ISSN 2465-5325

RMUTT Global Business Accounting and Finance Review

Volume 1 Issue 2 | May - August 2017

Faculty of Business Administration, Rajamangala University of Technology Thanyaburi

Editorial Team

Editorial Note

RMUTT Global Business Accounting and Finance Review (GBAFR) is an academic journal prepared by Graduate Studies (Ph.D. Program), Faculty of Business Administration, Rajamangala University of Technology Thanyaburi (RMUTT). The GBAFR journal aims to disseminate good academic output related to business administration, accounting, and finance aspects of individuals from both within and outside the university. It is an intermediate for exchanging academic views as well as a source for promoting and developing research competency of faculty staffs, academicians, researchers, students, and any persons in terms of business administration, accounting, and finance fields.

This journal is the second journal which published five research papers, and one book review. In addition, each of the research articles presented such interesting concepts leading to creating new knowledge to the readers. Therefore, this journal is a channel disseminating the knowledge of business administration, accounting, and finance which related persons could apply it for further benefits.

Lastly, the editorial department and editorial team would like to considerably thank you for supporting and pushing forward this journal to occur and well accomplish. We are hopeful of your good cooperation and continuing support in the future.

Dr. Umawasee Sriboonlue
Editor-in-Chief

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Factors Analysis of the Factors Affecting Customer Satisfaction on Accommodation Alternatives

Noppamash Suvachart[1]
Business Administration and Accounting Faculty, Khon Kaen University
snoppa@kku.ac.th

Abstract

This study aimed to determine the factors contributing to customers' decision in choosing an alternative accommodation. A questionnaire survey was carried out among randomly selected Thais aged 18 – 51 who have leisure traveling experience. A total of 520 questionnaires were distributed on May-June 2016. Out of the total sample of 520, only 488 completed responses were valid (with a response rate of about 93.8%). An exploratory factor analysis was conducted to identify selection factors adopted by Thais when they chose the alternative accommodation. The major findings revealed five factors in choosing an accommodation which were: (1) security, (2) recreational facilities, (3) local landscape, (4) availability of special services, and (5) nice host. Finally, the marketing implications and some suggestions were presented.

Keywords: Factor analysis, Selection, Service marketing, Customer, Satisfaction

[1] **Corresponding author**

1. Introduction

A key factor in increasing the revenue of the tourism industry is the improvement of facilities for travelers such as accommodation, transportation, security, and traveling information. In 2016, Kasikorn Bank research center reported that there is a growing trend in accommodation business sector due to the increasing number of travelers. The growing demands necessitate massive expansion of businesses in the accommodation sector in Bangkok as well as other provinces, including businesses that have expanded overseas.

Medium and small businesses invest in unique building designs to attract travelers and providing them new experience with their stay. Some businesses use pricing strategy where the tourists get a good value for their money with quality service at a lower cost. The Thai government launched a campaign to further strengthen the tourism sector. As part of the campaign, the government has increased the available domestic flights and transportation not only to the popular tourists' spots but also to other provinces that are equally worth visiting. Making the travelling convenient encourages travelers to visit the major cities as well as the small towns and provinces in Thailand. Hosting sports event, festivals and other special festivities also draw tourists to visit other less popular destinations. The influx of tourists wanting to partake in the festivities or unique occasions opens the opportunity to expand accommodation business in the local areas of Thailand.

The opening of local areas for tourists paved the way to alternative accommodations. This year, the businesses that provide alternative accommodations have grown substantially. Alternative accommodations refer to hostels like guest houses, service apartments, and commercial homes that provide paid lodging to the visitors on a short-term period. They differ from the conventional hotels in terms of the limited service provided with an intrinsic cues and local culture. The commercial homes, on the other hand, particularly refer to accommodations where guests pay to stay in private homes. The host and/or the host family usually live in the rented premises. Commercial homes provide an interaction with the local/s (the host or the host family), an experience that is not present in a conventional hotel stay. Alternative accommodations are focused on satisfying the customer needs in a competitive environment. The owners provide customers with rooms that are clean and neat as they are able to furnish, depending on the level, grade and standard of the accommodation.

All information above stimulated researcher to study the factors affecting customers' satisfaction on accommodation alternatives. However, this research paper focused only on research methodology called factor analysis, which was a one part of the whole research.

2. Literature Review

A number of considerable literatures on hotel selection, factors that affect the choice of alternative accommodations, and impact of customer reviews had been studied and selected.

The research at Pondicherry, a heritage coastal town in India of Gunasekaran N. &Victor Anandkumar (2012) concluded that there are four factors that affect the decision of the customers in selecting an alternative accommodation. These four factors are: homely atmosphere, value for money, local landscape and guest-host relationship. They also found out that the perception on value for money is one of the concerns of the visitors in choosing an alternative accommodation.

The studies on rural lodging sites conducted by Litvin, Goldsmith, & Pan, (2008); Ng, David, & Dagger, (2011) revealed that accommodation services are very important intangible feature. The purchase process was inherently risky because customers cannot assess the services before checking in. The researchers recommended increasing interpersonal communication to influence the customers' buying decisions.

Most customers prefer to purchase accommodation services independently rather than relying on professional advice from a travel agent, and the Internet had emerged as a primary source of rural lodging sites information (Hernández-Maestro, 2010; Hernández-Maestro et al., 2007). The internet has become a useful tool for tourists to do researches on places they will be travelling to and the alternative accommodation choices. The study of Trusov, Bucklin, & Pauwels, (2009) revealed that among the various communication channels rural lodging sites use, highly influential online communication model relies on infomediaries or web bloggers that gather information from different accommodation service providers and customer reviews. When the web bloggers post more information, it becomes of greater value to viewers. In addition, the researches of Chevalier and Mayzlin (2006), Pathak et al. (2010), and Zhu and Zhang (2010) on the impact of customer reviews all revealed that the number of online reviews positively affect the business performance. While the studies of Duan et al., (2008a, 2008b), Liu, (2006) and Ye et al. (2011) revealed that the volume of online reviews, separated from the ratings, emerged as the primary influence on sales. The researches even specified a positive relationship between the number of reviews and the number of bookings for hotels. These only accounted the number of reviews regardless whether they are positive or negative. The research showed that the reviews increase consumers' awareness of the lodging sites and any publicity (positive or negative) may be good publicity (Cheung & Thadani, 2012; Duan et al., 2008a, 2008b; Liu, 2006; Vermeulen & Seegers, 2009). Overall, the accommodation services attract travelers by the service they provide. On the other hand, the measures that travelers use as their criteria for selecting alternative accommodations remain to be a topic of discussion. Figure 1 shows a conceptual model from the studies that were reviewed.

2.1 Conceptual Framework

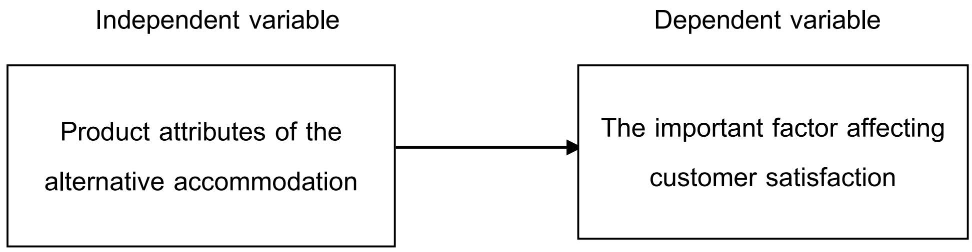

Figure 1. Conceptual Framework of This Study

Research conceptual framework related to attributes of the alternative accommodation that affecting customer satisfaction when they make decision to buy services.

Based on research methodology, grouping observed variables as known as factor analysis has been widely used. Factor analysis has a key concept that many observed variables have similar responses because they are all rely on an unobservable (latent) “factors”. Significantly, the unobserved factors are more interesting among social researchers than the observed factors. There are two types of analysis: exploratory analysis and confirmatory analysis. The relationship of each variable to the underlying factor (latent) is expressed in terms of factor loading. Normally, factor analysis is generally an exploratory method that requires many subjective judgments by the user. Although, it is a widely used tool, it can be disputed because of more flexibility leading to more debates about result interpretations (Maike Rahn, 2016).

3. Methodology

This paper aims to identify the most important factor that influences customers’ decision in choosing the alternative accommodation services. It attempts to understand customers’ needs and what satisfies them when choosing an alternative accommodation. The study uses survey questionnaire and statistical software to analyze the factors that customers consider when choosing an alternative accommodation. The findings may serve as a useful reference for the owners of alternative accommodations.

This section is divided into three sub-sections: research design, data collation and data analysis. The details of each sub-section are described as below.

3.1 Research Design

Both qualitative and quantitative methods were used for this study. The questionnaire was based on the inductive approach with an initial proposal of the relevant literatures for qualitative synthesis as mentioned in part two. The preliminary scale (with 28 items) was administered to 95 students of Khon Khaen University. The students were asked to rate the important attributes for selecting alternative accommodation items on a five point Likert scale (ordinal measurement scale) with '5' indicating much more, '3' indicating neutral and '1' indicating little. The questionnaire was tested by selecting a convenient sample of 95 regular students enrolled in the hotel management course of Khon Kaen University. The average age of the participants was 18.39 year with an SD of .755 year. The data were collected during the consumer behavior in hospitality industry class. Out of 92 participants, a total of 95 usable responses were returned (with a response rate of about 96.8%). In testing the instrument, score variability and mean (descriptive statistics) were used to analyze and select the variables in the measurement scale. The mean and standard deviation of each variable was calculated. Variable with lower standard deviation (SD<1) were selected for final measurement scale as they represent greater unanimity among the participants. This was the only criterion for selection. In this process out of 28 variables, only 24 were selected for the final measurement scale as shown in Table 1 below.

Table 1. List of Accommodation Attributes

Item	**Variables**	**Item**	**Variables**
A1	Own space	A13	Online reviews
A2	Wanted a change	A14	Personalized hospitality
A3	Cleanliness	A15	Interaction with local
A4	Security	A16	Touch local culture
A5	Food quality	A17	Avoid the crowd
A6	Something different	A18	Cordial relationship with host
A7	Local environment	A19	Swimming pool
A8	Flexibility stay	A20	High-speed internet
A9	Value for money	A21	Hot tub
A10	Local lifestyle experience	A22	Fitness Centre
A11	Readily available	A23	Room service
A12	Not exorbitantly price	A24	Set price range

Furthermore, the researcher measured the internal consistency of this scale using Cronbach's alpha coefficient value. The alpha coefficient for the twenty-four items is .880, suggesting that the variables had relatively high internal consistency.

3.2 Data Collection

A self-administered questionnaire with two sections was developed as the data collection instrument. The survey instrument was organized into two sections as follows:

Section 1 collected information on respondents' demographic data. Frequency distribution was used based on gender, age, education level, and income level.

Section 2 was designed to find out the factors that affect the decision-making of customers for selecting alternative accommodation (guest houses, service apartments, commercial homes/bed &breakfast).The second section also presents the results derived from decision-making items for selecting alternative accommodation by comparing the ancillary attribute importance ratings of individual attributes with an average rating of 24 attributes and determining which ancillary attribute importance ratings are significant.

Data collection was conducted on randomly selected days over a two-month period. Target respondents included Thais aged 18 – 51 (Gen Z =18-21, Gen Y =22-30 and Gen X =31-51) and who have leisure traveling experience. The survey was collected from people who are working and studying in Bangkok. A total of 520 questionnaires were distributed on May-June 2016. Out of the total sample of 520, only 488 usable responses were considered (with a response rate of 93.8%). The responses of some of the participants who have no leisure traveling experience were considered not valid since these responses do not apply to the sample condition. The responses of 488 participants who responded carefully to all24 items in the measurement scale were retained for further analysis.

3.3 Data Analysis

The data were analyzed using the Statistical Package for the Social Sciences (SPSS) version 13.0. The descriptive data, including demographic information of respondents, were expressed in percentage. The component on the decision-making was interpreted using a factor analysis (principal component method) on all responses on the 24 items with regard to the product attributes. Factors with eigenvalues of 1.0 or higher were considered as dimensions for accommodation evaluation. Following varimax rotation, items with factor loadings of above 0.4 were set to as the evaluation scale. The perceptions of selection variables on 24 attributes (A1-A24) were examined. Before moving to factor analysis, the raw data was tested for sampling adequacy (through Kaiser-Meyer-Olkin measure of sampling Adequacy) and sphericity (Bartlett's Test of Sphericity) to decide whether the data was suitable or not. Kaiser-Meyer-Olkin (KMO) and Bartlett's test were used to measure the strength of relationship among the variables. The testing results are shown in Table 2 below.

Table 2. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.901
Bartlett's Test of Sphericity	Approx. Chi-Square	5443.387
	df	276
	Sig.	.000

Note: statistical significance at 0.01 level

In reference to Table 2, the KMO measurement was 0.901 and the Bartlett's Test of Sphericity revealed a statistical significance at 0.01 level. This means that the correlation matrix was not an identity matrix. The above figures indicate that the data collected from the respondents were suitable for factor analysis.

The next table (Table 3.) shows how much of the variance in the variables has been accounted for by the extracted factors. The communality value should be more than 0.5 to be considered for further analysis. These variables (highlighted in bold) are to be removed from further steps of factor analysis.

Table 3. Initial, Extraction Communalities and Interpreting

	Variables	**Initial**	**Extraction**	**Interpreting**
1	Own space	1.000	.609	60.9 % of the variance in "own space attribute"
2	Wanted a change	1.000	.679	67.9 % of the variance in "wanted a change"
3	Cleanliness	1.000	.654	65.4 % of the variance in "cleanliness"
4	Security	1.000	.675	67.5 % of the variance in "security"
5	Food quality	1.000	.602	60.2 % of the variance in "food quality"
6	Something different	1.000	.584	58.4 % of the variance in "something different"
7	Local environment	1.000	.615	61.5 % of the variance in "local environment"
8	**Flexibility stay**	1.000	**.484**	48.4 % of the variance in "**flexibility stay**"
9	Value for money	1.000	.589	58.9 % of the variance in "value for money"
10	Local lifestyle experience	1.000	.530	53.0 % of the variance in "local lifestyle experience"
11	Readily available	1.000	.541	54.1 % of the variance in "readily available"
12	Not exorbitantly price	1.000	.603	60.3 % of the variance in "not exorbitantly price"
13	**Online reviews**	1.000	**.397**	39.7 % of the variance in "online reviews"

Table 3. Initial, Extraction Communalities and Interpreting (Cont.)

	Variables	Initial	Extraction	Interpreting
14	Personalized hospitality	1.000	.578	57.8 % of the variance in "personalized hospitality"
15	Interaction with local	1.000	.669	66.9 % of the variance in "interaction with local"
16	Touch local culture	1.000	.715	71.5 % of the variance in "touch local culture"
17	**Avoid the crowd**	1.000	**.485**	48.5 % of the variance in "avoid the crowd"
18	Cordial relationship with host	1.000	.821	82.1 % of the variance in "cordial relationship with host"
19	Swimming pool	1.000	.577	57.7 % of the variance in "swimming pool"
20	**High-speed internet**	1.000	**.477**	47.7 % of the variance in "high-speed internet"
21	Hot tub	1.000	.755	75.5 % of the variance in "hot tub"
22	Fitness center	1.000	.760	76.0 % of the variance in "fitness center"
23	Room service	1.000	.630	63.0 % of the variance in "room service"
24	**Set price range**	1.000	**.496**	49.6 % of the variance in "set price range"

Extraction Method: Principal Component Analysis.

The next table (Table 4.) shows eigenvalue, actually reflects the number of extracted factors which its summation should be equal to number of variables which are subjected to factor analysis. The eigenvalue table has been divided in three subsections; initial eigenvalues, extracted sums of squared loadings, and rotation sums of squared loadings. For analysis and interpretation purpose, this study concerned with rotation sums of squared loadings, it showed only those variables that met the cut-off criterion (extraction method). In this case, there were five factors with eigenvalues greater than 1. The "% of variance" column reveals the first factor accounts for 23.948% of the variance, the second 13.105%, the third 12.793%, the forth 6.196% and the fifth 4.489%. All the remaining factors are not significant.

Table 4. Eigenvalue

	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.956	33.150	33.150	7.956	33.150	33.150	5.748	23.948	23.948
2	2.762	11.508	44.658	2.762	11.508	44.658	3.145	13.105	37.054
3	1.713	7.137	51.795	1.713	7.137	51.795	3.070	12.793	49.846
4	1.076	4.482	56.277	1.076	4.482	56.277	1.487	6.196	56.043
5	1.021	4.254	60.531	1.021	4.254	60.531	1.077	4.489	60.531
6	.945	3.936	64.468						
7	.840	3.499	67.967						
8	.811	3.379	71.346						
9	.746	3.108	74.453						
10	.672	2.800	77.253						
11	.619	2.579	79.832						
12	.562	2.341	82.173						
13	.493	2.054	84.227						
14	.490	2.040	86.266						
15	.443	1.846	88.112						
16	.439	1.831	89.943						
17	.409	1.706	91.649						
18	.374	1.557	93.206						
19	.351	1.463	94.669						
20	.338	1.407	96.076						
21	.295	1.229	97.305						
22	.255	1.061	98.365						
23	.206	.859	99.224						
24	.186	.776	100.000						

Extraction Method: Principal Component Analysis.

The Table 5 shows the loadings (extracted values of each item under 5 components) of the 24 variables on the five factors extracted. The higher the absolute value of the loading, the more the factor contributes to the variable (We have extracted five components wherein the 24 items are divided into 5 components according to most important items which similar responses in component 1 and simultaneously in component 2, 3, 4 and 5 respectively. The gap (empty spaces) on the table represent loadings that are less than 0.5, this makes reading the table easier. We suppressed all loadings less than 0.5 (Table 5).

Table 5 Component Matrix

	Component				
	1	**2**	**3**	**4**	**5**
Food quality	.736				
Not exorbitantly price	.707	-.285			
Security	.705	-.413			
Value for money	.696	-.295			
Personalized hospitality	.683		-.263		
Readily available	.660	-.268			
High-speed internet	**.652**				
Flexibility stay	**.652**	-.242			
Cleanliness	.645	-.473			
Set price range	**.640**				
Touch local culture	.608	.227	-.518		

Table 5 Component Matrix (Cont.)

	Component				
	1	**2**	**3**	**4**	**5**
Interaction with local	.605	.312	-.423		
Online reviews	**.587**				
Own space	.544	-.231	.238	.413	
Wanted a change	.534	-.247	.335	.424	.201
Something different	.518	.295		.437	
Local lifestyle experience	.517	.224	-.451		
Local environment	.498		-.457	.348	
Fitness center	.411	.678	.362		
Hot tub	.439	.649	.372		
Room service	.466	.566	.245		
Swimming pool	.455	.494	.343		
Cordial relationship with host	.210			-.372	.789
Avoid the crowd	.282	.325			.480

Extraction Method: Principal Component Analysis.

3.4 Rotated Component Matrix

The idea of rotation is to reduce the number variables on which the variables under investigation have high loadings. Rotation does not actually change anything but makes the interpretation of the analysis easier. These factors can be used for further analysis. Because of the communality value lower than 0.5, The five factors: set price range, flexibility stay, high-speed internet, online reviews, and avoid the crowd attributes were removed from further steps of factor analysis. The rotated component matrix is represented below:

Table 6. Rotated Component Matrix

	Component				
	1	**2**	**3**	**4**	**5**
security	.791				
cleanliness	.760			.261	
not exorbitantly price	.744				
value for money	.720		.233		
readily available	.716				
food quality	.672	.212		.279	
set price range	**.648**	**.256**			

Table 6. Rotated Component Matrix (Cont.)

	Component				
	1	**2**	**3**	**4**	**5**
flexibility stay	**.628**		.229		
high-speed internet	**.624**	**.262**			
personalized hospitality	.582		.454		
online reviews	**.446**	**.381**	**.225**		
hot tub		.853			
fitness center		.853			
room service		.749			
swimming pool		.730			
touch local culture	.327		.736		
local environment			.721	.260	
interaction with local	.291	.261	.689		
local lifestyle experience	.220		.681		
something different		.269	.566	.382	
avoid the crowd		**.201**	**.440**	**.299**	**.386**
wanted a change	.447			.679	
own space	.441			.634	
cordial relationship with host					.887

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

4. Research Results

The fourth section is classified into 2 parts: demographic factors of respondents and the results of factor analysis. The details of each part are given below.

4.1 Respondent Profiles

Out of the 520 questionnaires that were distributed, only 488 of the questionnaires were completed having the response rate of 93.8%. In terms of gender, the females are at 59.8%while the males are at 40.2%.This reflects that there were more than 19.6 percent female respondents than male respondents. The survey respondents were composed primarily of Gen Y (22-30 years) accounting for 34.4%, Gen X (31-51 years)in33.6% and Gen Z (18-21 years) in32% of the respondents. Other demographic data are given in Table 7 below.

Table 7. Demographic Profiles of Respondents (N=488)

	Frequency	**Percentage (%)**
Gender		
Female	292	59.8
Male	196	40.2
Age (years)		
18-21	156	32.0
22-30	168	34.4
31-51	164	33.6
Education		
College and below	155	31.8
University	306	62.7
Graduate school	27	5.5
Monthly household income (Baht/USD in parentheses)		
Less than 10,000 (285)	168	34.4
10,001-15,000 (286-427)	195	40.0
15,001-20,000 (428-570)	100	20.5
20,001 or above (571 or above)	25	5.1

4.2 Derivation of Dimensions by Factor Analysis

Using the factor analysis, five dimensions/factors with eigenvalues of 1.0 or higher were obtained. Factor loadings after a varimax rotation with eigenvalues greater than 1.0 were retained. The results are shown in Table 8. The analyses rendered five factors. Factors were named after the attributes that had their highest loadings on that factor. Table 8 shows the details of the factors identified through exploratory factor analysis.

Table 8. Results of Factor Analysis

Dimension/evaluation items	**Factor loadings**	**Eigenvalue**	**% Variance**
Factor 1: Security		5.748	23.948
Security	0.791		
Cleanliness	0.760		
Not exorbitantly price	0.744		
Value for money	0.720		
Readily available	0.716		
Food quality	0.672		
Set price range	0.648		
Flexibility stay	0.628		
High-speed internet	0.624		
Personalized hospitality	0.582		
Online reviews	0.446		
Factor 2: Recreational facilities		3.145	13.105
Hot tub	0.853		
Fitness center	0.853		
Room service	0.749		
Swimming pool	0.730		
Factor 3: Local landscape		3.070	12.793
Touch local culture	0.736		
Local environment	0.721		
Interaction with local	0.689		
Local lifestyle experience	0.681		
Something different	0.566		
Avoid the crowd	0.440		
Factor 4: Availability of special services		1.487	6.196
Wanted a change	0.679		
Own space	0.634		
Factor 5: Nice host		1.077	4.489
Cordial relationship with host	0.887		

Factor loading after a varimax rotation are also shown in Table 4. Twenty-four evaluation items with factor loading of more than 0.4 were categorized into five evaluation scales. In cases where the factor loading was above 0.4 for two items, they were categorized into the factor having the greater factor loading. Based on the content of the items included, the scales are defined as the following:

Factor 1 Security

This factor garnered 23.948% of explained variance. It means that this factor gains the maximum yield for the alternative accommodation selection. Factor 1 includes security - 0.791, cleanliness - 0.760, exorbitant price - 0.744, value for money - 0.720, readily available - 0.716, food quality - 0.672, set price range - 0.648, flexibility stay - 0.628, high-speed internet - 0.624, personalized hospitality - 0.582, and online reviews - 0.446 factors loading. All the attributes, except online reviews, have high factor loading that suggests the superiority of the factor itself. This factor implies that security, cleanliness and affordability are always important in selecting an alternative accommodation.

Factor 2 Recreational facilities

This factor converged at 13.105% of explained variance, with four attributes retained. It includes hot tub - 0.853, fitness center - 0.853, room service - 0.749, and swimming pool - 0.730 factors loading.

Factor 3 Local landscape

This factor gained 12.793% of explained variance, with six attributes retained. This factor includes touch local culture - 0.736, local environment - 0.721, interaction with local - 0.689, local lifestyle experience - 0.681, something different - 0.566, and avoid the crowd - 0.440 factors loading.

Factor 4 Availability of special services

This factor landed at 6.196% of explained variance, with two attributes retained. It includes wanted a change - 0.679, and own space - 0.634 factor loading.

Factor 5 Nice owner

Finally, the least important factor among the Thai traveler respondents is “nice host” accounted at 4.489% of explained variance. It includes cordial relationship with host - 0.887 factor loading.

5. Conclusion and Implications

The results generated five factors contributing to customer satisfaction towards choosing an alternative accommodation. These include security, recreational facilities, local landscape, availability of special services, and nice owner.

To attract more customers, owners of alternative accommodations should focus on security together with cleanliness of the place and affordability. They should also consider providing recreation facilities and choose a location that shows the local landscape. Ideally, alternative accommodations should feature local life with rooms having relaxed atmosphere. In terms of pricing, alternative accommodation should retain its economical pricing – a feature that would less likely be available in conventional hotels. Since the distribution strategy heavily relies on information technology, social media, and internet, the promotional advertisement theme should highlight on security, recreational facilities, local landscape, availability of special services, and the characteristic of the owner.

5.1 Acknowledgments

The author would like to thank Business Administration and Accountancy Faculty, Khon Kaen University for their academic guidance and support.

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Mechanism of Saving Activity and Community Business Administration for Decreasing Household Debt

Kusuma Dampitakse[1]
Faculty of Business Administration, Rajamangala University of Technology Thanyaburi,
Bangkok, Thailand
kusuma@rmutt.ac.th

Hiang Bualai
Faculty of Business Administration, Rajamangala University of Technology Thanyaburi,
Bangkok, Thailand
hiang.b@rmutt.ac.th

Abstract

The purpose of the research project entitled "The Mechanism of Saving Activity and Community Business Administration for Decreasing Household Debt" was to investigate the pattern and guideline on household debt management by using the mechanism of saving, community business administration, and household financial management which was beneficial efficiently and sustainably. The research methodology emphasized on qualitative method comprised participatory observation, in-depth interview, and workshop. Furthermore, the quantitative method was also conducted by surveying household debt. The research results revealed that the members of saving groups saved their money based on five moral principles consisting of honesty, devotion, responsibility, sympathy, and trustworthiness. In addition to, they needed to create the source of community fund for consumption loan and household investment with lower interest rate. The process of household debt management began with saving and borrowing their loan for consumption and investment. They developed the discipline of saving and learned to manage their money for decreasing their debt. Moreover, they also linked the saving activities to expand their saving network to community enterprise in order to produce, for instance, drinking water, dishwashing liquid, and paper flower sold to members and people in the community at low prices to decrease their expenses. Nevertheless, the saving activity network was also expanded to provide social welfare to the members and people in the community.

Keywords: Household Debt, Saving

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[1] **Corresponding author**

1. Introduction

The household loans from both financial institutions and illegal financing sources in Thailand had clearly increased during 2002 - 2004. The consumption loan of commercial banks increased 13.3 and 31.2 percent in 2003 and 2004, respectively. Meanwhile, loans of specialized financial institutions (SFIs) in important projects including public bank, village and urban community fund, and the non-formal debt solution project in 2004 increased about 62.5 percent from 2003. This was caused from the low interest rate, and the need for consumption had been continuously increasing whereas the economy started to recover. Besides, a part of this was from economy stimulus packages through fiscal and quasi-fiscal finance policies of the government. The goal of stimulus packages was to stimulate consumption of the people and extend opportunities of access to funding sources for grassroot people (National Statistical Office, 2004).

The growing of consumption loan mentioned above affected the household debt in 2004 to increase to 110,566 Baht per household, and household debt to income equaled to 0.60 times while, in contrast, the household debt in 1996 was 52,001 Baht per household and household debt to income was only 0.31 times.

2. Literature Review

2.1 Household Debt-to-Income (DTI) Ratio

Household Debt-to-Income Ratio is used as a personal finance measure that compares an individual's debt payment to his or her overall income (Mayer, 2007; Short, 2015; and Inventopedia, 2016). Household indebtedness has grown sharply in many countries around the world in recent year such as United Kingdom (Tuleda and Young, 2005), USA (Barnes and Young, 2003; Dynan and Kohn, 2007), Korea (Karasulu, 2008), Sweden (Turk 2015), and Asia and the Pacific countries (Economic and Social Commission for Asia and the Pacific, 2009). The household debt which significantly increased caused many parties to worry about the household indebtedness and debt repayment in the future. In order to appropriately manage household debt situation, public sector is firstly required to understand behavior of households on why they have to incur debt, the objectives of indebtedness, whether household debt incurred are advantages or not, debt ratio, and their debt repayment capacity.

Regarding Thai household sector, the average annual income of each household in 2004 was 404,470 Baht while debt (loan) per each household was 187,926 Baht, which caused household debt-to-income (DTI) ratio in Thailand to be 46 percent on the average. By classifying households based on main household income, they could be classified into 3 groups consisting of farm household, wage earner, and entrepreneur. It was found that entrepreneurs earned the highest income with an average income of 581,343 Baht per year whereas farm households and wage earners had the average income of 218,993 and 235,419 Baht per year, respectively. Considering the household DTI ratio, it revealed that farm households had the highest DTI ratio at 77 percent while wage earners and entrepreneurs had DTI ratio of 66 and 40 percent, respectively (National Statistical Office, 2004).

2.2 Enable Factors in Indebtedness

Household debt is not always bad depending on the objectives of indebtedness. However, loan is liability which is required to be repay. Thus, if indebtedness is for productive investment, household income could be continuously generated in the future, and households would be free from poverty. In contrast, if indebtedness is non-performing loan, it would affect household economic situation and could probably affect the stabilities of financial institutions as creditors and macroeconomic system.

The research results of Rangruxsirivorn (2006) from The Annual Report 2006 of Fiscal Policy Office showed that the majority of household loans was for investments accounted for 58 percent. These investments included business loan, purchasing land and houses such as agricultural machines and equipment, cars, and motorcycles. Even loan for education was also counted as human capital. In addition, 38 percent of loans were consumption loans. Therefore, it was unable to specify that these household debts were non-performing loans since investment debts were good debts (Rangruxsirivorn, 2006).

The issue which most of people are currently concerned is that some portions of the debts are for consumption, and if the proportion of consumption debt of the household increases, it would affect the economy and financial institution system. On the other hand, if consumption debt incurred is mainly for necessary goods and maintaining household expenditure to not largely fluctuate, it is acceptable. This is because when there is an occurrence of economic crisis or other negative external factors including regional shocks (i.e. drought, flood) or idiosyncratic shocks (i.e. illness, unemployment), which are causes of decreasing of household income, households may necessarily borrow loans to maintain their household expenditure to not greatly fluctuate in addition to assets sale. In an economic term, maintaining the level of household consumption to not fluctuate based on the change of income is called “consumption smoothing.” In practice, the government shall have such safety net policies to help households access funding sources either through public sector or financial institutions in order that they could have normal living (Rangruxsirivorn, 2006).

Due to responding behaviors of the households when there were negative external factors causing a reduction of household income, it was found that the majority of households chose to take a loan for in-house consumption where 33.35 percent of these households took loans from various financing sources both formal and informal lending institutions. Meanwhile, approximately

23.89 percent spent their saving and 12.63 percent reduced their household expenditure and production factors (Rangruxsirivorn, 2006).

Nonetheless, the capability to keep the level of household consumption and responding behavior of households when there were negative impacts to their income (so called "income shock") were significantly in accordance. In other words, households used loans and tools to regularly keep consumption level in a case that there was income shock. Therefore, it could be stated that some parts of indebtedness are to keep household consumption level to not greatly fluctuate as well as to reduce the impacts of income shock on their living, which are acceptable (Rangruxsirivorn, 2006).

According to source of loans, it showed that 73 percent of loans were legal loans (village funds, groups of savings, agricultural cooperatives, and Rice Banks, Bank for Agriculture and Agricultural Cooperatives, and Commercial Banks) while 23 percent of these loans were illegal loans (borrowing from relatives or neighbors, moneylenders, owners of shops and land, and suppliers and customers of raw materials). Comparing with legal loans, it seemed that village fund had the most important role in credit financing as it was accounted for 55 percent of total loans. Meanwhile, illegal loans (non-financial institutions) were mainly borrowing from relatives and neighbors, which were accounted for 15 percent and ranked as the second important source of loans. Furthermore, it was an observation that loans from Bank for Agriculture and Agricultural Cooperatives were accounted for only 8 percent and ranked as the third source of loans, equaling to loans borrowed from the owners of shops and land, which were also accounted for 8 percent of total loans (Rangruxsirivorn, 2006).

Regarding a study on the average household debt classified by objectives of indebtedness and economic situation of households focusing on Pathum Thani province in 2007, the result revealed that the highest amount of household debts was from purchasing and ranting land and house, which was 70,194 Baht, followed by household consumption expenditure for 41,205 Baht, business operation (non-agricultural) for 22,993 Baht, agriculture for 2,909 Baht, and others for 9,746 Baht (National Statistical Office, 2008).

2.3 Reduction of Household Debt

The government has various policies to decrease household debts by supporting the use of cooperatives system, the establishment of saving group for production, village and local community funds, community enterprise management to strengthen occupational group, and community networking support in order to strengthen communities to be self-dependent and solve community problems by themselves. People would then be allowed to access sources of community funds by themselves and could use loans for household investment and community to generate income. Besides, building clusters are to expand saving activity to production of consumption goods with low price, which overall decrease living expenses. These are important factors in supporting communities to think and do to obtain experience and have behavior of decreasing expenditure so that they would have adequate income to repay debts as a result. Behaviors of not paying debts and relying on others shall be reduced as they would cause the households and communities to be weak which finally resulted in the country's weak economy.

3. Research Objectives

The key objective of this research was to investigate the pattern and guideline on household debt management by using the mechanism of saving, community business administration, and household financial management which was beneficial efficiently and sustainably.

4. Research Methodology

The research methodology emphasized on qualitative method consisted of participatory observation, in-depth interview, and workshop by having representatives of saving groups to participate as co-researchers. Furthermore, the quantitative method was also conducted by surveying in terms of saving, income, expense, household debt, and access to source of fund in order to solve household's economic problem.

5. Samples of the Research

The samples were selected based on stratified random sampling of population from the saving group for production of Pathum Thani Province specifically the saving group in grade 3 (good), which were a total of 34 respondents. The samples were classified based on districts and simple random sampling was conducted to finally have only 4 districts left which comprised Mueang District, Khlong Luang District, Lamlukka District, and Nong Suea District of Pathum Thani Province. Then, the name lists of saving groups in each district were selected using simple random sampling, which resulted in one group for each district as follows:

1) Saving Group for Production Moo 2, Baan Klang Subdistrict, Mueang District, Pathum Thani Province

2) Saving Group for Production Moo 1, Khlong Sam Subdistrict, Khlong Luang District, Pathum Thani Province

3) Village Fund Ruam Phalang Rak Samakkee, Moo 4, Ladsawai Subdistrict, Lamlukka District, Pathum Thani Province

4) Saving Group for Production Baan Sansuk Sakad Ha, Moo 5, Bung Ka Sam Subdistrict, Nong Suea District, Pathum Thani Province

6. Research Process

1) To study secondary data from various documents and related electronic documents to develop a conceptual framework of the research

2) To set up the meetings with the representatives of saving groups who were on-site co-researchers by at least one representative from each saving group.

3) To collect primary data by using questionnaire through surveys of the households focusing on income, saving, existing debt, and participation with saving group. The questionnaire was divided into 7 parts as shown in the following.

Part 1 Household information

Part 2 Income and expenditure of household

Part 3 Household debt

Part 4 Saving

Part 5 Household assets

Part 6 Social information

Part 7 Personal information of respondent

Content validity was conducted by having financial and debt experts examine and correct accuracy and clearness. Then, a reliability of the questionnaire was conducted by testing with 30 households of saving groups who had similar group characteristics. The reliability (r) equaled to 0.8 which indicated as good reliability.

4) To collect primary data through in-depth interview with directors and members of saving groups in order to understand the groups' situation from the past to present, guideline in applying saving result and taking loans for investment to generate income, and establishing clusters to produce goods sold in the communities in order to investigate pattern and guideline of saving, investment, decrease of expenditure, and increase of income.

5) To analyze quantitative data by using percentage and mean and analyze qualitative data from real situations comparing among groups .

6) To organize the workshop in order to exchange opinions among 4 saving groups, together conclude to develop pattern and guideline for operation, and lastly come up with research conclusions together by using data from 3), 4), and 5).

7. Conclusion and Discussion

7.1 Conclusion of the Research Results

7.1.1 The result of status of saving group members

1) Ideas in establishing saving group for production

Saving groups for production who were the samples had main ideas including 1) to develop a discipline of household spending and promote saving of people, 2) to support an application of the concept of sufficiency economy to households, 3) to support community households to decrease expenditure, increase income, and expand opportunity to access source of fund, and 4) to create five moral principles consisting of honesty, devotion, responsibility, sympathy, and trustiness.

2) Average annual income of household of the members of 4 saving group was 303,260 Baht and mainly from wages per salary, followed by trade. However, income generated from agriculture was found in only the saving groups for production Moo 5, Bung Ka Sam Subdistrict and Moo 2, Baan Klang Subdistrict.

3) Average annual expenditure of household of the members of 4 saving group showed that Saving Group for Production Moo 1, Khlong Sam Subdistrict had the highest expenditure for a category of others which was 46,733 Baht. Meanwhile, the highest amount of expenditure of the members of the saving groups for production Moo 4, Ladsawai Subdistrict and Moo 2, Baan Klang Subdistrict was for accommodation, and the members of the saving groups in every subdistrict greatly spent their money for foods equally.

4) Net annual income and expenditure

Average annual income of households of the samples was greater than average annual expenditure in every subdistrict. This indicated that overall the households still had some savings for any emergency. Nevertheless, the households of the members of each saving group had very low debts, especially the Saving Group for Production Moo 5, Bung Ka Sam Subdistrict whose debts were accounted for only 2.9 percent.

5) Objectives of indebtedness

The objectives of indebtedness of the members of each saving group for production were different. Saving Group for Production Moo 1, Khlong Sam Subdistrict took loans for repaying their old debts at most, while Saving Group for Production Moo 4, Ladsawai Subdistrict normally took loans for leasing of houses and land, and the saving groups for production Moo 5, Bung Ka Sam Subdistrict and Moo 2, Baan Klang Subdistrict mostly took loans for household consumption and investment.

6) Source of fund of the households

The source of fund which the households (the samples) mostly chose to take loans was the saving groups for production, followed by village funds which had low interest, and it was possible that there was a source of fund the community could take a loan easily and conveniently with lower interest rate comparing to the banks.

7) Source of saving of the households

The most popular source of saving which the households (the samples) selected was the saving groups for production, where the highest amounts of savings of the members in each saving group were different. It revealed that the saving groups for production Moo 1, Khlong Sam Subdistrict and Moo 4, Ladsawai Subdistrict basically saved their money through shares whereas the majority of the saving groups for production Moo 5, Bung Ka Sam Subdistrict and Moo 2, Baan Klang Subdistrict saved their money in the commercial banks.

8) Reasons of being the members of the saving group for production

Every saving group saved their money for the future. For example, some members of the Saving Group for Production Moo 1, Khlong Sam Subdistrict wanted to take loans from village fund while those of the Saving Group for Production Moo 5, Bung Ka Sam Subdistrict wanted to get an access to source of funds. Besides, it was very pleasant for the members of every group that they could develop a discipline of household spending and be confident about the directors and other members of the saving groups.

9) Problems and threats

9.1 The initial phase was to generate understandings of the members and build an assurance of the group's management

9.2 When the fund was getting bigger, the more the savings were and the lower the loans were taken. Some members withdrew their saving to other sources which offered higher interest rate.

9.3 Some funds were unable to extend the funds to be enough for the members to borrow.

9.4 A long-term problem is a reliability of the board of directors. If the old board of directors is terminated, the group has to build a new group of executives to carry on the work and build a reliability to the new executives even more.

10) Support for occupational investment of households

According to an in-depth study, it was found that every saving group was successful in supporting operation and occupational investment of households, and the source of fund had low interest. Moreover, it was the support for initial investment and expanding investment of the members. The members could repay these loans within deadline, which indicated that the households who were the members of saving groups for production clearly had a discipline of spending their money and saving it based on five moral principles for living together. Nonetheless, in a case that the household members encountered problems, the solutions would have been together come up with among the household member, board of executive directors, and all members of the saving groups which implied the strength and reliability of the village fund's management as a result.

7.1.2 Pattern and procedures in linking the saving activity management of saving groups for production to the household and community business administration

1) Pattern and procedures in linking the saving activity management of saving groups for production to household and community business administration

The saving groups used saving as the main pattern by supporting the members to save their money so that there would be funds for all members. This saving was truthful saving in such a way that the members were truthful together to save money based on the saving date set and five moral principles consisting of honesty, devotion, responsibility, sympathy, and trustworthiness in order to build a discipline of saving.

Two saving groups expanded their saving to the members to have enough funds for supporting loans more. The groups explained to the members to understand that they could additionally have more money by taking loans from the economy stimulus project of the Subdistrict Administrative Organization (SAO) for 100,000 Baht while the saving groups had to join donating for 30 percent so that the funds could be extended five years without interest. When there were some savings, an important procedure of every saving group was that rules and regulations of each group should be specified by having every member together specify and accept them. The objectives of loaning money of the members were different. Some households took loans for keeping consumption level while some took loans for repairing their houses. Some households also borrowed money for repaying illegal loans whereas some took loans for household business investment.

Regarding household business investment, some households took loans for investing in new business while some took them for expanding their business. The households which took loans for investment had better financial status since the interest was low, and a period of time for repayment was not too close, so the households were then able to manage their own household business.

The saving groups have together agreed in the meeting that the saving amount from each member could be more or less depending on their status, which is a starting point of reducing expenses. In fact, continuous saving is always a way of decreasing expenditure to not have any difficulty in daily life. When the amounts of saving are larger, they could borrow these for investment or expanding their own business. During this process, the saving groups could support the households to manage their business, and if the households face any problem, with five moral principles of saving, the saving groups would together come up with such solutions for the households as a next step in order that the households could hold their own and be independent.

Procedures started from saving, borrowing the saving for investment, and expanding their activities from loans for investment with low interest. Sufficiency economy philosophy and the principles of the saving group for production were applied while diligence, economy, and patience were important guidelines for household business administration of the members.

2) Pattern and procedures in linking the saving activity management of saving groups for production to community business administration

The main pattern of saving was to save money for community investment, and when the community had larger amount of funds, the saving groups would seek for guideline for expanding networking activity in order to be activity supporting the members of the saving group and other members in the community.

Some saving groups in the samples considered the community problems as the important issues and used community enterprise networking management to solve these problems. For instance, the community had a problem of drinking water, and almost every household had to buy drinking water at market price. Thus, the saving groups studied about a guideline on how to produce clean water for drinking by building a filtration factory of drinking water for the community. The budget spent for this was partially from SML budget and some from money which the members invested in the activity together. Drinking water was produced to be sold for the household members and non-members at lower price than the market price since it could be produced within the community. The result of expanding the saving group activity was that they members could learn to produce clean water, take care of the community's asset (the filtration factory of drinking water), set the guideline for community business administration from selling both within the community and to other communities nearby. Consequently, the members of saving group earned more income from investing in community expertise together, decreased their expenditure from being able to buy goods at lower price, and finally had more saving or money for expanding their own business.

Every saving group had an idea of expanding their group from community enterprise and other methods, and especially the saving group which produced drinking water expanded their business to make their own composed and organic fertilizers to reduce agricultural cost. Some saving groups, for example, supported the community's production of dish washing liquid while some supported paper flowers making. These were ways of increasing income and reducing expenses leading to a decrease of household debt.

In addition, every saving group aimed to increase welfares of the members and non-members in the community; for instance, they could grant scholarships and support for community council activities or other manners. Besides, some saving groups wanted to expand the groups to be sources of low-interest fund of the community in order to solve the large debt of the community later on. They generally studied on lessons learned of the strong group until welfares of the community were established as a result.

Government sector, specialized private sector, and education institutions are supporting institutes of the saving groups for production in terms of providing knowledge and techniques so that the communities could apply these to solve their problems.

3) Conclusion of pattern and procedures in linking the saving group for production to the networking activity for debt reduction

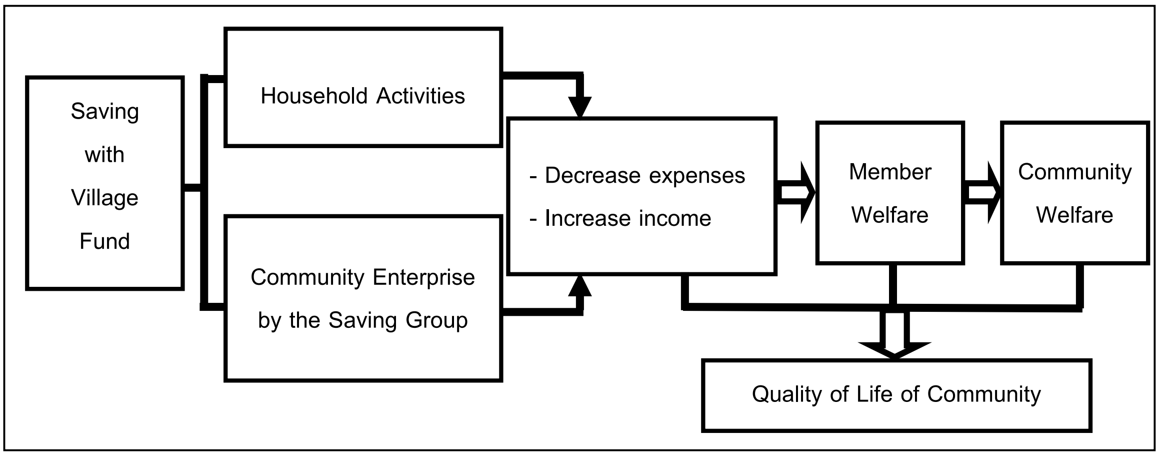

Figure 1. The Link Between a Mechanism of The Saving Group for Production and The Networking Activity for Debt Reduction.

7.2 Discussions

Comparing income and expenditure of the household members of the four saving groups for production, it revealed that the consumption levels of the household members in each saving group were different depending on household income. The households which had higher income had higher consumption than households which had less income. This was in accordance with consumption theory that consumption depends on the level of income.

The result also indicated that the households which were the members of the saving group having higher average income were the members of Saving Group for Production Moo 2, Baan Klang Subdistrict and the members of Village Fund Ruam Phalang Rak Samakkee, Moo 4, Ladsawai Subdistrict. These members saved greater amount of money due to high net income after deducting consumption expenditure. This was in accordance with the theory of saving that saving would occur when net income after deducting consumption expenditure is greater than zero. In other words, when the households have higher income than expenses, the saving would then occur.

The members of four saving groups thought that being the members of the saving group was important as they could see the benefits of saving including love among community people, generosity to members in the community, and community welfare and member welfare leading to being a strong community. For instance, the members were together to produce drinking water and dish washing liquid or making paper flowers. This was in accordance with the philosophy of sufficiency economy, which emphasized on the development from local resource-based (community capital). Moreover, participation of multilateral was establishment of community enterprise to provide opportunities and generate income for the household members.

Regarding source of loan of the household samples of four groups, it showed that they took loans from the saving groups for production due to low interest; nevertheless, some households still had inadequate income to cover expenses. Even though they had already borrowed some money from the saving group, they also took loans from illegal financing sources, which normally has high interest. The reason was a limitation of the saving group in terms of inadequate amount of money for the members to borrow, and a certain loan limit per each member was set. Furthermore, members may not have enough saving for loan guarantee, so the loan amount would be limited. These results were the same as those of the research of Thairungroj and Raktham (2006), which were found that people had a problem of inadequate income to cover expenditure happening to people who had middle income approximately 30,001 - 40,000 Baht per month. On the other hand, the households which had income less than 30,000 Baht per month did not encounter a problem of inadequate income since they could adapt to purchase only necessary goods or lived based on the philosophy of sufficiency economy.

8. Recommendations and Further Studies

The recommendation for further studies is to have the in-depth interviews for the four successful saving groups by concentrating on planning ratio between actual debt and the expected decreasing debt as well as how decreasing debt results affect saving increase.

Moreover, the study may also focus on how to pass forward trust towards directors through generations comparing to successful community such as Khlong Pia Community, Chana District, Songkla Province.

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Exporting Analysis of the Small and Medium Enterprises (SMEs) in the Mukdahan Special Economic Zone

Wanwisa Thamwicha[1]
Financial and Banking Major
Nakhonratchasima Rajabhat University
Wanvisa_wi@hotmail.com

Kanokporn Chaiprasit
Department of International Business Administration,
Rajamangala University of Technology Thanyaburi (RMUTT)
chaiprasit_k@rmutt.ac.th

Abstract

This study aims to analyze the export investment of the Small and Medium Enterprises (SMEs) in Mukdahan Special Economic Zone. The Qualitative research was conducted by employing content analysis from related literature such as journal, research article and other academic documents. To gain in-depth insights, interviews with the SMEs exporters in Mukdahan special economic zone were also conducted. Descriptive analysis was used to analyze the responses from the interviews.

The research results revealed that Mukdahan special economic zone had a high trading potential with People's Democratic Republic of Lao (the PDR). The SMEs in this area were domestic exporters who exported goods to neighbor countries, particularly the PDR. Concurrently, the SMEs in the PDR also order goods from the SMEs in Mukdahan province. This context motivated the SMEs in the Mukdahan special economic zone to adopt themselves to respond to the environmental trading changes in terms of developing the accession of each business operating stage. This practice may lead to successful business deals in terms of the continuous increase of export values in the future.

Keywords: Exporting, Mukdahan, SMEs, AEC,

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[1] **Corresponding author**

1. Introduction

Presently, international trading has dramatically changed in many aspects such as severe competitions, trading support policy from government, technology and environmental business dynamic. Since 2000, both the technological growth and political changes in many countries brought about the production distribution into many countries, especially in Africa and Asian region. This eventually led to the increase of global trading value. Inevitably, the changes in the global trading affected the exporting ability of Thai businesses in that they needed to compete at a global scale. With regards to the global trading, Thailand should recognize and pay attention on these business environmental changes in all dimensions to develop business innovation to catch up with technology changes for new products, including to increase value of supply chains (Office of the National Economic and Social Development Board, 2014).

There are many external and internal factors that have impact on Thai trading structure. These factors include circumstance and quality of labor, high trend of labor cost, high sensitivity of labor cost of labor industry, difficulty of market accession vis-à-vis competitors from other countries and the deficiency of the Generalized System of Preference (GSP). However, Thai trading statistics and the Thai-Laos border trades showed that if these concerts are addressed, Thailand can have high potential to expand exporting options, especially to the PDR business partners. Focusing on the exporting to the PDR, Thai exporters were border traders, who lacked of aggressive marketing skills, causing to lower competition ability than exporters in neighbor countries such as Vietnam, Singapore, Malaysia and Taiwan (Department of Foreign Trade Office of Foreign Trade Region 5 (Nong Khai, 2014).

Changes from those factors challenge entrepreneurs of non-technology industry to increase their competition abilities and to provide more appropriated investments for each business situation. Both the movement of the dimension of the production bases and the expansion of production bases to neighbor countries were not sufficient tools to increase competition abilities. Therefore, the SMEs should consider other dimensions involving the industry and business areas. On the other hand, strengthening the knowledge and understanding of the SMEs about the ASEAN community must be a point of development for the human resources. This aspect of development must be present in all sectors such as the economics, production, processing industry and the SMEs. This development policy is indicated in the strategy of the establishment of regional economic and security linkages (Journal of Department of Industrial Promotion, 2012). The Mukdahan special economic zone plays a key role as the ASEAN trade gateway to Southern China. In relation to this, Thailand has developed infrastructure in special economic zone and industrial estate, along with the preparation of readiness and capacity of the SMEs. Additionally, the establishment of SMEs for international trading service is strengthened to be able to respond to the increase in international trading. Another key factor to develop is logistic management which includes the goods distribution center. The reports on border trading and the number of factories from 2011 – 2014 in Mukdahan province are shown in figure 1 and 2 respectively.

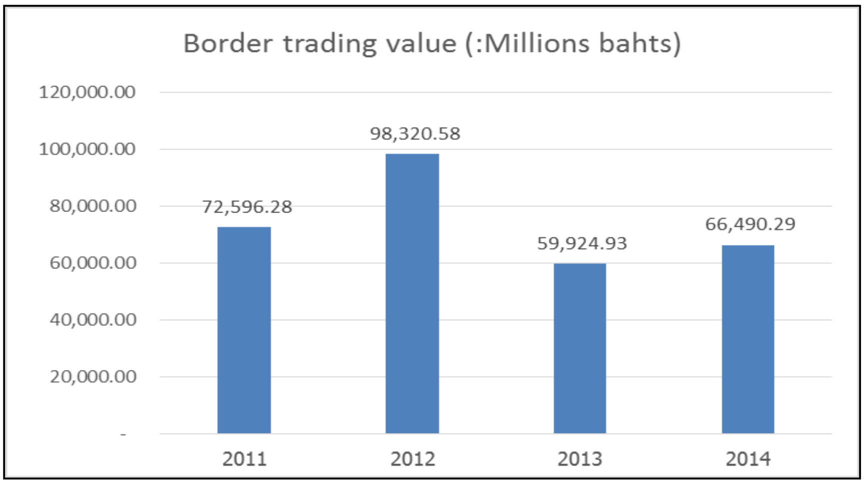

Figure 1: Border Trading in Mukdahan Province from 2011 – 2014
(Source: the Analysis of Mukdahan Special Economic Zone, 2015)

Figure 1 illustrates the increase in border trading of Mukdahan province from 72,596.28 million baht in 2011 to 98,320.58 million baht in 2012. However, it dramatically declined to 59,924.93 million baht in 2013. One possible reasons behind this significant drop could was the political problems that Thailand was facing at that time. By 2014, it however, regained its value by 10% at 66,490.29 million baht.

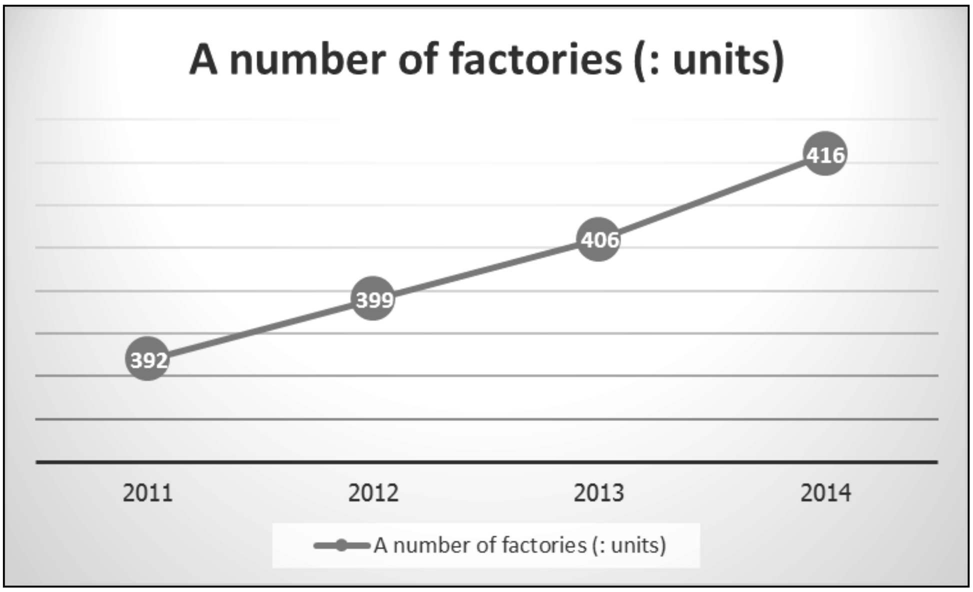

Figure 2: Number of Factories in Mukdahan Province from 2011 - 2014
(Source: the Analysis of Mukdahan Special Economic Zone, 2015)

Figure 2 shows the inevitable gradual increase of factories in Mukdahan province from 392 units in 2011 to an increase of over 400 units in 2014. This reflects that the business sector is gaining momentum in the special economic zone.

To respond to the trading demands of the ASEAN Economic Community (AEC), Thailand needs to hone the ability to compete of the Thai SMEs, especially those who are at the border zone. The entrepreneurs of small and medium enterprises are expected to gain the benefits when Thailand has joined the AEC completely. Participation in this economic community may possibly boost not only the economic sector of Thailand, but also the social and cultural sectors as well.

One of the major issues in preparing the SMEs is the performance roadmap for both aggressive and passive strategy. In addition, policies in the economic zone are not clearly set. The entrepreneurs have the freedom to invest in this area. Evidently, this situation pushed the Thai officers to study all dimensions of the economic zone and set policies for enhancing the business potential of the SMEs in Mukdahan special economic zone. With regards to this, the researcher aims to focus the study on the factors influencing the decision-making in investing in Mukdahan province.

1.1 Research Objectives

This study aims to respond to the following major objectives:

1. To study the entrepreneurs of small and medium enterprises' (SMEs) trading investment in exporting in the Mukdahan special economic zone;

2. To employ the Theory of Product Life Cycle in analyzing the appropriate business types of the trading investment in terms of exporting for the SMEs in the Mukdahan special economic zone.

1.2 Research Scope

The research will focus on the trading investment in terms of exporting for the SMEs in the Mukdahan special economic zone. Specifically, the research will cover the following aspects:

1. Content: exporting strategy of the SMEs in the Mukdahan special economic zone with 2 target business units in the Mukdahan special economic zone as samples,
2. Population: two entrepreneurs of small and medium enterprises: business unit A and B,
3. Study issues: this aspect is divided into 4 issues which are:
    - 3.1. General business circumstance such as location, business operation and types of business organization
    - 3.2. Industrial Life Cycle
    - 3.3. Current operating strategy
    - 3.4. Problems and obstacles of business operation
4. Time: the research covered a period of 4 months: September 2015 – December 2015.

2. Literature Review

Michael E. Porter launched a model of an industry life cycle in 1980 (Porter, 1980). The industry life cycle model explains four major stages of the industry development process.

1. Introduction stage: This stage indicates that the elements of industry are in the beginning period. Therefore, there are a few producers in the industry. The products are developed incompletely; so their sales grow slowly. The firms gain low operating profits or sometimes get loss, leading to high business failure.

2. Growth stage: This stage shows that consumers accepted firms' products. In addition, products expand significantly to industry market. Products sales increase rapidly. The sales increase attracts other competitors that they move to the industry. However, the competition among the firms in the same industry is not violent. The operating profit trends are higher than the prior stage.

3. Maturity stage: The sales of products in this stage move in declining rate because of two major reasons. This stage indicates that products are in saturated market and some competitors

imitate products to compete in the market. Thus, the trend of competition in the industry becomes the cause of the decline of the operating profit.

4. Decline stage: The product sales in this stage are reduced because of the coming of new products that could be a substitution to the product formerly introduced. At this stage the operating profits strongly decrease and the competition declines because some firms withdraw from the industry.

With regards to selecting the type of industry to wisely invest, understanding the current stage in the industry life cycle of that particular industry must be given a major consideration. Furthermore, the appropriate decision should depend on the interests of individual investors, which varies. For example, some investors are interested to do business in industry when it is in the introduction stage or growth stage because they expect the profit trend to go up in this stage. This pushes common stocks' market price increase because the investors expect high returns. However, investors should recognize that they might also face high business risks. In other cases, some investors prefer to invest in an industry in its maturity stage because industries in maturity stage are more likely to have lower risks and require lower funds for expansion. In this kind of investment setup, investors have a probability to gain higher dividend.

In terms of competition in the industry, each has different a competition situation which has an impact on the business operation in different ways. Porter (1980) points out five aspects that influence the competition in the industry or what he refers to as the "5 forces". The "5 forces" are discussed further below.

1. Rivalry among existing competitors: This looks at the number of competitors in the industry. The competition draws more attention and customer to the industry. However, competitors that aren't good enough will get left behind or worse loose profits or the business altogether. On the other hand, competitors who survive and are able to hold their ground in the field are more likely to get healthy profits afterwards.

2. Threat of new entrant: This concerns the entry of interested parties in the industry. The present stakeholders in the industry must examine how easy or how hard it is for a new competitor to enter the same industry. The tightness of regulations in the sector of the industry must also be given consideration because this regulates the number of competitors in the industry and screens them as well.

3. Threat of substitute products and services: Normally when a firm launches a product, its competitors are ready to provide similar goods or substitute goods. This eventually results to a number of products of almost the same claim. In some cases the substitute (although at times may not be as effective or durable) is cheaper and readily available. This situation challenges the firm

and its management on dealing with the substitute because in this case the operating profits are more likely to decline.

4. Bargaining power of buyers: When there are plenty of buyers, their bargaining power becomes a force that drives the market. This means that they can negotiate to reduce the price of products or other benefits. Since rivalry is present, the competitor would like to keep the buyers as much as possible and offer them what they want or nearly close to their demands. This, eventually, leads to lower operating profits than the target because adjustments have to be made on the pricing or offers to be able to retain buyers.

5. Bargaining power of suppliers: When a firm has a little bargaining power to suppliers, it is hard for the firm to do business because there is a tendency for the supplier to increase the price of the product or service it provides. The higher cost of products, the lower operating profits.

These five forces are major factors influencing the industry competition as well as all firms within the industry. Thus, it is important to analyze the competition present in the industry to find out the strength of each industry and the long-term profitability of the firm. These five forces can help make sound decisions for investment in any industry or firm.

3. Data and Methodology

This is a qualitative research employing the study approach. Both the primary and secondary data are utilized. The secondary data are retrieved from related documents from sources such as the analysis of Mukdahan Special Economic Zone, provincial commerce and Thai government policy. The research sample was chosen by using specific selection for two SMEs in 2015. The primary data were collected from the samples by conducting an in-depth unstructured interview. Constructive Data analysis and Content analysis was employed in analyzing and interpreting the collected data.

4. Research Results

This section presents three major findings: (1) The economic policy of Mukdahan special economic zone; (2) The general business condition of the area; and (3) The two case studies.

1. Economic policy of Mukdahan special economic zone

According to plans, one of the government policies is to establish Thailand as the business hub in the ASEAN region under the Greater Mekong Subregion Economic Corridor Project (GMS Economic Corridors Project). This project is in collaboration with the six countries called “Greater Mekong Sub-region (GMS)”; namely Cambodia, Thailand, Vietnam, Laos, Myanmar and Southern China (Yunnan Province). This group covers an area of 2.34 million square kilometers, with a total population of 257.5 million.

The Greater Mekong Subregion Economic Corridor aims to create a platform for the expansion of the manufacturing, agricultural, commercial, investment and service sectors among its member countries with the goals of providing employment, raising the standard of living, transfering and utilizing technology and education, accessing natural resources effectively and enhancing the capabilities and competitive ability of the world trade arena. This project has three main strategies: Connectivity, Competitiveness and Community. The Asian Development Bank (ADB) supports the funding of the project on the development of several basic infrastructure facilities, especially the transportation route. The project also covers electricity, telecommunications, environment and legal systems. The GMS cooperation has nine aspects namely: transportation, telecommunication, energy, trading, investment, agriculture, environment, tourism, and human resource development.

In cognizance of the GMS Economic Corridor, Thailand arranges a special economic zone to respond to the GMS project. Mukdahan province was chosen as the most suitable province to utilize the plan. Mukdahan province has two crossing border points. The first crossing border point is Mukdahan border checkpoint at the Second Thai-Lao Friendship bridge, which is opposite of the Kaising Phomvihan at Savannakhet Province, Lao PDR. The crossing border point opens daily from 6.00 am - 10.00 pm. The second crossing border is the checkpoint wharf (Jetty Pier Mukdahan Municipality), which is opposite of the Savannakhet Port of Lao PDR. The official daily opening is from 6.00 am - 10.00 pm.

Because of the two crossing border points, Mukdahan province is able to link to the cities of neighbor countries such as Lao PDR (through Savannakhet), Vietnam (through Danang in 525 kilometers and Hanoi in 945 kilometers), and People's Republic of China (through Chongqing in 1,100 kilometers and Nanning in 1,340 kilometers). This is accessible through road numbers 8, 12, 9, and 13. One of the main reasons why Mukdahan province was chosen to be the venue for the special economic zone is its location. Mukdahan is located at the East West Economic Corridor (EWEC), which is the eastern gateway of Thailand that links to the Lao PDR, central Vietnam and Southern China.

The area of Mukdahan Special Economic Zone covers Muang Mukdahan district, Wong Yai district, and Don Tan district. More importantly, this area has a connecting point to Savannakhet Province. The Savan-Seno Special Economic Zone (SASEZ) of Lao PDR is directly connected to the area. This special economic zone trades major export products including diesel fuel and gasoline; automobiles; equipment and machinery parts for construction, as well as steel. The economic zone also engages in trading major imported products such as copper, wood products, fruits and vegetables, food flavorings, and wire and cables.

The types of business sectors that are allowed to establish and to operate in the SASEZ of Lao PDR in linkage with Mukdahan special economic zone of Thailand are the following:

1) Manufacturing and processing sectors: These business sectors include manufacturing for export, assembly business for finished goods, processing of imported raw materials for domestic market and exporting, agro-processing, handicraft production, and packaging.

2) Trading sector: These businesses are duty-free shops. These are free duty cross border trading that engage in selling domestic products such as wooden handicrafts, scented wood ornaments, jewelry. There are also product exhibition centers or shopping malls and retail shops. Areas for conference and seminar center for promoting wholesale and exporting are also available.

3) Service and logistic sector: This sector includes providing services such as storage system for products, refrigeration room, delivery service, unloading heavy goods stations, private carriers, hotel and apartment rental, housing, building and office rental, travelling agency. There is also a development center of leisure sports facilities, amusement park and other scenic places. Institutions and offices are also present such as commercial banks, financial institution and insurance company, primary and secondary school, vocational schools, skill development schools and university, hospitals, restaurants and post office.

4) Representative offices sector: This sector includes the representative offices and branches of both domestic and foreign companies for promoting exporting. There are also representative offices for tourism, consulting, aviation and transportation.

Thai businessmen who are interested to invest in the Lao PDR or the Mukdahan special economic zone in Thailand should study the border market between both countries and run their businesses in relation to the lifestyle of people in the Lao PDR.

2. General business condition

Part of the government’s plan is to establish Thailand as the business hub in the ASEAN region. Thus, Mukdahan province is one of the Thai-Lao border provinces that the Thai government aims to utilize as an exporting route and a trading linkage with Indochina countries in the future. Mukdahan province has a high development potential to be a special economic zone. One of its advantage is its location which is opposite of Savannakhet district (the second largest district of the Lao PDR). This location is strategic in terms of dealing with businesses both in the Lao PDR and Thailand. Furthermore, making Thailand as the business hub of the ASEAN is one of major economic development plans named as “Greater Mekong Sub-region (GMS) Economic Corridors” which is the collaboration of six countries called “Greater Mekong Sub-region (GMS)” namely Cambodia, Thailand, Vietnam, Laos, Myanmar and Southern China (Yunnan Province).

The GMS Economic Corridors aims to develop the Greater Mekong Sub-region Economic Zone. For Mukdahan special economic zone, with the cooperation of the GMS Economic Corridors, there will be a border bridge construction over the Mekong River crossing Mukdahan province of

Thailand to Savannakhet district of the Lao PDR called “the Second Thai–Lao Friendship Bridge”. Additionally, the improvement of infrastructure is being done especially road route no.9 called (East-West Economic Corridor: EWEC) which links the trading route between Eastern and Western of the South East Asia, leading to Mukdahan province and goes to the border trading city of Laos PDR and Vietnam. Thailand also has a mega project called “the Eastern Sea board Development Program”. One task of the project is to develop four lane roads starting from the Port of Laem Chabang, Chinburi province to Mukdahan province through Sa Kaeo province. Through this Mukdahan province will be pronounced as the "International transport hub in the Mekong River Basin" and will also be considered as the "gateway to Indochina". This plan pushes Mukdahan province as the goods distribution center from the Northeast region to the East region of South East Asia. The EWEC is providing a good road construction and continuously developing roads and infrastructure particularly in Mae Sod, Tak province to Mukdahan province. Better roads mean better transportation of goods transportation and this benefits tourism as well. These roads also provide linkage from the North to the North-east of Thailand. The route gives way to the transportation between Mae sod and Mukdahan, which opened a border trading of 100 billion baht.

3. Case study

For this study, 2 cases have been utilized using in-depth interviews. The results are narrated below.

1) The SME A Case

- Exporting of the SME A

The SME A is a small business that sells bicycles and spare parts. The owner is the vice president of the Border and Foreign Chamber, Chamber of Commerce of Mukdahan province. This shop was established since 1995. It now has a business life of 20 years. Currently, it has 17 employees.

The owner started his business from selling bicycles and spare parts of bicycle. Thereafter, he had an opportunity to provide service to customers who came from Savannakhet district of the Lao PDR. Since then, they have kept business contact continuously. At the later part, he got a chance to bring motorcycles and car spare parts to sell in the Laos PDR. At the beginning, the trading was very simple and small, but his shop gained trust of the customers and the shop became more well-known among the Laos entrepreneurs. This situation motivated the owner to travel to the Laos PDR to create business connections. As he did, he gained more business partners from Laos PDR.

With regards to trading with the Laos PDR, the owner shared his opinion that studying customers’ behavior or habit is every important. For example, word of mouth is incredibly powerful in the Laos LDR market; so viral marketing is an appropriate marketing tool to be employed in this area. In addition, promotion strategy such as promotion campaign, discount and free gifts are every efficient way of attracting customers because the Laotian clients are every keen on looking at promotions and free giveways.

- Industry life cycle

The operating process based on industry life cycle is explained as following:

In introduction phase, the owner's hometown is Khon Kaen province where he started his business as an entrepreneur by selling parts motorcycle and cars. Thereafter, as his business expanded, he became a dealer of a well-known brand of motorcycle. His customers are from Khon kaen province and boundary, including the Laos PDR. It is important to note that his good relationship with the Laotian customers enabled him to create new goods for distribution to the Laos PDR.

In growth phase, he turned his business from local to an exporter with regards to the parts of car and motorcycle sent to the Laos PDR. He employed domestic transport operators in Mukdahan province to transfer goods from his warehouses to the border area. Normally, the customers came to import those goods. They also manage the taxes and tariffs by themselves. This customers' importing process took place for 10 years.

In maturity phase, he has expanded his business by directly purchasing goods from manufacturers from the People's Republic of China and export the products to the Laos PDR. This process reduced the manufacturing cost yet it increased the profits. This strategy was proven to be more cost-effective.

The owner pointed out that business success and business strategy should come from the business owner's habit. In his case, he always finds new business line or new channels to gain more new customers. He also noted that it is important to know the customers' demands, particularly the customers from the Laos LDR. These could be researched through informal interview or observation.

Because of good location, the SME A has a convenient transportation routes to the Laos PDR through the Second Thai–Lao Friendship Bridge. This SME has only exported goods in a basic international trade; so this business has low business risk and employs low investment.

2) Case the SME B

- The SME B Exports

Originally, the SME B was established as a sole-proprietorship shop in 1993 in the business line as a distribution and exporter of electrical appliances, electrical equipment, spare parts and accessories. At the beginning stage, this business had a limited fund; so the business started by negotiating with the electric appliances companies for cost reduction. At that time, the shop was unknown due to having many competitors. However, the owner did not give up and worked hard. After years of hardwork, he was able to expand his shop and later on it grew to be a well-known shop in Mukdahan and boundary. In 2006, the owner registered his small shop as limited partnership to increase funds for more business expansion. Another opportunity that arose for his business was brought about by the owner's frequent visits to his home town in Vietnam by travelling through Lao PDR for a long time. He was familiar with the behavior of the Lao people and knew that they are suitable for business negotiations. As a result, he expanded the market of electrical appliances in the Laos PDR. His business has grown gradually in this neighbor country and its sales have increased both in direct sales and sales through agents at the Laos PDR.

- Industry life cycle

Similar to SME A, the operating process based on industry life cycle is explained below:

In introduction phase, the major strength of this business is the managerial expertise of the owner. Having more than one firm, he has somehow learned to navigate his way through the business. One of the major exported products in Mukdahan are electrical appliances, followed by beverage. These products are exported to the Laos PDR, Vietnam and The south of China. The SME B started as an agent of electrical appliances.

In growth phase, the owner had to change his business strategy by turning his small shop to juristic business organization as limited partnership business because of the growth of the market of electrical appliances in the neighbor countries. The new business organization enabled his business to export electrical appliances to the Laos PDR and Vietnam conveniently.

In maturity phase, the owner expects more business opportunity in this province because Mukdahan is in special economic zone, thus, he bought a hotel nearby Mae Klong River to respond to the growth of tourism and businesses for both countries: Thailand and the Laos PDR. The same is done by the Laos PDR government policy to be able to promote the Savan-Seno Special Economic Zone (SASEZ).

The development of border areas and the establishment of Mukdahan Special Economic Zone also supports the cross-border for both historical and natural tourism. The distance of East-West Economic Corridor route: Thailand - Laos - Vietnam (between cities: Mukdahan - Savannakhet - Danang - Lao Bao - Hue - Danang) is about 525 kilometers. Mostly, the route is 2 lane roads without traffic jams. However, the route within the Laos PDR, around 250 kilometers distance, is damaged in some parts and under repair for some period. On the other hand, the route within Vietnam is beautiful scenery suitable for tourism. It also has major tourist cities such as Hue, where one of world heritage city is found, and Danang, where there are attractions of the sea view tourism. Furthermore, this route can also link to other Vietnam's well-known tourist destinations such as Hoi An, where the other world heritage city can be found. The route in this area, however, are mostly hard to traverse because the road was constructed by the mountain and the path is mostly meandering.

5. Discussion and Conclusion

After reviewing the related literature and conducting the interviews with two small and medium enterprises (SMEs), researchers found that both government and private sectors have implemented their policies and management strategies to prepare Thailand for the changes and to support the international trade and investment sectors. All of these aspects reflected the aggressive policy to drive and to develop a systematic international trading, and to enhance the strength of the international trade sector. One of Thai government’s policy is to upgrade the domestic trade of the private sector, small and medium enterprises (SMEs) to international trade, especially the border areas, and to moves on to the other neighbor countries under the Greater Mekong Subregion Economic Corridor Project (GMS Economic Corridors Project).

Based on the life cycle theory of Micheal E. Poter (1980) along with the two interviews of Thai SMEs, the researchers are able to summarize two major findings of Thai SMEs in the Mukdahan Special Economic Zone and these are:

1. The first phase of Mukdahan Special Economic Zone: Thai government’s policy is to motivate the trade and investment sectors.

In this phase, the Thai government policy is to encourage businessmen to increase trading and investing in Mukdahan Special Economic Zone. A key implementation is to support particularly small and medium enterprises (SMEs), who are not exporters. The policy is meant to encourage the entreprenuers to prepare themselves to move to the export sector. Through the economic zone they can export goods, which are foreign or domestic products, to neighbor countries. In addition, the SMEs in Mukdahan Special Economic Zone who are international traders to neighbor countries especially the Laos PDR, must prepare themselves for the big business opportunity in all dimensions. Thus, in this phase, both government and the SMEs in Mukdahan Special Economic Zone must fully perform to achieve the government policies and the desirable performance of small and medium enterprises. If all works well, this may lead to a sustainable international trade and investment for Thailand.

2. Export stage: entrepreneurs

Based on one of Thai government's policies, the international trading is encouraged in Special Economic Zone to achieve the increase in export value. Export, the basic international trade, is introduced to the SMEs in Mukdahan Special Economic Zone. The SMEs in this province adapt themselves by learning more in terms of the process involved in planning, and implementing before making a decision to move to export sector.

From both interview cases, the researchers found out that businesses were in the growth phase in different periods. This could be caused by the entrepreneurial potential and external factors supporting international trade. One important fact to note is that international trading must gain business alliances to ensure that the trading among businesses will flow continuously. In addition, the expertise of the managers in customer behavior and in local trading is a key success factor for the SMEs to achieve their goals.

6. Suggestions

For this study, the research mainly focused on the study of exporting of the Small and Medium Enterprises (SMEs) in Mukdahan Special Economic Zone by using qualitative research using only content analysis. Thus, further researches may employ quantitative analysis and in-depth examination in the effectiveness of business performance of the SMEs in the other special economic zones in Thailand to gain more insightful view of the special economic zones. In addition, this research may be of value in terms of the exchange of information among economic zones of Thailand. This may eventually lead to the increase in the ability to compete in international trading of Thailand in the future.

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Factors Affecting Consumer Behavior of Fast Food in Pathum Thani

Janati Khaipetch[1]
Student, The School of Environment,
Resources and Development (SERD), Asian Institute of Technology (AIT)
Janati.k@gmail.com

Abstract

The purpose of this research was to study factors affecting consumer behavior of fast food. There were 200 samples chosen from people who lived in Pathum Thani by convenient sampling method. The data were statistically analyzed by using descriptive statistics comprising frequency, percentage, mean, and standard deviation and inferential statistics including Independent Samples *t*-test, One-Way ANOVA, Chi-square, and Correlation.

The results revealed that the majority of respondents were female, had age range more than 35 years old, and earned a bachelor's degree. The most popular fast food brand of respondents was KFC. In addition, most of respondents normally bought in store, and the reason to buy was convenience. The results of hypothesis testing between demographics and consumer behavior revealed that gender, age, education, occupation, and income were associated with reason to buy fast food. Occupation and income were associated with brand preference while education and occupation were associated with channel to order fast food. Besides, age and occupation caused differences in frequency per month and budget per time. The results of hypothesis testing between the marketing mix and consumer behavior showed that product and place affected reason to buy while place and promotion affected brand preference at a significance level of 0.05.

Keywords: Fast food, Consumer behavior, Marketing mix

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[1] **Corresponding author**

1. Introduction

Food is essential for everyone because it provides necessary nutrition for the survival of human being. According to differences in cultures, climates, geographic locations, natural resources, and lifestyles, food tends to be different and unique throughout the world (Islam and Ullah, 2010). In the food industry of Thailand, trend of food and restaurants has been rapidly changed today. Regarding Thailand's Gross Domestic Product (GDP) in 2015, President of the National Food Institute (NFI), Ministry of Industry, Thailand stated that Thai food industry generated 23% of the overall country's revenue, and it is predicted that restaurant sector has a bright future due to increased spending (Thailand Board of Investment, 2016).

According to Office of the National Economic and Social Development Board - NESDB (2016), Thailand's hotel and restaurant sectors expanded by 15.9% in the third quarter of 2016, accounted for 12.7% higher comparing to the second quarter. As of March 2016, there were 11,020 restaurants registered to operate legally in Thailand (USDA Foreign Agricultural Service, 2016). USDA Foreign Agricultural Service (2016) stated that future opportunities for restaurant industry in Thailand remained positive due to lifestyle changing of urbanization increasing, higher income, and convenient eating out behavior. Furthermore, new pattern of lifestyles, which seeks for convenience and comfort, influences teenagers and urbanites to prefer indoor restaurants rather than traditional restaurants or street food restaurants. In addition, rapid expansion of retail mall and modern retail food establishments provides Thai people to access indoor restaurants more easily (USDA Foreign Agricultural Service, 2016). Thus, the changes in lifestyles and consumer behavior toward restaurant business in Thailand recently would make restaurant business to differentiate their strategies from the past. The examples are rapid expansion of fast food restaurants in a retail mall as well as expansion of online channel and website, increasing of technology adoption in the restaurants to increase sales, and creating in new brands for more consumers' choices (USDA Foreign Agricultural Service, 2016).

Moreover, Market Share of Western Casual Dining in Thailand from 2013 to 2015 showed that among café, restaurants, fast food, and ice cream and bakery, restaurants' revenue was in the first ranking which were accounted for 42%, 41%, and 39%, respectively (USDA Foreign Agricultural Service, 2016). Fast food remained the second ranking with the revenue of 37%, 37%, and 38% from the total dining in Thailand for three years continuously (Ministry of Commerce, Thailand, 2015). Even though restaurant remains the first ranking in dining food industry, but the facts about restaurant businesses in Thailand reveal that Thailand's restaurants could be divided into three categories as Quick Service Restaurants (QSR), International/High-end Restaurants, and Small Restaurants (SMEs-Small Medium Enterprises) (USDA Foreign Agricultural Service, 2016). Surprisingly, the QSR market is mainly dominated by franchise businesses, which mostly are fast food restaurants. Examples of QSRs currently operating in Thailand are KFC, McDonalds, the Pizza Company, etc. Therefore, some QSR restaurants in Thailand combining with other fast food businesses make fast food become increasingly popular in Thailand. This type of restaurant is predicted to grow with 8-10 percent per year, and it is estimated to generate nearly US$4.6 billion by 2020 (USDA Foreign Agricultural Service, 2016).

2. Literature Review

2.1 The Concepts of Demographic Characteristics

Kotler, Armstrong, Saunders, and Wong (1999) stated that a study of human populations can be defined as demography which includes age, gender, race, career, and other statistics accordingly. They also proposed that marketers should pay attention to the demographic environment because it involves people, and a group people can be the target market for any products and services. Kotler and Keller (2012) also stated that marketers mostly concentrate on population, including the size of cities, size of population, and its growth rate, regions, nations, age and ethnic groups, educational levels, household purchasing patterns, and regional characteristics. Kardes, Cronley, and Cline (2008) proposed that market segmentation is often based on customers' population statistics, called demographic characteristics. Popular demographic characteristics include age, gender, income, education, career, social class, social ranking, marital status, family life cycle, and culture or ethnicity.

Demographics involve every person, and it is important to pay attention because the more understanding in customers' characteristics, the more success a company can accomplish. The most popular segmentation most companies recently used is demographics-based since demographic characteristics are visible and easy to measure with low costs (Kardes, Cronley, and Cline, 2008). Not only different demographic characteristics can be used to target customers exclusively, but also main factors causing preferences, buying habits, and behaviors vary dramatically.

2.2 The Concepts of Marketing Mix (4Ps)

Kotler, Armstrong, Saunders, and Wong (1999) stated that after planning its overall competitive marketing strategy, a company shall begin planning the details of the marketing mix. The marketing mix is one of the dominant ideas in modern marketing, and it can be defined as the set of controllable tactical marketing tools which the company blends to produce the response it wants in the target market. Furthermore, the marketing mix consists of four groups of variables known as the "four Ps" consisting of product, price, place, and promotion. Product means the overall of goods and services that a company offers to target market. Price is what customers pay to get the product. Place refers to a company's activities that make the product available and reach target market and consumers. Promotion refers to activities to communicate to target customers about products and services and persuade them to buy.

Stone and Desmond (2007) explained each component from the marketing mix theory as follows:

1. Product is the focus of marketing activities. Product can be classified into four categories as the core product, the tangible product, the augmented product, and the potential product. The core product represents the key benefits expected by customers. The tangible product is related to other components that mainly support the core product. The augmented product includes those add-on extras which may be used to enhance the product benefits. Finally, the potential product constitutes what the product could be in the future by ensuring continuous improvement (Stone and Desmond, 2007).

2. Pricing is one of the most important elements of the marketing mix since it affects profit, market share, consumer perceptions, brand positioning, marketing channel choice, and marketing communication plans. The concept of pricing is complex and essential to the successful implementation of a marketing strategy. Pricing decision is the most difficult process due to its complexity involved with consumers, trade, and competitors (Stone and Desmond, 2007).

3. Promotion or marketing communications include advertising, sales promotions, personal selling, internet marketing, and public relations. Marketing communications are designed to create awareness of new brands or to reinforce the value of existing brands for all companies (Stone and Desmond, 2007). Besides, sale promotion is used to attract consumers' attention and motivate decision to purchase, and it is a powerful tool to compete with competitors in low-cost product industry.

4. Place or channel of distribution is the process of moving goods and services through intermediaries, such as wholesalers, retailers, convenience stores, etc., to reach the end user. Specifically, the main purpose is to move the goods or services efficiently, with the lowest number of intermediaries between the producer and the end user. However, as the physical distance between the two parties and the volume of goods to be exchanged increases, it becomes necessary for producers to use value chain to associate with the transaction. (Stone and Desmond, 2007).

2.3 The Concepts of Consumer Behavior

The first concept related to consumer behavior has been introduced by Howard and Sheth (1969) as "The Theory of Buyer Behavior." This model proposed that outputs of consumer purchase behavior, intention, attitudes, comprehension, and attention came from various variables associated with consumers. The first exogenous variables were importance of purchase, personality, social class, culture, organization, time pressure, and financial status. The input variables which were important can be determined as brands, significance, symbolic, and social environment. In addition, search for information, sensitivity to information, perceptual bias, and satisfaction may cause consumer purchase behavior, intention, attitudes, comprehension, and attention to appear differently.

The consumer decision model has been developed from the research of Blackwell, Miniard, and Engel (2001) to explain consumer processes. The main structure of the model was decision process comprising seven stages as need recognition, search, pre-purchase evaluation of alternatives, purchase, consumption, post-consumption evaluation, and divestment. These stages in decision process were influenced by two determinants as stimuli and external variables, such as environmental influences and individual differences (Blackwell et al., 2001). Environmental influences are composed of culture, social class, personal influence, family, and situation. Moreover, individual differences include consumer resources, motivation and involvement, knowledge, attitudes, personality, values, and lifestyle (Blackwell et al., 2001).

Consumer behavior is the approach to study what the determinants which consumers use as their measurement are and how they affect selecting or disposing of products, services, experiences, or ideas to meet the customers' needs as well as revealing the consequences that these procedures have on the consumer and society (Kuester, 2012). Consumer behavior is contributed by various sectors such as psychology, sociology, geography, culture, marketing, and economics with aims at understanding the decision-making process and how emotions and attitudes affect consumers' purchasing behavior.

2.4 Research Objectives

1. To study a relationship between demographics (gender, age, education, occupation, and income) and consumer behavior (reason to buy, brand, and channel to order)
2. To identify differences in consumer behavior (frequency per month and budget per time) according to demographics (gender, age, education, occupation, and income)
3. To study a relationship between the marketing mix (product, price, place, and promotion) and consumer behavior (reason to buy, brand, channel to order, frequency per month, and budget per time)

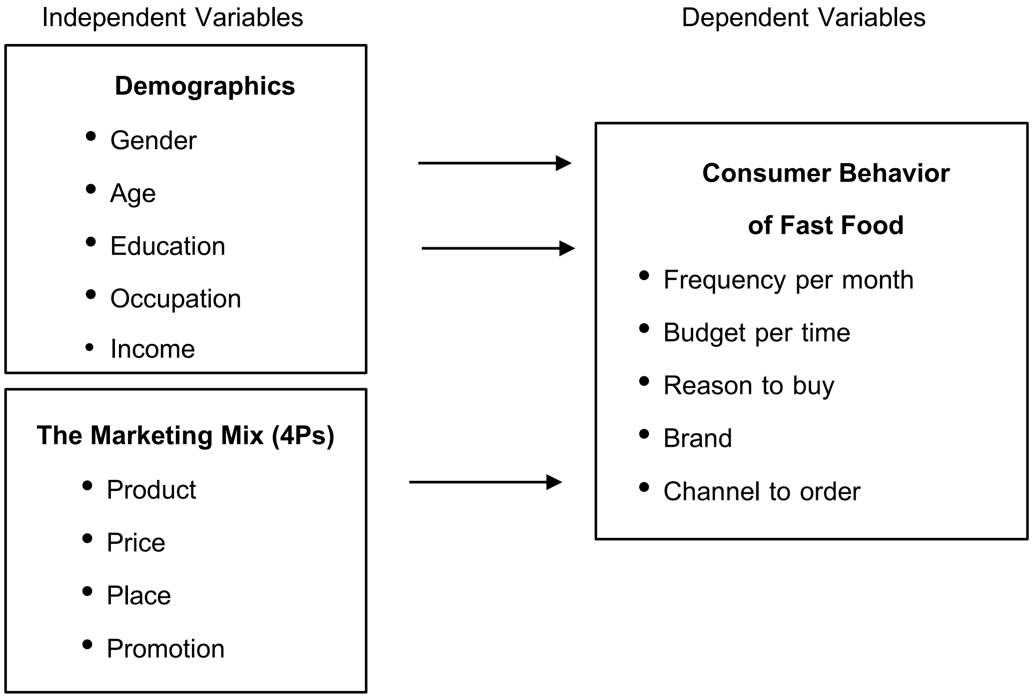
2.5 Research Hypotheses

Hypothesis 1: There is a significant relationship between demographics (gender, age, education, occupation, and income) and consumer behavior (reason to buy, brand, and channel to order).

Hypothesis 2: There are significant differences in consumer behavior (frequency per month and budget per time) according to demographics (gender, age, education, occupation, and income).

Hypothesis 3: There is a significant relationship between the marketing mix (product, price, place, and promotion) and consumer behavior (reason to buy, brand, channel to order, frequency per month, and budget per time).

2.6 Conceptual Framework



2.7 Prior Research

There are previous studies which revealed that demographic characteristics have relationships with consumer behavior. Nondzor and Tawiah (2015) focused on "consumer perception and preference of fast food: a study of tertiary students in Ghana," and the findings showed that some respondents perceived fast food to be unhealthy, expensive, and too foreign whereas other respondents perceived fast food to be convenient, time saving, delicious, good for fun, and change and expose them to likable environments.

Deivanai (2016) revealed that factors influencing preference of fast food restaurants included quality of product, service quality, environment internal and external, staff cooperation, price, taste of the product, convenience, and place. Those factors generated satisfaction toward fast food restaurants. Moreover, a variety of products, environment (both internal and external), quality product, service quality, price, convenience were related to customer.

Aruppillai and Godwin Phillip (2015) focused on identifying the impact of demographics and economic attributes of the consumers which influenced fast food consumption and consumers' buying behavior in Moratuwa municipal council area located in Sri Lanka. The results revealed that education level, employment and civil status, and distance to the nearest fast food were statistically significant to consumption of fast food.

Dave et al. (2009) examined the association between attitudes toward fast food and the frequency of fast-food intake in adults. The results revealed that frequency of fast-food intake was found to be significantly associated with age, gender, and marital status. In addition, frequency of fast-food intake was also found to be significantly associated with perceived convenience of fast food and dislike toward cooking. In contrast, perceived unhealthfulness of fast food did not influence fast food consumption.

Shaharudin et al. (2011) examined the attributes which influenced customers' decisions to purchase fast food products in Malaysia. The results indicated that Malaysian consumers considered food freshness and taste of the food at high importance level. However, innovative food was less important and could have minimal effect on customers' behavioral intention toward fast food products.

Nguyen et al. (2015) investigated the impact of the marketing mix elements on food buying behavior of supermarket consumers in Vietnam. The results indicated a significant positive relationship between the marketing mix variables and food purchasing behavior. The results also revealed that product factor placed the greatest influence on consumer buying decision, followed by shopping convenience, store atmosphere, price, promotion, and personnel, respectively.

3. Research Methodology

The selection of population and samples was drawn by focusing on 200 people who have eaten fast food in Pathum Thani area. The researcher selected non-probability sampling as a sampling method by using convenience sampling technique. The survey questionnaire was used as a tool for data collection. The questionnaire was divided into three main sections. The first section consisted of 5 items measuring the consumer behavior to buy fast food. The second section contained 14 items measuring the levels of agreement on given statements toward the marketing mix attributes. The respondents were asked to rate their agreements on a 5-point Likert scale comprising 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree. The last section consisted of 5 items regarding demographics measuring gender, age, education, occupation, and income. In the last section, the respondents were asked to give five items regarding demographic information. Descriptive statistics comprising frequency, percentage, mean, and standard deviation and inferential statistics including Independent Samples *t*-test, One-Way ANOVA, Chi-square, and Correlation were used to analyze the data.

4. Research Findings

The results revealed that the majority of respondents were female (58.0%), had age range more than 35 year old (39.0%), and earned a bachelor's degree (45.0%). Most of these respondents were students (34.0%) and had average income per month less than or equal to 15,000 Baht (50.0%).

Moreover, the majority of respondents decided to eat fast food because of convenience (38.5%). The most famous fast food restaurant among respondents was KFC (48.0%), and they normally ordered fast food in-store (79.5%). The average frequency per month to eat fast food was 3.37 times per month, and the money spent to buy fast food was approximately 380 Baht per time.

In terms of the marketing mix, the findings can be divided into four categories as product, price, place, and promotion as follows:

The results revealed that most of the respondents had agreement with overall fast food in terms of product at the neutral level with the average mean of 3.55. They had highest agreement toward "Fast food meal looks appetizing" at the agree level with the average mean of 3.95.

Regarding price, the results revealed that most of the respondents had agreement with overall fast food at the neutral level with the average mean of 3.21. They had highest agreement toward "Fast food has a fair price based on the quality" at the neutral level with the average mean of 3.28.

Moreover, the results revealed that most of the respondents had agreement with overall fast food in terms of place or channel of distribution at the neutral level with the average mean of 3.98. They had highest agreement toward "Channels of order are various, it provides the easier way to buy fast food" at the agree level with the average mean of 4.17.

Finally, due to promotion, the results revealed that most of the respondents had agreement with overall fast food at the neutral level with the average mean of 3.54. They had highest agreement toward "Fast food industry always do advertisements" at the agree level with the average mean of 3.86.

Table 1: The Results of Hypothesis 1 Testing

	Reason to buy	**Brand**	**Channel to order**
Gender	0.006**	0.132	0.394
Age	0.025*	0.087	0.902
Education	0.006**	0.601	0.007**
Occupation	0.006**	0.011*	0.004**
Income	0.005**	0.020*	0.416

Note: ** $p < 0.01$, 2-tailed. * $p < 0.05$, 2-tailed.

The results of hypothesis 1 testing shown in able 1 indicated that there was a significant relationship ($p < 0.05$) between gender and reason to buy, age and reason to buy, education and reason to buy, education and channel to order, occupation and all factors including reason to buy, brand, and channel to order, and income and reason to buy. This clearly indicated that null hypothesis (H_0) was rejected, so alternative hypothesis (H_1) was supported. Therefore, there is a significant relationship between demographics and consumer behavior toward gender and reason to buy, age and reason to buy, education and reason to buy, education and channel to order, occupation and all factors including reason to buy, brand, and channel to order, and income and reason to buy.

Table 2: The Results of Hypothesis 2 Testing

	Frequency per month	**Budget per time**
Gender	0.988	0.628
Age	0.010*	0.012*
Education	0.236	0.485
Occupation	0.010*	0.000**
Income	0.156	0.151

Note: ** $p < 0.01$, 2-tailed. * $p < 0.05$, 2-tailed.

The results of hypothesis 2 testing shown in table 2 indicated that there were significant differences in consumer behavior in terms of frequency per month and budget per time toward age and occupation ($p < 0.05$), clearly indicating that null hypothesis (H_0) was rejected, and alternative hypothesis (H_1) was supported. Therefore, there are significant differences in consumer behavior in terms of frequency per month and budget per time according to age and occupation.

Table 3: The Results of Hypothesis 3 Testing

	Reason	**Brand**	**Channel to order**	**Frequency per month**	**Budget per time**
Product	0.020*	0.143	0.353	0.325	0.094
Price	0.080	0.294	0.800	0.172	0.787
Place	0.033*	0.004**	0.585	0.310	0.244
Promotion	0.200	0.045*	0.898	0.263	0.744

Note: ** p < 0.01, 2-tailed. * p < 0.05, 2-tailed.

The results of hypothesis 3 testing shown in table 3 indicated that there was a significant relationship ($p < 0.05$) between product and reason to buy, place and reason to buy, place and brand, promotion and brand, which clearly indicated that null hypothesis (H_0) was rejected, so alternative hypothesis (H_1) was supported. Therefore, there is a significant relationship between the marketing mix and consumer behavior toward product and reason to buy, place and reason to buy, place and brand, and promotion and brand.

5. Conclusion and Discussion

Based on the major findings as shown above, they can be noted and summarized in terms of interesting aspects as enumerated below.

1. The research showed that there were significant relationships between all demographics, including gender, age, education, occupation, and income, and consumer behavior toward reason to buy fast food. It showed that when people decided to buy things, demographics play an important role in decision process. Male decided to buy fast food based on convenience and availability of restaurant while female decided to buy fast food based on convenience and deliciousness. Different age ranges affected reason to buy as respondents with age range 25 and below decided to buy fast food due to deliciousness and convenience while 26 years old and older decided to buy because of its convenience and availability of restaurant. According to educational level, all respondents decided to buy fast food based on its convenience as the first reason. Students thought that fast food was convenient and delicious with the same equal ratio, while most of other occupations thought fast food was convenient only. With every range of income, people decided to buy fast food due to its convenience, but people with income of 30,000 Baht per month and below tended to think that fast food was delicious more than people with income of above 30,000 Baht per month. These can be concluded that the most reason that people decide to buy and consume fast food is mainly based on its convenience. The results of this research were the same as the researches of Nondzor and Tawiah (2015) which stated that fast food in some of respondents' perceptions can be viewed

as convenient, time saving, delicious, good for fun, and change, and expose them to likable environments and Deivanai (2016) who revealed that qualities in fast food, service, and staff, environment, price, convenience, variety, and taste were positively related to customer satisfaction on purchase decision.

2. According to hypothesis testing between age and frequency to buy, it revealed that there were significant differences in frequency to buy per month according to different age ranges. The result showed that customers with age range more than 35 years old had lower frequency to buy per month than customers with age range below or equal to 15 years old and between 16 to 25 years old (2.56 times comparing to 4.58 and 3.93 times). The result of this hypothesis supported the results from Aruppillai and Godwin Phillip (2015) which revealed that age of the respondent was statistically significant, and this was one of the key determinants in the consumption of fast food. They stated that young consumers who have age less than 15 years old have more visits and are more likely to consume (60%) fast food than middle aged consumers who have age between 31 and 45 years old. This can be explained as children with under or equal to 15 years old obviously have the highest rate of the frequency. As revealed by the Ministry of Public Health, it was stated that Thai students mainly consume soft drinks, candy, and fast food a lot (McNeil, 2014: online). In contrast, people with more age have fewer frequency because people with middle age tend to pay more attention to their health concern. Even though many studies revealed negative results of fast food that fast food can be perceived as unhealthy (Nondzor and Tawiah, 2015), young people who mostly enjoyed eating out stated their attitudes toward fast food as convenience, fun, and social, and they dislike cooking (Dave et al., 2009).

3. In contrast to age and frequency, the difference in age ranges toward budget to spend per time revealed different results. The findings revealed that people with age of 26 years old and older spent more money with the average of 470 Baht per time than people with younger ages (25 years old and below) with the average of 260 Baht per time. The result could simply be explained that purchasing power is based on ability to work and earn money from jobs. As such, considering people with the age between 26 to 35 years as workers, they can be able to afford the meal by themselves. Meanwhile, people with age range less than 25 years old tend to be students and just started working, and the income they earn can be associated with age. Therefore, with younger ages, people tend to spend less money when purchasing things.

4. The relationship between product of fast food and reason to buy showed a significant result. The respondents were asked about fast food product in terms of its deliciousness, visually looks appetizing, nutrients provided, fresh and clean, and offering new and various types of products. The result of the research showed that most of respondents had highest agreement toward "Fast food meal looks appetizing," so this result supported the findings of Shaharudin et al.

(2011) which indicated that generally Malaysian consumers place relatively high level of importance on food freshness, followed by presentation and taste of the food, respectively. The relationship between product and reason to buy showed that most of people concerning overall fast food product with the high to highest levels stated that fast food was delicious and convenient. However, people who rated overall fast food product with low to medium levels stated that fast food was convenient and easy to find rather than it was delicious. This was congruent with the results from Nguyen et al. (2015) which revealed that there was a significant positive relationship between product and consumer behavior. More specifically, Nguyen et al. (2015) stated that product is the most important factor affecting consumer purchase decision towards the frozen food purchase.

5. The results of hypothesis indicated that there was a significant relationship between promotion and brand that consumers prefer to eat fast food. The promotion is one of the marketing mix strategy that is essential in every business including fast food. According to the role of promotion in the marketing mix, the role of promotion is essential for reaching the right consumers and meeting company's objectives and goal. Asamoah and Chovancová (2011) stated that marketing variables such as integrated marketing communications and other sale promotions are adopted to influence consumer behavior. Allahar (2015) stated that advertising is one of the main strategic tools employed by the food chains because it can be communicated to various segments of the markets, especially the young people. Hence, the promotion will significantly have an influence on how consumers get attracted to the brand. Moreover, the promotion can be one of the strategies that define success in a business.

6. Recommendation for Further Research

This research only focused on studying within Pathum Thani province. Thus, it is advisable to expand the study area to central region or other remaining areas of Thailand for future research. This allowed future researchers to obtain greater responses as well as wider perspectives. A cross-cultural behavior among consumers from different countries could be considered. Regarding the concentration of the research on the relationships among demographics and the marketing mix, the future research could extend to study the effects by using other variables such as psychographics, cultures, geographic factors, and so on. Besides, the research about the internal and external factors of the company could also be considered.

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Professional Accounting Regulation in the Kingdom of Thailand over the Past Fifty Years

Chaimongkol Pholkaew[1]
Faculty of Business Administration, Rajamangala University of Technology Thanyaburi, Bangkok, Thailand
Chaimongkon_p@rmutt.ac.th

Prem Yapa
School of Accounting, RMIT University, Melbourne, Victoria, Australia
Prem.yapa@rmit.edu.au

Abstract

The purpose of this study is to explore the development of the professional accounting regulation and the accounting profession in the Kingdom of Thailand over the past fifty years. The development of Thailand's accounting profession was independent and uninfluenced by Western colonial powers compared to most of its neighboring countries. This distinct situation is the motivation for this study. This study used in-depth interview as means of collecting data from accountants, auditors, academic professionals, and representatives from the Ministry of Commerce and Ministry of Finance.

The findings showed that the state played a significant role in the emergence and development of the accounting profession in its early years through the enactment of accounting laws and regulations. The accounting profession is not an autonomous organization as in western countries due to state dominance by the establishment of state agencies. However, developments of the accounting profession from 2004 onwards indicate that the interaction among various factors such as professional accounting regulation, globalization, politico-economic milieu, and educational institutions accelerates the development of the accounting profession.

Keywords: Professionalization, the Kingdom of Thailand, State, Market and community

[1] **Corresponding author**

1. Introduction

Professionalization involves a social process to promote a profession of the highest integrity and competence. There is a widespread view that a study of the accounting profession and associations is beneficial to the society (Parker, 1980; Willmott, 1986) due to the professional associations play a significant role in shaping the professionalization process to maintain professional status and to promote qualified accountants and auditors by designing an appropriate practice and training (Lee, 1995; Timperley & Osbaldon, 1975; West, 2003; Willmott, 1986; Yapa, 1999).

As mentioned, the study on the accounting profession and associations is beneficial to our society; few studies had been conducted to explore the development of the accounting profession in Thailand. Therefore, this study aims to contribute to the body of knowledge on an empirical and theoretical level regarding the professionalization process. The research questions relate to how the professional accounting regulation has changed over the past years and what is the influence of organizing principles - state, market, and community on the development of the accounting profession.

This study is divided into seven sections with the first section presenting the Introduction. The second section introduces background of the accounting profession in Thailand. The third and fourth sections explore existing literature and theoretical ideology to gain better understanding about the development of accounting profession. The fifth section presents research methodology. The sixth section shows research findings before providing a conclusion in the seventh section.

2. Background of the Thai Accounting Profession

The Kingdom of Thailand has a long history of transition from the Sukhothai Kingdom, Ayutthaya Kingdom, and Thonburi Kingdom to the Rattanakosin Kingdom. Thailand is located in the center of Southeast Asia where its land borders are shared with Burma, Cambodia, Lao People's Democratic Republic and Malaysia. From 1948 to 2016, the population increased dramatically from 17.44 million to 65.9 million (National Statistical Office, 2017). Thailand occupies a unique position in the region because it was never colonized with military force by a Western country. Until 1932, Thailand was an absolute monarchy. However, significant reforms in all areas of government and public life began to occur around this time where the Kingdom of Thailand began to open itself to western civilization.

The term of accounting concepts can be traced back to the reign of King Rama V[2], when the Revenue Office was established to collect taxes and other revenues and to report the position of the royal finances and the Royal Treasury' (Henry & Attavitkamtorn, 1999, p. 440). In 1890, 'The Department of Account' or the Comptroller General's Department of today was established to manage revenue and expenditure of the country (The Comptroller General's Department, 2017). It was marked as the first milestone in the history of financial reform in Thailand. In addition, the concept of auditing practice emerged when the Royal Audit Office was established under the Royal Decree in 1875 to serve the absolute monarch. The State Audit Act 1979 was enacted after the 1932 Siamese revolution to empower the Office of the Auditor General of Thailand (OAG) and extend its scope beyond financial audits to be more focused on the efficiency and effectiveness of financial management in Thailand (Office of the Auditor General of Thailand, 2017).

The Institute of Certified Accountants and Auditors of Thailand (ICAAT) was established in 1948 as the first accounting professional body in Thailand. The ICAAT played a significant role on the dissemination of accounting and auditing knowledge. It failed to protect and control its members due to lack of legitimacy power. The state agency, the Board of Supervision of Auditing Practices (BSAP) was established in 1962 when the Auditor Act was enacted. The BSAP had the authority to register and approve Certified Public Accountants (CPA) license. Yook Na Thaland, the president of the ICAAT during 1955 to 1965 was the first CPA who received CPA license from the BSAP. In 2004, the Federation of Accounting Profession (FAP) under the Royal Patronage of His Majesty the King was established under the Accounting Profession Act of 2004. The FAP replaced the ICAAT. It is recognized as a national accounting professional body of today.

2.1 Research Objectives

2.1 To examine the role of the state on the development of the accounting profession.

2.2 To investigate factors affecting the development of the professional accounting body in Thailand.

[2] His Majesty King Chulalongkorn was the reign between 1868 and 1910. The King faced the western world with an eager attitude, and adapted some Western ideas and inventions in progressing Thailand to a modern future. During his reign, communications system was revolutionized, the post and telegraph services were introduced and a railway network was built. Such advances enabled the central government to improve its control over outlying provinces (Bhakdi, 2000).

2.2 Conceptual Framework

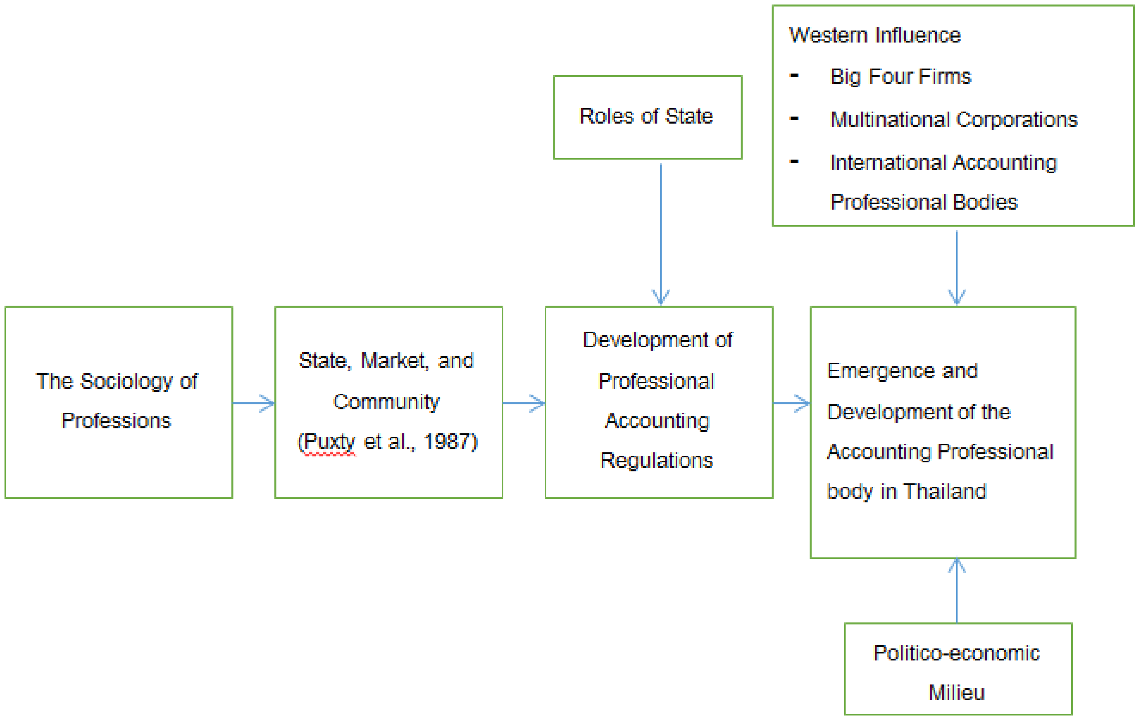

Figure 1: Conceptual Framework of the Research

3. Literature Review

Many studies define the profession as 'occupations organized in an institutional form, whose practitioners are committed explicitly to serve the public interest and who offer client services directly related to an intellectually-based body of knowledge' (Lee, 1995, p.49). Britain is recognized as the first country in the world to develop the accounting profession (Carey, 1969; Walker, 1991, 1995; Willmott, 1986). There are my accounting professional bodies in Britain such as the Association of Chartered Certified Accountants (ACCA), Chartered Institute of Public Finance and Accountancy (CIPFA), Institute of Chartered Accountants in England and Wales (ICAEW), Institute of Chartered Accountants of Scotland (ICAS), Institute of Chartered Accountants in Ireland (ICAI), and Chartered Institute of Management Accountants (CIMA). The nature of the professional bodies in Britain is complicated because of the interaction between the accounting professional bodies and their rivals. The professional bodies are recognized as a self-regulating organization. The government has the central role in the development of rules and regulations as a framework for the development of the profession (Puxty, et al., 1987, p.288).

The accounting profession concept crossed the border from Europe to America with the aim of protecting the economic interests of British investors (Carey, 1969, p.22). The first accounting association in the United States (US) was the American Association of Public Accountants before the American Institute of Certified Public Accountants (AICPA) was founded in 1887. The American accounting professional body was recognized as an independent and autonomous body under the laws of the District of Columbia (Ingalls, 1965, p.877).

There are certain significant reasons of transferring accounting knowledge from one country to another such as 1) the second country had not organized a body of accounting principles in the first place, and 2) large amounts of capital from the first country were invested in business in the second country, with the consequent ability on the part of those investors to impose their own accounting requirement (Hove, 1986, p.83). The development of the accounting profession varies based on different factors. Colonial link is one of the significant factors to transfer accounting knowledge.

The early development of the accounting profession in member countries of the Association of South East Asian Nations (ASEAN) share a similar pattern: 1) an initial stage of development, 2) the legal recognition of the profession, 3) the emergence of a professional organization, 4) the specification of the qualifications of certified public accountants, and 5) the establishment of professional standards (Ninsuvannakul, 1988). While most ASEAN members developed their accounting professionalization through colonialism (Bui, et al., 2011; Diga, 1997; Dyball, et al., 2007; Huot, 2007; Saudagaran & Diga, 2000; Susela, 2010; Verma, 2010; Yapa, 1999), Thailand did not.

The resilience of the accounting professionalization of the Kingdom of Thailand from colonial influence is the motivation for this study. The researcher believes that Puxty, et al. (1987)'s model is requisite to understand the emergence and development of the accounting profession in Thailand and the inter-relationship between its state, market and community.

4. Theoretical Underpinning

This paper draws upon the theoretical framework of state, market and community (Puxty, et al., 1987) which was originally introduced by Streeck and Schmitter (1985). Puxty, et al.,(1987) integrated the fourth principle of Streeck and Schmitter (the market, the state, the community and the institutional order) to consider the outcome of the connection between the state, the market and the community in a comparative study of Germany, UK, Sweden and US. Puxty's framework had emphasized on the relation between professional development and three key factors. The first factor refers to state where the authority of hierarchical control operated by career civil servants for example, is vested in agreement of the rules and procedures backed up by the state monopoly of legitimate coercion. The second factor is market which referred to both economic entrepreneurs who maximize profits and consumers who are satisfied with the material benefits derived from competition. The third factor is community which referred to leaders who enjoy the esteem of followers who themselves are benefiting from the sense of belonging.

In this study, the state is perceived as government authorities and its agencies with authority to govern the accounting profession by enacting appropriate laws and regulations. The term 'market' refers to the influence of politico-economic milieu including the pressure from the capital market that creates the demand of accountants and auditors. The community refers to 'occupations organized in an institutional form, whose practitioners are explicitly committed to serve the public interest, and who offer client services related directly to an intellectually based body of knowledge' (Elliott, 1972; Lee, 1995; Puxty, et al, 1987; Willmott, 1986).

5. Research Methodology

This historic accounting research is based on fieldwork and interviews conducted in Thailand between 2011 and 2012. The primary research method is an analysis of secondary sources. However, an evaluation of the changing role of the accounting profession did not receive significant attention in most historical analysis in Thai history. Eighteen interviews were conducted with officials of the Ministry of Commerce, Ministry of Finance, accounting academics and accounting practitioners in Thailand.

6. Research Results

6.1 State roles and the accounting professional regulation

Under the context of Thailand, most state ideology is emerged from the guidance of His Majesty the King. His Majesty the King has the sole authority to approve laws. Accounting laws are also treated in the same manner. In terms of state, this study referred to the Thai government. Between 1948 and 2010, roles of the Thai government in the development of the accounting profession are complicated. The government took a dominant position to control the accounting profession through state laws and regulations. From 1939 to 2010, there were many laws enacted as presented in Table 1.

According to Table 1, most of the regulations were related to accounting in terms of the responsibility of a business to keep accounts and prepare annual financial statements for auditing and taxation purposes when establishing a business. The Auditor Act 1962 was the most significant law to contribute to the development of the accounting profession between 1948 and 1999. This act empowered the BSAP to control professional accountants. Professionalization process (such as entry examination, training requirement, professional designation, and statutory regulations) was controlled by the BSAP. Thus, the Institute of Certified Accountants and Auditors of Thailand (ICAAT) which was established as an accounting association did not conform with the British accounting professionalization model. This showed a significant role of the government on the development of the accounting profession as presented in figure 2.

Table 1: A Summary of the Crucial Land Marks of the Accounting Profession in Thailand

Year	Accounting Professional Regulation
1939	Accounting Act
1953	Accounting Act (Amendment)
1962	Auditor Act
1968	Ministerial Regulation No. 2
1972	Notification No.281 and No.285
1974	The Securities and Exchange of Thailand Act
1991	Ministerial Regulation No.4
1992	The Securities and Exchange of Thailand Act 1992
1992	Public Limited Company Act 1992
2000	Accounting Act
2004	Accounting Profession Act

The accelerated economic change during 1990 and financial crisis during 1997 influenced the development of the accounting profession significantly. The government enacted two significant accounting laws to stabilize the Thai society; the Accounting Act 2000 and the Accounting Profession Act 2004.

While the Accounting Act 2000 mainly aimed to identify and define the qualifications for professionals who have the duty to keep accounts for business entities, the Accounting Act 2004 aimed to govern the accounting profession in Thailand. The FAP is in charge of implementing this under the overall administration of the Ministry of Commerce. The 'Oversight Committee on Accounting Professions' was created to oversee the activities of the FAP and endorse Thai accounting standards and rules developed by the FAP' Committee and consider appeals regarding FAP' activities. (The World Bank, 2008)

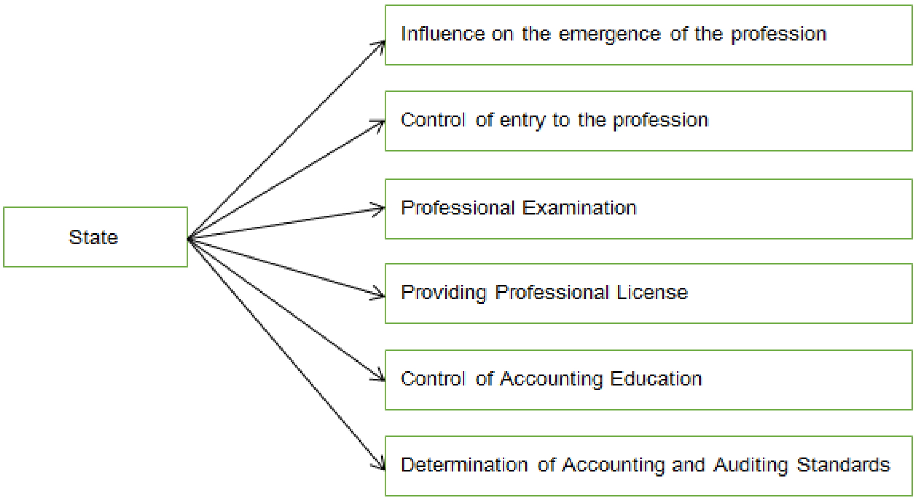

Figure 2: State Roles and the Accounting Profession

6.2 Western influence and the accounting profession

The concept of accounting profession has been disseminated to Thailand through growing globalization, Big Four Firms, and education as presented in Figure 3.

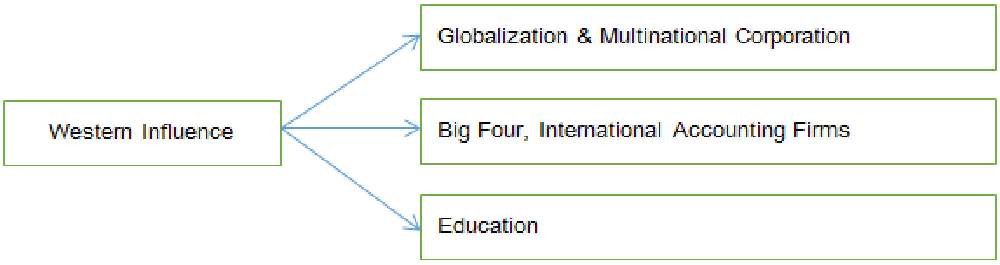

Figure 3: Western Influence on the Accounting Profession in Thailand

Many interviewees asserted that the development of capitalism during the late nineteenth century and the beginning of the twentieth with the rise of industrial capitalism in western countries influenced on the development of the accounting profession in Thailand. Increasing of local corporations created demand of locally qualifies accounting manpower with an adequate knowledge. In addition, the growth of multinational companies in Thailand required accounting and auditing services from international accounting firms (known as 'big four firms) due to their reputation and worldwide network. The 'big four' became recognized by the Thai accounting community when they started participating in the local accounting profession instead of confronting the state to secure their monopoly of practice in the market as in Greece (Caramanis, 2002, 2005).

Another significant factor to handover accounting knowledge from western countries to Thailand is education. Most interviewees asserted that accounting education is very much dominated by the American accounting practice and education. Many Thai instructors in early development of the accounting profession in Thailand completed their graduate studies in the US (Akathaporn et al., 1993, p.260). Therefore, the accounting programs for a bachelor degree offered by public and private universities in Thailand are generally based on the American system (Techamontrikul & Chimchome, 2005, p. 582).

6.3 Politico-economic milieu and the accounting profession

Political-economic milieu influences on the development of the accounting profession in many countries. Most interviewees asserted that Thai political involved with the accounting profession in high level through the involvement of various state agencies. Some reasons behind this involvement are that the state required protecting state and public interest, to promote corporate governance in the capital market, and to create demand of accountants and auditors to serve the Thai society. In addition, some evidence from interviewees show state intervention in the accounting profession by lobbying over legislative matters such as some Thai financial reporting standards to protect state interest.

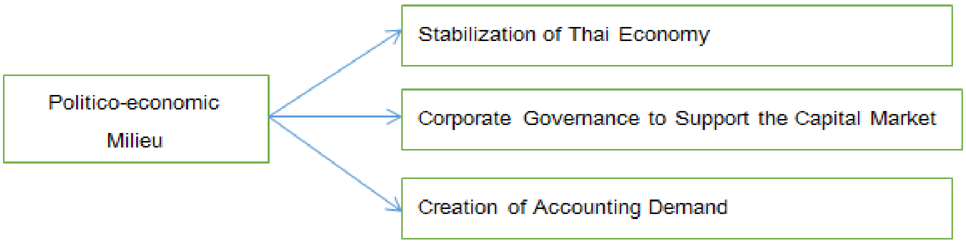

Figure 4: Politico-economic Milieu and the Accounting Profession

Willett et al. (1997) point out that the political factor is closely associated with past or present colonial power and its significant influence on the transformation of the profession in the Asia-Pacific region, for example, the old British Empire. It shows marked similarities in the structures of their regulatory frameworks, the form of their corporate reports and the general attitude towards professionalism in accounting. Similarly, the French model had influenced the development of the accounting in Cambodia, the Dutch model in Indonesia, the Portuguese model in Macau and the US model in the Philippines. The socialist countries of China, Vietnam and North Korea are still predominantly guided by the old Soviet form of accounting. The non-socialist countries in the region such as Japan, South Korea, Taiwan and Thailand have been influenced less directly by non-regional colonial forces and the dominant outside influence on accounting practices came from the United States of America (Willett et al., 1997, p. 39).

7. Conclusion

By using in-depth interviews with officials of the Ministry of Commerce, Ministry of Finance, accounting academics and accounting practitioners in Thailand as well as secondary resources, findings present the development of the accounting profession in Thailand over the past fifty years. The state played a significant role on the development of the accounting profession through various ways. However, the enactment of accounting laws and regulations is recognized as a powerful tool of the state in early development of the accounting profession in Thailand. The enactment of the Auditor Act 1962 contributed to the emergence of the accounting profession in Thailand. The state protects and controls the accounting profession through the Board of Supervision of Auditing Practice.

However, from 2004 onwards the state began to minimize its roles and empower the Federation of Accounting Profession in Thailand to protect and control all accountants and auditors through passing the Accounting Professions Act 2004. This evidence shows that the state is a significant factor in the development of the accounting professionalization process as mentioned in Puxty, et., al (1987), wherein the state is referred to as the authority of hierarchical control which plays a crucial role in the creation of accounting practices and related services by passing the Commercial Codes and Accounting Regulations (Puxty, et., 1987). In conclusion, emergence and development of the accounting profession in Thailand is based on a combination of various factors such as professional accounting regulation, globalization, politico-economic milieu, and educational institutions.

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Book Review: *The Fourth Industrial Revolution*.

Author: Schwab, K. (2017). UK. Portfolio Penguin

Reviewed by: Assoc. Prof. Chanongkorn Kuntonbutr, Ph.D.

According to the rapid change from technology development appearing today, the crucial to everyone in our global society is how one can predict the future from technology and industrial revolution. The revolution is dramatically changing our daily life from individual to an entire society. The evidence can be seen from smartphone which performs as super computer, computer software which replaces employees in overall system of an organization, the internet which individual can make oneself replace prior mass media, and a trend of self-driving car.

The author of “The Forth Industrial Revolution” is Professor Klaus Schwab. He was the founder and executive chairman of the world economic forum that has been at the center of global affairs longer than four decades. He presents his idea on the industrial revolution that may have an impact on future with the linkage from history, systematic change, drive of change, and impact on society and individual. This is an advantage of this book offering to the readers.

In the historical context, he mentions that the first profound shift to the transition from foraging to farming occurred approximately 10,000 years ago making the possibility of the domestication of animals. Then, industrial revolution during 1760 - 1840 liberated people from animal power to machine power making mass production available to the industry. The third industrial revolution is computer revolution catalyzed by the development of semiconductors, mainframe computing, which consequently become personal computer, and the widely use of internet. This section highlights the profound and systemic change by explaining the disruptive technology and the speed of innovation and faster diffusion than previous period of time. At the end of this chapter, he predicts the fourth industrial revolution that will contribute to the consumers and producers concerning innovation and disruptive that will affect people standard of living and welfare in both positive and negative direction. However, rising of inequality and concerns about unfairness becomes a significant challenge to policy makers to enact the changes which encourage the fourth industrial revolution and equality opportunity for all.

Considering the driver of the fourth industrial revolution, he starts his explanation from the explanation of megatrends and broad landscape of technology drivers. The four major evidences of the technological megatrends are mentioned as autonomous vehicles, 3D printing, advanced robotics, and new materials. Moreover, the digital revolution is explained in terms of its radical creating new approaches to revolutionize the process of engage and collaboration between individual and institutions. He places an importance on the internet of things that is the simplest form to connect people with things by various platforms. Consequently, sensors and other means of connecting things lead to the financial technology such as bit coin are discussed.

The following chapter is concerned with how the fourth industrial revolution affects society and individuals. The important factors concerning the revolution are economic growth, the aging of world population, productivity, employment, labor substitution, and impact on skills of people in the workforce. The four major impacts relevant to the business are: 1) Customer expectation are shifting; 2) Data will improve the productivity and enhance product; 3) New partnership from the awareness of importance from collaboration; and 4) Operating models are being transformed into digital models. The disruptive changes from the fourth industrial revolution is particularly important to the government which is responsible to the governmental component such as taxation, regulation, security and privacy, and all others.

The other interesting information available in this book is the dynamic of war from land, sea, and air to cyber warfare. The disruptive technology will transform military activities which are used to be physical components in overcoming enemy to destroy enemy decision-making capability. These military activities will make the distinction between war and peace unclear. In addition, the book addresses autonomous warfare including the military robot and artificial intelligence (AI) which encourage transforming future conflict into robot war. One can see the flying robot such as drones which can combine with artificial intelligence and threaten public target by individual.

Finally, the author discusses the social topic of how most societies can accommodate the scientific advancement, commercialization, and diffusion of innovation while embracing their traditional culture and value system. The readers can follow the way forward by the fourth industrial revolution addressed in the last section.