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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 outputs 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 published five research and academic papers, and one book review. In addition, each of the research and academic articles presented such interesting concepts, for employees' motivation, customer's satisfaction, financial planning for retirement, sustainability reporting and competitive advantage strategy, leading to creating new knowledge to the reader. 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 board 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.

Asst. Prof. Suraporn Onputtha, Ph.D.
Editor-in-Chief

Table of Content

Table of Content (Cont.)

RISK-RELATED FACTOR AND FINANCIAL ATTITUDE ON RETIREMENT SAVING BEHAVIOR

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ABSTRACT
Purpose – This research aims to analyze the influence of retirement risk-related factors and financial attitudes on saving behavior for retirement.
Methodology – The research was organized using 400 Thai employees in various occupations. This research analysis method was occupied by operating on structural equation modeling (SEM) Amos.
Results – The finding pointed out that risk-related factors have a positive effect on retirement saving behavior (0.441), and financial attitude has a positive influence on retirement saving behavior (0.750).
Implications – Workers should rely on risk-related factors and financial attitude factors to be successful in retirement savings. Also, this research helps people to realize and understand more about the relationship between risk-related factors, financial attitude, and retirement saving behavior. This empirical study makes a contribution in the form of a comprehensive model to explain risk-related factors and financial attitudes toward retirement saving behavior.
Originality/Value – This analytical framework reveals the relationship of financial attitudes and risk-related factors on retirement saving behavior. This article helps to investigate the effective factor on the retirement saving behavior for Thai retirement perspective.

Keywords: Risk-related factor, Retirement risk, Financial attitude, Retirement saving behavior

Paper Type: Research Article

INTRODUCTION
There are so many countries around the world facing improper retirement preparation in the lower government pension fund from population structure changing and aging society (Kiril, 2020). Carbonaro et al. (2018) explained the negative impact on economic development and aggregate productivity growth generated by the declining population in many areas. The imbalance of population growth from a lower birth rate with a higher medical treatment standard creates a government budget deficit. Retirement groups cannot depend on only government supports like social security funds, government medical programs, and others. Thereby, workers should save and invest their savings in a retirement savings plan to manage their lives after retiring with no income period. Unprepared workers might face so many problems during this retirement period: poverty problems, low-standard healthcare, and low living standards in this stage of life. In the retirement period, people would spend insufficient funding on healthcare expenses and elderly healthcare products without proper income. Rhee (2013) found that

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inadequate retirement savings due to higher healthcare expenses are one of the main problems in the retirement period. There is a big public issue about the lower birth rate and higher life expectancy spreading out for research and debate. All governments should prepare and encourage a retirement savings and retirement support plan at the national level to protect against the problem. People do not pay any attention to financial planning for retirement. In the retirement stage, there are so many people who fall into small retirement savings or even no savings at all to keep a similar standard of living after retiring. Crawford and O'Dea (2020) workers in the difference of employment, earning income, knowledge, mortality rate, tax incentive, and the pension fund system benefit would make the variety of financial planning on retirement saving. Pereira and Afonso (2020) said that people could suffer from insufficient funding in the retirement period and that every government should prepare and encourage people to save for retirement in the pension fund system. People made a lot of mistakes during their working years about their retirement savings, such as wrong retirement financial decisions, no attention to retirement savings, a lack of financial knowledge to manage a savings plan, and others. Sandbrook and Ravi-Burslem (2019) explained that risk-related factors and financial capability have a relationship with saving behavior.

Therefore, this study aims to examine the impact of risk-related factors and financial attitudes on retirement saving behavior among Thai employees. Moreover, all Thai employees could create a successful retirement saving plan after understanding few key elements. Additionally, the policymaker may support a retirement saving program to assist everyone in setting aside the appropriate amount of money during a period of low income in retirement period.

LITERATURE REVIEW

Risk-related factors

Everyone is susceptible to retirement risk, people who retire from the workforce will no longer have the protection from rising wages during the working period. Instead, they will only have some sources of limited income. Doran et al. (2012) indicate that risk-related factors on retirement are a major factor in determining working capital management affecting retirement risk management. Laster et al. (2016) explained that longevity risk, healthcare risk, sequence of return risk, and inflation risk are among the personal and market risks for retirement planning. People have varying levels of personal risk, including longevity risk and healthcare risk, depending on their individual circumstances. Market threats, which include inflation risk and the return sequence of financial assets, entail external variables that vary from place to place. As a result, every risk-related factor should be carefully taken into account when saving and planning for one's retirement, as risks have a big impact on employee wealth. According to Barrieu et al. (2012), the risk associated with each person's various life expectancy and death outcomes is known as the longevity risk. Retirees with life expectancy estimates and found that roughly 40 percent of participants underestimated their longevity by five years or more. Because of this miscalculation of life expectancy and increased risk, retirement spending cannot be met by saving alone. Thereby, the investment of pension funds would have to deal with a global trend towards prolonged death rates and macro-longevity risk. In relation to healthcare risk, the need for clinical services is rising due to the growing aging population around the world, according to Zhou et al. (2020). Almost 75 percent of retirees are very concerned about the skyrocketing expenses of healthcare. As a result, following retirement, employees are likely to incur increased healthcare costs. Numerous seniors in various nations may experience lower-quality medical care as a result of inadequate retirement savings and prohibitively expensive, high-quality healthcare. Furthermore, a poor financial asset allocation strategy leads to a low return on retirement money, which is the sequence of return risk. According to Doran et al. (2012), the size of an investor's portfolio and the issue of the sequence of return risk are two related forces that have an impact on people who are close to retirement. The importance of the return risk issue's sequencing cannot be overstated. In relation to inflation risk, low-income individuals are impacted by inflation, particularly during the retirement years when regular income is absent. According to

Bekaert and Wang (2010), inflation risk is the danger of a declining value of money on a small amount of savings. Employees receive pay increases during the course of their employment to offset annual increases in inflation. Since there is no income from a salary during the retirement stage, higher inflation creates a bigger risk and is a significant factor in the retirement risk. Consequently, planning for retirement savings requires consideration of a number of risk-related elements, including longevity risk, healthcare risk, sequence of return risk, and inflation risk. This can demonstrate the positive relationship between risk-related factors and retirement saving behavior. As a result, it is suggested that risk-related factors link to retirement saving behavior. The hypothesis can be stated as follows:

H.1 Risk-related factor has a positive influence on retirement saving behavior.

Financial attitude

People's saving behavior may be increased by taking into account financial attitude elements when planning for retirement. According to Kimiyagahlam et al. (2019), the financial attitude is the human tendency to regulate the conscious goals and planning of retirement savings. This ability to prepare ahead could have a good impact on retirement financial planning. Financial attitude is considerably positively correlated with people's contributions to savings. According to earlier research, there are four aspects of a financial planning attitude to behave for retirement: parent financial behavior, future time perspective, propensity to plan, and goal clarity. In relation to parent financial behavior, it refers to the role that parents play in helping children develop their abilities and financial literacy, which may have an impact on how they behave when it comes to retirement financial planning (Kimiyagahlam et al., 2019). Furthermore, parents' financial decisions have a tendency to affect their children's money management habits. Moreover, parents strongly influence their kids' financial management behaviors across the board. This study makes the case that parents who practice wise money management should have an impact on their kids' ability to make wise and responsible financial decisions. For the future-time perspective, the next psychological determinant of financial saving attitude is called the future-time perspective. This refers to households looking to the future rather than the past and present (Kimiyagahlam et al., 2019). Additionally, the future time perspective should have an impact on people's views about retirement saving behavior. In relation to propensity to plan, propensity to plan is the human tendency to regulate conscious goals and planning. This ability to prepare ahead could have a good impact on retirement saving behavior. According to Stawski et al. (2007), they define long-term values as providing people with a clear direction, a sense of coherence, and a sense of purpose. Lastly, goal clarity is one of the significant components of financial attitude. Financial goal clarity is considerably positively correlated with people's contributions to retirement savings (Neukam & Hershey, 2003). Clarity in financial goals should result in improved levels of personal effectiveness and life happiness, which will stimulate more active patterns of behavior related to retirement preparation. In conclusion, each of these four factors contributes to retirement saving behavior, which is helpful for saving and planning for retirement. The following hypothesis can be stated as follows:

H.2 Financial attitude has a positive influence on retirement saving behavior.

Retirement saving behavior

The goal of a retirement savings plan may influence how a person decides about retiring (Topa & Alcover, 2015). In addition, varied retirement saving behaviors can lead to varied decision-making. Retirement saving behavior can be significantly impacted by financial attitude and risk-related factors. Retirement saving behavior is the actual investment made with one's own money with the purpose of preparing financially for the future (Kimiyagahlam et al., 2019). Retirement saving behavior can motivate real savings activity for the retiring stage. There is a connection between retirement saving behavior and actual conduct. Additionally, the majority of people believe that retirement saving behavior requires saving habits, financial attitudes, and risk-related factors. However, some people start the saving plan for retirement too late, which results in inadequate funds at the end. Despite the fact that retirement saving behavior for retirement planning is challenging, few people are able to accomplish it correctly.

METHODOLOGY

In order to evaluate the data for this research, a questionnaire that uses structural equation modeling (SEM), modification indices, and modification indices, and good-fitness indices is employed (Hooper et al., 2013; Knekta et al., 2019). Also, the research's sample of 384 respondents (rounded up to 400) from Thai employees in various occupations. According to Cochran (1977), 384 samples are needed to calculate the sample size for an unknow population part (p=0.5) using the formula by formular n=Z^2/(4e^2) at 0.05 significant level (Z=1.96) is 384 samples.

Additionally, the questionnaire is divided into two parts: the first part includes questions about the employees' financial attitude, risk-related factors, and retirement saving behavior. The answers were rated on a 5-point Likert scale from strongly disagree 1 to strongly agree 5. Moreover, the second part includes demographic information like gender, age, marital status, the level of education, and others.

The measurement of questionnaires is divided into 3 parts: risk-related factor, financial attitude, and retirement saving behavior. For risk-related factors, this research would evaluate longevity risk, healthcare risk, sequence of return risk, and inflation risk. For financial attitude, there are four components to identify this factor, parent financial behavior, future time perspective, propensity to plan, and goal clarity.

To examine and determine the relevance for the instrument design of survey questions, all questions were subjected to content validity index (CVI) technique. Five experts in academic and financial saving related field evaluated these research questions in four separate categories: relevance, clarity, simplicity, and ambiguity. Cronbach's Alpha for this study is .94 at an excellent level. KMO is .907 (more than .6) and Barlett's Test sig. .000 (less than .05) for factor analysis. Additionally, this research is based on data that has a normal distribution because all of components' skewness and kurtosis values fall within the range of (-3, 3). All of these findings demonstrate the excellent value and normal distribution of the research.

Confirm factor analysis (CFA) was studied in first order, second order, and higher order on the structural model. The final model was adjusted and constructed from the initial for good-fit model criteria. The X^2 to degree of freedom ratio is 1.266 (less than 3) p-value = 0.007 indicating moderate good fit, GFI = 0.943, AGFI = 0.913, and RMSEA = 0.028 for absolute fit index. Also, the comparative fit index is moderate good fit as well because of CFI = 0.988, NFI = 0.948 and TLI = 0.984. From good fit index, it was accepted for further analysis to confirm hypothesis from structural model.

RESULTS

Personal information of the respondents

The respondents' socioeconomic characteristics are shown in the table below.

Table 1. Demographic characteristics of sample

Profile	Frequency	Sample (%)
Gender		
Male	180	45.00
Female	220	55.00
Age (years)		
20-29	73	18.25
30-39	91	22.75
40-49	154	38.50
50-59	67	16.75
60 above	15	3.75
Nationality		
Thai	400	100.00
Marital Status		
Single	150	37.50
Married	205	51.25

Table 1. (Cont.)

Profile	Frequency	Sample (%)
Divorced	10	2.50
Cohabiting	35	8.75
Education		
No formal education	15	3.75
High School	65	16.25
Bachelor's degree	205	51.25
Master's degree	100	25.00
Doctorate/Ph.D.	15	3.75

Risk-related factor, financial attitude, and retirement saving behavior
Workers agree with all factors affecting to retirement financial saving in risk-related factor, financial attitude, and retirement saving behavior in high level for mean score (3.90, 3.82, and 3.85) and the level of standard deviation (0.56, 0.51 and 0.66) respectively. Analysis of this study shows that risk-related factor and retirement saving behavior have a significant relationship (β=0.441, p-value<0.001). Hence H1 of the study is supported. Next, financial attitude and retirement saving behavior also show a significant association (β=0.750, p-value<0.001). Hence H2 of the study is supported.

Table 2. Summary of standardized estimate, standard error, and critical value

Hypothesis	Items			Standardized estimate ($\boldsymbol{\beta}$)	S.E.	C.R.	P	Hypothesis Result
H1	Risk	→	Save	0.441	0.051	8.557	***	Accepted
H2	ATT	→	Save	0.750	0.079	9.525	***	Accepted

Note: Significant level as of 0.001

All variables were accepted at a significant level of 0.001 and absolute value of t-test or C.R. higher than 1.96 for all testing hypothesis, so all hypotheses were accepted. From the standardized estimate (β), the standardized estimate of Risk-related factor had the positive effect on Retirement saving behavior with ($\beta = 0.441$), the standardized estimate of financial attitude on retirement saving behavior with ($\beta = 0.750$). The factor loading of all models would be described in Figure 1.

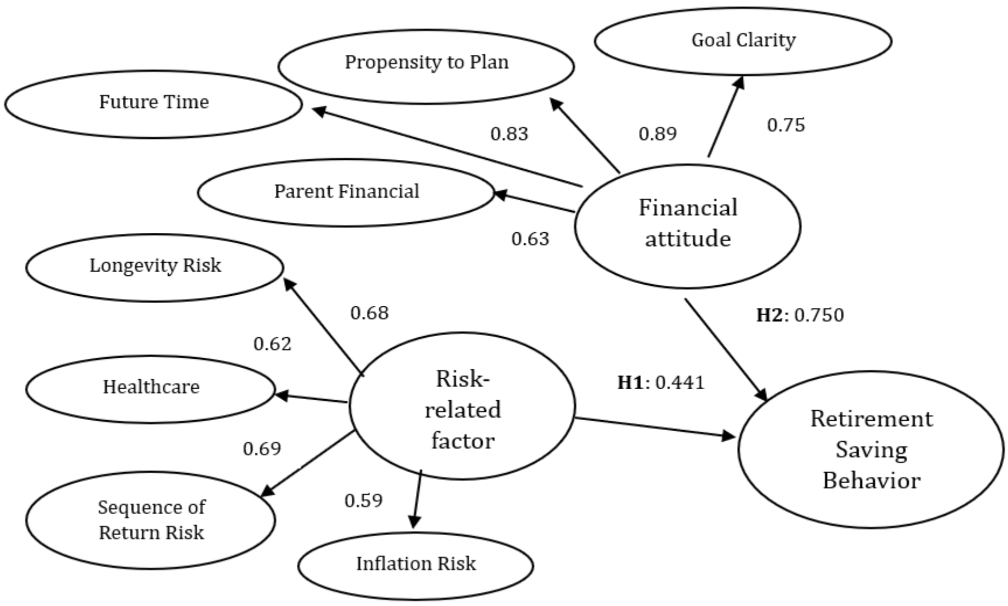

Figure 1. The model of risk-related factor, financial attitude and retirement saving behavior

DISCUSSION AND IMPLICATIONS

Based on this research, this paper presents a favorable positive relationship between risk-related factors and retirement saving behavior, as well as financial attitude presenting a positive relationship. In terms of risk-related factors, this research discovered that longevity risk, healthcare risk, sequence of return risk, and inflation risk all play significant roles in forming risk-related factors for retirement saving behavior. In terms of financial attitude, there are four components impacting it: parent financial behavior, future time perspective, propensity to plan, and goal clarity. This research's findings from both variables indicate that inflation will affect retirement saving behavior less than other factors. Moreover, parent financial behavior could affect retirement saving behavior less than other financial attitude factors. Retirement saving behavior is positively impacted by risk-related factors and financial attitudes. So, people should be encouraged to incorporate retirement saving behavior into their real savings plan by taking risk-related factors and financial attitude into account. According to Laster et al. (2016), people are concerned and understand all associated risks for retirement, being more risk-tolerant than people who have no interest in taking risks. Furthermore, even though parents' financial behavior could have a significant effect on their children's development, goal clarity could be one of the significant factors in successful retirement savings (Kimiyaghalam et al., 2019). Employees everywhere should put greater effort into building their retirement savings budget. In addition, workers with well-organized retirement budgets may not experience any change in their quality of life after retirement, even with no government policy support. The aging population of society and the low birth rate could have an impact on all nations in the future. Therefore, employees should rely on their financial retirement savings strategy, which results from their financial attitude and risk-related factor management. Therefore, all workers should have a sufficient amount to save for retirement, with an emphasis on establishing a financial attitude and lowering risk-related factors.

The impact of financial attitude has on retirement saving behavior that participants should concentrate heavily on developing the influence of propensity to plan, goal clarity, and future time perspective to contribute the saving amount on retirement financial planning (Stawski et al., 2007). Moreover, parent financial behavior has been found to have impact on the financial attitude which the little financial discussion in the family could have impact on small saving amount on retiring issue. The empirical results demonstrate that the most significant influence on retirement saving behavior is the risk-oriented factor. The sequence of return risk is the most significant risk related element on retirement financial planning. Participants also concentrate on the risk associated with longevity, inflation, and healthcare risk which employees should concentrate on all associated risks on the retirement saving behavior (Barrieu et al., 2012). The risk-oriented factor has a huge impact on retirement financial saving behavior; therefore, everyone should focus on the risk-oriented factor impacting on retirement financial saving behavior.

The implications of this study should be separated into two categories: policymakers and employees. For the implication for all employees, people should pay more attention to financial attitude and risk-related factors because both of these elements influence employees' retirement saving behavior directly. The development of technology has led to the availability of several financial-related knowledge sources through various media, including television, the internet, books, and other formats for both risk-related and financial-attitude perspectives. People should focus more on their risk-related factors and financial attitude, which may influence their intention to operate a retirement savings plan. Workers would implement and develop the retirement savings plan after having a clear goal in mind. For policymakers, the management level of the company and the government should encourage people to start a retirement savings plan in the early stages of their lives, both at the organizational level and at the national level. More retirement budget savings result in a more stable and problem-free retirement period.

In academic contribution, all staff members in the workplace can be seen the application of theory from financial attitudes and risk-oriented factor on retirement saving behavior. Employees in the working environment should be aware of all risk-related factors and financial attitudes that could impact on the future financial situation. Thus, employees must comprehend the concepts of all relating risks to retirement financial planning. People should be aware of all circumstance about retirement issues that they could take appropriate action to manage and protect themselves in the severe situation after retiring.

LIMITATIONS AND FUTURE RESEARCH POSSIBILITIES

The quantitative analysis in this study that may not be able to cover all material from some qualitative approach. Also, the sampling approach is subject to some limitations pertaining to cost and time constraints. So, the future research might apply the qualitative approach to examine data on financial attitude, risk-related factors, and retirement saving behavior. Furthermore, the future studies can investigate in another country to find out about the cultural difference on retirement saving behavior.

CONCLUSION

This study finds out the relationship of financial attitude, risk-oriented factor on retirement saving behavior. Additionally, the research findings interpret the vital knowledge from some factors on retirement saving behavior. This article could convince all staff members by applying the factor of financial attitudes and risk-related factors on their retirement financial planning. The better retirement saving preparation, the better financial standing for retirement lives with a higher standard of living after retirement.

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CONFLICTS OF INTEREST

The author declares that there are no conflicts of interest found in this research.

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THE EFFECTS OF DESTINATION AWARENESS, PERCEPTION OF DESTINATION, AND DESTINATION IMAGE ON TOURISTS' INTENTION TO TRAVEL TOWARD ASEAN COUNTRIES

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ABSTRACT
Purpose – The purposes of this research were to study the effects of destination awareness, perception of destination, and destination image on tourists' intention to travel toward ASEAN countries.
Methodology – The research methodology was quantitative research with survey method by using questionnaires for data collection. The respondents were 400 participants, who had experience of traveling to a foreign country, in Bangkok, Pathum Thani, and Nonthaburi Provinces of Thailand. Descriptive statistics used for data analysis included frequency, percentage, mean, and standard deviation. Due to hypothesis testing, inferential statistics used were Pearson's Product Moment Correlation Coefficient and Partial Least Squares-Structural Equation Modeling (PLS-SEM).
Results – The results of hypothesis testing revealed that tourists' destination awareness had positive effects on perception of destination and destination image while perception of destination had positive effects on destination image, and destination image had positive effects on tourists' intention to travel toward ASEAN countries at a significance level of 0.001. In addition, perception of destination had a partial mediating effect on the relationship between destination awareness and destination image whereas destination image had a full mediating effect on the relationship between destination awareness and tourists' intention, the relationship between perception and tourists' intention, and the relationship between destination awareness and perception on tourists' intention at a significance level of 0.001.
Implications – The findings present several implications for both academia and destination marketing practitioners, providing insights into crafting effective strategies to attract tourists to these destinations.
Originality/Value – This research sought to enhance comprehensive comprehension of the intricate interplay among destination awareness, destination perception, destination image, and intention to travel, elucidating their collective influence on tourism decisions. Also, the research can fill existing gaps in the literature and provide valuable insights for refining destination marketing strategies, particularly focusing on ASEAN countries.

Keywords: Destination awareness, Perception, Destination image, Intention to travel, ASEAN Countries

Paper Type: Research Article

INTRODUCTION
Travel and tourism is one of the fastest growing sectors in the world since its growth turned out to exceed that of the global economy for nine consecutive years before the COVID-19 pandemic. Due to statistics from World Travel and Tourism Council, comparing with other sectors, travel and tourism sector ranked among the fastest growing with a GDP growth rate of 3.5% in the last pre-

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pandemic year of 2019. However, as the damage caused by the COVID-19 pandemic to the tourism sector slowly subsides, this sector was forecasted to pick up the pace again and grow by 5.8% annually during 2022 – 2032 (Hinton, 2023). This forecast growth rate is more than twice as fast as the forecast global GDP, so this sector is one of the main powerhouses of global economic growth. UNWTO recently provides information that international tourism is actually on its way to returning to pre-pandemic levels since international tourist arrivals recovered 80% to 95% of pre-pandemic levels in the first quarter of 2023 with an estimated 235 million tourists travelled internationally which was more than double in the same period of 2022. In addition, tourism has continued to show its resilience as the UNWTO's revised data showed that over 960 million tourists travelling internationally in 2022, meaning two-thirds (66%) of pre-pandemic numbers were recovered. (World Tourism Organization, 2023).

In the past before the COVID-19 pandemic in 2019, tourism in Asia and the Pacific region had become outstanding. The growth in this region slowed down but still showed above-average growth, with a growth rate of 4% and international arrivals up 5% (World Tourism Organization, 2023). In 2019, about 26% of global growth was generated by Asia and the Pacific region, with the Southeast Asia subregion accounting for over 70% of growth. Nonetheless, after this region encountered the pandemic, the numbers of international arrivals greatly dropped since then. According to the recent data from UNWTO regarding recovery from the pandemic by the regions in Q1 of 2023, it showed that Asia and the Pacific region accelerated its recovery with 54% of pre-pandemic levels, but this upward trend is set to accelerate now that most destinations, particularly China, have re-opened (World Tourism Organization, 2023).

According to tourism statistics in 2019 from Ministry of Tourism and Sports, Thailand, the growth of tourism industry affected Thailand in terms of international tourist arrivals and domestic departures. The numbers in 2019 showed that there were 39,916,251 tourists around the world travelling to Thailand. Out of the total number, the majority of tourists came from East Asian nations which was 27,669,963, and the number of tourists from ASEAN countries was 10,876,922. Nevertheless, tourism statistics in 2019 from Ministry of Tourism and Sports, Thailand showed that departure number of Thai tourists was 10,446,496. Due to the departure number, there were five ASEAN countries, consisting of Malaysia, Laos, Singapore, Vietnam, and Myanmar, included in the top ten destination countries to which Thai tourists visited. The number of Thai tourists visited these five countries was 4,406,377 accounted for 42.18% of total departure number (Ministry of Tourism and Sports, 2023).

The Association of Southeast Asian Nations (ASEAN) was founded in 1967 as an organization for economic, political, social, and cultural cooperation among 10 member countries including Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Viet Nam. At the end of 2015, the ASEAN Community was fully established with new goals among members. ASEAN Community goals were (1) improving the lives of people that is reflected on the region's economic and cultural development, social progress, regional peace and security, collaboration, and mutual assistance in training and research, (2) improving living standards, (3) promoting of Southeast Asian studies, and (4) cooperating with regional and international organizations (ASEAN Secretariat, 2015).

Since ASEAN Community with three pillars consisting of ASEAN Political Security Community (APSC), ASEAN Economic Community (AEC), and ASEAN Socio-Cultural Community (ASCC) were fully established among members, understanding the current state of Thai people toward this accomplishment needs to be addressed. This research was conducted under conditions that in the past, Thai tourists were interested in travelling to East Asian countries but had few interests in ASEAN countries. Therefore, in order to improve understanding in Thai tourists and Thai residences toward one single entity as ASEAN community, destination awareness, perception of destination, destination image, and tourists' attitudes toward ASEAN destinations must be addressed. The purposes of this research were to study the effects destination awareness, perception of destination, and destination image on tourists' intention to travel toward ASEAN countries.

LITERATURE REVIEW

Destination awareness

Awareness of destinations can be compared to brand awareness and brand recognition in original consumer decision process; hence, it can be concluded that the first stage in tourism consumer decision process is awareness of destination (Mathilda & Saayman, 2013 cited from Cunningham et al., 2005; Kotler et al., 1996; Kotler & Keller, 2009). If awareness toward destination could be created in consumers' mind, the likelihood of travel intention to that destination is increasing.

Destination awareness could be defined as a situation in which consumers have become aware of product or destinations to travel, but still need to search for more information about the destination (Mathilda & Saayman, 2013 cited from Antimova et al., 2012; Kotler et al., 1996). Konecnik and Gartner (2007) defined destination awareness as what individuals recognize or think they recognize about a destination while Huang and Cai (2015) stated that destination awareness is not only what the tourist knows about the place or its brand name, but also the associations that the tourist makes to the place and that provide a sense of familiarity or appeal. In summary, destination awareness is the level of knowledge tourists have toward destination's product and service. Therefore, destination awareness was used as a tool to develop tourism industry in many countries.

Regarding the effect of destination awareness on destination image, the results of some studies showed that destination awareness has a direct and positive effect on destination image (Ghafari et al., 2017; Liu & Fang, 2018; Tran et al., 2019). The study of Milman and Pizam (1995) revealed that tourists who were aware of the destination did not have a more positive destination image than those who were not aware of it. Furthermore, Gartner and Ruzzier (2011) found that the link between awareness and image is important for first-time visitors. These were argued by Konecnik and Gartner (2007) in their study with a two-dimensional approach that awareness only affects cognitive image. However, awareness affects both image components for domestic tourists (San Martin et al., 2019).

Destination awareness also plays an important role in the tourists' travel intentions (Chi et al., 2020). It is crucial to form and develop brand value and induce the visit intention (Konecnik & Gartner, 2007). For a place to have potential as a destination, it must be known by potential tourists to be included in the set of perceived opportunities, comprising all destinations that come to the mind of potential tourists when considering potential vacation destinations (Milman & Pizam, 1995; Gartner & Ruzzier, 2011). Thus, greater destination awareness means potential tourists are more likely to think of one certain destination than others when planning their trips.

Perception of destination

Perception of destination is a multidimensional construct that encompasses the cognitive, affective, and evaluative aspects of how individuals perceive and interpret a particular destination. Cognitive factors, such as prior knowledge, expectations, and stereotypes, significantly influence destination perception. In other words, individuals' preconceived notions and beliefs about a destination can shape their perceptions before visiting. Some previous studies about perception of destination revealed that high levels of destination knowledge tend to have more accurate and positive perceptions (Chi & Qu, 2008), and the media plays a critical role in shaping cognitive factors, as exposure to positive or negative information influenced destination perceptions (Kim et al., 2018). Moreover, effective destination branding strategies, through consistent messaging and positioning, plays a crucial role in shaping perception of destination and creating a distinctive identity (Govers & Go, 2009).

Moreover, perceptions of safety and security significantly influence destination perception, particularly in the context of international travel. Tourists prioritize destinations that are perceived as safe and secure. Negative events, such as terrorism, natural disasters, or political instability, can severely impact destination perception and deter potential visitors (Akaateba & Altinay, 2018). In contrast, the growing awareness of sustainability and responsible tourism has led to an increased emphasis on environmentally and socially responsible practices in destinations. Sustainable destinations can be perceived more positively by travelers (Hudson et al., 2019). All in all, understanding destination image, cognitive and affective factors, safety and security perceptions, and sustainability is crucial for destination marketers and policymakers seeking to enhance destination attractiveness and competitiveness of a destination.

Destination image

Destination image remains one of the most popular research topics in tourism (King et al., 2015). Jenkins (1999) believed that destination images were important because they influence decision making process and behavior of potential tourists (Jenkins, 1999; Mayo, 1975; Crompton, 1979). In addition, Keller (1993) and Crompton (1979) stated that destination image referred to the sum of beliefs, ideas as well as impressions tourists have associated with a destination. Huang and Cai (2015) stated that destination image refers to the set of associations linked to a destination and held by individuals in their memories.

Destination image as well as the characteristics of a destination are greatly important for tourists when making a decision on where to travel (Luo et al., 2022 cited from Echtner & Ritchie, 1991; Mohsin, 2005; Stylos et al., 2016; Tan & Wu, 2016; Pike et al., 2018). Destination image and its attributes can influence tourists' behavior before, during, and after their travelling experience (Chen et al., 2013; Gannon et al., 2017). Besides, destination image can be influenced by prior knowledge of the place or recommendations from others who have visited previously (Dolnicar & Grün, 2012).

Destination images could be conceptualized in different approaches (Carvalho, 2022). Some studies proposed that destination image is conceptualized as a two-faceted construct based on cognitive and affective components (Baloglu & McCleary, 1999; Bigne et al., 2001; Beerli & Martin, 2004; Tan & Wu, 2016). First, the cognitive component is composed of individuals' beliefs and knowledge regarding the functional/tangible attributes (e.g. landscape and cultural attractions) or psychological/abstract attributes (e.g. feelings of hospitality and atmosphere) of the destination (Baloglu & McCleary, 1999). The second component is the affective component which denotes the emotional attributes represented by the individuals' attachments to the tourist destination (Kim & Richardson, 2003; Beerli & Martin, 2004; Pratt & Sparks, 2014). However, the other studies proposed that destination image could be measured by using three components consisting of cognitive, affective, and conative (Gartner, 1993; Agapito et al., 2013; Afshardoost & Eshaghi, 2020). The conative component results from the cognitive and affective components and can delineate the tourists' behavioral intentions about future activities. Moreover, Agapito et al. (2013) stated that the cognitive image is what an individual knows and thinks about an object while affective image is how an individual feels about that object, and conative image is how an individual responds using this information (Agapito et al., 2013 cited from Boulding, 1956).

Moreover, Kaplanidou (2006) stated that destination image is a part of building destination awareness (Kaplanidou, 2006 cited from Blain et al., 2005). Building brand for a destination is one of marketing activities, which include (1) supporting brand creation, symbol, logo, or graphics that can identify and differentiate the destination from others, (2) being consistent with expected travel experience that is unique and memorable toward the destination, (3) harmonizing tourists' emotions and feelings toward destination, and (4) decreasing information search costs for consumers. With all four components together, destination image could positively influence destination selection eventually.

Intentions and destination image

Regarding destination image and intentions, many previous studies were conducted to investigate the relationship between destination image and intentions. In tourism studies, travel intention is one of the topics that is well-known and generates both practical and academic contributions to industry. Regarding the viewpoint of intentions to travel, destination image is seen as the repository of either positive or negative connections associated with the destination. Therefore, its importance in tourists' decision-making process influences intention to visit (Pratt & Sparks, 2014) or revisit intention (Baloglu & McCleary, 1999; Bigne et al., 2001).

Studies with a two-dimensional approach to destination image demonstrated that the significant and positive relationship between image and visit intention is not clear. For example, Baloglu (2000) concluded that cognitive and affective components influence the tourist's intention to visit. Even though both destination image components influence intention to travel, Afshardoost and Eshaghi (2020) found that the affective component is a more powerful predictor of intention. On the other hand, Tan and Wu (2016) found that the intention to revisit is more influenced by cognitive image (fame and activities), followed by affective and cognitive image (basic infrastructure).

Bigne et al. (2001 cited by Kaplanidou, 2006) stated that destination image, quality, and satisfaction toward the destination influenced tourists' intention to revisit the destinations. The more favorable image the tourists have toward the destination, the higher likelihood they would revisit. Court and Lupton (1997 cited by Kaplanidou, 2006) explained that positive destination image had the effects on tourist's intention to revisit, which is consistent with Blain et al. (2005) who stated that destination image had influence on tourists' destination choices, and positive destination image influenced future travel intention. Woodside and Lysonski (1989 cited by Kaplanidou, 2006) studied on destination awareness affecting destination preferences and travel intention, and the results showed that there were positive relationships among destination image, destination choice, preference, and travel intention.

All in all, the relationships among destination awareness, perception of destination, destination image, and intention to travel are intricate and significant in the context of tourism decision-making. A higher level of destination awareness tends to positively influence perception of destination. As tourists become more aware of a place, their perception of its attractions, culture, and overall appeal tends to improve. This positive perception then enhances their intention to travel to that destination. A strong and favorable destination image can strongly impact tourists' intention to travel. Positive perceptions of a destination are closely linked to the intention to travel. Tourists who perceive a destination as fulfilling their desires and expectations are more likely to express an intention to visit. In summary, the interactions among destination awareness, perception of destination, destination image, and intention to travel form a complex connection that shapes tourists' decisions. Understanding these relationships allows stakeholders to better tailor their strategies and offerings to meet the needs and desires of tourists.

Conceptual Framework and Hypothesis

Based on the review of the literatures on destination awareness, perception of destination, destination image and tourists' intention, the conceptual research framework was drawn in Figure 1. In addition, the research hypotheses were also drawn.

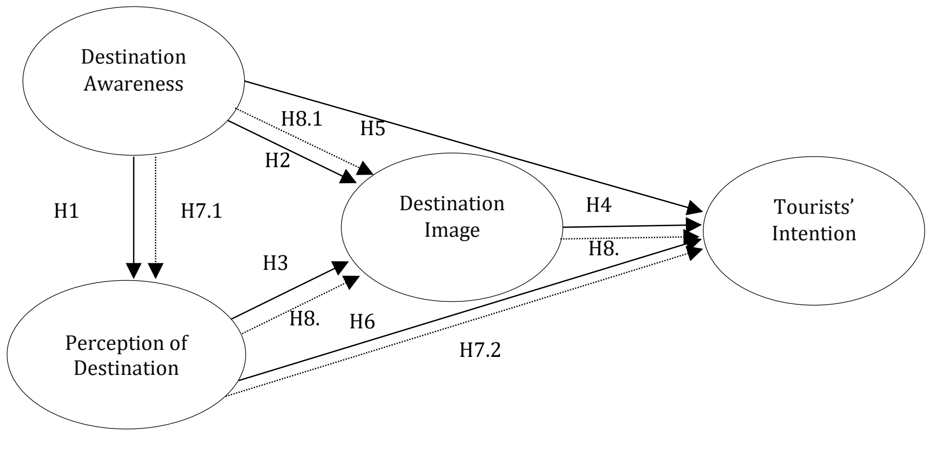

Figure 1. Conceptual framework

The research hypotheses were drawn as follows:

H1: Destination awareness significantly affects perception of destination.
H2: Destination awareness significantly affects destination image.
H3: Perception of destination significantly affects destination image.

H4: Destination image significantly affects tourists' intention to travel toward ASEAN countries.

H5: Destination awareness affects tourists' intention to travel toward ASEAN countries.

H6: Perception of destination affects tourists' intention to travel toward ASEAN countries.

H7: Perception of destination plays a mediating role in the relationships among destination awareness, destination image, and tourists' intention.

H7.1: Perception of destination plays a mediating role in the relationship between destination awareness and destination image.

H7.2: Perception of destination plays a mediating role in the relationship between destination awareness and tourists' intention.

H8: Destination image plays a mediating role in the relationships among destination awareness, perception of destination, and tourists' intention.

H8.1: Destination image plays a mediating role in the relationship between destination awareness and tourists' intention.

H8.2: Destination image plays a mediating role in the relationship between perception of destination and tourists' intention.

H8.3: Destination image plays a mediating role in the relationships among destination awareness, perception of destination and tourists' intention.

In the next part, the researcher explains about methodology involving sample, data collection, measurements, data analysis method in order to detail how the research is done.

METHODOLOGY

For sample and data collection

Regarding sample and data collection, the research population consisted of Thai tourists who had prior experience traveling to foreign countries and were located in Bangkok and Metropolitan Region. To estimate the total research population, the overall population of Bangkok and the Metropolitan Region in 2019 was taken into account, amounting to approximately 10,944,863 individuals (National Statistical Office, 2019). Employing the Yamane formula (1970) for sample size determination yielded a total of 400 participants. The sample selection employed a multi-stage sampling approach. Initially, probability sampling via Simple Random Sampling was employed to designate the final provinces, resulting in the selection of Bangkok, Nonthaburi, and Pathum Thani. Subsequently, a proportional quota sampling was applied, allocating 274, 65, and 61 respondents for Bangkok, Nonthaburi, and Pathum Thani, respectively. Finally, a non-probability sampling method, specifically purposive sampling, was employed to conduct personal interviews using a structured questionnaire.

The research methodology employed in this research was quantitative research, utilizing the survey method. Data collection was conducted using questionnaires comprising 5 sections. Sections 1 to 4 consisted of 7-point Likert scale items, measuring variables such as destination awareness, perception of destination, and destination image. The scale ranged from 1, indicating "strongly disagree," to 7, indicating "strongly agree." Section 5 of the questionnaire contained closed-ended questions focusing on capturing participants' personal background and travel experience. These questions encompassed variables such as gender, age, years of traveling experience, purpose of traveling, and behaviors related to traveling abroad.

Descriptive statistics used in quantitative data analysis included frequency, percentage, mean, and standard deviation. Due to hypothesis testing, inferential statistics used were Pearson's Product Moment Correlation Coefficient and Partial Least Squares-Structural Equation Modeling (PLS-SEM).

RESULTS

The results of the research showed that most of respondents were female (63.5%), had age range between 25 - 34 years old (44.8%), obtained the bachelor's degree (57.5%), had career as employees from private sectors (33.3%), and had average income between 15,001 – 25,000 Baht per month (29.8%). Furthermore, the participants had experienced traveling abroad approximately 1-2 times. When traveling abroad, they typically spend an average of 5 days at their destinations. The primary purpose of their travels was for vacation and sightseeing, which accounted for 58.3% of the respondents' motivations.

The research results indicated that the respondents had relatively high levels of destination awareness and destination image toward ASEAN countries. The mean scores for destination awareness and destination image were 4.85 and 5.01, respectively. This suggests that the participants had a good level of knowledge and positive perceptions of the ASEAN region as a travel destination. Regarding tourists' perception of destination, the results showed that the respondents had moderate levels of perception in terms of political, socio-cultural, and economic factors related to ASEAN countries. The mean scores for these factors were 3.77, 3.91, and 3.84, respectively. This suggests that the participants held moderately positive perceptions of the political, socio-cultural, and economic aspects of the ASEAN destinations. Furthermore, the results regarding tourists' intentions revealed that the respondents had relatively high levels of intention in information search, word-of-mouth communication, and travel. The mean scores for information search intention, word-of-mouth intention, and travel intention were 4.87, 4.77, and 5.02, respectively. This indicated that the participants had a strong inclination to seek information, engage in word-of-mouth communication, and express a willingness to travel to ASEAN countries.

Validity and reliability

Cronbach's alpha and composite reliability were investigated to measure construct reliability. In terms of composite reliability, all factor loading values ranged from 0.84 to 0.96, which is more than the recommended value of 0.70; hence, the constructs in the research model are acceptable (Hair et al., 2016). The measurement model in table 2 showed that Cronbach's alpha coefficient of each construct ranged from 0.88 to 0.96, meaning that all constructs are acceptable according to the recommended threshold value of 0.70 (Fornell & Larcker, 1981).

Table 1. Factor Loading for Measurement Model

	Destination Awareness (DA)	Perception of Destination (PD)	Destination Image (DI)	Tourists' Intention (INT)
DA1	0.94			
DA2	0.95			
DA3	0.96			
DA4	0.96			
PD1		0.88		
PD2		0.88		
PD3		0.92		
DI1			0.88	
DI2			0.85	
DI3			0.88	
DI4			0.90	
DI5			0.89	
DI6			0.93	
DI7			0.84	
INT1				0.96
INT2				0.95
INT3				0.90

Table 2. Reliability, Convergent Validity, Discriminant Validity and Internal Consistency Results for the CFA SEM Measurement Model

Variables	CA	CR	AVE
Destination Image	0.95	0.95	0.78
Destination Awareness	0.96	0.96	0.90
Perception of Destination	0.88	0.89	0.80
Tourists' Intention	0.93	0.94	0.88

In table 2, AVE was in the range of 0.78 to 0.90, which exceeded the minimum threshold value of 0.50, confirming convergent validity. The discriminant validity was tested and the square roots of AVEs were more than the 0.40 minimum threshold, and all values were more than the correlations among the latent constructs (0.41 – 0.70); thus, it is valid (Henseler et al., 2015).

Analysis of structural model

From the structural model in this research, the direct effects indicated that R^2 of the dependent variable, or tourists' intention (INT) was 0.41 indicating that 41% of tourist's intention variance was explained by the independent variable. For the indirect effects, R^2 of the mediating variable or destination image (DI) were 0.50.

Table 3. Structural Model

	β	T Statistics	P-value
H1: Destination Awareness → perception of destination	0.280	6.065	0.000***
H2: Destination awareness → destination image	0.611	16.255	0.000***
H3: Perception of destination → destination image	0.218	4.908	0.000***
H4: Destination image → tourists' intention	0.548	7.537	0.000***
H5: Destination awareness → tourists' intention	0.089	1.207	0.227
H6: Perception of destination → tourists' intention	0.074	1.764	0.078
H7.1: Destination awareness → perception of destination → destination image	0.061	3.952	0.000***
H7.2: Destination awareness → perception of destination → tourists' intention	0.021	1.652	0.099
H8.1: Destination awareness → destination image → tourists' intention	0.335	7.051	0.000***
H8.2: Perception of destination → destination image → tourists' intention	0.119	3.790	0.000***
H8.3: Destination awareness → perception of destination → destination image → tourists' intention	0.033	3.324	0.001***

Note:_ *** p < .001 (two-tailed test)

Table 4. Total Effect

Item	Perception of Destination	Destination Image	Tourists' Intention
Destination Awareness	0.280	0.672	0.478
Perception of Destination	-	0.218	0.193
Destination Image	-	-	0.548

Table 5. Direct Effect

Item	Perception of Destination	Destination Image	Tourists' Intention
Destination awareness	0.280	0.611	0.089
Perception of destination	-	0.218	0.074
Destination image	-	-	0.548

Table 6. Indirect Effect

Item	Perception of Destination	Destination Image	Tourists' Intention
Destination awareness	-	0.061	0.389
Perception of destination	-	-	0.119
Destination image	-	-	-

The results in Table 3, 4, 5 and 6 showed that destination awareness had a positive and significant effect on perception of destination ($\beta = 0.280$, $p < 0.000$) and also on destination image ($\beta = 0.611$, $p < 0.000$), so hypothesis 1 and 2 were supported. The results also revealed that perception of destination ($\beta = 0.218$, $p < 0.000$) had a positive and significant effect on destination image, so hypothesis 3 was supported. The results finally revealed that destination image had a positive and significant effect on tourists' intention ($\beta = 0.548$, $p < 0.000$), so hypothesis 4 was supported. On the other hands, the results revealed that destination awareness ($\beta = 0.089$, $p < 0.227$) and perception of destination ($\beta = 0.074$, $p < 0.078$) did not have significant effect on tourists' intention, so the hypothesis 5 and 6 were rejected.

The results also demonstrated that there was a significant indirect effect on the relationships among destination awareness, destination image, and tourists' intention. Since the direct effect of destination awareness and destination image was significant, perception of destination had a partial mediating effect on the relationship between destination awareness and destination image; therefore, hypothesis 7.1 was supported ($\beta = 0.061$, $p < 0.000$). In contrast, the direct effect of destination awareness and tourists' intention and that of perception of destination and tourists' intention were both not significant, so perception of destination did not play as mediating effect on the relationship between destination awareness and tourists' intention; therefore, hypothesis 7.2 was rejected ($\beta = 0.021$, $p < 0.099$).

Moreover, since the direct effect of destination awareness and tourists' intention was not significant, destination image had a full mediating effect on the relationship between destination awareness and tourists' intention; therefore, hypothesis 8.1 was supported ($\beta = 0.335$, $p < 0.000$). The direct effect of perception of destination and tourists' intention was not significant, so destination image had a full mediating effect on the relationship between perception of destination and tourists' intention; therefore, hypothesis 8.2 was supported ($\beta = 0.119$, $p < 0.000$). Finally, the direct effect of destination awareness and perception of destination on tourists' intention was not significant, destination image had a full mediating effect on the relationships among destination awareness, perception of destination, and tourists' intention; therefore, hypothesis 8.3 was supported ($\beta = 0.033$, $p < 0.001$).

DISCUSSION AND IMPLICATIONS

The findings of the research highlighted the significant effects of destination awareness and perception of destination on tourists' intention to travel, mediated by destination image. This implied that the way tourists perceive and become aware of a destination, so two factors together shaped their overall image of the destination, which ultimately influenced their intention to visit. The research result aligned with the previous studies which emphasized the importance of destination image in influencing tourists' travel intentions (Al-Gasawneh & Al-Adamat, 2020; Baloglu & McCleary, 1999; Khan et al., 2017; Nazir et al., 2022). It was widely acknowledged that destination image served as a cognitive representation of a destination in tourists' minds, formed through various information sources and personal experiences (Pike, 2004). Positive destination image has been found to stimulate tourists' interest and intention to visit a destination (Afshardoost & Eshaghi, 2020; Baloglu & Brinberg, 1997; Khan et al., 2017, Nazir et al., 2022). In some previous studies revealed that destination image dominantly mediates the relationship between travel motivations and travel for potential visitors (Maghrifani et al., 2022), and it has been determined that the destination image has a mediating role in the relationship between festival service quality and behavioral intention (Davras & Özperçin, 2023). Furthermore, the research results supported that destination awareness and perception of destination are critical factors in shaping destination image. This was consistent with the study conducted by Kim and Richardson (2003), who found that tourists' destination awareness and perceptions significantly influenced their overall evaluation and image of a destination. Also, destination awareness and perception of destinations in term of risk had influence on both cognitive and affective destination image (Carvalho, 2022). Therefore, positive destination awareness and perception contributed to the formation of a favorable destination image, thereby influencing tourists' intention to travel.

The mediating role of destination image between destination awareness, perception of destination, and intention to travel was also supported by the study of Carvalho (2022) which revealed that destination image on both cognitive and affective mediated the relationship between destination awareness, perception of destinations, and the intention to visit a tourist destination. Morgan et al. (2002) highlighted the significance of destination image as a psychological mechanism linking tourists' perceptions and evaluations of a destination to their behavioral intentions. Baloglu and McCleary (1999) found that destination image mediates the impact of various factors, including awareness and perception, on tourists' travel intentions. Similarly, Kim and Richardson (2003) identified destination image as a significant mediator between tourists' perceptions and their behavioral intentions. In conclusion, the research results provided empirical evidence that destination awareness and perception of destination indirectly influence tourists' intention to travel through their effect on destination image. These results were consistent with previous studies and highlighted the importance of destination image as a mediator in the relationships among destination awareness, perception of destination, and tourists' intentions.

On the other hand, destination awareness and perception of destination had a positive but not significant effect on intention on travel. The result of this research was consistent with Ervina and Octaviany (2022) who found that destination awareness did not have the effect on intention, but it had a positive and significant effect on forming tourists' attitude. This can be concluded that the higher the awareness of destination, the more positive tourists' attitude toward the destination and the stronger their intention to visit it in the future. Overall, the findings suggested that destination awareness indirectly increases the tourists' intention to visit by enhancing the destination image (Carvalho, 2022). The finding was also in line with the study conducted by Milman and Pizam (1995), which revealed that awareness generated an interest in something encouraging the intention to visit a destination. The tourist's intention was not immediately affected by destination awareness. In addition, perceptions in negative perspective, such as destination safety, travel risk, social risk, and safety concern did not show direct effects on the visit intention. In this sense, the tourists' appreciation for safety and security measures during vacation indirectly increases the affective image by enhancing the cognitive image and indirectly reduces the tourists' visit intention by enhancing the feelings of discomfort and anxiety in traveling (Carvalho, 2022). This research believes that it requires other variables to bridge the gap between destination awareness and intention to travel in order to improve their relationships through perception of destination and destination image as mediators.

Regarding the findings, the research's outcomes have academic and practical significance, highlighting the crucial role of destination image in influencing tourists' intentions to visit ASEAN countries. For practitioners, enhancing destination awareness campaigns is recommended since destination awareness plays a crucial role in stimulating and generating tourists' perceptions and attitudes toward a destination. Therefore, destination marketers shall invest in effective awareness campaigns and participate in online presence as well as form partnerships with travel agencies and international tourism fairs and events to increase tourists' knowledge and familiarity with the destination. In addition, destination marketers should focus on effectively communicating the unique selling points and attractive features of destination image to potential tourists through targeted advertising campaigns, engaging social media content, user-generated reviews and testimonials, and having collaborations with travel influencers. The research results may assist destination marketers in ASEAN nations in developing more efficient promotional strategies by prioritizing the enhancement of destination awareness and cultivating favorable impressions and images. Furthermore, this study enhances comprehension of visitor decision-making processes, a pivotal facet of tourism research.

LIMITATIONS AND FUTURE RESEARCH POSSIBILITIES

The researcher's focus in this research was the effects of destination awareness, perception of destination, and destination image on tourists' intention to travel toward ASEAN countries ignoring other countries. Since the data were collected from 400 respondents toward ASEAN countries, the generalization of the results could be limited. Other variables, such as destination personality, perceived risks toward destination, travel motivation, and demographics were not included in this research. As this research was cross-sectional, data was collected at one specific time point. In addition, the hypotheses were tested utilizing quantitative research approach, but the qualitative approach techniques such as in-depth interview or focus group were excluded from the research. Consequently, there are more opportunities for future research. Firstly, there should be a study related to any other aspects, such as destination experiences in tourism industry, the role of customer reviews, word-of-mouth recommendations, and social media interactions influencing destination image and travel intentions. Next, further studies could focus on cross-cultural comparisons in destination awareness, perception of destination, and destination image on tourists' intention to travel from other countries or regions.

CONCLUSION

Destination awareness plays a crucial role in shaping tourists' perceptions and attitudes toward a destination. It represents the level of knowledge and familiarity tourists have about a particular destination. As tourists become more aware of a destination, they develop a mental image of it, which influences their perception of the destination's attractiveness and desirability. Furthermore, positive perceptions of a destination could lead to a more favorable destination image. The concept of destination image has received significant attention in tourism research. It represents the overall impression and perception of a destination held by potential tourists. A positive destination image can create a strong desire and intention to visit the destination. In conclusion, the findings of the research provide evidence that destination awareness and destination perception of ASEAN countries indirectly influence tourists' intention to travel through their effect on destination image. Understanding the interplay between destination awareness, perception of destination, and destination image could help destination marketers and managers in developing effective strategies to enhance tourists' intention to visit a destination. If each and every destination successfully creates a promotional campaign to communicate the value and benefits of travel to that destination, it may lead to decision to travel and become loyalty to the destination eventually.

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CONFLICTS OF INTEREST

The author declares that there are no conflicts of interest found in this research.

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RETURNS TO EDUCATION UNDER THE HUKOU SYSTEM: WHAT IS THE ROLE OF SCHOOL TYPE?

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ABSTRACT

Purpose – Estimating the gap in returns to education between China's urban and rural areas based solely on education attainment can be misleading, especially when there are significant differences in the allocation of educational resources between urban and rural areas. This paper explores the relationship between school types, primarily representing the educational resources available in China, and education returns in urban and rural China under the Hukou system.
Methodology – This paper used data from the 2013 Chinese Household Income Project (CHIP) and applied the OLS method to estimate the traditional Mincer and extended models by adding school types.
Results – Firstly, we found that school types significantly impact income, and different types of schools have different returns on education. The returns to school type increase with the geographical administrative level of the school. In addition, in most cases, the impact of key schools on the income of urban people is more significant than that of rural people. Secondly, when we consider the effect of school type on income, the gap in education returns between non-agricultural Hukou groups and agricultural Hukou groups is widened compared to the results under the traditional Mincer model. Finally, migration does not appear to have brought the desired improvement to their education, with the returns to education for migrants being significantly lower than rural in some cases.
Implications – For individuals, especially those rural Hukou holders, investment in education should be strengthened to improve access to key schools. Providing equal access to quality education and reducing educational disparities between urban and rural areas is essential for the government.
Originality/Value – The results highlight the role of inequality in the allocation of educational resources and the inequality of educational opportunities among the groups with different Hukou statuses and also show that migrating to urban areas may place migrants in a more adverse environment.

Keywords: Returns to education, School type, Hukou system, Urban-rural divide, China

Paper Type: Research Article

INTRODUCTION

One of the most extensive dividers in the Chinese population is the dissimilarity of education development in urban and rural areas. The difference in education development is helping to maintain or increase the urban-rural divide (OECD, 2016). The prominent problem of urban-rural disparities has historical roots, particularly the Hukou policy that began in the 1950s and played an essential role in supporting inequality in China (Liu & Xing, 2016; Whalley & Zhang, 2004). The Hukou system is a residence registration system that divides the total population into two groups: non-agricultural Hukou residents in urban areas and agricultural Hukou residents in rural areas.

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According to the regulations, any person born should be registered in the place where either of their parents is registered, with the same type of Hukou as their parents, and the rights and obligations people have been granted at birth; this limits their access to educational opportunities outside their Hukou registration area (Liu & Xing, 2016).

The impact of the Hukou system on educational opportunities will remain with the citizens on their journey to school until university. In other words, from kindergarten to high school, the first condition a student must meet to attend a school is that the student's Hukou must be within that school's admission area, and all public schools are not allowed to enroll across city districts. In China's dualistic system of urban and rural areas, the allocation of educational resources shows a strong preference for urban residents (Fu & Ren, 2010).

Firstly, there is an evident lack of resources for primary and middle schools in rural areas. Based on the information from the 2013 China Education Statistical Yearbook, over 58% of primary school teachers in urban areas had completed at least a bachelor's degree, while less than 25% of their rural colleagues had done so; over 86% of middle school teachers in urban areas had graduated with at least a bachelor's degree, while only 66% of middle school teachers in rural areas had achieved that level. In terms of material resources for education, the average value of instruments and equipment per pupil in primary schools in urban areas is RMB 1,221 compared to RMB 539 for rural students; at the middle school level, this gap is still evident, with the average value of instruments and equipment per pupil in middle schools in urban areas being RMB 1,720, compared to RMB 1,206 for rural areas.

Secondly, beyond compulsory education, high schools are usually located in urban areas. The government implemented a policy of selective resource allocation in the early 1950s to concentrate its human and material resources on the construction of key schools to train the large number of talents needed for economic development (Min & Xiuwen, 2001). Consequently, the types of high schools in China can be broadly classified into four categories: National-level key high schools, Regional-level key high schools, County-level key high schools, and Non-key high schools (including regular high school and specialized high school/vocational senior high school/technical school). In general, the educational resources of key high schools are better than those of non-key high schools. Among the key schools, the higher the geographical administrative level, the more educational resources are available. All the key schools are public and concentrated in urban areas. Although rural students within the Hukou enrolment area also have the opportunity to enroll in key high schools in urban areas, the significant gap in educational quality that already exists at the compulsory education level prevents most rural students from passing scores on their key high school admission exams. Furthermore, to access those key high schools, the urban group, with their income and resource advantages, hires good teachers to tutor them for exams. Although the exams are the same for all the students, these practices have consolidated the gap in educational opportunities, especially access to quality education, mainly through the advantage of resource endowment in urban areas.

These circumstances have led to significant disparities between urban and rural areas regarding access to education. The inequitable distribution of resources in many schools in rural areas has led many families to migrate to urban areas (Xu & Wu, 2016; Zhang, 2016). Migration and education are essential ways for the rural poor to free themselves from the rural poverty trap (Zhang, 2017). However, under the restrictions of the Hukou system, many rural families who migrate to urban areas cannot change their Hukou and are thus not allowed to attend public schools. Only a few highly talented migrant workers can change their Hukou through channels such as obtaining advanced degrees or having competitive skills.

Some studies have noted the impact of educational resource inputs on rural-urban disparities. Bianchi et al. (2022) evaluated the China Rural Modern Distance Education Program, which was implemented in 2004, and the program increased the availability of quality teachers in rural areas by linking quality teachers in urban areas to over 100 million students in rural primary and middle schools. They found that implementing the policy explained a 21% reduction in the pre-existing urban-rural education gap and a 78% reduction in the pre-existing income gap.

Some studies focus on the role of educational resource inputs in explaining the urban-rural education outcome gap (e.g., Wang et al., 2021; Zhang et al., 2018); they all claim that the inequality in the allocation of educational resources is an essential reason for differences in student's academic achievement between urban and rural areas. For comparative studies of education returns in urban and rural China, most studies estimate education returns between urban and rural areas based on education attainment (e.g., Messinis, 2013; Sicular et al., 2008; Zhang, 2012). Estimating rural-urban returns based on education attainment may be biased when there are significant differences in the education received in rural and urban areas due to the unequal distribution of educational resources. In China, where school type essentially represents the availability of educational resources, this paper explores the relationship between returns to education and school type in urban and rural areas, using data on high school type from the 2013 Chinese Household Income Project (CHIP).

Hukou system

To grasp the essence and significance of the Hukou system, one must understand how Hukou is classified and how it affects individual lives. Hukou can be categorized into two related categories: Hukou type and Hukou registration place.

The "type" or "nature" of Hukou is divided into two types: "non-agricultural" and "agricultural" Hukou. The initial Hukou types marked the division of occupation in the Chinese economy (i.e., being engaged in agricultural or non-agricultural production). However, as the primary institutional pillar behind the deep rural-urban divide in China, nowadays, people prefer to use Hukou to distinguish between people from rural or urban areas. Therefore, the agricultural and non-agricultural Hukou are usually called rural and urban Hukou, respectively (Naughton, 2007; Song, 2014). This distinction in status defines a person's relationship to the state and eligibility for a range of benefits provided by the state. People with urban Hukou were entitled to housing, employment, food rations, education, health care, and other benefits provided by the state (Cheng & Mark, 1994), while people with rural Hukou were required to be self-reliant and contribute to the country without state support (Fu & Ren, 2010; Naughton, 2007). For instance, a rural Hukou holder generally cannot access an urban school.

In addition to the Hukou type, each individual is also classified according to the registration place of the Hukou, which is the official residence of the individual and the only "permanent" residence (Chan, 2009). Thus, it is not only the type of Hukou but also the registration place of the Hukou that a person inherits from their parents at birth. In other words, in addition to the Hukou types mentioned above, each person is distinguished by whether they have a local Hukou or a non-local Hukou based on the administrative unit. Local Hukou registration defines a person's right to engage in many activities and eligibility for services a specific local government provides. For example, if someone has a Beijing Hukou, but generally, they cannot access a Shanghai public school since they are not a Shanghai local Hukou.

Regardless of where an individual relocates, their Hukou status remains unchanged unless they undergo a formal Hukou conversion. For example, a person with an urban Hukou, regardless of their physical location, is automatically entitled to essential benefits as long as they are within their Hukou administrated area, as these benefits are distributed and funded by the government, which makes urban Hukou status highly desirable and sought throughout the country. At the same time, rural Hukou suffers from discrimination in all aspects of social life. Thus, Hukou was very much a social status and naturally an important consideration. For example, in the labor market, there exists labor market discrimination against rural Hukou holders in cities, especially in the urban high-wage sector, such as state-owned enterprises (Song, 2014).

The dual registration of Hukou type and Hukou registration place constitutes China's Hukou system, which deprives Chinese citizens of one of their main fundamental rights, namely, freedom of internal migration and residence. During Mao Zedong's era, this system significantly restricted rural Hukou residents, forcing them to tend the land at mostly subsistence levels of compensation and excluding them from access to social welfare and the ability to move to cities (Naughton, 2007). Consequently, before the 1980s, labor mobility was extremely rare, so the number of people residing in places different from where their Hukou registration place was relatively small. However, in current China, after a series of reforms to the Hukou system, labor mobility has become very common, such that non-local Hukou holders or migrants account for a large proportion of the total population in urban areas, especially in large cities such as Beijing and Shanghai. Figure 1 gives the proportion of local Hukou holders to the total population of five large cities in China. This ratio has shown a significant downward trend in the last 20 years, which, to some extent, reflects the relaxation of China's Hukou system in terms of restricting population mobility.

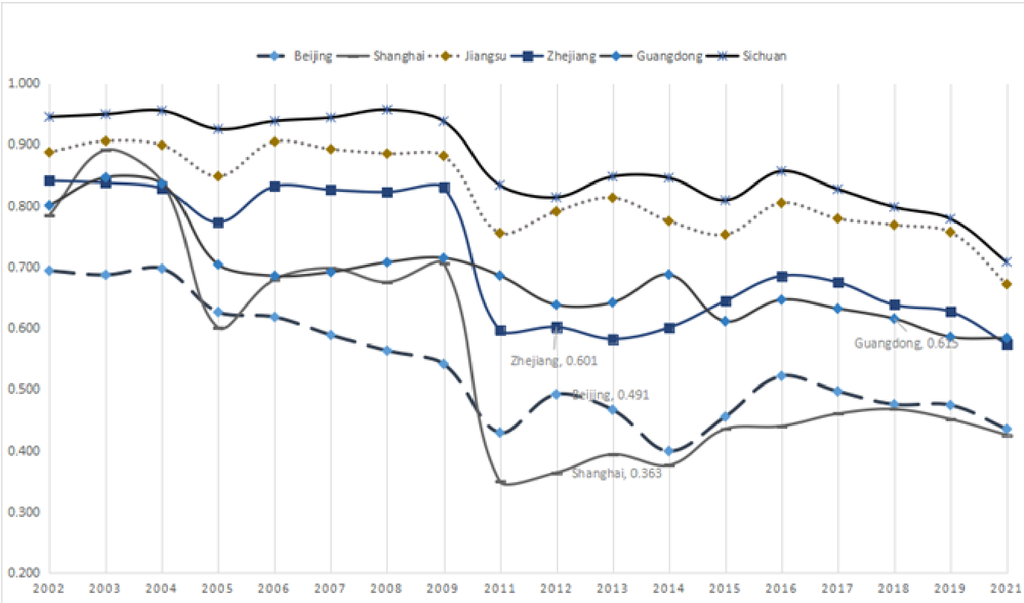

Figure 1. The ratio of local Hukou people in some mega provinces. Data source: The National Bureau of Statistics of China (NBSC)

Under the Hukou system in China, individuals are restricted from attending public schools for compulsory education outside their Hukou registration place but are permitted to attend private or informal schools. As a result, rural Hukou students typically attend rural schools, while urban Hukou holders have access to urban schools. On the other hand, migrants are required to attend rural, private, or informal urban schools. Although students may attend high schools outside their Hukou, they must return to their Hukou registration place to take the college entrance examination if they intend to enroll in colleges.

METHODOLOGY

Model

The most commonly used model of labor income in the literature is the Mincer-type human capital model (Mincer, 1974):

$$\text{Ln } Y_i = \beta_0 + \beta_1 S_i + \beta_2 E_i + \beta_3 E_i^2 + \sum_j \gamma_j X_{ij} + \varepsilon_i \quad (1)$$

in which Y_i is the income for individual i, S_i is the schooling years, E_i is the working experience, E_i^2 is working experience squared, X_{ij} represents other personal characteristics that may affect income and ε_i is a random error term.

In the Mincer model, the term representing schooling is intended to measure the impact of education attainment on income. However, education's effect on income depends not only on educational attainment; the educational resources the individual accesses are also critical. In China, the type of school essentially represents the number of educational resources available. Thus, to examine the relationship between educational resources and returns of education, we follow Zhong's (2011) attempt to examine the effect of educational resources, which is measured by the type of school, on an individual's income can be incorporated into the traditional Mincer model:

$$\text{Ln } Y_i = \beta_0 + \eta S_i + \eta_1 T_i + \beta_2 E_i + \beta_3 E_i^2 + \sum_j \gamma_j X_{ij} + \varepsilon_i \qquad (2)$$

where T_i is the type of school. The analysis in this paper is based on the estimation of Eqs. (1) and (2) to compare the effect of school type on individual earnings.

Data and variables

The data used for the analysis in this paper comes from the 2013 Chinese Household Income Project (CHIP), which was drawn from the large sample pool of the 2013 Integrated Urban-Rural General Household Survey of the National Bureau of Statistics of China. The latter covers 160,000 households in 31 provinces of China. The CHIP project team drew the CHIP sample using a systematic sampling method stratified by East, Central, and West regions. The 2013 CHIP consists of an urban, rural, and migrant survey in 14 provinces, including 7,175 urban households, 11,013 rural households, and 760 migrant households. The distinction among the three cohorts depends on their Hukou status and working place. Therefore, the urban group mentioned in this paper refer to those who have non-agricultural Hukou and working in urban area, the rural group refer to those who have agricultural Hukou and working in rural areas, and the migrant worker group refer to those who have agricultural Hukou and working in urban area. As the provinces covered by the sample are consistent across the three cohorts surveyed, it facilitates the comparison of results across the three cohorts.

There are some differences between the three 2013 CHIP surveys regarding the details of the data covering income. We sought consistency between the three surveys by measuring income from the main job in 2013 and income in kind, including meal allowance and housing benefits provided by that main job. While some previous work has used logs of hourly wages as an explanatory variable (e.g., Li, 2003; Zhong, 2011), here we use logs of monthly wages because our focus is on full-time workers and the accuracy of self-reported hours worked is uncertain, especially with questionnaire data (Aaronson & Figura, 2010; Otterbach & Sousa-Poza, 2010).

We considered two indicators of education in our analysis: years of schooling and level of education. The 2013 CHIP questionnaire offers direct information about each individual's years of formal education received by the end of 2013. In addition, a series of dummy variables were constructed for the level of education by using the question on the highest level of education: primary, middle school, high school, college, and university and above, with the primary school as the reference group.

In all three surveys, there was a question on school type and respondents with high school or higher education were asked to provide the type of school from which they graduated. We constructed several dummy variables using the six school types provided in the questionnaire, which we reduced to 4 categories: national key high schools, regional key high schools, county key high schools, and non-key high schools (including normal high schools, specialized high school/vocational senior high school/technical school, and others), with non-key high schools as the reference group.

Hukou restricts the education system in China, and citizens cannot enroll in pre-university general education outside their Hukou area; if they move outside their Hukou area, they can only study in private schools. With the expansion of the migrant worker community, a new type of school, the migrant worker school, has emerged to address the education of migrant workers' children. Private and migrant worker schools are not nearly as good as public and key schools due to the relative lack of educational resources. Assuming that most of the migrant population is educated in migrant cities, their Hukou significantly reduces their chances of attending a key high school. Limited by the lack of data, we cannot know whether the migrant workers in our sample completed their education in their Hukou area. We know this would bias the estimated results for the migrant worker group. Supposing that the migrant worker group returns to their place of Hukou for education, the educational resources and opportunities they face are roughly equivalent to those of the rural group. The data show that there is little difference between the migrant worker group and the rural group in terms of the proportion of key high school education received (only a 1% difference), so we can assume that the migrant worker group in the sample does not have a large number of enrollments in urban areas other than the Hukou area and thus would not affect the estimates for the migrant worker group significantly. Within the Hukou enrolment, admission to key high schools in China is based entirely on competitive entrance examination scores. Typically, key schools require higher scores than non-key schools, and in key schools, the higher the geographical administrative level of the school, the higher the required score.

The control variables used in this paper include gender; work experience and its square; dummy variables for employer ownership: govern-institutions, state and collective enterprises, foreign enterprises, and private and other enterprises, with govern-institutions as the reference group; dummy variables for sectoral characteristics: Indus1 is the first industry, Indus2 is the second industry, and Indus3 is the third industry, with Indus1 as the reference group; dummy variables for regional characteristics: east province, central province, and west province, with the east province as the reference group; and controls for party membership and ethnic minority status. In addition, given that our objective was to compare workers with comparable characteristics, we only considered those currently in full-time employment, had income, were aged between 16 and 60 years, and reported health in the health report. Thus, our final sample data was left with 8,373 urban individuals, 13,096 rural individuals, and 1,096 migrant individuals. Table 1 provides statistics on the demographic and socioeconomic characteristics of people with different Hukou statuses.

The data in Table 1 shows apparent differences among the urban, migrant, and rural groups regarding income, education, and occupation. The urban group is significantly higher in income and education attainment than others. Specifically, the average monthly income of urban groups is 3,506 RMB, while migrant workers and rural groups are only about 90% and 85% of urban groups, respectively. Urban people have an average of 11.88 years of education, compared to 9.7 and 8.9 years for migrant workers and rural groups, respectively, and over 40% of urban people have had a college education or above, compared to 13% and 8% for migrant workers and rural groups respectively. The urban group has greater opportunities for accessing key high schools, with more than a quarter of all urban residents who have received high school education attending a key high school, compared to only 8.3% for migrant workers and 7.3% for rural residents.

It is a reasonable assumption that the quality of education in a school and an individual's learning ability determine whether an individual can get into a key high school. Logically, the higher the quality of education in a school, the higher the proportion of students from that school who will be admitted to a key high school and vice versa. Although we do not have access to data on the quality of compulsory education in rural and urban areas, the disparity between the rural and urban groups in terms of the proportion of students enrolled in key high schools and the inequality of educational resources between the urban and rural area that we mentioned before suggest that, excluding differences in individual learning ability, the low quality of compulsory education in rural areas may be responsible for the scarcity of access to key high school education for the rural and migrant worker groups. Previous empirical studies have also found that compulsory education quality differs significantly between rural and urban areas (Fu & Ren, 2010).

Regarding occupation type, urban residents are more likely to be employed in the 'iron rice bowl' occupations sought after by the Chinese people, such as government institutions and state and collective enterprises. At the same time, there are few migrant workers and rural residents in these workplaces.

Table 1. Demographic and socioeconomic characteristics of people with different Hukou status.

		Urban		**Migrant**		**Rural**	
Depend		**Mean**	**SD**	**Mean**	**SD**	**Mean**	**SD**
variable	Monthly income	3,506	3,599	3,218	2,458	2,987	2,820
Education	Schooling years	11.88	3.199	9.709	2.893	8.945	2.680
variable	Primary	0.041	0.199	0.138	0.345	0.162	0.369
	Middle	0.253	0.435	0.499	0.500	0.575	0.494
	High school	0.303	0.460	0.234	0.423	0.183	0.387
	College	0.196	0.397	0.088	0.283	0.051	0.219
	University above	0.206	0.405	0.042	0.201	0.029	0.167
Type of high	NK	0.026	0.160	0.005	0.074	0.007	0.081
school (%)	RK	0.096	0.294	0.024	0.152	0.017	0.129
	CK	0.130	0.337	0.054	0.226	0.049	0.216
	Key Schools	0.252		0.083		0.073	
	Non-key Schools	0.442	0.497	0.279	0.449	0.183	0.387
Type of job	GE	0.249	0.432	0.040	0.196	0.055	0.229
(%)	CE	0.219	0.413	0.090	0.287	0.066	0.248
	FE	0.030	0.171	0.023	0.149	0.022	0.147
	PE	0.502	0.500	0.847	0.360	0.857	0.350
Industry (%)	Indus1	0.018	0.133	0.012	0.108	0.041	0.199
	Indus2	0.255	0.436	0.295	0.456	0.518	0.500
	Indus3	0.727	0.446	0.693	0.461	0.440	0.496
Regions (%)	East Prov	0.379	0.485	0.376	0.485	0.334	0.472
	Central Prov	0.303	0.459	0.355	0.479	0.359	0.480
	West Prov	0.172	0.377	0.123	0.329	0.182	0.386
Other	Experience	21.72	11.07	20.39	10.88	22.07	12.59
controls	Male	0.562	0.496	0.599	0.490	0.650	0.477
	No minority	0.953	0.212	0.953	0.211	0.941	0.236
	Party	0.211	0.408	0.042	0.201	0.067	0.250
Observations		8,373		1,096		13,096	

Note: NK, RK, and CK refer to the National Key High Schools, the Regional Key High Schools, and the County Key High Schools, respectively. GE, CE, FE, and PE refer to Govern-institutions State, Collective, Foreign, and Private enterprises.

RESULTS

Normal mincer model results

We first use equation (1) to estimate the traditional Mincer model, which does not include school type. The results of the OLS equation are presented in Table 2. Columns (1) to (3) report the returns to education measured by years of schooling, and columns (4) to (6) report the returns to education at different levels of education.

The results for years of schooling show that the return to education for each additional year of schooling is 7.2% in the urban group. In contrast, in the migrant worker group and rural group, this value is only 2.8% and 2.9%, respectively. The return to education for migrant workers and rural groups with agricultural Hukou is approximately 40% of that for urban groups with non-agricultural Hukou, with a gap of 4.3% between the urban and rural groups and 4.4% between urban and migrant worker groups. These results suggest that the gap in returns to educational attainment between the urban and migrant worker groups has widened by 1.3% compared to the study using CHIP 2002 (Zhang, 2012).

When using the dummy variable of education level, column (4) shows that in the urban group, middle school education does not have a significant effect on the income of the urban group, with high school, college, and university and above having 15.2%, 37.3% and 66.4% higher returns than primary school respectively. For the migrant worker group, only university and above education significantly affects earnings, with a 48.3% higher return than those who graduated from primary school. Among the rural group, all levels of education significantly affect income, with middle school, high school, college, and university and above having 5.9%, 9.6%, 29.5%, and 49. 9% higher returns than primary school, respectively. Overall, the urban group has higher returns to education at all levels from high school onwards than the migrant worker group and the rural group. The most significant gap in returns to education among the three groups occurs between the people with a college education in the urban and migrant worker groups, with a gap of 37.3%, much higher than in 2005 with 25.2% (Fu & Ren, 2010).

The effects of other control variables on earnings were, as expected, similar to the results of previous studies. Since we are concerned more with the relative returns to different school types across the three groups, we focus only on the analysis of education-related variables in the following analysis.

Table 2. Rates of returns to education in the traditional Mincer model

	urban	**migrant**	**rural**	**urban**	**migrant**	**rural**
Schooling years	0.072***	0.028***	0.029***			
	(0.000)	(0.002)	(0.000)			
Middle				0.015	-0.088	0.059***
				(0.675)	(0.137)	(0.001)
High school				0.152***	0.006	0.096***
				(0.000)	(0.934)	(0.000)
College				0.373***	0.092	0.295***
				(0.000)	(0.347)	(0.000)
University above				0.664***	0.483***	0.499***
				(0.000)	(0.000)	(0.000)
Observations	8,373	1,096	13,096	8,373	1,096	13,096

Note: p-values in parentheses, * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Results with type of school

Table 3 reports our results by including school type in the Mincer model. Columns (1) to (3) show the results for years of schooling, and columns (4) to (6) show the results based on education level. The coefficients for the school-type dummies in columns (1) to (3) are returns to total years of schooling. For example, suppose the average number of years to obtain a high school qualification is 12, for the urban group, in addition to an annual return to education of 6.4%. In that case, those who graduate from a national key high school earn 2.1% more yearly (0.252 divided by 12). Thus, individuals graduating from the key national high school will earn 6.8% (0.064 + 0.021 - 0.017) more per year for urban residents than for migrant workers and 4.7% (0.064 + 0.021 - 0.024 - 0.014) more per year for urban residents than for rural residents.

For the results on education level, the return to a particular level of education for a given school type is the sum of the coefficients for education level and school type. For example, the return to education for urban residents who graduated from university and had attended a key national high school was 83.6% (0.618 plus 0.218). It is important to note that because our data for school type is the type of high school, the individuals who provided data on school type cover all respondents with high school education and above, so the return to school type is an average return to high school education and above. Comparing the returns to education for urban residents and migrant workers who graduated from university and had attended a key national high school, the difference between them was 45.4%, and for the same situation, the difference between urban and rural residents was 36.7%.

Generally, the income of all groups is positively related to all levels of key high schools. For both urban and rural groups, the return to school type increases with the geographical administrative level of the school. In contrast, for the migrant worker group, only county key high school has a significant effect on earnings, and it has the most prominent effect on earnings of all school types for all groups. Although it is well known that rural schools have fewer educational resources than urban schools do, it is less known that the effectiveness of the same type of school could be different for students. Most key high schools, especially the national and the regional ones, have a higher impact on the income of individuals in urban areas than in rural areas. The earnings gap between groups with different school types of education at the same level of education may be as high as 57.1%, which was calculated with the difference between urban residents who have a college education and have ever attended a national key high school and migrant workers who have a college education and have ever attended a regional key high school (or a national key high school). The difference in the annual return to years of schooling may be as high as 6.8%.

Table 3. Rates of returns to education with four types of school

	urban	**migrant**	**rural**	**urban**	**migrant**	**rural**
Schooling years	0.064***	0.017*	0.024***			
	(0.000)	(0.051)	(0.000)			
NK	0.252***	0.162	0.168*	0.218***	0.105	0.042
	(0.000)	(0.370)	(0.054)	(0.000)	(0.634)	(0.628)
RK	0.144***	-0.146	0.125***	0.108***	-0.189	0.074*
	(0.000)	(0.470)	(0.004)	(0.000)	(0.340)	(0.087)
CK	0.028	0.387***	0.062**	0.008	0.304***	0.035
	(0.204)	(0.000)	(0.022)	(0.712)	(0.002)	(0.200)
Middle				0.013	-0.083	0.059***
				(0.714)	(0.164)	(0.001)
High school				0.1418***	-0.0086	0.0878***
				(0.000)	(0.911)	(0.000)
College				0.353***	0.047	0.281***
				(0.000)	(0.623)	(0.000)
University above				0.618***	0.382***	0.470***
				(0.000)	(0.001)	(0.000)
Observations	8,373	1,096	13,096	8,373	1,096	13,096

Note: p-values in parentheses, * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Robustness check

One related empirical issue that may relate to reporting errors is associated with the type of school self-reported. Some may argue that the same high school can be classified differently according to different individuals. It is essential to be clear that key high schools in China are public and are strictly regulated by the education department of the jurisdiction in which they are located. A school can only be accredited as a key high school by the local education department if it meets the requirements for being assessed as a key high school. There are several very detailed and stringent requirements for the accreditation of key high schools, such as average schooling of teachers, test scores of students, student/teacher ratio, teaching technology, the physical condition of schools, the quality of student peers, and alums networks, % of teachers with advanced qualifications, teaching resources per student, and many other aspects of educational resources requirement. The allocation of educational resources and student recruitment are strongly linked to these school types. For example, in the process of admission to high schools, excluding the influence of Hukou, admission to key high schools depends entirely on students' high school entrance examination scores and, in China, the high school entrance examination is uniformly set by the Municipal Education Bureau, and even in some provinces, it is uniformly set by the Provincial Department of Education. In principle, the higher the school's geographical administrative level, the higher the admission line. It is, therefore, reasonable to assume that when respondents reported their type of high school, most had similar criteria.

To address questions about measurement error, we performed the following robustness checks. The four school categories were combined and later divided into only two groups. Table 4 reports the results using two types of schools: key high schools and non-key high schools. In particular, key high schools cover all types of key high schools, and non-key high schools include schools other than key high schools. The results in Table 4 show that when we change the classification of school types, the returns to years of schooling and education levels are almost identical to those in Table 3, and the qualitative relationship between school type and income remains constant. Thus, the effect of school type on rural-urban returns to education is quite robust.

Table 4. Rates of returns to education with two types of school

	urban	**migrant**	**rural**	**urban**	**migrant**	**rural**
Schooling years	0.066***	0.018**	0.025***			
	(0.000)	(0.037)	(0.000)			
Key schools	0.095***	0.222**	0.085***	0.064***	0.147	0.044*
	(0.000)	(0.014)	(0.000)	(0.001)	(0.121)	(0.067)
Middle				0.013	-0.089	0.059***
				(0.724)	(0.134)	(0.001)
High school				0.137***	-0.015	0.087***
				(0.000)	(0.844)	(0.000)
College				0.356***	0.042	0.280***
				(0.000)	(0.655)	(0.000)
University above				0.633***	0.398***	0.471***
				(0.000)	(0.001)	(0.000)
Observations	8,373	1,096	13,096	8,373	1,096	13,096

Note: p-values in parentheses, * p < 0.1, ** p < 0.05, *** p < 0.01

DISCUSSION AND IMPLICATIONS

Table 5 shows the results for each pair of Hukou subgroups with the largest differences in returns to education with or without considering the four types of schools. We found that when we considered the school type, compared with the results of the traditional Mincer model, the gap in returns to education between urban and rural areas was widened. Specifically, the gap in the returns of the same level of education and the gap in the returns to years of schooling between the urban and rural groups receiving different types of school education widened by 20.2% and 1.8%, respectively, compared to the results estimated by the traditional Mincer model. In contrast, the gap between the urban and migrant groups was widened by 19.8% and 2.4% when we counted the impact of school types, respectively. In other words, the difference between the return to education of the urban group with non-agricultural Hukou and the other two groups with agricultural Hukou was significantly higher than that of the traditional Mincer model without considering the school type. The results considering only the two types of schools are similar to those in Table 5, which are not given in the paper to save space and are available to the author upon request.

Table 5. Comparison of returns to education under four types of school (%)

	Biggest gap	**U-R**	**U-M**	**M-R**
Schooling years	Normal Mince model	4.3	4.4	-0.1
	Adding the type of school	6.1	6.8	2.5
Education level	Normal Mince model	16.5	37.3	-29.5
	Adding the type of school	36.7	57.1	-35.5

Note: The biggest gap in returns to schooling years and education level for each hukou pair under the typical Mince model was calculated by comparing the coefficients of each hukou group in Table 2. For example, the biggest gap of 37.3 was observed between urban and migrant groups at the college education level. We used a similar method to calculate the biggest return gap by incorporating the type of school in Table 3.

Many studies have proved that the educational resource allocation gap between urban and rural areas is essential for the urban-rural income gap and education gap (Bianchi et al., 2022; Wang et al., 2021; Zhang et al., 2018). From the policy support of local governments to the allocation of resources within schools, the educational resources of key high schools are significantly better than those of ordinary high schools. Our data shows that urban groups of people with non-agricultural Hukou have an easier chance of entering key high schools than those with agricultural Hukou. Therefore, we have reason to believe that if the inequality in the distribution of educational resources continues among various schools and the enrolment advantage of urban groups in key high schools continues, the gap between urban and rural areas will be further widened.

When we consider the impact of school types on the return to education, the trend of the gap in the return to education between migrant and rural is uncertain. In some cases, the return to education of migrants is significantly lower than that of rural, which goes against the original intention of most migrant parents to invest in their children's education since migration and education are considered essential ways for the rural poor to free themselves from the rural poverty trap (Zhang, 2017). This result provides a piece of new evidence for the persistent migrant disadvantage, where migrant workers do not receive the same benefits as local urban groups in terms of education, healthcare, and employment because of their non-local Hukou status (Goodburn, 2020; Yang & Bansak, 2020; Zhang, 2017), which may have trapped migrant workers in a new education-poverty trap (Zhang, 2017).

Our results are consistent with previous studies (Fu & Ren, 2010; Heckman, 2005; Zhou & Cheung, 2017); these results collectively highlight the prominent urban-rural gap in China under the Hukou system. How to efficiently allocate scarce educational resources between urban and rural areas to reduce the urban-rural divide is a worthwhile research question, and our findings may help inform individual education investment decisions and more equitable and efficient resource allocation. For individuals, especially those rural Hukou holders, investment in education should be strengthened to improve access to key schools. Providing equal access to quality education and reducing educational disparities between urban and rural areas is essential for the government.

LIMITATIONS AND FUTURE RESEARCH POSSIBILITIES

One limitation of our study is that CHIP 2013 does not provide enough control variables to make more accurate comparisons. For example, whether the area where the respondent received their education coincided with their Hukou location played a decisive role in the respondent's access to public education and key high school education. No suitable data in CHIP 2013 measures this information; therefore, it is not controlled for in our analysis. Theoretically, urban and rural groups are more likely not to have migrated and thus not to be restricted by Hukou, and the migrant worker group, which we are more concerned about, does not differ significantly from the rural group in terms of attendance at key high schools, so we assume that the vast majority of the migrant worker group in our sample completed their education before moving and that the Hukou system does not interfere too much with the educational status of the migrant worker group. Even so, our results may still be biased, and the impact of school type on returns to education among the groups with different Hukou status should be remeasured in the future when more comprehensive education data are available. At the same time, the change in the Hukou status of the agricultural Hukou group through such channels as higher education or competitive jobs may lead to an overestimation of the gap in returns to education between non-agricultural and agricultural Hukou groups. However, this change in Hukou status is minimal.

Furthermore, as with other studies on the gap in returns to education between urban and rural areas, our analysis only considers the impact of education on the main wage income gap, which may lead to an underestimation of the urban-rural gap in China, as there are significant differences in civic benefits and consumption of public services between urban and rural residents. These implicit benefits may have contributed to an even larger urban-rural gap (Sicular et al., 2008). Still, we cannot combine this part of the data with the wage income data due to data constraints.

CONCLUSION

Estimating returns to education between urban and rural areas based solely on education attainment can be misleading when there are significant differences in the allocation of educational resources between urban and rural areas. The type of school in China primarily represents the educational resources available. This paper examines the returns to education between urban and rural areas under different school types.

Firstly, we found that all levels of key high schools were positively associated with the income of each group. Mainly, the return to school type increases with the geographical administrative level of the school, and, for most key high schools, the impact on the income of the urban group is higher than that of the rural group. Secondly, when we consider the effect of school type on income, the gap in returns to education between urban and rural areas is widened compared to the results under the traditional Mincer model. The gap in the returns of the same level of education and the gap in the returns to years of schooling between the urban group and migrant worker group receiving different types of school education widened by 19.8% and 2.4%, respectively, compared to the results estimated by the traditional Mincer model, while the gap between the urban and rural groups increased by 20.2% and 1. 8% respectively. Finally, internal migration does not appear to make the desired difference to migrant work groups, with the returns to education for migrants being significantly lower than rural in some cases, which defeats the original intention of most rural parents who want to change their fortunes by moving to urban areas and investing in their children's education.

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CONFLICTS OF INTEREST

The author declares that no conflicts of interest are found in this research.

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ESG PERFORMANCE IMPACTING ON SYSTEMATIC RISK OF THE LISTED COMPANIES ON THE STOCK EXCHANGE OF THAILAND

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ABSTRACT
Purpose – The research aims to examine the effect of the performance of environmental, social, and corporate governance (ESG) on the systematic risk of the listed companies on the Stock Exchange of Thailand (SET).
Methodology – The sample data included 158 listed companies on the SET in 2022. Collected annual data were retrieved from financial statements and the stock exchange database system (SETSMART). The statistics used for analysis were descriptive statistics and inference statistics. Descriptive statistics included mean, standard deviation, maximum, and minimum, while inference statistics included correlation analysis and multiple regression analysis.
Results – The research results found that the mean of ESG performance in terms of ESG book and Refinitiv were quite equal at 54.25 and 53.49, respectively. The ESG performance in terms of the ESG book provided a negative relationship with systematic risks at the statistically significant.05 level, while the ESG performance in terms of Refinitiv showed no significant relationship with systematic risks. Interestingly, only the listed companies in the technology sector showed a positive relationship with systematic risks at a.01 statistically significant level.
Implications – The critical role of corporate ESG information is to assess a company's long-term performance for sustainable growth. Therefore, the stock exchange of Thailand must provide knowledge about ESG indices to listed companies and investors to achieve sustainability for both business organizations and investors.
Originality/Value – This empirical study contributes as a specification model to explain how ESG performance impacts systematic risk. Additionally, the different ESG indices provide different results. This implies that a deep understanding of the ESG indices is necessary for listed companies and investors.

Keywords: Environmental, Social and governance: ESG, Systematic risk, ESG performance

Paper Type: Research Article

INTRODUCTION
Presently, the concept of sustainable organizational development is very popular among the global business sector due to the recognition of business sustainability. Numerous companies have conducted their business operations by paying attention to their responsibilities, focusing on three key areas, including the environment, society, and governance, known as ESG. These three areas—environment, social, and governance—are key factors representing the concept of sustainable organizational development. The ESG performance concept has become globally

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embraced not only by business firms but also by investors to evaluate investment choices. The meaning of each key factor starts with "Environment" focusing on a company's environmental responsibility, "Social" measuring its relationships with stakeholders, and "Governance" assessing its management and decision-making processes. The ESG concept is a principle that evaluates how a company handles its governance relationships, aiming for effective, transparent, and auditable management while considering its stakeholders. This approach helps to establish credibility for the business by reflecting on its role and responsibilities towards stakeholders and by presenting operating results to promote sustainable growth.

In Thailand, the Stock Exchange of Thailand (SET) establishes criteria for selecting sustainable stocks. These criteria are based on voluntary participation by listed companies in a sustainability assessment, which covers corporate governance, economics, environmental, and social dimensions. The committee of the SET always reviews and updates the assessment form annually to ensure it aligns with current sustainability trends both internationally and nationally. The listed companies on the SET Sustainable Stocks (THIS) have high potential to incorporate sustainability concepts into their business processes by taking account of risk management, preparing for emerging risks, and dealing with changes in social and environmental factors. Additionally, these companies aim to increase competitive potential and pay attention to all stakeholders. This leads to the increase of several companies in the sustainable stock group annually. This is evidence indicating that the business sector and investors are increasingly attentive to conducting business in line with the ESG sustainability concept. Over time, this trend may lead to a more steady and sustainable growth of the economy (Stock Exchange of Thailand (SET), 2023).

Phokchai (2021) stated that companies that prioritize environmental, social, and corporate governance issues, also known as ESG, play a crucial role in mitigating business risks. Several studies have shown that companies with strong ESG performance are associated with lower risks, such as a low chance of being sued and a low corruption problem. In addition, the costs of capital of the ESG firms may be lower and gain more advantages in accessing capital sources than those of the other companies, which do not apply to the ESG concept. Even though the stock prices of sustainability companies may fluctuate according to capital market conditions, their ESG stock prices will be less volatile than those of others in the long term. Hence, it can be inferred that ESG performance is interconnected in terms of risk management, competitive potential, and stakeholder acceptance. All of which are directly linked to the long-term survival and sustainable growth of the business.

Most prior research has focused on studying the relationship between business performance and environmental, social, and governance (ESG) considerations and financial performance. Jaisard (2022) studied the relationship between financial performance and conducting business with consideration of the environment, society, and corporate governance (ESG) by using the listed companies on the SET from 2015 to 2021 for 516 companies. The research results showed that there is no statistically significant correlation between environmental, social, and corporate governance responsibility activities and financial performance. However, the ESG performance was positively related to Tobin's Q of sustainable stocks (THSI). Rakpanichmanee et al. (2019) examined the connection between social responsibility performance and the financial performance of publicly traded companies in Thailand. Social responsibility awards were used to measure performance in social responsibility, corporate governance, sustainable development, and sustainable stocks. The firm's performance was gauged by return on assets (ROA), return on equity (ROE), sales and income growth, and abnormal returns. The research results found that social responsibility performance was positively related to ROA. However, no statistically significant relationship was found between corporate social responsibility performance and abnormal returns, despite investing in award-winning companies.

Despite over 100 empirical studies on the correlation between ESG performance and company performance, there has been limited research on the connection between ESG performance and risk (Suttipun, 2023); however, the studies of the impact of ESG performance on firm risks employed various risk measurement methods. Almeyda and Darmansyah (2019) pointed out that nowadays, numerous investors consider non-monetary aspects when making investment decisions, such as using ESG performance as a risk measurement tool. Their research was about real estate companies in the seven strongest economies in the world (G7), whose long-term nature of investments aligns with their long-term ESG goals. Research results indicated that there was a statistically significant positive relationship between disclosing ESG information and a company's ROA and ROC. However, there is no strong connection between the stock price and the price-earnings ratio. A company with a higher ESG performance signaled to lenders that it had a strong management system. The signaling theory can be used to illustrate how ESG improvements can lower firm risk, which directly impacts lenders' choices to approve loans or lower interest rates. However, improving ESG efficiency can also raise a company's risk profile.

Due to the aforementioned factors, a few prior studies focused on the impact of ESG performance on the systematic risk of firms. Therefore, the researchers decided to close the research gap by investigating the correlation between environmental, social, and corporate governance (ESG) responsibility scores and the systematic risks of the listed companies on the SET. Accordingly, the objective of the research was to study the relationship between the environment, society, and corporate governance (ESG) performance with the systematic risk of the listed companies on the stock exchange of Thailand. This involved analyzing and assessing the results in order to offer valuable insights to firms and potential investors in terms of long-term investment. The study will contribute to many parties. For the firms, the result can help improve their long-term business according to the sustainability concept. For investors, this study can provide good investment decisions for long-term investments. Also, for the commission of the stock exchange of Thailand, the study can provide insights in many aspects, such as the suitable ESG criteria for Thai companies, stimulating the listed companies to participate in the SET Sustainable Stocks (THIS), educating more companies and investors, etc. The paper is organized in a proper manner. The next section included a literature review, then the methodology and data, empirical results and discussion, and finally conclusions and discussion from the study.

LITERATURE REVIEW

Relevant theory

The study involves two major theories: the stakeholder theory and the capital asset pricing theory. The details of each theory are explained below.

The stakeholder theory

In this study, the aim of the research can be explained through the Stakeholder Theory, which states that executives must pay attention to and consider the satisfaction of stakeholders. This will lead to an increase in the value of the business" (Freeman, 1984). Freeman and McVea (2001) stated that the concept of stakeholder management, or strategic management, was to advise executives to create and execute procedures to respond to stakeholder needs. The main objective of this approach is to oversee and harmonize the connections and concerns of shareholders, employees, customers, suppliers, communities, and other groups in a way that guarantees the company's long-term prosperity. The stakeholder approach prioritizes managing the business environment, relationships, and fostering mutual advantages. The stakeholder theory explains the relationship between stakeholders and the financial management of firms. The company's operations will have an impact on the stakeholders in terms of both firm operation profits and various company liabilities. If a company can make a profit, stakeholders will also receive benefits from the firm. In this regard, the company should have disclosed information to stakeholders, such as general information and especially financial information, in a transparent and auditable manner. This will reduce the problem of information asymmetry; concurrently, it will make the company more reliable, affecting the level of confidence and decision-making of investors.

The capital assets pricing theory

In fact, the birth of the capital asset pricing model (CAPM) started with two major researchers: William Sharpe in 1964 and John Lintner in 1965 (resulting in a Nobel Prize for Sharpe in 1990) (Fama & French, 2004). The attraction of the CAPM is that it offers powerful and intuitively pleasing predictions about how to measure risk and the relationship between expected return and risk. The expected return of an investment equals the risk-free return plus the market risk premium, according to the following formula:

$$E(R)=R_f+\beta(R_m-R_f)$$

where: $E(R)$ = the expected return
R_f = the risk-free rate
B = the risk of the security
(R_m-R_f) = the market premium

According to Lee and Su (2014), according to the CAPM theory, risk is divided into systematic and unsystematic risk. Systematic risk means that the market cannot be eliminated, or undiversifiable risk. On the other hand, unsystematic risk means that the risk is related to a specific company, industry, or unique risk. Thus, systematic risk is the uncertainty inherent to the entire market or entire market segment. The major sources of systematic risk, such as interest rates, recessions, and exchange rates, affect the entire market and cannot be avoided through diversification. As a result, systematic risk can be known as "market risk." Systematic risk underlies all other investment risks. Based on the capital assets pricing theory (CAPM), the beta coefficient is a measure of the systematic risk of a security, or a portfolio compared with the market as a whole, and it is also used to compare a stock's market risk to that of other stocks. The calculation for Beta is as follows:

$$\text{Beta coefficient } (\beta) = \frac{\text{Covariance } (R_e, R_m)}{\text{Variance } (R_m)}$$

where: R_e = the return on an individual stock
R_m = the return on the overall market

Related concepts

The concept of corporate social responsibility

In a capitalist economy, there are companies that aim to maximize profits through production or services, which is the primary driver of a country's growth and development. However, the production sector also brings about social and environmental issues, such as the exploitation of workers and customers, as well as the destruction of ecosystems. As a result, the idea of sustainable development has become a commonly debated topic in the realm of business practices. Engaging in social responsibility activities will have a positive impact on society and the environment, while also enhancing the company's reputation and value. The concept of corporate social responsibility (CSR) has emerged from the expectations and pressures of society, urging businesses to take responsibility for their impact on all stakeholders in their operations (Noknoi, 2015).

CSR, another meaning of the World Business Council for Sustainable Development, or WBCSD, states that it is an ongoing commitment by an enterprise or business to operate based on good morals and to achieve economic development and increase the quality of life of its employees, including benefiting the community and society.

The concept of environmental, social, and corporate governance (ESG) responsibility

The concept is built upon the principles of CSR and is increasingly gaining attention worldwide, particularly among investors. It emphasizes conducting business with consideration for three key areas of responsibility: the environment, society, and corporate governance. It emphasizes the significance of the organization's activities being beneficial to the environment or society, rather than solely focusing on the financial performance of the firm. The sustainability risk relates to the ESG issues, encompassing the environment, society, and corporate governance, or ESG risk. The ESG risk challenges business organizations to effectively manage to create opportunities and minimize potential negative impacts. It has a direct impact on a company's ability to generate operating profits, business competition, business image and reputation, and ultimately firm survival. Therefore, firms must consider this issue by integrating sustainability risk management into the creation of the organization's mission and strategies. In addition, firms must analyze sustainability risk and materiality to incorporate risk management at various levels to build confidence among stakeholders (Noknoi, 2015).

Some companies may view ESG as causing higher costs and expenses. However, the ESG issues promote business image, resulting in generating company income or developing operating processes to increase production efficiency and reduce costs, such as employing solar energy projects in factories, changing waste into fuel, and processing waste into value-added products. This is evidence that companies can reduce production costs while also protecting the environment. In the case of inventing products and services that are environmentally friendly, For instance, the development of building materials to minimize heat and conserve energy, as well as the production of electric cars, are evidence to enhance product value, expand into new products, and generate revenue from environmentally conscious customers. In today's world, a number of green consumers who are concerned about global environmental conservation are increasingly aiming to support businesses that demonstrate social and environmental responsibility in their operation of products and services. In summary, it is evident that ESG is a pertinent issue that has an impact on everyday life and plays a role in the financial success and longevity of a business. This will ultimately affect the long-term returns of investors investing in the business. Therefore, it is not surprising that global investors are concerned and consider the ESG concept before making investment decisions. Many institutional investors, such as Investment Partners, BlackRock, and BNP Paribas, have reported that ESG scores have a consistent relationship with long-term investment returns. Currently, there are more than 1,500 stock funds that invest in firms compliant with the ESG framework. Many listed companies in Thailand have high ESG scores on the global stage, leading to high satisfaction and a high opportunity to raise funds (Kongsakul, 2019).

Concepts about firm characteristics

Much research employs firm characteristics such as profitability, firm risk, capital structure, and liquidity as a dependent variable, independent variable, or control variable because the firm characteristics are major factors impacting firm goals. The proxies of firm characteristics are always employed from financial statements or financial ratios, as shown in the papers of Suttipun (2023), Chueathong, and Bunworachot (2023).

One of the popular firm characteristics is firm size because large-scale companies have a higher level of competitiveness than small companies, implying that they have a large fund for business operations and a great opportunity to obtain large profits. The total value of a company's assets determines its size. Firm size is calculated as follows:

$$\text{Firm size} = \ln(\text{Total assets})$$

Firm size was a variable found in many researchers' papers, such as Jaimuk et al. (2020) as a control variable for studying the impact of a mediator on corporate governance characteristics and real earning management of Thai listed companies, Meiryani et al. (2020) as an independent variable for investigating the effect of a firm's size on corporate performance, and Nilapornkul (2019) as a control variable for examining the impact of information communication technology and cash conversion cycle on a firm's profitability.

Prior research

Many research papers aim to examine the effect of the ESG approach on many aspects, such as risk, firm performance, and cost of capital. Examples of prior research are presented below.

Sudcharoen (2021) found that an increase in environmental, social, and good governance or ESG performance can reduce risks. that can be systematic risk.

Amattayakul et al. (2021) found that the information factor affecting the sustainable growth of listed companies with a positive statistical significance level of.05 was profitability (ROA). Meanwhile, the debt-to-equity ratio (D/E) had a negative correlation with sustainable growth.

Velte (2017) examined the listed companies listed on the German Prime Standard during 2010–2014. The research results showed that ESGP has a positive impact on ROA but no impact on Tobin's Q. Corporate governance performance has the strongest impact on financial performance, or ROA, in comparison to environmental and social performance.

Broadstock et al. (2021) found that high-ESG portfolios generally outperform low-ESG portfolios, ESG performance mitigates financial risk during financial crises, and the role of ESG performance is attenuated in 'normal' times, confirming its incremental importance during crises.

METHODOLOGY

This study investigated the effect of environmental, social, and corporate governance (ESG) performance on the systematic risk of the listed companies on the stock exchange of Thailand (SET). The research methodology consisted of three subsections: 1) scope of the research, population, and sample size; 2) data collection and variable selection; and 3) data analysis. The details of each subsection are explained below.

Scope of the research, population, and sample

The study focused on Thai listed companies on the Stock Exchange of Thailand (SET), consisting of eight industrial sectors: the agro-food sector, resources sector, technology sector, financials sector, services sector, industrial products sector, consumer products sector, and property and construction sector. Importantly, the researcher employed listed companies with SET ESG scores in 2022. Furthermore, researchers used two major ESG scores: SET ESG scores and Refinitiv scores. The study excluded unlisted and delisted companies and companies with unavailable data. Finally, the study included 158 companies for the research period of 2022, as shown in Table 1 below.

Table 1. Listed companies in each industry sector

Industry sector	A number of companies	Stock Code* (Coded by SET)
Agro & Food Industry	20	ASIAN, CBG, CFRESH, CPF, GFPT, HTC, MINT, NRF, OSP, PM, RBF, SNP, STA, TFMAMA, TIPCO, TKN, TU, TVO, TWPC, and ZEN
Consumer	4	SABINA, STGT, TNL, and TOG
Financials	20	AEONTS, BAM, BAY, BBL, CIMBT, KBANK, KKP, KTB, KTC, LHFG, MTC, SAK, SAWAD, TCAP, THANI, THREL, TIDLOR, TISCO, TQM, and TTB,
Industrials	16	AH, BGC, CSC, IRC, IVL, PCSGH, PTTGC, SAT, SCGP, SNC, THIP, TMT, TPCS, TSC, TSTH, and UAC,
Property & Construction	28	AMATA, AMATAV, AP, AWC, CK, CPN, DRT, EPG, FPT, LH, LPN, NVD, ORI, PPP, PSH, QH, S, SC, SCC, SCCC, SIRI, SPALI, STEC, SYNTEC, TASCO, TOA, TTCL, and WHA
Resources	28	ACE, BAFS, BANPU, BCP, BCPG, BGRIM, BPP, CKP, EA, EASTW, EGCO, ESSO, GPSC, GULF, GUNKUL, IRPC, OR, PTG, PTT, PTTEP, RATCH, SCG, SPRC, SUPER, TOP, TPIPP, TTW, and WHAUP
Services	31	AAV, AOT, BCH, BDMS, BEC, BEM, BH, BJC, BTS, BWG, CENTEL, CHG, COM7, CPALL, DOHOME, ERW, GLOBAL, HMPRO, KEX, MAJOR, MAKRO, MEGA, NYT, PLANB, PR9, PRM, RS, SINGER, SJWD, TTA, and VGI
Technology	11	ADVANC, DELTA, HANA, ILINK, INTUCH, ITEL, KCE, MSC, PT, SYNEX, and THCOM
Total	**158**	

Data collection and variables usage

In their research, researchers employed systematic risk as a dependent variable. While the independent variable was environmental, social, and corporate governance (ESG) performance from two third parties as ESG book scores and Refinitiv scores, The control variable was the firm's size. All data was secondary data, which was obtained from the SETTRADE website database and the annual financial statements of each company. The definitions of variables, their mnemonics, and sources of data are shown in Table 2 below.

Table 2. Definitions, mnemonic, and sources of data of each variable

Variables	Mnemonic	Definitions	Sources of data
Dependent variable			
Beta Coefficient	*Beta*	Systematic Risk	the SETTRADE website database
Explanatory variables			
1. ESG performance	*ESG*	ESG Ratings by ESG book	the SETTRADE website database
2. ESG performance	*Ref*	ESG Ratings by Refinitiv	the SETTRADE website database
Control Variable			
Firms' size	*Size*	Size = ln(Total assets)	Firms' Financial Statement 2022 and own calculation
Dummy variables			
Industry sector	D_i	D_1 = 1 for consumer, otherwise 0; D_2 =1 for Financials, otherwise 0; D_3 = 1 for Industrial, otherwise 0; D_4 = 1 for Property&Construction, otherwise 0; D_5 = 1 for Resource, otherwise 0; D_6 = 1 for Service, otherwise 0; D_7 = 1 for Technology, otherwise 0;	

Data analysis

This research employed statistical analysis below.

• Descriptive statistics were used for describing the characteristics of data in terms of mean, maximum, minimum and standard deviation.

• Pearson correlation and Variance Inflation Factor (VIF) were used to study the relationship of those variables for checking Multicollinearity.

• For inferential statistics, researchers employed both univariate and multivariate regression in terms of Ordinary Lease Square (OLS) regression analysis.

Model Specification

This researcher aimed to study the effect of ESG performance on the systematic risk of the listed companies on the SET. Additionally, a comparison study of the effect of the ESG book and Refinitiv on systematic risk was conducted. Finally, researchers investigated the effect of ESG performance on the systematic risk of listed companies in each industry sector as well. All specification models were below.

$$Beta_i = \beta_0 + \beta_1 ESG_i + \varepsilon_i \quad (1)$$

$$Beta_i = \beta_0 + \beta_1 ESG_i + \beta_2 SIZE_i + \beta_3 D_1 + \beta_4 D_2 + \beta_5 D_3 + \beta_6 D_4 + \beta_7 D_5 + \beta_8 D_6 + \beta_9 D_7 + \varepsilon_i \quad (2)$$

$$Beta_i = \beta_0 + \beta_1 Ref_i + \varepsilon_i \quad (3)$$

$$Beta_i = \beta_0 + \beta_1 Ref_i + \beta_2 SIZE_i + \beta_3 D_1 + \beta_4 D_2 + \beta_5 D_3 + \beta_6 D_4 + \beta_7 D_5 + \beta_8 D_6 + \beta_9 D_7 + \varepsilon_i \quad (4)$$

in which $Beta_i$ is systematic risk for individual i, ESG_i is the ESG scores from ESG book, $SIZE_i$ is individual firm's size, D_i is industry dummy variables, Ref_i is the ESG scores from Refinitive and ε_i is a random error term.

RESULTS

The study analyzes the connection between environmental, social, and governance performance and its impact on the systematic risk of listed companies on the Stock Exchange of Thailand. The descriptive statistics for each variable are shown in Table 3 to address the research questions or hypotheses and be presented without interpretation or discussion.

Table 3. Descriptive statistics of each variable

Variables	Mean	Maximum	Minimum	Standard deviation
Dependent variable				
Beta	0.9804	3.1100	-0.0900	0.4649
Explanatory variables				
ESG	54.2538	70.1100	30.8200	7.5581
Ref	53.4856	91.4800	10.0400	16.7928
Control variable				
Size	10.6650	15.3021	7.2334	1.7553

Table 3 presents the descriptive analysis of each variable used in the study in terms of mean, maximum, and minimum standard deviation. The mean of systematic risk, measured by Beta, is 0.9804, and its standard deviation is 0.4649. The mean of Beta is slightly lower than 1.00, implying that the systematic risk of listed companies is slightly lower than the market. The mean of the ESG scores by ESG book is 54.2538 out of 100, while the mean of the ESG scores by Refinitiv is 53.4856 out of 100. This shows that the means of both are quite equal and slightly above 50.00. However, the standard deviation of the ESG scores by Refinitiv is quite higher than that of the ESG scores by ESG Book. The mean of the firm's size is 10.6650, and its standard deviation is 1.7553.

Multicollinearity Analysis

To examine the relationship in pairs for each variable, researchers employed the Pearson correlation matrix and the variance inflation factor (VIF). Certainly, these methods also detect a multicollinearity problem before formulating regression models. The correlation and VIF are presented in Table 4 below.

Table 4. The results of correlation and VIFs

VIF		*Beta*	*ESG*	*Ref*	*Size*
	Beta	1.000			
1.11	*ESG*	-0.1503	1.000		
		*0.02**			
1.35	*Ref*	0.0280	0.3130	1.000	
		0.73	*0.00***		
1.68	*Size*	0.0209	-0.1308	0.4248	1.000
		0.79	*0.10*	*0.00***	

The **, and * denote statistically significant at 1%, and 5% levels respectively; whereas P-value expresses in italic format.

As shown in Table 4, the VIFs for all variables range from 1.11 to 1.68, which are lower than 10. Moreover, the magnitude of correlations among explanatory variables is in the range of 0.0209–0.4248, which is lower than 0.80. The criteria for a possible multicollinearity problem are a correlation between explanatory variables above 0.80 or VIFs above 10.0 (Hair et al., 2006). Thus, the results imply that there is no multicollinearity problem.

The correlation analysis showed several noteworthy results. Starting with Beta, ESG had a negative relationship at the statistically significant 5% level. This meant that they had a reverse relationship; if ESG performance was higher, the systematic risk would decline. Surprisingly, the relationship between Beta and Ref had no statistical significance. Then, the relationship between the ESG and Ref had a positive direction at the statistically significant 1% level. This may be because both were the index for measuring the ESG efforts of firms to achieve sustainability.

Finally, the Ref and size had a positive relationship at the statistically significant 1% level. This implies that firms' size may be a major factor impacting their ESG score, according to Refinitiv.

Regression Analysis

From the data analysis section, this study employed four specification models, both univariate and multivariate regression. The results from the regression models are presented in Table 5 below.

Table 5. The results of regression analysis

Variable	Expected sign	Model 1	Model 2	Model 3	Model 4
Constant		1.582	1.485	0.939	0.818
		*0.00****	*0.00****	*0.00****	*0.00***
ESG	-	-0.011	-0.011		
		*0.02**	*0.01**		
Ref	-			0.001	0.000
				0.72	*0.87*
Size			0.004		0.003
			0.87		*0.91*
D_1			0.079		0.021
			0.74		*0.92*
D_2			0.120		0.203
			0.42		*0.18*
D_3			-0.110		-0.087
			0.44		*0.55*
D_4			-0.024		0.024
			0.85		*0.85*
D_5			-0.001		0.016
			0.99		*0.90*
D_6			0.149		0.184
			0.23		*0.15*
D_7			0.717		0.724
			*0.00***		*0.00***
R^2		0.0325	0.2040		0.1727
F-statistic		5.24*	4.21**	0.12	3.43**

Note: Italic Figures are P-value. ** and * denote significance at 1%, and 5% levels respectively.

Table 5 reports the results of four regression models, consisting of univariate and multivariate regression. The details of each model's results are explained below.

Model 1, a univariate regression model, focused on the impact of the ESG score from the ESG book on the beta. The empirical model provides an F-test at the 5% statistical significance level, reflecting the significance of group effects within the model. The model R square is 0.025, implying that the ESG performance can explain systematic risk as the Beta is 3.25%. The ESG performance provides a negative relationship with Beta at the statistically significant 5% level.

Model 2, a multiple regression model, expands from Model 1 by adding the firm's size as a control variable and industrial dummy variables. This model aims to investigate the effect of the industrial sector on the beta. The empirical model provides an F-test at the 1% statistical significance level, reflecting the significance of group effects within the model. The model R square is 0.2040, implying that the ESG performance, size, and industrial dummy variables can explain systematic risk as the Beta 20.40%. The same as in Model 1, the ESG performance provides a negative relationship with Beta at the statistically significant 5% level. Interestingly, listed companies in the technology sector had a coefficient of 2.202 (from 1.485+0.717) at the 1% statistically significant level. This means that technology companies have a positive relationship between ESG scores and systematic risk with statistical significance.

Model 3, a univariate regression model like Model 1, focused on the ESG score from Refinitiv instead of the ESG book. However, the empirical model provides an F-test with no statistical significance, reflecting that the only ESG performance from Refinitiv is not able to explain systematic risk.

Model 4, a multiple regression model like Model 2, expands on Model 3 by adding the firm's size and industrial dummy variables. This model aims to investigate the effect of the industrial sector on the beta. The empirical model provides an F-test at the 1% statistical significance level, reflecting the significance of group effects within the model. The model R square is 0.1727, implying that the ESG performance, size, and industrial dummy variables can explain systematic risk as the beta is 17.27%. The Refinitiv scores have no statistically significant relationship with systematic risk. Interestingly, listed companies in the technology sector had a coefficient of 1.542 (from 0.818 to 0.724) at a 1% statistically significant level, like in Model 2.

DISCUSSION AND IMPLICATIONS

Obviously, the listed companies on the Stock Exchange of Thailand are approximately 700, but the SETESG scores reported only 158 companies, which concern three major areas for a firm's sustainability, including environment, society, and corporate governance. (ESG). For this research, researchers focused the ESG score on only two third parties: the ESG book and Refinitiv. The results showed major findings, which were summarized and followed by suggestions below.

1. The listed companies that are concerned with sustainability concepts and rely on the SET have quite small numbers, being less than 50% of the listed companies on the SET. Thus, the Securities and Exchange Commission of Thailand should pay more attention to encouraging the listed companies to participate in ESG investment.

2. In the comparison between the ESG score from the ESG book and the definition, major findings found that the ESG book score provided a negative relationship with systematic risk at the statistically significant 5% level. This was aligned with the findings of Suttipun (2023) and Velte (2017). This may help to clarify the stakeholder theory, indicating that ESG enhancements can reduce risk and stimulate investors and creditors to provide financial support to firms. Additionally, higher ESG performance will reduce information asymmetry between firms and stakeholders.

3. Unfortunately, the ESG scores from Refinitiv did not impact systematic risk, implying that the different sources of ESG scores provided different results.

4. This is because ESG scores are provided by multiple third-party providers, such as Bloomberg ESG Data, Fitch Ratings, Moody's, Refinitiv, and S&P Global Corporate Sustainability Assessment, etc. They provided their own criteria, although they had the same concepts. In Thailand, the SET reported the ESC scores of the ESG investment for seven criteria. Too many criteria from third-party providers make it more complicated for the listed companies. Therefore, the Securities and Exchange Commission of Thailand should educate related parties about ESG investment and the criteria of each provider, as shown in the contribution section of this research. Some parties cannot impact systematic risk.

5. An ESG score can help identify areas of potential concern and risk from an ESG perspective. It will be beneficial for investors and the listed companies; however, the research found that if the ESG score of the listed companies in the technology sector increases, the systematic risk will increase. This might be a rapid change in technology in the digital era, leading to a huge technology risk in the future.

In addition, the critical role corporate ESG information will play in assessing a company's long-term performance. Notwithstanding, companies must be concerned not only with providing more information but also with their relevance and high quality. (Arvidsson & Dumay, 2022).

LIMITATIONS AND FUTURE RESEARCH POSSIBILITIES

Limitations of this study are below.

1. A number of samples are quite small comparing with the whole number of the listed companies on the SET.

2. In Thailand, there are only two third parties' providers, providing numeric ESG scores. Thus, the research was able to compare only two criteria.

3. For Thailand, ESG investment has just began for a few years and the results will be shown in annual report. Thus, it must take a long time for data collection to employ in terms of panel data analysis.

Further research suggestions are below.

1. Due to several impacts of ESG investment, further research should employ the rate of return as a dependent variable. This will investigate the firm's performance relying on the sustainability concept.

2. Further research should employ other ESG performance methods and investigate in comparison aspects.

CONCLUSION

The study aims to examine the ESG score of only two third parties: ESG Book and Refinitiv, impacting the systematic risk of the listed companies on the stock exchange of Thailand. The major findings found that the companies concerned with the ESG concept in Thailand were quite low, whereas this sustainability concept is interesting issue among international and multinational companies in the globe. In addition, the results showed that the ESG book score provided a negative relationship with systematic risk at the statistically significant 5% level. This confirmed that the higher ESG performance will reduce information asymmetry. Unfortunately, the ESG indices provided a different impact on systematic risk.

Therefore, the commission of the stock exchange of Thailand should provide knowledge and create awareness of the importance of the sustainable growth concept for both business organizations and investors. It is undeniable that the environment, society, and good governance are the result of the sustainable coexistence of mankind for a better quality of life in the future.

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CONFLICTS OF INTEREST

The author declares that there are no conflicts of interest found in this research.

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EXPLORING THE IMPACT OF LOCAL KNOWLEDGE ON BRAND EQUITY AND PURCHASE INTENTIONS: A CASE STUDY OF CULTURAL PRODUCTS IN PATHUM THANI

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ABSTRACT

Purpose – The purpose of this research was to provide a comprehensive picture of the enhancing cultural product purchase intentions of prospective customers by jointly studying the impact of local knowledge and brand equity on purchasing behavior as well as responding to recent calls for research in the local business literature, especially in Pathum Thani province in Thailand.
Methodology – The research methodology was quantitative research with survey method by using questionnaires for data collection. The respondents were 400 participants, who had experience of purchasing cultural products. Pathum Thani was selected to conduct the empirical analysis of this research. Descriptive statistics used for data analysis included frequency, percentage, mean, and standard deviation. Due to hypothesis testing, inferential statistics used was Structural Equation Modeling (SEM).
Results – The results of hypothesis testing revealed that cultural knowledge of the local area or the customers' perception of community intelligence is the most influencing brand equity component. Furthermore, a positive relationship is observed between brand equity elements and purchase intentions of cultural products.
Implications – The findings present several implications for both academia and practical implications, highlighting the impacts of the customers' perception of community intelligence on brand equity and purchase intentions for effective marketing strategies planning.
Originality/Value – This empirical study explores the impact of customers' perception towards cultural knowledge or community intelligence play a crucial role for enhancing brand equity and purchase intentions of cultural products, particularly in Thai context.

Keywords: Local knowledge, Brand equity, Purchase intentions, Cultural products, Pathum Thani

Paper Type: Research Article

INTRODUCTION

In recent years, the Thai government has actively introduced various policies and promoted the development of the creative industry. Creative industries are a promising component of Thailand's economy and national development strategy. It counts 15 sectors in its portfolio that contributed roughly 7 percent to Thailand's gross domestic product (GDP) in 2021, which was higher than that of total GDP during the past year (Creative Economy Agency, 2022). Thailand's 20-year national strategy, named Thailand 4.0, relies on fostering creativity, innovation, and R&D to bring the Kingdom's economy and society to a more advanced level of development. This also includes cultural product industries, which are therefore significantly on the rise of late, and they are notably

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visible as drivers of local economic development at selected locations, above all in large cosmopolitan cities but also in many other kinds of geographical contexts. Therefore, cultural products can be regarded as an extension of cultural capital to create social value and concrete economic value by related products or services such as cultural capital support of each locality come to develop and continue to add economic value, including promoting community participation in the operation to achieve the application of cultural values in a concrete way. Considering the Thai context, cultural products and services are a particularly relevant issue for microenterprises in the local areas, as cultural entrepreneurs tend to be more involved with these cultural business activities than others. For instance, OTOP stands for "One Tambon (meaning sub-district) One Product". It is a local entrepreneurship stimulus program that aims to support the unique locally made and marketed products of each Thai Tambon by applying local wisdom and traditional culture all over Thailand. It can also be considered a type of cultural entrepreneur. However, they still have some problems and obstacles, especially in terms of sales volume and marketing.

Considering customers' purchase intentions, the general perception of a brand is a crucial aspect. Roughly 74 percent of today's customers expect more from brands in regard to how they treat customers, employees, and the environment (Marketing Evolution, 2022). To stay ahead of this shift, entrepreneurs need to consider how their various marketing initiatives contribute to brand awareness, which they can leverage in order to effectively build and improve upon their overall brand equity. Brand equity is the level of sway a brand name has in the minds of consumers and the value of having a brand that is identifiable and well thought out. It is typically attained by generating awareness through campaigns that speak to target-consumer values, delivering on promises and qualifications when consumers use the product, and loyalty and retention efforts. Inferring from the above, it can be assumed that cultural entrepreneurs are also strongly motivated to pursue and improve levels of brand equity in cultural products to achieve competitive advantage. However, they usually face several constraints related to resource inadequacy, such as a limited ability to acquire information and brand knowledge, that may hinder their achievement. Consequently, the topic related to brand equity and its related determinants becomes essentially relevant in this study.

In light of the above mentioned, therefore, it is an attempt to enhance levels of customers' perceptions in terms of brand awareness, perceived quality, brand association, and brand loyalty as brand equity elements according to their interconnectedness with purchase intentions of cultural products. Then, this study relies on ideas about the existence and nature of the firm that emphasize the role of knowledge, especially in the case of cultural products in Thailand. Based on customers' perspectives, the authors believed that the intention to purchase cultural products would be affected by individualism as well as some specific knowledge. Therefore, it could be argued that local or traditional knowledge of customers may drive and benefit the customers' purchase intention of cultural products. Although there is currently a lot of research on improving the business performance of cultural products, the research related to the role of local knowledge on customer-based brand equity has not received as much attention as it should have. Therefore, this research aims to study the perception of local knowledge in various dimensions to create brand equity value for enhancing the purchase intention of cultural products in the area.

All in all, this study aims to contribute to the role of local knowledge on customers' brand equity perception, which in turn influences their buying intention (Rittibul, 2020; Ngulube & Onyancha, 2017). Then, the authors develop a conceptual model that proposes that local knowledge as well as brand equity components are positively related to customers' purchase intention by drawing on the theory of planned behavior (TPB) (Ajzen, 1985) and customer-based brand equity models (Aaker, 1996; Keller, 1988). The authors provide theoretical arguments for why customers' perceptions of local knowledge or community intelligence have a significant impact on customers' attitudes as key components of TPB theory, which might enhance customers' purchase intentions of cultural products. We test this model using structural equation modeling (SEM) with a sample of 400 respondents in Thailand, which is classified as an emerging country located in Southeast Asia; new insights into the cultural products-based business literature could thus be provided. According to the study area, Pathum Thani was selected for the empirical analysis of this research because it is one of the provinces considered to be a mixed-culture society combining various nationalities in Thailand, and it becomes a charm of the ancient community's way. Along with the biodiversity in Pathum Thani and local Thai wisdom, therefore, the cultural products, usually categories such as food and non-food products, were generally founded in the area. Hence, this province was selected as the area-based study. Consequently, there is a certain need to extend the role of local knowledge in brand equity perceptions and purchasing behavior research, especially in the Thai cultural product context.

LITERATURE REVIEW

Theoretical background

This research draws from consumer behavior approaches as the theoretical grounding to explain the relationship among variables by adopting the theory of planned behavior (TPB) as the underpinning theory due to its relevance to the topic. Past studies have concluded that the TPB is a comprehensive framework to conceptualize, test, and empirically identify those factors that influence the purchase intentions of customers (Ashraf et al., 2017; Lama, 2017). The TPB was developed by Icek Ajzen in 1985 and is an extension of the theory of reasoned action (TRA), which was jointly developed by Martin Fishbein and Icek Ajzen in 1967 (and further amended until 1975) (Ozer & Yilmaz, 2011; Fatoki, 2020). It is considered the cognitive approach, which ascribes observed action (behavior) to intrapersonal cognition. The individual is viewed as an 'information processor'. This intrapersonal causation clearly challenges the explicative power of environmental variables suggested in behavioral approaches; however, an influential role of the environment and social experience is acknowledged, with consumers actively seeking and receiving environmental and social stimuli as informational inputs aiding internal decision-making. Therefore, the primary objective of the TPB is to provide a comprehensive framework for understanding the various factors that influence the intentions of individuals (Ajzen, 1991). Since the past three decades, the TPB has been successfully applied across many industries, such as retail, health care, sports, finance, and online shopping, to predict consumer behavior (Arif, 2016; Ruangkanjanases et al., 2020). Past studies have found a significant impact of the TPB variables on the purchase intention of customers (Tuan & Vinh, 2016; Lama, 2017; Fatoki, 2020).

According to Ajzen (1985), the TPB encapsulates that human intentions are primarily influenced by three factors: attitude, subjective norms, and perceived behavioral control. Firstly, attitude toward a behavior is seen as "the degree to which a person has a favorable or unfavorable evaluation of the behavior in question". It is a behavioral belief of an individual that includes a perceived positive or negative consequence of performing a certain behavior. Attitude is an aspect of human beings that is linked to their minds, and it provides them with a reason to form an intention or behavior (Arif, 2016; Nomi & Sabbir, 2020). Secondly, subjective norm is defined as "the perceived social pressure to perform or not to perform the behavior" by the individual (Ajzen, 1985), and this pressure is primarily from the people who are important to the individuals and are considered by them in the decision-making process (Wang, 2014; Fatoki, 2020). Subjective norm can also be defined as social pressure that an individual has from the people around him, and this pressure guides him to perform or avoid a certain type of behavior (Tuan & Vinh, 2016; Nomi & Sabbir, 2020). Lastly, the TPB defines perceived behavioral control as "the perceived ease or difficulty of performing the behavior" (Ajzen, 1985). For example, an individual might think of all possible sources (such as ability and affordability, etc.) that are required for a certain behavior. Perceived behavioral control is also known as the potential and ability of an individual to perform a behavior independently (Ashraf et al., 2017). Considering the above evidence, therefore, this study has chosen the TPB as the underpinning theory to determine the impact of brand equity on the purchase intention of cultural products through the customers' perception of local knowledge.

Local knowledge conceptualization

Interest in local knowledge is growing because of its potential to promote and sustain development activities (Ngulube & Onyancha, 2017). Although the knowledge of traditional and indigenous communities is recognized as essential for the emancipation, empowerment, and affirmation of marginalized societies, there is limited agreement on its definition and the most appropriate label for the knowledge. Many scholars agree that most of the knowledge of traditional and indigenous communities was developed through the interaction of human beings with nature to sustain themselves. The interaction led to the evolution of practices, values, ideas, and principles that contributed to their survival, control of their lives, and sustainable development (Ngulube & Onyancha, 2011; Ossai, 2010; Senanayake, 2006). Grenier (1989) argued that the knowledge of traditional and indigenous communities has common features. Most of these features are well documented in the extant literature, which is rooted in a particular community and situated within a broader social context whereby all life forms are a result of the interaction between social and spiritual relations. It refers to the unique, traditional, local knowledge existing within and developed around the specific condition of women and men indigenous to a particular geographic area. Consistent with Owuor (2007), indigenous knowledge is a process of learning and sharing social life, histories, identities, economic, and political practices unique to each cultural group. Consequently, it can be argued that local knowledge consists of the knowledge, beliefs, traditions, practices, institutions, and worldviews developed and sustained by indigenous and local communities and are believed to represent an adaptive strategy to the environment in which these communities live. Consequently, this study is an attempt to establish a framework for exploring how the customers' perception of local knowledge or the customers' perception of community intelligence responds to customer-based brand equity elements, which are related to their purchase intentions and behavior based on TPB theory.

Cultural products

Cultural products refer to goods or services that include the arts (performing arts, visual arts, architecture), heritage conservation (museums, galleries, libraries), the cultural industries (written media, broadcasting, film, recording), and festivals. UNESCO has declared that these products are not like other forms of merchandise (IGI Global, 2022). As for the development of cultural products, it could be argued that cultural products are usually made from raw materials that can be found locally. The older generation teaches the younger generation design and processing techniques. These, also known as crafts, handcrafts, ethnic products, or handcrafted products, have been involved in people's lives for years. Historically, crafts were produced for sale primarily within the local community. Moreover, cultural products are now merchandise that has evolved into items that consumers may perceive as cultural products and/or are often purchased as a gift or souvenir (Yu & Littrell, 2003). Consequently, cultural products have become a major source of income in many craftsmen's communities as well as local enterprises in the area (Pye, 1986). In this study, the authors defined cultural products as various forms of artistic, creative, and intellectual expressions that are produced, shared, and cherished within Thai culture or society. These products can encompass a wide range of mediums, including commodity goods, literature, music, film, visual arts, theater, dance, cuisine, fashion, and more. Cultural products often reflect the values, beliefs, traditions, and unique characteristics of a particular group or community, and they play a significant role in shaping and preserving cultural identity.

However, since producers of cultural products may not be familiar with consumers' preferences, understanding what consumers from outside their culture think about cultural products is an important start to successful product development. Knowing consumer preferences is important for the producer to make a better product to suit the target market and for the retailer to acquire the right product for their consumers. Additionally, if consumers in different cultural or geographic markets have different preferences, retailers and/or producers can respond to these varied preferences. Even when consumers' preferences are known, information important to them must be communicated. To attract consumers who will purchase a cultural product, it is important to use words and terms that consumers understand.

Interestingly, on the other hand, providing local knowledge to their prospective customers in different regions would be an alternative idea to enhance the performance of cultural entrepreneurs in the area, which is the aim of this study. As mentioned above, it is generally believed that a better understanding of local knowledge or perceived community intelligence of customers might influence their attitudes towards cultural products, which may lead to a higher level of purchase intentions and purchasing behavior.

Brand equity and purchase intentions

According to Aaker (1991), "brand equity is a set of assets and liabilities linked to a brand," and brand equity can be analyzed through its dimensions, which include brand awareness, perceived quality, brand association, brand loyalty, and other proprietary assets. Farquhar (1989) defines brand equity as "an accumulative value or asset of a product or brand that combines the customer's positive emotions, opinion, and intention to purchase a product," while Kotler and Pfoertsch (2007) believe that "brand equity is the distinctive impact of a brand that comes to a customer's mind while interacting with the product or service of a brand".

Previous studies by Perera et al. (2019) and Dissabandara (2020) found that brand equity has a significant influence on the purchase intentions of customers. Similarly, Adam & Akber (2016) concluded that during the brand selection process, when a customer selects one brand over another, despite more features of alternate brands, it is simply the result of brand equity. Therefore, brand equity should primarily be the focus of business firms and marketers to gain enhanced market share and profit.

According to Aaker (1991), brand awareness, perceived quality, brand awareness, brand loyalty, and other proprietary assets are the five dimensions of brand equity. However, as a dimension, other property assets do not make a significant contribution to measuring brand equity; therefore, this dimension has not been applied in various studies (Buil et al., 2013; Schmitz & Roman, 2018). Hence, this study focuses on those dimensions that influence the purchase intentions of customers. Four dimensions of brand equity are included in this study, notably brand awareness, perceived quality, brand awareness, and brand loyalty.

Brand awareness

Brand awareness is the imagination of a brand in the mind of a customer and the ability of the customer to recognize and recall a brand in various situations (Keller, 1993; Aaker, 1994). It is the capacity of a brand to become well-known among consumers before they decide to make a purchase (Civelek & Ertemelb, 2019). Tariq et al. (2017) concluded that brand awareness is highly significant for brand equity since it has a strong relationship with purchase intentions. Similarly, Akhtar et al. (2016) and Noorlitaria et al. (2020) found that it is closely linked with purchase intentions since it portrays important information related to a brand in a customer's mind. Customers buy only those brands that they know, and they know only brands that they consider good.

Perceived quality

According to Aaker (1994), perceived quality is the overall recognition in a customer's mind about the features and benefits of a brand compared to its competitors. It is also defined as an intangible overall opinion about a brand, and it shows the extent to which a brand can meet the needs, wants, and expectations of the customers (Padhy & Sawlikar, 2018; Ahsan et al., 2020). Earlier studies by Perera et al. (2019) and Dissabandara (2020) concluded that perceived quality is directly linked with purchase intentions in many ways. Consequently, perceived quality is an essential constituent of brand equity.

Brand association

Brand association is a combination of brand-related opinions, perceptions, ideas, past experiences, knowledge, concepts, and approaches (Keller, 2009). It includes those experiences, beliefs, attitudes, perceptions, feelings, colors, images, and thoughts that a customer associates with a brand (Kotler & Gertner, 2002). Dissabandara (2020) conducted a study on the impact of brand association on purchase intentions and found that brand association is closely related to the purchase intentions of customers because it provides them with favorable information, a positive attitude, and a reason to buy a product or service. Studies have shown that it is a core constituent that has a strong impact on brand equity (Gordon et al., 2016; Ahsan et al., 2020). It is generally believed that it is the most essential element of brand equity since it is something that resides in the minds of customers (Keller, 1993).

Brand loyalty

Brand equity creates loyalty to the brand, improvement of margins, influences on stakeholders, and access to distinguished competitive advantage in the market (Keller, 1993). It dictates that a consumer who truly believes in the value of a brand's offerings will often make frequent and repeat purchases from it instead of switching between brands. High brand loyalty ensures that business is stable and consistent and enables the organization to capture a larger market share. Aaker (1994). The customers can become loyal to the brand due to its uniqueness, its taste, feel at ease by using that particular brand, and they also have enough knowledge about that brand to feel confident while making a purchase, which may be due to price factors, etc. Brand loyalty can be defined as the degree of closeness of a client to a specific brand, expressed by their replicate purchase regardless of the marketing stress created by the rival brands. It is the basic objective of the organization that they set for their products and services. It is the preference of consumers to make a purchase of a particular brand due to its attributes, image, quality, features, and price, and they are normally committed to purchasing and referring to other people. There are two types of loyal customers. The behavioral and the emotional: the behavioral customers will become loyal to the brand but not emotional; however, the emotional customers will also be emotional with the particular brand in which they are interested (Jones & Sasser, 1995). Consequently, brand loyalty is a crucial element of brand equity.

Purchase intentions

The plan and desire to purchase a product or service by the customer are known as purchase intention (Padhy & Sawlikar, 2018; Noorlitaria et al., 2020). Purchase intentions also refer to the prediction of current and successive purchases by the customer. Based on this prediction, business firms forecast the buying behavior of their customers (Saad et al., 2013; Civelek & Ertemelb, 2019). There are two main perspectives on purchase intentions, namely, from existing customers and from new customers. The purchase intentions of new customers reveal interest, choice, and overall behavior, while the purchase intentions of existing customers anticipate customer trust, satisfaction, and assurance of repetitive purchases in the future (Santoso & Cahyadi, 2014; Ruangkanjanases et al., 2020). Thus, it is generally believed that marketers are always eager to know the factors that influence the purchase intentions of customers. By knowing these factors, they can direct their customers to a specific brand, which is the goal of all marketers (Tariq et al., 2017).

Through a review of the literature, certain links are established between the TPB and this study. Past studies have identified brand equity as having a significant influence on customer attitude (Lama, 2017), and according to the TPB, customers' attitudes have a direct influence on their intentions (Arif, 2016; Fatoki, 2020). However, limited empirical work has focused on the link between customer perceptions of local knowledge and the degree of perceived value of brand equity. Consequently, this study proposed a conceptual framework to contribute to a more comprehensive understanding of simultaneous links among the roles of local knowledge or the customers' perception of community intelligence on and brand equity elements as their purchase intentions of cultural products from customer perspectives, which can lead to purchasing behavior based on TPB theory.

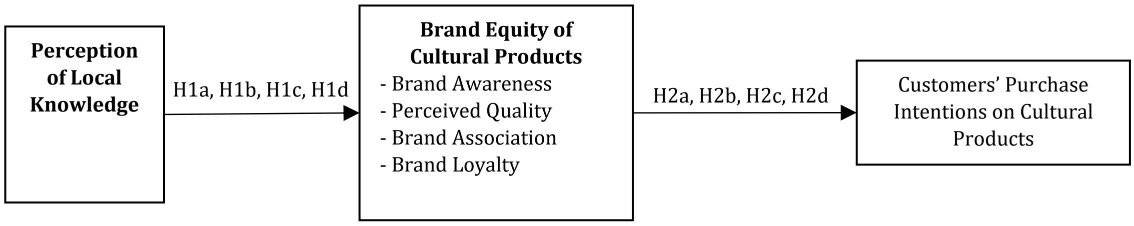


Figure 1. Conceptual framework

Drawing on the above, the current study aims to examine the association between the role of local knowledge and brand equity aspects for further analysis to increase the purchase intention of cultural products. Additionally, it considers the influence of cultural and related factors, particularly in Pathum Thani. Thus, the preceding arguments support the following hypotheses:

1) H1. Customers' perception of local knowledge has a direct and positive influence on brand equity.

H1a. Customers' perception of local knowledge will have a positive influence on brand awareness.

H1b. Customers' perception of local knowledge will have a positive influence on perceived quality.

H1c. Customers' perception of local knowledge will have a positive influence on brand association.

H1d. Customers' perception of local knowledge will have a positive influence on brand loyalty.

Based on previous literature discussed above and consistent with the impacts of brand equity on customers' purchase intentions of cultural products, thus the preceding arguments support the following hypotheses:

2) H2. Brand equity has a direct and positive influence on purchase intention of cultural products.

H2a. Brand awareness will have a positive influence on purchase intention of cultural products.

H2b. Perceived quality will have a positive influence on purchase intention of cultural products.

H2c. Brand association will have a positive influence on purchase intention of cultural products.

H2d. Brand loyalty will have a positive influence on purchase intention of cultural products.

METHODOLOGY

Population, sample and data collection

This research employs a survey methodology to collect primary data for empirical analysis. Sampling is of great importance to researchers since the collection of data from the entire population may be impractical or impossible due to limitations. However, the significance of any sample lies in the representation of the population (Hair et al., 2013). The researcher may consider a small group of people who are representative of a larger group, and therefore the results could be generalized more accurately for a larger group of the population (Neuman, 2014). Pathum Thani Province was selected for the empirical analysis of this research because Pathum Thani is one of the provinces considered a mixed-culture society combining various nationalities in Thailand, and this makes it a charm of the ancient community's way. These cultures, ways of life, and arts have been blended and integrated with local Thai wisdom and cultures from the past to the present (Rittibul, 2020). Therefore, it was selected as the area-based study.

Consequently, purposeful sampling logic was used. To be included in the sample, the sample is made up of a selection of respondents who generally have experience purchasing cultural products in Pathum Thani using the systematic random sampling method. A rule of thumb for studies employing SEM is a recommended sample of 200 as fair and 300 as good (Anderson & Gerbing, 1988; Iacobucci, 2010). The data was obtained through research assistants who were trained and adequately briefed before they disseminated the research questionnaire. A sample of 400 respondents in Pathum Thani using a drop-off-pick-up (DOPU) technique was used in this study.

Measurement of variables

Several steps were followed in developing the questionnaire. Special attention was given to different levels, language, question order, response format, scale types, design, and the general context of the research. This research creates the scale to measure local knowledge, brand equity components, and purchase intention for cultural products, adapting measurement items from existing literature. All the items were measured using a 5-point Likert-type scale. Local knowledge is measured with a 5-item scale adapted from Rittibul (2020). To measure brand equity components towards cultural products (brand awareness, perceived quality, brand association, and brand loyalty), this research adapted a 20-item scale from Chatzipanagiotou et al. (2019). Finally, the authors applied the idea of Wright and MacRae (2007) to create a 5-item scale to measure purchase intention for cultural products. However, it is a major challenge when seeking to conceptualize the role of local knowledge and brand equity on purchase intention in a feasible way for empirical investigation. All the items are measured using a multi-item scale with five-point Likert-type scales.

Table 1. Results of factor analysis

Constructs	Description	$\bar{x}$	Standardized factor loadings
Local Knowledge (LK)	Local Knowledge helps to promote good consciousness for the people in the area.		0.850
	Local Knowledge should be preserved and inherited for future generations to learn.	*0.920*	0.776
	Local Knowledge promotes awareness of the value of cultural products.		0.829
	Local Knowledge fosters pride in their own homeland.		0.772
	Local Knowledge is important for access to information, news, culture and traditions. and attitudes towards cultural products.		0.851
Brand Awareness (BAW)	Having local knowledge makes you know and better understand the brands of cultural products.		0.812
	Brand promotion from entrepreneurs will make you know the brand even more.	*0.933*	0.852
	You become familiar with the brand from seeing advertisements often.		0.809
	You can think of various brands if you are aware of the history of the business.		0.854
	Publicity from government agencies helps you to remember that brand.		0.778
Perceived Quality (PQ)	Perceived local knowledge makes you believe in the quality of the product.		0.804
	Cultural knowledge makes you see the advantages of the product.		0.765
	You believe in the quality of cultural products from your own direct experience.	*0.923*	0.754
	Public relations from governmental agencies create build confidence in the quality of cultural products.		0.846
	Advertising from entrepreneurs builds confidence in the quality of cultural products.		0.777

Table 1. (Cont.)

Constructs	Description	x̄	Standardized factor loadings
Brand Association (BAS)	When you see cultural products, you will feel interested in that brand.	*0.940*	0.734
	Cultural knowledge allows you to know the history of the product better.		0.789
	When you see cultural products, you feel like owning that product.		0.899
	Cultural products are outstanding and different from general products.		0.845
	The quality of cultural products is high.		0.852
Brand Loyalty (BL)	You want to buy cultural products from the same seller who has experience in cultural industry.	*0.941*	0.864
	You will recommend the shop that you have experience in buying-selling to your friends.		0.800
	Obtaining information make you come back to buy the same product again.		0.785
	Seeing advertisements and publicity of cultural products makes you feel good and proud of that brand.		0.774
	If you buy indifferent products, you will choose cultural products.		0.823
Purchase Intention (PI)	The use of cultural products can solve the loss of culture.	*0.931*	0.805
	Cultural products preserve the culture.		0.834
	Benefits and advantages of using cultural products lead to your decision making.		0.845
	Product certifications influence your purchase intention.		0.856
	Information about cultural products from advertising and public relations leads to your decision making.		0.883

RESULTS

Measurement model

Cronbach's alpha was used to assess the internal reliability of the scales. As shown in Table 1, the range is between 0.82 and 0.90, which is higher than the recommended threshold of 0.70 (Nunnally & Bernstein, 1994). A confirmatory factor analysis (CFA) was performed to evaluate the overall measurement model and to assess the reliability and validity of the constructs. To effectively assess the validity of the measurement model, discriminant and convergent validity were assessed. Discriminant validity measures the degree to which factors that are supposed to measure a specific construct are actually unrelated (Wang & Wang, 2012). Fornell & Larcker's approach was used to assess discriminant validity (Fornell & Larcker, 1981). Using this approach, the AVE for each of the research constructs should be higher than the squared correlation between the construct and any of the other constructs. As shown in Table 2, the measurement model demonstrates satisfactory discriminant validity. The diagonal elements (in bold†) shown in Table 2 are the squared multiple correlations between the research variables. As shown in the table, the AVE ranges from 0.714 to 0.784 while the diagonal values range from 0.845 to 0.885, indicating that the diagonal variables are higher than the various AVE values suggesting that all the constructs in this study have adequate discriminant validity.

Convergent validity measures the extent to which factors that ought to measure a single construct agree with each other. In this research, convergent validity was assessed using composite reliability and average variance explained (AVE). Using these measures, composite reliability (CR) should be above 0.6 and AVE should be above 0.5 for all constructs. As shown in Table 2, the CR ranges from 0.920 to 0.940, while the AVEs range from 0.714 to 0.784. These results show that the model meets the criteria for assessing convergent validity.

The measurement model fit was assessed by evaluating the root mean square of approximation (RMSEA), absolute fit measures including observed normed X^2(X^2/df) standardized root mean square residual (SRMR), comparative fit index (CFI), normed fit index (NFI), goodness of fit (GFI) and adjusted goodness of fit (AGFI). As shown in Table 3, all the fit indices met the recommended thresholds for evaluating model fit. It can therefore be concluded that the model fits the data well and can thus be used to explain the research hypotheses.

Table 2. Reliability, validity statistics and correlations

	CR	AVE	MaxR(H)	1	2	3	4	5	6
Local Knowledge	0.920	0.714	0.920	**0.845†**					
Brand Awareness	0.934	0.760	0.934	0.421	**0.871†**				
Perceived Quality	0.923	0.742	0.923	0.380	0.437	**0.861†**			
Brand Association	0.940	0.784	0.940	0.468	0.550	0.428	**0.885†**		
Brand Loyalty	0.940	0.734	0.941	0.544	0.553	0.553	0.598	**0.856†**	
Purchase Intention	0.931	0.736	0.931	0.487	0.383	0.445	0.572	0.538	**0.857†**

Note: CR = composite reliability; AVE = average variance extracted; MaxR(H) = maximum reliability; (H) and **†** = square root of AVE.

Table 3. Fit indices of CFA model.

Measure	Abbr.	Recommended threshold	Scores
Chi-square/df (CMIN/DF)	X^2/df	<3.0	1.539
Goodness of fit	GFI	>.90 [a]; >.80 [b]	0.851
Comparative Fit Index	CFI	>.90 [a]	0.961
Adjusted Goodness of fit	AGFI	>.80 [a]	0.824
Tucker-Lewis Index	TLI	>.90 [a]	0.956
Incremental Fit Index	IFI	>.90 [a]	0.961
Root Mean-Square Error of Approximation	RMSEA	<0.08 [a]	0.045

[a] Acceptable. [b] Marginal.

Structural model

Table 1 and Figure 2 show the results of the test of hypotheses about the structural relationship between the research variables. For hypothesis 1, the researcher examined the relationship between the customers' perception of local knowledge and brand equity. As shown in Figure 2 and Table 4, the effect of local knowledge practices on brand equity components (H1a: local knowledge and brand awareness: β =0.264, $p < 0.01$), (H1b: local knowledge and perceived quality: β =0.359, $p < 0.01$), (H1c: local knowledge and brand association: β =0.360, $p < 0.03$), and (H1d: local knowledge and brand loyalty: β =0.385, $p < 0.09$) is significant. Hence, hypothesis 1 is fully supported, which means customers' perception of local knowledge has a direct and positive influence on brand equity.

For hypothesis 2, this study examined the relationship between brand equity and purchase intention for cultural products. The results of the hypotheses show that brand equity components positively influence the purchase intention (H2a: Brand Awareness and Purchase Intention: β =0.238, $p < 0.01$), (H2b: Perceived Quality and Purchase Intention: β =0.350, $p < 0.03$), (H2c: Brand Association and Purchase Intention: β =0.244, $p < 0.01$), and (H2d: Brand Loyalty and Purchase Intention: β =0.233, $p < 0.02$) is significant. Consequently, hypothesis 2 is fully supported, which means brand equity has a direct and positive influence on the purchase intention of cultural products (Figure 2).

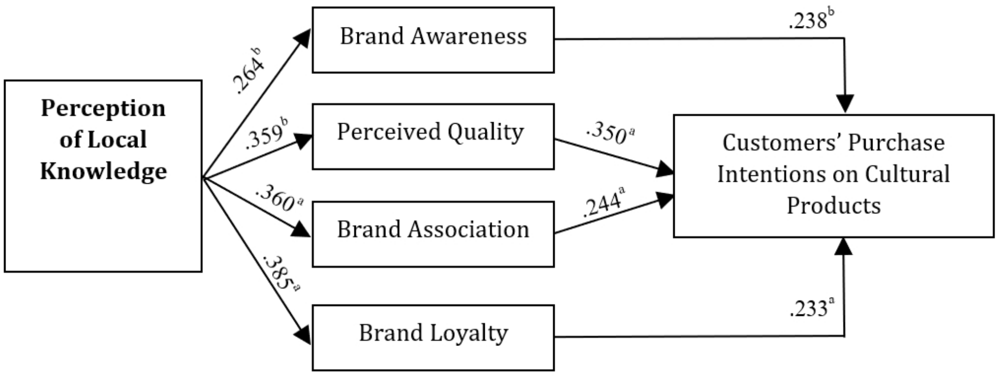
Table 4. Standardized path coefficients

Hypotheses	Estimate	T-values	P-values	Remarks
H1 is fully supported.				
H1a	. 264	4.090	.001 [b]	Supported
H1b	.359	5.495	.001 [b]	Supported
H1c	.360	5.644	.003 [a]	Supported
H1d	.385	5.495	.009 [a]	Supported

Table 4. (Cont.)

Hypotheses	Estimate	T-values	P-values	Remarks
H2 is fully supported.				
H2a	.238	5.807	.010 [b]	Supported
H2b	.350	2.726	.031 [a]	Supported
H2c	.244	3.458	.018 [a]	Supported
H2d	.233	2.962	. 020 [a]	Supported

[a] Significant at the 0.05 level (2-tailed).
[b] Significant at the 0.01 level (2-tailed).



[a] Significant at the 0.05 level (2-tailed).
[b] Significant at the 0.01 level (2-tailed).

Figure 2. Research model and result of test of hypotheses

DISCUSSION AND IMPLICATIONS

Theoretical contributions

Many researchers have suggested that knowledge is an important antecedent of a firm's capacity. In recent years, many authors have discussed the influence of different knowledge management practices on various organizational outcomes. Despite the increased research interest in knowledge management and innovation, very limited studies have provided empirical evidence linking local knowledge and perceptions of brand equity, especially from a cultural business perspective. Therefore, this study fills the gaps in existing literature and responds to previous calls for an investigation in several ways. The first and most evident contribution of this research is the examination of the role of local knowledge in brand equity.

Furthermore, although considerable support exists for the role of knowledge in business development (e.g., Ngulube & Onyancha, 2011; Ossai, 2010; Senanayake, 2006), studies investigating cultural products are relatively sparse (Rittibul, 2020). Interestingly, there is no empirical study that has conceptualized the relationship between local knowledge and brand equity in increasing purchase intention for cultural products. In this study, hence, local knowledge is investigated for its effects on the key components of brand equity (i.e., brand awareness, perceived quality, brand association, and brand loyalty), which in turn will have a positive effect on the purchase intention of cultural products. The findings of this research make significant contributions to the field of cultural entrepreneur literature.

Based on the TPB, the finding also shows that the effect of local knowledge on customers' perceptions and purchase intentions is significant. There are two implications for these findings. First, the perception of local knowledge enhances brand equity components (i.e., brand awareness, perceived quality, brand association, and brand loyalty). This could indicate a greater understanding of the local knowledge of customers in the area and a greater perception of brand equity towards cultural products due to knowing their heritage values. Perceived cultural heritage knowledge can promote good consciousness in terms of art, cultures, and their way of life, as well as cultural products, among the people in the area. When buyers have adequate local knowledge, they might get involved with cultural aspects as well as their intentions and preferences. Secondly, the findings show that brand equity elements contribute to purchase intention for cultural products. It is generally believed that brand equity is the level of sway a brand name has in the minds of consumers and the value of having a brand that is identifiable and well thought out. In this research, therefore, building brand equity by increasing consumer awareness towards cultural aspects, promoting perceived cultural product quality, creating cultural product associations, and maintaining loyalty to customers appear to be crucial for purchase intention in cultural product development. The findings obtained in this study are consistent with the findings of Ngulube and Onyancha (2017), who found that local knowledge influences firms' performance. When knowledge is managed effectively, it increases a firm's capacity and competitiveness. Moreover, local knowledge is a fundamental success factor for the development of new cultural products and a key facilitator of local entrepreneur performance (Rittibul, 2020).

Practical implications

There are some practical implications that can be derived from this study. Since the emphasis of the research has been on considering the relationship between the role of local knowledge and customers' perceptions of brand equity on the purchase intention of cultural products in the Thai context, the study provides suggestions for policy implications. Traditional or local knowledge can be learned, and its benefits are evident. Through understanding and recognizing the importance of local knowledge, the business owner can allocate his or her limited resources and guide herself or himself based on the role of traditional and indigenous knowledge. From a national government perspective, serving cultural entrepreneurs is attractive given that the local economy has a positive effect on the nation's balance of payments and thereby contributes to its economy. Cultural entrepreneurs are increasingly required by their governments to become more proactive, financially autonomous, and therefore more culturally market oriented.

By highlighting the importance of local knowledge, the empirical findings offer guidelines for national policymakers. Consequently, policy initiatives should aim to enhance the development of local knowledge sharing with a view to successfully formulating and putting into practice their strategies. Thereby, the promotion of traditional or local knowledge as well as cultural business education and training programs, which are already pursued in both schools and universities, should receive increased and continuous policy support to help decision-makers. Additionally, the findings will be of particular interest to some governmental institutions, such as the Office of Small and Medium Enterprises Promotion (OSMEP), because the OSMEP plays an important role in providing cultural entrepreneurs with updated information about various marketing aspects. Therefore, the OSMEP should aim at providing training programs for SME managers to be able to successfully engage in cultural business operations.

LIMITATIONS AND FUTURE RESEARCH POSSIBILITIES

First, the research findings are drawn from self-reported data. This could lead to potential common method variance. Secondly, the approach used in this study is cross-sectional and does not reflect how the mechanisms examined in this research perform in the long term. Third, knowledge management is multidimensional. This study has focused on only local knowledge. There are other dimensions of knowledge management that have not been examined and can equally be useful in explaining the impact on brand equity for cultural entrepreneurs. As a suggestion for future research, other researchers can examine the effect of other knowledge management practices on cultural entrepreneurs across different industries. Such studies can also adopt a longitudinal approach to examine the long-term effects of these knowledge management practices. Despite these limitations, this study has provided practical empirical evidence to demonstrate the associations between perceptions of local knowledge and brand equity and purchase intentions for cultural products. Finally, moderating variables, such as demographic factors, should be considered in the study.

CONCLUSION

The current study aims to examine the association between the role of local knowledge and brand equity aspects for further analysis to increase the purchase intention of cultural products. Additionally, it considers the influence of cultural and related factors, particularly in Pathum Thani, from customer perspectives in a Thai context. The results show that customers' perception of local knowledge and the customers' perception of community intelligence are the most influential brand equity components, which can in turn influence the level of purchase intentions for cultural products. This study also contributes to both academic and practical terms, which benefits the implications related to the field of business study and marketing strategy planning for cultural product entrepreneurs. Highlighting the role of local knowledge, it is generally believed that a better understanding of local knowledge or perceived community intelligence of customers can influence their attitudes towards cultural products, which leads to a higher level of purchase intentions. Consequently, all parties involved should consider the local knowledge transfer process and relevant marketing activities, which influence the level of purchase intentions of cultural products significantly.

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CONFLICTS OF INTEREST

The authors declare that there are no conflicts of interest found in this research.

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CURRENT TRENDS IN STRATEGIC MANAGEMENT: A COMPARATIVE ANALYSIS OF SWOT AND SOAR APPROACHES

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ABSTRACT

Purpose – This review article explores the debate between traditional SWOT analysis and the emerging SOAR framework in strategic management. It aims to understand their comparative effectiveness in the modern complex business environment.
Body of knowledge – The results indicate that both SWOT and SOAR frameworks offer complementary strategic management approaches. SWOT is suitable for initial assessments and discussions, while SOAR is more aligned with innovation, collaboration, and positive organizational change.
Implications – SWOT and SOAR are strategic frameworks. SWOT evaluates an organization's strengths, weaknesses, opportunities, and threats, focusing on realistic assessment. SOAR, for strengths, opportunities, aspirations, and results, emphasizes potential and positivity, suitable for fostering growth in innovative settings.
Originality/Value – The originality of this work lies in its comparative analysis of two popular strategic frameworks, providing insights into their applicability and effectiveness in today's dynamic business landscape. The value of this analysis is in guiding organizations to choose the appropriate framework based on their specific strategic needs.

Keywords: SWOT, SOAR, Strategic management, Management tool

Paper Type: Academic Article

INTRODUCTION

In today's rapidly evolving business environment, organizations face unprecedented challenges and opportunities. Strategic management is pivotal in guiding businesses to make informed decisions that drive growth and success (King et al., 2023). The modern business landscape is characterized by volatility, uncertainty, complexity, and ambiguity (VUCA) (Srisatanon, 2022). In order to maintain competitiveness, organizations must undergo adaptation processes in response to digitalization, globalization, and disruptive technologies (Kamkankaew et al., 2022a). Strategic management, a critical facet of business leadership, is undergoing rapid transformation due to the dynamic interplay of globalization, digitalization, and shifting consumer preferences (Barney & Hesterly, 2015). Organizations must continually reassess and adapt their strategic approaches to thrive in this evolving landscape.

Several trends have emerged in recent years that have significantly impacted strategic management practices. The rapid integration of digital technologies has disrupted industries across the globe (David, 2017). Digital transformation involves leveraging technology to enhance operational efficiency, customer experience, and business agility (Khan et al., 2020). Organizations must rethink their strategies to remain relevant in the digital age. Increasing awareness of environmental and social issues has prompted organizations to incorporate

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sustainability and CSR into their strategic agendas (Cohen & Simnett, 2015). This trend reflects a broader shift towards responsible business practices that resonate with environmentally and socially conscious consumers (Porter & Kramer, 2019). Globalization has expanded market opportunities (Kamkankaew et al., 2022b), but it also comes with challenges, such as cultural differences, regulatory variations, and geopolitical uncertainties. Organizations must tailor strategies to tap into new markets while mitigating associated risks (Deng et al., 2021).

The SWOT framework, a cornerstone of strategic management, has enjoyed enduring popularity due to its simplicity and effectiveness in evaluating internal and external factors (Dörfler et al., 2016). In an era of rapid change, however, the SWOT framework is not immune to evolution (Alvarez-Garcia et al., 2020). The SWOT framework remains a valuable tool for strategic analysis, but its effectiveness is not immune to the challenges posed by today's complex and rapidly changing business environment (Hill & Westbrook, 2020). The contemporary hurdles discussed in the article by Alvarez-Garcia et al. (2020) - data overload, lack of nuance, inadequate focus on dynamics, bias, strategy implementation disconnect, internal factor emphasis, lack of consensus, and limited innovation prospects—demand strategic adaptations to enhance the framework's utility. By acknowledging these challenges and exploring potential solutions, organizations can harness the power of the SWOT framework while navigating the intricacies of modern strategic management (King et al., 2023).

Today, strategist scholars like the SOAR framework for many reasons, including the fact that it focuses on strengths-based analysis, supports transformational leadership, can adapt to changing environments, uses positive organizational psychology, involves stakeholders, and supports a full-person assessment (Bertalan & Chikan, 2019). This framework resonates with the evolving demands of contemporary strategic management, offering an alternative approach that nurtures growth, creativity, and positive change. As researchers in strategy keep looking for new tools, the SOAR framework's unique features make it a valuable addition to their collection of strategic analysis methods (Jacobs & Dye, 2018). The SOAR framework differs from other strategic analyses because it focuses on strengths, goals, and good outcomes (Keramati et al., 2020). In an era where organizations are increasingly focused on innovation and transformation, the SOAR framework has gained momentum (Stavros & Hinrichs, 2009).

Strategic management has substantially transformed due to dynamic market conditions, technological advancements, and shifting consumer preferences (Wheelen et al., 2017). Organizations are constantly challenged to adapt their strategies to maintain competitiveness and achieve sustainable growth (Barney & Hesterly, 2015). This article explores the current trends in strategic management, focusing on the debate between traditional SWOT analysis and the emerging SOAR framework. Traditional approaches to strategic analysis, such as the SWOT framework, have long been a staple in this process. However, recent trends have led to the emergence of alternative models, such as the SOAR framework, which offers a more positive and proactive perspective. This review article seeks to uncover the underlying reasons for this shift, focusing on the contemporary strategic management trends that have influenced the adoption of SOAR over SWOT.

The essence of the SWOT framework

The SWOT framework is a versatile and widely utilized tool in strategic management, enabling organizations to assess their internal capabilities and external environment (Fathi & Wilson, 2019). This section aims to provide a comprehensive analysis of the SWOT framework, elucidating its meaning, components, and significance in contemporary business contexts.

Origin and Evolution of the SWOT Framework:

The SWOT framework, developed by Albert Humphrey and his team at the Stanford Research Institute (Humphrey, 1960s, 2005; Stark, 1994), was initially created to assess corporations' strategic position and develop actionable strategies for organizational success (Sweeney, 2010). Over time, the framework evolved to include internal and external factors (Panagiotou, 2003; Puyt et al., 2023), strategic planning and implementation (Porter, 1980; Weihrich, 1982), data-driven insights (King et al., 2023), and adaptability to complex environments (Barney & Hesterly, 2015). The original framework focused on internal factors, but later included opportunities and threats to better understand external forces (Alvarez-Garcia, et al., 2020). As the field matured, the framework became more relevant in big data and analytics. Despite criticisms and newer tools, the SWOT framework's simplicity, versatility, and ability to provide a holistic view of an organization's strategic position have made it enduringly relevant in contemporary strategic management. The journey of the SWOT framework from its inception to its present-day significance is a testament to its adaptability and enduring relevance. Tracing its evolution allows us to appreciate how this foundational tool has transformed to meet the evolving needs of strategic management. While new methodologies emerge, the SWOT framework provides organizations with a foundational platform to assess their strengths, weaknesses, opportunities, and threats, making it an indispensable asset in the strategic decision-making process.

Components of the SWOT Framework:

The SWOT framework comprises four interrelated components: Strengths, Weaknesses, Opportunities, and Threats (Barney & Hesterly, 2015; David, 2017; Wheelen et al., 2017; Bryson, 2018; Chuang & Huang, 2019; Fathi & Wilson, 2019; King et al., 2023).

Strengths: These are internal attributes and resources that provide an organization with a competitive advantage. Strengths may encompass tangible assets such as advanced technology, skilled workforce, and strong brand reputation, as well as intangible attributes like organizational culture and innovation capacity.

Weaknesses: Weaknesses refer to internal limitations that hinder an organization's performance and competitiveness. These could include inadequate resources, outdated technology, poor employee morale, and inefficient processes.

Opportunities: Opportunities are external factors that an organization can exploit to its advantage. These can arise from market trends, consumer preferences, technological advancements, regulation changes, or shifts in the competitive landscape.

Threats: Threats encompass external factors that pose challenges or risks to an organization's success. Threats may arise from competitors, economic downturns, changes in consumer behaviour, regulatory hurdles, or geopolitical uncertainties.

Significance and Benefits of SWOT analysis:

In the ever-evolving landscape of strategic management, the SWOT framework is a cornerstone tool that aids organizations in gaining a holistic perspective of their strategic position (Andrade et al., 2023). This section delves into the significance and benefits of the SWOT framework, shedding light on why it remains a valuable asset for organizations seeking to navigate complexities and drive success.

Comprehensive Strategic Assessment: One of the foremost significances of the SWOT framework lies in its ability to facilitate a comprehensive assessment of an organization's internal and external factors (Puyt et al., 2023). By systematically evaluating strengths, weaknesses, opportunities, and threats, organizations gain insights into their core competencies, limitations, market dynamics, and potential risks (Wit & Meyer, 2010). This holistic view equips decision-makers with a nuanced understanding of their strategic landscape, enhancing the quality of decision-making (Andrade et al., 2023).

Informed Strategic Decision-Making: The SWOT framework is not merely a diagnostic tool; it serves as a guidepost for strategic decision-making. By identifying alignment between internal strengths and external opportunities, organizations can develop strategies that capitalize on their competitive advantages. Similarly, addressing weaknesses and mitigating threats informs the formulation of proactive measures (Hill & Westbrook, 1997). This informed decision-making ensures that strategies are well-aligned with the organization's strategic goals and external environment.

Innovation and Creativity Enabler: The SWOT framework encourages innovative thinking by prompting organizations to explore ways to leverage strengths and opportunities for growth (Puyt et al., 2023). By highlighting areas where an organization excels, decision-makers are inspired to devise inventive strategies to disrupt markets and create value (Brown & Eisenhardt, 1997). This emphasis on innovation aligns well with the demands of today's rapidly changing business landscape.

Alignment with Resource Allocation: Effective resource allocation is a critical aspect of strategic management. The SWOT framework aids resource allocation by highlighting areas where investments can yield the highest returns (Andrade et al., 2023). Organizations can channel resources toward strengthening their strengths and addressing weaknesses, ensuring optimal utilization and alignment with strategic priorities (Rothaermel & Deeds, 2004).

Stakeholder Communication and Engagement: Transparency and communication are vital for organizational success. The SWOT framework offers a structured platform for communicating strategic insights to stakeholders. Whether it is investors, employees, or partners, the framework provides a clear snapshot of the organization's strategic direction, fostering engagement and alignment (Bryson & Alston, 2011).

Flexibility and Adaptability: In a dynamic business environment, flexibility and adaptability are crucial. The SWOT framework's periodic assessment enables organizations to adjust their strategies in response to changing internal and external dynamics. This agility ensures organizations remain relevant and competitive (Weihrich, 1982).

The SWOT framework is a strategic tool that aids in informed decision-making, innovation, and organizational excellence by providing a comprehensive view of an organization's strategic landscape, enabling strategic alignment and securing a competitive edge.

Critique and Limitations SWOT framework:

This section critically evaluates the constraints and challenges associated with the SWOT framework, shedding light on areas where it may fall short.

Superficial Analysis and Subjectivity: One of the primary critiques of the SWOT framework is its potential to lead to superficial analysis (King et al., 2023). The categorization of factors into strengths, weaknesses, opportunities, and threats may need to be more concise in order to make sense of the complexities of an organization's strategic position (Mintzberg et al., 1998). Additionally, identifying strengths and weaknesses can be subjective and influenced by bias, potentially leading to an inaccurate assessment (Puyt et al., 2023).

Lack of Prioritization: The SWOT framework does not inherently provide a mechanism for prioritizing factors. Organizations often need a clear indication of which ones are the most critical (King et al., 2023). Without a proper prioritization process, decision-makers may struggle to identify the most strategic areas that require attention or action (Liedtka & Rosenblum, 1996; Yontar & Derse, 2023).

Static Nature and Lack of Context: The SWOT framework is typically conducted as a snapshot analysis, capturing a moment. In dynamic business environments, where factors can change rapidly, this static nature of the framework can limit its effectiveness (King et al., 2023). Also, the framework does not naturally consider the small details of the situation, which can change how important certain factors are or how they interact (Stead et al., 2000).

Neglecting Interrelationships: An organization's internal and external factors are often interconnected. The SWOT framework may overlook the intricate relationships among these elements (King et al., 2023). For instance, a strength might mitigate a particular threat, or a weakness might impact the organization's ability to capitalize on an opportunity (Lorange & Vancil, 1977; Puyt et al., 2023).

Limited Prescription for Action: While the SWOT framework identifies strengths, weaknesses, opportunities, and threats, it does not inherently provide a clear prescription for action (King et al., 2023). Organizations are left to interpret the analysis and develop strategies independently. A direct link between the analysis and actionable strategies is necessary for its practicality (Humphrey, 2005; Puyt et al., 2023).

Overemphasis on Internal Factors: The SWOT framework tends to emphasize internal factors over external ones. This internal focus might result in organizations needing to look into external trends and competitive dynamics that can significantly impact their strategic decisions (King et al., 2023). Neglecting external factors can lead to strategic blindness (Boal & Hooijberg, 2000).

The SWOT framework, a vital tool in strategic management, has limitations such as oversimplification, lack of prioritization, static nature, neglect of interrelationships, limited action prescription, and internal focus, necessitating alternative tools for a more dynamic strategic perspective.

In conclusion, for this section, the SWOT framework is a crucial strategic management tool that helps organizations assess their internal capabilities and external environment. It enables them to create strategies that align with their strengths, address weaknesses, seize opportunities, and navigate threats.

The essence of the SOAR framework

The SOAR framework, introduced by Stavros and Hinrichs (2009), is a unique approach to analyzing organizational factors, offering a positive, future-oriented perspective (Sullivan, 2017). It challenges traditional SWOT analysis and represents a paradigm shift in strategic management, enabling organizations to thrive in today's complex environment.

Foundation and Evolution of the SOAR Framework:

The SOAR framework, rooted in Positive Organizational Scholarship, shifted focus from deficit-based to strengths-based approaches, challenging conventional thinking and inspiring a new strategic analysis and management approach, focusing on virtues and positivity within organizations (Cameron & Dutton, 2003). Cooperrider and Srivastva's Appreciative Inquiry (AI) significantly influenced the SOAR framework, emphasizing positive inquiry, collaboration, and positivity, which laid the groundwork for innovative thinking (Cooperrider & Srivastva, 1987). The SOAR framework is a strategic tool that combines Positive Organizational Scholarship (POS) and Appreciative Inquiry, focusing on positive attributes, aspirations, and future possibilities (Cooperrider et al., 2008). It was developed by Cooperrider and Whitney (2001), who also contributed to the framework with insights from Stavros et al. (2007).

The SOAR framework is underpinned by several philosophical principles:

Positive Lens: At its core, the SOAR framework advocates viewing organizations positively. It encourages organizations to identify and leverage their strengths and positive attributes, setting the stage for transformative change (Cameron et al., 2003).

Inquiry and Collaboration: Echoing AI principles, the SOAR framework emphasizes inquiry and collaboration. By fostering dialogue and inquiry around strengths and aspirations, organizations can co-create a positive vision for their future (Cooperrider & Whitney, 2001).

Future-Oriented Thinking: The SOAR framework's emphasis on aspirations and results directs attention toward the future. It aligns with the concept that organizations evolve toward the questions they ask, guiding them toward desired outcomes (Cooperrider & Srivastva, 1987).

The SOAR framework, a blend of Positive Organizational Scholarship and Appreciative Inquiry, aims to foster organizational success by promoting positivity, strengths, and aspirations, offering a transformative departure from traditional analytical tools.

Components of the SOAR Framework:

In the ever-evolving landscape of strategic management, the emergence of the SOAR framework has introduced a fresh perspective that emphasizes strengths, aspirations, and positive possibilities (Rogers et al., 2016). This section aims to delve into the distinct components of the SOAR framework, shedding light on their significance and how they collectively shape organizations' strategic decisions.

Strengths (S): The strengths component of the SOAR framework serves as its foundation. It involves identifying and leveraging an organization's inherent capabilities, competencies, and positive attributes (Cooperrider & Srivastva, 1987). By recognizing what an organization does well, leaders can build upon existing strengths to seize opportunities and overcome challenges.

Opportunities (O): In the SOAR framework, opportunities are viewed through a lens of alignment with an organization's strengths. Unlike the conventional approach, which focuses on threats, the SOAR framework encourages organizations to seek opportunities that resonate with their strengths (Stavros et al., 2007). This alignment enhances the likelihood of success when pursuing new avenues.

Aspirations (A): The aspirations component represents a departure from traditional analysis methods. It encourages organizations to articulate their long-term vision, purpose, and desired future state (Hammond et al., 2011). By setting ambitious aspirations, organizations create a positive direction that informs decision-making and strategy formulation.

Results (R): The results component of the SOAR framework reflects the practical and tangible outcomes an organization seeks to achieve. It encourages organizations to establish clear metrics and measures of success aligned with their aspirations (Cooperrider & Whitney, 2001). Measuring results allows organizations to assess their progress and adjust strategies as needed.

The SOAR framework's effectiveness lies in its harmonious interaction of components. It enables organizations to seize opportunities, align opportunities with capabilities, articulate aspirations, and measure results. This holistic approach encourages innovation, cultivates a positive organizational culture, and empowers organizations to succeed in an ever-changing world.

Significance and Benefits of the SOAR Framework:

In strategic management, where change and innovation are paramount, the SOAR framework has emerged as a game-changing approach (Schwartz et al., 2017). This section aims to unravel the significance and benefits that the SOAR framework offers to organizations seeking to chart a positive and purposeful trajectory in today's complex business landscape. At its core, the SOAR framework signifies a paradigm shift. It goes beyond traditional analyses that often emphasize weaknesses and threats. Instead, the SOAR framework emphasizes the building blocks of success – strengths, aspirations, and positive possibilities (Cameron & Caza, 2004). This focus on the positive aspects of an organization has a profound impact on the strategic transformation journey.

Positive Organizational Culture: The SOAR framework nurtures a culture of positivity and optimism. By encouraging organizations to identify and celebrate strengths, it creates an environment where employees feel valued and motivated to contribute their best (Cameron et al., 2003).

Innovation and Creativity: One of the key benefits of the SOAR framework is its ability to fuel innovation. By focusing on strengths and aspirations, organizations are inspired to explore creative ways of leveraging their unique capabilities to seize opportunities (Stavros et al., 2007).

Strategic Alignment: The SOAR framework promotes strategic alignment across the organization. When strengths are aligned with opportunities and aspirations, strategies become coherent and purpose-driven, ensuring everyone works toward common goals (Cooperrider & Whitney, 2001).

Long-Term Sustainability: The aspirational component of the SOAR framework encourages organizations to envision sustainable success. By setting ambitious aspirations and tracking results, organizations are better equipped to create enduring value and resilience (Hammond et al., 2011).

Future-Oriented Thinking: The emphasis on aspirations in the SOAR framework encourages organizations to think beyond short-term goals. Aspirations guide decision-making toward long-term vision and sustainable success, cultivating a forward-thinking mindset (Hammond et al., 2011).

Employee Engagement: Organizations that embrace the SOAR framework often witness increased employee engagement. When employees are encouraged to identify strengths and contribute to aspirational goals, they become more invested in the organization's success (Cameron et al., 2012).

The significance and benefits of the SOAR framework reverberate throughout organizations and industries. This innovative approach offers a refreshing departure from conventional analyses by focusing on strengths, aspirations, and positive possibilities. The positive culture it fosters, the avenues for innovation it opens, and the strategic alignment it ensures make the SOAR framework an invaluable tool for contemporary strategic management. As organizations navigate a rapidly changing business landscape, the SOAR framework is a beacon of positivity, guiding them toward purposeful and sustainable success.

Critique and Limitations SOAR framework:

In the quest for effective strategic management, the SOAR framework has gained prominence for its positive and aspirational approach. This article aims to critically assess the framework's potential limitations and critique, offering a nuanced perspective on its application and implications. While emphasising strengths and positivity is a hallmark of the SOAR framework, critics argue that excessive focus on positivity might lead to overlooking critical issues and potential risks (McAdam & Brennan, 2007). Organizations may need to address weaknesses or threats hindering comprehensive strategic planning.

Limited Focus on External Challenges: The SOAR framework's optimistic lens might prevent organizations from adequately addressing external challenges and industry dynamics. Critics contend that relentlessly pursuing strengths and aspirations might undermine the need to navigate competitive pressures and evolving market trends (Schwandt, 2007).

Unrealistic Aspirations: While setting ambitious aspirations is a key element of the SOAR framework, critics caution against setting goals that are too lofty or detached from the organization's current reality (Thomas & McAdam, 2004). Unrealistic aspirations can result in disillusionment and frustration among stakeholders.

Lack of Critical Analysis: Critics highlight that the SOAR framework might downplay the significance of critical analysis and honest self-assessment. In contrast to traditional frameworks that emphasize weaknesses, the SOAR framework might inadvertently discourage organizations from critically evaluating potential areas for improvement (He & Baruch, 2010).

Resistance to Change: Organizational change often requires addressing resistance and challenges. Critics argue that the SOAR framework's positive orientation might overlook the complexities of change management, potentially leading to insufficient consideration of the psychological and emotional aspects of transformation (Cameron & Lavine, 2006).

Absence of Risk Management: Risk management is a crucial component of strategic management. Critics contend that the SOAR framework's emphasis on strengths and aspirations might sideline proactive risk assessment and mitigation, leaving organizations vulnerable to unforeseen challenges (Pickett, 2007).

Cultural Sensitivity: Applying the SOAR framework in diverse cultural contexts might require careful consideration. Critics point out that the framework's emphasis on positivity and aspirations might not align with cultural nuances and preferences, necessitating adaptation to ensure relevance (Nguni & Sleegers, 2010).

While the SOAR framework offers a refreshing departure from traditional analysis methods, it is essential to evaluate its limitations and potential drawbacks critically. A balanced approach involves leveraging the framework's strengths while acknowledging its critique. Organizations considering the adoption of the SOAR framework should be mindful of its potential pitfalls and exercise strategic discretion to ensure its practical application in their unique contexts.

In conclusion of this section, the SOAR framework shifts strategic management from weaknesses to strengths, aspirations, and positive possibilities, empowering organizations to innovate, foster positive cultures, and achieve sustainable success in a complex, uncertain world.

A comparative concept of the SWOT and SOAR frameworks in strategic management

Strategic management is a dynamic process that involves assessing an organization's internal capabilities and external environment to make informed decisions that drive success. To assist in this endeavour, various strategic frameworks have been developed. The SWOT framework, introduced in the 1960s, has long been a staple in strategic analysis. However, in the 21st century, the SOAR framework emerged as an alternative approach. This section critically examines the SWOT and SOAR frameworks, highlighting their differences and similarities and providing insights into their practical applicability.

Origins and Methodologies:

Albert S. Humphrey pioneered the SWOT framework in the 1960s at the Stanford Research Institute (Humphrey, 2005). It involves identifying an organization's strengths and weaknesses and external opportunities and threats (Sweeney, 2010). The analysis is typically presented in a 2x2 matrix format, offering a snapshot of the organization's strategic position (Weihrich, 1982; Yontar & Derse, 2023).

On the other hand, the SOAR framework was introduced in the early 2000s as a response to the limitations of SWOT. Developed by Stavros and Hinrichs (2009), SOAR focuses on an organization's positive attributes – strengths, opportunities, aspirations, and results. It aims to inspire and guide organizations towards their desired outcomes, fostering a culture of innovation and continuous improvement (Stavros & Hinrichs, 2009; Andrade et al., 2023).

Applicability:

The SWOT framework is widely applicable due to its simplicity and versatility. It is a foundational tool for strategic analysis, helping organizations understand their internal capabilities and external environment (Veliyath & Fitzgerald, 2000). However, its weakness lies in the need for more guidance on how to prioritize or transform identified factors into actionable strategies (Helms & Nixon, 2010).

In contrast, the SOAR framework suits organizations seeking to leverage their strengths and drive positive change (King et al., 2023). It encourages a forward-looking approach by emphasizing aspirations and desired results. Nevertheless, its applicability might be limited in scenarios where immediate threats must be addressed (Jacobs & Dye, 2018).

Focus and Perspective:

The SWOT framework casts a wide net, considering internal and external aspects (Houben et al., 1999). It provides a holistic view of the organization's strategic landscape. However, focusing on weaknesses and threats may lead to a more defensive strategy, limiting the organization's growth potential (Li et al., 2018).

SOAR adopts a strengths-based perspective, aiming to amplify what the organization does best (Rogers et al., 2016). It encourages organizations to define and pursue their aspirations, fostering a positive and proactive organizational culture. This approach aligns well with contemporary trends in positive psychology and appreciative inquiry (Snyder & Lopez, 2009).

Outcomes and Implementation:

SWOT analysis typically results in a list of strategic options that leverage strengths and opportunities while mitigating weaknesses and threats (Jacobs & Dye, 2018). However, it often needs a precise mechanism for implementation, potentially resulting in the identification of strategies without effective execution plans (Weihrich, 1982).

SOAR focuses on desired results and outcomes, ensuring that strategies align closely with organizational aspirations (Stavros et al., 2007). This framework offers a more straightforward pathway to implementation, as the emphasis is on defining measurable results that can be tracked and achieved (Sullivan, 2017).

In conclusion, the SWOT and SOAR frameworks offer different approaches to strategic management, each with its advantages and limitations. The SWOT framework provides a foundational understanding of an organization's position but may need help translating analysis into actionable strategies. The SOAR framework, on the other hand, focuses on strengths, opportunities, aspirations, and results but may need to be more effective in addressing immediate threats.

Why has the SOAR framework been attracted by the strategist scholars?

Strategic management is a pivotal discipline in the business world, as organizations seek to navigate the complexities of their competitive landscapes to achieve sustainable success (Laszlo & Myers, 2010). SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis has long been a cornerstone tool in strategic decision-making (Jacobs & Dye, 2018). However, in recent years, an alternative framework known as SOAR (Strengths, Opportunities, Aspirations, and Results) has gained traction among strategist scholars (Keramati et al., 2020). The appeal of the SOAR framework stems from its unique approach to strategy formulation and its potential to address the limitations associated with SWOT analysis.

The Evolution of Strategic Frameworks: To understand the appeal of the SOAR framework, it is essential to recognize the limitations of traditional frameworks like SWOT analysis (Ling, 2020). SWOT analysis has been criticized for its tendency to focus on negatives, lack of prioritization, and failure to provide a clear, actionable strategy (Helms & Nixon, 2010). Consequently, scholars and practitioners have sought alternatives that offer a more positive and forward-looking perspective on strategy (Friesner & Saari, 2010).

Table 1. A Comparative concept of the SWOT and SOAR Frameworks in Strategic Management

	SWOT	SOAR
Origins and Methodologies	The SWOT framework, developed by Albert S. Humphrey in the 1960s, identifies an organization's internal strengths, weaknesses, opportunities, and threats. It presents a 2x2 matrix for a strategic position.	The SOAR framework, introduced in the early 2000s, focuses on an organization's positive attributes, fostering innovation and continuous improvement.
Applicability	The SWOT framework is a versatile tool for strategic analysis, helping organizations understand their internal capabilities and external environment. However, it lacks guidance on prioritizing and transforming identified factors into actionable strategies.	The SOAR framework, on the other hand, is suited for organizations leveraging strengths and driving positive change, emphasizing aspirations and desired results.
Focus and Perspective	The SWOT framework considers internal and external aspects, but may limit growth potential.	SOAR adopts a strengths-based perspective, focusing on amplifying strengths and fostering a positive, proactive culture. This approach aligns with positive psychology and appreciative inquiry trends.
Outcomes and Implementation	SWOT analysis generates strategic options, but lacks a clear implementation mechanism.	SOAR focuses on desired outcomes and aligns strategies with organizational aspirations, offering a straightforward pathway to implementation.

Exploring the SOAR Framework: The SOAR framework, introduced by Jacqueline Stavros and Gina Hinrichs in 2009, presents a paradigm shift from the traditional SWOT analysis (Stavros & Hinrichs, 2009). Instead of focusing on weaknesses and threats, SOAR emphasizes an organization's strengths, opportunities, aspirations, and desired results (Stavros & Hinrichs, 2009). This positive approach resonates with the broader movement towards strengths-based approaches in various fields, including psychology and management.

Distinctive Features of the SOAR Framework: The distinctive features of the SOAR framework play a significant role in attracting strategist scholars (Sullivan, 2017). Unlike SWOT, which tends to view the organization in isolation, SOAR places a strong emphasis on collaboration and engagement, fostering a sense of shared vision and commitment among stakeholders (Cameron & Green, 2015). This alignment with principles of positive psychology and appreciative inquiry promotes a culture of optimism, innovation, and continuous improvement within the organization.

Addressing Limitations of SWOT Analysis: The appeal of the SOAR framework is also rooted in its ability to overcome some of the limitations associated with SWOT analysis (Stavros & Hinrichs, 2009). For instance, SOAR's focus on aspirations and desired results provides a more precise direction for strategy formulation, thus addressing the criticism that SWOT analysis often fails to translate findings into actionable plans (Houben et al., 1999). Furthermore, SOAR's emphasis on collaboration and engagement mitigates the isolated and subjective nature of SWOT analysis, enhancing the credibility of the strategy-building process (Schwartz et al., 2017).

Application of the SOAR Framework: Numerous case studies and practical applications have demonstrated the value of the SOAR framework in various contexts. For instance, the healthcare sector has successfully utilised SOAR in creating patient-centred care models

(Schwartz et al., 2017). The education sector has also embraced the framework to promote student engagement and academic excellence (Keramati et al., 2020). These real-world applications further underscore the relevance and attractiveness of the SOAR framework.

Critique and Controversy: While the SOAR framework offers substantial advantages, it is not without its critics. Some scholars argue that SOAR's emphasis on positivity and aspirations might lead to a neglect of potential threats and challenges (Pfeffer, 2010). Additionally, transitioning from traditional SWOT to SOAR may require a significant paradigm shift, which could face resistance in organizations accustomed to the former approach (Rogers et al., 2016).

In conclusion of this section, the SOAR framework is gaining popularity among strategists due to its unique approach, potential to address the limitations of traditional SWOT analysis, and its emphasis on strengths, collaboration, and positive engagement.

The challenge of the SOAR framework

The SOAR framework represents an alternative approach to traditional SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis, focusing on an organization's strengths, opportunities, aspirations, and desired results. It was introduced as a response to the limitations of the SWOT framework, which often emphasizes weaknesses and threats, leading to a more problem-focused mindset. SOAR, on the other hand, encourages a positive and proactive perspective by emphasizing strengths and aspirations, aiming to drive innovation and growth (Hammond et al., 2011). Despite its potential advantages, the successful implementation of the SOAR framework presents several challenges that warrant scholarly exploration.

Theoretical Underpinnings:

The theoretical foundation of the SOAR framework lies in the field of positive psychology and appreciative inquiry (Jacob, Eberl & Häusler, 2017). Positive psychology asserts that focusing on strengths and positive attributes can lead to higher levels of motivation, creativity, and overall well-being (Keramati et al., 2020). Appreciative inquiry, a methodology rooted in positive psychology, seeks to identify and amplify an organization's existing strengths to promote growth and innovation (Bertalan & Chikan, 2019). The SOAR framework aligns with these principles by emphasizing strengths and aspirations as the cornerstone of its approach.

Potential Benefits of the SOAR Framework:

Proponents of the SOAR framework highlight several potential benefits, such as fostering a positive organizational culture, enhancing employee engagement, and promoting innovation (Keramati et al., 2020). Research by Cameron and Lavine (2006) suggests that organizations that focus on strengths and positive attributes create a more inclusive and empowering culture, leading to higher levels of employee satisfaction and retention. Moreover, the framework's emphasis on aspirations and desired results can catalyze innovation, encouraging organizations to think beyond incremental improvements and aim for transformative change (Cooperrider et al., 2003).

Practical Challenges:

Organizational Culture Shifts: One of the primary challenges in implementing the SOAR framework is the required shift in organizational culture. Traditional business practices often emphasize problem-solving and risk mitigation, whereas SOAR encourages a more positive and future-oriented mindset (Bertalan & Chikan, 2019). This cultural shift can encounter resistance from employees accustomed to a different mindset and can take time to establish (Whitney & Trosten-Bloom, 2003). Changing the cultural fabric of an organization necessitates leadership commitment, consistent communication, and a phased approach to ensure successful adoption.

Limitations in Quantitative Measurement: Another significant challenge pertains to the quantitative measurement of strengths, aspirations, and results. Unlike traditional metrics used in SWOT analysis, which often involve quantitative data, SOAR's focus on qualitative attributes can make measurement and comparison more complex (Bertalan & Chikan, 2019). This challenge can hinder the establishment of clear performance indicators and benchmarks (Cameron et al., 2011). Academic research by Laszlo and Myers (2010) suggests that organizations must develop innovative ways to measure and track qualitative aspects effectively.

Strategic Rigidity: While the SOAR framework promotes a positive approach to strategy development, some critics argue that it can lead to strategic rigidity (Bertalan & Chikan, 2019). By focusing primarily on existing strengths and aspirations, organizations might overlook emerging threats and weaknesses. This can result in complacency and hinder the organization's ability to adapt to changing market dynamics (Biswas, 2017). The right balance between leveraging strengths and addressing weaknesses requires careful consideration and integration with other strategic management tools.

Misalignment with Traditional Business Practices: SOAR's departure from traditional SWOT analysis can also lead to misalignment with established business practices (Bertalan & Chikan, 2019). Many organizations are accustomed to the SWOT framework and its structured approach to strategic planning. Transitioning to SOAR requires a significant mindset shift and retraining of employees at various levels. This can disconnect the framework's conceptual merits and its practical implementation (Brockbank & McGill, 2006).

In conclusion of this section, the SOAR framework offers a promising strategic planning approach. However, organizations must overcome challenges like cultural shifts, qualitative measurement innovation, strategic flexibility, and alignment with existing business practices to implement them successfully.

Integrated implications of the SWOT and SOAR frameworks

Strategic planning is a fundamental process for organizations to navigate their competitive landscapes and achieve long-term success (Jacobs & Dye, 2018). Over the years, various frameworks have emerged to aid in this process. Two such frameworks are the SWOT analysis and the SOAR framework. The SWOT analysis is a classic approach that assesses an organization's internal strengths and weaknesses along with external opportunities and threats. At the same time, the SOAR framework focuses on strengths, aspirations, opportunities, and results, highlighting a strengths-based approach to strategy formulation.

The integration of the SWOT and SOAR frameworks presents a compelling opportunity for organizations to harness the strengths of both approaches (Ling, 2020). This integration allows for a more balanced and comprehensive strategic planning process.

Comprehensive Analysis: Integrating SWOT and SOAR can lead to a more comprehensive analysis of an organization's strategic environment (Ling, 2020). By considering internal strengths and weaknesses as well as aspirations and opportunities, decision-makers gain a more nuanced understanding of the strategic landscape (Bryson & Alston, 2011).

Informed Decision-Making: The synthesis of SWOT and SOAR enables more informed decision-making (Ling, 2020). While SWOT provides a realistic assessment of an organization's current state, SOAR encourages leaders to envision ideal outcomes. Combining these insights allows identifying of feasible pathways towards achieving aspirational goals (Fathi & Wilson, 2019).

Balanced Strategy Formulation: Integrating the two frameworks facilitates a balanced approach to strategy formulation (Ling, 2020). While SWOT highlights potential vulnerabilities, SOAR reinforces an organization's strengths and aspirations. This equilibrium guides organizations to exploit opportunities while mindful of potential challenges (Nag et al., 2007).

Stakeholder Engagement: The integration of SWOT and SOAR promotes stakeholder engagement (Ling, 2020). The SWOT analysis involves diverse stakeholders in identifying strengths, weaknesses, opportunities, and threats. SOAR then aligns stakeholders around shared aspirations and results, fostering collaboration and commitment (Jacobsen & Godemann, 2018).

In conclusion of this section, the SWOT and SOAR frameworks provide strategic planning insights for organizations, enabling them to capitalize on strengths, address weaknesses, exploit opportunities, and achieve visionary outcomes, fostering creativity and stakeholder engagement.

Leveraging the integrated implications of SWOT and SOAR frameworks for enhanced business operations

The SWOT framework has long been a staple in strategic management, providing a structured approach to assess internal strengths and weaknesses and external opportunities and threats. On the other hand, the SOAR framework takes a positive and future-oriented perspective by focusing on strengths, opportunities, aspirations, and results. By integrating these two frameworks, businesses can cultivate a holistic perspective that not only identifies potential challenges but also capitalizes on inherent strengths and envisages a desirable future.

Comprehensive Environmental Analysis: Integrating SWOT and SOAR facilitates a comprehensive environmental analysis, enabling businesses to understand their competitive landscape more deeply (Ling, 2020). This approach combines SWOT's external environmental scan with SOAR's emphasis on leveraging strengths and opportunities to generate innovative solutions. By doing so, businesses can proactively address threats while capitalizing on emerging opportunities (Miller et al., 2020).

Informed Strategy Formulation: The integrated framework enhances strategy formulation by aligning strengths with aspirations and opportunities (King et al., 2023). This synergy encourages strategists to develop realistic and aspirational goals that capitalize on the organization's core competencies and the evolving marketplace. Researchers note that this approach fosters a more robust and adaptable strategy (Johansson et al., 2018).

Culture of Innovation: By combining the aspirational aspect of SOAR with SWOT's focus on weaknesses, businesses can foster a culture of innovation (Ling, 2020). This integration prompts organizations to not only mitigate weaknesses but also to view them as potential areas for growth and creativity. This mindset shift enhances the organization's capacity for innovative problem-solving (Rigby & Bilodeau, 2019).

Stakeholder Engagement: The integrated approach encourages stakeholder engagement by emphasizing results and aspirations (Ling, 2020). By involving stakeholders in the strategic dialogue and aligning their aspirations with organizational goals, businesses can cultivate a more collaborative and harmonious relationship with their ecosystem (Cameron et al., 2017).

Balanced Performance Measurement: Integrating SWOT and SOAR promotes a balanced performance measurement system (Ling, 2020). While SWOT focuses on identifying weaknesses and threats, SOAR's emphasis on strengths and aspirations ensures a comprehensive assessment of performance indicators (King et al., 2023). This balanced approach prevents the neglect of any critical aspect of the business's operations (Bertalan et al., 2019).

Agility and Adaptability: The integrated framework enhances organizational agility and adaptability by merging SWOT's assessment of threats with SOAR's emphasis on results (King et al., 2023). This combination prompts businesses not only to identify potential disruptions but also develop actionable strategies to navigate them successfully (Dörfler et al., 2016).

The SWOT and SOAR frameworks provide a comprehensive strategic management approach, enabling businesses to identify strengths, weaknesses, opportunities, and threats, enhancing strategy formulation, stakeholder engagement, and adaptability.

IMPLICATIONS AND FUTURE RESEARCH POSSIBILITIES

While both the SWOT and SOAR frameworks have their merits, future research can shed light on refining and enhancing their practical applications. Here are some areas for potential investigation:

Integration of Frameworks: Integrating elements from both frameworks could yield a more comprehensive strategic analysis tool. By incorporating the depth of analysis from SWOT and the future-focused approach of SOAR, organizations could benefit from a more balanced perspective on their strategic landscape.

Actionable Strategy Development: Developing methodologies that bridge the gap between analysis and action within the SWOT framework could enhance its utility. Researchers can investigate techniques that guide organizations in translating SWOT insights into tangible strategies, fostering more effective decision-making.

Contextual Factors: Examining how contextual factors such as industry type, organizational size, and cultural differences influence the effectiveness of both frameworks can provide insights into their applicability across diverse settings. This can lead to the development of tailored approaches for different contexts.

Long-Term Impact: Research focusing on the long-term impact of utilizing the SOAR framework, particularly in fostering a positive organizational culture, employee engagement, and innovation, could provide organizations with a clearer understanding of the framework's benefits beyond initial implementation.

The SWOT and SOAR frameworks provide distinct strategic analysis and organizational development approaches, each with strengths and limitations. Future research on integration, strategy development, contextual factors, and long-term impact can enhance their practical utility.

CONCLUSION

Strategic management involves assessing an organization's internal and external environments to make informed decisions and create effective strategies. The SWOT and SOAR frameworks are two popular tools for this purpose. The SWOT framework, introduced by Albert Humphrey in the 1960s, evaluates an organization's strengths, weaknesses, opportunities, and threats, while SOAR, developed by Jacqueline Stavros and Gina Hinrichs in 2009, focuses on strengths and aspirations. Both frameworks offer distinct yet complementary approaches to strategic management, with the SWOT framework being useful for initial assessments and discussions, while SOAR fosters innovation and collaboration. The choice between these frameworks depends on the organization's strategic goals, industry context, and appetite for innovation. Future research should provide empirical evidence on the effectiveness of these frameworks in various industries and explore how they can be combined to enhance strategic decision-making.

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CONFLICTS OF INTEREST

The author declares that there are no conflicts of interest found in this research.

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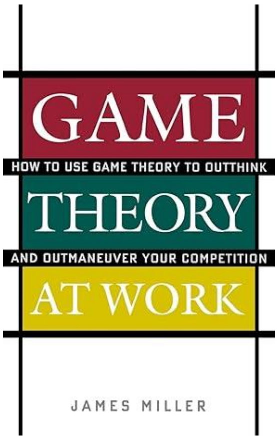
BOOK REVIEW



GAME THEORY AT WORK: HOW TO USE GAME THEORY TO OUTTHINK AND OUTMANEUVER YOUR COMPETITION

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"Game Theory at Work" asserts game theory's indispensable role in contemporary business strategy, offering a practical guide for understanding competitors' strategic pursuits. The book eschews complex mathematics, opting for a straightforward approach illustrated through lively case studies. It emphasizes the application of game theory in negotiating advantageous positions and managing employees effectively. With a view of business as a strategic game, the book provides accessible language to help readers instantly comprehend and navigate the dynamics of competitive scenarios, consistently maximizing outcomes. In essence, it positions game theory as a vital tool for success in the serious game of business, offering intellectual tools for strategic decision-making across various business facets.

This book offers a compelling exploration into the practical applications of game theory in the realm of business strategy. Released in 2003, this book serves as a guide for professionals seeking to gain a strategic edge in competitive environments. The book introduces key themes such as cooperation, competition, and negotiation, illustrating their practical application for strategic advantages through engaging case studies. Its distinctive strength lies in practicality, as Miller avoids unnecessary jargon, providing actionable insights readily applicable for professionals, managers, and entrepreneurs involved in strategic decision-making. The clarity of Miller's writing style, coupled with a logical structure progressing from foundational principles to advanced applications, ensures that even those unfamiliar with game theory can grasp its relevance to real-world scenarios. However, a critique arises from potential oversimplification for readers already familiar with the subject, and a desire for a more in-depth exploration of recent case studies or developments in game theory applications. Nevertheless, "Game Theory at Work" remains a valuable resource, empowering individuals to enhance strategic decision-making skills, navigate industry dynamics, and gain a competitive edge. The book's practicality, clarity, and real-world examples make it a worthwhile read for professionals across various industries, catering to both seasoned executives and aspiring entrepreneurs in today's dynamic business environment.

Moreover, this book lies in its impressive strengths, notably its adept translation of intricate game theory concepts into practical applications. James Miller successfully navigates theoretical frameworks, showcasing their relevance in everyday business scenarios and ensuring accessibility for a diverse readership, including those less familiar with game theory. The book's credibility is further bolstered by the incorporation of real-world examples and case studies from various industries, providing tangible illustrations of how game theory principles can be effectively employed. Miller's clear, concise, and jargon-free writing style enhances accessibility, making the subject engaging and easily comprehensible for readers at different familiarity levels with game theory. Additionally, the book's logical structure, progressing from foundational concepts to advanced applications, facilitates a systematic and comprehensive understanding, contributing significantly to its effectiveness as an educational resource.

While "Game Theory at Work" demonstrates notable strengths in rendering game theory accessible to a business audience, it does exhibit certain weaknesses. The book's simplicity, an asset for accessibility, might pose a drawback for readers well-versed in game theory who seek a more nuanced exploration of the subject. Published in 2003, the book lacks coverage of recent developments in game theory, potentially diminishing its relevance to contemporary readers. Additionally, the text could benefit from a more diverse range of perspectives, as well as a deeper exploration of specific topics, to provide a richer understanding of how game theory applies across various cultural, regional, or industry-specific contexts. Despite these weaknesses, the book remains a valuable resource, excelling in practicality, real-world examples, accessible writing, and a logical structure. Its limitations, however, underscore the need for readers to supplement their understanding with additional resources for a more comprehensive grasp of game theory's evolving landscape.