional and global integration was found during the financial crisis.

After the crisis, the interdependence among the market lessens. These results reflect the reformation and the development of financial market structure in ASEAN after the 1997-1998 financial crisis. Among the 10 country-states of ASEAN, Vietnam has been the latest country to officially launched its equity markets. The Ho Chi Minh City Stock Exchange (HOSE) was established in July 2000 and the Hanoi Stock Exchange (HNX) was officially launched in 2005. Though in the first stage, the market was young and less active, it has later expanded with a rapid growth. (Wang et al., 2013).

However, there are only limited number of research paper in financial cointegration topic that concerns Vietnam stock markets in their studies. Of those papers that include Vietnam in their study is the work of Kim, Kim, & Choi (2015) who investigated the linkage among stock markets in Asia-Pacific regions using smooth transition auto regressive (STAR) model and Granger causality test. With limitation in data, the range of data series varied for each country in the study and the results indicated different level of interconnection among Asia-Pacific stock markets. Jiang, Nie, & Monginsisi (2017) employed wavelet and Variation Modes Decomposition (VMD)-based copula estimation to study the co-movement and volatility fluctuation between ASEAN stock markets. Based on the data from 2009-2016, the paper considered the establishment of ASEAN exchange in 2012 and concluded that there has been a strong degree of integration and co-movement among ASEAN stock markets, except Vietnam. ASEAN stock markets tends to move tightly together particularly during the crisis. The interdependence among these ASEAN countries has existed before the establishment of the trading link. Since there are limited research on Vietnam financial markets, this present study has objective to explore the relationship of Vietnam financial markets and other financial markets ASEAN. Data and methodology of the research are discussed in the next section.

Data and Methodology

This present research focuses on the 2 Vietnam stock markets, the Ho Chi Minh stock exchange and the Hanoi stock exchange and their relationship with stock markets of ASEAN-5. Therefore, data include the closing prices of 7 ASEAN stock indices as described in table 3.1. Weekly data from each index from January 2009 to December 2017 were obtained from Bloomberg.

Table 3.1 Stock Indices

	Country	Index
1	Vietnam	Vietnam Ho Chi Minh Stock Index
2	Vietnam	Vietnam Hanoi Stock Index
3	Indonesia	Jarkata Stock Exchange Composite Index
4	Thailand	Stock Exchange of Thailand Index
5	Malaysia	Bursa Malaysia KLCI
6	Singapore	Straits Time Index
7	Philippines	Philippines Equity Exchange Composite Index

The interconnectedness of the stock markets in the ASEAN-5 and Vietnam was first assessed using the cointegration technique. Cointegration implies long-run relationship between variables and it can be applied to test the linkages between stock markets on the basis that if the markets have become integrated, their respective stock indices would display such relationship.

There are two main cointegration tests adopted in this research, namely, the single-equation cointegration test based on the approach of Engle & Granger (1987) and the Johansen system cointegration test as developed by Johansen (1991, 1995). Prior to these tests, the series were checked with a unit root test to satisfy with basic principle of cointegration that they must be non-stationary.

This research utilized the Augmented Dickey-Fuller (ADF) test (Dickey & Fuller, 1979) with the appropriate number of lags determined by Schwarz Information Criterion and it can be concluded that all the 7 stock index series were non-stationary with $I(1)$ process, which is to say they would be stationary after differencing once as required to proceed with the cointegration tests. In addition, this study employed the method of Granger (1969)'s causality to examine the causation between Vietnam stock exchanges, the Ho Chi Minh stock exchange and the Hanoi stock exchange, and the stock market of ASEAN-5. Since the cointegration test does not imply meaningful causation of the relationship, Granger (1969) causality test answers the question of how much of the current y can be explained by the past values of y and how much y are explained by the past values of x (Ajayi, Friedman, & Mehdian, 1998; Azman-Saini, Azali, Habibullah, & Matthews, 2002; Atmadja, 2010; Huyghebaert & Wang, 2010; Puente-Ajovin & Sanso-Navarro, 2015). Thus, y is said to be Granger-caused by x if the coefficient on lagged x 's are statistically significant. Granger causality test involves the estimation of the following equation

$$y_t = \alpha_0 + \alpha_1 y_{t-1} + \dots + \alpha_l y_{t-l} + \beta_1 x_{t-1} + \dots + \beta_l x_{t-l} + \epsilon_t \quad (1)$$

$$x_t = \alpha_0 + \alpha_1 x_{t-1} + \dots + \alpha_l x_{t-l} + \beta_1 y_{t-1} + \dots + \beta_l y_{t-l} + u_t \quad (2)$$

Granger causality test is based on the null hypothesis that x does not Granger causes y and y does not Granger-caused x in the first and the second regression respectively. The results are described for all possible pairs of (x, y) series in F-statistics and Wald statistics for the joint hypothesis:

$$\beta_1 = \beta_2 = \dots = \beta_l = 0 \quad (3)$$

Results

In order to assess the level of stock market integration in the case of Vietnam and other ASEAN-5 countries, the cointegration tests were conducted. Firstly, the results of bivariate Engle-Granger's single-equation tests between Ho Chi Minh and Hanoi stock exchanges with others in the regions, as well as, the multivariate settings where all is included are reported in Table 4.1 and 4.2. The test can be evaluated based on two statistics: the tau-statistics and the z-statistic. The tables also presented the corresponding p-value of hypothesis testing. From there, the results implied some degree of integration between the Ho Chi Minh stock index with the ASEAN-5 group, particularly, with Indonesia, Malaysia, and Singapore indices were detected. In contrast, the Hanoi stock index was only found to possibly have a link with Singapore but no statistically significant relationship with the ASEAN-5 group on the whole. This is somewhat expected since the Ho Chi Minh exchange was founded before that in Hanoi and therefore has developed to have more connectivity with others in the region. An alternative set of cointegration results were based on Johansen's system. But first, since the results are rather sensitive to the number of lags included in the estimation, the lag length criteria analysis was considered. Most thresholds, except for the log-likelihood ratio, pointed towards 1 lag as the best specification; hence, the Johansen's cointegration tests will allow up to 1 lagged period.

Table 4.1 Single-equation Cointegration Test between Ho Chi Minh Stock Exchange (HOSE) and Others in ASEAN-5

	tau-statistic	p-value	z-statistic	p-value
HOSE-ID	-1.387833	0.8036	-4.252036	0.7902
ID-HOSE	-3.250386	0.0638 *	-7.773719	0.5106
HOSE-MY	-1.781584	0.6396	-6.078316	0.6439
MY-HOSE	-3.351298	0.0498 **	-9.93728	0.3642
HOSE-PH	-1.340123	0.8191	-4.233797	0.7916
PH-HOSE	-2.221707	0.4135	-5.286561	0.7083
HOSE-SG	-1.61425	0.7167	-5.609546	0.682
SG-HOSE	-3.251288	0.0637 *	-11.89964	0.26
HOSE-TH	-1.504178	0.7617	-5.048616	0.7275
TH-HOSE	-2.521106	0.2718	-6.83357	0.5831
ASEAN5-HOSE	-4.41705	0.1085	-39.38965	0.0748 *

Note: ID = Indonesia, MY = Malaysia, PH = the Philippines, SG = Singapore, TH = Thailand
 ***, **, * denote level of confidence at 99%, 95%, and 90%, respectively.

Table 4.2 Single-equation Cointegration Test Cointegration between Hanoi Stock Exchange (HNX) and Others in ASEAN-5

	tau-statistic	p-value	z-statistic	p-value
HNX-ID	-1.447449	0.7829	-5.849485	0.6625
ID-HNX	-1.938329	0.5606	-6.261865	0.629
HNX-MY	-0.805405	0.9316	-2.772483	0.8914
MY-HNX	-2.012204	0.5222	-5.250114	0.7112
HNX-PH	-1.292405	0.8335	-4.926556	0.7373
PH-HNX	-1.35513	0.8143	-3.805377	0.8234
HNX-SG	-0.690669	0.9451	-2.351983	0.9144
SG-HNX	-3.123162	0.0858 *	-12.07293	0.252
HNX-TH	-1.135404	0.8741	-4.071881	0.8038
TH-HNX	-1.56847	0.736	-4.053074	0.8052
ASEAN5-HNX	-3.547074	0.4591	-26.95078	0.355

Note: ID = Indonesia, MY = Malaysia, PH = the Philippines, SG = Singapore, TH = Thailand
 ***, **, * denote level of confidence at 99%, 95%, and 90%, respectively.

The results of Johansen's test can also be assessed with two statistics: the trace and the maximum Eigenvalue statistics. Table 4.3 presented the results of cointegration test of indices of ASEAN-5 markets and the Ho Chi Minh stock exchange and Table 4.4 showed that for the case of Hanoi exchange. Overall, the Ho Chi Minh stock index appeared to have 2 cointegrating relationships with other ASEAN-5 markets based on both statistics, while the tests indicated 2 or 1 cointegrating relationships for Hanoi index, based on either the trace or the maximum Eigen value statistics, respectively. This may imply a relatively stronger linkage with other stock markets in the region from the Ho Chi Minh exchange as compared to the Hanoi exchange, similar to what the previous Engle-Granger test suggested.

Table 4.3: Johansen System Cointegration Test between Ho Chi Minh Stock Exchange (HOSE) and Others in ASEAN-5

Unrestricted Cointegration Rank Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	p-value
None *	0.164161	162.7212	95.75366	0.0000
At most 1 *	0.078717	82.02739	69.81889	0.0039
At most 2	0.036375	45.13262	47.85613	0.0881
At most 3	0.031206	28.45884	29.79707	0.0707
At most 4	0.025993	14.19227	15.49471	0.0778
At most 5	0.005188	2.340594	3.841466	0.1260

Unrestricted Cointegration Rank Test (Maximum Eigenvalue)

Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	p-value
None *	0.164161	80.69385	40.07757	0.0000
At most 1 *	0.078717	36.89477	33.87687	0.0211
At most 2	0.036375	16.67378	27.58434	0.6081
At most 3	0.031206	14.26657	21.13162	0.3436
At most 4	0.025993	11.85168	14.26460	0.1163
At most 5	0.005188	2.340594	3.841466	0.1260

Note: ***, **, * denote level of confidence at 99%, 95%, and 90%, respectively.

Finally, the results from cointegration tests may help reveal the degree of interconnectedness between markets but they did not explain the direction of any possible lead-lag relationships among them. The Granger Causality test was, therefore, applied and the results are summarized in Table 4.5. Note that the results based on the Granger Causality test do not imply the direction of causation, rather they indicate whether the changes in the independent variables precede that of the dependent variables. In other words, they would imply that the independent variable series would lead and the dependent variables follow. Here, focusing on the interlinkages between the two Vietnamese exchanges and other markets in ASEAN, it was found that the Ho Chi Minh index tends to shadow that of Malaysia and Singapore, which are understandably the major markets in the region but does not guide any indices. The results for the Hanoi index, on the other hand, were rather counterintuitive. It does not trail any other peers and was, in fact, found to be guiding the Indonesian index. In sum, this can be taken to imply that the two Vietnamese markets are connected to other ASEAN markets to a certain extent.

Table 4.4 Johansen System Cointegration Test between Hanoi Stock Exchange (HNX) and Others in ASEAN-5

Unrestricted Cointegration Rank Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	p-value
None *	0.158814	156.4875	95.75366	0.0000
At most 1 *	0.067693	79.18242	69.81889	0.0074
At most 2	0.045481	47.85093	47.85613	0.0501
At most 3	0.032820	27.04432	29.79707	0.1005
At most 4	0.022858	12.12782	15.49471	0.1509
At most 5	0.004000	1.791500	3.841466	0.1807

Unrestricted Cointegration Rank Test (Maximum Eigenvalue)

Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	p-value
None *	0.158814	77.30511	40.07757	0.0000
At most 1	0.067693	31.33148	33.87687	0.0977
At most 2	0.045481	20.80661	27.58434	0.2881
At most 3	0.032820	14.91651	21.13162	0.2948
At most 4	0.022858	10.33632	14.26460	0.1908
At most 5	0.004000	1.791500	3.841466	0.1807

Note: ***, **, * denote level of confidence at 99%, 95%, and 90%, respectively.

Table 4.5 Results from the Granger Causality Test

Variables		Dependent						
		MY	ID	PH	SG	TH	HOSE	HNX
Independent	MY	#N/A	*				**	
	ID		#N/A	*		**		
	PH		***	#N/A				
	SG		**		#N/A		**	
	TH		***	*		#N/A		
	HOSE						#N/A	
	HNX		**					#N/A

Note: ID = Indonesia, MY = Malaysia, PH = the Philippines, SG = Singapore, TH = Thailand, HOSE = Ho Chi Minh, HNX = Hanoi

***, **, * denote level of confidence at 99%, 95%, and 90%, respectively.

Conclusion

The issue of financial integration has been explored by many researchers because it has several important implications such as diversification benefits to investors holding positions across markets and for policymakers and regulators monitoring the consequences of these developments in terms of capital allocation efficiency, economic growth, as well as, financial stability from adverse contagion effects between countries. Many studies have been conducted based on markets in Southeast Asia. However, virtually all of them focused on the so-called ASEAN-5 which includes Indonesia, Malaysia, Singapore, the Philippines, and Thailand, and very few has considered Vietnam whose significance in the region has grown markedly in recent years. This paper was set out to contribute in that aspect by taking a first look at evidence of interdependence of the two Vietnamese stock markets, namely the Ho Chi Minh and the Hanoi exchanges, with other ASEAN peers.

First, the cointegration techniques of Engle-Granger and Johansen were adopted and they suggested some degree of financial integration among them, with the Ho Chi Minh exchange, being more established, having a relatively stronger tie in comparison to the Hanoi exchange. In addition, the Granger Causality test was also applied to shed light on the possible lead-lag movements among the markets. It was found that the Vietnamese indices are somewhat linked with some other indices in the region. These results suggested that an

integration of Vietnamese and other ASEAN stock markets to be rather limited such that although they are not totally isolated from each other, they are not yet fully integrated either. This is consistent with the results of Kim et al. (20115) that find some degree of interconnections but on a contrary to the findings of Jiang et al. (2017) that Vietnam was not moving along with other ASEAN peers. The implications are that diversification gains may have been reduced but do not completely disappear. Plans of policymakers and regulators to strengthen integration may still be needed to realize further benefits. For instance, initiatives to establish a more harmonized institutional framework, such as governance standards and other best practices, and a trading mechanism that allows for the participation of foreign investors.

To gain a better understanding of the dynamics of Vietnamese market's financial integration with the region, future research could investigate the speed of adjustment towards the common trend using techniques like rolling or recursive cointegration or various convergence measures, or whether integration has helped the markets realized tangible advantages, for instance, asset pricing or capital allocation efficiency and growth. Alternatively, the influence of regional and global factors or even information technology have on the developments could also be studied. Finally, other than stock market linkages, the concept of financial integration can be examined in terms of the movements in interest rate and the bond markets as well.

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The Role of Innovation on Thailand's Vehicle Export Value

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Abstract

The purpose of this report is to study the role of innovation on vehicle export value in Thailand during 2000-2015. The innovation is measured by the number of patents related to the automobile industry. The control variables include inflation rate, interest rate, production number, real effective exchange rate, terms of trade, world GDP growth, and oil price. The study found significant positive impacts of patents granted on Thailand's vehicle export value implying the impact of innovation to the export value. The findings of this study would be helpful for export policymakers to obtain enhanced levels of economic development and growth of the country. The governments should encourage the development of research and development either at the company level or create and automotive technology institute that all companies could join to develop, share, and increase their technical capability. Moreover, the governments should allow or grant firms a deduction on expenditure (tax deduction) and financial support for internal research and development, innovation, and patents registration. They could give awards for the firms that are successful in developing new products and patents on the new technology.

Keywords: Innovation, Patents granted, Export Value, Vehicle Export, Thailand

Introduction

In the current situation of the world, international trade is an important factor in the development of the countries. Many countries around the world need to expand their market and invest in other countries by engaging in free trade between countries to open the opportunities to their country. Thailand's economy is highly dependent on trade. Therefore, it is a fundamental key in determining Thai economic growth. In the past, Thailand was a major exporter of agricultural products in the world, especially rice and rubber. However, as of 2015, Thailand's top three export products were automotive parts and accessories for 863,828.36 million baht, computer equipment and components for 595,418.55 million baht, and jewelry for 371,071.62 million baht (Statistics of Department of International Trade Promotion Ministry of Commerce, 2016).

Therefore, Thailand's automotive industry is an important sector that drives the economy as it contributes significantly to export and trade inflows, job creation, and development of automotive technology and other businesses involved in the supply chain of the industries with good infrastructures including an extensive network of small and large, local and foreign companies. Recently, Thailand's automotive industry is continuously growing. Innovation capability factor as measured by patents granted is for vehicle components and

manufacturing processes, such as vehicle brake control systems, air-cushion vehicles, air-treating devices, etc.

This study aims to examine the impact of innovation capability on Thailand's vehicle export value. The innovation capability factor is measured by the number of patents granted in the vehicle industry. The control variables include the exchange rate, inflation rate, interest rate, the price of complementary goods for exported products, and world economic condition.

Previous Studies on Innovation and Export Determinants

The importance of international trade theories to a nation's economic welfare and development has been in the economics literature and the most famous theories are about the exports of surplus (Smith, 1776). The reason underlying suggests that economies need to export goods and services in order to generate revenue and import goods and services, which cannot be produced (Coutts & Godley, 1992). The export growth is critical for the country to bring income, generate foreign exchange and create employment, so many studies focus on the various factors that have an impact on export.

The classical trade theory contends that the basis for international trade can be explained by the differences in production characteristics and resource endowments which are founded on domestic exporting are the only mechanisms for transferring goods and services across national boundaries (Bradley, 1991). The Theory of Absolute Advantage (Smith, 1776), Theory of Comparative Advantage (Ricardo, 1817), and Heckscher-Ohlin Theory (Heckscher, 1919; Ohlin, 1933) focused on productivity, relative productivity and factor endowments, such as differences of labor, land, or capital respectively.

The uses of technology theory to focus on export performance are mainly on the development of new products or processes (innovation capability in this study measure by patents granted for vehicle components and manufacturing processes is used) and push the firms to improve the quality of their products. Both of these mean the positive linkages between research and development or innovation on exporting. A Studies in the neo-endowment showed that the basic factor advantages would be important if the firm had a monopoly and natural factors. Technology theory (Vernon, 1966; Krugman, 1979) is an extension of conventional technology-based models.

The innovation process can be affected by the role of government. Mahmood and Rufin (2005) proposed that the role of government on innovation process depends on the stage of technology development. In the early stage of development, the government should centralize its control. However, in the later stage of technology development, the government should promote economic freedom and promote the collaboration among business groups.

Yi, Wang, and Kafourous (2013) studied the effects of innovative capabilities on export performance, and patents to proxy R&D output used to measure innovation capabilities by the number of patents. The result has shown a positive and significant moderating effect on the relationship between innovative capabilities and export performance. Frietsch, Jung, Neuhaeusler, and Van Looy (2014) examined the linkage between patents and efficacy of exports in selected countries in the field of technology. They analyzed the patents indicator for growth in macroeconomic, the value of patents by the volume of exports, and the result showed that patents and exports are strongly correlated.

Ussahawanitchakit (2007) examined the role of innovation capability on Thailand's textile export and found that innovation capability has the positive impact on the export performance of the textile industry. Therefore, the major research hypothesis of this paper is "The innovation capability in vehicle industry can lead to the higher export value." The innovation capability in vehicle industry is proxied by the number of patents granted.

The control variables in this study include other factors generally affect the export value include exchange rate, inflation rate, interest rate, the price of complementary goods for exported products, and world economic condition. Berthou (2008) made an investigation on the impact of real exchange rate movements on exports for OECD bilateral. This paper examined this issue by using a sample of OECD countries and developing and developed country importers from 1989 to 2004. The results showed that the strength of the domestic currency against the other major currencies has a significant negative impact on exports. The bilateral export has reduced by real exchange rate appreciation.

Nyeadi, Atiga, and Atogenzoya (2014) studied about the export growth in Ghana and the result showed that the coefficient of inflation is positively significant with export goods and services. Gylfason (1997) studied the determinant of exports and economic growth covering 160 countries from 1985 to 1994. The result found that the coefficient of inflation is a significantly negative at 5%, high inflation is associated with low exports and slow growth.

Belenkiy and Osborne (2012) found negative significant impacts of oil price in all types of vehicle exports value, especially on SUVs which was \$705 million. This also means that the less fuel efficient the vehicles are the more likely to suffer a competitive disadvantage when global crude price is high. The result of the research on oil price as the variable in this study is significantly correlated with exports value with a significance level of 10%. Furman and Stiglitz (1998) found out that an increase in interest rate affects the future export performance, which reduces the future flow of foreign exchange reserves and thereby, leads to depreciation of the currency.

Kalumbu (2014) found out that there is a negative relationship between terms of trade and economic growth in Namibia. This has been revealed by the responses from proving that the shocks in GDP lead to a reduction in Terms of trade. This negative result may be the result of the import in larger quantities compared with the quantities of export by Namibia. There are many factors that determine the economic growth, and the terms of trade is one of them. Mashayekhi (2013) studied the impact of the slowdown of world GDP growth on India's export growth. Apart from relative prices, the global GDP was also considered to be an important variable for estimating the export demand functions. The results showed that the factors found to be negatively significant at 1% decline in GDP global growth which will lead to 1.88% decline in India's exports growth to the world.

Data and Methodology

The sources of this study were based on secondary data covering the period from 2000 to 2015, the main sources to get the quantitative data were from the published information service. The purpose of this paper is to study the vehicle exports value in Thailand which is influenced by various key factors, such as macroeconomic factors, related industry factors, and innovation capability factor as measured by patents granted for vehicle in general. In this study, vehicle exports value is considered as the dependent variable and the data was obtained from the Bank of Thailand.

The innovation capability is proxied by the number of patents granted for vehicle components and manufacturing processes obtained from The Department of Intellectual Property. The monthly macroeconomic factors included interest rate (MLR or Minimum Lending Rate), real effective exchange rate, and terms of trade. These variables were obtained from the Bank of Thailand. In addition, the annual growth rate of world GDP was from the World Bank. The related-industry factor in this paper was the oil price measured by monthly average Crude Oil Prices: West Texas Intermediate (WTI). The monthly production data were obtained from the Office of Industrial Economics Thailand. The summary of data collection is reported in Table 1.

For research methodology, this research used the OLS multiple regression analysis to identify the determinants of vehicle exports value. The multiple regression is used to examine the impact of various independent variables on the dependent variable. The simple regression analysis can be used to examine the impact of one independent variable on the dependent variable, but it is not appropriate because there are other factors affecting the export value. Ignoring those variables could result in the omitted variable problem. The more advanced statistical models like two-stage least square, seemingly unrelated regression, or simultaneous equations model can be used for the model with more than one regression equations examined simultaneously. However, this study focuses on only the impact of innovation capability and other control variables on the export value. The OLS multiple regression analysis is sufficient to examine such research hypotheses.

In this study, the dependent variable is the export value. The independent variables are the number of patents granted which is the major variable in this study and other control variables including exchange rate, inflation rate, interest rate, the price of complementary goods for exported products, and world economic condition. This analysis is based on time series data from January 2000 to December 2015, which are totally 192 months. The multiple linear regression equation is as follows.

$$ExportVal_t = \alpha + \beta_1 PATENTS_t + \beta_2 IFR_t + \beta_3 IMLR_t + \beta_4 REER_t + \beta_5 TOT_t + \beta_6 GDP_t + \beta_7 OIL_t + \beta_8 PRODUCTION_t + \varepsilon, \quad (1)$$

Where $ExportVal_t$	=	Export value in month t
$PATENTS_t$	=	Patent in month t
IFR_t	=	Inflation Rate annual % in month t
$IMLR_t$	=	Interest Rate in month t
$REER_t$	=	Real effective exchange rate in month t
TOT_t	=	Terms of trade (measure of trade openness) in month t
GDP_t	=	World GDP growth annual % in month t
OIL_t	=	Oil Price dollars per Barrel in month t
$PRODUCTION_t$	=	Production numbers in month t

Table 1. Summary of Data Collection

Data	Data source
Patents	The Department of Intellectual Property (DIP).
Real Effective Exchange Rate	Bank of Thailand.
Inflation Rate	Bank of Thailand
Interest Rate MLR	Bank of Thailand
Terms of trade	Bank of Thailand
World GDP	World Bank
Exports value of vehicles	Bank of Thailand
Oil Price	Crude Oil Prices: West Texas Intermediate (WTI)
Production	Office of Industrial Economics

However, it is important to keep in mind that time series data analysis is subject to the problem of spurious regression if the data is non-stationary, resulting in the inability to be the trusted results of the models constructed. So, avoid spurious regression by the unit root test (Augmented Dickey-Fuller test) in checking if the data is stationary. If the result shows that the data is non-stationary, the first difference of the variables will be employed before conducting the OLS method.

Dickey and Fuller (1979) developed three differential-form autoregressive equations in differences useful to detect the presence of a unit root. Three differential equations are (1) Pure random walk, (2) Random walk around a drift, it has an intercept (drift) term, and (3) Random walk around trend has a drift and a linear deterministic trend. The features test in this study is stationary or not; therefore, to analyze the stability of the data collected in this study the unit root test by Augmented Dickey-Fuller (ADF) was used. The test equation is as follows.

$$\Delta Y_t = Y_t - Y_{t-1} = \alpha + \beta_t + \gamma Y_{t-1} + \sum_{i=1}^p (\delta_i \Delta Y_{t-i}) + \varepsilon_t, \quad (2)$$

where α is an intercept or constant term (drift term). β is the coefficient on time and γ is the coefficient presenting process root. ρ is the lag order of the first-difference autoregressive process and ε_t is an error term. This test that tells whether the variable has unit root or not is represented by $\gamma = 0$ that means the variable is not stable, the data is non-stationary. If the result of the data is non-stationary, it must be first differences ($\Delta Y_t = Y_t - Y_{t-1}$) or what is called as use log or added lag of Y to make the data stationary.

Analysis and Result

Figure 1 reports Thailand's transport vehicle domestic sales and export during 1996-2015. Thailand's automotive exports have increased continuously until the year 2008. After the year 2008, the exports value of vehicle and component parts has slowed down because of global financial crisis. However, after the dismal in 2009, Thailand has recovered on exports of vehicles and component parts, everything has come to new highs rebounded in 2012 to 2013.

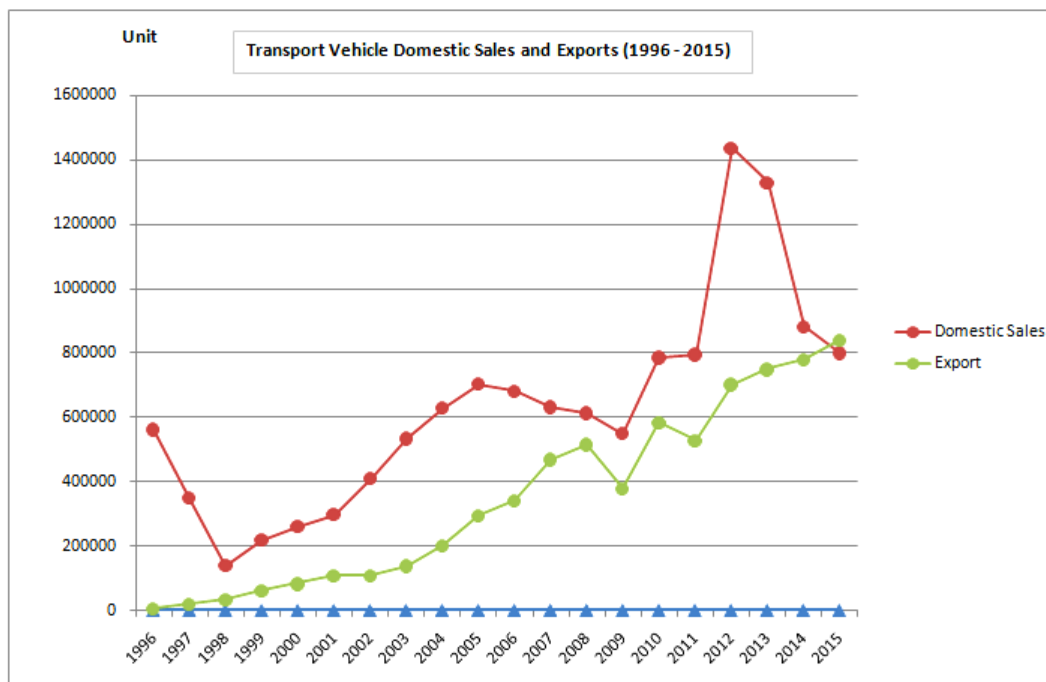


Figure 1. Thailand's Transport vehicle domestic sales and exports

Source: Thailand Automotive Institute

Table 2 reports the number of patents and patent application during 2000-2015. The total number of applied patents is 3,307 patents. Among these, there are 1,025 patents have been already granted and 2,282 patents are under the examination process. For all number of applied patents, the largest number of granted patents are the patents about vehicles parts which are 402 patents. The second largest number of granted patents are about mounting of propulsion units or of transmissions in vehicles which are 136 patents.

Table 2. Granted patents and Patent applications (during examination patent process)

Items	Granted	In Process	Total
Vehicle brake control systems	29	70	99
Air-cushion vehicles	3	16	19
Air-treating devices of vehicles	28	81	109
Electric equipment for vehicles	20	74	94
Motor-cycles, engine-assisted cycles	1	0	1
Mounting of propulsion units or of transmissions in vehicles	136	275	411
Servicing of vehicles	33	68	101
Signaling or lighting devices	31	77	108
Vehicle connections	20	20	40
Vehicle parts	402	647	1049
Vehicle passenger accommodation	27	96	123
Vehicle suspension arrangements	24	75	99
Vehicle tires	85	419	504
Vehicle wheels	33	98	131
Vehicles adapted for load transportation	62	88	150
Windows, windscreens, non-fixed roofs, doors, protective coverings	91	177	268
Power supply lines	0	1	1
Total	1025	2282	3307

Source: Thailand Department of Intellectual Property 2016

Table 3 reports the descriptive statistics of all variables including mean, standard deviation (S.D.), minimum, maximum, and skewness. The production and export value have high dispersion with the mean of 321,048.50 unit and 1,375.31 million USD and the standard deviation of 109,521.50 unit and 905.17 million USD respectively. Therefore, they have high variability which indicates that there are probably enormous differences among individual observations. The skewness shows that interest rate (MLR), real effective exchange rate, and production have negative skew which indicates that the tail on the left side of the probability density function is fatter than the right side; therefore, the variables are lefty asymmetric. In the other hand, the inflation rate, terms of trade, world GDP, oil price, patents, and export value show positive skewness, which indicates that the tail on the right side is fatter than the left side. Thus, the variables are rightly asymmetric.

Table 3. Descriptive statistics

Variables	Mean	S.D.	Minimum	Maximum	Skewness
EXPORTVAL (million USD)	1,375.31	905.17	190.25	3,151.34	0.28
PATENT (Unit)	4.47	5.06	0.005	20.00	0.82
IFR (%)	1.24	0.73	0.20	2.40	0.26
IMLR (%)	7.05	0.73	5.75	8.50	-0.22
REER	93.79	8.66	80.09	111.70	-0.09
TOT (USD)	103.10	3.62	96.73	117.06	1.22
GDP (%)	3.08	0.99	1.72	4.46	0.23
OIL (USD)	63.70	28.52	19.39	133.88	0.19
PRODUCTION (Units)	321,048.50	109,521.50	26,919.00	510,437.00	-0.68

Table 4 reports the correlation coefficient among explanatory variables. The result clearly shows that none of the explanatory (independent) variables' coefficients are higher than 0.8. The coefficient higher than 0.8 indicates near multicollinearity problem whereas those equal to 1 indicates perfect multicollinearity problem (Taoulaou & Burchuladze, 2014). This can be concluded that there is no multicollinearity problem among explanatory variables

Table 4. Correlation Coefficients

	IFR	IMLR	PROD	REER	TOT	GDP	OIL	PATENT
IFR	1	0.4421	0.3313	0.4854	-0.0640	0.0664	0.5888	0.3007
IMLR	0.4421	1	-0.3370	0.1924	-0.1138	-0.1209	0.0127	0.0371
PROD	0.3313	-0.3370	1	0.4843	-0.1413	-0.0028	0.6815	0.4642
REER	0.4854	0.1924	0.4843	1	0.2606	-0.1547	0.7748	0.6091
TOT	-0.0640	-0.1138	-0.1413	0.2606	1	0.2806	-0.0682	0.0217
GDP	0.0664	-0.1209	-0.0028	-0.1547	0.2806	1	-0.0052	-0.2090
OIL	0.5888	0.0127	0.6815	0.7748	-0.0682	-0.0052	1	0.5303
PATENT	0.3007	0.0371	0.4642	0.6091	0.0217	-0.2090	0.5303	1

In order to know the stationary or non-stationary data is to evaluate the time series data to avoid the spurious regression by using unit root test. For this study, the procedure, Augmented Dickey-Fuller Test (ADF), was used to test the unit root by level and 1st difference including in test equation which is without the intercept term and trend term, with the intercept term and trend term, and with the intercept term but without the trend term. The procedure was to choose lag length by Automatic based on SIC, MAXLAG=12 base on time series, using the monthly data. There are two non-stationary variables which are export value and production. Therefore, the log transformation has been used for export value and production before further analysis.

Table 5 reports the result of multiple regression analysis for various factors including the number of patents as the proxy of innovation on the export value. The standard errors have been adjusted using heteroskedastic and autocorrelation consistent (HAC) standard error proposed by Newey and West (1987).

Table 5. Regression Analysis of Number of Patents on Export Value

Variables	Coefficient	t-Statistic	p-value
Constant	-4.2090	-2.0572	0.0411
PATENT	0.0897	9.7163	0.0000
IFR	0.0008	0.0075	0.9940
IMLR	0.3757	1.7311	0.0851
REER	1.6591	0.7903	0.4303
TOT	4.7091	1.2643	0.2077
GDP	0.0250	0.2757	0.7831
OIL	-0.0624	-0.1463	0.8838
PRODUCTION	0.8532	5.2363	0.0000

From Table 5, the patent has the significant impact on export value, $\beta = 0.0897$, $t(182) = 9.71$, $p < 0.001$. This means there is a positive relationship between the number of patents and the export value of vehicles and implies the role of innovation on the export of vehicles. The higher level of innovation related to vehicle production measured by more number of patents has resulted in the higher export value of vehicles. This result is consistent with the finding of Yi et al. (2013). The patent granted is an indicator of innovation capability which is always beneficial for exports by developing and testing the product before production, the increase of patents leading to significant growth in the exports of high tech products.

The summaries of above coefficients explain the importance of promoting innovation through patent which is always beneficial for exports by developing and testing the product before production, the increase of patent leading to significant growth in the exports of high tech products. However, the time between the filing date of a patent and the filing date of the most recent patent cited as the reference is an indicator of Innovation lag; therefore, an examination the one-year lag of patent is used, and the result is reported in table 6.

The result in table 6 is qualitatively similar to the result in table 5. The lag number of patents has the positive relationship with the export value of vehicles.

Table 6. Regression Analysis of Lag Number of Patents on Export Value

Variables	Coefficient	t-Statistic	t-Statistic
Constant	-4.7883	-2.2463	0.0259
LAGPATENT	0.0895	9.9726	0.0000
IFR	0.0876	1.0666	0.2875
IMLR	0.3992	1.9924	0.0478
REER	-1.2969	-0.6304	0.5292
TOT	1.7665	0.5327	0.5949
GDP	0.1064	1.5538	0.1219
OIL	-0.1466	-0.3878	0.6986
PRODUCTION	0.8999	5.3028	0.0000

From Table 6, the lagged patent has the significant impact on export value, $\beta = 0.0895$, $t(182) = 9.97$, $p < 0.001$. Therefore, this has been concluded that the outputs in industries and exports growth that rely on innovation through patent granted are important in preserving the export markets share. Also, the product innovation has appeared to affect the export performance as it displays a positive significant impact on Thailand's vehicle export. Therefore, the innovation can play a significant role in promoting the export growth in the future.

Conclusion

Generally, it is believed that for a developing country like Thailand, better export performance plays an important role in the economic growth. The purpose of this study was to evaluate the current situation and find out the main factors that are important in the determination of vehicle export value of Thailand. In order to attain this objective, the study used secondary data covering the period from January 2000 to December 2015, a total of 192 months. For this purpose, the study has included innovation capabilities, macroeconomic factors, and related industry factors. This study has included eight variables; namely, inflation rate, interest rate, production numbers, real effective exchange rate, Terms of trade, world GDP growth, oil price, and patents granted.

The multiple regression analysis shows that innovation capability factor, as measured by the number of patents granted for vehicle components and manufacturing processes, had a significant positive impact on Thailand's vehicle export value.

The results from this study showed that innovation capability and high production levels had an important impact on vehicle export value. Most important is high technical standards to produce superior products at competitive prices to succeed in the markets. Technical improvements can be made through internal research and development or external acquiring through purchase. The governments should encourage the development of research and development either at the company level or create and automotive technology institute that all companies could join to develop, share, and increase their technical capability.

The governments should also allow or grant firms a deduction on expenditure (tax deduction) and financial support for internal research and development, innovation, and patents registration. They could give awards for the firms that are successful in developing new products and patents on the new technology. Thailand's manufacturers of motorcycle, car and component parts should develop strategies to increase their productivity by developing technologies efficient of production, technology with improved efficiency and production rates while reducing human error in countless industries. Therefore, the technology improvement in production can promote efficiency and leads to the export growth.

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Destination Branding Strategy towards Competitive Positioning in Destination Marketing

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Abstract

Globalization creates a level playing field for today's destination marketing. A destination can be more competitive if it can connect with communities of tourists and stakeholders for co-creation. This is the conceptual paper of the literature reviews in Ph.D. dissertation^[1], which aims to (1) collect the theories and approaches of tourism and destination branding case, to (2) to study the potential of integrated brand development to promote tourism in Hua Hin under the context of Thailand 4.0. This is the collection of approaches: destination management system, tourism destination life cycle, tourism carrying capacity, sustainable tourism and destination branding. Moreover, the challenges of destination branding toward Thailand 4.0 and a case study of Ranong also have been reviewed in this article.

Keywords: destination branding, destination management, destination marketing

Introduction

Tourism industry has been a major role in the global economy, which has driven the overall economy in each country. Currently, the tourism situation has changed constantly, according to the world situation and consumer behavior. Thailand's tourism industry has to adapt to the changes and the market needs in order to maintain and develop the national tourism capabilities. (Ministry of Tourism and Sports, 2017)

The marketing environment is challenging in Thailand due to the tourists are more skilled and more specialized with technologies. Consequently, the tourist behavior is more complex. Whereas, other ASEAN countries and around the world have developed the new attractions and the increasing of marketing investment in their marketing plans. Thailand is dealing with the deterioration of some natural resources destinations and the perception issue of Thailand's image.

According to the "Tourism 4.0" and "Thailand 4.0", have the consistent in the same direction as followed: (1) strengthen from the internal and (2) link to the global economy by focusing on strategy of technological implication and stylish design. The tourism prosperity establishment will drive the tourism system throughout the science, technology, culture and creativity. Moreover, the second national tourism development plan (2017-2021), aims to modify the "tourism community" to step into the innovative product design for both attractions and local products with the standard and local identity. The effective consumption of natural resources will create the balance between the economy, society and environment, together with the increasing of income and average expenditure per person from Thai and foreign tourists. Therefore, the risk management model will be operative by depending on less income from the global market and increasing the revenue from domestic tourists.

This conceptual paper was studying and focusing on how to develop the branding strategy for Hua Hin destination and comparing to Ranong branding guideline. Hua Hin is a diverse and key tourist destination, both regional and national. It is also a famous brand for the luxury resorts in the world market. Currently, it is likely to suffer from the deterioration of natural resources, environment and social issues. Additionally, the Thailand 4.0, the government has pushed for internal strengthening and the changes of the tourism form. The impact of these changes has a challenge to the development of integrated tourism brands and the strengthening of tourism brand values toward world tourism trends

Hua Hin, Prachuap Khiri Khan Province					
Year	Number of Thai Tourist	%	Number of Foreign Tourist	%	Total
2011	1,345,210	69.64	586,371	30.36	1,931,581
2012	1,860,449	71.46	742,859	28.54	2,603,308
2013	1,984,043	71.62	786,370	28.38	2,770,413
2014	2,161,675	73.01	793,239	36.97	3,045,229
2015	2,223,244	73.16	821,985	36.70	2,954,914

Figure 1. Tourist Number, 2011-2015

Source: Ministry of Sports and Tourism Thailand

Furthermore, the traditional marketing is unable to reach a variety of tourist needs in term of the access to target market and marketing budgets. Nevertheless, the challenges and the competition is more likely to increase so that the branding strategy is necessary for the destination marketing and destination management. Observably, the integrated branding strategy will direct the competitive positioning in destination marketing, which build reputation, brand image and recognition of destination. Especially, it will also add value to the destination and communicate to the tourist or target consumer. Particularly, the branding strategy from inside to the outside will create the market perception relevant to the globalization.

Objectives

1. To collect the theories and approaches of tourism and tourism branding case which are relevant, and focusing on development for Hua Hin tourism brand
2. To study the potential of integrated brand development to promote tourism in Hua Hin under the context of Thailand 4.0

Conceptual Framework



Literature Review

Destination Management System

World Tourism Organization defined "Destinations" as a physical space with or without administrative and/or analytical boundaries in which a visitor can spend an overnight. It is the cluster (co-location) of products and services, and of activities and experiences along the tourism value chain and a basic unit of analysis of tourism. A destination incorporates various stakeholders and can network to form larger destinations. It is also intangible with its image and identity, which may influence its market competitiveness. (World Tourism Organization, 2007)

Destination has various basic elements that attract tourists to destinations and meet the tourist needs on arrival. These basic elements can be divided into tourist attractions ('must see' or 'must do') and other elements (Cho, B. H., 2000). The developing attraction as destination must be a system that can promote the destination by pull factors. The development within the destination itself and continuous with well management will bring the sustainable development. Destination management requires the integration of multiple organizations with interests in common. The Destination Management Organization (DMO) should have a coordinated approach and activities under the corresponding strategy. DMOs should not take part to control partner activities but DMOs need to develop a high level of competence in the area of partnership management. Although, DMOs carry out marketing activities with more widespread in order to become more productive as strategic leader in the destination development.

Destination systems must have a key element that can attract the tourist to the destination. Primary elements are the natural resources, the history, the culture, the community activities and the secondary elements are such as the accommodation, the infrastructure, the transportation, various activities, the entertainment and the retail stores. The inputs have many important factors, which will stimulate the tourists: (1) Tourist expectations – they derive from a destination accessibility and linkage with convenience and promote as the tourist perception. (2) Creativity of the entrepreneurs and businesses - it is an important linking factor between the tourist expectations and the supporting elements. (3) Tourism labor skills – they are including their technical skills, communication skills and management skills, both the public and private sectors. (4) Investment from investors - the investment in the destination will contribute the development in various levels. Moreover, the government investment policies will contributed the investment from the private sector in the destination as well. The outcomes from the destination elements and the inputs will make impact on the destinations and the stakeholders: (1) Stakeholders' outcomes – there are the satisfactions of tourist, investors, and entrepreneurs. (2) Impacts on the environment - such as economic impact, social impact, environmental impact, ecological system, etc. Additionally, the external influences will be the tastes, interests of tourists, competition from other destinations, technology, investment regulations, population characteristics and the political situation. In conclusion, the potential of tourism destinations and the effectiveness in management can be assessed by studying the development results (outcomes). Besides, any changes on the inputs and external factors will affect the growth level of the destination development.

Tourism Destination Life Cycle

Butler (1980) described the evolution or tourism path, which began with the growth, the stagnation and the decline of popularity. The importance of this model is to find out the empirical data confirming the shape of the S model and being a revision for policy makers and

tourism planners. Tourism products are probably the dying products in the future and it cannot be re-circulated products again.

“Tourist attractions are not infinite and timeless but should be viewed and treated as finite and possibly non - renewable” (Butler, 1980)

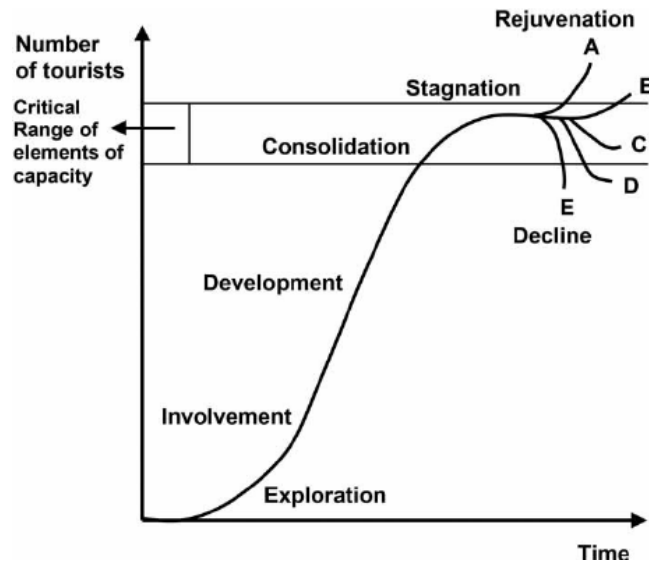


Figure 2: Hypothetical Evolution of a Tourist Area (Butler, 1980)
Source: Omar et al., (2014)

Butler described the decline of destination as the consequence of the overwhelm price competition, which was too competitive to cut prices and quality reduction until the tourists fled. The tourism destination life cycle is divided as follows.

1) Exploration stage: at this stage, there are no tourist facilities. The tourists need to share facilities with the local people. The possibility of getting to know the local people and getting a good tourism experience is at high level. However, the financial return to the tourism destination is still insignificant.

2) Involvement stage: initially, local people are very energetic in providing tourism facilities. The local people begin the advertisements to attract tourists and two-way communication is remaining high, which may have an impact on the lifestyle of tourism stakeholders. The tourism infrastructure and construction will be the pressure on government, such as the transportation and the local amenities.

3) Development stage: at this stage, the traditional destinations will be promoted by man-made attractions, such as natural parks with the educational center. Especially, the new development and new construction will transform the landscape. At this stage, some local people begin to reject to these changes. The local administrators may be involved in the planning and facility provision. Nonetheless, this approach may not be suitable for all locals. During high season, the tourist number may be larger than the local population and the labor market may need more non-local labor. The market has the potential for the supplementary industries, such as laundry, rental car and alternative food for the tourism industry.

4) Consolidation stage: during this period, the increasing rate of tourist numbers will be decreased. The total number of tourists is larger than the local population, and the economic size is tied up to tourism market. Consequently, a significant proportion of local people who are especially not involved in tourism, may not appreciate the number of tourists. The industry will respond to a declining growth rate with a broader advertising campaign and expanding the tourism season and new market target.

5) Stagnation stage: when the number of tourists reaches the peak and exceeds the tourism capacity, it will escalate the environmental issues, social issues and economic issues. For instance, the hotels generate a lot of wastewater from toilets, kitchens, laundries. In addition, other elements from businesses in tourism industry already occur naturally in seawater. In this stage, the destination has become a well-known and recognized area, but it has become a problem in sustainability. As a result, there are various local conferences, consultations, and discussions to find the solutions to maintain the number of tourists. Many start-up businesses are likely to start out over natural attractions and cultural attractions. The tourism shape will change into mass tourism businesses.

6) Rejuvenating stage: in the final stage, two cases may occur in the destination. If the destination is not collapse, it will rejuvenate in either case as follow:

6.1 Collapse Case

- Lands and properties in the destination are more competitive price. The constructions that were built for tourism in the past, they probably change to non-tourism product and the tourism destination will change to other areas.
- Local people are able to purchase tourism products at a lower price because of the downturn in tourism.
- Tour operators are competing to reduce the price of facilities to a low level, then it will become the vicious circle of tourism.

6.2. Rejuvenating Case: there are many alternatives to rejuvenate again.

- Construct the new man-made attractions at the destination, for example, the casino and the theme park.
- Take advantage of previously unused natural resources in tourism.

Butler admitted that it is possible to have a permanent attraction in some destination, which does not collapse. For example, Niagara Falls or some of man-made attractions such as Disneyland where are continuous the improvement and the development as the entertainment tourism. Therefore, there are various efforts on developing tourism destinations through different perspectives, such as the social theory called "*Actor-Network Theory: ANT*". The characters or actors in this theory are divided by their roles and relationships with other characters. For example, instead of dividing the tourists by races, genders or incomes, there are more focusing on the behaviors and relationships with other characters in the destinations. This theory assumes that a variety of networks has built and controlled the tourism destinations. The associating with various characters has created the networks. Then, the roles and behaviors of these characters will change in the same direction, and the characters may be either human animal or things.

However, these networks are constantly changing because of the internal change in the network. For example, there are more people running the same type of business in the destination, then there probably will establish the new law enforcement in the area, etc. Moreover, the network may change because of the new meaning of the destination and then create a new network, which the new network makes the old network to adapt in order to stay connected with the new network.

Tourism Carrying Capacity

Carrying capacity has referred to the growth ability or the responsive ability at the maximum capacity level. Significantly, the environment at this maximum level must still be capable to maintain or operate, and without the potential for damage or risk to health, wellbeing, environment, and its components, including human beings. If it reach over this

maximum level, the environment will be destroyed at no recuperation capacity stage. (Theerayuth, 2010)

B. S. Tselentis (2011) defined as “the maximum number of people that may visit the tourist destination without causing destruction of the physical, economic, and socio-cultural environment and unacceptable decrease in the quality of visitors’ satisfaction”.

The study of Tourism Carrying Capacity has divided into 4 areas as followed:

1) Physical Carrying Capacity defined as the maximum number of tourists that does not destroy the natural and man-made physical environment, including the facilities and the services at the destination.

2) Environmental Carrying Capacity defined as the maximum number of tourists that does not diminish the environmental system and the ecological system, such as fresh-water quality, seawater quality, air and waste management.

3) Social Carrying Capacity defined as the maximum number of tourists that does not diminish the pleasure and the impression of tourists. Including, this maximum level does not establish the negative impact on the local population.

4) Economic Carrying Capacity defined as the level of development that the economy can continue to function appropriately with no conflicts between all stakeholders. Especially, at this level must not affect investment, livelihoods and economic activity of the local population.

In conclusion, these capacities are varied and different as the regions, type of attractions, activities and timing. Additionally, the capacity considerations of the criteria and the factors are also different depending on the size of the areas, community conditions, infrastructure needs such as water use, waste management, landscape preservation, including tourist expectations as well. Besides, it also includes the ability or opportunity of managing and controlling the increasing of potential impacts because of the tourist arrivals.

Therefore, the study of tourism carrying capacity needs to consider the relevant factors before deciding on the best and the most appropriate level of different management systems. Lastly, the final decision process of tourism carrying capacity must be aware of the relationship between the factors and the selection of effective specifications.

Sustainable Tourism

UN World Commission on Environment and Development defined the “*Sustainable Tourism*” which is a concept associated with the Brundtland Report (1987). The definition reads as: ‘Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs’ (Telfer, 2012)

Sustainable development defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development, 1987), sustainable development has emerged as the guiding principle for long-term global development. Consisting of three pillars, sustainable development seeks to achieve, in a balanced manner, economic development, social development and environmental protection.

UNWTO definition of sustainable tourism:

Sustainable tourism development guidelines and management practices are applicable to all forms of tourism in all types of destinations, including mass tourism and the various niche tourism segments. Sustainability principles refer to the environmental, economic and socio-cultural aspects of tourism development, and a suitable balance must be established between these three dimensions to guarantee its long-term sustainability.

Thus, sustainable tourism should:

1) Make optimal use of environmental resources that constitute a key element in tourism development, maintaining essential ecological processes and helping to conserve natural resources and biodiversity.

2) Respect the socio-cultural authenticity of host communities, conserve their built and living cultural heritage and traditional values, and contribute to intercultural understanding and tolerance.

3) Ensure viable, long-term economic operations, providing socio-economic benefits to all stakeholders that are fairly distributed, including stable employment and income-earning opportunities and social services to host communities, and contributing to poverty alleviation.

Sustainable tourism development requires the informed participation of all relevant stakeholders, as well as strong political leadership to ensure wide participation and consensus building. Achieving sustainable tourism is a continuous process and it requires constant monitoring of impacts, introducing the necessary preventive and/or corrective measures whenever necessary.

Sustainable tourism should also maintain a high level of tourist satisfaction and ensure a meaningful experience to the tourists, raising their awareness about sustainability issues and promoting sustainable tourism practices amongst them. (UNWTO-UNEP, 2004)

Tourism Authority of Thailand (1998) defined the sustainable tourism as the tourism with the resource management under the context of the economic, social and aesthetic needs. At the same time, it can maintain the ecological integrity of the necessary ecological processes, biodiversity and sustainable tourism development support system

Designated Areas for Sustainable Tourism Administration (2017) DASTA defined the sustainable tourism as the tourism that balance the development of three dimensions, which are economy, society and environment through the participation of all sectors to bring the prosperity of local communities in the special tourism area. Tourism is the source of income as a tool to preserve the cultures, the traditions, the decent way of living and a tool to protect the environment. The benefit takers from sustainable tourism development are the tourists, the destination and the entrepreneurs.

Observably, the sustainable tourism has driven by the demand for changing and the developing of tourism in four types:

1) Needs of the environment and natural resources conservation: it has extended extensively throughout the world, both local and global levels. It has aimed to further the prevention and solution to the world crisis, especially the ecological preservation for biodiversity.

2) Needs of the tourism market in education and learning: the tourists who have spent their free time on tourism and leisure as the primary in the early period have paid their attentions on learning about the nature and the conservation. Therefore, the tourism market has adjusted itself to meet the changing demands of tourists.

3) Needs of changing the tourism forms by the tourists: some tourists did not satisfied with the tourism resources in a repetitive routine and wanted to develop a diversified tourism model by comparing the abundance of historical tourism resources with the degradation of current tourism resources.

4) Needs of human development: the concept of decentralization, benefits and co-management in the management and conservation of natural resources and the environment of the local has raised so that the local community needs to increase their potential and capability to meet the tourist needs and the tourist attentions.

In summary, this study has shown the definition of sustainable tourism as a tourism form with an appropriate management of tourism resources while satisfying the needs of tourists and resource owners at the destination.

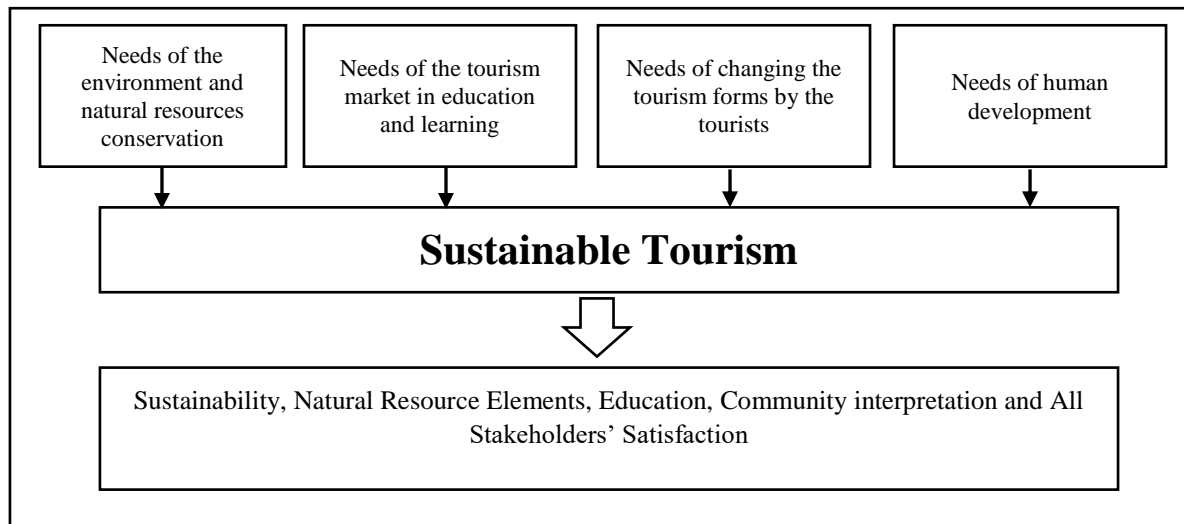


Figure 2. Sustainable Tourism Approach

Destination Branding

The concept of destination branding is similar to the concept of product branding because the destination is a form of product. The definitions have broader scope for the changing of marketing practices in the global tourism situations.

Ritchie and Ritchie (1998) defined the term of "Destination Brand" as the name, symbol, logo, or graphic, which represent the destination identity or differentiate the destination from others. The destination branding is a mechanism that motivates tourists to visit the destination and creates an experience memory toward the brand offers. (Blain, 2005)

Allan (2004) suggested that the destination brand should emphasis on giving the tourists with the destination recall, the destination attractions, the destination identity and the destination quality, which will direct to a sustainable brand. Additionally, the brand needs to communicate to the global market.

Blain et al. (2005) commented that the destination branding has the following process:

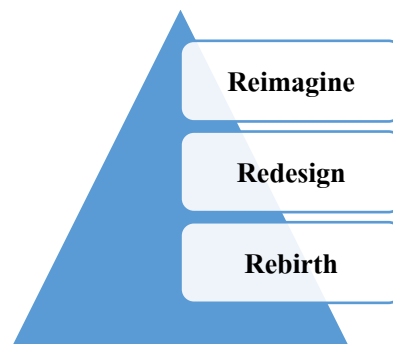
1. Finding the destination identity or characteristics, including creating the name, the symbol or the image.
2. Presenting the tourism types as promising so that the tourists have a decent memory of the destination.
3. Encouraging the tourists to enjoy and recall the destination.

Understandably, the guideline of destination branding should be in the consistent direction with a strong nation brand. The destination brand has to offer what brand can do because it must comply as promising. Moreover, the destination brand must represent a good image or reputation of the country and the brand must be built for the tourists' familiarity and acceptance. Therefore, the image or reputation of the country is an important factor in encouraging tourists to choose the destination. The framework of destination branding strategy should be a conceptual framework by a brand image creating as an important element in the effective branding strategy.

A Case Study of Ranong: Destination Branding Guideline as "Romantic Ranong"

Initially, the marketing concept for "Romantic Ranong" brand building has developed from the cooperation concept of all stakeholders in sustainable tourism management in order to distribute the benefits equally and a positive effect on society, economy and environment.

Moreover, the practical approach has based on the integrated function of all stakeholders .To make this branding concept possible is to create a sense of the value of tourism resources in Ranong and to find out the brand identity for the sustainable branding.



“3 Rs” Principle : Reimagine -Redesign – Rebirth

Reimagine: new look, new imagination, new definition. Recently, the destination marketing development has changed from traditional marketing system, which the only quantitative side is an emphasis on the increasing number of tourists. Accordingly, the destination marketing has focused on a sustainable integrated marketing, which the qualitative side is an emphasis on the tourist quality and the tourism benefits of all sectors and all stakeholders as the values. The sustainable tourism concept has applied to the tourism businesses, which has focused on the responsibility toward the effective usage of limited resources and generating returns and the organizational profits. Besides, the social and cultural impact, such as the extravagant expression and the cultural disrespectful, the society and the stakeholders need to take responsibility in terms of natural life, the environment, especially the direct impact of business operations and benefits from the public resources.

Redesign: branding. The destination branding has designed by the local participation of all ages, a wide range of occupations, both government and private sectors. The intention of creating the good tourism products and the changing from the traditional marketing system have unlocked the branding perspective. Firstly, it has begun with searching the destination highlights and finding out the accurate target with the tourist behaviors matching to the destination personality. The creative ideas of destination branding from the perspectives of local people and researchers are able to deliver the brand image and brand emotion according to the principles of branding. It has called as *Modern Marketing*, *Neuromarketing*, *Sensory Marketing*, and *Content Story Telling*, which based on the concept of 'Feel Then Think'. It makes sense by using the right-brained to communicate and the left-brained to create. The brainstorming with diversified groups focusing on creating common sense, sense of ownership is an attempt to communicate relevant to the responsibility of resources usage and to create a brand culture with a brand promise in reality.

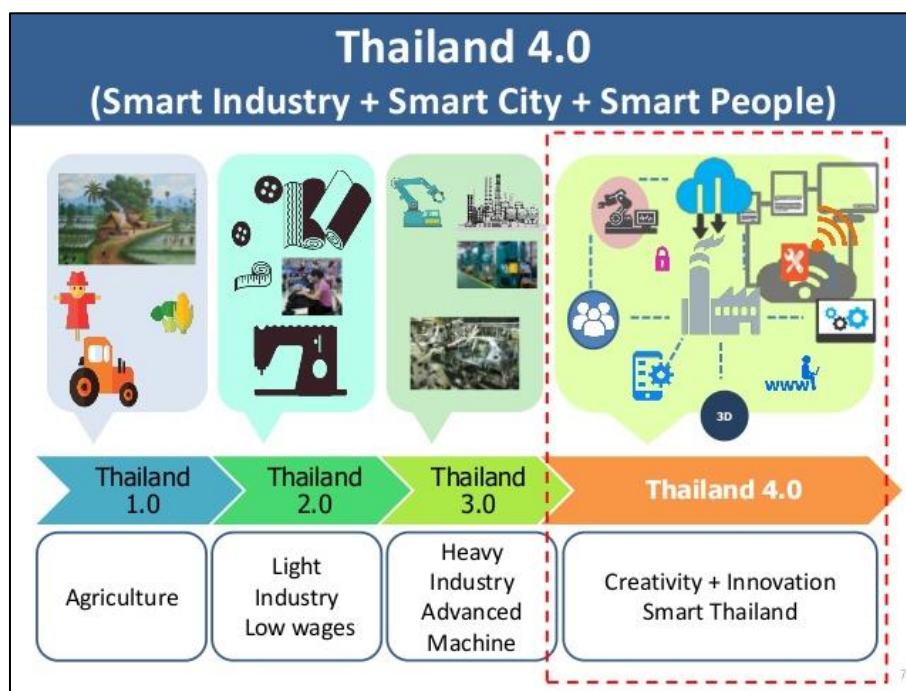
Rebirth: do everything worthwhile. The brand launched by the local people as the film through the online media for a week with more than 7,000 views. The value of doing everything worthwhile is the love of Ranong people merging into a short tourism documentary film, which emphasis on the tourism value. The destination branding at this level has required more time and focused on the exist resources rather than changing the tourism products. The tourism products with the indicative brand of Ranong and the Tourism Authority of Thailand has communicated through the local people. The 'Romantic Ranong' branding concept is one of the tourist intentions to promote for the society and the country.

Although Hua Hin tourism has been successful in the increasing number of tourist and the revenue. At the same time, the current tourism situation has been constantly changing, according to global circumstances and tourist behavior. Hua Hin has to adapt itself to the

changing world and plan to develop in line with market demands. Apparently, as a case study of Ranong, the co-creation of destination branding and tourists are great value. This will be practical and applied to the Hua Hin destination, which will rejuvenate in alternatives.

Towards Thailand 4.0

Thailand 4.0 is an economic model that aims to achieve economic prosperity, social well-being, human values and environmental protection. These goals will be achieved through raising competitiveness in four main sectors. Firstly, in the agricultural sector, Thailand 4.0 calls for the transformation of traditional farming to “smart farming.” Secondly, traditional SMEs will be transformed into “smart SMEs.” Thirdly, where the economy had long been sagged with low value services, Thailand 4.0 wants the country to focus on “high value services.” Fourth, unskilled labor will be transformed into “skilled labor.” These challenges include “a middle income trap”, “an inequality trap”, and “an imbalanced trap”.



Source: <https://www.thailand-business-news.com>

The Thailand 4.0 model will change the country's traditional farming to smart farming. Traditional SMEs to smart enterprises, and traditional services to high-value services, under the concept of “less for more” rather than “more for less.”

Tourism industry has been one key sector in this economic model. Therefore, the tourism development strategy need to consider and apply as follow as this economic model. Moreover, branding strategy is the alternative tool, which can lead the tourism industry to be the creativity and innovation smart tourism concept.

Challenges of Destination Branding

Brand value is the value of the brand's ability to process and meet the needs of the consumer. It is a combination between the brand performance and the consumer engagement based on the consumer perception and brand creditability through the relationships in the value chain. Then, this response will change to be the brand value in the form of products and services

or platforms that consumers are willing to pay by money or something in the equal value. Moreover, it depends on the brand's core business.

Therefore, the destination branding strategy must be consistent with the marketing strategy in each era. Besides in today's society is the digital era that value comes before price. The participation has been significant for tourists to accept the value before visit and experience the destination. More participating of tourists is able to get more opportunity of destination brand acceptance. The levels of involvement with destination brand value are divided into three major types:

1. **Engagement:** the participation to meet their own individual needs or engagement is the creation of personal relationships to reach specific needs.
2. **Endorsement:** the engagement with outstanding co-values can create new tourism products and services from other new values or new ideas. The additional value between brand and tourist can become the new business in the destination.
3. **Empowerment:** the participation in the level of co-creation or participating process is about being good fellowships and creating something together.

Besides, the brand behavior is vital to the brand's long-term sustainability that the destination brands and tourists are living together in the society. The destination branding needs to think and act quickly to take a competitive advantage. The destination management organizations that focus on offering differentiated tourism products and services with strong brand identity and take the first position in the market will be the competitive destination.

Conclusion

Obviously, the traditional marketing is unable to compete in the global tourism market because the challenges and the brand competition is more likely to increase so that the branding strategy is necessary for the destination marketing and destination management. Additionally, branding 4.0 has started with bringing brand to life with identity.

As a result, if the successful destination brand has a vibrant personality, the destination brands will begin to build relationships with the tourists. The internal stakeholders value their quality of life as part of the destination brand, while the external stakeholders need the specific branding. Noticeably, the destination brand needs to build good relationships with the external stakeholders as friends. Therefore, having a good relationship and having a stakeholder is perceived and linked to the brand value of destination as the basis of successful brand in digital society.

Currently, Hua Hin tourism development has a challenge for branders and marketers who need to understand the changing context of digital society. However, the successful destination branding strategy need to be sustainable and this will be more challenging part for the tourism strategic planner. The sustainability is a matter of balance that all relevant sectors and all stakeholders should focus on and be involved in destination branding strategy. Integrated destination branding strategy is critical for the genuine sustainability, which all sectors and all stakeholders need to engage in integrated and inclusive responsibilities under a context of common goals toward a sustainable society.

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BOOK REVIEW

***Product Management.* Donald R. Lehmann and Russell S. Winer, New York: McGraw-Hill Companies, 2005, 4th edition, 494pp, ISBN 007-123832-8**

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Many textbooks deal with marketing management, strategy, digital marketing and marketing in Asia issues. These books either are general introductions to marketing management and strategic or focus on particular in trend issues. Most existing textbooks do not adequately cover product or marketing managers' day-to-day responsibilities for managing a single product, service, or a product line. This book focus on the key tasks facing product managers; how to write product marketing plans, how to select specific marketing strategies, and how to implement those strategies by making decision. The book differs from various book on various aspects. First, it is a hand-on approach focusing on decision making. Second, it attempts to point out what product manager's job is actually like. And, third the using of pair of running examples; high-tech and low-tech products, giving the readers a clear applicable example. In doing so, the book has several theoretical and empirical contributions, and also a set of marketing mix's frameworks for practicing product or marketing managers. In this review, I will try to capture the key contents, the authors are trying to contribute.

This book is split into four parts and consisting of 16 chapters – the marketing planning process and the background analyses necessary for constructing a successful marketing plan (first seven chapters); how to set product objectives and develop a product strategy (chapter 8-9); the marketing mix (next five chapters); and financial analysis and marketing metrics (last two chapters). An introduction chapter gives an idea of the product manager's jobs and responsibilities which makes this book different from the other marketing management or marketing strategy books. Chapter 2 outlines the two general parts of the marketing plan: the situation analysis which analyze the background of the market for the product and the objectives, strategy, and programs based on the background analysis that direct the product manager's actions. Tools for product manager to develop the category definition are provided in chapter 3. The authors argue, a myopic view of competition can be dangerous. Thus, levels of market competition and methods for determining competitors are defined in this chapter. Six major market factors impact market attractiveness are examined in chapter 4.

The three main areas of inquiry include basic aggregate factors, category factors related to the major participants, and environmental factors. Sources of information for the attractiveness analysis components and apply the concepts to the particular products are also discussed. Chapter 5 focuses on the competitor analysis, the authors show an overview of competitor analysis model. Sources of data both secondary and primary data, how to create a product features matrix, assess competitors' current objectives and strategies are discussed. Customer analysis, in chapter 6, the authors separate into three parts. First, the authors suggest an approach to systematically analyzing customers. Second, the authors introduce the concept of long-term value of customers.

Finally, the authors discuss market segmentation, that is, how to efficiently and effectively group customers to simplify strategic and tactical thinking and decisions. Chapter 7 market potential and sales forecasting are described. Forecasting is one of the most important job facing the product manager. Several methods for forecasting future sales or market share are described for instance; judgement based, customers based, sales extrapolation, and model based.

By doing all the analysis, targeting and positioning are mainly addressed in chapter 8. New products are focused in chapter 9, giving a brief overview of some considerations in deciding whether to change a product, with emphasis on the long-run effects and the immediate sales impact on current customers, occasional customers, and noncustomers. Price objectives, strategies and several pricing tactics are discussed in chapter 10. Chapter 11 delineated advertising decisions to be made. The authors provide a set of worksheets to facilitate the process – advertising strategy summary, advertising spending plan and budget, and detailed monthly advertising spending plan. In chapter 12, the authors give a guide line for the readers to make decision on promotions. The necessary and framework for customer and trade promotion, the profit impact of consumer and trade promotional budget as well as detailed promotion schedule worksheet are provided in this chapter. Chapter 13, this chapter covers distribution channels. Channel selection and channel management are mainly emphasized. The authors argue the direct are better than indirect channels under some certain circumstances. Direct marketing process and methods are also discussed in this chapter. The book, chapter 14, provides a framework for customer relationship management adding from the third edition.

The last two chapters, the authors contribute to financial analysis and marketing metrics. In chapter 15, several kinds of financial analysis that are important for product manager are described and linked to marketing strategy. Capital budgeting from marketing prospective is also mentioned. The authors describe marketing metrics, in the final chapter, that are used by a variety of organizations. The authors also give a conceptual model for guiding a product manager's thinking in this important area. In addition, possible of information for the metrics are given.

Overall, I think that this book is a well-written. In academic, this book can be used at both the undergraduate and graduate levels. It works best between a core marketing course and advance marketing strategy course. I can see the authors' intentions writing this book to make this book meant to be a real practical, and "hand-on" book based on actual product managers' daily responsibilities across a wide variety of product categories. A product manager can read this book and immediately apply the concepts to his or her situation. Lastly, I strongly recommend, the product manager and marketing people should have read this book.

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