



## ✎ Editorial ✎

### Strategies in Broadcasting and Tourism, Use of Loans by Households, and Risk Mitigation in Schools

The five articles in this issue have a high relevance to current business issues and social concerns in Thailand and probably in other developing countries. The broad issues are technological migration and its implication on the business prospects in the sector that uses the technology, the business of promoting tourism by communities and the service sector particularly resort and boutique hotels, and the role of finance and cooperatives in improving the welfare of rural households. The social concern is safety of children in school and the relative values parents place on mitigating three kinds of risks. Two book reviews complete this issue: on agricultural finance and health economics.

Thailand is in the midst of another transition in broadcasting technology. It had gone through one which some reader might remember – black and white to color television. This time it is from analogue to digital television broadcasting. The regulator, NBTC, has drawn a road map for the transition and as one of the steps, has opened bids for broadcasting licenses for an auction scheduled this December. A license grants a broadcaster the right to occupy a radio frequency on the spectrum. The study “Technological Migration: The Case of Thai Digital Terrestrial Television” by Ratidanai Hoonsawat of the Faculty of Economics of Chulalongkorn University, Bangkok, offers some fascinating bits of information on the transition from analogue to digital broadcasting. For instance, that it took 30 years for color TV to become a global standard; that the radio spectrum, which is a national resource (and should not to be sold to other nations), is getting crowded from so many uses, the greatest user being television broadcasting; that digital broadcasting frees up the bandwidths that analogue broadcasting now occupies, which can then be assigned to the new technologies such as 4G and for public safety organizations and broadband and wireless companies; and that digital broadcasting is what allows you to view high definition telecasts on a widescreen set, and other interesting notes.

The study focuses on what business strategy broadcasting entrepreneurs would adopt during the so-called technological transition. The study found that they would like to switch immediately because the faster the transition and the sooner they go digital, the higher is the net present value of the new platform. The net present values of the broadcasters’ net profit over a 15-year license period indicate that a long transition period reduces the benefit to a broadcaster from upgrading to a better technology. This suggests that the government should terminate the old platform as soon as possible and stimulate a rapid transition. The time frame for transition is only one of the issues. Others include the allocation of the bandwidths through auction, which implies an efficient allocation through the market. The efficiency in managing the transition, by regulation or through the market or a mix of both, to a new technology or standard (such as, earlier, from gasoline to gasohol) is critical to the business strategies of the sector and the adoption of the new technology by the public. It is also important in the governments’ generation of revenues from the issuance of permits.

The first of the two studies on tourism looks at economic motives of tourists to come again. The second examines how resort and boutique hotels, which cater mostly to tourists, can improve their profitability. The article, "Length of Stay and Frequency of Visits in Chiangkhan" by Arm Nakornthab and Surachai Chancharat of the Faculty of Management Science, Khon Kaen University, found that tourists were impressed and attracted most by the ambience, culture and traditional living style of the area. Young tourists with medium level of income comprised the most number of visitors and those who had visited Chiangkhan are likely to revisit. A notable finding was that those with higher income would visit less frequently than those with lower income. The finding suggests a tourism strategy that encourages the demand for tourism of the target group, i.e. the medium income level group. And, since they are drawn by the traditional life style and culture of the area, these should be preserved and kept authentic. The second, "Operational Efficiency and Technology Gap Ratio of Hotels under Different Environment" by Akarapong Untong of the Public Policy Studies Institute, Chiang Mai University, found that the environment of the hotels – associated with their locations – accounted for the differences in efficiency. These differences prompted the hotels to apply diverse innovations in their operations. Hotels in Phuket had a higher operational technology than those in Chiang Mai. Hotels that emphasized increasing the efficiency of room occupancy and enhancing labor productivity did better than those that simply wanted to reduce operational cost.

A case study in Nigeria examined the role of rural cooperatives in improving the welfare of members living in communities that are not served by banks. The article, "Household Assets and Rural Finance in Nigeria" by Onafowokan O. Oluyombo of the Department of Financial Studies of Redeemer's University in Lagos found that cooperative members were more likely than non-members to be able to build up their household assets (these included land, electricity generator, television, radio and refrigerator). The acquisition of these assets is an indication of improvement in members' standard of living made possible through access to cooperative loans. The study provided more evidence on the importance of land ownership, and how this is enhanced when rural communities have access to affordable loan. In contrast to what might be found in a credit scheme that is supported by government funds, the study found no evidence that cooperative members were borrowing money for buildings or to acquire a motor vehicle. The author proposed that this behavior was influenced by the members' appreciating the fact that the program is self-sustained from their own savings.

The fifth article deals with hazards to safety and health of school children and how much parents are willing to pay for a certain level of risk mitigation. In, "Do Parents Benefit from School Health Risk Reduction?" by Phumsith Mahasuweerachai of the Faculty of Management Science of Khon Kaen University, determined parent's preferences and monetary values of risk reductions on three health hazards in school, namely, lead contamination in school drinking water, diarrhea from food contamination, and accident from playing in the school playground. The study found that lead contamination is the greatest concern among parents as reflected by the amount of money they would pay to mitigate this risk. Food safety and playground safety were given equal importance. However, the study indicated that the parents seemed insensitive to the changes of risk reductions of these two hazards. The result suggests that choice experiment is a promising method to determine preferences and monetary values of health-related issues with no appropriate or precise financial proxy.