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MEASURING THE CALLERS' SERVQUAL SATISFACTION OF CALL MANAGEMENT CENTRE: A CASE STUDY OF POWER UTILITY COMPANY IN MALAYSIA

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ABSTRACT

Call management centers (CMC) are a major customer interface today. More than 70 percent of customer contact occurs through CMC. It is the customers' first point of contact and could reach out to a large number of customers through the telephone. This study investigated the level of CMC service quality. 534 self-administered questionnaires (adapted from Parasuraman's SERVQUAL) were analysed. The findings showed that calls, waiting time and professional staffs are the main problems (Responsiveness and Assurance). Hire knowledgeable staff and training current staffs may rectify the issues and may increase the level of callers' satisfaction to the CMC.

Keywords: call management centers; SERVQUAL.

INTRODUCTION

Customer satisfaction is a global evaluation, which implies the assessment of the product or service as a whole made by the client (Seiders et al., 2005; Olsen, 2007). It is a key and valued outcome of good marketing orientation practice and the principal purpose of a business is to create satisfied customers (Anderson & Fornell, 2000). High quality service has been proven to be crucial for organizational success (Parasuraman et al., 1988; Mangold and Babakus, 1990; Rust and Oliver, 1994) and is the major driving force for business sustainability (Carlzon, 1987). According to Czepiel (1990) business success now and in the future depends on the performance of the service provider's interactions with the customer. Companies seeking to improve the performance and contain the costs of their customer service interactions through their call centres enjoy a growing array of technological options: telephone, web sites, online chat, voice recognition systems, etc.

Since customer satisfaction is crucial to organizations' profitability, sustainability and improve the company's performance, continuously monitoring of its customers' satisfaction, demand and preferences is required. Call centres have become an inevitable aspect of service delivery in today's business world and more than 70 per cent of all customer contact occurs through call centres (Feinberg *et al.*, 2002). Call centres are supposed to be a major customer interface for many organizations, and are often characterized by their role of providing the first, if not the only, point of contact for the customers to engage with their service provider (Dean, 2004; Dean & Al Rainnie, 2009). It helps organizations in managing customer relations more effectively by reaching out to a large number of customers through the communication medium of the telephone, at a lower cost base, and with a higher and faster return per head employed.

The company's commitment to excellence in its products and services is a pledge to customer service excellence. Thus, this study investigated the company's call center service excellence effectiveness and identified the service quality dimensions that strengthen its customer satisfaction as well as the weak link.

LITERATURE REVIEW

Customer Satisfaction

The key to business survival and success is building and maintaining strong customer relationships (Bergeron, 2001). To ensure customer satisfaction, trust, and loyalty, businesses must focus on service quality. High service quality is critical to the profitability of an organization, because it enhances customer satisfaction (Mao & Zhang, 2012; Zeithaml, Berry, & Parasuraman, 1996;). According to Gustafsson, Johnson, & Roos (2005), customer satisfaction is the customer's overall evaluation of performance for a current offering. It is the customers' post-purchase comparison between pre-purchase expectation and performance received (Oliver, 1980; Zeithaml et al, 1993).

It summarizes the psychological state of emotion surrounding disconfirmed expectations and coupled by the customer's prior feelings about consumption experience. Customer

satisfaction is often achieved through the quality of personal contacts (Fong &Wai, 2008; Abili, Thani& Maryam, 2012. Kettinger and Lee (1997) accordingly presented an integrative model of customer service and defined customer satisfaction as the difference between predicted service (what a customer believes will occur) and the perceived service (what a customer believes actually did occur).

Measuring service quality and satisfaction traditionally involves asking customers for subjective attitudinal evaluations, i.e. asking if they personally felt the service they received was satisfactory Hossain & Islam (2013). High-quality customer service is really defined by calls that are satisfactorily resolved with correct information during the first interaction, in a timely fashion, and rated highly by participants (DeNucci, 2011).

Call Management Center

Call management centre is a platform that delivers the services offered by a firm to the customers (Norling, 2001). Call centers offer attractive substitute for conventional work place, however, they are related to the negative effects on employee performance and stress (Robertson, 2004). The strategic advantage to the business organizations is closely associated with the productivity of the customer service representative, which is measured by the sharp response by the call center and answering phone calls quickly and correctly.

A call center is about people, process and technology. High-quality customer service balances those three elements by focusing on four key factors, namely complete training, with ongoing refreshers, management of employee turnover, measurement and reporting of relevant results that reflect quality and accessible, easy-to-use technology.

High-quality customer service is really defined by calls that are satisfactorily resolved with correct information during the first interaction, in a timely fashion and rated highly by participants. The indicators of high quality call center's customer service include first-call resolution, quick and easy access to a customer service representative, length of call, accurate and complete answers, satisfied callers and consistent level of service.

Service Quality

Theory of service quality originated from the literature on product quality and customer satisfaction. Perceived service quality is the result of customers' subjective judgment of the level of the service offering and its delivery (Korda&Snoj, 2010). Previous researches agreed that service quality is a multidimensional construct. Parasuraman et al. (1988) thus defined perceived service quality as a global judgment or attitude related to the superiority of a service, which is based on disconfirmation paradigm.

The most frequently used scales in the measurement of service quality are SERVQUAL (Parasuraman et al., 1988)and SERVPERF (Cronin & Taylor, 1992). SERVPERF scale is identical to the SERVQUAL scale in its dimensions and structure directly measures the customers' perceptions of service performance and assumes that respondents automatically compare their perceptions of the service quality levels with their expectations of those

services. SERVQUAL (Parasuraman et al., 1988) measured perceived service quality by identifying the service gaps between customers' expectations and their perceptions of the actual performance.

RESEARCH METHODOLOGY

Research Objectives

There are two research objectives for this study, first to identify the determinants of CMC service quality and second to measure the level of customer satisfaction towards the services offered and facilities provided by CMC.

Research Framework

Figure 1 depicts the foundation on which this research will be based upon. The study adapting Public Service Call Centre Model (Curry & Lyon, 2008) and it encompasses the 3-S of services (Peters and Waterman, 1982) and the concept of information culture based on organizational culture (Curry and Penman, 2004).

FIGURE 1 – RESEARCH FRAMEWORK



Service Quality Scale or SERVQUAL (Parasuraman et al., 1985, 1988, 1991) has been chosen because it incorporated all the key drivers of the Public Service Call Centre model and more comprehensive. On top of that SEVQUAL has been widely accepted both by the management as well as the academicians. The following are the 5 dimensions of SERVQUAL;

Reliability dimension is the ability of CMC performing the promised service dependably and accurately, which includes follow through with commitments in a timely manner, showing sincere interest in delivering the service, dependable and insists on error-free records.

Empathy dimension is the caring, individualized attention CMC provides for its customers (personal attention and understand their specific needs).

Tangibility dimension is the appearance of the physical facilities, equipment, personnel, and communication materials which includes projecting professional image.

Responsiveness dimension is the service employees' willingness to help customers and provide prompt service. They also inform customers about the time needed to perform the service and the completion period required.

Assurance dimension is the level of knowledge and courtesy of the CMC staffs and their ability to inspire trust and confidence to the customer in handling their matters or complaints.

Instrument

The self-administered questionnaires were distributed to about 600 respondents who have called TNB for inquiries and complaints. But only 534 questionnaires were returned completed and analyzed. There were three sections in the questionnaire form. Section 1 measures the level of customer satisfaction using an adapted SERVQUAL dimensions (Parasuraman et al, 1988). Section 2 described their personal and demographic profile.

Sampling Framework

Table 1 illustrates the number of respondents required for this study. The respondents reside in the Central and East Coast regions will participate via face-to-face self-administered questionnaire or telephone. Those reside in the North and South regions will be reached via telephone or online.

TABLE 1 –NUMBEROF RESPONDENTS BY REGION

REGION	CMC	CMC	CMC
Central	61,554	32.1%	131
South	42,877	22.4%	91
East Coast	32,067	16.7%	68
North	55,042	28.7%	117
TOTAL	191,540	100.0%	408

The respondents were further stratified by the category of calls, such as no power supply, internal fault (wiring & meter), street lights, ELCB tripping and supply-in-order as depicted in Table 2. These are the categories that have been established by the CMC.

TABLE 2 –NUMBEROF RESPONDENTS BY CATEGORY

CMC CALLS CATEGORY	%	NO OF SAMPLES
No supply	69.0%	281
Internal faults	15.8%	65
Street lights	5.5%	22
Tripped ELCB	5.1%	21
Supply-in-order	4.6%	19
TOTAL	100.0%	408

RESEARCH FINDINGS

Demographic Profiles

Based on Table 3 below, it depicts the majority of the respondents are fall between age of 20-39 years old (72.1%). The gender is almost equal with 51% male and 49% female. Most of them are SPM/STPM 25.8%), Diploma (28%) and Degree holders (26.4%). Furthermore, most of them are employed either in management (22.1%), professional (27%) or support staffs (21.3%).

TABLE 3 – DEMOGRAPHIC PROFILE

DESCRIPTION	N	%	DESCRIPTION	N	%
AGE GROUP			STATES OF RESIDENCE		
> 50 years old	51	9.6	Perlis	9	1.7
40-49 years old	83	15.5	Kedah	5	0.9
30-39 years old	205	38.4	Perak	10	1.9
20-29 years old	180	33.7	Pulau Pinang	11	2.1
< 20 years old	15	2.8	Kuala Lumpur	105	19.7
GENDER			Selangor	118	22.1
Male	275	51.5	Malacca	13	2.4
Female	259	48.5	Johor	10	1.9
EDUCATION LEVEL			Pahang	57	10.7
Post Graduate	59	11.0	Terengganu	121	22.7
Degree	141	26.4	Kelantan	30	5.6
Diploma	147	27.5	Negeri Sembilan	45	8.4
STPM/SPM	138	25.8	TYPES OF CALLS		
Others	49	9.2	Inquiries	96	18.0
OCCUPATION			Street Lights	68	12.7
Management	118	22.1	Residence Power Supply	177	33.1
Professional	134	25.1	Community Power Supply	169	31.6
Support Staff	114	21.3	FREQUENCY OF CALL		
Self-employed	95	17.8	Weekly	19	3.6
Unemployed	48	9.0	Fortnightly	9	1.7
Others	25	4.7	Monthly	37	6.9
			Few times	248	46.4
			Once or twice	221	41.4

KMO Measure and Bartlett's Test

The Kaiser-Mayer-Okin measure of sampling adequacy test in Table 4, shows that the factor loading is adequate with the result at 0.969; therefore no variables would be excluded. In addition the Bartlett's test of sphericity is strongly significant at 0.00. Thus, the factor analysis could be further analyzed.

TABLE 4: KMO AND BARTLETT'S TEST

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.969
Bartlett's Test of Sphericity	Approx. Chi-Square
	13125.712
	df
	378
	Sig.
	0.000

Reliability Analysis

Reliability test is conducted to ensure reliability and validity of the statements within the questionnaire. In this study, there are five dimensions of service quality and have a total of 29 questions which distributed to the respondents. Table 5 it shows the reliability results of each dimension and all fall within the acceptable range (between 0.7 and 0.99)

TABLE 5: CRONBACH'S ALPHA

DIMENSIONS	CRONBACH'S ALPHA	NO OF ITEMS
Reliability	.921	6
Empathy	.926	6
Tangibility	.703	5
Responsiveness	.915	6
Assurance	.863	6

Correlation Analysis

A correlation analysis was further used to gauge the relationship between the gap of each of the service quality dimension and overall satisfaction level experienced by the CMC customers.

Based on the results in Table 6, it is indicates that the overall customer's satisfaction level was significantly associated with the all service quality dimensions (reliability, empathy, tangibility, responsiveness and assurance). This is shown by the significant value of less than 0.050 (p-value = 0.000).

TABLE 6: CORRELATION ANALYSIS

DIMENSIONS		RELIA BILITY	EMPATHY	TANGI BILITY	RESPON SIVENESS	ASSU RANCE	OVERALL SATISFACTION
Reliability	Pearson Cor. Sig. (2-tailed)		.781 .000	.696 .000	.691 .000	<u>.623</u> .000	.646 .000
Empathy	Pearson Cor. Sig. (2-tailed)			.672 .000	.651 .000	<u>.561</u> .000	.649 .000
Tangibility	Pearson Cor. Sig. (2-tailed)				.678 .000	.622 .000	<u>.585</u> .000
Responsiveness	Pearson Cor. Sig. (2-tailed)					.850 .000	<u>.627</u> .000
Assurance	Pearson Cor. Sig. (2-tailed)						<u>.609</u> .000
Overall Satisfaction	Pearson Cor. Sig. (2-tailed)						

CONCLUSION AND LIMITATIONS

Overall, this study attempts to investigate the service excellence effectiveness provided by one of the power utility in Malaysia. From the result, there are several actions need to be taken by the company which is by hiring knowledgeable staff and provide effective training course to the staffs. Perhaps it may improve the level of callers' satisfaction to the CMC. While responsiveness and assurance also been identified as two major areas that company should consider in reducing the number of complaint towards service rendered by CMC.

The findings from this study support previous findings in other industries and the results show the high correlations between each dimension and by increasing the level of professionalism in delivering the reliability, empathy, tangibility, responsiveness, and assurance can increase the level of the customer satisfaction which in turn would influence their purchase decision as well as the brand loyalty.

There are some limitations to the study. First, this study was conducted in a specific setting thus the results could not be directly generalized to other organizations or other industries. The model needed to be tested before the confirmation of the relationship in other settings. Second, the customer service practices utilized by the organization may not be fully under control of individual outlets because the centralized nature of the customer complaint handling process. In other words, level of customer satisfaction may be affected by constrains outside the call center's control. Third, specific dimensions of satisfaction have been chosen for study because of their particular relevance to customer satisfaction of CMC. It is possible that other dimensions of satisfaction would reflect different results. Due to the limitation, perhaps this study could be expanded to other Government Link Company (GLCs) in future research which is similar group with the sample of this study.

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FAST FASHION IN BANGKOK: A STUDY ON RELATIONSHIP BETWEEN CUSTOMER DEMOGRAPHY, MARKETING MIX AND BRAND LOYALTY RELATING TO PRODUCT PURCHASE BY CUSTOMERS

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ABSTRACT

This study explores the relationship between customer demography, marketing mix elements and brand loyalty relating to product purchase through customer behavior and identify which group of customers, marketing mix element, or brand loyalty significantly contributes to Fast Fashion Sales in Bangkok. The findings express five relationships between marital status and purchase frequency, educational level and purchase frequency, place and purchase frequency, occupation and amount spent per time, and monthly income and amount spent per time. The findings will enable fast fashion companies to understand customer perspectives towards marketing mix and brand loyalty and development their marketing strategies to contribute to sales.

Keywords: Fast Fashion, Bangkok, Customer Demography, Marketing Mix, Brand Loyalty

INTRODUCTION

This research explores the relationship between customer demography, marketing mix, and brand loyalty relating to product purchase (purchase frequency and amount spent per time) of fast fashion in Bangkok. Due to the lack of knowledge in fast fashion consumer behavior in Bangkok to make the understanding in this industry, this is an existing problem which restricts the further development of fast fashion market in a way. Recently, the existing works and the research about the connection between fashion and consumer behavior is not plenteous, however a few researches have been contributed in this area, for example, the book 'Consumer Behavior in Fashion' by Solomon and Rabolt in 2004 (Solomon & Rabolt, 2009) provided a comprehensive analysis of today's fashion consumer. But for the fast fashion field, which should be separately treated from the ordinary fashion field, seldom studies what consumer behavior involves or pays attention to this newly growing market because firstly the fast fashion is always considered as a small part of the fashion industry, so the features of fast fashion and its own consumer characteristics are ignored.

This research also will explore the marketing mix, a business tool used in marketing products. The marketing mix is often crucial when determining a product or a brand's unique selling point (the unique quality that differentiates a product from its competitors), and is often synonymous with the four Ps: price, product, promotion, and place from the perception of customers whether they are influenced to purchase by the 4Ps or they are influenced by other factors.

Another reason is that, there is no research conducted in Thailand focusing on brand loyalty in the fast fashion field. Brand loyalty is important because it is a key driver of repeat purchase behavior and the repeat purchase generates long term value. (Asseal, 1998) It is difficult and expensive to gain new customers, thus brand loyal customers hold consummate appeal to marketers. To deal with these overwhelming choices, the consumer develops evoked sets of brands factors that affect these sets including the value of a consumer's time, the enjoyment of the process or experience, the perceived risk of engaging in choice at all, where a habitual preference or current provider exists, or where alternative choices have unstable pricing (e.g. interest rates) or unknown quality and finally the perceived differential between products or services in sector.

Thus, this research explores the relationship between customer demography, marketing mix, and brand loyalty relating to product purchase (purchase frequency and amount spent per time) of fast fashion in Bangkok. The reason of unprecedented research on this topic before is that this research will be presented in an exploratory statistics survey from real customer behavior and perception.

METHODOLOGY

The researchers had chosen non-probability sampling design by using convenience sampling of fashion consumers only in Bangkok, since Bangkok is the metropolis and is a crowded city covering every gender, age, marital status, education, occupation, and monthly salary rate which is suitable for doing research. Due to the use of unknown population for conducting this survey, the sample size would be determined based on the method as follow: $n = P (1-P) (Z)^2 / e^2$ Accordingly, the result was 384, therefore, the researcher decided to distribute 400 sets of questionnaires in order to prevent an error. Thus the target population was 400 cases totally.

The research instrument was conducted by primary data obtained from questionnaires via online survey by asking for information about purchasing behavior and consumer perception on marketing mix and brand loyalty towards fast fashion which were categorized into as follow; Part I: Questions of demographic data, the questionnaires was developed by using closed-end question design and chosen multiple choices, single answer. Part II: Questions of general information of shopping behavior which indicate purchasing frequency and amount spent per time of a customer, the questionnaires were developed by using close-end questions design and chosen multiple choices, single answer. Part III: Questions of perception of marketing mix towards fast fashion in Bangkok, the questionnaires were developed by using rating scale question which of measured by applying 5 scales level as follow. Part IV: Questions of perception of brand loyalty towards fast fashions in Bangkok, the questionnaires were developed by using rating scale question which is measured by applying 5 scales level. This result of all 400 samples were calculated and analyzed by using Data Analysis Program

as the frequency, percentage, mean, standard deviation, multiple regressions and also using reliability analysis to calculate reliability of the result. One-way ANOVA was utilized to test hypotheses and determine the significant of demographic data and perception on brand loyalty of respondents and multiple regression was utilized to test hypotheses and determine the significant of relationship between customers' demography, marketing mix, and brand loyalty relating to product purchase. The entire research hypotheses were tested to indentify 0.05 level of significance. If the significance level is more than 0.05 the null hypothesis is to be rejected, if the significance level is more than 0.05 the null hypothesis then is accepted.

LITERATURE REVIEW

Fast Fashion

Fast fashion is a new term used to describe clothing collections that are based on the most recent fashion trends. The fast fashion cycle is moving faster than the normal fashion cycle influenced by the Internet, technological innovation and globalization, the up-dated rate of fashion becomes rapid, and then turns to form new market and fields, apparently has shorter cycle because it grows and consumes faster Solomon & Rabolt (2009).

The phenomenon of fast fashion is under-researched academically, but has received attention in most of the fashion and business press. The fast fashion concept has generated a Harvard Business School case study, and the fast fashion sale accounts for 12 percent of the UK apparel market Liz & Gaynor (2006), meanwhile, the sales of adults' fast fashion clothing have grown an astonishing 11% in an otherwise subdued retail market (TNS n.d.) thus it can be roughly estimated how big the fast fashion market of all over the world exist. In any case, Fast fashion will no longer be ignored.

Key words in fast fashion; first, cheapness can stimulate consumption and make products flow quicker this gives opportunity for the fast fashion brand to have the ability of space and capital to update their garments fast. This is because in the fashion industry everything from production to distribution can be de-localized with relative ease, which makes cheap more widely developed than other industries Bosshart (2006). Fast fashion's soul is to make fashion at low price and with speed, which means cheapness plays an essential role in fast fashion. For instant, H&M describes its mission as "Fashion and quality at the best price". Cater: To focus on the fast strategy, fast fashion brands do anything to shorten their product's shelf time. Not as strict as some luxury brands, fast fashion brands tend to make more response to consumer's preference instead of insisting some belief. For example, in Zara, it ra chooses to cater the consumers by denying their own design without loss of time. No design stays in the shop for more than four weeks, which encourages Zara fans to make repeat visits. Dominance: A fast fashion system combines quick response production capabilities with enhanced product design capabilities, to both design hot products that capture the latest consumer trends and exploit minimal production lead-times to match supply with uncertain demand Cachon & Swinney (2010). All of these need a strong mature group to support and manage. That is why there are only some established fashion brands dominating the fast fashion market.

Marketing Mix

The marketing mix is a business tool used in marketing products. The marketing mix is often crucial when determining a product or brand's unique selling point (the unique quality that differentiates a product from its competitors), and is often synonymous with four Ps: price, product, promotion, and place; in recent times, however, the four Ps have been expanded to seven Ps or replaced by four Cs. There are different sort of four Cs theories today. One is Lauterborn's four Cs (Consumer, Cost, Communication and Convenience); another is Shimuzu's four Cs (Commodity, Cost, Communication, and Channel). The Marketer, McCarthy(1960), proposed a four Ps classification which has been used by marketers worldwide.

Product

Having great product is the essential foundation of a great business. In the classical marketing framework, “product” is defined as an item or service that meets a consumer’s need or desire (Business of fashion; 2014: online). Fashion designers are often designing products that people don’t yet know they want, and then using the various marketing strategies to pull customer desire. As there are many business and trend considerations involved in the development of a collection. When planning marketing plan, it is important to consider whether they will be aiming to promote the brand or specific products. It is advisable to feature actual product, as this can directly help to drive sales and awareness of key items. For question examples need to be asked before decision to promote brand or specific product, is there an iconic piece from your collection that conveys your message best? Is there unique design or functional features to call out or focus on? Is there a particular lifestyle or activity that you want to associate with your product or brand? Is there a specific person or archetype you want to associate with your brand? What colors are important to the brand DNA, year round or seasonally?

Price

Another marketing mix component that needs to be looked into is the price factor. A consumer making purchase will use price as an important extrinsic cue and indicator of product quality or benefits. This would imply that higher priced products will have characteristics that are more valuable than the lower priced products. According to Kamakura and Russell (1993), high priced brands are often perceived to be of higher quality and less vulnerable to competitive price cuts than low priced brands. It has been supported by previous research that price and perceived quality has a positive relationship Rao & Monroe (1989). In fashion, price is not only a reference to the nominal amount of money being charged for a product. It can also refer to the “value equation” that the brand creates in a consumer’s mind. For a price being paid, what qualitative benefits and functional utility is the consumer getting in terms of design, quality, and goodwill? The resulting value equation will have a sizeable impact on how your brand is perceived. This should be considered before any price tickets are printed (Business of fashion; 2014: online).

Price refers to manufacturing costs, wholesale and retail prices, discounted prices and margin and profit. Pricing has two perspectives for marketing purposes; one is from the point of cost, what an item actually costs either to produce or to purchase, for buyer. It is considered complete figure so that it can calculate the total cost. The second standpoint is the selling price; to look at the situation from customer or end-customer’s perspective. It is considered from what might be a expected selling price and factors in terms such perceived value and availability. Perceived value reflects the worth of product; it may not directly relate to the

cost of product; or the actual cost of production or wholesale purchase price. An understanding of customers' perceptions of value is so very essential, as is awareness of competitor pricing within the marketplace Posner (2011).

Place

Place is about getting the suitable product to the right place at the good time and the proper amount concerning logistics and the various methods of transporting, storing and distributing, merchandise and the means by which a company's products reach their target customer; termed as 'route to market'. This relates to how to distribute and ways to sale Posner (2011).

Distribution is considered as a crucial role in the eventual acceptance and sales of a new product in the market. This is because it determines the availability of the new product to customers. The right distribution method has to be planned and developed in order to reach to right target market. The distribution method need to reflect the target market's buying pattern and allow for maximum availability or contact with if target consumers. Distribution is intensive when a particular product or brand is placed in as many outlets as possible and this strategy is commonly used for products which the consumer requires a great deal of location convenience.

Fashion brands have multiple sales channels through which to reach end consumers. "Place" refers to selling the right product at the right price (value) in the right place (Business of fashion; 2014: online). Brand placement influences customers reach and how product is perceived. Thus, picking the right accounts can have a major impact, not only on financial results, but also on brand image. Brand should always consider the brand equity that they can create or destroy by working with certain retail partners. If brand own direct-to-consumer sales channels (a physical store or a commerce-enabled website), brand has the power of controlling the environment and experience. This gives an opportunity to tell the story exactly as brand want it. It is important for every brand to have a website. This may only require a small investment of time and money, but will be a crucial way to capture the traffic that brand generate when creating interest in brand. The website is as the first window into brand.

Promotion

Promotion is about the communication to the customers through all the available devices for marketing, communication and promotion of company and products and services. The promotional mix is known as the mix of promotional activities such as advertising, sales promotion, public relations, personal selling or sponsorship, Posner (2011). Advertising has always been seen as a crucial extrinsic cue depicting product quality Milgrom & Roberts (1986). Kirmani and Wright (1989) have described heavy spending in advertising shows the firm in investing in the brand, which indirectly implies superior quality. Advertising spending capacity are very good indicators for not only superior quality but also good buys Archibald, Haulman & Moody (1983). Apart from that Aaker and Jacobson (1994) also found positive relationship between advertising and perceived quality by consumers. The promotional devices are used to achieve company objectives. There are many more innovations and creations to promote fashion. The advertising in high-profile fashion magazines is one example of the most recognized promotional drives for fashion such as Vogue or Harper's Bazaar, Grazia or Marie Claire; catwalk and public interest; and the PR and razzamatazz that surrounds celebrities and their endorsement of designer fashion. One way for retailer or fashion wholesaler to advertise their business and provide extra attraction to customers is bringing off an in-house magazine or seasonal brochure. Companies that choose to do producing a high-quality, multi-page publication usually publish on biannual basis, timing

editions to promote Spring and Autumn collections since there's a costly and intensive process. The reflection of style and content of the publication can possibly affect to both underlying values of brand and attitudes and interests of targeted customers. Magazines and brochures are also a great tool in order to communicate essential information e.g. details for head office or customer services and locations and addresses of stores.

Sales promotion has also been seen to aid in improving consumers brand loyalty. Methods such as special sales, using media to distribute coupons, package coupons, rebates and refunds are some of the methods that fall into the sales promotion factor Blattberg, Eppen & Lieberman (1981). Sales promotion has been found to be easily copied and counteracted, thus making it as one of the less desirable methods in order to form brand equity Aaker (1991).

Brand loyalty

Brand loyalty is the consumer's conscious or unconscious decision, expressed through intention or behavior, to repurchase a brand continually. Moreover in terms of marketing, it is a crucial goal and result of successful marketing programs, sales initiatives and product development efforts. It occurs because the consumer perceives that the brand offers the right product features, image or level of quality at the right price. The image surrounding a company's brand is the principal source of its competitive advantage, and is therefore a valuable strategic asset Asseal (1998).

Categorizing loyalty types by Kabiraj (2010) as following; No loyalty: Consumers in this category have a low attitude towards a particular Product and willingly or unwillingly they try to avoid the product purchase. Spurious loyalty: Repeat purchase may be based on the availability of deals, special offers, convenience or the influence of other people. As a result, consumer may be only temporarily loyal, and very open to competing offers. Another product comes along that is for some reason easier to buy for instance it is cheaper or the original product is out of stock, the consumer will not hesitate to choose alternative brand. Circumstantial Loyalty: repeat buying comes from lack of reasonable alternatives. Loyalty reflects an efficiency motive: the brand is good, and thus we automatically select it to minimize effort. An important efficiency case of loyalty occurs when a customer relies on an 'expert' such as a dealer or shopkeeper to make a choice for him or her. This situation often happens when the product is infrequently bought and is inexpensive, and the customer does not want to spend time searching for information and comparing about the various alternatives. Another good example is specific brand in prescription by the doctor. This can create loyalty. Latent loyalty: occurs when a consumer has a high relative attitude towards the company or brand, but this is not obvious in terms of purchase behavior. This is influenced by situation as following inconvenient store locations, out-of-stock situations, and / or the influence of other people. Sustainable loyalty: customer expresses high repeat purchase, that's because they have a strong preference (high relative attitude) exhibits in repeat buying, word-of-mouth it endorse among customers. Sustainable loyalty is achievement when the company has developed and communicated a proposition that clearly has long-term benefit for the customer, and where the customer changes his or her behavior to maintain loyal over time. Thus, sustainable loyalty occurs where repeat patronage is accompanied by a favorable attitude that is, where purchase is a result of a conscious decision by the consumer. This level of loyalty isolates a brand from competitive pressures such as advertising and price promotions, and leads to high margins and profits.

Creating consumer loyalty through the use of brand awareness, according to Ross and Harridine (2007) a brand can be described as: An identifiable product, service, person or

place augmented in such a way that the buyer or user perceives relevant, unique added values, which match their needs most closely. Brand awareness is the ability to identify the brand under different conditions, and added that it consists of brand recognition and brand recall. Brand awareness is important as it can increase the likelihood of the brand being part of, and selected from, a consideration set and ultimately strengthens brand associations and the resultant brand image Kwang-Ho, Minsung & Won-Moo (2011). According to Gustafsson, Johnson & Roos (2005), a wide variety of programs have been developed and implemented to increase customer loyalty. The majority of these programs target customers' functional and economic benefits for example price-discounts, coupons, mileage programs, etc.). However, these types of loyalty programs are necessary but not a sufficient condition to simultaneously increase multifaceted customer loyalty. Increasing customer loyalty entirely requires a customized marketing strategy that varies by each different type of loyalty Kwang-Ho et al (2011).

RESULT AND DISCUSSIONS

TABLE 1: DESCRIPTIONS OF RESPONDENTS

Item	Description	Frequency	Percentage
Gender	Male	121	30.25
	Female	279	69.75
Age	20 years old or below	83	20.75
	21 - 30 years old	280	70.00
	31 - 40 years old	34	8.50
	41 - 50 years old	0	0.00
	51 years old or higher	3	0.75
Marital Status	Single	377	94.25
	Married	23	5.75
	Divorced / Separate / widow	0	0
Education Level	High School or below	27	6.75
	Diploma degree	32	8.00
	Bachelor degree	256	64.00
	Master degree or higher	85	21.25
Occupation	Student	117	29.25
	Government Officer	29	7.25
	Housewife	8	2.00
	Private Company officer	179	44.75
	Others	67	16.75
Income	10,000 baht or below	86	21.50
	10,001 - 20,000 baht	96	24.00
	20,001 - 30,000 baht	90	22.50
	30,001 - 40,000 baht	69	17.25
	40,001 - 50,000 baht	31	7.25
	50,000 baht or higher	28	7.00

The researcher found the results from demographic aspect that majority of respondents is female for 69.75 percent, age range is between 21 – 30 years old for 70 percent, single marital status for 94.25 percent, educational level is bachelor degree for 64 percent, private company officer 44.75 percent and monthly income range at 10,001 THB - 20,000 THB for 24 percent. For purchase frequency data reveal that the majority of customers purchase once a month at 45.3 percent and they spend 1,001 - 2,000 THB per time.

TABLE 2: PURCHASING BEHAVIOR OF RESPONDENTS

Purchase Frequency	Frequency	Percentage
Once a week	16	4.0
Twice a month	35	8.8
Once a month	181	45.3
Once per six months	77	19.3
Once a year	91	22.8
Amount Spent Per Time		
Less than 1,000 baht	112	28.0
1,001 - 2,000 baht	172	43.0
2,001 - 3,000 baht	75	18.8
3,001 - 4,000 baht	23	5.8
4,001 - 5,000 baht	8	2.0
5,000 baht or above	10	2.5

The table shows that most of the respondents purchase once a month at 45.3 percent. The second is once a year at 22.8 percent. The third is once per 6 months at 19.3 percent. The fourth is twice a month at 8.8 percent. The last is once a week at 4.0 percent. In term of amount spent, per time most of the respondents spend 1,001 – 2,000 baht per time at 43.0 percent. The second is less than 1,000 baht at 28.0 percent. The third is 2,001 - 3,000 baht at 18.8 percent. The fourth is 3,001 - 4,000 at 5.8 percent. The fifth is 5,001 and above at 2.5 percent. The last is 4,001 - 5,000 at 2.0 percent.

TABLE 3: RELATIONSHIP TEST BETWEEN CUSTOMER DEMOGRAPHY, MARKETING MIX AND BRAND LOYALTY RELATING TO PRODUCT PURCHASE BY CUSTOMERS

	Purchase Frequency (sig.)	Amount Spent Per Time (sig.)
Customer Demography		
Gender	.937	.288
Age	.360	.169
Marital Status	.020	.191
Educational Level	.007	.654
Occupation	.219	.002

Income	.779	.000
Marketing Mix		
Product	.063	.608
Price	.061	.711
Place	.047	.920
Promotion	.828	.561
Brand Loyalty	.360	.391

The results express five significant relationships: the first is relationship between marital status and purchase frequency (0.020), the second is relationship between educational level and purchase frequency (0.007), and the third is relationship between place and purchase frequency (0.047). The fourth is relationship between occupation and amount spent per time (0.002), and the fifth is monthly income and amount spent per time (0.000).

LIMITATIONS AND FUTURE RESEARCH

There are three main factors in this research. First, lack of fashion consumer behavior in Bangkok survey, when this research has finished, it's hard to compare the results with former survey to discuss about fashion consumer in Bangkok or in Thailand. Second, the area of study is limited. The context of this research very specifically strict on fast fashion industry and the study of fast fashion in Thailand is very few and hard to gather because the majority of researcher is hired to do for only fashion company and serious research cost great deal of money, thus data and information cannot be revealed. Finally, cultural background and perception of Thai people may affect toward brand loyalty. From my observation, Thai people are always very ambitious with something new as they love to try and update the newest trend. For very clear example, the overture of Krispy Kreme or Garret Popcorn stores at Siam Paragon attracted Thai people to line up till front of the department store in order to purchase. This phenomenon created a new job for small distributors. They buy the products and sell them with increased price to people who don't want to wait in a queue. Recently, there is no queue at Krispy Kreme anymore. This behavior might show that Thai people might not be cultivated to be loyal on Brand or Product and it's hard to build brand loyalty in Thai people as well. Even though all findings from this survey are not much interesting and useful as the researcher expected them to be because of several limitation as mentioned in the previous section. It is important to start exploring and to make the improvement in future research to provide more fruitful finding. Therefore, the researcher suggested some recommendations that would be useful for future study on this topic or any application for business owner. Since the factor of marketing mix is only one in many factors influencing the product purchase of consumers. The future researcher could be more profoundly study about external factors that effected consumers, for example, study in dept demographic factor; education factors regarding not only level of education, but also major or minor of study. The researcher also recommends expanding more surveys for more respondents and more exact

information according that this survey took place in Bangkok. Future research could be changed methodology from quantitative to qualitative with open questions to gain different perspective findings from samples of interview such as focus group. This could provide more exclusive results; however it might take more time and money. Next, these findings could be discussed with exploratory statistics from this survey. The results might reconfirm or reject the former findings. Future research could be compared to other countries which are found the significant impact relating to demography, marketing mix and brand loyalty on product purchase in order to be investigated and discussed why there are same or different findings.

CONCLUSION AND IMPLICATIONS

The findings of this study will enable a fast fashion company to understand the elements or element combinations of marketing mix and brand loyalty that will actually contribute to sales. In the fast fashion industry, to have a customer to be loyal to a brand would be difficult as there are numerous influential elements. This is because the competitions tend to be more competitive, if they will lose their loyal consumers to their competitors as switching becomes prevalent, building strong consumer loyalty will develop lifetime consumers for their products (Rosenberg & Czepies, 1984). Fast fashion does not focus on retaining their consumers by building a strong brand loyalty so that the consumers might easily switch of brands, innovators or generics in particular. Therefore, they will have to compete with these new entrants using other elements of marketing mix. They could even develop one or more elements into their competitive advantage. There has been no research done on the relation between marketing mix and brand loyalty on product purchase in the scope of fast fashion in Bangkok. Therefore, this research will enable both local and international fast fashion to obtain useful information in retaining their consumers and therefore increasing their market share.

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DESTINATION IMAGE OF SATUN PROVINCE, THAILAND

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ABSTRACT

This study aims to investigate the dimensionality of destination image of Satun province, Thailand. The data was collected from 275 Thai tourists. The research instrument was 5-point Likert scale questionnaires. The preliminary scale consisted of 31 items ($\alpha = 0.95$). Data was analyzed via exploratory factor analysis, using SPSS. The results revealed that destination image had five dimensions, including (1) Transportation, (2) Hospitality (3) Brand, (4) Nature and (5) Entertainment with 26 indicators. Tourism marketing practitioners can use the results of the study to promote tourism and to create tourism products that are in line with the perceived destination image.

Keywords: Destination image, Satun, Thailand

INTRODUCTION

Thailand has achieved the most impressive development in the tourism industry since the past two decades. Although Thailand is a small country, it is one of the world's leading tourist destinations. (Tourism Authority of Thailand, 2007). Thailand is situated in the heart of Southeast Asia. Tourism is Thailand's fastest growing industry and commerce. It contributes to the gross domestic product (GDP), impacts positively on employment, investment, foreign exchange, and job creation. It is a way to earn foreign currency, increase international reserves, assist in increased production, and maximize the usage of resources from other sectors (Thailand Board of Investment, 2010).

However, there are the negative situational factors for the tourism industry in southern part of Thailand, including the tsunami and unrest in three southern border provinces, including Yala, Pattanee and Narathiwat provinces. In addition, the fierce competition from the emerging cities such as Vietnam, China and India and the cities with the best new product such as Japan, Hong Kong and Korea affects tourism in southern Thailand (Tourism Authority of Thailand, 2007). The number of both Thai and international tourists decreased. Therefore, it is essential that governments and the private sectors need to increase marketing efforts to stimulate tourists' demand for travelling to the destination by creating positive images through promotional strategies, including advertising, setting special events, and hosting international exhibitions and conventions. The purposes of this study were (1) to examine the travel behavior of Thai tourists visiting Satun province and (2) to identify the underlying dimensions of the current image of Satun province

LITERATURE REVIEW

Destination Site and Secondary Data

Satun is a small province in the south of Thailand that borders Malaysia, facing the Andaman Sea. The province possesses renowned picturesque islands with great variety of fauna and flora. The majority of the locals are Muslim. It is located 973 kilometres from Bangkok and occupies an area of 2,478 square kilometres with 80 kilometres of coastline. Most tourists travel to the pristine islands of Tarutao National Park. Snorkelling can be found at Lipe Island, while neighbour Adnag island is stunning with forest, hills and waterfalls. Thale Ban National Park is famous for its abundant wildlife, with many waterfalls and caves worth visiting (The Tourism Authority of Thailand, 2010).

Perceived Destination Image

Image is a set of beliefs, ideas and impressions that a tourist has about the destination (Fakeye & Crompton, 1991). Therefore, Image is characterized by a high level of subjectivity, including both cognitive aspects (beliefs) and affective aspects (feeling) (Balagu & Brinberg, 1997; Bigné, Sánchez & Sánchez, 2001). The combination of these cognitive and affective aspects provides a “Global image” of the provider which is a positive or negative assessment of the tourists (Balagu & McCleary, 1999).

Hunt (1975) suggested that image was a critical factor in a destination's tourism success. Moreover, the attraction elements such as scenery, facilities, activities, and cultures of a destination provide the motivations necessary to induce an individual to visit a determined place. Destination image is measurable and needs to be assessed. Destination image is multidimensional and comprises both symbolic and tangible features (Echtner & Ritchie 1993). Dimensions, factors, or attributes of destination image have been studied widely by various researchers, for example, Chen & Tsai's (2007) study, destination image consists of destination brand, entertainment, nature and culture, and sun and sand. Beerli and Martin (2004) study, destination image consists of natural and cultural resources, general, tourist and leisure infrastructures, atmosphere, social setting and environment, sun and sand, knowledge, relaxation, entertainment, and prestige. Baloglu & McCleary (1999) study, destination image consists of quality of experience, attractions, value/environment, relaxation/escape, excitement/adventure, knowledge, social and prestige.

This study defines destination image as “the visitor's subjective perception of the destination reality”, following Chen & Tsai (2007) and adapts the image attributes of Chen & Tsai's (2007) Beerli & Martin (2004) and Baloglu & McCleary (1999) for the study.

METHODOLOGY

Scope of the Study

Convenient sampling method was employed to collect tourist survey data in Satun province. Adult tourists over the age of 18 years were approached by trained student survey administrators. Data were collected from these tourists in a major tourism destination in Satun province on April 2011, which is considered as the “peak” season.

Instrument

The questionnaire was developed based on prior studies. The survey questionnaire consisted of the following sections: demographic data, travel behavior and destination image of the respondents. All 31 attributes for destination image were used to document the

travelers' perception of destination image. These 31 items that measured image were adapted from the works of Baloglu & McCleary (1999), Beerli (2002) and Chen & Tsai's (2007). The attributes for destination image were rated on a five-point Likert scale, where "1" equaled strongly disagree and "5" equaled strongly agree. Prior to being administered, the questionnaire was pilot tested using 30 tourists. A reliability of the entire destination image scale was Cronbach's alpha of .95, which is considered satisfactory for exploratory studies (Hair, Black, Babin & Anderson, 2010).

Data analysis

Data were analyzed using SPSS. Descriptive statistics were used for analyze the demographic data and travel behavior of the respondents. Then, an exploratory factor analysis was undertaken to determine the underlying dimensionality of destination image. Specifically, using the Principal Component Analysis with the Varimax rotation procedure, items with factor loadings lower than .4 or with serious cross-loadings on more than one factor were removed.

RESULTS

Demographic Profile and Travel Behavior

Table 1 shows demographic profiles and travel behavior of Thai tourists visiting Satun province. The results revealed that the majority of Thai tourists visiting Satun province were female (53.09%), aged between 18-24 years old (41.45%), holding college certificate (57.82%). They mostly were the government officers (26.17%) and had income between 10,001-20,000 Baht (33.09%). Thai tourists mostly travelled to Satun province with their family (36.73%). The main purpose of their trip was mostly for holiday (78.55%). Eighty two percent of tourists travelling to Satun stayed 2 days 1 night or more.

Destination Image Dimensions

The Principal Component Analysis (PCA) with Varimax rotation was conducted to explore the underlying dimensions of Thai tourists' perceived destination image of Satun province (Table 2). The Kaiser-Meyer-Olkin (KMO) value is .92. Bartlett's test of Sphericity is significant ($\chi^2 = 5088.15$, $df = 325$, $p < 0.00$). Therefore, factor analysis was appropriate for this study.

The 31 perceived destination image questions were factor analyzed to delineate the underlying dimensions of how Thai tourists perceive the image of Satun province. Five indicators were removed due to the criteria above. Five factors were extracted, explaining 69.93% of the total variance, demonstrating a reasonably high correlation between the factor groups and their individual items. A Cronbach's alpha statistic for the entire scale was .95, demonstrating good scale reliability. Based on the findings of previous research and the suitability of the individual items, those five factors were grouped and labeled. The first dimension, "Transportation", explained 18.34 % of the variance and achieved a reliability coefficient of .87. The second dimension, "Hospitality" explained 15.66 % of the variance with reliability coefficient of .81. "Brand" was the label given to the third dimension, which explained 15.19 % of the variance with reliability coefficient of .80. The fourth dimension, "Nature" explained 14.00 % of the variance and achieved a reliability coefficient of .81. The last dimension was "Entertainment", which explained 6.73 % of the variance with a reliability coefficient of .75. These five factors have eigenvalues greater than 1.0 which satisfy the requirement of the choosing factor model (Hair et al, 2010). The means and standard deviations of the five factors are provided in Table 2.

TABLE 1: DEMOGRAPHIC PROFILE OF THE RESPONDENTS AND TRAVEL BEHAVIOR

(n = 275)					
Respondents Profile	Frequency	Percent	Travel Behavior	Frequency	Percent
Gender			Travel with whom		
Male	129	46.91	alone	9	3.27
Female	146	53.09	with family	101	36.73
Age			with friends	65	23.64
18 - 24 years old	33	12.00	with colleague	27	9.82
25 – 34 years old	114	41.45	package tour	73	26.55
35 – 44 years old	60	21.82	Purpose of trip		
45 – 54 years old	34	12.36	family visit	29	10.55
55 – 64 years old	23	8.36	holiday	216	78.55
65 years old and older	11	4.00	business	10	3.64
Education level			holiday and business	16	5.82
High school or less	33	12.00	others	4	1.45
Diploma	50	18.18	Day(s) of visit		
College	159	57.82	1 day	50	18.18
University Graduated	33	12.00	2 days 1 night	113	41.09
Income			3 days 2 nights	93	33.82
10,000 Baht or less	89	32.36	4 days 3 nights or more	19	6.91
10,001–20,000 Baht	91	33.09			
20,001–30,000 Baht	43	15.64			
30,001–40,000 Baht	19	6.91			
40,001–50,000 Baht	16	5.82			
50,001Baht or higher	17	6.18			
Occupation					
Students	24	8.73			
Government officers	72	26.17			
Office workers	68	24.73			
Entrepreneurs	70	25.45			
Labor	21	7.64			
Housewife	7	2.55			
Other	13	4.73			

TABLE 2: PRINCIPAL COMPONENT ANALYSIS OF SATUN DESTINATION IMAGE

Items		Factor loadings				
		1	2	3	4	5
Q31	Signs and indicators	0.80				
Q26	Internal transportation	0.79				
Q30	Travel information	0.76				
Q28	General infrastructure	0.76				
Q25	Accessibility	0.75				

Q27	Parking facilities	0.72				
Q23	Comfort of built environment	0.56				
Q17	Food & beverage of		0.83			
Q18	Services of accommodation		0.81			
Q15	Price of accommodation		0.79			
Q16	Safety of activities		0.78			
Q19	Food & beverage provision		0.76			
Q3	Clean			0.77		
Q5	Hospitable and friendly people			0.75		
Q2	Good quality of life			0.74		
Q1	Offers personal safety			0.71		
Q4	Good name and reputation			0.70		
Q22	Uniqueness of landscape			0.48		
Q11	Specular landscape				0.79	
Q10	Great variety of fauna and flora				0.78	
Q13	Good weather				0.77	
Q14	Beautiful beaches				0.73	
Q12	Unusual ways of life and				0.67	
Q7	Good shopping place					0.86
Q9	Exotic					0.57
Q8	Varied gastronomy					0.48
Mean		3.67	3.77	4.01	3.97	3.38
SD		0.71	0.66	0.57	0.67	0.74
Eigen value		11.25	2.17	1.95	1.70	1.11
Cumulatively explained valiance (%)		18.34	34.01	49.20	63.20	69.93
Cronbach's α		0.87	0.81	0.80	0.81	0.75

CONCLUSIONS AND IMPLIMENTATIONS

The 31 perceived destination image questions were factor analyzed to delineate the underlying dimensions of how Thai tourists perceive the image of Satun province. Five factors were extracted, explaining 69.93% of the total variance, demonstrating a reasonably high correlation between the factor groups and their individual items. A Cronbach's alpha statistic for the entire scale was .95, demonstrating good scale reliability. The five factors were labeled as follows: "Transportation" (7 items with Cronbach's alpha = .87), "Hospitality" (5 items with Cronbach's alpha = .81), "Brand" (6 items with Cronbach's alpha = .80), "Nature" (5 items with Cronbach's alpha = .86), and "Entertainment" (3 items with Cronbach's alpha = .75) with total of 26 items. These five factors have eigenvalues greater than 1.0 which Based on the results of the study, the following suggestions are made:

First, it found that Thai tourists visiting Satun province mostly travel with their family and buy the package tour to visit Satun. The destination marketers should create the activities, facilities, entertainment, services and package tour that suitable and enjoyable for all members in the family.

Second, it found that Thai tourists visiting Satun province mostly stay 2 days 1 night or more. Satun province should promote longer stay tourism campaign which aims the tourists not just travelling for sightseeing but for staying and experiencing life in a particular destination.

Third, it should maintain and preserve the strength images “Brand” and “Nature”, which were identified in this study. Southern part of Thailand has been endowed with beautiful beaches which have given this tourism area a competitive advantage. Therefore, Thai government should implement methods to help preserve the beauty and quality of these natural resources in order to maintain the sustainability of southern Thai tourism. This evidence is supported by the study of Henkel, Henkel, Agrusa, Agrusa, & Tanner (2006), which revealed that culture and beaches were the top two images that both international tourists and Thai residents had in mind when thinking of Thailand as a tourist destination.

Fourth, it should provide more entertainment such as shopping place, nightlife, good food and some new attractions(the least perceived image). It should improve the hospitality services. It is essential to educate and to train local people to be good host. The friendliness of Thai residents is another factor that international tourists perceived to be important in choosing Thailand as a travel destination (Henkel et al, 2006).

LIMITATIONS AND FUTURE RESEARCH

The results of the study regarding destination image Satun province are limited to the Thai tourists and cannot be generalized to the whole tourist population. The data were collected only from Thai tourists during 1 month period in the peak season on April, 2011. The findings of this study were also based on the responses of those who were in the area during that period. However, the results have provided meaningful information to those who are responsible for promoting tourism in Satun province.

For future research, it is suggested a survey should be conducted with a larger sample size, with different market segments, such as foreign tourists, business owners, people who work in the tourism and hospitality field, and/or government officers to find out image of Satun province from their perspectives. Future studies would achieve more specific and exact results, and determine practical marketing strategies by examining and analyzing tourists in terms of segment as well as considering special promotions for different segments depending on season. Finally, it is advisable to replicate this research in other tourism destination in Thailand.

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RELATIONSHIP BETWEEN USAGES AND REVENUE MANAGEMENT ORGANIZATIONS' CHARACTERISTICS TO THE TYPES OF THE HOTELS IN CHIANG MAI COMPARING WITH CENTARA HOTELS AND RESORTS

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ABSTRACT

This study explores the use of Revenue Management in hotels located in Chiang Mai, and in particular, to examine the usage and characteristics of hotel RM organizations, and rely on the interpretive method to trace a relationship between types of hotels and those subjects comparing with Centara Hotels and Resorts. It found that Luxury is only type that both ready to apply the RM in term of organization characteristics and has RM system, followed by Superior, Value, and Style respectively.

Keywords: Revenue Management, Hotels in Chiang Mai

INTRODUCTION

Grönfeldt & Strother (2006) said that nowadays service is an important part of any businesses in basis of business so western businessmen have focused more in service industry because of national income measuring by GDP. The service is the great strategy for competitive advantage. Smith Travel Research cited in Ernst & Young (2013) showed that international markets in the Asia-Pacific region has infiltrated in term of economic uncertainty (slowdown), however, all major Asia-Pacific countries are forecast to achieve RevPAR growth in 2012 with Japan and Thailand leading their performance in the region.

According to Khrueathai, Untong, Kaosa-ard, & Villano (2011), results on the operational efficiency of the hotel industry in Thailand suggested that should focus on allocate labor efficiency that should be replaced by modern technologies for chain hotels whereas domestic investment hotels or hotels which earn revenue from only one source of income (room rate) could intend to achieve efficiency in asset management. The different of policies which use for small to large size of hotel should be identify to be appropriate with their types in Thailand hotels by government which lead to the need of revenue management to apply for this to help fulfill the suggestions.

Moreover, the number of new hotels in Thailand has grown rapidly especially in Chiang Mai, Bangkok and Phuket, as results it leads to an intense of price wars and high level of competition in 2012 first quarter. (Yoopetch, 2012) Jones Lang LaSalle (2013) said that there are 543 hotels totaling 27,369 rooms in Chiang Mai. Most of the new comers in Chiang Mai are independently owned/ owner-operated boutique hotels. In 2013, the new prominent hotel is the renowned boutique hotel chain, the Sala. SalaLanna Chiang Mai, a 16-room boutique hotel, opened in March 2013. Hotel occupancy in Chiang Mai increased for the first time in year-to-date July 2011 after a continuous drop since 2008. Chiang Mai market wide occupancy rate in year-to-date July 2011 is 33.5%. In hotel Industry, both chains and independent hotel have used revenue management (RM) for more than twenty years in many aspects. Many hotels now already have person who take care revenue as a revenue manager or even have set a revenue department for their own hotels or worldwide for independent and chain hotels respectively. The systems also have been applied to use range from simple spreadsheet to sophisticated systems. (Kimes, 2008)

RESEARCH QUESTIONS

There are two problems which this research attempts to answer;

Do hotels in Chiang Mai use revenue management and have characteristics of organizations that ready to apply revenue management?

What is relationship between usage and characteristics of revenue management to the type of the hotels in Chiang Mai and comparing with the Centara Hotels and Resorts practices?

RESEARCH OBJECTIVES

To investigate the usage of revenue management in the hotels in Chiang Mai.

To examine the characteristics of the hotels in Chiang Mai where apply revenue management system.

To study the relationship between usage and characteristics of revenue management in the type of the hotels in Chiang Mai and comparing with the Centara Hotels and Resorts practices.

Summarize the results.

LITERATURE REVIEW

Appaw-Agbola&Agbola(2013)found that the implementation of a good yield management system can increase revenue.Yield management implementation in small and medium hotels in Volta Region is a new area that managers and hotel owners need to be given more education.There is the need for the hotels to develop better information system and become highly technological due changing trends in the hospitality industry.

According to Queenan, Ferguson, & Stratman (2011), forecasting ability and organizational focus on RM both significantly positively impact RM performance. Both technical and social processes and structure impact RM by measuring RM performance either objectively or perceptually.

Noureddine (2011) discovered that these managers consider that the commitment of the management is very important for the successful implementation of YM system. A Yield Manager cannot properly do his or her work without having YM program. In order to successfully implement YM system, the personnel must be properly trained.

Due to Josephi, Aubke, & Kokkinou (2011), a wide variety of approaches are used within the Dutch hotel industry, and a gap between chain hotels and independent hotels in the level of sophistication in revenue management decision making. Chain hotels were more likely to have a revenue management system in place.

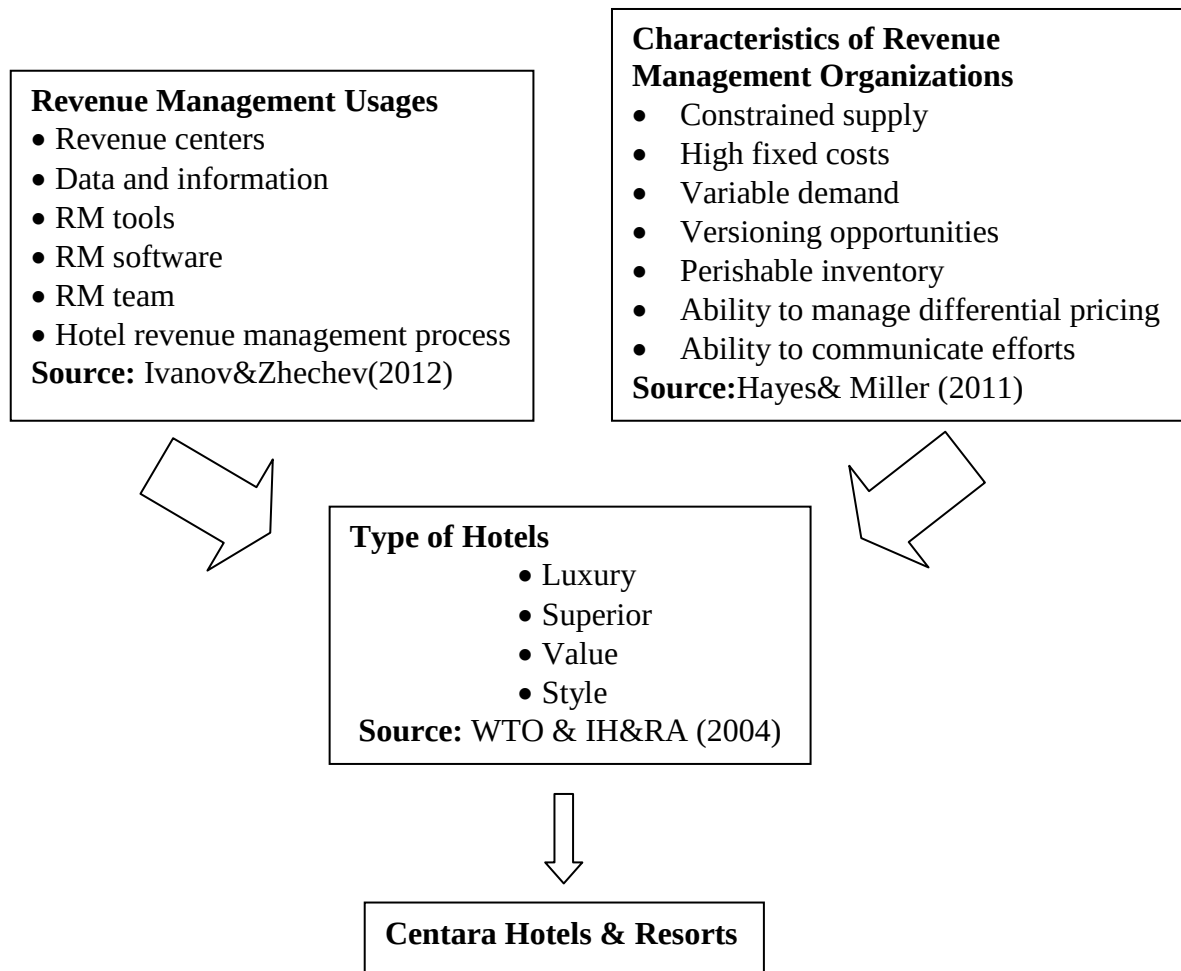
Modica, Landis & Pavan (2009) found that the strength of yield management practices and the importance of different rates for capturing the price-sensitive leisure segment. Strength of the web site, quality of services, innovative design of the building and the interiors, customer care typical of resort can be considered complementary to a good managerial tool like revenue management.

Yousef (2007) indicated that the majority of respondents is aware of YM and uses it at least moderately. The respondents perceive that the use of YM highly influences efficiency, sales, productivity, profitability, competitive advantage, capacity utilization, and costs. 53 percent of the users have been using YM for five years or more and that the conditions required for the adoption of YM exist to some extent in most of the non-users organizations.

According to Göthesson & Riman (2004), the areas identified, studied, and analyzed do not seem to be evidence that managers take on a holistic view, hence a proactive management style, but the reactive management style still seems to prevail. The external environment is not recognized as a tool to influence revenue as actions are taken due to changes in the environment. The areas of capacity, price, sales and marketing, costs, customers and human resource management seem to be more or less dealt with as separate units and they are not managed to actually influence and/or increase revenue specifically.

METHODOLOGY

FIGURE 1: THEORETICAL FRAMEWORK



The above diagram (Figure 1) shows a description of this framework contributes to a research report in two areas (1) identifies theory of six usages elements included in research and seven characteristics of organizations which were ready to apply the revenue management, and (2) clarifies relationships among both usages and characteristics toward the type of hotels were compared with the Centara Hotels and Resorts.

Scope of the Study

Theories and Concepts; there are three main concepts within this research which are six elements of RM usages; hotel revenue centers, data and information, RM tools, RM software, RM team and RM process, seven characteristics of RM organizations; constrained supply, high fixed costs, variable demand, versioning opportunities, perishable inventory, ability to manage differential pricing, and ability to communicate efforts, and concepts of hotel

management which is included type of hotels and registered hotels and were compared with the Centara Hotels and Resorts practices.

Population and samplings; population would be only 53 registered hotels operations in Chiang Mai city were included in this research. (Some of the hotels were part of chains or marketing organizations operating at an international level), and samplings would be 26 registered hotels in Chiang Mai city which were categorized by type of hotels as luxury hotels (Properties in leisure and business locations that provide the ultimate hotel experience for guests who demand the highest standards), superior hotels (Hotels and resorts that offer excellent quality rooms and facilities for both business and leisure), value hotels (Hotels where create a comfortable atmosphere providing excellent value for money), and style hotels (Boutique and historic hotels each with distinctive décor and design characteristics). Moreover, each category was selected by the method of purposive convenience samplings. Therefore a total number of samples of this research were twenty-six hotels, fifty percentage of each category.

RESEARCH FINDINGS

Data of Respondents

TABLE 1: RESPONDENTS' HOTEL CLASSIFIED BY TYPES

Types of Hotel	Frequency	Percent
Luxury	1	5
Superior	6	30
Value	7	35
Style	6	30
Total	20	100

Personal data of the respondents obtained from questionnaires was analyzed and presented in the following tables. Findings from Table 1 revealed that major group of respondents were value (35 %) and followed by superior and style (30% each).

FINDINGS: USAGE OF HOTEL REVENUE MANAGEMENT SYSTEM ELEMENTS

Hotel revenue center

Luxury hotel relied on half of room and half of food and beverage. Superiors relied on room division to generate half of revenue about 80% but the rest focused on food and beverage instead. All of value hotels relied on revenue from room division which was more than 60% and the rest were food and beverage and others. All of style hotels relied on revenue center from room more than 90% in average; the rest were on food and beverage.

Data and information

Luxury and Superior, every hotel had their own system to record the guests' history which was the priority channel that they could get data and information about their market segment, type of customers, and volume of customers in term of reports and raw data. Moreover, trend and expectation of guests some hotel could reach that information by using internet and travel website. All general information, all of values seek from internet website, partner and local association. For customers' information, some of them collect information from their own channel from their parent hotel, some of them went direct to current and new customers to receive some information, some form a group and shared their information to each member. All of styles collect general information about trend of travelers, number of traveler and their expectation from websites and also Tourism organizations. The rest information such guest history or detail of each category of their market segment, some they had their own channel to collect it.

RM tools

Luxury had both pricing and non-pricing tools to support and generate the revenue. Almost of Superiors were using pricing tools to generate and support the revenue management such as promotion. However, about 10% also focused on non-pricing tool to help them to generate the revenue such as CSR and image building which created the good results in long term. All of values were focusing on pricing tools and not even mentioned about non-pricing tools. Almost every tool that they used creates from pricing such as promotion for each season. However, some of them still used some non-pricing tools such as building the brand image. All of styles didn't say about non-pricing tools at all, they focused on only pricing in term of advertising and promotions.

RM software

All of luxury and superior did not have the modern and integrated software that could be provided very good information to support the revenue management like property management software. However, all of them at least had basic program that help them created the basic reports and information to help them more convenient and look through the overview picture such as Microsoft office. Half of values had some front office software to help supporting the revenue management such as Fidelio, Smartfinder, and Amadeus, but the problem was outdated. The rest of them did not have any software but used Microsoft office to record the guest information. Only one of style had the front office system was called Smartfinder, the rests had only Microsoft office to help them record and generate some basic reports to support the revenue management.

RM team

Luxury had the revenue manager, Directors and GM as the team members of RM team. All of Superior said that revenue team should consist of middle management level until top level like manager, GM until director. And also some said almost every department should be involved in this team. Most of values said that every person and every department should be involved and part of this team. However, management level played the major role for this team. Furthermore, some of them had revenue team but the role was only negotiating with the owner who is only one person to make the decision. RM team consists of GM, MD, owner and room division manager who are the key persons, in all of the style hotel's opinions.

RM team

All of luxury and superior had yearly plan for generating the revenue however the plan would be reviewed in weekly or monthly due to the season factor and external factor that they were faced to such as trends of customers or political issues. Moreover, some of them also mentioned about the procedure that they followed such as planning, doing, monitoring and adjusting. Most of values follow the plan and process that they already set for each year and also adjust some to be updated and the changed the real situation. Some of them have shown a bit confusion of revenue management process and service process. Some style hotel did not have RM procedure, some only follow the owner or management level to order, some only had the basic short term process or part of the whole RM procedure to follow.

FINDINGS:CHARACTERISTICS OF ORGANIZATION THAT READY TO APPLY REVENUE MANAGEMENT

Constrained supply or fixed capacity

All of luxury and superior have faced the limited supply only in low season for the room revenue. However, some of them were focusing on food and beverage including the conference and banqueting, so these supplies also limited in some period of time. Some of values said no because they was not faced with full capacity yet. However, some of them shown more understanding even one single room was limited in itself in term of size and number of staying people in each room. All of styles were facing with limited of supply because of characteristic of this type of hotel which normally limited of number of room and were also unavailable available only one small meeting room.

High fixed costs

All of luxury and superior said that utilities expense and payrolls were the high fixed cost for them. Rental, interest and maintenance expenses were another high fixed cost for most of them. All of values said that utilities expense and payrolls were the high fixed costs. The others such as rental, operational fees, and maintenance and supplies expenses were other high fixed costs in some of the hotels. Payrolls, utilities expenses and maintenance expense were the high fixed costs for all of style hotels. Rental expense was another high fixed cost for some style hotel.

Variable demand

All of luxury and superior said that demands of customers were varied in term of different needed and also different period of time. Most of values have were varied of demands in order to seasonal and period of time, but one said that not much varieties because it was focused only one group of people which had small range of demand. Some of styles were dealt with this by creating the package for each demand, some were mixed with promotion, and some were played with season instead of single segment.

High Competition

All of luxury, superior, and values located in the city of Chiang Mai and also in business areas, so the competition was high. Some of styles were in the high competition area but some not that high.

Variety of Market Segmentation

All of Luxury and superior had the same general categories of market segment which were FIT, Corporate, and Travel agent. However, in each general category was divided into many sub-categories such as government, local government, charity, education for some of them. Most of values had corporate, FIT, travel agent and government as their general market segments. Only one had only one market segment which was budgeted for the factor. All of styles had the general market segment such as corporate, FIT, and travel agent.

Versioning opportunities

All of Luxury and superior had different type of rooms to offer the customers and each type of room was different from each other in term of size, decoration, and room facilities. Some of them were used for the benefits of the room and scenery to make the different from type to type. All of values had different room types and also size, facilities and floor were made differently. Some adding view and benefits to were made more different from other types. All of styles were used size and room facilities different from their room types.

Perishable inventory

All luxury were updated to the real situation about the inventory daily and also had sudden plan be fulfilled and adjusted the situation in each day. Half of superiors used price to attract the customer in last minute such as discount or increasing the benefit package. Some of them used only long term strategies such as early bird rate, reducing the cost, or even fix and renovate some type of room to match with a new trend and expectation of customers. Some of values used promotion and discount rate to generate more revenue for a single day. The rest was not much interested in this issue, they focused only the long run strategy such as reducing the cost for low season or renovating some of room type. Moreover, some stores rooms for emergency case and owners' guests. Most of styles were not had any idea about room perishable, so they did not have any strategy to deal with. Some has only discounting to deal with.

Ability to manage differential pricing

Most of luxury and superior were used seasonal factor to differentiate the rate of each segment and also each room type. Some of them were used volume as the factor to offer the low rate for high volume. Some of values had many room rates due to many factors that they used for dividing their market segment into be matched with their room type such as season, source of customers and types of guests. Most of styles were not had a lot of room types so in each market segment had only few room rates.

Ability to communicate efforts

Up selling was the most skill that was needed for staff to generate more revenue from most of the luxury and superior hotels however, before they could up sell they needed ability of product knowledge which was the most of the hotel also mentioned. Next, the manner and service mind was also important for some hotels that was needed their staffs' ability. Most of values were focused on personal skill such as product knowledge, service mind, and negotiation. Some of hotels mentioned of teamwork skill that were another level of skill that staffs needed. All of styles were focused on language skills and service mind.

FINDINGS: COMPARING WITH CENTARA HOTELS AND RESORTS

TABLE 2: COMPARING WITH CENTARA HOTELS AND RESORTS

Usage of Hotel Revenue Management System Elements	
Hotel revenue center	Luxury and value's ratio of hotel revenue center was similar to the Centara, but superiors' and styles' were higher than it.
Data and information	Luxury and Superior were lacked some information that help for supporting the revenue management when compared with the Centara the software and system that the Centara used. On the same hand, value and style were lacked RM information and create a big gap from the Centara.
RM tools	Luxury was used similarity to both pricing and non-pricing tools supported and generated the revenue with the Centara. Superiors had not balance of both tools yet but still have been used both. However, value and style were focused only pricing tools which were provided the advantage only in short term when compared with the Centara.
RM software	All of luxury and superior were almost same the Centara as term of using the software that supported the RM but not really be modern and integrated software. On the other hand, values and styles were fallen behind the Centara in order to compare with the software that both were used which either outdated or non-integrated.
RM team	Luxuries was had same members of RM team as the Centara, and they also had RM manager. Superior, value and style there were someone who ready to be the RM member but the number of person who not ready or understanding of the RM still big.
RM process	Luxury and superior were had RM process, but were not exactly completed as the Centaras'. Either there was some part of value and style or had not been completed yet.
Characteristics of Organization that ready to apply Revenue Management	

Constrained supply or Fixed capacity	All types of hotels were had limited supplies as same as the Centara, but only some hotels were not faced with full capacity so they might understand the situation.
High fixed costs	All types of hotels had the same high fixed costs, but some might have more because of the nature of ownership of each hotel.
Variable demand	Luxury was almost the same varieties of demand when benchmark with the Centara. However, the superior, value and style might have less varieties of demand as the Centara because of number of market segment for each type of hotel.
High Competition	All types of hotel are located in the city or business area always have to face with high competition as same as the Centara.
Variety of Market Segmentation	All types of hotels had the same general categories of market segment which were FIT, Corporate, and Travel agent as same as the Centara. However, in each general category of the Centara was divided into many sub-categories which were 13 market segments in total.
Versioning opportunities	All types of room were used the same factors to differentiate their own room in term of size, decoration, and room facilities, benefits of the room and scenery as same as the Centara.
Perishable inventory	All luxury were updated to the real situation about the inventory daily and it was available sudden plan to fulfill and adjust the situation in each day as same as the Centara. Superior, value, and style were used some strategies to deal with this kind of situation which were part of the Centara doing.
Ability to manage differential pricing	This topic depends on the number of market segments, varieties of demands and also the number of room types for each hotel offering, so luxury and superior were almost the same as the Centara. But the value and style were not available in much ability to manage because of those factors.
Ability to communicate efforts	All types of hotel viewed in the same direction of the Centara for ability to communicate efforts of staffs.

CONCLUSIONS

In term of usage of hotel revenue management system elements, luxury and value's ratio of hotel revenue center were similar to the Centara, but superiors' and styles' were higher than the Centara. Information and channels that supported the RM have shown up at some of luxury and superior, but less for values and styles. Balancing of using RM tools was found only for luxury, the rest were not even due to lack of understanding in RM concept of RM team. Every type of hotels were able to produce the basic information from their own basic software or system which might out of date or non-integration, however, RM software still had advantage for every hotels that were readied for using. Luxury was existed in RM team

but the rest were not enough and lack persons who were really understand in the RM. Moreover, the RM process was found only luxury and some superiors, but it was not been exactly completed as the Centara's. Value and style were either had some part of it or uncompleted yet.

In term of characteristics of organization that they were readied to apply revenue management, all types of the hotels had limited supplies, but only some hotel were not faced with full capacity so they might understand the situation. The same high fixed costs were shown in every type of hotel, but some may have more because of ownership's nature in each hotel. There was variable demand in every type but more or less was depended on the nature of each type. All types of hotel are located in the city or business area always have to face with high competition as same as the Centara. All types of hotels had the same general categories of market segment which were FIT, Corporate, and Travel agent. However, in each general category of the Centara was divided into many sub-categories which made each type was different. All types of room were used the same factors to differentiate their own room in term of size, decoration, and room facilities, benefits of the room and scenery. Only luxury shown the perishable inventory characteristic, the rest were not really shown. The topic depended on the number of market segments, varieties of demands and also the number of room types for each hotel offering. All types of hotel viewed in the same direction of the Centara for ability to communicate efforts of staffs.

To sum up, (1) All types of hotels already applied revenue management system, only some types lacked understanding in RM concept and also right person in place who could implement it. The process was not completely done. Due to the accuracy and efficiency of information to RM, the software was needed. However, some types of hotel were not chains and small size, they might not have seen the important of the software. (2) In term of characteristics of organization that readied to apply revenue management, all types of hotels were available for those characteristics except the perishable inventory that only luxury was available. (3) Luxury was the type which both readied to apply the RM in term of organization characteristics and was existed RM system, and continuing with superior, value, and style respectively.

DISCUSSION

The study was obtained four main significance from studying, which were realized that the hotels in Chiang Mai where have applied the RM in the operating and managing in the hotels, acknowledgement of the hotels in Chiang Mai where have been available in) characteristics of RM organizations, understanding in the relationship between usage and characteristics of revenue management to the type of the hotels in Chiang Mai, using of developed framework in operating and managing the hotels.

There were similarity of this research findings when looked back to related researches, RM team needed more education in RM for hotels in small and medium sizes (Appaw-Agbola&Agbola, 2013)and supported by Nouredine, 2011 stated that in order to success in implement YM system, the personnel must have been properly trained. Furthermore, Josephi, Aubke&Kokkinou, 2011 said that gap between chain hotels and independent hotels in the level of sophistication in revenue management decision making and chain hotels were more likely to have a revenue management system in place which quite logically when compare this statement to the conclusions of this research that compare the Centara Hotels and Resorts with vary types of hotels in Chiang Mai.

There were some others factors that were involved in this research but were not included) in analysis process as same as Göthesson&Riman, 2004 showed that the external environment was not recognized as a tool to influence revenue as actions were taken due to changes in the environment. However, after conducting the research, a number of other issues were discovered. This was as the result of the comments and suggestions given by the respondents during the interview. The number of non-registered hotel and home stay that showed up as the competitors with count as an unfair competition. Price war still is the issue that hard to deal with due to lack of corporation in term of policy and concerned organizations.

LIMITATIONS

All of the mentioned reasons leads to the samples were not collected as expectation (26 hotels). This made it was difficult to generalize this study. In addition, lack of time available for each hotel to interview was not an easy task to collect clarify answers for single open question. There were several limitations to this study as follow:

The sample was focused just only in city of Chiang Mai, Thailand

Some of the interviewees the hotel which might lack of same part of knowledge about RM

Most of luxury hotel type refused to be interviewed due to the confidential of their information.

RECOMMENDATIONS

The area of how the practice of RM may affect guest satisfaction should be investigated. As the base of RM is about knowing and understanding each customer's needs, wants and willingness to pay, this should give an opportunity to increase guest satisfaction. Hence, the guests' perspective on RM could possibly play an important role in the future development of RM.

More research and literature with the Asian market as a base as well as literature in Thailand is clearly underrepresented today. If revenue is to be managed effectively and RM implemented, there is a need for Thai literature in order to make the concepts applicable for Thai businesses and their employees.

There has to be an opportunity for managers at different levels to learn and overcome the current misperceptions about RM.

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TEACHING THAI POST GRADUATE BUSINESS AND MANAGEMENT STUDENTS ABOUT THE AEC: RESULTS FROM SEVERAL THAI GOVERNMENT UNIVERSITIES

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ABSTRACT

The authors of this study , both of whom have considerable experience in teaching and supervising Thai postgraduate students in business and management at various Thai universities, were interested in researching how much information these students received in their academic programs regarding the AEC which begins on the 1st January, 2015.

We were particularly interested in any core subject areas which discussed the AEC, its intention and purpose and whether any information was given to these students on the AEC and, in particular, on its potential effects on Thai business and management.

Based on our own previous experience, it appeared that many Thai universities or, at least, Thai government universities, did not offer its post graduate business and management students any specific core programs on the AEC and we wanted to undertake a preliminary study in this area to indicate if this is, in fact, a reasonable assumption.

Based on the result of this study, even though it only contains details of a relatively small number of Thai government universities, our assumption appears to have been generally correct.

If, in fact, this is a reasonable assumption over the whole or even most of the Thai government university sector, then we regard this as unfortunate in terms of Thailand's readiness for membership of the AEC.

Keywords: AEC, Business and Management Post Graduate students at Thai Government Universities, readiness of Thai government universities for the AEC.

INTRODUCTION

In just a few weeks now, Thailand will become a member, together with nine other Southeast Asian countries of the ASEAN Economic Community (AEC).

All these countries are members of ASEAN, the Association of Southeast Asian Nations, which initially developed in 1967 primarily initially as a security organization at first, because of the concern about the rise of Communism in Southeast Asia but also with the aim of developing economic integration. As time went by, the security concerns became less

important and the economic considerations grew in importance. Initially, there were five members of ASEAN, Indonesia, Malaysia, Philippines, Singapore, and Thailand, but over time, membership has expanded to include Brunei (1984), Vietnam (1995), Laos (1997), Myanmar (1997), and Cambodia (1999). (www.ASEAN.+org/communities/asean-economic-community).

In 2003, the ASEAN leaders started planning for the greater economic integration of the ASEAN countries and this resulted in the development of the ASEAN Economic Community which begins on 1st January, 2015.

The goals of the AEC are:

- single market and production base
- a highly competitive economic region
- a region of equitable economic development
- a region fully integrated with the global economy

A lot of material has been written about the development of the AEC and , in Thailand, in particular, a lot has been written and discussed at conferences and in the media about Thailand's readiness to join the AEC. In respect of the readiness of Thailand's business and management, the general view is that Thailand business and management as a whole are not really very ready for this transition. In *The Nation* on 1st September, 2012, Dr. Supatra Amornvivat , Chief Economist of the Siam Commercial Bank, said about Thai companies' readiness for the AEC, that only a relatively few large Thai companies were becoming well-prepared for the event, but most smaller SME companies were not well-prepared or unlikely to be prepared for this transition.

Also, in 2012, Professor Kriengsak Charoenwonglan,.President of the Institute of Future Studies for Development in Thailand, in his paper, "Thailand's Readiness for the ASEAN Economic Community: Strengths and Weaknesses, says Thai strengths are:

- 1) Geographic location
- 2) :Development level
- 3) Size of the domestic market
- 4) Economic relations with ASEAN
- 5) Association with the global economy

The weaknesses are:

- Lack of understanding and awareness
 - Unfamiliarity with neighbours
 - Some inconvenience in business
 - High business cost
 - Political and administrative problems
- (www.kriengsak.com/asian%20aec)

Overall, Professor Kriengsak also considered that Thai business was not prepared for the AEC and other academics and authorities have continued to express this view.

However, it would appear that much less has been written and discussed about the preparedness of the Thai tertiary education sector for this transition

This paper is specifically concerned with the readiness of Thai business and management post graduate students or recent graduates in Thai government universities are ready for this transition, particularly with respect to any studies they may have undertaken about the AEC and its likely impact on Thai business and management.

LITERATURE REVIEW

As indicated, we found little literature specifically directed towards the topic we wished to investigate. Indeed, we tended to find more literature concerning the issue with respect to Thai private universities than to public ones.

For example, one private Thai university, Dhurakij Pundit has an ASEAN Community Preparation Center (www.nationmultimedia.com.national) and other private universities such as Assumption ,

University and the University of the Thai Chamber of Commerce have also given attention to preparation for the AEC, although these concerns appear to be mainly with improving student English language skills.

Some government universities have also registered their interest in preparing for Thailand's entry into the AEC, such as Mahidol University (www.nationmultimedia/.../leading-the-way-to-the-ASEAN-bloc)

Also, Kasetsart University, Ramkhamhaeng University and Chulalongkorn University and other government universities have indicated the need to prepare themselves for the AEC. However, whether these expressions of concern may have been translated into actual classroom teaching about the AEC as distinct from English language courses, is, perhaps, debatable..

The statements, media releases, websites and media website releases usually give little detail about the actual student teaching requirements which occur or may occur as part of their preparation for the AEC. The exception to this, as indicated, may be in English language preparation, although it is difficult to ascertain if there has been an expansion in students taking English language as a result of the upcoming entry into the AEC.

On 20th May, 2013, the Thai Ministry of Education advised that there was a need to reform the Thai education system, the aim particularly being for Thai tertiary education to be a leader in the AEC and to develop Thailand into an international education hub in the ASEAN region.

It stressed the following:

develop student skills in the English language and in the languages of neighboring countries
enhance Thai students' knowledge of the ASEAN Community

relax regulations , such as those concerning visa issuance , to facilitate the travel of foreign teachers and students to Thailand

develop the national qualifications framework in preparation for students' credit transfer within ASEAN and educational liberalization in the region

study the education policies of other ASEAN members, especially the progress of the free flow of skilled labour in seven fields: engineering, architectural, surveying, nursing, medical, dental, and accounting services

Create a working group to exchange information and create networks linking ASEAN countries

enrich public relations to boost the profile and operation of the Ministry of Education

design special task forces to handle specific missions in order to avoid duplication of work
(monitor.icef.com/...opportunities-await-foreign-educational-providers)

METHODOLOGY

It should be noted that this is not intended to be a comprehensive study over the whole Thai university sector. As indicated, except for some brief comments, it does not include the Thai private university sector. Nor does it include all Thai government universities who may offer post graduate courses in management and business which are taught in either Thai or English.

However, it does incorporate a number of the largest and most prestigious (in terms of their reputations in Thailand) Thai universities which offer these programs.

It also includes several 'up-country' main campus government universities, all of which, however, have smaller campuses located in Bangkok.

The study is, therefore, a qualitative one.

We initially made a decision of which universities we wished to include in our study and then contacted the Dean of the School or Faculty offering the appropriate post graduate programs and requested to meet with him or her to discuss this matter. In some cases, the name of the School or Faculty was not called 'Business and Management' but we were able to identify the relevant Faculty or School in each university we approached. We were also pleased that all Deans or Heads of programs were prepared to meet with us to discuss this topic with them, i.e., how prepared were their students or recent graduates from their post graduate educational experiences, course, and other academic programs for the AEC? After all, most universities, at least in or near Bangkok, have offered English language courses already for some years.

As a result, as indicated, we decided to try to interview Deans or Heads of Graduate Schools of Business and Management in regard to their teaching about the AEC and its potential impact on Thai business and management. To preserve confidentiality, we do not identify the specific university Deans whom we interviewed nor their universities.

Each interview lasted approximately one to one-&-one half hours.

It should be noted that there were some differences in the academic organizational structure of each universities, although all the universities examined taught their post graduate business and management programs in both English and also in Thai language. In each case, the cost of studying in an English language program was significantly higher than a Thai language program. Also, the English language programs contained much lower numbers of students, which may have partly been because of the higher costs to study in English and partly because many students did not have the required English language skills to undertake a program presented in English language. This question was discussed briefly with the Deans who thought that the second reason was the more likely one. The proportions of Thai language student courses to Thai language student courses varied considerably but generally it was 4 or 5 Thai courses to 1 English course, with sometimes an even higher proportion of Thai language courses.

All the Deans included in the study advised that students who wished to enrol in an English language program had to have a certain acceptable level of English before admittance by taking an appropriate English test and reaching a required minimum score,, however, these tests were not necessarily standardized , some universities using universally recognized English language tests, such as TOEFL or IELTS while others using their own university's English language test.

RESULTS OF STUDY (DETAILS OF INDIVIDUAL INTERVIEWS)

1. Interview with Dean of University A

Interview with Dean from an autonomous government University located "up-country" but with a Bangkok campus.

This person expressed considerable interest and concern about the affect of entry into the AEC with respect to Thailand and its business and management, although he said that it might take some time before its effect really started to become apparent.

He said that despite his own personal concern that the University was not nor had not done anything to educate or train its students in any Faculty or at any level, about the AEC and, in

his view, this is an important omission. He also expressed the view that it is his impression that other Thai Government Universities also have not developed such education or training programs either for their academic staff or for their students. He is on several committees of the Higher Education Commission where there are senior academic staff from a number of prominent Thai government universities and he said that this matter had never been discussed or raised within any of these committees.

He believes one reason may be a lack of specific knowledge of the AEC and its likely impact by Thai business and management academics despite a number of academic papers and/or conferences to discuss this concept. He said that most of the material he had seen tended to be written (or papers presented) by foreign academics and , in some cases by Thai Business Leaders or Thai Government politicians or some senior Civil servants, rather than Thai academics.

He referred to one recent conference conducted in Thailand where the theme of the conference was "Are we(Thailand) ready for the AEC?" A keynote address at this Conference was directly on this topic and this address was given by a foreign academic but not one of the approximately 40 other papers, mainly presented in Thai language by Thai authors, actually specifically addressed the theme of the Conference.

It is also interesting to note that the conference was organized by the Political Science Faculty of the University and had no participation from the Business and Management areas of the University !

He also thought that it was unlikely that business and management lecturers at his University would discuss the AEC on an informal basis, in their lectures to students.

The University does provide some compulsory English language courses but only to those students studying a post-graduate program presented in English language (the University has several such programs including Masters' and Doctoral degrees and English classes are only compulsory to those students who do not possess appropriate TOFEL or IELTS scores).

However, he said these English courses were developed to improve English language proficiency generally and had not been introduced specifically because of entry into the AEC. He also said that the numbers undertaking these English courses were quite small (he estimated only about 50 students out of a total University student population of approximately 10,000!).

He finally said that it is probably too late to now really begin to address this issue with entry into the AEC only 6 months away, but he said the pressure of the AEC itself , once it really commences, may make Thai Universities 'wake-up' to this need.

This is an interesting perspective of this issue.

2. Interview with Dean of University B

Interview with Dean from an autonomous government University located "up-country" but with a Bangkok campus.

This person expressed considerable interest and concern about the affect of entry into the AEC with respect to Thailand and its business and management, although he said that it might take some time before its effect really started to become apparent.

He said that despite his own personal concern that the University was not nor had not done anything to educate or train its students in any Faculty or at any level, about the AEC and, in his view, this is an important omission. He also expressed the view that it is his impression that other Thai Government Universities also have not developed such education or training programs either for their academic staff or for their students. He is on several committees of the Higher Education Commission where there are senior academic staff from a number of

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This is an interesting perspective of this issue.

3. Interview with Dean of University C

Interview with Dean from an autonomous government University located "up-country" but with a Bangkok campus.

This person expressed considerable interest and concern about the affect of entry into the AEC with respect to Thailand and its business and management, although he said that it might take some time before its effect really started to become apparent.

He said that despite his own personal concern that the University was not nor had not done anything to educate or train its students in any Faculty or at any level, about the AEC and, in his view, this is an important omission. He also expressed the view that it is his impression that other Thai Government Universities also have not developed such education or training programs either for their academic staff or for their students. He is on several committees of the Higher Education Commission where there are senior academic staff from a number of prominent Thai government universities and he said that this matter had never been discussed or raised within any of these committees.

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This is an interesting perspective of this issue.

4. Interview with Dean of University D

We have now had the opportunity to interview Dean from an autonomous government University located "up-country" but with a Bangkok campus.

This person expressed considerable interest and concern about the affect of entry into the AEC with respect to Thailand and its business and management, although he said that it might take some time before its effect really started to become apparent.

He said that despite his own personal concern that the University was not nor had not done anything to educate or train its students in any Faculty or at any level, about the AEC and, in his view, this is an important omission. He also expressed the view that it is his impression that other Thai Government Universities also have not developed such education or training programs either for their academic staff or for their students. He is on several committees of the Higher Education Commission where there are senior academic staff from a number of prominent Thai government universities and he said that this matter had never been discussed or raised within any of these committees.

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He referred to one recent conference conducted in Thailand where the theme of the conference was "Are we (Thailand) ready for the AEC?" A keynote address at this Conference was directly on this topic and this address was given by a foreign academic but not one of the approximately 40 other papers, mainly presented in Thai language by Thai authors, actually specifically addressed the theme of the Conference.

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He finally said that it is probably too late to now really begin to address this issue with entry into the AEC only 6 months away, but he said the pressure of the AEC itself , once it really commences, may make Thai Universities 'wake-up' to this need.

Had an informal meeting with contact from upcountry government University .and I was able to discuss our research paper. He is a Vice President and Dean of a Management /Business-like Faculty (although this is not its name), asked him about the AEC.

He said that the University recognized Thailand's entry into the AEC and that this move was an important one.

However, when asked about whether the University had any core or elective courses on the AEC and its potential, affect on Thailand, to its graduate students, he said that there is no such course.

Asked him why and he said that the curriculum was submitted to the Higher Education Commission, who had approved it and it became a difficult process to make any changes. He said that some individual lecturers may have mentioned the AEC in their classes but he was unaware of this (but he said he would try to check this and advise me, however, he did not think this is likely).

Asked him if he thought that Thailand's entry into the AEC was important for students to be aware of and he agreed that it was but he said the affect was unpredictable and that it was better to take a 'wait-and-see' approach at this stage. He thinks it may take some time for any real changes to begin to occur.

He said that personally he thought that Thailand's entry into the AEC would have quite a significant impact on Thailand business and management but when I began to question him about this impact he was quite vague about this.

At present all teaching is in Thai language but the University plans to introduce English language courses and degrees within the next two years (but this has been part of their long-term plan for several years and it is not specifically because of their entry into the AEC).

Asked him again if he thought that graduate business students should be taught about the AEC and he said that this could be a good (non-compulsory) seminar topic, he did not consider it should be a core course in their post graduate business courses (as it would decrease the time spent on other more important basic topic areas).

5. Interview with Dean of University E

Interview with the Dean of a prestigious University located in Bangkok.

The Dean sees that the upcoming AEC in January, 2015, will lead to a change in the business landscape in Thailand and other ASEAN countries to become regional as well as being better able to compete in the global environment.

Thai Business strategy has to turn to local clusters and not only export clusters, according to Porter's model.

The School has emphasized the need for international learning for some time, with a close collaboration with a prestigious School of Business in the USA and to establish a bilingual graduate program in Business Administration.

The School recognizes the Importance of local business problems based on learning but it is also focused on International business and uses Harvard Business School cases.

A great deal of attention is also given to ASEAN Business study through a conduct of class discussions on the AEC and a series of lectures on Vietnam.

More ASEAN cases will follow and the School is moving toward being both regionally and internationally focused in the near future.

This University Dean appears to be more focused on the AEC than do the other University Deans interviewed.

6. Interview with Dean of University F

Interview with the Dean of a prestigious University located in Bangkok. (September 30, 2014)

The Dean sees that the upcoming AEC in January, 2015, will lead to a focus on a business management knowledge and landscape in ASEAN countries to become regional as well as being better prepare students to compete in the global environment.

The School has emphasized the need for international learning for some time, with an attention to, How to Do Business in ASEAN study in the form of Student Business Trip to Singapore and plan to visit more neighbor in the near future.

To prepare for AEC in 2015, the School has set a Vision to AEC with a Mission to run a Capstone course in Strategy for doing Business within ASEAN Community.

A great deal of attention has also been given to ASEAN Business study through a conduct of Post graduate program, where students from Laos and Cambodia are invited, to join in a class discussion and learn about each culture with an Independent study as part of the program.

More ASEAN cases will follow and the School is moving toward being both regionally and Internationally focused in the near future.

The school has launched a 3 I as a guiding star, Impact, International and Innovation. In addition the School is applying for AACSB standard. And under this Direction, the School is launching an International MBA with a Business Trip as part of the requirement.

This University Dean appears to be more focused on the AEC than do the other University Deans interviewed.

ANALYSIS

All Deans think that the advent of the AEC is important for Thailand.

However, only two of their Business/Management Schools/Faculties teach core course or subjects concerning the AEC.

This may be for several reasons:

The Faculty is concentrating on producing world class graduates who can operate successfully in the global marketplace, not only in the AEC.

It is not usually possible to add new courses to existing degrees as this may mean that existing degrees as this may mean that existing courses may have to be replaced which may mean a disruption to teachers and students.

Likewise it is not easy to replace existing course with new courses.

Not all existing teaching staff have expertise about the AEC but they are specialists in various business and management topics such as accounting, finance, management, marketing, HRM, etc.

The main argument appears to be that if postgraduate students are taught well in business and management , then they would not have difficulty in coping with Thailand's entry into the AEC.

In a number of Thai universities, the concentration is on teaching and improving students' English language skills, as English is the chosen communication language of the AEC. Obviously, it is important to try to improve Thai students' English communication skills but it may not be sufficient by itself.

CONCLUSION

The authors of this paper are of the view that postgraduate business and management students at Thai universities should be aware of the AEC, its foundation and major provisions and conditions as well as developing ideas about the possible or likely impacts on Thai business and management.

This means that they should be able to study, consider, and discuss the AEC in an analytical way, particularly in respect in respect to its likely effect on Thailand's business and management.

As is indicated in the various interviews we have conducted, all the Deans took the view that knowledge of the AEC is desirable, but it is not so necessary to adjust their programs to specifically include the AEC in their curricula.

As indicated, however, while this paper covers the interviews with Deans of five Bangkok government universities which are regarded as highly prestigious plus three 'up-country government universities also with good reputations, the results of this study may not apply to all Thailand's government universities' postgraduate business and management schools. But the study may also be regarded as somewhat indicative of the general approach taken by many Deans of Thailand's government universities postgraduate business and management schools.

Of course, there are many sources of information and data about the AEC in the media and on the web and many postgraduate business and management students , who are mainly already in employment may become well aware of the AEC through such sources of information and through the activities of the organizations where they are employed, but it seems unfortunate to the authors that such knowledge is not also usually buttressed by their academic studies.

LIMITATIONS

As clearly indicated, the paper is not meant to be representative of all postgraduate business and management schools in Thai government universities but is restricted to those schools where interviews occurred.

It also appears that some Thai private universities postgraduate business schools may better prepare their students for Thailand's entry into the AEC but this is not the topic of this paper. We also only interviewed Deans of government university schools, we did not interview other academic staff of these schools nor students of these programs. We also were only concerned with postgraduate students in our study so we can give no details or comments about undergraduate students in this paper.

We realize that some may consider that a study of undergraduate students might be more worthwhile than concentrating only on postgraduate students.

We have also not looked at other areas of the universities studied, such as Engineering and the Medical Sciences where the picture may be different.

FINAL COMMENT

It is, of course, now too late to change academic programs and to include details of the AEC as entry into the AEC is only seven weeks away. However, it is hoped that Thai universities can quickly adapt both their staff and students to this event and to its further development.

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DEVELOPING A REPUTATION AND BUSINESS PERFORMANCE THROUGH CORPORATE SOCIAL RESPONSIBILITY

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ABSTRACT

Corporate social responsibility (CSR) is a concept whereby a company ideally runs social functions in addition to its primary business function. The purpose of this study is to analyse the effect of CSR on business reputation and business performance. Using the banking industry population in Bali, the samples were collected using purposive sampling technique. The data were analysed with Structural Equation Modelling (SEM) using the Partial Least Square (PLS) method. The finding indicates that CSR does not have a direct significant effect on business performance; however, it does have an indirect significant effect on business performance through business reputation.

Keywords : CSR, reputation, business performance.

INTRODUCTION

The relation between corporate social responsibility (CSR) and firm performance has evoked much interest among researchers (Supriti and Damodar, 2010). Corporate social responsibility is predominantly considered as a Western phenomenon due to strong institutions, standards, and appeal systems which are weak in developing countries of Asia (Chapple and Moon, 2005). Such weak standards pose considerable challenge to firms for practicing CSR in developing countries of Asia, including Indonesia.

The term of CSR has been widely used in the 1970^s and getting even more popular thanks to the book *Cannibals with Forks: The Triple Bottom Line in 21st Century Business* (Elkington, 1997). The books highlighted three important components for sustainable development (economic growth, environmental protection and social equity) which were first coined in The World Commission on Environment and Development (Brundtland Report, 1987). CSR was build upon three main focuses called 3P (profit, planet and people), which means a company should not only pursue economic advantages in the mean of profit, but also need to care for the environmental sustainability (planet), as well as the welfare of its stakeholder (peoples). The CSR concept was also supported and expanded by Danai (2013) who outlined

that the current business concept has shifted to be more focused on 4P (profit, planet, people, and passion).

CSR was the deal on World Summit on Sustainable Development (WS-SD) in Johannesburg, South Africa in 2002, which aimed to encourage world businesses to create sustainable development. In Indonesia, the term CSR was started to become popular in the 1990s. In terms of CSR, several companies have engaged in Corporate Social Activity (Riana, 2010), although not mentioning it as CSR, the activity itself has in partially resembles CSR, which represents the companies' concern on social and environmental aspect. This has caused more major Indonesian companies to get engaged in social activities and take the responsibility of its stakeholders welfare and its environmental wellbeing.

Kotler and Lee (2005) outlined that CSR can provide many benefit for the companies engaged in it, in terms of sales and market share. There are many indicators showing that in the 21st centuries business, social and environmental issues are business strategies which can relied upon (Social Investment Forum, 2013). In the unpredictable business environment, profit dimension not enough for developing business sustainability. Companies need running another business dimension are called; planet and people as a part of basic dimensions of CSR (Nurdizal, Asep and Emir, 2011). Hence, the triple bottom line have become elementary dimension of the CSR program in practices.

CSR is a social responsibility with the aim to create better economic, social and environmental condition. Samuel and Wijaya (2008) outlined that CSR can boost companies reputation in creating corporate image, as reputation and corporate image are seen as crucial tangible assets of the company, and CSR can be seen as an investment to increase the value of that asset. Therefore, corporate image will give many return and advantages for companies as they will compete to increase their reputation in the view of its stakeholder.

Chi, Chih, Chin and Da (2010) tried to test the effect of CSR toward brand performance, using companies reputation as the mediating variable in small medium enterprises in Taiwan. The research indicates that the company reputation mediated the effect of CSR with brand performance, and CSR can increase the brand performance through company reputation. Furthermore, Innocent, Martin and Abdel (2011) research on the effect of CSR to profitability in Shell. The result of the research suggests that the performance of companies social responsibility was highly correlated with profitability.

Anis, Belaid and Kamel (2010) finds that CSR and business performance were significantly correlated. CSR itself can be seen as part of company's social responsibility to its stakeholder, which in turn affects business performance. The better implementation of the CSR, the better the financial performance will be for the company (Innocent, Martin and Abdel, 2011) just as Susilowati (2010) described that CSR will strengthen company's reputation and eventually affect their business performance.

Belaid, Anis and Kamel (2009) observe that related research to the implementation of CSR was mainly conducted for developed countries, primarily Western countries which have relatively stabilized economies. Belaid, Anis and Kamel (2009) analysed the effect of CSR on business performance in developing countries. The result shows that it has positive effect in three measures of organizational performance: financial, organizational commitment and company's reputation. It is also supported by Supriti and Damodar (2010) who concluded that responsible business practices can give many advantages to the organization. Relating on those studies, this research will study the effect of CSR on building company's reputation and its business performance.

CONCEPTUAL FRAMEWORK AND HYPOTHESIS

Based on the relationship between variables mentioned earlier, the conceptual structure framework of this research is shown in Figure. 1:

FIGURE 1: THE CONCEPTUAL FRAMEWORK

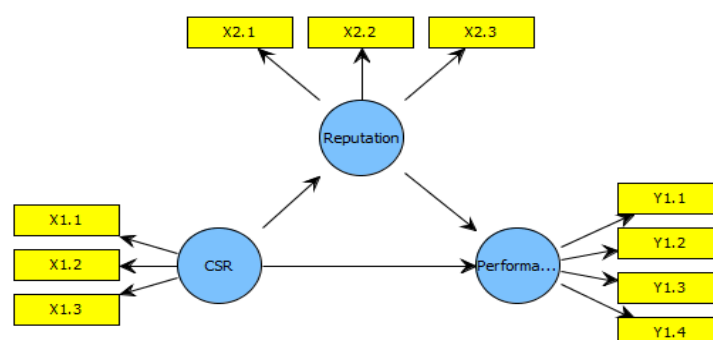


TABLE 1 : INDICATORS OF VARIABLES

Indicator	Variable	Indicator	Variable
X _{1.1}	Economic Responsibility	Y _{1.1}	Learning and Growth Perspective
X _{1.2}	Discretionary Responsibility	Y _{1.2}	Consumer Perspective
X _{1.3}	Ethical Responsibility	Y _{1.3}	Internal Business Process
X _{2.1}	Thrusworthiness	Y _{1.4}	Financial Perspective
X _{2.2}	Credibility		
X _{2.3}	Reliability		

RELATIONSHIP BETWEEN CSR AND REPUTATION

The concept of corporate social responsibility (CSR) has grown exponentially in importance and significance. More companies than ever before are engaged in serious efforts to define and integrate CSR into all aspects of their business (Patrizia, 2014). Meanwhile, the concept of business reputation as described by Fombrun (1996, p. 36) is based on the set of values and principles employees and managers associate with the company.

Better company reputation is one of the main intangible resources, which can create superior value and competitive advantage (Carnelli and Tishler, 2004). Reputation also gives signal on the shape of the company, current performance and predicted future performance (Bae and Cameron, 2006). Mayangsari (2005) described that company can build on their reputation based on: (1) building unique identity from a product based on the consumer needs (2) creating consistent governance to create good image on stakeholder.

Some research on the relationship between company's social responsibility and reputation were conducted by Brown (1998) who studied reputation in relation to community's appreciation towards social behaviour by company to the community and the environment. Ginter (1977) and Puente (2003) analysed the relationship between company's social behaviour as a means of company's responsibility towards its financial performance. Schultz and Har (2001) suggest that company's reputation is not only measured by its current social behaviour but the community will also judge its past behaviour.

Up until currently, studies shows that there is a positive relationship between company's social responsibility and company's performance (Abratt *et al.* in Qu, 2007). Social responsibility is the consequences of the company's policy towards the norm, values and performances which was expected by the community social system (Miles and Jeffrey, 2000). Survey conducted by Smith (2007) found that 88% of consumer preferred to purchase products produced by company with good social responsibility (Qu, 2007). Dowling (1986) described that peoples perception towards company's reputation is affected by its social behaviour shown in their marketing strategy.

Knox and Maklan (2004) concluded that CSR program gives advantages to build the company's reputation. With the CSR program, companies are seen to be responsible and understand risks associated with the environment and strengthen their reputation. Brammer and Paveli (2004) in Perrini (2005) stated that CSR could enhance stakeholder trust and company's reputation. CSR could enhance company's reputation and performance (Belaid, Anis and Kamel, 2009) by creating brand equity and brand performance of the company (Chi *et al.* 2010). Based on the previous studies, the first hypothesis is established below.

H1: Corporate Social Responsibility is positively associated with business reputation

RELATIONSHIP BETWEEN REPUTATION AND BUSINESS PERFORMANCE

A company's reputation reflects consumer's judgement towards the company, both its full judgement to the individual company and the result of comparison with their competitors. Beside pricing and qualities of the products, especially in the service industry, reputation can be built upon relationship between the company and its surrounding environment as an act of responsibility towards the company's governance.

Reputation is some form of reward or punishment received by the company if there is any excellence or infirmity (Herbig, Milewicz and Golden, 1994). Company would attract any form of reputation, for instance quality reputation, marketing reputation, innovation reputation and branding to name a few. The level of reputation would eventually decline if the company failed to fulfill the market needs (Herbig, Milewicz and Golden, 1994).

Fombrun (1996) in Miles and Covin (2000) argued that company's reputation is a view or perception by internal and external stakeholder. The observer is their customer, distributor, beside their shareholder, community at large, bank and business partner (Miles and Covin, 2000). In strategic management theory, good reputation can create a sustainable competitive advantage and affect company's performance as a whole (Fombrun and Ridova *et al.* in Dolphin, 2004).

Weiss *et al.* (1999) in Cempakasari and Yoestini (2003) described company's reputation is a public perception of the company, positively or negatively based on their openness and quality so it can be viewed as perception towards the direction of the company. Reputation is an intangible asset or goodwill of a company which can positively affect market perception towards the company. Company with good reputations can create trust, confidence and support from its stakeholder (Dowling, 2004). Herbig, Milewicz and Golden (1994) viewed that reputation can be judged from the company's competency and its superiority from its competitor.

Lado, Boyd and Wright (1993) recommend company to build on their distinctive competencies. It has to be built to integrate four components; managerial and focus strategy, resource based competency, transformation competency and cost competency. Specific to the cost competency, Lado, Boyd and Wright (1993) pointed that company has to build reputation based on distinctiveness and consistent product quality according to market needs, as one recipe to succeed in sales.

Moorman and Miner (1997) in Margaretha (2004) stated that companies focusing on their core business will succeed in their operation, reflected by core competencies that they have. Companies with positive reputation can attract more high quality prospectuous employee, create wider market reach, pricing advantages and attract more investor (Fombrun and Shanley, 1990 in Massey, 2003). In other words, good reputation gives the company more competitive advantages (Van Ries and Balmer, 1997 in Massey, 2003). Indicators used to measure reputation are: competency, credibility and goodwill. Belaid, Anis and Kamel (2009) supports the theory by stating that company with good reputation tends to do better in many ways compared to their competitors.

H2: Business reputation is positively associated with business performance

RELATIONSHIP BETWEEN CSR AND BUSINESS PERFORMANCE

Companies do the CSR program as one of their acts of responsibility to their stakeholder, and as result, stakeholder would show their appreciation in many ways. Although not directly aimed to increase profitability, CSR may contribute to the company's value and eventually, in the long run, create sustainable profitability and growth.

Drever *et al.* (2007) in Susilowati (2010) mentioned that, according to signaling theory, company can create value with the means of their annual report. Company disclosure in a way is sending signal throughout its report. Their disclosure on activities related to CSR will send positive signal to their shareholder and the market. Companies with formal CSR disclosure represent positive signaling as based on signaling theory. Company with positive information can generate positive enthusiasm from its stakeholder. The positive signal is aimed to create positive response towards business performance reflected in increasing sales performance.

Klein and Dawar (2004) examined the relationship between CSR and performance through attribute and brand elevation. The research relates CSR with marketing function including: consumer brand and product elevation and evaluation of new product. CSR was used as a mediator in the relationship between product crisis, brand evaluation and buying intention. The result shows that consumers have a high sensitivity towards CSR put in place by the companies studied. Anis, Belaid and Kamel (2010), Supriti and Damodar (2010) and Innocent, Martin and Abdel (2011) suggest that the effect of CSR is positive towards business performance.

H3: Corporate Social Responsibility is positively associated with business performance

RESEARCH METHODOLOGY

This research was conducted in banking industry in Bali, Indonesia. All the banks had consistently been running their CSR program. The data was collected using questionnaire distributed directly to respondents. Validity and reliability test were conducted prior to data analysis. Validity test used the product moment correlation ($r > 0,3$) and the reliability test used the value of cronbach alpha ($\alpha > 0,6$). Furthermore, the data were analyzed using Structural Equation Modelling (SEM) and Partial Least Square (Smart PLS) method.

RESULTS AND FINDINGS

Validity and Reliability Test

The Convergent Validity shows that the correlation between reflective indicator score and loading factor for latent variable between 0,735 – 0,850 ($> 0,5$). Discriminant validity shows that the value of square root of Average Variance Extracted (AVE) for every construct, with correlation between construct within the model with the value between 0,568 – 0,641 ($> 0,5$). Composite reliability shows that block indicator which measure internal consistency from

construct forming the indicator (variable), with the value between 0,797 – 0,873 (>0,7).Therefore, the result of validity and reliability analysis show that all of constructs are deemed valid and reliable.

Goodness of Fit Model

The structural model of Goodness of Fit for the inner model is calculated using predictive-relevance (Q^2) value. The R^2 values of each endogenous variable are shown in Table. 2:

TABLE 2: ENDOGENOUS VARIABLES R^2 VALUE

Endogenous Variables	R^2
Reputation (X2)	0.548
Business Performance (Y)	0.424

The value of predictive-relevance is calculated with the following formula:

$$Q^2 = 1 - (1 - R_1^2)(1 - R_2^2)$$

$$Q^2 = 1 - (1 - 0.548)(1 - 0.424) = 0.7396$$

The formula above shows that the Q^2 value is 0.7396 (> 0), which shows that 73.96% variation in business performance as a dependent variable can be explained by variables used in this model (reputaion and CSR).

Confirmatory Factor Analysis (CFA)

The result of confirmatory factor analysis (CFA) is shown in Table. 3:

TABLE 3: CONFIRMATORY FACTOR ANALYSIS

Indicators	CSR	Reputation	Performance
X1.1. Economic Responsibility	0,751		
X1.2. Discretionary Responsibility	0,735		
X1.3. Ethical Responsibility	0,773		
X2.1. Thrusworthiness		0,850	
X2.2. Credibility		0,794	
X2.3. Reliability		0,754	
Y1.1.Learning and Growth Perspective			0,824
Y1.2. Consumer Perspective			0,833
Y1.3. Internal Business Process			0,743
Y1.4. Financial Perspective			0,781

Table. 3 shows that ethical responsibility as the main determinant for corporate social responsibility (If;= 0,773). Thus, conceptually ethical responsibility is an important factor as

the form of CSR implementation. Ethical responsibility reflects commitment shown to the stakeholder, the commitment includes; the use of code of ethics which complied with professional standard and is understood by the employee, procedures put in place to assure direct action taken if there is discrepancies occurred within the company which hasn't to be covered in the internal policy and regulation, on going monitoring of companies activity effect on surrounding community, environment and consumer and always providing progress information to the stakeholder. In addition to that, the company should ideally aim and orient itself to be trustworthy company to their stakeholder.

In relation to companies reputation, trustworthiness is the main determinant ($f^2=0,850$). Trustworthiness is representation of stakeholder's trust to companies transparency, honesty and respect for the stakeholder's rights individually and collectively. Stakeholder would measure their trust in; honesty and transparency in the implementation of companies vision, mission and goal, openness in accepting critics and suggestions and conducting fair and honest trade is the most important factor on building better reputation. Trustworthiness also reflects companies consistency on providing better services to the customers.

Loading factor value of business performance shows that consumer perspective as the main determinant ($f^2= 0,833$). Consumer perspective is the process of market segmentation, from more heterogenous market into more homogenous market, so that the company can concentrate more on providing better services to consumer within their segment, as in this way consumer can be easily identified and their needs can be further determined. The important factors in consumer perspective which need to be considered include; complaints and their shift to competitor, sales and new consumer figure as well as consumer's satisfaction rating, both in business and non business. Other important factor need to be considered in business performance includes learning and growth perspective with the identification of infrastructure which needs to be developed in creating long term and sustainable performance growth.

Hypothesis Test

The result of hypothesis test shows that one hypothesis is not significant from the three hypothesis used in this research, as shown in Table. 4:

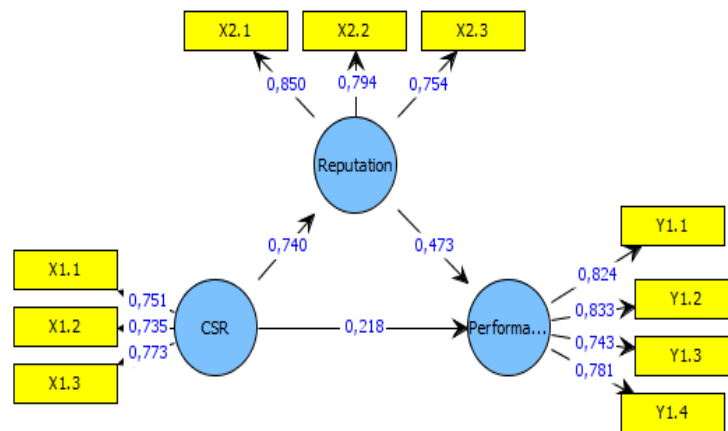
TABLE 4 : HYPOTHESIS TESTING

	original sample estimate	mean of subsamples	Standard deviation	T-Statistic
CSR -> Reputation	0,740	0,753	0,073	14,243
Reputation -> Business Performance	0,473	0,415	0,140	3,577
CSR -> Business Performance	0,218	0,288	0,115	1,379

Source: PLS Analysis

The analysis using SmartPLS is shown in Figure. 2:

FIGURE 2: PATH ANALYSIS



The finding shows that CSR does not directly impact on business performance. Thus CSR program implemented by banking industry in Bali cannot give real direct contribution in enhancement their business performance. It indicates that CSR won't be contributing to business performance improvement. The result is not supporting research by Kotler and Lee (2005), which found that CSR implementation can give benefit in terms of increasing sales and market share. Drever *et al.* (2007) in Susilowati (2010) research based on signaling theory, company with formal disclosure of CSR can give positive signal to the market, thus for company who provide positive information to their stakeholder will receive positive feedback on their performance.

Anis, Belaid and Kamel (2010) and Innocent, Martin and Abdel (2011) mentioned that CSR program have direct effect on business performance just as Klein and Dawar (2004) did on their research which tested the relationship between CSR and business performance which shows that consumers have relatively high sensitivity towards CSR program implemented by the company. The hypothesis test shows that CSR has a significant positive effect on company's reputation, thus CSR program implemented by banking industry in Bali can give real direct contribution in their reputation. It indicates that the better implementation of their CSR program, the better their reputation perceived by their stakeholder. This finding confirms the research findings of Samuel and Wijaya (2008), Susilowati (2010) who mentioned that CSR can build positive reputation for a company through corporate image. Reputation and corporate image is an intangible asset for the company and CSR can be seen as an investment to increase the value of this asset, just as Brown (1998) findings that reputation relates community's appreciation towards company's social behaviour to the community and environment.

Ginter (1977) and Puente (2003) analysed the relationship between company's social behaviour and their financial performance, as Schultz and Har (2001) defined reputation is not only depending on current social behaviour but also in the past. Belaid, Anis and Kamel

(2009) research found that CSR implementation can enhance business performance including; financial performance, employee commitment and company's reputation.

Company's reputation has positive significant effect on business performance, thus the better the company's ability to enhance its reputation, the better business performance they can achieve. This finding confirms Fombrun (1996) in Miles and Covin (2000) research that company's reputation is a view or perception towards the company by people, internally and externally. In strategic management theory, good reputation can give sustainable competitive advantages to influence the company's overall business performance (Fombrun *et al.* in Dolphin, 2004) as Chi *et al.* (2010) and Belaid, Anis and Kamel (2009) mentioned that companies with good reputation tend to perform better compared to their counterparts. Companies with good reputation will generate employee with higher work commitment (Susilowati, 2010). Higher commitment forms the pride, loyalty and devotion to the company, thus enhancing employees and overall business performance.

CONCLUSION

The analysis of CSR implementation in banking industry shows that CSR does not have direct effect to enhance business performance, although it has strong effects in enhancing business reputation. The CSR program not ensure for enhancement business performance. Therefore, companies should be to manage their social responsibility toward increasing business reputation. Eventually companies with better reputation tend to perform better than their competitors.

The findings of this study have implications on how companies should be to manage their CSR program. This research implies that companies reputation hold an important role in enhancing business performance, thus developing reputation within their stakeholder is a strategic thing to do by the companies. This research also found that the implementation of CSR cannot enhance business performance significantly. In addition, this research indicates that a business reputation is companies strategic role on developing business performance because a business reputation as an intangible asset which can enhance competitive advantage.

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SCIENCE TEACHING FOR THE 21ST CENTURY: INSTRUCTIONAL STRATEGY FOR THAI TEACHERS

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ABSTRACT

There are common educational policy concerns regarding how science teachers can support students to develop skills needed to be effective citizens in the 21st century. Several skills are considered as the learning objectives of science teaching including critical thinking and problem solving, creativity, collaboration, and communication. People living in this century are expected to master those skills for success in today's world. Yet, it is not clear how to change classrooms from passive learning to be more active and how to provide the context for students to develop those essential skills. The instructional strategy for developing the 21st century skills is proposed in this article. It is developed from the current understandings of how students learn and how scientific inquiry can be organised in science lessons. The strategy was implemented in the learning activities which were parts of the science camp for Thai high school students to develop 21st century skills. After participating in the activities, most students agreed that the activities provided opportunity for them to practice critical thinking and problem solving, creativity, collaboration, and communication. The example of learning activities is presented and there is also the implications of this strategy for science teachers.

Keywords : 21st century skills, instructional strategy, science teaching

INTRODUCTION

THAI EDUCATION IN 19TH AND 20TH CENTURIES

During the 19th and most of the 20th centuries, Thai people worked at home as a family. They were mostly working in agriculture such as planting and harvesting rice and general farming. People worked individually or in a small group with simple tools. There was no or little interaction with the world outside. Reading, writing and arithmetic were less important than the skills related to agricultural work. Education in the 19th century in Thailand was, therefore, in the community and family. Moreover, Thai people sent their children to Buddhist temples to study language especially reading and writing taught by the monks. They learnt not only language but also ethics and core values in Thai society. Education was suitable to the social situation at that time.

Particularly, in the second half of the 19th century, education in Thailand was largely adopted from western countries due to many factors. One of the most important things was to establish the nation to avoid colonialism which was then wide spread in southeast Asia. Therefore, that was the first time in Thailand that a school and classroom was built.. The

classroom environment in the USA/European countries also was affected by socio-economic conditions which developed at the time of the Industrial Revolution which developed initially in the early 19th century.

Thus, as the 20th century began, western schools woke to the challenges of industrialisation, and the nature of schools changed as a result.. Schools gradually shifted their paradigm to prepare people to survive and succeed in the industrial workplace. (Lengel, 2013) This further developed in the 20th century and by the middle of the 20th century, in western countries , far more people worked in factories and in offices rather than on the farm. In the factory, people often worked individually at their own table but mass production developed, they also worked in groups to produce products.. There was a need to follow directions and get the work done on time. Reading and writing were important for them to communicate to their supervisors and co-workers. Critical thinking and problem solving were less important among ordinary workers than for them to follow directions exactly. Schooling in this period, therefore, reflected the society. In schools, children usually worked alone at an individual desk following the directions from the teacher. The role of teachers was to tell students what to learn and what to do. Most students were doing exactly the same thing as the student next to them.

(Lengel, 2013) This certainly started to change in many developed countries by about the middle of the 20th century when the curricula often changed towards developing critical thinking among students.

The first Thai Education Reform was in 1868. At that time, King Rama V wanted to develop Thai education , partly to try to avoid colonization. King Rama V, also known as King Chulalongkorn, used education to establish the nation. Many government offices including that concerned with education developed at that time. Also, the demand for educated persons increased dramatically. He found many schools for this specific purpose of developing the bureaucracy such as law schools, medical schools, technical schools. Also, he abolished slavery in Thailand and gave education to Thai people to use as a tool to eliminate their poverty and improve life quality.

What education in the 21st century should be

In the 21st century, the world is changing rapidly with the explosion of information and communication technology. People are easily connected to each other and to the world outside. Many people can work together collaboratively even if they are in different countries. The workplace for many people is not only in the office anymore. They can work anywhere and anytime using information technology. There are many technological tools in their hands. Working skills of the past century may not enough to survive and succeed in this century.

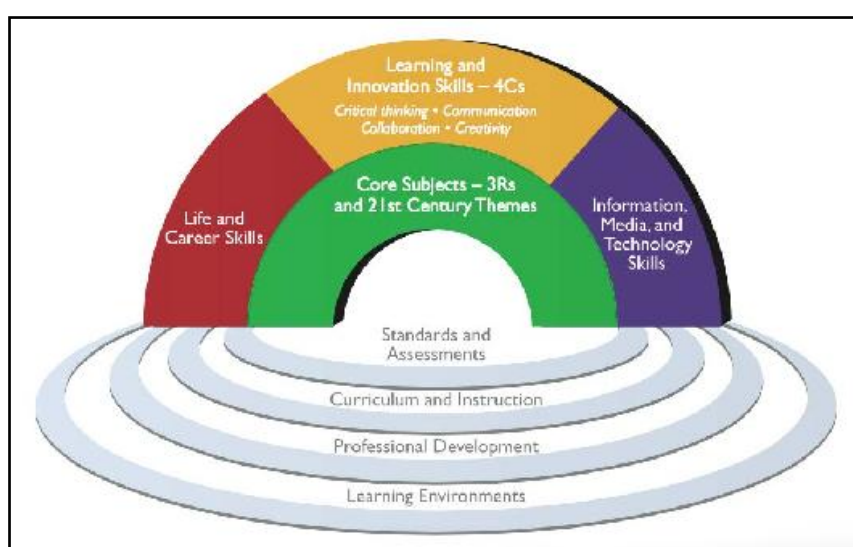
Many organisations around the world realise the importance of the 21st century skills. Partnership of 21st Century, a U.S organisation for promoting education, determined sets of skills students need to be successful in work and life in this period of time. The partnership stated that :

“This Framework describes the skills, knowledge and expertise students must master to succeed in work and life; it is a blend of content knowledge, specific skills, expertise and literacies. Every 21st century skills implementation requires the development of core academic subject knowledge and understanding among all students. Those who can think critically and communicate effectively must build on a base of core academic subject knowledge. Within the context of core knowledge instruction, students must also learn the essential skills for success in today’s world, such as critical thinking, problem

solving, communication and collaboration. When a school or district builds on this foundation, combining the entire Framework with the necessary support systems—standards, assessments, curriculum and instruction, professional development and learning environments—students are more engaged in the learning process and graduate better prepared to thrive in today’s global economy.”

From the partnership point- of- view, learning in the 21st century emphasizes skills and competencies based on the understanding of core knowledge. Building student’s essential skills also requires a necessary support system which includes standards, assessment, curriculum and instruction, professional development and a learning environment. The model of this framework is shown in figure 1:

FIGURE 1. FRAMEWORK OF 21ST CENTURY LEARNING



In ASEAN countries, Singapore has identified skills their children should practice in schools to be competent citizens. The Ministry of Education, Singapore, proposed framework for 21st century competencies as in figure 2:

FIGURE 2 FRAMEWORK FOR THE 21ST CENTURY SKILLS OF SINGAPORE



In the Singapore MOE website, there is the description of the framework which is as follows :

“Knowledge and skills must be underpinned by values. Values define a person’s character. They shape the beliefs, attitudes and actions of a person, and therefore form the core of the framework of 21st Century Competencies. The middle ring signifies the Social and Emotional Competencies – skills necessary for children to recognise and manage their emotions, develop care and concern for others, make responsible decisions, establish positive relationships, as well as handle challenging situations effectively. The outer ring of the framework represents the emerging 21st Century Competencies necessary for the globalised world we live in. These are: Civic Literacy, Global Awareness and Cross-Cultural Skills; Critical and Inventive Thinking; Communication, Collaboration and Information Skills. Together, these competencies will enable our young to capitalise on the rich opportunities of the new digital age, while keeping a strong Singapore heartbeat.”

From the Singaporean perspective, the core of the framework of the 21st century competencies is values which are seen as the person’s character. Those are respect, responsibility, integrity, care, resilience and harmony.

In their Education Blueprint 2013-2025, Malaysia has also identified the specific skills and attributes that students would need to have to thrive in tomorrow’s economy and the globalised world as shown in figure 3:

FIGURE 3 SIX KEY ATTRIBUTES NEEDED BY EVERY STUDENT TO BE GLOBALLY COMPETITIVE FROM MALAYSIA EDUCATION BLUEPRINT 2013-2025



In addition of knowledge and thinking skills needed in this century, Malaysia learning outcomes include leadership skills, bilingual proficiency, ethics and spirituality, and national identity. The focus of ethics and national identity reflects how ASEAN countries give priority to the relationship among people and an emphasis of inclusiveness.

The importance of 21st century skills is also presented in the Thai Basic Education Core Curriculum B.E. 2551.(2008) The direction of the competencies development focus on providing children to attain morality and public-mindedness, together with capacities, skills and basic knowledge essential to their future lives, leading to sustainability in national development. (MoE, 2008) The Five Learner's Key Competencies are as follows:

- 1) Communication Capacity
- 2) Thinking Capacity
- 3) Problem-Solving Capacity
- 4) Capacity for Applying Life Skills
- 5) Capacity for Technological Application

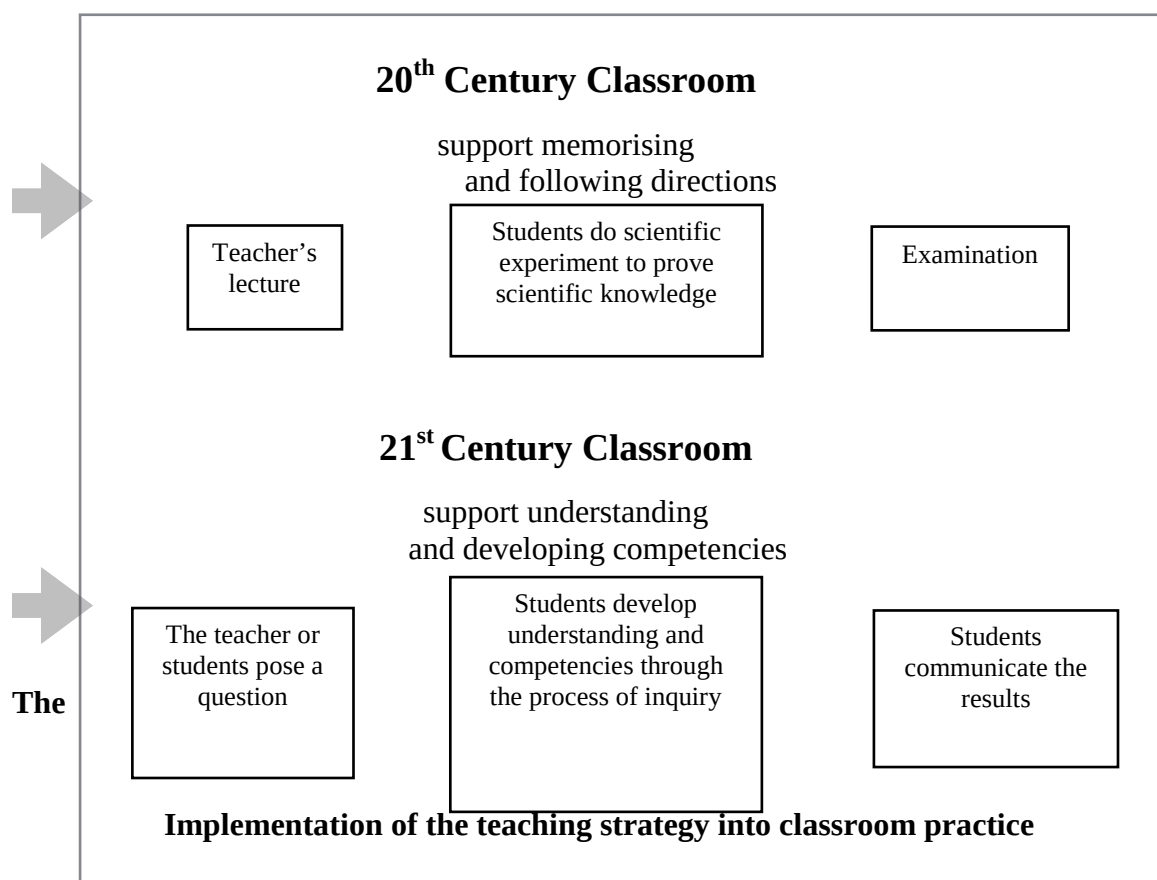
All capacities are related to social-awareness and ethics. Again, this is the characteristic of the ASEAN community which gives a value to the relationship among people and public-mindedness.

The instructional strategy for developing the 21st century skills

Compared with 20th century education, teaching in the 21st century needs more emphasis on students' competency development. In order to accomplish this goal, the Thai classroom environment should provide opportunities for students to think, collaboratively work together, productively using technology, and communicate effectually with the teacher and peers. Science teaching, for example, can be taught differently. In 20th century teaching, where, in the past, the classroom environment tended to support students to memorise the facts and follow the teacher's directions to practice skills for working with scientific tools. After learning, it usually ended with an examination which assessed memorizing skills. This

strategy appeared to work quite well in the 20th century where education supported students to be successful in an industrial workplace. However, the workplace nowadays needs more competencies for survival and success in work and life. The lesson, therefore, should begin with a scientific question which should be interesting and motivate students to think. Then, the students should work collaboratively in small groups using an inquiry approach to find the answer. The learning activity could be scientific experiment, a hands-on activity or searching for information from the Internet. The purpose of the activity is to support students' thinking skills and collaboration skills. Then, the students should present their findings to communicate what they have already learnt and to listen to comments from others. Figure 4 compare 20th century teaching and 21st century teaching:

FIGURE 4 COMPARING 20TH CENTURY TEACHING AND 21ST CENTURY TEACHING.



The strategy was implemented in the learning activities which were parts of the science camp for Thai high school students to develop 21st century skills. All learning activities began with scientific questions either from the teacher or the students. Then, the students investigated the phenomena, collected data, and presented their findings to the class. Figure 5 present the classroom environment of the activities:

FIGURE 5 CLASSROOM ENVIRONMENT OF THE INQUIRY ACTIVITY



After participating in the activities, a Competency-Enhanced Learning Activities Questionnaire was administered to the students to evaluate their perceptions to the learning activities. The result showed that most students agreed that the activities provided opportunity for them to practice critical thinking and problem solving, creativity, collaboration, and communication. The results are presented in table 1

TABLE 1: STUDENTS' PERCEPTIONS ON THE 21ST SKILLS THEY DEVELOPED DURING THE ACTIVITIES

the 21st century skills	most agree	agree	disagree	most disagree
Creativity	10	87	10	0
Critical Thinking	11	89	-	-
Collaboration	64	36	-	-
Communication	52	48	-	-

From table 1, the results indicate that most students thought that the learning activities supported their development of the 21st century skills, especially collaboration and communication skill.

CONCLUSION

There are concerns about the future of Thai children who will be in the world that is rapidly changed due to developments of science and technology. Many organisations and countries have been aware of this situation and have identified sets of skills or competencies the students need to have to survive and succeed in work and life. The framework of 21st century learning, the Singapore framework of 21st century competencies, the six key attributes in the Malaysian education blueprint 2013-2025 and the five Thai learners' key competencies are examples of competencies that are likely to have the desired learning outcomes in standards and curriculums. All of the learning outcomes could be accomplished by organising the classroom environment to support students' thinking and collaborative learning.. Beginning

teachers will find this strategy difficult but with the assistance of their colleague or mentors, they can build a team to share resources, information and recommendations among the members of the team. The team could be developed to professional learning community which continually transform classroom toward the 21st century.

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ISLAMIC STOCK MARKET VOLATILITY : IS THERE A PROBLEM FOR INVESTORS?

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ABSTRACT

The purpose of this study is to examine the effect of global and domestic macroeconomic variables on the Islamic stock market in Indonesia. The global macroeconomic variable is Dow Jones Index and domestic macroeconomic variables such as exchange rate, costumer price index and money supply. The methodology used in this study is Vector Autoregressive (VAR) for the monthly data starting from January 2009 until December 2013.

Keywords: Islamic Stock Market, Jakarta Islamic Index, VAR, Granger Causality, Vector Decomposition

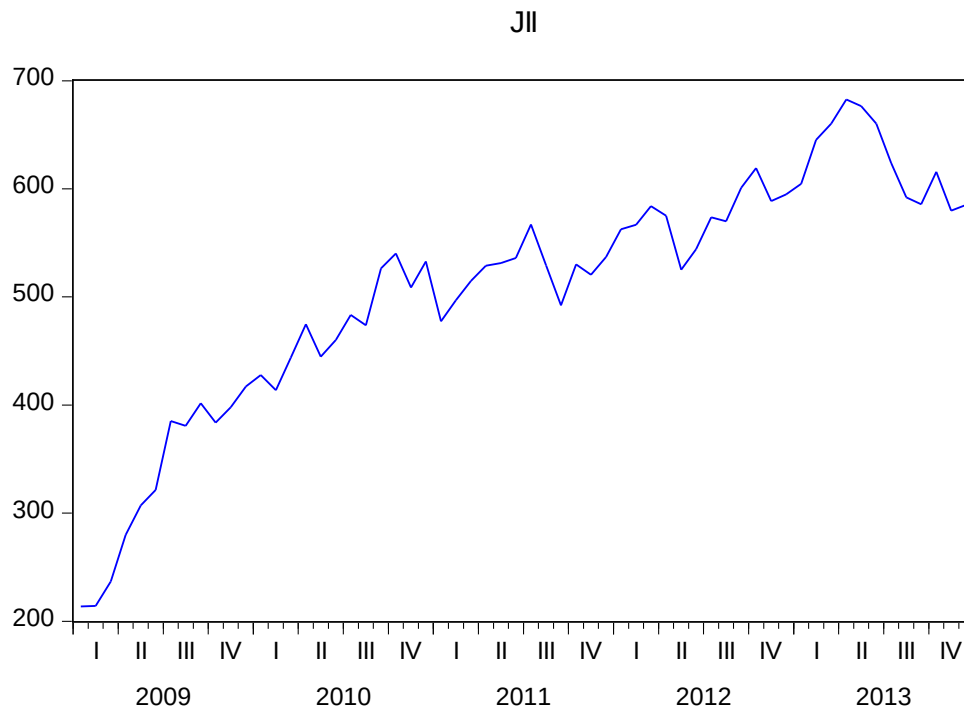
INTRODUCTION

The capital market is an indicator of economic growth of a country. The capital market plays an important role as an investment tool that is useful for development. The capital market plays an important role in the economy of a country because it serves two functions all at once. First, the capital market serves as an alternative for a company's capital resources. The capital gained from the public offering can be used for the company's business development, expansion, and so on. Second, the capital market serves as an alternative for public investment. People could invest their money according to their preferred returns and risk characteristics of each instrument.

The increasing of Islamic Economic and Finance development in Indonesia, makes the Indonesian Stock Exchange interest to develop their product to be Shariah-compliant. On 3 July 2000, PT. Bursa Efek Indonesia in cooperation with PT. Danareksa Investment Management (DIM) established a stocks index based on Shariah-compliance which is the Jakarta Islamic Index (JII). This index is expected to be the barometer of Shariah-compliant stocks and the further development of the Islamic Capital Market in Indonesia. The Jakarta Islamix Index (JII) contains 30 stocks which are chosen from the stocks that are appropriate with Shariah-compliance.

The Jakarta Islamic Index has a good pattern in the 5 years from 2009 until 2013. We can see from figure 1, the pattern movement of the Jakarta Islamic Index was increasing although it was still volatile. In the first quarter of 2009, JII only reached 213 points and in the last quarter of 2009 JII it reached 417 points. It shows that in one year the index was increasing significantly. In the last quarter of 2013, JII reached 585 points, it is decreasing from quarter 2 in 2013 when it reached 680 points.

FIGURE 1: THE PATTERN MOVEMENT OF THE JAKARTA ISLAMIC INDEX (JII)



This paper is motivated by the difference of many empirical researches about the effects of macroeconomic variables on the stock market and the curiosity of the volatility effect to Islamic stock investors. The purpose of this study is to examine the effect of global and domestic macroeconomic variables on the Islamic stock market in Indonesia. The next section of this paper presents theory, literature review, data, methodology, empirical results, and the conclusion of this study and recommendations.

THEORY

The macroeconomic variables that have great impact on capital markets are not only from domestic variables but also from global macroeconomic variables. One of the global macroeconomic variables is the Dow Jones Industrial Index. It is one of the major indexes in the United States covering 30 of the largest multinational companies in America. The Dow Jones Index can describe the performance of the American economy. Thus, a strengthening of this index reflects improved performance of the U.S. economy.

The second macroeconomic variable is the exchange rate between USD to IDR. The exchange rate is the changing proportion of currency between countries. Actually, changes in the exchange rate affect exporting and importing firms. Traditionally, if there is an appreciation (or depreciation) of a home currency, it will reduce (or enhance) international competition, and benefit (affect) the import and export-trade or affect (benefit) import-trade (export-trade) for specific industries (Cheng, 2011). In the case of a depreciation of the domestic currency, it will lead the imported products become more expensive in terms of the home currency. (Ibrahim, 2003, indicated that the exchange rate was negatively associated with stock prices. We predict that the exchange rate has negatively affected stock returns.

The third macroeconomic variable is consumer price index. When the stock price changes, the link between inflation and stock returns will appear. Besides that, the fluctuation in the

inflation rate represents a proportion of risk associated with increased uncertainty in the return movement. Thus, the consumer price index (CPI) is used to measure the inflation rate. It measures average changes in prices of goods and services in a particular period of time. Inflation becomes the reason for the government to maintain the value of money circulating in the market. It implies a mandatory policy to increase the discount rate that will reduce present value of cash money circulating in the market. So that, an increasing in inflation rate will negatively influence equity prices and increase the production cost. Most studies show that inflation has a negative impact to stock returns. According to Syakma, 2011, the inflation is negatively affected to coal stock returns in the Jakarta Islamic Index. Naik, 2012, also stated that inflation reacts negatively to Indian stock prices.

The money supply is the total amount of money available in an economy. Money supply is divided into M1 and M2. In the case of a restrictive monetary policy, to reduce the growth rate of money supply would result in a decrease in the funds supplied and expansion of all business. A restrictive monetary policy would raise the market interest rate and hence firms' cost of capital. However, a decrease in money supply might cause to lower inflation, hence the lower required rate of return though the lower interest rate. According to the study by Naik, 2012, this positively affects stock prices. While, Ozbay, 2009, found a insignificant relationship between banks' stock returns and money supply from the result of his study. This means that money supply does not give any effect to the performance of stock returns.

Kandir, 2008, also claimed that money supply does not appear to have any significant effect on stock returns.

The BI rate becomes the representative of policy rate reflecting the monetary policy stand. It is adopted by Bank Indonesia and is publicly announced by the Board of Governors of Bank Indonesia in each monthly Board of Governors Meeting. The BI rate serves as opportunity cost of stock market investment and standard of Indonesian interest rate measurement. The increase in interest rate stimulates willingness of people to hold their money rather than bearing uncertain risk of investment; therefore, the increasing of interest rate will negatively influence stock market. According to Fuadi, 2009, the interest rate has negative effect on the Indonesia stock market.

LITERATURE REVIEW

Safdar, 2013, conducted study on the macroeconomic volatility and stock market volatility in the Pakistan stock market by applying the Exponential Generalized Autoregressive Conditional Heteroskedasticity (EGARCH). The results showed that macroeconomic variables have substantial influence on the stock prices. The stock prices have much impact on the economy of the country, and are considered as the best indicators for future prediction of the market and economy as well.

A study by Syafii, 2013, looked at the comparison between Islamic capital market volatility in Indonesia and Malaysia by applying VECM technique. The results showed that in the long-term, all selected macroeconomic variables except Dow Jones Index variable have significantly affect both in Islamic stock market FHSI and JII, while in the short-term there is no any selected macroeconomic variables that significantly affect FHSI and only inflation, exchange rate and crude oil price variable seem to significantly affect JII.

Generalized Autoregressive Conditional Heteroskedascity (GARCH) along with VAR analysis to estimate the responses of both conventional and Islamic stock market in Malaysia to the conditional volatility of monetary policy variables applied in Yusof's (2007) study.

Conforming to the Islamic principles, the study finds that, from January 1992 to December 2000, interest rate is significant for Malaysia's conventional stock market, while insignificant for the Islamic counterpart.

DATA DESCRIPTION

This study aims to examine the effect of macroeconomic variables on the Islamic stock market in Indonesia. The data that is used in this study are secondary monthly time series data starting from January 2009 to December 2013 from several sources. The logarithmic values of monthly market indices are used as the proxy of selected market. The definitions of each variable and the time-series transformation are presented in Table below.

TABLE 1: DEFINITIONS AND TRANSFORMATION OF VARIABLES

No	Variables	Description	Time Series Data Transformation Variable	Source
1	JII	Jakarta Islamic Index is the market index for syariah line equities listed in the Indonesian Stock Exchange	$\Delta \text{LNJII} = \text{LN} \left[\frac{\text{JII}_{(t)}}{\text{JII}_{(t-1)}} \right]$	www.duniainvestasi.com
2	DOW	Dow Jones Industrial Index is a benchmark of global index	$\Delta \text{LNDOW} = \text{LN} \left[\frac{\text{DOW}_{(t)}}{\text{DOW}_{(t-1)}} \right]$	Yahoo finance
3	EXRATE	Exchange rate for IDR/USD at the closing of the money market .	$\Delta \text{LNEXRATE} = \text{LN}(\text{EXRATE}_{(t)})$	Yahoo finance
4	CPI	Costumer price index is representative of inflation that is measured by using Indonesian real constant price with the base year of 2009.	$\Delta \text{LNCPI} = \log \text{CPI}(t) - \log \text{CPI}(t-12)$	Indonesian Statistic Centre
5	M2	Money supply is the total amount of money available in an economy.	$\Delta \text{LNM2} = \text{LN}(\text{M2})$	Bank Indonesia
6	BIR	Bank Indonesia rate is the policy rate reflecting the monetary policy stance adopted by the Bank Indonesia and announced to the public.	$\Delta \text{LNBIR} = \text{BIR}$	Bank Indonesia

METHODOLOGY

In this study, we adopted a Vector Autoregressive (VAR) model to examine the short-term and long-term relationship among selected global and domestic macroeconomic variables (Dow Jones Index, Exchange Rate, CPI, BI Rate, Money Supply) for Indonesia Islamic Stock Market (Jakarta Islamic Index), which can be written as follows:

$$JII_t : \alpha_0 + \alpha_1 DOW_t + \alpha_2 EXRATE_t + \alpha_3 CPI_t + \alpha_4 M2_t + \alpha_5 BIR_t \quad (1)$$

The purpose is to investigate the market volatility relationship among global and domestic macroeconomic variables. The estimation of the expanded model deriving from equation 1 is:

$$\begin{bmatrix} JII_t \\ DOW_t \\ EXRATE_t \\ CPI_t \\ M2_t \\ BIR_t \end{bmatrix} = \begin{bmatrix} A_1 \\ A_2 \\ A_3 \\ A_4 \\ A_5 \\ A_6 \end{bmatrix} + R(L) \begin{bmatrix} JII_{t-1} \\ DOW_{t-1} \\ EXRATE_{t-1} \\ CPI_{t-1} \\ M2_{t-1} \\ BIR_{t-1} \end{bmatrix} + \begin{bmatrix} et_1 \\ et_2 \\ et_3 \\ et_4 \\ et_5 \\ et_6 \end{bmatrix} \quad (2)$$

Where R is 6x6 matrix polynomial parameter estimators, (L) is lag length operator, A is an intercept, and et is a Gaussian error vector with a mean of zero and Ω is a varian matrix.

To have a good result of the VAR model, we follow the standard procedure of time series analyses. First, we used augmented Dickey-Fuller (ADF) unit root test to determine the variables' stationarity properties or integration order. A variable is said to be integrated of order d, written 1(d), if it requires differencing d times to achieve stationary. Thus, the variable is non-stationary if it is integrated of order 1 or higher. Classification of the variables into stationary and non-stationary variables is crucial since standard statistical procedures can handle only stationary series. Moreover, there also exists a possible long-run co-movement, termed cointegration, among non-stationary variables having the same integration order. In this study, the lag is determined based on Akaike Information Criterion (AIC) which is commonly used for the VAR model.

Second, we apply a VAR-based approach of the cointegration suggested by Johansen (1988) to investigate the relationship among these variables. The cointegration test is based on the maximum likelihood estimation of the VAR model. If these variables were not cointegrated, the standard Granger causality test would be applied on the first difference of these variables. If these variables were cointegrated, a Granger causality test would be conducted based on a VAR with the introduction of an error correction term following the suggestion of Granger (1986). Granger causality tests are performed to identify the existence and nature of the causality relationship between the variables.

Finally, the Variance Decomposition (VDC) is performed to obtain the degree of exogeneity between variables outside of the sampling period. The VDC shows the percentage of forecast error variance for each variable that is attributed to its own shocks and to fluctuations in the other variables in the system.

EMPIRICAL RESULTS

Based on the table below, we can see the summary statistics of the Islamic stock returns and macroeconomics variables. DOW has been more active and profitable than JII, showing the highest average daily returns of 11932.80 followed by JII at 505.7984. However, DOW

return (as reflected by the standard deviation) is very high and it also has the high volatility 2225.474 which is commensurate to its return. The smallest risk is experienced by JII at 111.6374

TABLE 2: DESCRIPTIVE STATISTICS

	JII	DOW	EXRATE	CPI	M2	BIR
Mean	505.7984	11932.80	9565.673	127.7128	2654560	6.495833
Median	529.6745	12180.40	9432.750	126.9250	2543670	6.500000
Maximum	682.6910	16576.66	12122.00	146.8400	3727696	8.750000
Minimum	213.6342	7062.930	8490.000	113.7800	1874145	5.750000
Std. Dev.	111.6374	2225.474	862.9817	9.770075	560401.5	0.656602
Skewness	-0.896060	-0.066921	1.359283	0.291242	0.271933	0.991877
Observation	60	60	60	60	60	60

The result also explains that all variables in this study exhibit positive means. In term of Skewness LNEXRATE, LNCPI, LNM2 and LNBIR are positively skewed which are 1.359283, 0.291242, 0.271933 and 0.991877 respectively. Meanwhile, LNJII and LNDOW are negatively skewed they are -0.896060 and -0.066921 respectively.

Table 3 below summarizes the results of Augmented Dickey-Fuller (ADF) tests for all variables. As shown below, the null hypothesis of non-stationarity for the ADF test is accepted by three variables (LNEXRATE, LNM2 and LNBIR), indicating that both variables are non-stationary in level but become stationary after first differencing.

TABLE 3 : UNIT ROOT TEST RESULTS

Test	ADF			
Variables	Level	Note	First Difference	Note
	Trend & Intercept		Trend & Intercept	
LNJII	-3.174631**	Stationary	-6.943670*	Stationary
LNDOW	-5.142752*	Stationary	-8.567162*	Stationary
LNEXRATE	-1.717644	Not Stationary	-4.520983*	Stationary
LNCPI	-4.652614*	Stationary	-4.595911*	Stationary
LNM2	0.568238	Not Stationary	-5.108673*	Stationary
LNBIR	-1.787317	Not Stationary	-2.835487***	Stationary

Note :

Lag length: 2 based on Lag length determination test

* > McKinnon critics value on $\alpha = 1\%$

** > McKinnon critics value on $\alpha = 5\%$

*** > McKinnon critics value on $\alpha = 10\%$

After using the Augmented Dickey-Fuller (ADF) test above, all variables are stationary and have the same order of integration, we proceeded to test whether they were co-integrated. To achieve this, we used the Johansen Multivariate Co-integration test. The results of Johansen's Trace and Max Eigen-value tests are shown in Table 4, where it found that there is cointegration among JII and macroeconomic variables. This can be observed from the

values of trace statistic and Max Eigen value, which are bigger than their critical values, respectively. Therefore, it can be concluded that there is long-run or equilibrium relationship between JII, DOW, EXRATE, CPI, M2 and BIR. Based on this result, it can be concluded that the Islamic stock markets of Indonesia integrates with the world's market and domestic macroeconomic variables in the long run.

TABLE 4: JOHANSEN TEST OF COINTEGRATION

Model	Statistical Trace	Critical Value (5%)	Maximum Eigen Statistical Trace	Critical Value (5%)	Hypothesized No. Of CE(s)	Results
Lag Length = 2[#]	140.6782*	95.75366	50.76983*	40.07757	None*	Trace and Max Eigen statistics showed there is cointegration vectors
	89.90842*	69.81889	41.01955*	33.87687	At most 1*	
	48.88886*	47.85613	26.71480*	27.58434	At most 2*	
	22.17407	29.79707	15.53190	21.13162	At most 3	
	6.642163	15.49471	5.572052	14.26460	At most 4	
	1.070112	3.841466	1.070112	3.841466		

*: Denote significance at 5% respectively

**: MacKinnon-Haug-Michelis (1999) p-values

: Lag length based on Akaike Information Criterion (AIC)

Granger Causality is conducted as variables are co-integrated. It is supposed to observe data causality flows' direction.

TABLE 1: GRANGER CAUSALITY TEST RESULTS

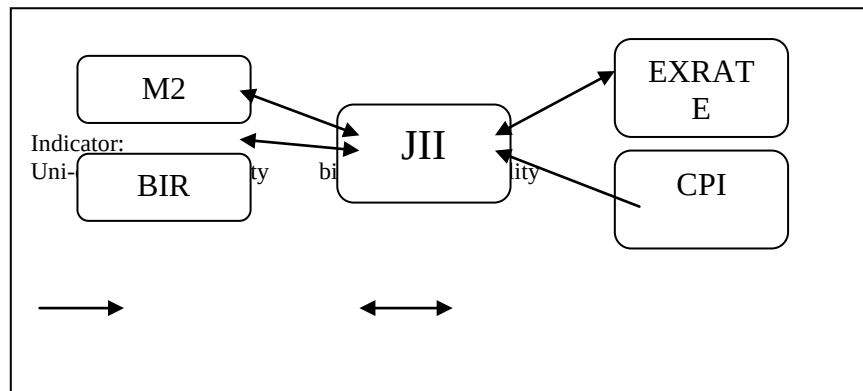
Null Hypothesis	F-Statistic	Prob
LN DOW does not Granger Cause LN JII	1.75814	0.1823
LN JII does not Granger Cause LN DOW	0.16669	0.8469
LN EXRATE does not Granger Cause LN JII	2.43519	0.0973***
LN JII does not Granger Cause LN EXRATE	6.16987	0.0039*
LN CPI does not Granger Cause LN JII	14.6094	9.E-06*
LN JII does not Granger Cause LN CPI	1.85756	0.1661
LN M2 does not Granger Cause LN JII	3.79058	0.0289**
LN JII does not Granger Cause LN M2	2.69933	0.0765***
LN BIR does not Granger Cause LN JII	8.37949	0.0007*
LN JII does not Granger Cause LN BIR	2.90790	0.0633***

Note: * significant at 1% **significant at 5% ***significant at 10%

Table 5 shows the Pairwise Granger Causality Test for the log series of JII, DOW, EXRATE, CPI, M2 and BIR. The results of the Granger causality test show five significant causal relationships. First, there is a bi-directional causality result between exchange rate and Indonesia stock market (EXRATE and JII). Second, there is a bi-directional causality between money supply and the Indonesian stock market (M2 and JII). Third, there is uni-directional causality relationship between CPI and JII suggesting that the return of the Jakarta islamic index is significantly affected by the consumer price index in Indonesia.

Fourth, there is a bi-directional causality result between BI Rate and the Indonesia stock market (BIR and JII). This result leads to a conclusion that the return of JII is driven by EXRATE, M2 and CPI. The pattern of this casual relationship can be simplified as in figure 2.

FIGURE 2: RELATIONSHIPS BETWEEN VARIABLES



The previous stationary test defines that all variables are stationary in the first difference. Therefore all variables are changed into their first difference form.

TABLE 6: VECTOR AUTOREGRESSIVE VAR (2) ESTIMATION RESULTS

No	Variable	T-table	T-test	F-table	F-test	A	Exp.
1	JII(1)	2.000	(-2.28785)			0.05	Significant
2	JII(2)	1.671	(-1.67726)			0.1	Significant
3	DOW(1)	1.296	(-1.59396)			0.2	Significant
4	DOW(2)	2.660	(-2.82969)			0.01	Significant
5	EXRATE(1)	1.296	(-1.30770)			0.2	Significant
6	EXRATE(2)	1.296	(1.43720)			0.2	Significant
7	CPI(2)	1.296	(1.31997)			0.2	Significant
8	M2(1)	1.296	(-1.59612)			0.2	Significant
9	BIR(1)	1.671	(-1.80645)			0.1	Significant
7	F test			2.84	2.953053	0.5	Significant

The t-table value of 0.01 is 2.660, t-table of 0.05 is 2.000, t-table of 0.1 is 1.671, t-table of 0.2 is 1.296, t-table of 0.5 is 0.679. While table 6 provides results of Vector Autoregressive VAR(2) estimation. It defines that Dow Jones Industrial Index coefficient is -1.372084; meaning that, it had a negative influence to JII movements. On the other hand, the Exchange Rate coefficient is 0.768219, which means it had a positive influence to JII movements, the Consumer Price Index coefficient is 1.284467 which means it has a positive influence to JII movements, the Money Supply coefficient is 0.033570 which means it has a positive influence to JII movements and the Bank Indonesia Rate coefficient is -0.041898 which means it has a negative influence to JII movements.

The simultaneous f-test examination is conducted to observe the significant influence of the independent variables to dependent variable simultaneously. The VAR(2) estimation result describes that VAR(2) f-statistics is 2.953053 with degree of freedom (df) (4), (60-4-1)

= 4,05 at the 95% confidence level ($\alpha = 0.05$). In addition, the f-table of f-test is 2.84. Therefore, the VAR(2) f-statistics is 2.953053 > t-table 2.84, means that we reject H_0 and accept H_a or the model is simultaneously significant.

After the cointegration relationship is found among the dependent and independent variables, Impulse Response and Variance Decomposition Analysis is conducted. The lag order of VAR is chosen as the base on the value of SC, AIC and HQ. Here is the IRF and Variance Decomposition Analysis examination result:

FIGURE 3: IMPULSE RESPONSE RESULT

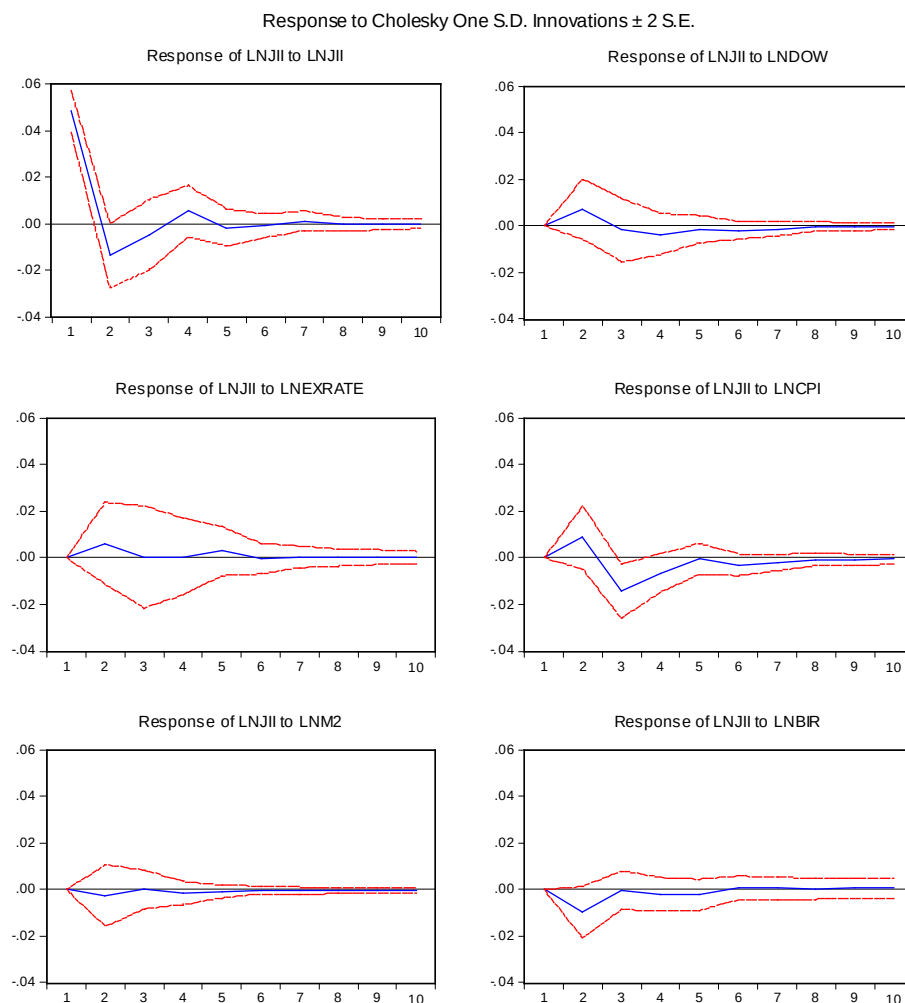


Figure 3 above defines volatile responses of DOW, EXRATE, CPI and M2 to JII movements. The horizontal axis represents 10 months period of time while the vertical axis represents the change of variables due to the presence of shock variables from the independent variables. The 2nd figure defines the changes of the JII variable in response to the existence of shock variable of the DOW. The response of JII to the DOW is relatively volatile. The 3rd graph defines the change of JII variable in response to the existence of the shock variable of EXRATE. The response of JII to EXRATE is more volatile than the DOW. The 4th graph defines the change of the JII variable in response to the existence of the shock variable of CPI. The response of JII to CPI is relatively stable. The 5th graph defines the change of the JII

variable in response to the existence of the shock variable of M2. The response of JII to M2 is relatively stable like the CPI. The 6th graph defines the change of the JII variable in response to the existence of the shock variable of BIR.

TABLE 7: RESULTS OF VARIANCE DECOMPOSTION ANALYSIS

Variance Decomposition of LNJII							
Period	S.E.	LNJII	LNDOW	LNEXRATE	LNCPI	LNM2	LNBIR
1	0.048177	100.0000	0.000000	0.000000	0.000000	0.000000	0.000000
2	0.052715	90.47334	1.841630	1.386923	2.697321	0.251207	3.349580
3	0.054876	84.25673	1.811239	1.285453	9.321260	0.232023	3.093301
4	0.055688	82.70988	2.180100	1.256263	10.41039	0.300570	3.142798
5	0.055859	82.30181	2.234725	1.513453	10.35490	0.321493	3.273620
6	0.055986	81.95761	2.335327	1.512374	10.59874	0.321439	3.274514
7	0.056057	81.79924	2.379833	1.512993	10.70595	0.327786	3.274196
8	0.056065	81.77827	2.381217	1.512724	10.71599	0.334187	3.277609
9	0.056080	81.73914	2.384731	1.514541	10.73707	0.338939	3.285581
10	0.056088	81.71485	2.384882	1.514285	10.74479	0.343592	3.297601

Choley Ordering: LNJII LNDOW LNEXRATE LNCPI LNM2 LNBIR

The results of the VDC analysis are presented in Table 7 for a 10-month horizon. It is clear that the JII is explained by its own shock over 100 % in the 1st month. In the 10th month, the influence of JII to JII itself is decreased to 81.71%. The global macroeconomic variable, the DOW only influences 2.38% to JII. However, the highest influence of JII in 10th month is the CPI at 10.74%. The influence of EXRATE to JII is 1.514%, the influence of M2 to JII is 0.34% and the influence of BI Rate to JII is 3.29%.

CONCLUSIONS

The objective of this paper is to examine the effect of macroeconomic variables on the Islamic stock market in Indonesia. According to the empirical result using the VAR estimation technique and other analysis , there are several conclusions that are shown in terms of the global macroeconomic variable (Dow Jones Industrial Index) and BI rate are negative significant influential variables to cause movements on JII.

As for the influence of domestic macroeconomic variables (exchange rate, consumer price index and money supply) to JII movement are also positively significant.

Using VAR estimation, this paper found that there is a long term equilibrium between the Jakarta Islamic Index implying that JII is integrated with global and domestic macroeconomic variables.

The results of the Granger causality test shows a significant bi-directional causality between the Exchange rate and JII, the Money supply and JII and uni-directional causality between the CPI and JII. Therefore, these scenario suggest that the volatility of the Jakarta Islamic Index is affected by the Exchange Rate and Money supply.

Based on the study results above, there are several recommendations:

Since there is only the DOW variable which has a major influence on the Jakarta Islamic Index, this indicates that the Indonesian economic policy is weak to cover domestic economic conditions. Therefore, it is recommended that policymakers be cautious about responding to the changes of other countries' policies.

Domestic investors in the Islamic capital market should be increased in order to reduce foreign investment which tends to move their funds easily when it is considered more profitable to do so..

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GENERATIONAL COHORTS IN DEVELOPING COUNTRIES: AN OVERVIEW OF THE LITERATURE AND AN EXAMINATION OF COHORT STRUCTURES IN BRAZIL, RUSSIA, INDIA AND CHINA

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ABSTRACT

Generational cohorts are commonly used for market segmentation purposes, and the same approach has been advocated in other aspects of business, such as setting appropriate employee motivators and designing team structures. The concept of generational cohorts is based on the proposition that personal values are influenced by events occurring when people are reaching adulthood, and that people of similar age, who experience the same events, will go on to adopt similar values. The generational cohort concept is familiar to scholars in Western countries, but has not been applied to the same extent in developing countries. This paper discusses some of the principles underlying the concept of generational cohorts, and summarises the limited literature relating to generational cohorts in Brazil, Russia, India and China (the BRIC countries).

INTRODUCTION

While there is a growing stream of research that points to the importance of demographic factors as predictors of organisational and social processes and outcomes (George & Chattopadhyay 2002; Pfeffer 1983; Smith & Peterson 2005), the study of generations is still largely considered to have little scholarly merit. This is surprising, since the concept of a

generation has wide currency throughout the world. People talk of the “younger” or “older” generation, using the term to differentiate segments of the population purely on the basis of age, and usually drawing attention to the fact that those from a different generation to themselves adhere to a different value system, have different attitudes about fashion and music, and have different expectations about life in general. This has particular relevance for the workplace in areas such as leadership (Sessa et al. 2007), learning (Li & Nimon 2008), and employee motivation (Perryer, Scott-Ladd & Leighton 2012).

Modern scholarly examination of the concept of generations appears to have first occurred in the sociology literature, and can be traced back to an essay by Mannheim (1952), originally published in 1923. Among other things, Mannheim was one of the first to argue that experiences during a person’s youth have a profound impact upon the beliefs and attitudes that a young person takes into adulthood. While Mannheim’s work is often considered seminal to the generation literature, the idea of grouping people according to their biological age, even in 1923, was not new. For example, coming-of age celebrations and ceremonies are common to many cultures, and have been so for millennia. Young children might be described as being “of school age” and adults as being “of working age”, while citizens of many countries are required to complete national service at a time determined solely by their biological age. However scholarly examination of generations is not simply grouping people according to their age, or even ascribing a set of attitudes to people within a certain age group.

The concept of generations rests on the proposition that where a number of people experience the same event simultaneously, at roughly the same age, they tend to develop similar values, and this leads to the formation of a generation. The application of the concept in a business context covers a range of business disciplines. From a marketing perspective there are important implications for market segmentation; from a human resource management perspective, the existence of inter-generational differences in attitudes towards such things as work, authority, relationships, and behavioural standards has implications for the selection of appropriate motivators and reward mechanisms, and for the design of team structures.

Some scholars eg Glenn (1977) have pointed to the need for a distinction between the term “generation”, which relates to a person’s position in the parent-child family structure or hierarchy, and the term “cohort” which relates to a group within the population who are of a similar age (Pilcher 1994). In order to avoid confusion, many scholars have adopted the term “generational cohort”.

While there is a large body of extant literature about generational cohorts in the United States and other western countries (Jurkiewicz 2000; Kupperschmidt 2000; Loomis 2000; O’Bannon 2001), limited attention has to date been given to identifying generational cohorts in other countries. If the concept of generational cohorts has value in the west, then it likely that it will also have value in other societies.

This paper discusses the literature looking at the kinds of events that might define a generational cohort, summarises the literature relating to generational cohorts in western countries, and examines some of the early research into generational cohorts in Brazil, Russia, India and China (the BRIC Countries). BRIC is a grouping acronym predicated on the view that these four countries are all at a similar stage of newly advanced economic development. The acronym was coined by Jim O’Neill in a 2001 Goldman Sachs paper entitled "Building Better Global Economic BRICs." The acronym has come into widespread

use as a symbol of the apparent shift in global economic power away from the developed G8 economies towards the developing world.

COHORT DEFINING EVENTS

Some argue that evolutionary change in society can form the basis of a generational cohort. Ryder (1965):843), for example, argues that “ the changing content of formal education, peer-group socialization, and ...idiosyncratic socialization” are the factors that differentiate successive cohorts. Others argue that adults’ values reflect the socio-economic conditions of childhood and adolescence (Inglehart 1997; Rogler 2002). According to this argument, adults’ value systems are determined by the socio-economic factors in shortest supply during adolescence. Consequently, people who grow up during difficult times adopt values such as a desire for security, respect for authority, and the ability to survive. Those who come to maturity during easier time tend to value individualism, egalitarianism, tolerance of diversity and self-transcendence (Egri & Ralston 2004).

Notwithstanding the relative importance of social upheaval, armed conflict, the state of the economy or scientific advances, people are influenced by a broad spectrum of the local, national and international events through which they live. They may be affected by national and international events to a greater or lesser extent than people in other countries. Factors which might affect the degree of influence of local rather than global events (or vice versa) include the typical level of education within a country, the existence of a free media, the availability of information from outside the country, and the extent to which a particular event impacts on the individual. Economic or political upheaval at home is likely to be remembered more vividly than economic or political upheaval elsewhere, even if the rest of the world views things differently.

Schewe and Meredith (2004) offer the Second World War as an example of a global defining moment, and the Falklands War as an example of country specific or regional defining moment. Most people around the world were affected by the first conflict, while the second conflict tended to have limited impact for those not directly involved. Similarly, the Great Depression, the advent of television, the development of the internet, and the dissolution of the Soviet Union are examples of global defining moments, while the 1989 student rally (and its aftermath) in Tiananmen Square, the imprisonment and release of Nelson Mandela, and the legalisation of divorce in Ireland are examples of country or region specific defining moments.

THE TIMING OF COHORT DEFINING EVENTS

Schuman and Scott (1989) asked a large sample of Americans to list three significant events from the previous fifty years. While the most commonly mentioned events were the Second World War and the Vietnam War, they found that people who were in their mid-teens to mid-twenties at the time of those two conflicts were more likely to mention them as being of importance to them. The importance of those formative or “coming of age” years was also evident in respondents’ recollection of other significant historical events, such as the Great Depression and the assassination of President Kennedy.

The centrality of youth or “coming of age” years to the concept of generational cohorts has now been widely accepted by many scholars (Egri & Ralston 2004; Hung, Gu & Yim 2007; Inglehart 1997; Rogler 2002; Schewe & Meredith 2004). The difficulty, of course, lies in the fact that defining events occur all the time rather than in neat, clearly defined intervals, and it is consequently not easy to determine which defining events should be grouped together.

WESTERN COUNTRY GENERATIONAL COHORTS

Most of the literature on generational cohorts relates to Western countries such as the United States, Canada, the United Kingdom, Australia and New Zealand. Most of these countries have had not dissimilar recent histories from a political, economic and social perspective. They have tended to be involved in the same wars (on the same side), generally shared similar experiences in times of economic downturn, and experienced similar social transitions such as liberal attitudes to sex, widespread use of recreational drugs and access to communication technology, generally contemporaneously. While there is some minor difference in opinion, for example in the labelling of some generational cohorts, the start and end years of each cohort, and the merit of splitting some cohorts into two or more separate cohorts, there is broad agreement in the literature about the cohorts and the values that can be ascribed to them. A synthesis of the literature suggests the following cohort structure.

The Veterans includes those born between the early 1900s and the late 1920s. This cohort came of age during the Great depression and World War II. They are generally considered to be hard-working, thrifty and community-minded.

The Silent Generation includes those born between the late 1920s and the mid-1940s) was too young to be involved in the Second World War. The values generally ascribed to this cohort include conservatism, a desire for security, a belief in the importance of conformity, and a highly developed sense of duty (Strauss & Howe 1991; Thau & Heflin 1997).

Baby Boomers (those born between the mid-1940s and the mid-1960s) are usually portrayed as being idealistic, optimistic and inner-directed (Kupperschmidt 2000; Loomis 2000). For this cohort it is argued that the assassination of John F. Kennedy and Martin Luther King Jr, the Cold War, the Vietnam War, the first lunar landing and the availability of the contraceptive pill were all defining events which occurred during their formative years and had a life-long impact on their values and attitudes.

Generation X (those born between the mid-1960s and the early 1980s) is usually described as adaptable, team oriented, technologically competent and entrepreneurial, but at the same time cynical, sullen, contemptuous, naïve and arrogant (Ferres, Travaglionne & Firns 2001), (Jurkiewicz 2000; O'Bannon 2001). Gen X has grown up and reached adulthood during a period of extraordinary technological, economic, and social change. The extensive restructuring and downsizing that occurred in the 1990s as Gen X was entering the workforce has forced them to take advantage of new opportunities as they come along, either inside or outside the organisation that currently employs them. Gen X employees are eager to upgrade their skills through training on the job and externally in order to keep themselves “employable” (Tulgan 1995). This sense of maintaining their marketability, in the face of

uncertain job futures, may explain why they are generally less inclined to be committed to organisations. On average, Gen X employees will hold six different jobs during their careers, significantly more than their parents typically did.

Millennials, often referred to as Generation Y (those born after the early 1980s) has not yet attracted a great deal of scholarly attention, but they are generally described as smart, informal, and possessing the view that work is less central to their lives than is the case for previous generations.

THE BRIC COUNTRY COHORTS

The literature on generational cohorts in non-western countries is sparse. A number of studies have compared age groups in one or more countries (see for example (Mellahi & Guermat 2004; Perryer & Jordan 2002), but these studies have tended to look only at younger versus older respondents, or over and under age 30 groupings. Few have made any attempt to link defining events to groupings, and have instead based their groupings on an age-stage framework. Some have simply accepted the generally accepted date ranges for western cohorts and applied them to non-western countries (see for example (Li & Nimon 2008); (Greenwood et al. 2012). Some insights can be gleaned from the cross-cultural value studies conducted by a number of scholars (Hofstede 1980; Hofstede & Bond 1988; Schwartz 1994; Trompenaars 1993), but these studies focus on value differences between countries, rather than value differences between age cohorts within a single country.

A small number of generational cohort studies have been published in respect of the BRIC countries. A summary of the cohort structures for those countries follows.

Brazilian Cohorts

The literature relating to generational cohorts in Brazil is limited, with Schewe and Meredith (2004) providing the only analysis identified during this literature review. Brazil's cohort structure is quite different from other countries, since it was significantly less affected by the Second World War.

The Vargas Era Cohort was born between 1913 and 1928, and members of this cohort were greatly influenced by the coup which brought Getulio Vargas to power, and the social changes which greatly impacted the poor and the middle classes of Brazil. This cohort is conservative and nationalistic.

The Post-war Cohort and the Optimism Cohort were born between 1929 and 1950. They grew up in the new Brazil of the Vargas years (1930 to 1945, and 1951 to 1954), and developed a youth culture, a willingness to look outside Brazil for ideas and inspiration, and the sense that they were in a country that had a great future.

This attitude was not shared by the Iron Years Cohort and the Lost Decade Cohort, who were born between 1951 and 1974, and experienced dictatorship, censorship, fear and frustration, leading to a set of values based which include materialism and individualism.

According to Schewe and Meredith (2004) the Be on Your Own Cohort, born after 1975, were influenced by political crisis which resulted in the impeachment of President Collor and the floating of the Brazilian currency. This cohort demonstrates self-sufficiency and consumerism, while at the same time valuing higher ethical standards than previous cohorts.

Russian Cohorts

Two studies suggesting generational cohort structures in Russia were identified during the literature search. Further studies were identified which simply used chronological age as a proxy for generation (see for example (Hahn & Logvinenko 2008).

Schewe and Meredith (2004) argue that six generational cohorts exist in Russia. The turmoil of war and the social, economic and political change in that country over the last sixty years has provided a plethora of defining events which could lead to changing values and consequently, generational cohorts.

The Collectivisation Cohort born between 1912 and 1923 came of age during the period of Stalin's push to base the country's agriculture on state-run farms operated by peasants, and managed by the communist party. While they experienced famine, they generally viewed the state as a liberator, and developed strong nationalist values.

The Great Patriotic War Cohort born between 1924 and 1936 were unified by the shared hardships of the Second World War, a shared view that the West posed a threat to their existence during the Cold War. They tend to be conservative, patriotic and nationalistic, and see the state as the only source of security.

The Thaw Cohort and the Stagnation Cohort were born between 1937 and 1968, and grew up during the space race and the rise to power of Gorbachev. The earlier cohort members tend to value idealism and individuality, while the later cohort became cynical and pessimistic about the future of communism.

The Perestroika and Post-Soviet cohorts were born from 1969 onwards. They experienced the explosion at Chernobyl, the fall of the Berlin Wall, the dissolution of the Soviet Union and the wars in Afghanistan and Chechnya. They also experience the large-scale transformation of the market following the fall of communism in the late 1990s (Zhuplev & Shein 2005). They are seen as materialistic, cynical, street-wise and amoral.

Mishler and Rose (2007), building on the work of Rose and Carnaghan(1995), propose six discrete generations, although they note that differences in attitudes between adjacent cohorts were "typically small and nonsignificant" (p.825). They consequently opted for three generational cohorts which showed more distinct differences.

The Survivor generation was born prior to 1945. Older members of this cohort experienced the hardships of World War II and the Stalin era. Younger members of the cohort also experienced hardship, growing up during the aftermath of the war, and coming of age during a period of social and economic hardship.

The Normal generation was born between 1945 and 1965. This cohort lived through the cold war, the expansion of the Soviet Union, and they experienced the status of being a citizen of a superpower. Despite the relative stability of this period, members of this cohort exhibit high levels of cynicism, desiring to either protect themselves from the state's attempt to socialise them or to exploit any opportunities the state presented.

Those Russians born after 1965 make up the Transitional generation. Older members of this cohort share many attitudes with the Normal generation, while younger members were born only shortly prior to the breakup of the Soviet Union. This generation is generally more positive about the future than the earlier cohort.

Indian Cohorts

The literature on Indian cohorts is very limited, and only one paper could be identified which offered a cohort structure (Ghosh & Chaudhuri 2009). Indeed, the authors claim that they are the first to propose a structure. They propose a three cohort structure consisting of Conservatives, Integrators, and Y2Ks.

Conservatives were born between 1947 and 1969, growing up in a period of local wars, famines and rigid protectionism. Rigidly bureaucratic institutions led to corruption and inefficiency in interactions with authority. The dominance of the Congress Party reinforced the status quo and little change occurred within the society. The family was of immense importance and a focal point in life, a situation reinforced by the caste system. Occupations and alliances were determined by birth rather than by individual preference.

Integrators were born between 1970 and 1984. This cohort is driven more by self-interest than by broad notions of security. The introduction of television provided this cohort with exposure to western programs, ideals and attitudes, resulting in a much more globally-oriented perspective. English became more important as it allowed access to foreign media, and the hybrid "Hinglish" a mix of English and Hindi emerged. This generation is thought to be materialistic and consumer-focussed.

The Y2K cohort was born between 1985 and 1995. This was the generation that changed international perceptions about India. Previously, many outsiders thought of India as backward, poor and perhaps quaintly charming. This cohort changed that perception through its technical expertise, particularly in the field of computer software. This generation is perceived to be one of risk takers and individualists.

Chinese Cohorts

The literature on Chinese generational cohorts is sparse, but larger than for the other countries examined in this paper. Two recent studies have pointed to possible cohort names and date ranges. Egri and Ralston (2004) suggest four historical eras, the Republican Era (1911-1949), the Consolidation Era (1950-1965), the Great Cultural Revolution Era (1966-1976) and the Social Reform Era (1978 to the present). Hung, Gu, and Yim (2007) argue that three significant recent events have given rise to three generational cohorts. Red Guards came

of age during the Cultural Revolution (1966-1979), while Modern Realists came of age during the Economic Reform period (1980-1991), and Global Materialists came of age after China began to integrate into the world economy (1992 to the present). A further study (Fam et al. 2008) suggests two specifically Chinese cohorts – the Reds (born prior to 1951), and the Cultural Revolution cohort (born 1951-1972), but adopts the western structure and nomenclature for later cohorts. This approach is consistent with the structure proposed by Wang and Wu (2002) cited in Dou, Wang and Zho (2006). This structure consists of the Red Generation born around 1949, the Pre-Cultural Revolution cohort, born between 1951 and 1964, the Post-Cultural Revolution cohort, born between 1965 and 1973, and Generation X, born between 1974 and 1984. A synthesis of these papers results in the following generational cohort structure.

The Republican Era Cohort was born between 1894 and 1932. While this is a comparatively long period in generational cohort research, it should be noted that there was a very consistent flavour to defining events throughout the period. Poverty, natural disaster and war tended to impact on the lives of most Chinese, and conservative values based on the teachings of Confucius dominated.

The Consolidation Era Cohort was born between 1933 and 1948. For this cohort the major defining events were the war with Japan and the civil war which led to Mao Zedong and the Communist Party coming to power. The ensuing period was one of economic and political stability, albeit a very insular and ineffective one. This generation is less conservative than its predecessor, more certain of the rightness of its thinking, and less open to change.

The Red Guard Cohort was born between 1949 and 1962, and the most important defining event was the Cultural Revolution, where Confucianism and western influences were attacked, liberal ideology suppressed, and young people were encouraged to sacrifice their personal comfort for the good of the country. The values ascribed to this cohort include conservatism and frugality.

Modern Realists were born between 1963 and 1974 and came of age during a period of economic and social reform. The centrally planned economy was transforming into a market economy, individuals were encouraged to improve their own position rather than the position of the state, and the political situation was becoming less rigid following the installation of Mao's successor, Deng Xiao Ping, in 1978. Entrepreneurial and materialistic are the most commonly cited values for this cohort.

The Global Material Cohort was born after 1975, and began to come of age in 1992, when the phenomenal growth in China's economy occurred. Events such as the return of Hong Kong to China, access to the internet and the one child policy have had significant impact on this cohort. High consumption and a preference for foreign consumer goods are examples of the values of Global Materialists.

COMPARING COHORTS

Demographic and differentiating aspects of cohort attitudes are presented in Table 1.

TABLE 1: GENERATIONAL COHORTS FOR SIX COUNTRIES

Country	Cohort	Born	Key Cohort Values
Western Countries	Veterans	1905-1928	Hard-working Thrifty Community-minded
	Silent Generation	1929-1944	Conservative Desire for security Conforming Strong sense of duty
	Baby Boomers	1945-1965	Idealistic Optimistic Inner-directed
	Generation X	1966-1982	Adaptable Team oriented Cynical Sullen
	Millennials	1983-2000	Smart Informal Low work centrality
Brazil	Vargas	1913-1928	Conservative Nationalistic
	Optimism	1929-1950	Open-minded Optimistic
	Lost Decade	1951-1974	Individualistic Materialistic
	Be on Your Own	1975-	Self-sufficient Ethical
Russia	Collectivisation	1912-1923	Nationalistic
	Great Patriotic War	1924-1936	Patriotic Conservative
	Thaw	1937-1949	Idealistic Individualistic
	Stagnation	1950-1968	Cynical Pessimistic
	Perestroika	1969-1988	Materialistic Cynical

	Post-Soviet	1989-	Street-wise Amoral
Country	Cohort	Born	Key Cohort Values
India	Conservatives	1947-1969	Family-centred Shy Obedient Respectful
	Integrators	1970-1984	Materialistic Consumeristic
	Y2K	1985-1995	Risk-taking Individualistic
China	Republican	1894-1932	Conservative Confucian Values
	Consolidation	1933-1948	Righteous Reactionary
	Red Guards	1949-1962	Conservative Frugal
	Modern Realists	1963-1974	Entrepreneurial Materialistic
	Global Materialists	1975-	Consumeristic Outward looking

CONCLUSION AND IMPLICATIONS

The concept of generational cohorts is intuitively appealing, and some scholars argue that it makes a contribution to our understanding a number of important business related issues. While much has been written about generational cohorts in western countries, only limited research has been conducted into generational cohorts in non-western countries. If the concept does indeed have value for business in the west, then it seems likely that it has value for business elsewhere. Few scholars have examined generational cohorts in Brazil, Russia, India and little work has been published in this regard.

Further research is needed to examine the cohort structure in other developing countries. Possibly more urgently though, there is a need for a coherent framework to study generational cohorts. Much of the literature published to date has been practitioner based rather than scholarly, and consequently it has often been ad hoc and based largely on unsubstantiated assertion, biased selection of data, and analysis that lacks impartiality or is flawed in other ways.

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A PHENOMENOLOGICAL EXPLORATION OF EXECUTIVE FEMALE LEADERSHIP EXPERIENCED BY THAI WOMEN IN BUSINESS ORGANIZATIONS IN THAILAND

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ABSTRACT

The significance of this study is that it investigates the lived experiences of Thai female leaders in their successful career achievement focusing on executive positions in business in Thailand. This study is undertaken to provide women with a roadmap and an equal opportunity to compete, sustain and handle obstacles if their goals are to advance into senior-level positions within any business organization. In fully studying the essence of the lived experiences, the phenomenological research methodology was selected to conduct this study by using in-depth interviewing method with 12 executive Thai females. This investigation is available to provide Thai women with the knowledge and advantage of knowing what to expect in advancing and countering any attacks that may hinder successful chances for advancement into senior positions. Conclusions and recommendations are also presented.

Keywords: Qualitative Research, Phenomenology, Leadership, Gender, Education, Glass Ceiling, Skills

INTRODUCTION

At present, the situation of the social environment and business has changed rapidly and this has an effect on Thailand. So the organization has to adapt or adjust itself to bring it up to date. Most companies and institutes now look at their current vision and strategies in order to keep their businesses running smoothly. Some organizations fall into a critical situation and trying to survive. The appropriate direction from the top leadership team should be able to drive the organization to go on the right path. In order to be prepared for change, it is necessary to involve employees who have high capability or leadership skills to support the company. Virtually, every major company has thought about what it is required to be a great leader. Leadership has been seriously considered as one of the most important aspects in any organization. It has an importance due to the fast pace of change in combination with increased global competition. Leaders are expected to be excellent strategists and communicators.

In terms of gender, it is clear that women are taking on leadership roles in greater numbers than ever before. The special report by Hay group (Fontaine, 2010) stated that there will be a change of business and this creates an opportunity for putting women in senior leadership roles in many organizations. By 2020, that number could be one in five (Otte, 2004). Although this seems to be a long way away, more women are entering the workforce and should be provided with the opportunity to become leaders and advance into senior-level positions. There is also an increasing trend that Thai women are in executive leading positions. However, most of Thai women still face the limited opportunities to act as leaders in business organizations. What are the conditions that make it possible or difficult for the women to have access to leading positions in Thai society? These conditions are embedded within the following structures: Economic, Socio-cultural, and Political.

Economic Structure: It has been readily noticed that in some areas of employment such as service industries, tourism, education and pharmaceutical sectors, there are female workers who are more numerous than men and who also play a significant role in these fields in the economic development of the country (Picavet, 2005). The problem is that very few of them are in any leading positions. This is because the majority of women are far from having any economic power.

Nevertheless, in managerial circumstances especially in foreign companies or multi-national organizations, women are considered as better employees. This is because they are generally more motivated and harder-working. Female staff are seen as more flexible due to their needs for financial independence and more stable as they know who they are and where they are going.

Socio-cultural: A traditional parable in Thailand compares the people of Thailand to the legs of the elephant with the men in the front “leading” and the female in the back “following”. The societal image of women in the Thai culture seems to be bounded by two dimensions; mothers and wives (Yukongdi, 2005, Col *et al.* 2002). This rigid image creates confusion because, in fact, many Thai women work outside the home. The problem, however, is that many men and women still believe that women’s primary responsibilities are to serve their husbands and children. Social values in Thailand are based on the family, education and Buddhism. However, shared awareness around this issue is now developing in line with modern lifestyles (Yukongdi, 2005; Col *et al.*, 2001). On a cultural level, the general perception is that gender discrimination is very weak. Furthermore, there are no clauses or provisions that can be said to discriminate against women in terms of promotion to managerial positions (Yukongdi, 2005). The problem is that in reality, their promotion is slower, even if their numbers have increased considerably.

Political Structure: During the late 20th century, changes in legislation to promote gender equality in employment and educational opportunities for women have been implemented. These changes have contributed to improve Thai women’s status. Women managers were reported to have equal access to training and promotion opportunities as men. Undeniably, the situation has improved and the gap between men and women has been reduced. Today women may truly be regarded as politically active, and women even hold Prime Minister position in some countries, for example, previously in Thailand, however, the decision-making power and control of political levers still remain largely in the hands of men (Picavet, 2005).

SCOPE OF THE STUDY

The scope of the study includes the lived experiences of Thai female leaders who are in senior-management or executive levels in business organizations located in Thailand only. This study also focuses on Thai female leaders who are currently or were previously hired by business organizations, not expatriates or any other nationalities. The importance of this study can be classified into two categories. In Theory, firstly it is providing a contribution of phenomenology to Human Resource Development. This is because it facilitates the explanation of the essence of human experiences that are relevant to HRD practice (Gibson & Hanes, 2003). Secondly, by exploring the knowledge of executive women through their personal narratives. The researcher is allowed a glimpse of how these Thai executive women leverage or control various approaches to management and strategies for their successful practices. In practice, it is beneficial for that particular person to share her experiences both positive and negative information in HRD field. Also, Thai female groups can study this research and learn success stories from previous real experiences and make their own career-lives if they are motivated to achieve senior-management positions and this helps HRD to establish a candid roadmap within an organization and also learn by looking at the best practice. At an international level, it helps to express the non-discrimination of gender in HRD globalization and can increase the percentage of Thai female leaders in business organizations worldwide.

LIMITATIONS OF THE STUDY

These Thai female leaders represent various types of organizations or different categories of business industries and demonstrate plentiful executive leadership position experiences. In this study, as determined through this phenomenological research design, only Thai executive female leaders working in business organizations in Thailand are selected as executive practitioners. Thai women working in governmental sector or expatriate women, entrepreneurs were not included in this study.

LEADERSHIP CONCEPT

The Definition of Leadership: There is no single recognized definition or explanation of leadership. Ajarimah (2001) has given a description of leadership which can be briefly explained as not only the exclusive attributes of the leader. The best leader does not only support the followers but also acts to achieve the goals of the organization and the ability to design and operate a system which will assist followers to perform most effectively. Leadership is concerned with development of leaders in an organization, it is a popular concept but is difficult to define with precision (McLean, 2006). By definition, people in a position of management and at the executive level should have a clear picture of management and ensure that this is included in their executive development program (McLean, 2006). An effective leader should exhibit strategic leadership, meaning the ability to access the “big picture” but, also, an operational leadership in order to make things happen and people leadership by motivating, retaining and developing people (Pellet, 2008).

Transactional and Transformational Leadership: Avolio and Bass (1991) developed the concept of transactional and transformational leadership. Transactional leadership practice is to barter or exchange things. The leader proposes rewards or punishment and the subordinate

returns desired behavior and completion of performance. It can be seen that the transactional leadership style concentrates on developing important directions, evaluations, incentives and/or psychological rewards which are tangible benefits. Transformational leadership, on the other hand, utilizes a leader's capability in creating emotional aspects such as trust, inspiration, motivation and loyalty among their team members in order to achieve common objectives.

Approach to global leadership development: Living in the era of globalization which is an unpredictable and unstable sometimes leads to chaos for an organization. Therefore, it is a responsibility of the leader to ensure that the organization survives and makes most of its opportunities. Besides, global leadership development is one of seven areas in which HRD can positively affect the force of globalization and has significant value (Marquardt & Berger, 2003). This is important to HRD professional in order to have better planning for appropriate leadership development programs which have become an increasing priority for business and government organizations (Yeo, 2006).

Gender Perspective: Since the mid-1990s, workplace diversity issues have allowed organizations to adjust their policies in response to the need for workplace equality (Phillips, 2004). As a result of dynamic political, social, and economic changes, some companies have willingly become more inclusive, integrating women, gays and individuals with disabilities into their workforce at all levels of their organizations. Pounder and Coleman (2002) conducted extensive research and found that men and women were equal in leadership competence, but that women often faced socially prompted stereotypes about masculinity and femininity that undermined their credibility as organizational leaders. According to Garrett (2004) this is not a glass ceiling; it is just a thicker layer of men that women have to move through. It is important to examine a situation that leaders of both genders face to have a better understanding regarding expectations for differences and similarities, specifically in probing the issue of the underrepresentation of women in the senior-level positions.

FEMALE LEADERSHIP CONCEPT

Women in Leadership Positions: According to Ruderman and Ohlott (2002), women in business have been required to adapt to a well-established hierarchal system built around the strengths of a majority of male players. Although women are often confronted by an invisible barrier preventing their rise into leadership ranks called the glass ceiling, some studies indicated that women are increasingly inching through the glass ceiling that had previously prevented them from attaining leadership positions (Goodman, Fields, & Blum, 2003; Stroh, Langlands & Simpson, 2004). Women who have achieved top management positions are usually placed under closer scrutiny than men and their evaluations are not always positive (Eagly & Karau, 2002).

Opportunity for Female Leaders: Opportunities for managers capable of leading and being members of high performance teams or business units will increase. In competitive times, long-term organizational success depends on recruitment, development and retention of the most competent managers, regardless of gender. At the same time, there is evidence that the career aspirations of women reflect greater agency and empowerment in terms of assertiveness, dominance and power (Tweng, 2001).

Obstacles for Female Leaders in General: Some organizations established and enforced zero tolerance policies against discrimination of any type. However, the shortage of women in the ranks of leadership position is still a reality of corporate life. Research has suggested that women are not paid as much as men and rarely achieve the top positions (Barnett & Hyde, 2001). Although women made substantial strides in the 20th century, their lack of access to positions of power is apparent. The possession of stereotypical male qualities could explain why most upper-level managers are men because good management is considered manly business (Heilman, 2001). Foschi (2000) emphasized the gender-based double standards in the workplace.

HISTORY OF THE STATUS OF THAI WOMEN

Thai Women and Education: Thailand was considered an agricultural country since the beginning of its establishment and this keeps continuing even today. Both men and women played important roles as ‘farmers’ in ensuring that their family had enough food to consume for the whole year and they also needed to look after children and the elderly. Therefore, the equality among the farmers, in other words, discrimination against women in the society had no effect. In terms of education, Boonto (2008) summarized that women in rural areas had less chance to enter to education or social service whereas elite women gained formal education in the palace as mentioned. Educational opportunity of women derived from a Thai hierarchical culture or people classification rather than gender difference. One of the important reasons for the paucity of women in the Thai executive level has been Thai women often lacks the “appropriate background” to be chosen as a candidate. Despite the fact that the educational level of women in Thailand has risen substantially in recent decades, the formal requirements for female candidacy in most of Thai business organizations, requiring the minimum of a bachelor’s degree, seems to work to the disadvantage of women, relative to men.

Thai Women, Gender and Leadership Role: Sodsangchan (2008) stated that nowadays, more women have access to education, making them more powerful. They are empowered because they are literate; their skills are developed. This has shaped their lives and enhanced their ability to develop themselves, expanding their roles to the wider public. Women have more opportunities to enter careers important for national development; many of them have entered various professional careers. The more education they have, the higher their values are. Women and minorities have been able to progress into upper levels of management through their expertise in specialty areas or through the educational process (Furlong, 2004).

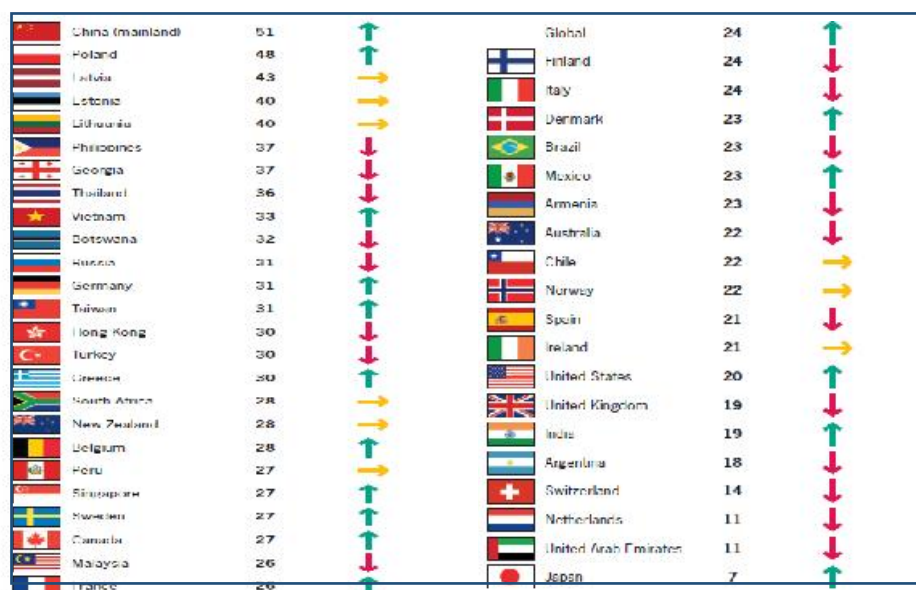
In 2009, the Grant Thornton survey showed the average percentage of women in senior management of the business around the globe (Figure 1). According to the data, Philippines ranked at the first position of 47 percent in female executive leadership, followed by Russia 42 percent and Thailand ranked the third at 38 percent compared with the global average at 24 percent while Japan showed only 7 percent for female executive leadership positions. The survey revealed that Thai culture widely is open for female leader positions which can be seen variously in private sectors such as retail businesses, government sectors, financial institutions and including production industries. This is because female leaderships tend to pay very much attention to detail and have strong intentions in order to get things done successfully. With these reasons, it then leads female executive positions as being capable in handling complex problems. Moreover, being a good listener and gentle character of female leadership, it helps them to get more support from various groups in the organization.

**FIGURE 1: AVERAGE PERCENTAGE OF WOMEN IN SENIOR POSITION
AROUND THE GLOBE IN 2009**



SOURCE: GRANT THORNTON TBR (2009)

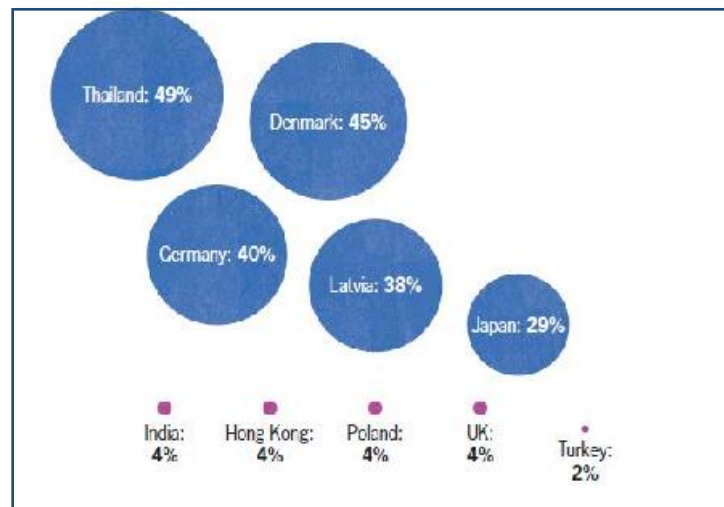
**FIGURE 2: AVERAGE PERCENT AGE OF WOMEN IN SENIOR POSITION
AROUND THE GLOBE IN 2013**



SOURCE: GRANT THORNTON IBR (2013)

The highest scorer in 2011 was Thailand with an impressive 45 percent women in senior management. While in 2013, Thailand hold the 8th ranking dropping from 1st ranking in 2011 survey by 9% and in 2009 by 2%.

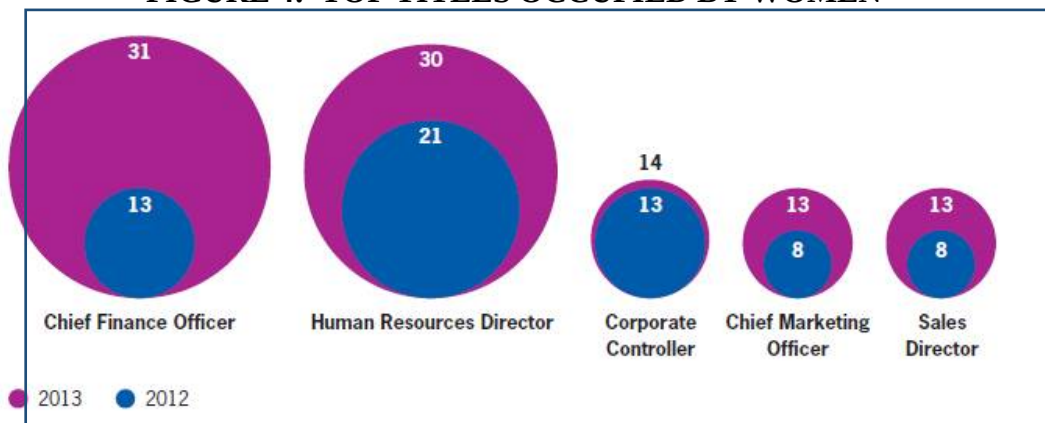
**FIGURE 3: TOP 5 AND BOTTOM 5 ECONOMIES WITH FEMALE CEOS
(ALL BUSINESSES WITH AT LEAST ONE WOMAN IN SENIOR MANAGEMENT)**



SOURCE: GRANT THORNTON IBR (2013)

The survey above shows that Thailand has the highest percentage of having women in senior management position comparing with the other countries. However, among Asian countries, Japan holds the lowest percentage in recognizing women in executive level.

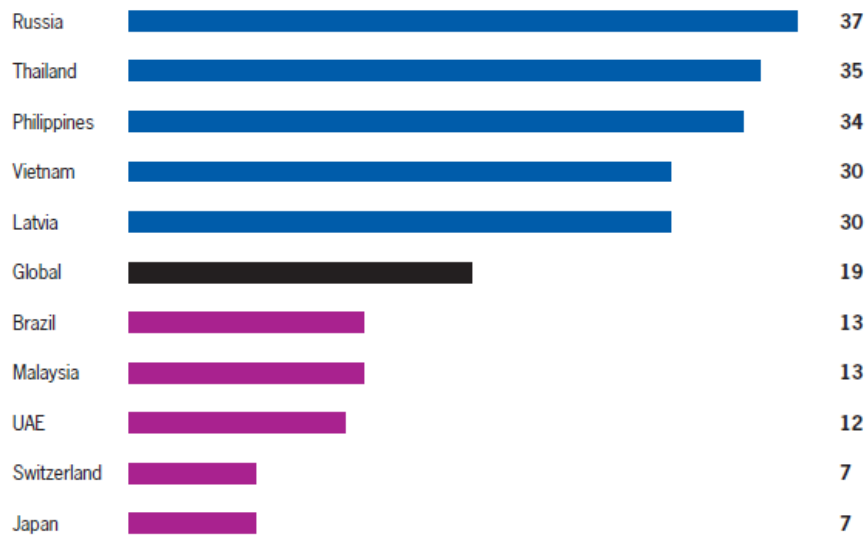
FIGURE 4: TOP TITLES OCCUPIED BY WOMEN



SOURCE: GRANT THORNTON IBR (2013)

From the data, Chief Finance Officer is the top position with 31% surveyed in 2013 and increased from 2012 followed by Human Resources Director which is very important role in every organization. There was no much change in a position of Corporate Controller whereas Chief Marketing Officer and Sales Director had the same figure of 13% and 8% in 2013 and 2012 respectively.

FIGURE 5: PERCENTAGE OF BOARDS OF DIRECTORS ROLES HELD BY WOMEN



SOURCE: GRANT THORNTON IBR (2013)

This result emphasized that Thailand place an important consideration in having women acting in a position of Board of Director which show up to 35% above the average global figure.

RESEARCH METHODOLOGY

This study considers the research question, what are the experiences of Thai female leadership in executive position in business in Thailand. In fully discovering the essence of the lived experiences, a qualitative research strategy is employed based on the philosophical underpinnings and methods of phenomenology. Phenomenology, as an inductive descriptive research approach, has been increasingly used in social science research (Morse, 1994). The phenomenological research methodology whose concern is to shed light upon the meanings of human experiences, is particularly suitable for exploring the lived experiences (van Manen, 1990), and have direct application and contribution to Human Resource Development as well (Gibson & Hanes, 2003).

In this study, a criterion sample with 12 Thai female leaders from various industries, who are in senior-management levels in business organizations located in Thailand, were selected and interviewed as the participants in this study. This research typically conducted about 60-90 minutes semi-structured interview in Thai language for each Thai women leader, in order to gather information about their perspectives, experiences, opinions and feelings in relation to lived experience of Thai female leadership in business organizations in Thailand. The validity and reliability of qualitative research is established by its trustworthiness (Lincoln & Guba, 1985).

RESEARCH FINDINGS

All 12 participants were provided with a copy of the informed consent form prior to the interview. The informed consent form was explained to each interviewee prior to each

interview. The names used in this study were put into non-personalized codes in an effort to maintain the privacy of the participants and avoid any bias; however, the data herein are factual. In the analysis process, the researcher read each interview transcript several times while simultaneously listening to the interview tape recordings repeatedly. The researcher focused on the whole part of analysis (Dahlberg et al., 2001; Giorgi, 1985), and brought together the parts into a whole composite description that involved essential themes and relevant participants' textual descriptions. Overall, the responses given by all interviewees can be classified into three main categories which the researcher named them "Engagement" covering five distinguishing themes in with 13 sub-contents as follows:

INTERNAL ENGAGEMENT

CHARACTER OF WOMEN

Patience

Detail oriented

Emotional Intelligence

Confidence

Every participant described their characters of how they have reached the executive positions in the organization. Most of them have been working within the companies for a long time and they had shared their experiences why being patient is so important. Many participants told the researcher about how patient the men were in their organization.

P1:...I have worked with women around 80 – 90%, while meeting some men in fieldworks. Men are less patient than women. They come for a short time and leave with a higher turnover rate than that of women. Women stay longer while men stay no more than 2 years because of less patience.

P3:...I do not give in easily. By setting a clear target for life, overcome each problem at a time, be patient, be conscious, do some planning, study environments, who should support us, make a marketing plan for each issue, and learn to grow at all times. I started...slower than others but surely I should be able to catch up.

Participants explained how they were working and how much they were very careful with their jobs.

P2:...Women would think more in a practical system than men which look good with new ideas but without a clear target and no actions taken. Thoroughness in women helps work to be more successful. A target of women might not be as big as men's but it is a practical one.

In the interview session, an interesting conversation was about emotion. Women and emotional reaction seems very hard to be separated from each other. In general, women are always mentioned that they cannot distinct between "Emotion or Feeling" and "Reasons". At the work place, if any decision needs to be made at the executive level and many times there are difficulties in clearly illustrating the result. Here comes the important part of emotion and reasons which should be undoubtedly identified to avoid any unfair disputes. Confidence is another key character which all leadership must have regardless of men or women and should be properly handled.

SKILLS

Leadership

Communication

Presentation

People Relationship Management

Every employee who holds an executive level should have skills set which vary depending on the experiences and job requirement. There is no doubt about leadership skill that comes first priority as leadership is a critical role which could lead the organization to be either success or failure by using the vision and mission which should be realistic and achievable. People in an organization are driving business from leaders' direction. Communication substantially appears to be a wide concern for most participants due to it creates an immense impact in daily operational work. At the time the researcher interviewed all those executive women, communication was a very exciting topic to discuss based on each of her various experiences in the organization. In additions, when it comes to the point that a leader needs to transfer the message to the audience, presentation skill plays a critical extent to demonstrate a capability of a leader to perform properly otherwise the communication then becomes meaningless. The presentation skill also cover how a leader look presentable and be respected. Having said that, in order to gain people respect then a leader needs to know how to make a relationship with their people in an organization. Most executive female explained that their team wants a leader who work together with them not a leader who just demand and wait for result without knowing what the team has passed through and do not care. This is why manage relationship with other people is considered important aspect for a leader.

EXTERNAL ENGAGEMENT

OPPORTUNITY

Being talented

Career growth

All of the 12 participants revealed that they were given an opportunity from their organization to climb up to higher level. It was the starting point to bring their inner talent to be appeared to others and continue illustrating their capability and set of skills for career growth in the future. An opportunity will not often happen therefore once it arises, those who want to go forward and try the challenges that awaiting ahead then go for it.

REMUNERATION

High income

As mentioned earlier that nowadays women also work hard to gain more revenue to support their family. Therefore, one way of earning high income is to expand the responsibilities and got promoted at high level. This is a normal perception of all working people. However, it was not everyone thinks the same thing, there was also some working women who do not care about increasing salary even though they agreed that it is important but not a first priority. They mentioned that their objectives were to reach an executive level and higher income was just a benefit of being at that position.

MIXED ENGAGEMENT (INTERNAL AND EXTERNAL ENGAGEMENT)

EDUCATION

Self-development

Network expansion

In terms of opportunity, with a good basic education, the participations said that when the Thai labor force is highly trainable, well-disciplined and is readily acceptable to industrial enterprises. Plus higher education gives people a chance to expand their knowledge and be able to bring new initiatives to their organizations. All of the 12 executive women shared that in general, Thai women were also keen in getting higher learning which they saw that firstly it is continuous self-development. Learning is never too late for anyone and it always provide positive outcomes regardless of whatever it talks about. Secondly, higher education helps creating their network and know more people among various industries. Having this connection, it also support these executive women to strengthen their capabilities and new initiatives to bring all useful benefits to their organizations.

CONCLUSION AND RECOMMENDATIONS

It can be concluded from this study that all 12 executive Thai female from various industries were interviewed and share their lived experiences about reaching the high level within their organizations. The research question was about what are the competency and skills needed to hold the high positions. The learnings from those executive women were various aspects depending on each of her involvement in the career path. They shared how their lived experiences brought them to the high position and what were the competencies and set of skills which they should have within themselves. After taking all recording and made a transcription, the researcher found that each of an executive female has some characters and ability in common but can be distinguish depending on each person. Therefore, among all information received the researcher summarized the findings in to 3 main categories which were internal engagement, external engagement and mixed engagement that lay in between those two elements. An internal engagement talks firstly about the characters of those superior female namely patience, detail oriented, emotional intelligence and confidence and secondly the skills set of leadership, communication, presentation and people relationship management. While an external engagement touched about an opportunity in being a talent in a company and career growth including the remuneration which gives higher income. Another key aspect is education which plays a critical part of those elements. Education created self-development in broaden knowledge and network expansion for those high positions to support their role and responsibility within their companies.

There are many areas for further research which might be useful study in the field of those executive female in government sector. There might be a similar or different perspectives at the interview such as a discussion about the criteria of being a talent or getting a promotion in the organization while the government sector might take seniority as a first criteria into consideration.

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MULTI DIMENSIONABLE IMPACT ASSRSSMENT OF HOMEB STAY TOURISM ON WELLBEING IN DEVELOPING DESTINATIONS

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ABSTRACT

Home-stay tourism in rural and remote area is expanding in many parts of Thailand showing a growing and successful market. This kind of tourism shows a significant ripple impacts on local economy and Thai economy in general. This research aims to examine how home-stay tourism organised by local people in developing tourist destinations affects wellbeing in the individual, the household and the community level. Using both qualitative and quantitative data set, this study demonstrates different angles of impacts of home-stay tourism in rural Thailand on objective and subjective wellbeing of participants in the research areas. In order to assess the impact, various quantitative methods such as matching estimators, propensity score matching with nonparametric regression were employed and triangulated with the result from qualitative data analysis.

It was found that households and community benefitted from an increase in number of houses participating in the home-stay programme. It created a significant impact on household income and raised household consumption and investment levels. In term of psychological wellbeing, it was clear that the wellbeing of programme participants was higher compared to the non-participant households. Finally, this study also indicated substantial impacts of organising home-stay tourism on local environment conservation and the increase in the awareness of people in order to protect surrounding environment which could be seen from the increase in the mangrove area, the seagrass area protection and the reduction of plastic waste from households.

Keywords: Home-stay tourism, wellbeing, impact assessment

INTRODUCTION

Home-stay tourism in rural and remote area is expanding in many parts of Thailand showing a growing and successful market. This kind of tourism shows a significant ripple impacts on local economy and Thai economy in the macro level. It also enhances local livelihood, cultural and environment conservation at the same time (Tran and Walter, 2014). This

research aims to examine how home-stay tourism organised by local people in developing tourist destinations affects wellbeing in the individual, the household and the community level. In Thailand Home-stay, mostly organised by community or community-based ecotourism, is increasingly recognised as a form of sustainable development.

Libong community and homestay tourism development

To maximise the effectiveness of the socio-economic and environmental impact analysis, Libong Island in Trang province of Thailand is selected to be the site of this study. The community characteristic is a single township which people on this island share a unique culture which is Muslim culture and tradition. Their social dynamics and isolation from the mainland activity make them vulnerable to impacts and some interventions and changes very likely affect their behaviours and livelihoods. These characteristics create the advantage for impact and change analysis which is normally applied to small communities in terms of single townships or small islands (Bowles, 1983).

Before entering the village, the decision for choosing the research site was on the basis of maximisation the effectiveness of the economic and social impact analysis. Four considerations were taken into account in order to choose Libong Island to be a research site of this study.

1) Acquaintance with the site

The first reason for selecting the site in order to achieve the aim of effective impact evaluation is that the researcher have to know or familiar with the site. This creates the best opportunity for the researcher to explore the impact of development interventions within a shorter time. In my case, I have been to this island once in 2005 so I have experienced the local socio-economic and some cultural aspects of the area. Additionally, the island is situated in the province where I was born so I can deeply understand in language, tradition and how to communicate with local people there which is the advantage for doing fieldwork in this island.

2) Rurality and isolation criteria

Villages in Libong Island were selected since there is a character of being rural. People are living in or characteristic of farming or country life (Princeton University, 2006) with the lack or inadequate of infrastructure such as the absent of water supply system, the restriction of electricity service, and the muddy and cracked roads. Additionally, the island is detached from the mainland and difficult to commute to the city centre. This isolation diminishes the influences from outside community on people's lives. This provides opportunity for impact evaluation to be conducted easier and more efficient. In fact, Libong Island is one island in the Libong sub-district which is divided into 8 villages.

According to preliminary observation, three villages on the mainland (Moo 3, 6, and 8) are influenced by external factors such as urbanisation, migration and the linkage to Muang Kantang, the nearest biggest city. This creates external undesirable impacts on people in that area which affects the reliability and accuracy of impact evaluation. Similarly, Moo 2 Ban Koh Muk on Muk Island is highly related to outside economy as it is the main tourist destination in this vicinity. Since there is an exceedingly fluctuation on this island, it is considered that Ban Koh Muk is not suitable for impact evaluation. Thus, the researcher decided to study only villages on Libong Island.

3) Noise minimisation

To assess a plausible impact of development intervention, external factors which influence the analysis process or noise must be mitigated or removed. As a result of the rurality of the

site and the isolation of the island itself, external interferences from outside selected communities are considerably low which can be seen from the low level of connection between communities on the island and the communities on the mainland.

4) Single township and unique culture

Approximately 99.9 percent of population on this island is Muslim and take the form of a single township which people on the island share a unique culture and tradition. Thus, even small interventions or changes easily affect their ways of living and easier to capture their behaviour and activities changes. This characteristic creates the advantage for social impact analysis which is normally applied to small communities in terms of single townships or small islands (Bowles, 1983).

Koh¹ Libong or Libong Island, the largest island of Trang province sea area, covers the land area at approximately 45.27 square kilometres and currently has 3,158 inhabitants².

TABLE 1: POPULATION IN LIBONG SUB-DISTRICT AND OF LIBONG ISLAND.

Moo ³	Village's name	Population in Libong sub-district		
		Male	Female	Total
1	Ban Koksaton	419	371	790
2	Ban Koh Muk	875	828	1,703
3	Ban Modtanoi	517	479	996
4	Ban Batupute	423	406	829
5	Ban Langkhao	290	273	563
6	Ban Chaomai	312	272	584
7	Ban Saikaew	477	499	976
8	Ban Sungai Batu	211	201	412
Total		3,524	3,329	6,853

Throughout much of its history, Libong has been considered a crucial location in historical and environmental study according to its unique culture, a longstanding history which can be traced back to the King Narai (1656-1688), and its richness diversity of both plant and animal life⁴. Geographically, the island in general consists of plain areas by the coast and approximately 40 percent of mountainous area in the middle of the island. High cliffs and three percent of beach areas are located in the west. In the east, there is a large plain area but half of it is a muddy area and seawood which is abundant of mangroves. In the heart of the island is full of rubber tree garden which is nowadays the main source of income of villagers. The island is connected with the following areas: ChaoMaiBeach, Kantang District, to the North; TakiangIsland and LaoliangIsland, Kantang District, to the South; Ban Had Samran Sub-district, Kangtang District to the East; MukIsland and KradanIsland, to the West, as shown in the following figure.

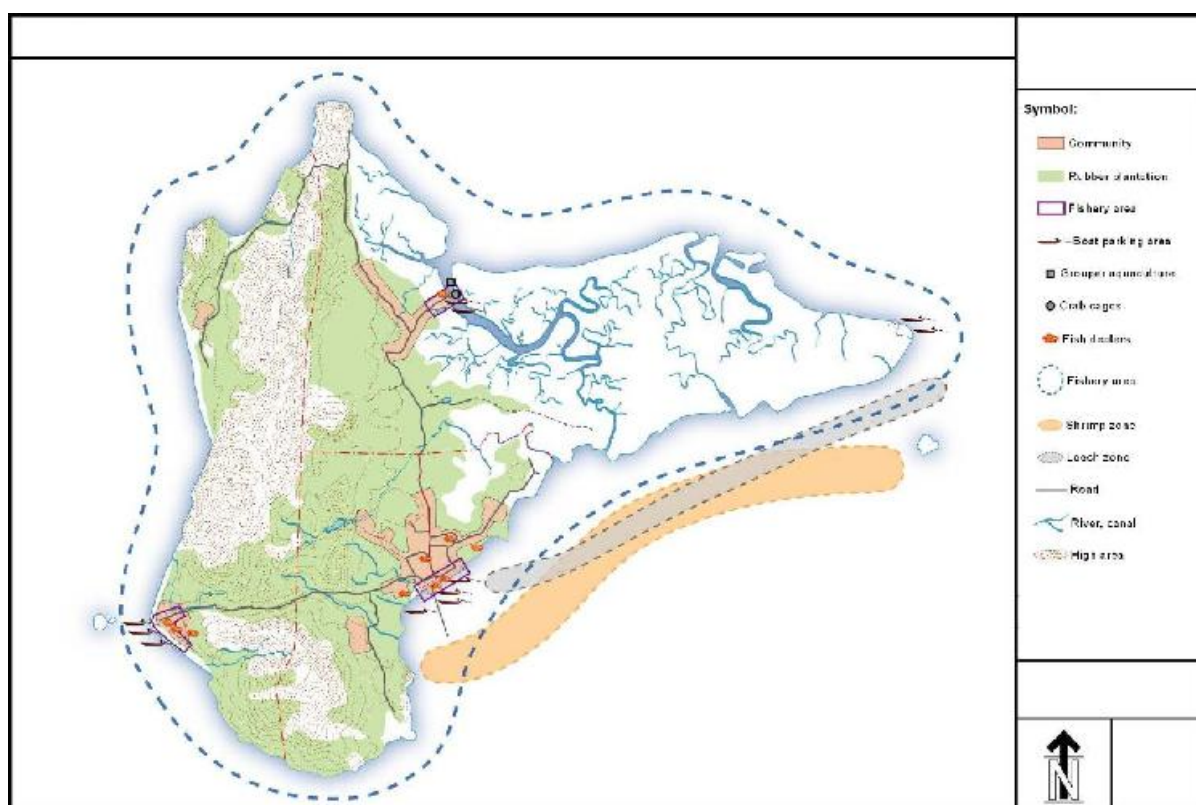
¹ Koh in Thai language has an equivalent meaning to an island.

²From the latest census in 2009 by Koh Libong sub-district administration organisation. According to the local administration, the island boundary comprises four villages including Ban Koksatawn or Ban Prao, Village No. 1 (M.1); Ban Batupute, Village No. 4 (M.4); Ban Langkhao, Village No 5 (M.5); and Ban Saikaew, Village No. 7 (M.7). The island, however, is included in the administration of Koh Libong sub-district which is combined with other villages, three on the mainland and one on MukIsland.

³ Moo means village. It follows by number such as Moo. 1 or M. 1

⁴ Its richness of seagrasses made Libong island to be the only place in Thailand where dugongs or seacows (D. dugon) can be found. Currently, it is estimated that there are no more than 70 dugongs alive (Thai society for the conservation of wild animals, 2009).

FIGURE 1: LIBONG ISLAND MAP



Majority of population on the island is from three families which are Haddens, Jilaos and Sarasits. Only few people are not from these three families including labours from the mainland, teachers, and police. The main income sources of people are from fisheries and Pará rubber tree tapping⁵. After the tsunami disaster in 2004, number of fish and sea animals caught by fishermen dramatically dropped. Most people change their job from fishery to rubber tree tapping or have to find another extra job to compensate the income loss. Since then, small loan seems to play an important role in the community.

METHODOLOGY

This study provides a comparative analysis of two social entrepreneurship cases in Libong Island, Thailand. One is the NVUCF programme or the village fund which is a revolving fund from the government. Another case is the savings group which is the recognised successful community based lending group by organising the home-stay tourism project. In order to understand the mechanism of social entrepreneurship and impacts of programmes which are considered to be complex phenomena, the comparative analysis of cases is very useful for analysing cases (Yin, 1984; Miles and Huberman, 1994; Alvord, S. H. et al, 2004).

In this study, 240 participating and non-participating households were asked about the impact of the funds on their livelihoods, poverty reduction and wellbeing in three levels which are individual, household, and community level. Various quantitative and qualitative tools such as questionnaires, in-depth interviews, trend analysis, village transect, poverty mapping, focus group discussions and workshops were employed for capturing plausible impacts.

⁵It is the major economic importance of villagers because its sap-like extract (known as latex) can be collected and is the primary source of natural rubber.

Using both qualitative and quantitative data set, this study demonstrates different angles of impacts of home-stay tourism in rural Thailand on objective and subjective wellbeing of participants in the research areas. In order to assess the impact, various quantitative methods such as matching estimators, propensity score matching with nonparametric regression were employed and triangulated with the result from qualitative data analysis.

Using quantitative methods, the impact indicators then will be transformed to composite indices as show the following table.

TABLE 2: UNITS OF MICROFINANCE IMPACT AND COMPOSITE INDEX

Units of microfinance impact	$\bar{X}$	STDV	Composite index
Individual level			
1. Income	0.35	0.625	}
2. Business profit	0.27	0.531	
3. Liquidity	0.31	0.664	
4. Personal savings	0.26	0.668	
5. Personal assets	0.18	0.415	
6. Knowledge	0.33	0.656	
7. Self-esteem	0.29	0.817	
8. Neighbour's relationship	0.37	0.649	
Household impact			
9. Household income	0.52	0.633	}
10. Household savings	0.28	0.649	
11. Household assets	0.22	0.517	
12. Household debts	0.05	0.358	
13. Household consumption	0.51	0.532	
14. Housing condition	0.23	0.461	
15. Health and nutrition	0.38	0.510	
16. Children's education	0.39	0.677	
Community impact			
17. Community relationships	-0.11	0.659	}
18. Village activity participation	0.32	0.735	
19. Village development	0.14	0.465	
20. Environment development	0.36	0.794	

[†] These composite indices were created using Principal Component Analysis (PCA).

To estimate the impact of the home-stay tourism project participation on subjective wellbeing, affective component of subjective wellbeing Indicators were used in this study. Different types of existing measures has been used and developed in order to measure subjective wellbeing. Positive affect and negative affect has been proved by previous research that these two independent factors contain dimensions of emotional experience (Emmons and Diener, 1984; Russell, 1980, 1983; Watson, Clark, and Tellegen 1984; Watson and Tellegen 1985; Zevon and Tellegen 1982).

According to Watson (1988) one's level of pleasurable engagement with the environment is called positive affect. This factor includes terms such as excited, enthusiastic, active, alert, attentive, strong or determined. On the contrary, a general factor of subjective distress and

subsumes a broad range of aversive mood states, including distressed, nervous, afraid, angry, guilty and scornful is called negative affect (Watson 1988, p. 1020).

In order to measure the impact of the loan to subjective wellbeing, this study utilised indicators which are able to identify magnitude of positive and negative affects or feelings of borrowers after receiving the loan. These indicators are called ‘Positive and Negative Affect Schedule’ or ‘PANAS’. Twenty frequency scale indicators showing the recurrence of positive and negative moods are collated and created composite indices as shown in table 3.

TABLE 3 DESCRIPTIVE STATISTICS OF THE POSITIVE AND NEGATIVE AFFECT SCHEDULE (PANAS)

PANAS	N	$\bar{X}$	S.D.	MIN	MAX	Composite index
Positive affect (PA)						Positive Affect Index [†] (PAI) Psychological Wellbeing Index [†] (PWI)
Active	240	2.23	1.616	1	5	
Alert	240	2.27	1.622	1	5	
Attentive	240	2.19	1.463	1	5	
Determined	240	2.13	1.445	1	5	
Enthusiastic	240	2.20	1.579	1	5	
Excited	240	1.65	0.968	1	5	
Inspired	240	2.24	1.697	1	5	
Interested	240	1.74	1.083	1	5	
Proud	240	2.15	1.347	1	5	
Strong	240	2.23	1.399	1	5	
Negative affect (NA)						Negative Affect Index [†] (NAI)
Ashamed	240	1.45	1.106	1	5	
Afraid	240	1.66	1.278	1	5	
Distressed	240	1.37	0.869	1	5	
Guilty	240	1.21	0.558	1	5	
Hostile	240	1.52	1.248	1	5	
Irritated	240	1.49	1.163	1	5	
Stressed	240	1.65	1.230	1	5	
Nervous	240	1.77	1.312	1	5	
Scared	240	1.54	1.280	1	5	
Upset	240	1.09	1.013	1	5	

[†] These composite indices were created using Principal Component Analysis (PCA).

RESULTS

It was found that households and community benefitted from an increase in number of houses participating in the home-stay project. It created a significant impact on household income and raised household consumption and investment levels (See Figure A1). In terms of psychological wellbeing, it was clear that the wellbeing of programme participants was higher compared to the non-participant households (See Table A1-A3). Finally, this study also indicated substantial impacts of organising home-stay tourism on local environment conservation and the increase in the awareness of people in order to protect surrounding environment which could be seen from the increase in the mangrove area, the seagrass area protection and the reduction of plastic waste from households.

To present wider results of these two cases, the significant impact analysis is concluded in table 4.

TABLE 4: IMPACT ANALYSIS

Impact analysis significant impact	Social entrepreneurship case (Home-stay tourism project)	
	The control group	Homestay household
Individual level	- Smoothing consumption level - Asset accumulation - Increased debt	- Smoothing consumption level - Increased personal saving - Increased self-esteem especially for female clients - Increased participation and skills
Household level	- Increased household consumption and asset - Increased child's education	- Increased household consumption and asset - Increased child's education - Increased gender equality
Community and environmental level	- Increased conflict between people in community - Decreased trust - Increased out-migration fishermen - Decreased cultural and social degradation - Increased environmental degradation	- Increased social cohesion, participation and trust - Increased collective positive wellbeing - Increased seagrass and mangrove areas - Increased abundance of fish and sea animals (e.g. prawns, crabs, small fish,

Note: from multi-method fieldwork data analysis.

Table 2 indicates the impact of social entrepreneurship on borrowers' livelihoods in different level. Firstly, it was clear that the savings group activities not only created consumption and saving impact for its borrowers, but also had significantly influences on borrowers' subjective wellbeing and skills which led to sustainability in borrower's livelihoods in the long term. By contrast, the village fund, with less participation and supportive innovation initiatives, its clients faced a long term debt as a result of the lack of capability to use the fund in a productive ways and lack of supports from the organisation.

In the household level, child's education and household consumption were the most significant impacts in both cases. The different is in the savings group, according to the regular meeting, skills and literacy training, and leadership practice, female members of the savings group had positive impact about their increased capability and felt self-esteem more empowered than before. Women in community who joined the savings group had more important role in the household and in society.

CONCLUSION

It is very important to link to the sustainable development in terms of social and environmental issues. The wider impact analysis showed that home-stay tourism project, using participatory people-centred method in operating the fund, generated a huge impact on not only the perception of people in environmental preservation, but also changed the norms and the practical ways in doing business. The result of some changing ways of fishing, aquaculture processes, or food and fertilizer production, minimised the cost of production,

gained more and sustained their income, and the most important issue was the positive impact on environment preservation. According fieldwork observation and secondary data analysis, as a result of expansion of seawood area and using special technique in aquaculture with a very low effect on environment, number of fish and sea animals caught by fisherman had been increased since the project was implemented in 2003. Concerning to the social aspect, it was also clear that, the home-stay tourism group activities harmonised the community better than the village fund programme. This can be seen from the voluntary cooperation and the participation in all activities in the community. One example showing the harmony of villagers can be seen from the sustainable tourism (home-stay) project. This project distributed the local economic wealth and cooperated on the one hand, and helped achieving the environmental and cultural protection goal on the other. In this case it is clear that social entrepreneurship can be a powerful tool for local economic development, social cohesion, and a long-lasting and carefully use of natural resources.

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APPENDIX

FIGURE A1 IMPACT ANALYSIS COMPARISON BETWEEN THE HOME-STAY TOURISM GROUP (HST) AND THE NON-HST

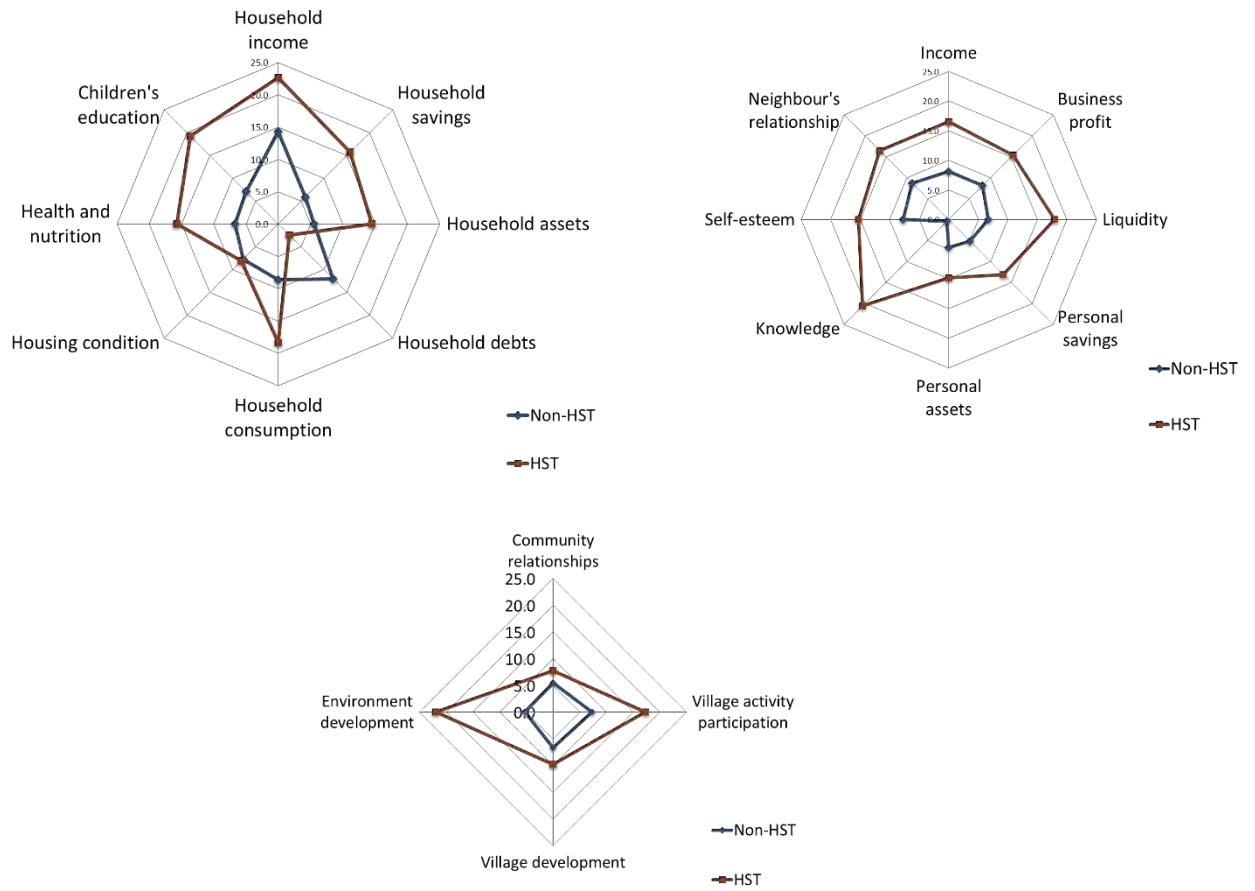


TABLE A1 ESTIMATED TREATMENT EFFECTS ON POSITIVE AND NEGATIVE AFFECT INDEX USING BIAS-CORRECTED MATCHING WITH ROBUST VARIANCE ESTIMATORS

Treatment effect	C	SE	Z	p	95% CI
Positive Affect (PAI)					
SATE	1.127	0.0752	14.99	0.000	[0.9798, 1.2746]
PATE	1.272	0.0817	13.80	0.000	[0.9671, 1.2874]
SATT	1.398	0.0563	24.82	0.000	[1.2874, 1.5082]
PATT	1.398	0.0775	18.03	0.000	[1.2459, 1.5498]
SATC	0.886	0.1105	8.02	0.000	[0.6692, 1.1023]
PATC	0.886	0.1146	7.73	0.000	[0.6611, 1.1104]
Negative Affect Index (NAI)					
SATE	-0.607	0.0755	-8.04	0.000	[-0.7546, -0.4589]
PATE	-0.607	0.0900	-6.74	0.000	[-0.7831, -0.4304]
SATT	-0.915	0.0746	-12.27	0.000	[-1.0612, -0.7688]
PATT	-0.915	0.1064	-8.60	0.000	[-1.1235, -0.7064]
SATC	-0.332	0.0974	-3.41	0.001	[-0.5225, -0.1409]
PATC	-0.3317	0.1136	-2.92	0.003	[-0.5543, -0.1091]

**TABLE A2 EFFICACY SUBSET ANALYSIS USING MATCHING ESTIMATORS:
ESTIMATED AVERAGE TREATMENT EFFECTS FOR THE TREATED (SATT)
BY HOME-STAY TOURISM PROJECT PARTICIPATION**

Outcome variable	Hypothetical sign	SATT	z	p	95% CI
Positive affect (PA)					
Active	+	2.535	20.76	0.000	[2.3212, 2.7491]
Alert	+	2.423	23.22	0.000	[2.2437, 2.6019]
Attentive	+	2.389	22.06	0.000	[2.1764, 2.6010]
Determined	+	2.143	25.04	0.000	[1.9749, 2.3103]
Enthusiastic	+	2.072	20.76	0.000	[1.8766, 2.2678]
Excited	+	0.487	6.59	0.000	[0.3424, 0.6321]
Inspired	+	1.704	15.14	0.000	[1.4830, 1.9242]
Interested	+	0.926	12.38	0.000	[0.7793, 1.0725]
Proud	+	1.843	16.84	0.000	[1.6284, 2.0574]
Strong	+	1.561	18.07	0.000	[1.3915, 1.7300]
Negative affect (NA)					
Ashamed	-	1.874	13.20	0.000	[1.5958, 2.1523]
Afraid	-	-0.634	-7.27	0.000	[-0.8047, -0.4628]
Distressed	-	0.255	5.60	0.000	[0.1657, 0.3444]
Guilty	-	0.337	6.27	0.000	[0.2317, 0.4424]
Hostile	-	-1.837	-12.87	0.000	[-2.1164, -1.5571]
Irritated	-	0.110	-1.17	0.000	[-0.2934, 0.0744]
Stressed	-	-2.394	-15.64	0.000	[-2.6935, -2.0937]
Nervous	-	-2.128	-13.99	0.000	[-2.4266, -1.8301]
Scared	-	-2.174	-15.13	0.000	[-2.4558, -1.8925]
Upset	-	0.141	2.24	0.025	[0.0178, 0.2635]

**TABLE A3 ESTIMATED AVERAGE TREATMENT EFFECTS FOR THE
TREATED ON PSYCHOLOGICAL WELLBEING SCORE: ESTIMATION BY
LOCAL LINEAR REGRESSION**

Group and comparison	Outcome measures: Wellbeing scores			
	PANAS	PA	NA	LS
Mean difference Participated in home-stay tourism project (n=120)	0.616**	0.623**	-0.237**	0.246**
Never participated in home-stay tourism project (n=120)	-0.558**	-0.562**	0.175**	-0.087**
Unadjusted mean difference	1.214**	1.245**	-0.382**	0.323**
Adjusted mean difference Epanechnikov kernel	2.675**	1.078**	-4.647**	2.382**
Tricube kernel	1.230**	1.252**	-0.483**	0.394**
Gaussian kernel	1.263**	1.298**	-0.461**	0.385**
Rectangular kernel	2.791**	1.197**	-4.559**	2.391**

** The 95% confidence interval does not include a zero, or $p < 0.05$ for a two-tailed test

BUILDING AN ASEAN IDENTITY – MEASURING ETHNOCENTRISM BETWEEN THAILAND AND VIETNAM

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ABSTRACT

This research analyzes undergraduate students from Vietnam and Thailand (N = 224) using responses from the Generalized Ethnocentrism (GENE) Scale (Neuliep and McCroskey, 2013). The study investigates both ethnocentric similarities and differences between these two future ASEAN countries. Results confirmed many similar ethnocentric attitudes and values, with statically significant differences pertaining to “respecting values and customs of other countries” as measured by the scale between the Vietnamese and Thai responses. Future research in understanding regional and national ethnic identities from other ASEAN countries is recommended to help develop the “spirit of unity” envisioned by the ASEAN Economic Community founders.

Keywords: ethnocentrism, GENE Scale, ASEAN, identity building, regional integration, cultural identity

INTRODUCTION

By the end of year 2015, a single market and base of production has been envisioned to be implemented by the ten countries of the Association of Southeast Asian Nations (ASEAN). In so doing, understanding the social and cultural similarities and differences between ASEAN countries regarding regional cultural values – especially ethnocentrism - will be essential to enhancing security, economic development, and regional cooperation among the Member States. Much research has been done in analyzing national cultural dimensions and values across many countries of the world (Petrakis, 2014), but little or no attention has been paid to the social and cultural aspects specifically pertaining to the regional ethnic integration and cooperation among the collective ASEAN nations.

The concept of *identity* can represent many different things to both individuals and society and varies depending upon time and place. In its simplest form, the personal identity refers to *who you are* – or more precisely, who you *think* you are at a given moment in time and during a specific situation. This dynamic and personal construct helps us to make sense of our lives and relationships, and allows us to observe personal and distinctive characteristics in others that may be shared by some or all members of a particular social category, group, or nation state. There are two sides to identity –

- 1.) Identity allows us to determine others who are the *same* as us, and thus,

2.) Identity allows us to differentiate others who are *not* the same

Both of these types of identifications are extremely important, and are central in our decisional process of whether to associate or disassociate among certain individuals or groups (Weinreich and Saunderson, 2003). The research of this paper investigates two (2) of the ten (10) original ASEAN countries based upon their views of ethnocentric attitudes, values, norms, etc. The research tool used was the GENE Generalized Ethnocentrism Scale (Neuliep and McCroskey, 2013).

LITERATURE REVIEW

For more than one-hundred years, sociologists, anthropologists, and social scientists in general have been captivated by the complex mental and behavioral expressions of ethnocentrism. As most social scientists are aware, it was observed and defined by Sumner (1906) who clearly identified ethnocentrism as “the technical name for this view of things in which one’s own group is the center of everything, and all others are scaled and rated and referenced to it” (p. 13). Levinson (1950) argued that ethnocentrism is:

“based on a pervasive and rigid in-group – out-group distinction; it involves stereotyped, negative imagery and hostile attitudes regarding out-groups, stereotyped positive imagery and submissive attitudes regarding in-groups, and a hierarchical, authoritarian view of group interaction in which in-groups are rightly dominant, out-groups subordinate” (p.150).)

Merton (1949) clearly identified the virtuous traits of “in-groups” verses the vices of the “out-group” when essentially perceiving the *same traits* from both groups. Merton and other researchers have basically indicated that ethnocentrism can be thought of as each individual’s psychological character where their personal values, norms, attitudes, and behaviors of an individual’s “in-group” is used as a benchmark for evaluating another’s group whose values, norms, attitudes, and behaviors may or may-not be as disparate as believed or perceived.

Many scholars have asserted that ethnocentrism is universal (Gudykunst and Nishida, 1994; Lustig and Koester, 2003) the magnitude or strength of the ethnocentric level may indeed be mediated by cultural influences (Neuliep, Chaudoir, and McCroskey, 2001). Neuliep *et al.* (2001) have indicated that it is highly possible that cultural ethnocentrism influences intercultural communication. When considering the “in-group / out-group” phenomena, Sharma, Shimp, and Shin (1995) argue that ethnocentrism fosters in-group solidarity, conformity, cooperation, loyalty and effectiveness. Neuliep (2003) has argued:

“that culture teaches people how to think, instructs people how to feel, and conditions people how to act; especially how to inter-act with others, and maintains that because intercultural communication is a symbolic activity where the ideas of one person from one culture are encoded into a verbal or nonverbal code then transmitted through a channel to another person from a different culture who must decode it, interpret it, and respond to it, the process is replete with cultural noise. The codes people use to compose messages are necessarily representations of their culture” (p.137).)

In this same regard, Guan (1995) asserts that early cultural standards teach young people to use their own cultural standards to evaluate and communicate with others during what he

calls "self-centered dialogue" – similar statements that co-exist with the role taking model proposed by sociologists Mead (1934). Ethnocentrism has been concerned not only in ethnic conflict (Chiro and Seligman 2001, Brewer 1979) and war (Van Der Dennen 1995), but also consumer product choice (Klein and Ettenson 1999). Interestingly, even the small and personal subjective distinction is enough to activate behavior favoring the in-group, even when personal and group self-interest and reciprocity do not appear to apply to the situation at hand (Ferguson and Kelly, 1964; Tajfel, 1970; Tajfel *et al.*, 1971).

Especially with regard to the ASEAN Economic Community (AEC) being awakened and functioning in 2015, the globalization process, along with the immigration and migration of intra-country ASEAN workers will carry with it important impacts and consequences due to ethnocentric and cultural values. Ethnocentrism and conflict avoidance will undoubtedly play a role in each country involved, with cultural and ethnic understanding becoming of great import for proposed ASEAN success.

METHOD AND DATA COLLECTION

The Generalized Ethnocentrism (GENE) Scale developed by Neuliep and McCroskey (2013) was used as the data collection tool to identify and measure ethnocentric values among university students from Vietnam (N=120) and university students from Thailand (N=104) allowing for 224 total responses for analysis. As stated by Neuliep, McCroskey (Originally 1997, revised 2013):

"In very general terms, the revised GENE scale appears to be a reliable instrument. All of the studies cited calculate reliability coefficients using the internal consistency technique (i.e., Cronbach's alpha). This method is preferred over other methods, such as the split-halves method. Using Cronbach's alpha for estimating reliability, Amos and McCroskey (1999) report a reliability of .90, Wrench and McCroskey (2002) report a reliability of .90, McCroskey (2002) reports a reliability of .88, Star (2001) reports a reliability of .92, and Neuliep and McCroskey (2001) report a reliability of .82."(p.23).

DATA ANALYSIS

Quantitative data for this study were collected directly from students both in Viet Nam and in Thailand using the Generalized Ethnocentrism (GENE) Scale. Depending upon the country being researched, the GENE Survey was written in both English-Thai and English-Vietnamese (a sample of the English-Thai GENE Survey can be found in **Appendix A** of this study). University students from both Thailand and Vietnam were chosen as research subjects because it was in the researchers' opinion that the values and beliefs of the future ASEAN leaders of tomorrow and beyond will be reflected in these young individuals and based upon their values, beliefs, and behaviors regarding themselves and their views regarding neighboring countries of the ASEAN Economic Community.

The collection of individual data surveys in both countries was made by native speaking research assistants from both Thailand and Vietnam which were an integral part of this study. Each survey was numbered for identity of country of origin (1 = Thailand, 2 = Vietnam). No personal or ethnographic data regarding the survey participants were collected nor retained.

RESEARCH HYPOTHESIS

Since the study reflected possible ethnocentric views pertaining to a country based upon responses of the Generalized Ethnocentrism (GENE) Scale, the hypothesis of the study were as follows:

H₀: The null hypothesis where ethnocentrism is NOT found in responses to any questions regarding Thailand and Vietnam

H_A: The alternative hypothesis where ethnocentrism IS found in responses to any questions regarding Thailand and Vietnam.

RESEARCH RESULTS

After the raw data was collected and coded, an Aggregate of Levene's Test for Equality of Variance was performed (for a complete analysis of the data distribution, please see **Appendix B**). Of the twenty-two (22) questions on the GENE survey, findings included that there were Equal Variances Assumed for most all GENE survey questions (**H₀ accepted**) except for GENE Survey Question 02, Question 07, Question 08, Question 09, and Question 13 (**H_A accepted**). A closer look at these questions seems to be in order (see **Appendix C** for Mean Group Statistic by Country results).

Generalized Ethnocentrism (GENE) Scale Questions with Equal Variance NOT Assumed

Question #02: *My culture should be the role model for other cultures.*

Thai: Mean = 2.77; Vietnam: Mean = 2.33

#07: *People in my culture could learn a lot from people in other cultures.*

Thai: Mean = 2.46; Vietnam Mean = 1.77

#08: *Most people from other cultures just don't know what is good for them.*

Thai: Mean = 3.00; Vietnam: Mean = 2.03

#09: *I respect the values and customs of other cultures.*

Thai: Mean = 1.85; Vietnam: Mean = 1.33

#13: *People of my culture have just about the best lifestyles of anywhere.*

Thai: Mean = 2.85; Vietnam: Mean = 2.17

CONCLUSION

Based upon the statistical analysis of the Generalized Ethnocentrism (GENE) Scale Questions, both Thailand and Vietnam appear to have mostly Equal Variance Assumed on the majority of cultural issues with minimum ethnocentric tendencies between countries. Of those issues where the GENE Scale indicate Equal Variances Not Assumed, the sociological and cultural content of these statements appear to indicate a more "in-group" alliance and egoism among respondents rather than the negative behavioral attitudes usually associated with ethnocentrism. Based solely on the results of this GENE Scale, the research appears to show a strong emotionally and value oriented compatibility between these two ASEAN countries.

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APPENDIX A

Directions: The GENE Scale is composed of 22 statements concerning your feelings about your culture and other cultures. In the space provided to the left of each item, indicate the degree to which the statement applies to you by marking whether you:

(5) strongly agree, (4) agree, (3) are neutral, (2) disagree, or (1) strongly disagree with the statement.

คำแนะนำในการตอบแบบประเมิน: แบบประเมินชาติพันธุ์นิยมโดยทั่วไปนี้ประกอบด้วย ข้อความทั้งหมด 22 ข้อความ ซึ่งเกี่ยวข้องกับความรู้สึกของท่านที่มีต่อวัฒนธรรมของท่านเองและความรู้สึกของท่านที่มีต่อวัฒนธรรมอื่นๆ โดยแต่ละข้อจะมีช่องว่างทางด้านซ้ายมือ เพื่อให้ท่านเติมตัวเลขที่บ่งบอกถึงความรู้สึกของท่านที่มีต่อข้อความนั้น โดยการเติม

5 = เมื่อท่านเห็นด้วยอย่างยิ่ง 4 = เมื่อท่านเห็นด้วย 3 = เมื่อท่านไม่มีความเห็น

2 = เมื่อท่านไม่เห็นด้วย 1 = เมื่อท่านไม่เห็นด้วยอย่างยิ่ง

- _____ 1. Most other cultures are backward compared to my culture.
วัฒนธรรมอื่นๆ ยังล้าหลังกว่า เมื่อเปรียบเทียบกับวัฒนธรรมของฉัน
- _____ 2. My culture should be the role model for other cultures.
วัฒนธรรมของฉันควรจัดให้เป็นวัฒนธรรมต้นแบบของวัฒนธรรมอื่นๆ
- _____ 3. People from other cultures act strange when they come into my culture.
ผู้คนที่มาจากวัฒนธรรมอื่นๆ เมื่อเข้ามาอยู่ในวัฒนธรรมของฉันแล้ว มักแสดงออกอย่างแปลกประหลาด
- _____ 4. Lifestyles in other cultures are just as valid as those in my culture.
วิถีชีวิตในวัฒนธรรมอื่นๆ สมบูรณ์หรือมีค่า พอกับวิถีชีวิตในวัฒนธรรมของฉัน
- _____ 5. Other cultures should try to be more like my culture.
วัฒนธรรมอื่นๆ ควรพยายามเปลี่ยนแปลงให้เหมือน วัฒนธรรมของฉันให้มากขึ้น
- _____ 6. I'm not interested in the values and customs of other cultures.
ฉันไม่สนใจในค่านิยมและจารีตประเพณี ของวัฒนธรรมอื่นๆ
- _____ 7. People in my culture could learn a lot from people of other cultures.

ผู้คนที่มีมาจากวัฒนธรรมเดียวกับฉันสามารถเรียนรู้ จากผู้คนที่มีมาจากวัฒนธรรมอื่นๆ ได้อย่างมาก

- _____ 8. Most people from other cultures just don't know what's good for them.
คนส่วนมากที่มีมาจากวัฒนธรรมอื่นไม่รู้เสียด้วยซ้ำว่าอะไรที่ดีต่อพวกเขา
- _____ 9. I respect the values and customs of other cultures.
ฉันเคารพในค่านิยมและจารีตประเพณีของวัฒนธรรมอื่นๆ
- _____ 10. Other cultures are smart to look up to our culture.
วัฒนธรรมอื่นๆฉลาดที่ชื่นชมวัฒนธรรมของพวกเรา
- _____ 11. Most people would be happier if they lived like people in my culture.
คนส่วนมากอาจจะมีความสุขมากขึ้นถ้าพวกเขาใช้ชีวิต เหมือนคนที่อยู่ในวัฒนธรรมของฉัน
- _____ 12. I have many friends from other cultures.
ฉันมีเพื่อนที่มีมาจากวัฒนธรรมอื่นๆหลายคน
- _____ 13. People in my culture have just about the best lifestyles of anywhere.
ผู้คนในวัฒนธรรมเดียวกับฉันมีวิถีชีวิตที่แทบจะเรียกได้ว่าดีที่สุด
- _____ 14. Lifestyles in other cultures are not as valid as those in my culture.
วิถีชีวิตในวัฒนธรรมอื่นๆ ไม่สมบูรณ์หรือมีค่า เท่ากับวิถีชีวิตในวัฒนธรรมของฉัน
- _____ 15. I'm very interested in the values and customs of other cultures.
ฉันสนใจในค่านิยมและจารีตประเพณีของวัฒนธรรมอื่นๆอย่างมาก
- _____ 16. I apply my values when judging people who are different.
ฉันใช้ค่านิยมของฉันในการตัดสินคนอื่นที่แตกต่างจากฉัน
- _____ 17. I see people who are similar to me as virtuous.
ฉันมองคนที่คล้ายกับฉันเป็นคนที่มีความดี
- _____ 18. I do not cooperate with people who are different.
ฉันไม่ร่วมงานกับคนที่แตกต่างจากฉัน
- _____ 19. Most people in my culture just don't know what is good for them.
คนส่วนมากที่มีมาจากวัฒนธรรมเดียวกันกับฉันไม่รู้เสียด้วยซ้ำว่าอะไรที่ดีสำหรับเขา
- _____ 20. I do not trust people who are different.
ฉันไม่ไว้วางใจคนที่แตกต่างจากฉัน
- _____ 21. I dislike interacting with people from different cultures.
ฉันไม่ชอบการมีปฏิสัมพันธ์กับคนที่มาจากวัฒนธรรมอื่นๆที่แตกต่าง

_____ 22. I have little respect for the values and customs of other cultures.

ฉันให้ความเคารพต่อค่านิยมและวัฒนธรรมอื่นๆเพียงเล็กน้อยเท่านั้น

APPENDIX B

GENE Scale Independent Samples Test Comparing Thai -Viet Responses

		Levene's Test for Equality of Variances		t-test for Equality of Means		t-test for Equality of Means				t-test for Equality of Means	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference		
									Lower	Upper	
Q01	Equal variances assumed	15.102	.000	1.384	222	.165	.177	.128	-.073	.429	
	Equal variances not assumed			1.360	102.868	.175	.177	.150	-.080	.434	
Q02	Equal variances assumed	66.767	.000	3.047	222	.003	.436	.143	.151	.718	
	Equal variances not assumed			2.934	155.948	.004	.436	.149	.147	.729	
Q04	Equal variances assumed	.306	.530	.568	222	.570	.074	.151	-.183	.332	
	Equal variances not assumed			.570	219.958	.569	.074	.150	-.185	.331	
Q05	Equal variances assumed	6.568	.011	1.690	222	.091	.206	.122	-.003	.449	
	Equal variances not assumed			1.687	210.683	.093	.206	.123	-.005	.450	
Q07	Equal variances assumed	1.596	.209	6.455	222	.000	.695	.108	.483	.907	
	Equal variances not assumed			6.512	221.904	.000	.695	.107	.485	.905	
Q08	Equal variances assumed	7.129	.008	6.281	222	.000	.967	.118	.734	1.195	
	Equal variances not assumed			6.091	200.370	.000	.967	.119	.731	1.202	
Q09	Equal variances assumed	10.002	.002	5.282	222	.000	.515	.069	.319	.707	
	Equal variances not assumed			4.981	145.988	.000	.515	.103	.309	.716	
Q16	Equal variances assumed	.328	.567	-.178	222	.859	-.021	.115	-.247	.206	
	Equal variances not assumed			-.170	214.021	.859	-.021	.115	-.243	.207	
Q11	Equal variances assumed	1.407	.237	.967	222	.335	.186	.111	-.117	.327	
	Equal variances not assumed			.974	221.421	.331	.186	.111	-.112	.326	
Q13	Equal variances assumed	4.948	.027	5.725	222	.000	.679	.119	.466	.913	
	Equal variances not assumed			5.630	194.705	.000	.679	.121	.461	.918	
Q14	Equal variances assumed	.086	.770	.142	222	.887	.018	.126	-.220	.266	
	Equal variances not assumed			.143	218.962	.887	.018	.126	-.220	.266	
Q19	Equal variances assumed	4.350	.038	-.721	222	.472	-.092	.120	-.345	.160	
	Equal variances not assumed			-.730	216.056	.462	-.092	.125	-.339	.155	
Q20	Equal variances assumed	13.258	.000	2.953	222	.003	.446	.151	.143	.744	
	Equal variances not assumed			2.891	186.886	.004	.446	.154	.142	.751	
Q21	Equal variances assumed	.422	.517	.462	222	.641	.064	.133	-.328	.198	
	Equal variances not assumed			-.480	214.463	.632	-.064	.134	-.327	.199	
Q22	Equal variances assumed	26.235	.000	4.703	222	.000	.544	.110	.315	.771	
	Equal variances not assumed			4.508	147.700	.000	.544	.121	.305	.782	

APPENDIX C

Mean Group Statistic Results by Country

Country	N	Mean	Std. Deviation	Std. Error Mean

Q01	1	104	2.08	1.077	.106
	2	120	1.90	.834	.076
Q02	1	104	2.77	1.345	.132
	2	120	2.33	.748	.068
Q04	1	104	2.31	.956	.094
	2	120	2.23	.994	.091
Q05	1	104	2.31	.956	.094
	2	120	2.10	.874	.080
Q07	1	104	2.46	.749	.073
	2	120	1.77	.847	.077
Q08	1	104	3.00	.965	.095
	2	120	2.03	.798	.073
Q09	1	104	1.85	.953	.093
	2	120	1.33	.473	.043
Q10	1	104	3.35	.879	.086
	2	120	3.37	.840	.077
Q11	1	104	2.81	.789	.077
	2	120	2.70	.866	.079
Q13	1	104	2.85	.993	.097
	2	120	2.17	.781	.071
Q14	1	104	2.38	.928	.091
	2	120	2.37	.952	.087
Q18	1	104	1.81	.789	.077
	2	120	1.90	1.080	.099
Q20	1	104	2.85	1.298	.127
	2	120	2.40	.956	.087
Q21	1	104	1.77	1.017	.100
	2	120	1.83	.973	.089
Q22	1	104	2.08	1.112	.109
	2	120	1.53	.564	.051

(Country 1 = Thailand; Country 2 = Viet Nam)

(Note: Instructions by the authors of the GENE Scale state to drop (eliminate) questions # 03, #06, #12, #15, #16, #17, and #19 and are included only to balance the number of positively and negatively worded items on the test.)

IMPROVING OF THAI EDUCATIONAL QUALITY THROUGH GROWTH CURVE MODELS IN STUDYING LONGITUDINAL CHANGES IN ORDINARY NATIONAL EDUCATIONAL TESTING (O-NET) OF STUDENT IN MATHAYOMSUKSA 6

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ABSTRACT

The purpose of this study is to investigate and improve the growth curve model in the study of longitudinal changes of the scores from the Ordinary National educational Testing (O-NET) in the absence and presence of covariates of students in the Mathayomsuksa 6 results of 2,775 Thai schools and analysed this using growth curve modeling. The findings indicated that the quality of Thai school education had improved in terms of the regional aspects , school departments , areas (urban and rural) and school size. However, there are still differences in school sizes with smaller rural schools suffering in terms of quality and equity of education also there is inequity in quality between the Northeastern region and , mto a lesser extent, in the Southern region, compared with schools in other regions, particularly those in Bangkok and surrounding provinces.

Keywords: Growth Curve Models, Educational Quality, Ordinary National Educational Testing, O-NET

INTRODUCTION

The reformation in the first century was not noticeably successful. Only some institutions or students located in some parts of the country reveled the achievement. The two major problems that resulted in Thai's education were as following. The first was the problem of education quality – the average quality value is still low. The second was the government management which was still unreachable for many parts of the country and unfair. (Office of the Education Council, 2012) The important variant that indicated the quality was the assessment process which was a part of learning and teaching system under curriculum dynamics. There were some differences in terms of forms and tools. National Institute of Educational Testing Service issued national academic tests for student in some levels, especially basic education. The test results noticeably indicated the quality and efficacy of learning management, especially the management according the strategy of reformation and the present national wisdom throughout the period from now back to the past four years.

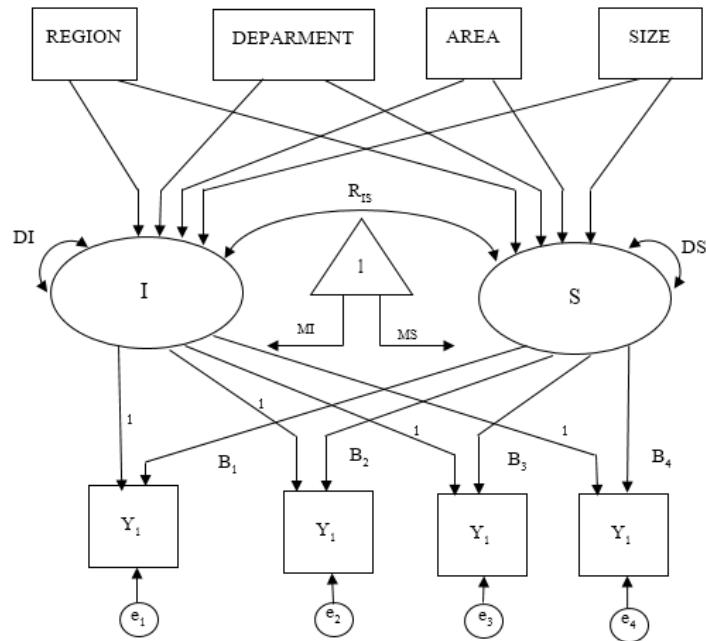
The education problems have also caused problems in Higher Education which is continuous from Basic Education – that is the education in universities. Students in Mathayomsuksa 6 are directly affected. According to the National Conference of University Presidents, the admission of all universities requires the test result of five main subjects: Thai, mathematics, science, society, and English. The O-NET, the national test, revealed that the average points of the five subjects made by Thai students were lower than 50% and many subjects were under 40 out of 100 (Office of the Education Council, 2012) Furthermore, a total difference of quality was made across regions, cities and countryside areas. This affected the external quality assessment (Office of the Education Council, 2009). The important thing was that the students' achievement got lower every year, especially the main subjects: Thai, English, society, mathematics, and science. The low points had to be analyzed carefully by the assessment of development the goal of which was not only to estimate student's progressive development but also to be helpful for the assessment of efficacy in learning system. If the development point is great, it can indicate that the learning system is effectively managed. If the development point is low, it indicates the ineffective management (Willett. 1994)

For this reason, the improving Thai educational quality through growth curve models in the studying of longitudinal changes of the scores from Ordinary National Educational Testing (O-NET) of students in Mathayomsuksa 6 of Thai language, English language, Mathematics, Sciences, Social and Religion and Cultural subjects, and the covariates were region, department, urban and rural area and school size would reveal the development of the test result in each period literally. It would also show which covariate affected how much the test result was developed. This was used as the main information to restrict the future educational policy.

CONCEPTUAL FRAMEWORK AND RESEARCH HYPOTHESIS

Conceptual framework of growth curve models in the study of longitudinal changes of the scores from Ordinary National Educational Testing (O-NET) of students in Mathayomsuksa 6. The latent variable measured from the subjects. Specifically five subjects of five standards, in the academic year 2008-2011, were purposive sampling which were Thai language, English language, Mathematics, Sciences, Social and Religion and Cultural subjects. There were defined a default value at 1 every year of latent variables. The S scores as measured by the rate of development of Thai language, English language, Mathematics, Sciences, Social and Religion and Cultural subjects. The researchers determined the growth rate at 0, 1, 2 and 3 and studied the covariates: region, department, urban and rural area and school size. The hypothesis of research were; 1) growth curve models in the study of longitudinal changes of the scores from Ordinary National Educational Testing (O-NET) of students in Mathayomsuksa 6 consistent with the empirical data and 2) growth curve model of Ordinary National Educational Test (O-NET) of students in the Mathayomsuksa 6 with covariates consistent with the empirical data as followed;

FIGURE 1: CONCEPTUAL FRAMEWORK



THE STATISTICAL SYMBOLS

I	mean	Initial Latent Variable or Initial Score
S	mean	Slop Latent Variable or Growth Score
R_{IS}	mean	Pearson's Correlation of Initial and Growth Score
β	mean	Standardized Coefficient
χ^2	mean	Chi-Squared
CFI	mean	Comparative Fit Index
TLI	mean	Tucker-Lewis Index
SRMR	mean	Root Mean Squared Residual
RMSEA	mean	Root Mean Squared Error of Approximation
THA1-THA4	mean	Score of Thai Language subject year 2008-2011
ENG1- ENG4	mean	Score of English Language subject year 2008-2011
MAT1-MAT4	mean	Score off Mathematics subject year 2008-2011

SCI1- SCI4	mean	Score of Science subject year 2008-2011
SOC1- SOC4 2008-2011	mean	Score of Social and Religion and Cultural subject year 2008-2011
CENTRAL, EAST, WEST, NORTH and NORTH EAST mean Central, East, West, North and Southern regions of Thailand		
PRIVATE	mean	Private School
URBAN	mean	School in Urban Area
EXTRALARGE	mean	Extra Large School Size (over1,500 students)
LARGE	mean	Large School Size (600-1,500 students)
MEDUIM	mean	Medium School Size (121-600 students)

METHODOLOGY

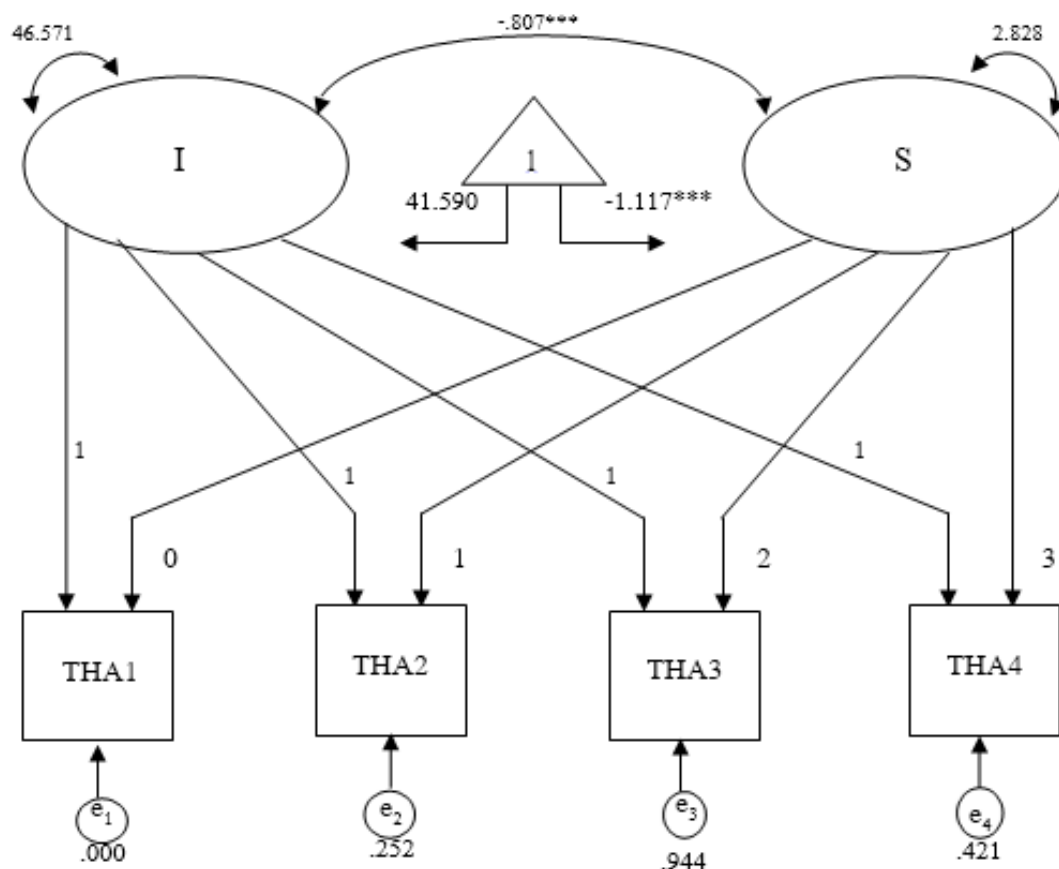
This study were aimed to 1) study and develop the growth curve model in the study of longitudinal changes of the scores from Ordinary National Educational Testing (O-NET) in the absence and present of covariate of students in the Mathayomsuksa 6. The population used in this research was the 2008-2011 score from Ordinary National Educational Testing (O-NET) of students in the Mathayomsuksa 6 from 34,785 schools. The samples was the score from Ordinary National Educational Testing (O-NET) of students in the Mathayomsuksa 6 in 2,775 schools. Specifically five subjects of five standards, in the academic year 2008-2011, were purposive sampling which were Thai language, English language, Mathematics, Sciences, Social and Religion and Cultural subjects. Tools used were the check-list of the O-NET scores from all five subjects and the check-list of the covariates: region, department, urban and rural area and school size. The statistics used were percentage, mean, standard deviation, minimum, maximum and statistic measuring a consistent with the empirical data.

RESULTS

The results showed that: 1) in growth curve model of Ordinary National Educational Test (O-NET) of students in the Mathayomsuksa 6 without covariate in Thai language, English language, Mathematics and Sciences and Social subjects; the rate of growth scores tended to decrease but Social, Religion and Culture subjects had the increasing rate comparing to the initial rate as all models were consistent with the empirical data. 2) In growth curve model of Ordinary National Educational Test (O-NET) of students in the Mathayomsuksa 6 with covariates in Thai language, English language, Mathematics and Sciences and Social and Religion and Cultural subjects; the initial scores in Central, Eastern, Western and Northern region were better than in Northeastern and Southern. The initial scores in Northeastern and Southern were quite similar. However, the initial scores in Northeastern and Southern were the least. The scores in private schools were higher than the public schools in all subjects except Thai language but the rate of growth scores was less than public schools in Thai

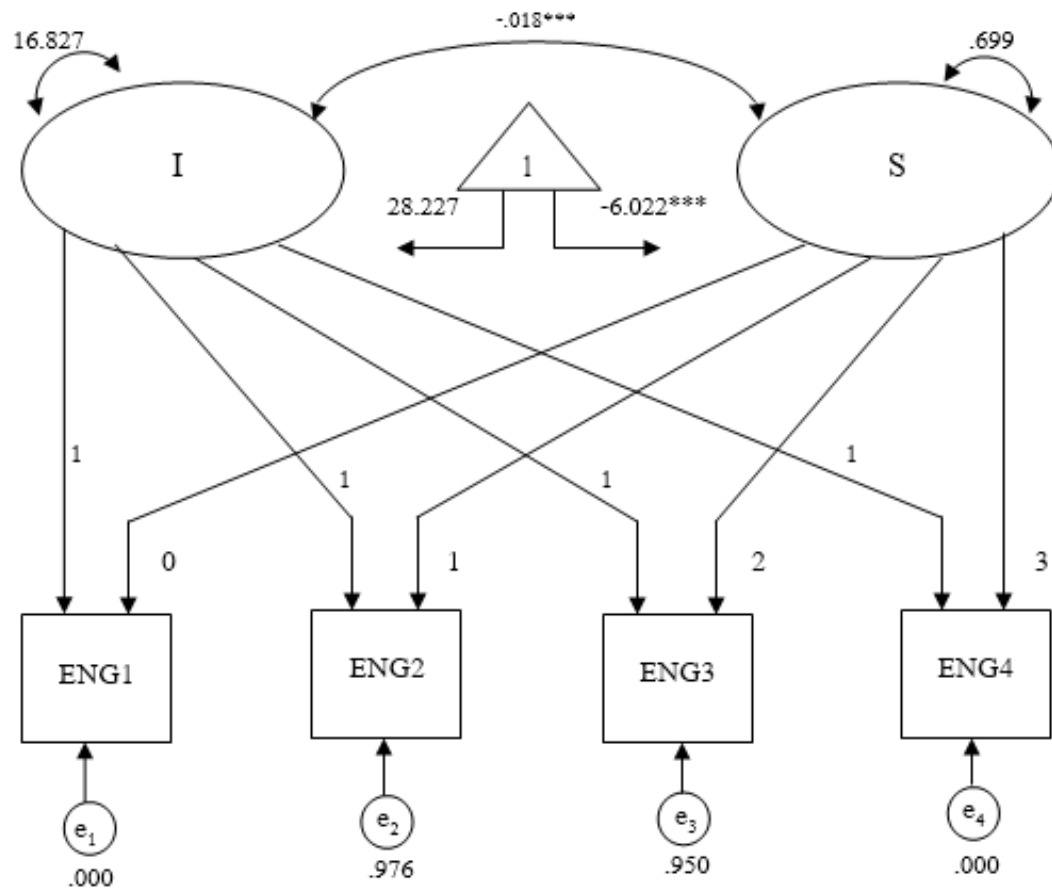
language and Sciences subjects but other subjects were similar. Schools in urban areas had initial scores higher than the rural areas in all subjects, whereas the rate of growth scores was not significantly different compared with urban areas. In addition, the schools in urban areas, the rate of growth scores was less than of schools in rural areas. The initial scores and rate of growth scores of the extra-large schools and large schools were higher than the small schools in all subjects except the Social, Religion and Culture subjects. The large schools had initial scores higher than the small schools in Thai language and Social, Religion and Culture subjects but other subjects were similar and rate of growth scores in Mathematics higher than the small schools but other subjects were similar. The middle schools had the rate growth scores with not significantly different comparing to the small schools. As every models had a consistent with the empirical data.

FIGURE 2:
THE GROWTH SCORE OF THAI LANGUAGE SUBJECT
WITHOUT COVARIATE



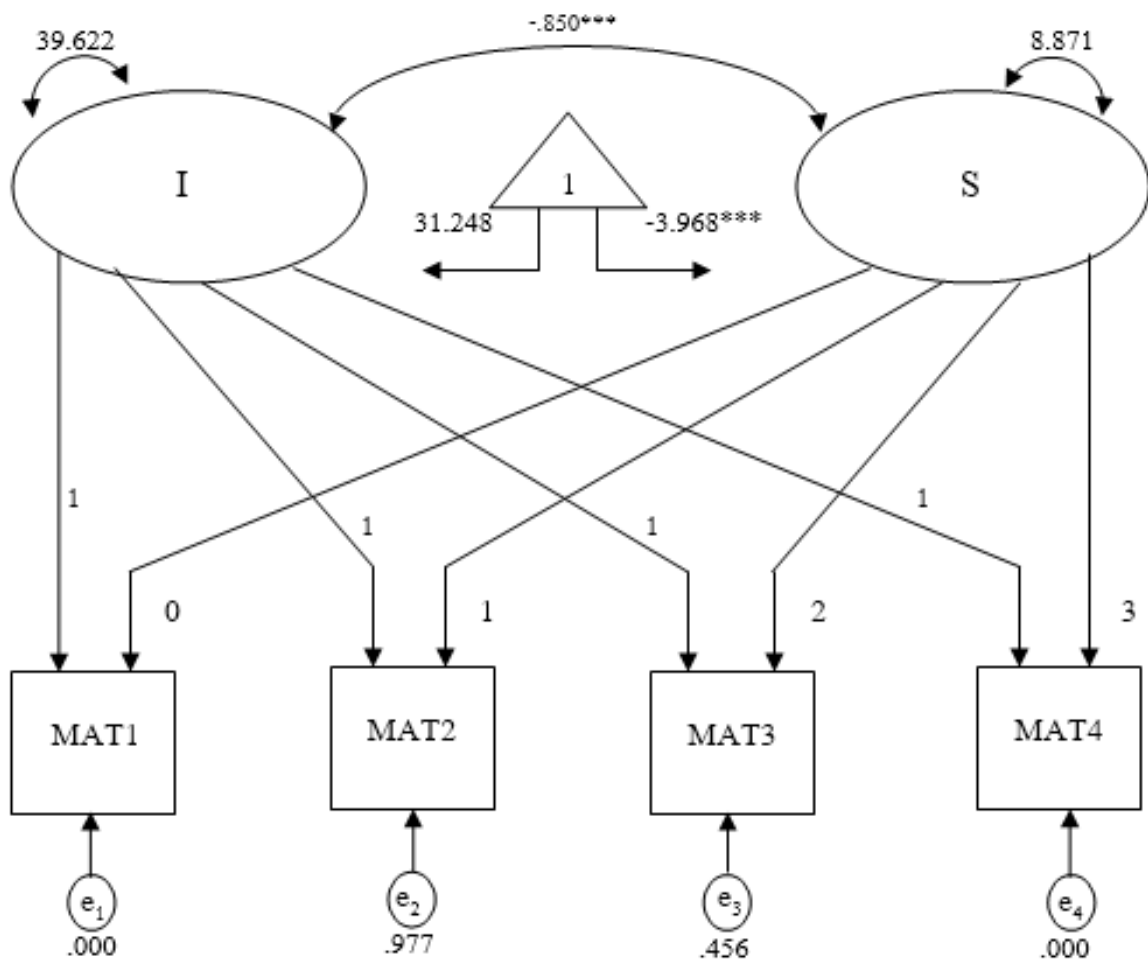
$\chi^2 = 6.645$, $df = 2$, $p = .036$, $RMSEA = .029$, $SRMR = .014$, $CFI = .999$, $TLI = .997$

FIGURE 3:
THE GROWTH SCORE OF ENGLISH LANGUAGE SUBJECT
WITHOUT COVARIATE



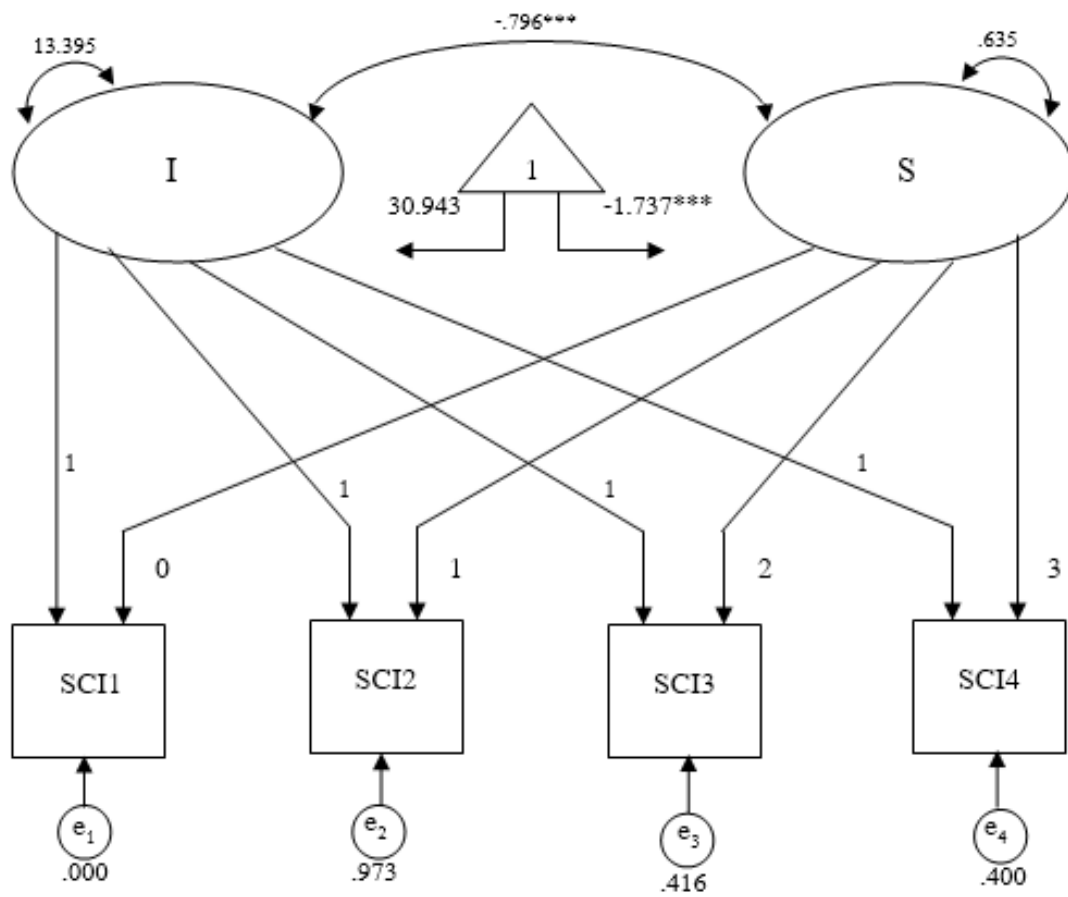
$\chi^2 = 44.490$, $df = 6$, $p = .000$, $RMSEA = .048$, $SRMR = .028$, $CFI = .990$, $TLI = .990$

FIGURE 4:
THE GROWTH SCORE OF MATHEMATICS SUBJECT
WITHOUT COVARIATE



$\chi^2 = 17.451$, $df = 3$, $p = .006$, $RMSEA = .042$, $SRMR = .024$, $CFI = .997$, $TLI = .994$

FIGURE 5:
THE GROWTH SCORE OF SCIENCE SUBJECT
WITHOUT COVARIATE



$\chi^2 = 33.027$, $df = 3$, $p = .000$, $RMSEA = .060$, $SRMR = .035$, $CFI = .994$, $TLI = .987$

FIGURE 6:
THE GROWTH SCORE OF SOCIAL, RELIGION AND CULTURAL SUBJECT
WITHOUT COVARIATE

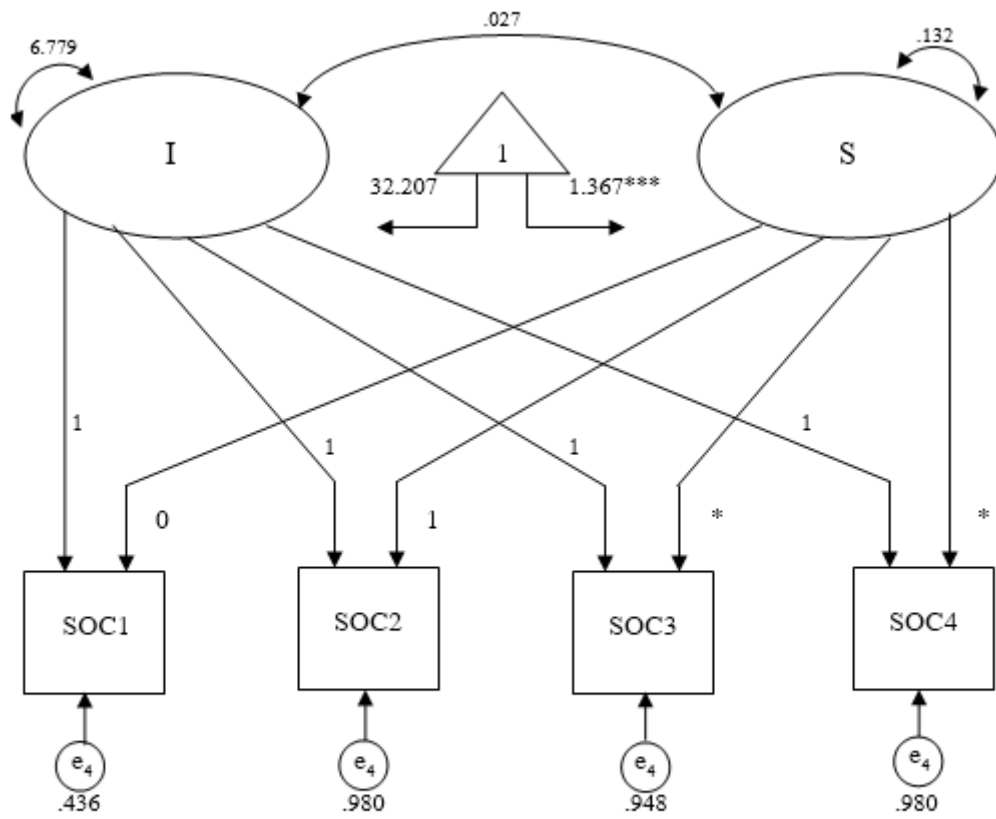
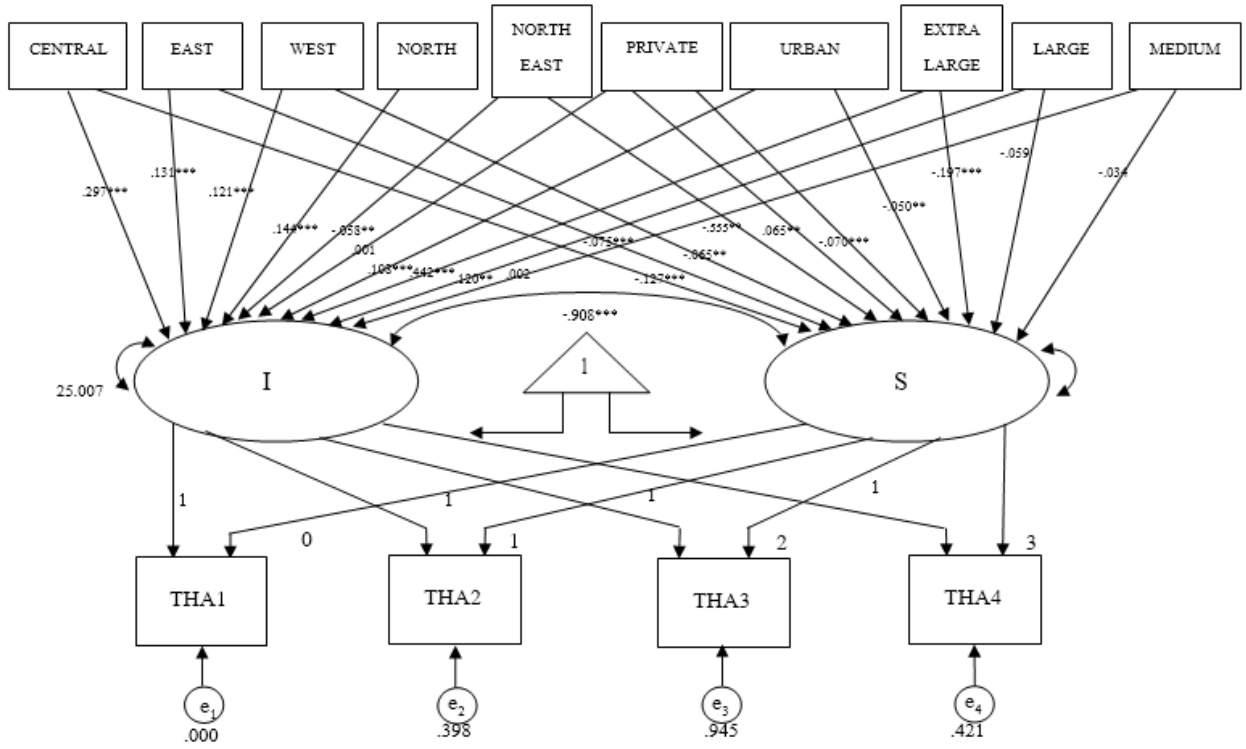


FIGURE 7:

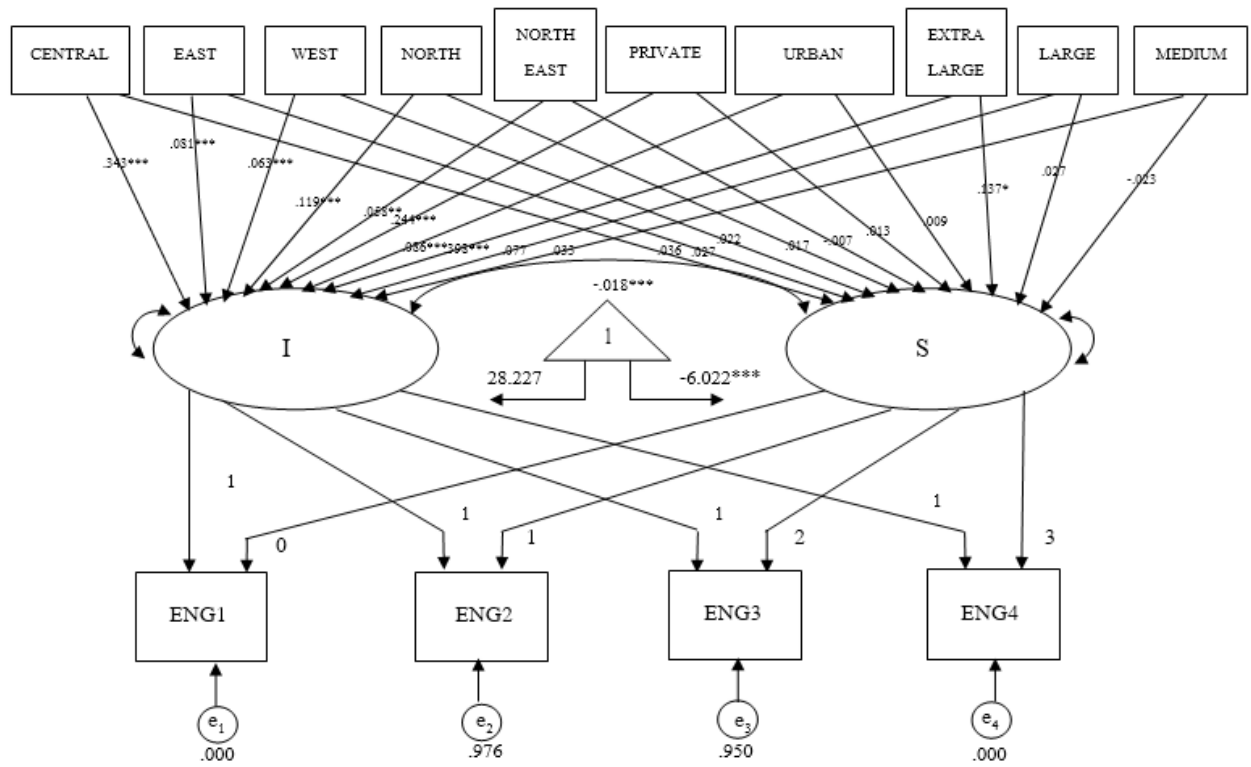
THE GROWTH SCORE OF THAI LANGUAGE SUBJECT WITH COVARIATE



$$\chi^2 = 488.079, df = 23, p = .000, RMSEA = .085, SRMR = .072, CFI = .930, TLI = .861$$

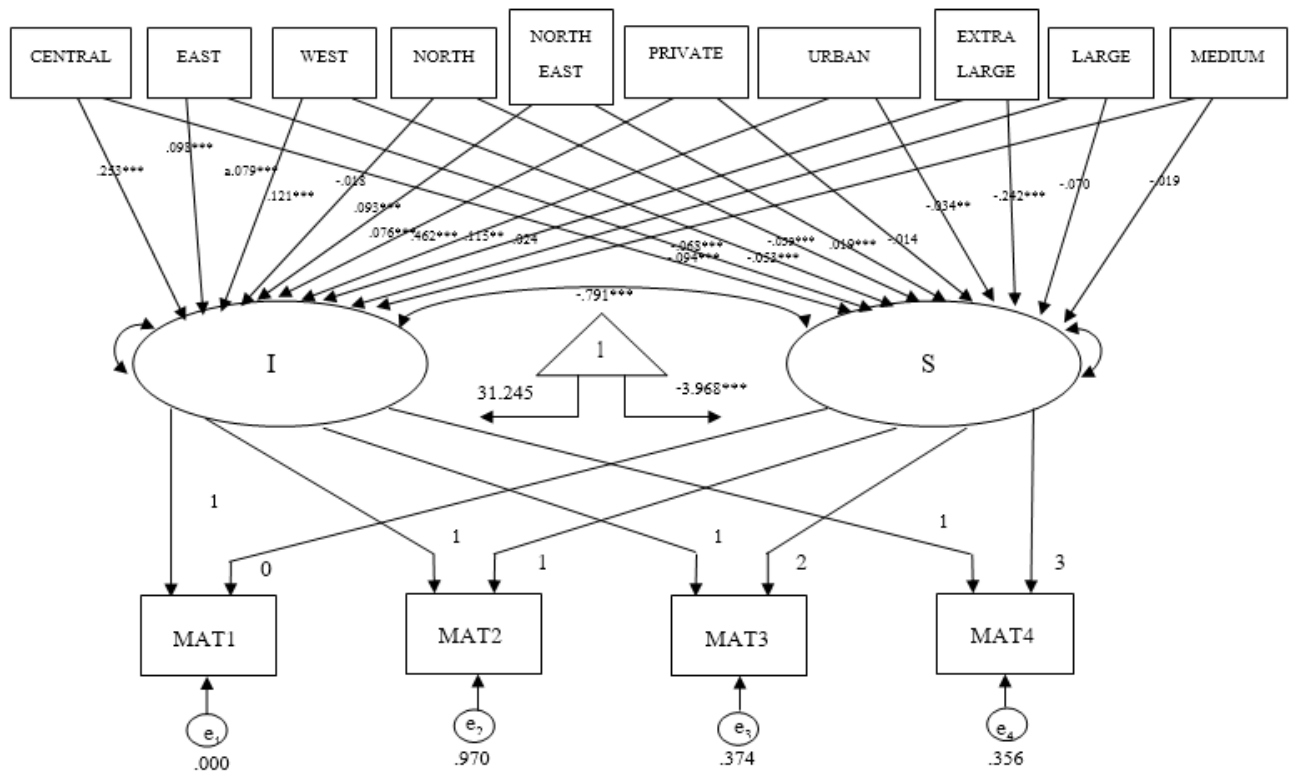
FIGURE 8:

THE GROWTH SCORE OF ENGLISH LANGUAGE SUBJECT WITH COVARIATE



$\chi^2 = 111.467$, $df = 26$, $p = .000$, $RMSEA = .034$, $SRMR = .012$, $CFI = .983$, $TLI = .970$

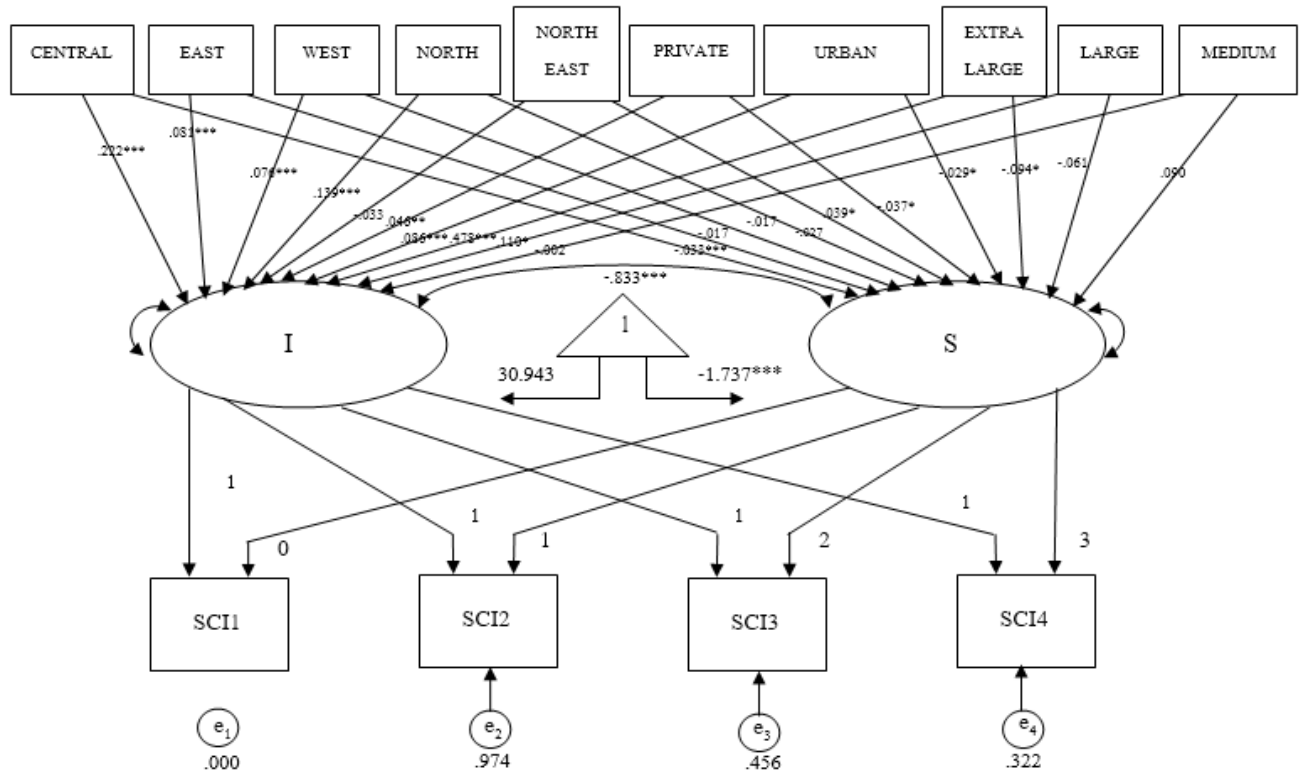
FIGURE 9:
THE GROWTH SCORE OF MATHEMATICS SUBJECT WITH COVARIATE



$\chi^2 = 338.920$, $df = 23$, $p = .000$, $RMSEA = .070$, $SRMR = .045$, $CFI = .952$, $TLI = .904$

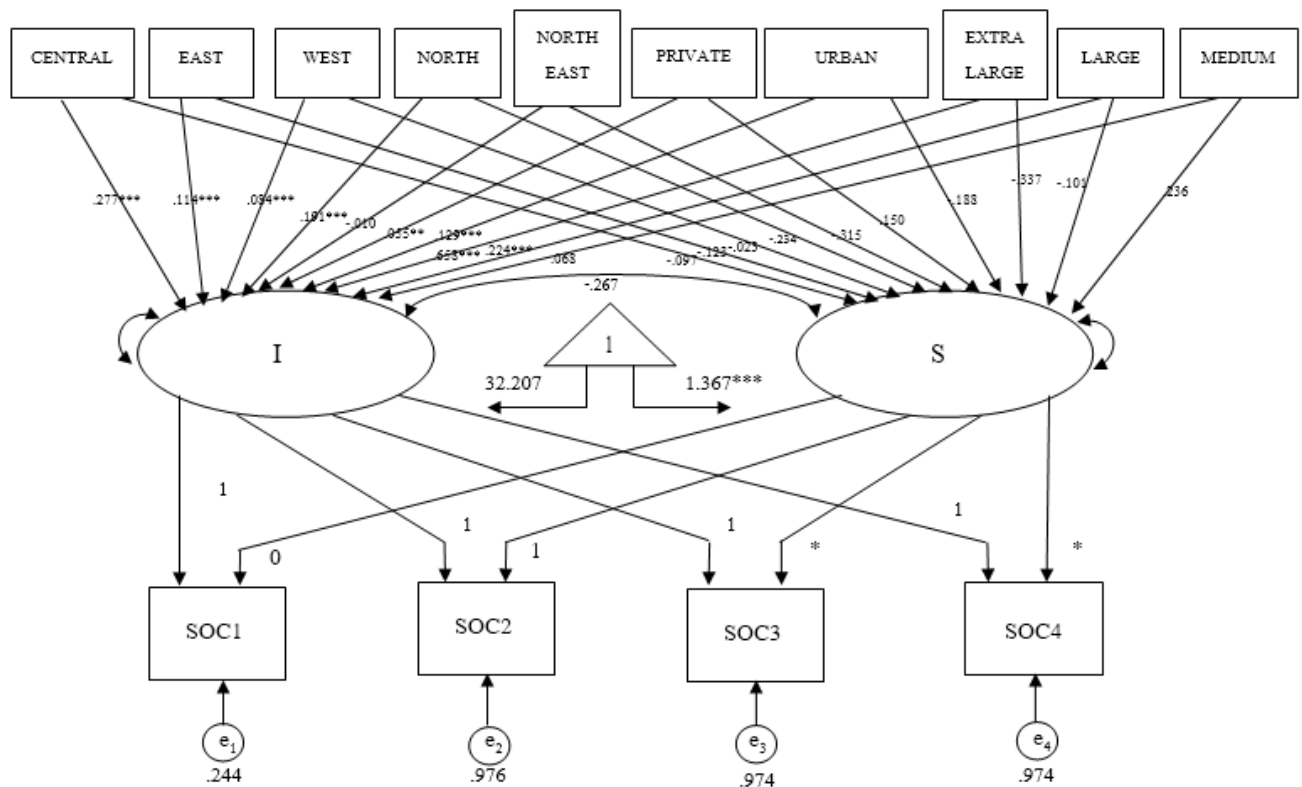
FIGURE 10:

THE GROWTH SCORE OF SCIENCE SUBJECT WITH COVARIATE



$\chi^2 = 149.834$, $df = 23$, $p = .000$, $RMSEA = .045$, $SRMR = .034$, $CFI = .979$, $TLI = .959$

FIGURE 11:
THE GROWTH SCORE OF SOCIAL, RELIGION AND CULTURAL SUBJECT
WITH COVARIATE



$\chi^2 = 87.070$, $df = 23$, $p = .000$, $RMSEA = .032$, $SRMR = .013$, $CFI = .962$, $TLI = .924$

CONCLUSIONS

The Quality in Thailand from the National Basic Education (O-NET)

The rate of development in the core subjects which are Thai language, English language, Mathematics and Sciences showed a declining trend. Although “Social, Religion and Culture” was the only subject that had the higher rate of development but overall, all subjects had their scores from less than 50 percent. As a result, it did not follow the Office of the Education Council, Ministry of Education plan. The plan had been targeted that the study achievement of the core group should exceed 50 percent. In addition, the board of the Second Decade of Education Reform has set the strategic goals and indicators of quality education that: achievement in the core subjects of the national test score should be average more than 50 percent, academic achievement in mathematics and sciences should increase to not less than the average level (the PISA test) and proficiency in English should increase by 3 percent per

year (Office of Basic Education. 2009). However, in this study, it was found that the year 2008-2009 which was marked as the transitional point of education reform in the first decade to the second decade, the test scores of basic educational level (O-NET) also decreased. It may be due to the improvement in the quality of education for a period of only 1 year that may not see to be much change. The study continued until the year 2011 when the reform began in the second decade, the test scores of basic educational level (O-NET) were also decreased especially in mathematics, sciences and English language in accordance with the study of Chiengkoon (2007) which found that the Educational achievement, as measured by student scores on national exams shows a very low level of basic education in Thailand. This is also consistent with the PISA test of the Organization for Economic Cooperation and Development, OECD, of which Thailand is the lowest among the countries participating in the test. Since the reform of the first round in 1999 and the second round in 2009, it was unable to provide a substantially improvement of the quality of education in this country. It also corresponds to Panthai (2011) by considering the average of the years between the years 2007-2010. Although the Ministry of Education is listed in the National Education (Update Plan) (2009-2016) that the first quantitative targets is the main achievement of the group which should exceed 50 percent, but the overall score in the core subjects of English language, Mathematics, and Social Studies, Thai language is not up to 50 percent. In the last 3 years, the Sciences were better but English language and Mathematics were worse..

Quality of Education in Thailand and the Region of Schools

From the study of regions, Central, Eastern, Western and Northern regions have a better score than the Northeast and the South. Although their rates tend to be lower, but the scores of most parts did not differ from the South. Thai language is the only subject where its score is less than the rate of developmental scores but not significantly. The Northeast and the South are relatively similar in terms of the beginning score, that is, the South had higher initial scores than in the northeast but was less than the rate of developmental scores. However, the North and South also had the beginning of the developmental rate less than the other regions. This reflects that the region is one of the factors that affects the quality of education. In accordance with the Office of the Secretary of Education which said that not only student achievement is important to indicate the quality of the study but the region is also the key factor in the management study which is related to the educational achievement of students. The results of the national tests that were classified as regional showed that most students who completed Grade 6 in the Bangkok area / or nearby the Bangkok area had scores of "Good" but the students in the Northeast were the worst in terms of "Good" scores. Students in the Northeast have the most differences between the schools. Students who completed Grade 6 in the three provinces in the South have few "Good" scores which were lower than a third of the average total score of the South. When it is considered that it was the small group, it was clearly found differences between the groups. In particular, the opportunity to get an education, students in Bangkok area/or nearby Bangkok area will have a higher probability of up to 70 percent while students in the Northeast had only a 46 percent chance. On the other hand, students in the Bangkok area have a high probability of up to 72 percent while students in the Buriram had only a 40 percent chance. It clearly shows the disparities between provinces. When classified by region, it was shown that in the Southern, Northern and Northeastern regions, the scores remained fair but have to improve more than in the Western, Eastern and Central regions. This may indicate that the schools in the regions that are far from Bangkok receive less educational services than regions near Bangkok (Office of the Education Council. 2009). Moreover, the Thailand Development Research Institute (2012) also found that there are many students from prestigious schools in Bangkok who win a

medal from the world rating agencies every year, such as the Olympics of Sciences and Mathematics. This shows the disparity of quality between schools in different areas and indicates that the quality of many of the schools in Thailand is inadequate..

Quality Education in Thailand and Affiliates of the Schools

The initial scores in private schools are higher than in public schools in all subjects except Thai language but the developmental scores are lower in Thai language and Sciences. Although private schools have a higher initial score rate than in public schools, it does not have a lower developmental rate in any subjects. It demonstrates that the educational development of the private schools has greater equality in the long term than in public schools. In accordance with the Office of the Secretary of Education (2009); it was found that the O-NET in 6th grade students of private schools and public schools has a similar average score in all subjects but the scores of private schools are more constant. A report from the National Institute of Educational Testing Service (Public Organization) (2010) reported that since there is the O-NET, the schools under the Office of the Private Education Commission started to be good in 2007 and remained at the same level in the year 2008 and then dropped slightly in 2009, however, it remains at a level that is not a concern. The schools in the Department of Basic Education which are the greatest number of schools in this country have the score of just 40 percent, according to the PISA, Institute for Promotion of Teaching Science and Technology (2011). That may be because private schools are under their own management and have to compete with other schools. Thus, the focus on improving the quality of education is very important.. This is why the rate of the development of private schools is not less than that of public schools.

Quality Education in Thailand in the Urban/Rural Schools

Schools in suburban areas have higher initial scores than in rural schools in all subjects. The developmental scores did not differ with schools in rural areas. In addition, the scores are lower than schools in rural areas in Thai language, Mathematics and Sciences. In other subjects, it did not have the higher developmental score in the quality of education. In accordance with the Office of the Education Council (2009) which said that: the quality of education is also very different between the large schools, medium schools in urban areas and small schools in rural areas..Moreover, urban slums and the distribution of students to a level of basic education in Thailand looks very different between the study area and in small schools in rural areas which affect the evaluations of quality of external studies.

It demonstrates the inequality of education in another aspect

.The difference of education in urban and rural areas is a chronic problem whether there is education reform sometimes.

.So, the priority is to find ways to reduce the gap between urban/rural areas in the field of education management.

Quality Education in Thailand with the Size of the School

Extra-large schools and large schools have higher initial scores than in small school while medium schools have the initial scores with no difference to small schools. However, extra-large schools, large schools and medium schools have the developmental scores with no difference to small schools. There is a special notice that an extra-large school and a large school have the quality of education which is better than in medium and small schools. The quality problem of the schools: from the External Quality Assessment by the Office of Standards and

Quality Assessment, during the years 2001-2005, it was found that when the schools were classified as small, medium, large and extra-large, the large schools appeared to be in the good condition and with a higher proportion. A small school is an important issue in the development of quality education as the small schools are one-third of all schools under the Office of Basic Education. These schools lack availability of the administrative and teaching effectively due to several limitations. It means the students in small school cannot receive the opportunity to get a quality of education affecting the efficiency of education and quality of education overall. As it can be seen from the results of the external assessment that was found that the schools that are not in a quality area small schools located in remote areas. When the schools were classified as small, medium, large and extra-large, the large schools appeared to be in good condition and in a higher proportion. Moreover, the quality of education is also very different between large, medium and small schools in rural areas and urban slums. In addition, the distribution of students to a level of basic education in Thailand is very different between the study area and in small schools in rural areas which affect the quality of external studies (Office of the Education Council. 2009).

A small school is an important issue in the development of quality education. The National Institute of Educational Testing Service (Public Organization) (2010) found that the size of the school as a result the O-NET is different especially an extra-large school has the highest the O-NET scores followed by a large school. The small and medium schools have slightly different O-NET scores. The small schools lack the availability of the administrative and teaching effectiveness due to several limitations. So, the students in smaller schools lack the opportunity to receive a quality of education affecting the efficiency of education and quality of education overall. From the results of the external assessment, it was found that the majority of schools that do not have high standards are the small schools in remote areas (Office of the Education Council. 2009). That is why these clearly show the disparity of quality education. So, what should be considered as an urgent solution, in addition to improving the quality of education, it also need to focus on the issue of educational equality in the context of the region under the rural/urban areas and also size of school to achieve a quality education system in parallel with the development of the learning activity and achieve the objectives which set out for education reform in the second decade.

The results of this study could be used as the primary benchmark, promoting and monitoring, evaluation and quality assurance according to the standard of educational curriculum and learning standard and also subject group. They are based on the initial and average scores that are likely to be a test of basic educational level (O-NET) of the 6th grade students. It was noted that the scores of all subjects were declining except Society, Religion and Culture. So, those who are involved at all levels, from Policy departments to Practical departments, should recognize and try to find solutions to the point of quality of education in public school is required to improve and to bridge the gap between the school system, particularly differences between public and private schools. It may be considered that the operation of the private school assembly is affective. Moreover, the initial scores in schools from urban areas are higher than in rural schools in all subjects. It is indicated clearly that the quality of education is different between urban and rural areas or that it is still not resolved substantially. Therefore, teachers and authorities should define solutions to bridge the gap between urban and rural schools to provide quality education with equality. In addition, the initial scores in small schools are lower than in extra-large and large schools that reflect the disparities. So, additional attention needs to be paid to solve the problem of small school seriously by setting

guidelines and supporting small schools for having equal access to that of extra-large and large schools. In the regional aspect, the Northeast and Southern regions have lower scores in all subjects do other regions. In particular, the Northeast is a region with the lowest average scores. It shows that the quality of education has not been distributed equally in all regions. So, who is involved in this? It is necessary to focus on the quality of the education gap between regions by focusing on solving problems in the Northeast and the South in particular.

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SITUATIONAL INFLUENCERS ON ETHICAL BELIEFS IN THE PHILIPPINES

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ABSTRACT

This study examined the multidimensionality of influencers of ethical beliefs in the Philippines. Confirmatory factor analysis of the different influencers of ethical standards identified a four-factor solution superior to one-, two-, and three-factor models, suggesting that ethical beliefs are formed and differentiated by influencers relating to work, close-contact people, society, and educators. The study highlighted the complex social and cultural repertoire from which ethical beliefs emerge. Extant moral behaviour is then the uneven expression of these heterogeneous influencers. Contrary to biblical Catholic discourse, which weighs so heavily on Filipino society, the present study demonstrates the disjuncture between articulated religious code and social praxis, in which vernacular tradition turns to dust amidst state and opportunistic rent-seeking.

Keywords: Ethics, ethical beliefs, factor structure, situational influencers, Philippines

INTRODUCTION

The process through which employees develop their moral standards in relation to important business issues is a complex one. The literature suggests that humans model their behaviour on people they admire, and that employees' standards are built on values learned in the home as children; shaped by lessons learned at school and work; modified by views expressed by friends; transformed by the examples set by prominent people in the community; and, filtered through the lens of the mass media. One aspect of management behaviour that has received a great deal of attention in recent years is business ethics. Many organisations have considered it necessary to inculcate a greater awareness of, and adherence to, ethical business principles and practices. Consequently, studies that investigate perceptions about the relative influencing potential of various people are of theoretical and practical

importance. This paper reports the results of an empirical study, which examined the degree to which various players in the management context influence ethical standards in a sample of working people in the Philippines.

LITERATURE REVIEW

The Philippines

The Republic of the Philippines is an archipelago of over 7,000 islands, located in the Western Pacific region, and encompassing a land area of 300,000 kms². With a population of about 108 million and Gross Domestic Product (GDP) of US\$454billion (CIA 2014), the World Bank (2014) ranks the Philippines 118 of 185 countries for wealth and standard of living. Named in the honour of King Philip II of Spain in the 16th century by the explorer Ferdinand Magellan, the cardinal entry points into an appreciation of contemporary Filipino society are colonisation, and subsequent religious immersion, specifically Roman Catholicism (Miller 1982). Indeed, in the Philippines, religion has been both the leaven and the result of global engagement.

The primary colonisers were Spain (1521-1898) and the United States (1898-1946). From Spain came the Roman Catholic missionaries, who established religious-based schooling, and were so effective that Catholics now comprise over 80 percent of the population (CIA 2014). The Americans were instrumental in establishing democratic and juridical processes, a free trade agreement, and proliferation of the English language. Curiously enough, one might reasonably ask why a poor country, such as the Philippines, with a free-trade agreement with a very wealthy country has not become more economically robust itself? The answer lies in the fact that ostensibly democratic processes can easily devolve into an elitist system dominated by the wealthy and influential few; and the benefits of free-trade, if left unchecked from vested interests, can easily procure the hegemony of those elite few (Kramer 2006; Miller 1982).

Business Ethics in the Philippines

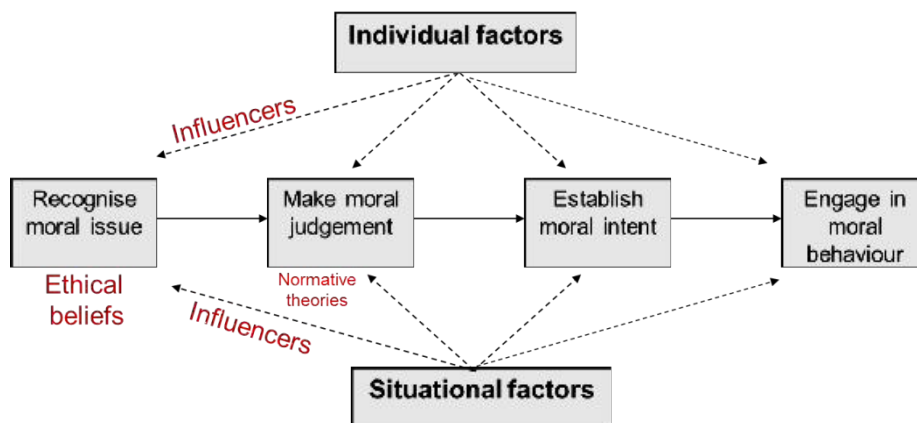
Within this context, then, wealth and power in the hands of an elite few have made graft and corruption in the Philippines endemic, from politics (Coronel et al. 2007; FEER 1996) to the business milieu (Sison & Palma-Angeles 1997; TI 2013). For instance, in 2013, Transparency International (see <http://www.transparency.org>) ranked the Philippines 94 of 180 countries for the prevalence of corruption, placing the country in the dubious company of Benin, Djibouti, and Colombia. To be fair, the Philippines does rank higher than over half of ASEAN countries - Cambodia (160), Myanmar (157), Laos (140), Vietnam (116), Indonesia (114), and Thailand (102); but such fairness masks the insidious lived reality that most business survives on astute connection and 'pork-barrel' exchange (Economist 2014).

Influencers on Business Ethics

The developing consensus in business ethics is that moral behaviour is the ultimate outcome of individual and situational factors that impact on ethical beliefs, and moral judgment and intent (Crane & Matten 2010). Individual factors provide a personal predisposition to behaviour and action. They provide normative standards that individuals have internalised, accepted, and use when making choices about how to behave (Parrott 1999). The normative characteristic of values distinguishes them from other constructs, such as attitudes, opinions, and preferences, because values specify socially desirable forms or standards of behaviour (Ravlin & Meglino 1987).

Situational factors involve particular features of the context in which an individual is embedded. These factors influence an individual's moral intent and ultimate action. Such factors include societal, organisational, and work contexts. The framework for understanding ethical decision-making is summarised in Figure 1.

FIGURE 1: FRAMEWORK FOR UNDERSTANDING ETHICAL DECISION-MAKING



(Source: Crane & Matten 2010, p.145)

A body of theory called social learning theory (Latham 1989) has evolved to explain this process. Social learning theory is based on the ideas of Bandura (1977). According to this theory, people model their behaviour on the behaviour of others similar to themselves, or whom they respect. By observing the occurrence of certain behaviour in social situations, and seeing the consequences of that behaviour, people develop expectations that similar behaviour on their part will lead to desired outcomes (Mak et al. 1999), a process known as 'vicarious learning'. Davis and Luthans (1980) suggest that social learning has the potential to provide great explanatory outcomes. In their view, social learning theory retains all the theory developed through the study of operant and classical conditioning, but also takes into account the cognitive interactive nature of experiential learning and imitation. They maintain that a social learning theory approach that incorporates the person, the

behaviour, and the environment is the most appropriate theoretical framework for understanding many aspects of human behaviour. In the case of the present study, the focus was on situational factors that affect ethical beliefs, for which the following have been identified:

Family influencers

The view that values acquired in the home through socialization during childhood (Gilligan 1982), and through moral development in general (Kohlberg 1976), will influence attitudes to ethical issues has intuitive appeal and empirical support (Ashkanasy et al. 2000; Peterson et al. 2001). Values that are acquired at an early age and reinforced in daily life become deeply ingrained in people, and form the basis of behavioural standards at work, in social interactions, and in the home.

Religious influencers

There is a considerable body of empirical evidence supporting the impact of religiosity and theism on ethical beliefs (see for example, Conroy & Emerson 2004; Davis et al. 2012; Egan 2007; Smith et al. 2013). For the Philippines, such religious expression is writ large and broad in the everyday lives of citizens.

Work-level influencers

A number of recent studies (Pidd 2002; Xiao 1996) have examined variables that relate to role model behaviour in the workplace, and the roles of supervisors and coworkers are commonly examined in many studies (Clarke 2002; Gregoire et al. 1998; Holton et al. 1997; Lim & Johnson 2002; Rouiller & Goldstein 1993; Sambrook & Stewart 2000). There is considerable evidence that supervisors and coworkers influence a broad spectrum of employee behaviour. Bartlett (2001), for example, found that social support at work was positively related to organisational commitment, while Butcher (1994) found a relationship between supervisor behaviour and employee customer orientation. Au & Tse (2001) investigated some of the antecedents of managerial ethical standards, including money orientation, egoism, belief in retribution, religiosity, and gender. Their results suggest that high levels of money orientation are likely to lead to lower ethical standards, and a strong belief in retribution is likely to lead to higher levels of moral behaviour. Their study provides an unsophisticated model of moral behaviour based on self-interest and fear of punishment, consistent with stage 1 of Kohlberg's (1976) moral development model. Kohlberg's model argues that moral behaviour develops through six stages, predicated initially on obedience and fear of punishment, then on an appreciation of conformity and social accord, and finally, on the application of ethical principles and personal values. Many employees are likely to fall in the middle and later stage categories of this model, which would require a better explanation of manager behaviour than self-interest and fear of punishment. Jackson (2000) investigated a number of corporate-level influencers on managerial moral behaviour, including organisational size, culture, and the impact of training courses and peer example. He considers that

employees may be influenced more by their perceptions of management and peer behaviour than they are by company codes of ethics. He also suggests that peer influence is likely to exhibit more stability as an influencer of ethical attitudes across cultural boundaries. The values acquired from organisational life, through socialisation and management example (Peterson et al. 2001; Sims 1992; Wimbush et al 1997), are consequently likely to influence attitudes to ethical issues.

Educator influencers

While the empirical evidence supporting the link between education milieu and ethics is sketchy at best (see for example, Bernardi et al. 2011), little research has investigated the relative influence of educators on employee ethical standards. Dulaimi (2005) reviewed the influence of academic education and formal training on employee behaviour. His results suggest that behaviour is to some extent a function of profession, influenced initially by education, but also influenced by experience in the workplace. Kanter (2005) considered the relative merits of academics and practitioners in influencing management thinking. She argues that management professors have for too long been seen as the best source of sound management theory. This perception has remained despite the fact that business schools have advanced theories that fail to reflect the realities faced by managers; that often promote popular ideology, rather than objective science; and, that tend to encourage the kinds of behaviours that have led to events like the collapse of Enron in 2001, and more recently, the Global Financial Crisis of 2008.

Societal influencers

In a modern society, it is unlikely that the home, work, and recreation will be the only sources of values and standards. Many people seem compelled to mimic the clothing, hair styles, and accoutrements worn by celebrities; to adhere to the current wisdom, as espoused by film and television personalities; or, to argue the merits of an issue based on the views of the political leaders they support. It is consequently likely that ethical beliefs will be influenced not only by family, friends, work associates, and teachers, but also by other people in the community. The values acquired through social learning lead to a pattern in culturally-nuanced responses to views about the level of influence exerted by various groups and people (Flaming et al. 2010; Franke & Nadler 2008; Vitell et al. 1993). This should be reflected in a definite structure in the ethical influence construct, leading to the first hypothesis.

Hypothesis 1: A four-factor structure of influencers that comprises: close-contact, work-related, educators, and society will produce a good fit to the data.

Hypothesis 2: A four-factor structure for the influencers of ethical standards will be superior to a three-factor structure.

Hypothesis 3: A four-factor structure for the influencers of ethical standards will be superior to a two-factor structure.

Hypothesis 4: A four-factor structure for the influencers of ethical standards will be superior to a single-factor structure.

METHODOLOGY

Participants

The sample for this study consisted of people in the Philippines (n = 418) who were currently employed or had a history in the workforce. Data were collected as part of a larger study into values and business ethics across multiple cultures. The sample contained 35 percent managers; 50 percent held at least one degree; 45 percent were male, 53 percent female, with 2 percent missing gender data. The mean age was approximately 35 years.

Following data collection and statistical analysis, a focus group method was used to inform the conclusions of this study. Focus group methodology is a form of qualitative research that has a history in social psychology dating back to the early part of the 20th century (Wilkinson 2004). In more recent times, the methodology has gained popularity in research relating to cross-cultural, development, and business research (Stewart et al. 2007). There are two broad approaches of focus groups: structured, typically used in market research, and unstructured, which is used extensively in the social sciences (Morgan 2002). In a structured approach, moderators are more visible and take an active role in the group discussion, since they seek specific answers to set questions (Stewart et al. 2007).

Methodologically, focus groups involve 4–12 people drawn from similar social and cultural backgrounds, or who have similar experiences. Group conversations emerge, which are orchestrated by a moderator in a particular setting where participants are comfortable to engage in dynamic discussion for 1-2 hours. Focus groups “encourage a range of responses which provide a greater understanding of the attitudes, behaviour, opinions or perceptions of participants on the research issues” (Hennink 2007, p.6); they are used to gain an explanation of research results when such explanation may be open to obtuse interpretation by the researchers (Morgan & O'Brien 1993).

Measures

Four items used by Peterson et al. (2001), and 9 additional items developed as part of the larger study were used to measure ethical influencers. Participants were asked to indicate the extent to which they agreed with the proposition that their ethical standards were influenced by various individuals and

groups such as their colleagues, managers, trainers and professors, immediate family, political leaders, celebrities, and the teachings of their religion. Responses were obtained on a five-point Likert-type scale, ranging from 1 (strongly agree) to 5 (strongly disagree). Missing data were minimal, amounting to less than 1 percent in total. Missing values were imputed using the Expectation-Maximization (EM) method. Cases were split into two sub-samples based on manager/non-manager, and then degree holder/non-degree holder.

Procedure

Data were collected as part of a larger study into values in a number of countries. The survey instrument was administered by a professional market research organisation in the Philippines, using systematic sampling with a random start in selected *barangays* across a range of municipalities in metropolitan Manila. Representatives of the organisation called on potential respondents at their homes in the early evening, and asked if they would be prepared to complete the survey. Respondents were given the option of completing the survey themselves, or having the representative complete it during a personal interview. Hard copies of the completed surveys were sent to the research team in Australia, where data entry was done.

Items were reverse scored prior to analysis, such that higher numbers represents lower influence, and higher personal ethical standards consistent with Kohlberg's (1976) model. A number of analyses were conducted. Descriptive statistics, including means and standard deviations were calculated for each item. Confirmatory factor analysis was conducted to investigate the dimensionality of the influence construct. A competing models approach was used to test whether the four-factor model fitted the data, and also whether this four-factor structure was superior to three-factor, two-factor, and single-factor. The internal consistency (Cronbach's alpha) of derived subscales was estimated to examine the reliability of those sub-scales.

Focus Group Methodology

Following data collection and analysis, a focus group was used to provide rich insights into the culturally-nuanced patterns of thinking that formed the basis of the original participants' responses. In accordance with the procedural recommendations of Hennink 2007, Morgan & O'Brien 1993, Punch 1998, and Stewart et al. 2007, the participants of the focus group consisted of 9 Filipinos living in Manila (all were professional; 55 percent male, 45 percent female). The focus group was moderated by one of the authors, and was conducted in an office in central Manila that was convenient for participants. The session lasted 1 hour.

RESULTS

Descriptive Statistics

Means and standard deviations for each item are shown in Table 1. Mean responses ranged from 2.92 to 3.53. All the standard deviations were around 1.0 indicating some variation in the responses. Examination of the means indicates that respondents believe that their ethical standards are influenced by political leader and professional members and outside friends, then friends at work and business leaders, then supervisor treatment and company code of conduct, lastly presenters of training programs and professors.

TABLE 1: DESCRIPTIVE STATISTICS FOR THE ITEMS MEASURING INFLUENCERS OF ETHICAL BELIEFS

Items	Mean	SD
My ethical standards are influenced by...		
my colleagues at work.*	3.27	0.91
business leaders in my community.	3.23	0.95
the way my supervisor treats me.*	3.18	0.93
the way my company treats me.*	3.16	0.90
my friends outside work.*	3.41	0.87
my immediate family.	2.99	0.95
professors at education programs.	2.96	0.96
presenters at work related training programs.	2.92	0.96
the teachings of my religion.	2.81	0.95
members of my profession outside my own company.	3.43	0.87
the political leaders of my country.	3.53	0.96
members of clubs and associations with which I am involved.	3.57	0.93
the actions of television and movie stars, recording artists, sports stars, or other celebrities I admire.	3.78	1.04

*Indicates adapted from Peterson et al. (2001)

Confirmatory Factor Analysis

A previous study (Perryer, 2006) conducted an exploratory factor analysis, and found support for a three-factor structure. However, as indicated in the findings, a fourth structure with an Eigen value just below 1.0 was evident on the pattern matrix. Given this preliminary finding, and research that suggested four main influencers of ethical beliefs, a confirmatory factor analysis was performed to further investigate the dimensionality of the influence construct and attempt to extract a four-factor solution. This analysis was conducted using IBM SPSS Amos version 21 (Arbuckle & Wothke 1999).

Items were hypothesised to load on the four latent variables using the structure suggested from the ethics research and also the results found by Perryer (2006).

Model Fit for the Four-Factor Solution

Initially, model fit was tested for the four-factor model. Items removed during the confirmatory factor analysis related to the influence of family, religion, celebrities and clubs. After removal of these four items, the overall fit of the four-factor model was evaluated against a number of recommended fit statistics and fit indices (Hair et al. 2006; Marsh et al. 1996). The chi-squared statistic (χ^2), the χ^2/df ratio, the Comparative Fit Index (CFI), the Tucker-Lewis Index (TLI), the Goodness of Fit (GFI) index, the Squared Root Mean Residual (SRMR), and the Root Mean Square Error of Approximation (RMSEA) were used to assess the overall goodness of fit of the model. Non-significant chi-squared values, in combination with CFI, TLI and GFI values of 0.95 and above, and SRMR value less than 0.05, the RMSEA values less than 0.06 (including the confidence interval) are needed to conclude there is a relatively good fit between an hypothesized model and observed data (Hu & Bentler 1999), although Browne and Cudeck (1993) and Hair et al. (2006) suggest that RMSEA values less than 0.08 and fit indices above 0.90 indicate acceptable levels of fit.

Initially, the four-factor model was not a good fit to the data ($\chi^2=385.92$ (59df), $p<0.01$, $\chi^2/\text{df}=6.54$, CFI=0.89, TLI=0.86, GFI= 0.86, SRMR= 0.06, RMSEA= 0.12). An iterative approach was used where items that did not have high loadings (above 0.60) and/or items with highly correlated error variances were remove sequentially until a good fit was achieved without losing too much information. After the refining process, where four items were removed, the four-factor model provided a good fit to the data ($\chi^2=41.41$ (20df), $p<0.01$, $\chi^2/\text{df}=2.07$, CFI=0.99, TLI=0.98, GFI= 0.98, SRMR= 0.02, RMSEA=0.05). Hair et al.(2006) suggest that while a non-significant χ^2 can be generally expected, it becomes less likely with sample sizes over 200, and researchers should not rely on any single goodness-of-fit index to determine acceptable fit. Therefore, the significant χ^2 was not of concern given all other indicators exceeded the acceptable levels. These results provided support for Hypothesis 1. In determining that the four-factor model was a good fit to the data, other tests are needed to determine if there are also other equally-acceptable solutions. To do this, a competing models approach was used.

Competing Models

In order to determine whether the four-factor model is superior to a three-, two-, or single-factor model, a competing models approach was used (see Table 2). For the first model, the one-factor model, all variables were loaded onto one latent variable. This produced an ill-fitting model

($\chi^2=344.08$ (26df), $p<0.01$, $\chi^2/df=13.23$, CFI=0.85, TLI=0.80, GFI= 0.85, SRMR= 0.08, RMSEA= 0.17). A two-factor model, where the items were separated into work-related influencers and non-work influencers, was also a poor fit to the data ($\chi^2=292.13$ (25df), $p<0.01$, $\chi^2/df=11.69$, CFI=0.88, TLI=0.82, GFI= 0.86, SRMR= 0.06, RMSEA= 0.16). A three-factor model, where the items were separated into work-related influencers, close-contact individuals, and others (society and educators) produced a poor fit. Not only was the four-factor model superior to any other solution, it was the only solution that provided an acceptable fit to the data. In order to provide further support for hypotheses 2, 3, and 4, a series of chi-square difference tests were used to test the difference in fit between the four models. Such invariance tests proceed in a hierarchical fashion. After the establishment of the four-factor model, a comparison is made to the three-factor model; then the three factor model is tested against the two-factor model; and so on. Initially, the equivalence was tested between the four-factor model and the three-factor model. A non-statistically significant result suggests the two models are equivalent for the data.

Consequently, the first factor related to close-contact influencers, such as friends and work colleagues; the second factor related to work-related influencers, such as supervisors, company, and business leaders; the third factor related to societal influencers, such as profession and political leaders; and, the fourth educator influencers, such as professors and presenters of training programs.

TABLE 2: MODEL FIT INDICES FOR THE CFAS OF THE COMPARATIVE MODELS

Model	χ^2	Df	χ^2/df	$\Delta\chi^2$	Δdf	CFI	GFI	TLI	SRMR	RMSEA (90% CI)
4-factor	41.41**	20	2.07	-	-	0.99	0.98	0.98	0.02	0.05 (0.03-0.07)
3-factor	197.70**	23	8.60	156.29*	3	0.92	0.90	0.88	0.05	0.14 (0.12-0.15)
2-factor	292.13**	25	11.69	94.43*	2	0.88	0.86	0.82	0.06	0.16 (0.14-0.18)
1-factor	344.08**	26	13.23	51.95*	1	0.85	0.85	0.80	0.06	0.17 (0.16-0.19)

Note: CFI = Comparative Fit Index, GFI= Goodness of Fit Index, TLI= Tucker-Lewis Index, SRMR= Squared Root Mean Residual, RMSEA = Root Mean Square Error of Approximation, CI= Confidence Interval, ** $p < 0.01$, ns = not significant.

Reliability and Validity of the Four Factors

Several different methods were used to examine the measurement properties of each of the factors. Construct reliability was checked, after which convergent and discriminant validity were assessed to ensure each of the variables had acceptable measurement properties. Construct reliability scores were

computed for each of the factors, and the results obtained can be seen in Table 3. Values of 0.70 or greater suggest a factor has internal consistency and, thus, construct reliability. The composite reliability coefficients of all factors are greater than 0.7, demonstrating that the measures have good reliability.

FIGURE 2: MEASUREMENT MODEL FOR THE FOUR-FACTOR ETHICAL INFLUENCERS MODEL

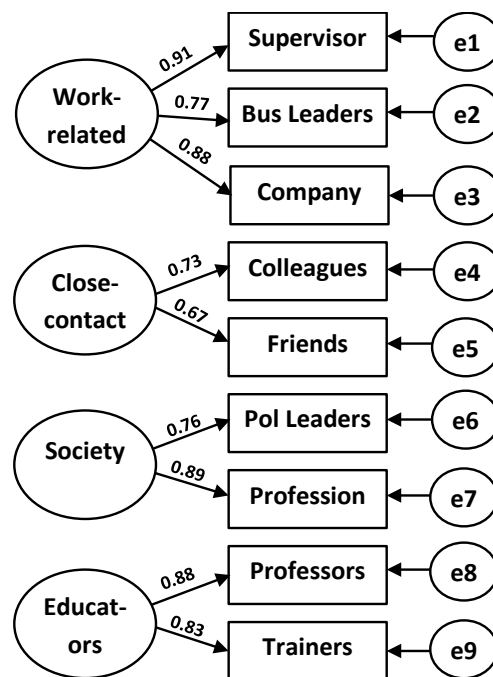


TABLE 3: RELIABILITIES, AVES AND SQUARED CORRELATIONS FOR THE FOUR INFLUENCERS OF ETHICAL BELIEFS

Factor	Reliability	AVE	2.	3.	4.
1. Close-contact influencers	0.85	0.74	0.56	0.23	0.25
2. Work-related influencers	0.93	0.93		0.30	0.40
3. Society influencers	0.91	0.91			0.26
4. Educator influencers	0.93	0.93			

Note: AVE= average variance extracted.

Convergent validity refers to the similarity between different measures of a variable and can be seen when a set of items that measure a particular variable are highly correlated. Discriminant validity refers to the degree to which a scales differs from other scales that are related, but theoretically different (Hair et al. 2010). Convergent validity was examined by:(1) assessing the item loadings, and the significance of the t-statistics associated with these loadings (see Figure 2); and (2) by calculating average variance extracted (AVE) scores for each variable (as shown in Table 3). An AVE score

should be at least 0.50 as, if it is less, “the variance due to measurement error is larger than the variance captured by the variable and the validity of the individual indicators as well as the variable is questionable” (Fornell & Larcker 1981, p.46). All the item loadings were significant at the 0.01 level, and all AVEs were above 0.5, demonstrating convergent validity.

Discriminant validity was tested using Fornell and Larcker’s(1981) method. The various variables’ AVE scores were compared with their shared variance (or the squared correlation between them). The variables’ AVE scores, which are a measure of the information in that variable, should be greater than the shared variance between relevant variables, if discriminant validity is to be assumed. Discriminant validity was demonstrated across all factors as shown in Table 3.

Focus Group Outcomes

Following data collection and analysis, a focus group was used to provide culturally-nuanced insights into the data. The focus group reported a general consistency with the thinking of the original participants, and in addition provided a particularly important insight. The focus group participants highlighted the inexorable link between Roman Catholicism and the education system. At all levels, from primary to secondary to university, there is a predominance of religion imbued education, resulting in an indelible social connection between educators and trainers, and religious values.

DISCUSSION

The four-factor structure that emerged demonstrated that respondents discriminate between work-related influencers, educator influencers, close-contact influencers, and societal influencers. The influence of immediate family, religion, celebrities, and clubs was not included in the final model. Perhaps these influencers donot exert pressure on ethical standards, but do impact upon such things as duty within the family. In other words, they donot influence what people think, but they do influence what people do, consistent with Kohlberg’s Stage 1, and the findings of Au andTse (2001).

Religiosity and theism are often construed as important influencers on individual values, which subsequently impact on ethical beliefs (WEF 2014). The fact that the present study focused on situational factors, rather than individual factors in the formation of ethical beliefs, likely underlies the inability of ‘religion’ to form a factor within the subsequent model.

Some limitations of this study should be noted. The interpretation and labeling of each of the factors should still be considered tentative, particularly in view of the cross-loadings obtained in the confirmatory factor analysis. The removal of items during the confirmatory factor analysis relating to the influence of immediate family and religion improved the model, but leaves questions about the

level of these influences unanswered. Further research is needed to confirm the results of this study, and to extend understanding of influences on employees. This might be assisted by the development of multi-item scales for measuring each of the original influence constructs (items). The use of self-reports, although common in social science research, is not recommended, as it increases the possibility of common error variance and Type 1 error.

CONCLUSION

This study examined the degree to which various people and groups influence ethical beliefs of employees in the Philippines. It found that respondents differentiate between workplace, educational, and community influences. Differences between responses from the younger and the middle age groups were identified for work and social influences, and between the younger and older groups for work, educational, and social influencers. No significant differences between the middle and older groups were found. These findings have implications for managers from a practical and theoretical perspective. The finding of age influencing ethical beliefs is not a new finding in the literature. However, much of the research previously reported involved samples from the United States. In the present study, the analysis of responses from a different culture, namely the Philippines, was interesting, in that it did not produce any findings that were inconsistent with previous research into the effect of age on ethical beliefs. This result appears to support the view that despite cultural differences, we tend to develop and understand ethics similarly (Pinker 1994).

Evident in Filippino society is the global phenomenon of a schizophrenic split between cosmic scriptural context, and the earthly pursuit of wealth and power; between articulated code and social praxis; between idealised ethical beliefs and vernacular moral behaviour; simply, between saying and doing; this study bears mute testimony to such schizophrenic split. Catholic endeavors to instill human goodness with protestations of 'fire and brimstone' turn to dust amidst state and opportunistic rent seeking. The stark reality highlighted by the present study is that, while some situational factors, such as family and religion, affect ethical beliefs and even moral intent, other factors, such as poverty, greed, and opportunism, ultimately affect actual moral behaviour.

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CAUSAL MODEL OF FACTORS AFFECTING THE EFFECTIVENESS OF GOLF TOURISM MANAGEMENT IN THAILAND.

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ABSTRACT

This study aims to investigate factors affecting the effectiveness of golf tourism management in Thailand. This study also attempts to develop a causal model of factors affecting the effectiveness of golf tourism management and examine the relationship between those factors in the model.

The study was divided into two stages. The first stage was the exploration of factors using qualitative research method. The samples derived from purposive sampling consist of 24 respondents including managers, supervisors, heads of starter, and heads of caddy in golf courses. In-depth interviews and participatory observations were used as research tools for data collection. The second stage was the model development and consistency examination using 145 managers in all golf courses across Thailand. Rating scale questionnaire was employed for variable measures, and LISREL programme was used for constructing validity and consistency of the causal model.

It was found that there were five factors affecting the effectiveness of golf tourism management in Thailand including 1) Organizational factor including chain of command, authorisation, work sharing, power decentralization, and technology. 2) External factor including external socioeconomic and cultural condition, politics and law, competition and competitive advantage, and organizational culture, 3) Employee including employee reservation, employee's behaviour, motivation, performance, employee development, and participation. 4) Management policy and guideline including strategic goal setting, communication, leadership and decision making, leader's behavior, and obtaining and usage of resources. 5) The effectiveness of golf tourism management in Thailand, itself, including the ability of the workplace, teamwork, working flexibility, adaptation and satisfaction in the workplace. The results showed that the causal relationship model of factors affecting the effectiveness of golf tourism management in Thailand was consistent with the empirical data. Factors having direct impacts on the effectiveness were external and organizational factors whilst factors having indirect impacts were policy and management, and external factors which could predict 98.7% of the effectiveness of golf tourism management in Thailand.

Keywords: Golf tourism management, organisational effectiveness, Thailand, causal model

INTRODUCTION

Tourism management is very important and it brings attention to academia and the government due to its economic benefit. It also creates other positive influences such as

physical and psychological skill and performance enhancement, community wellbeing improvement and uplifting the pride of the nation (Deery, Jago, & Fredline, 2004, pp. 235-245). Sport tourism was part of the Thai government's tourism development strategic plan during 2004 – 2007 which aimed to put Thailand as the tourism hub of Asia (Sport and tourism, 2008).

Sport tourism can be classified into three categories. Nostalgia sport tourism includes sport hall of fame, sport museum, and recognisable and famous stadium. Event sport tourism is another type of sport tourism which can brought a large amount of tourists in an important event. Active sport tourism such as rock climbing, trekking, cycling, triathlon, marathon, tennis, water sports, adventure sports and golf is also important and creates significant impacts (Gibson, 2006, pp. 12-13; Koa, 2008, p. 53).

There is a prospect for continuing expansion in the future for sport tourism. Most sport tourists are in the wealthy group with high education level and among people interested in tourism for health. Consequently, golf tourism is very high potential for sport tourism which attracts this specific target group. Also, more people are searching for a new way of exercise which is suitable for all age groups. Women and teenagers are growing their attention in golf which not only make them healthier but also benefits their business and social status. According to the study of Hongpaisanwiwat (2005), golf tourism in Thailand had excellent market opportunities. The demand for golf tourism around the world grew by an average of 10.5 percent per year during 2000 to 2020. Thailand also had many golf courses with international standards and high level of visitors' satisfaction. A number of foreign visitors were expected to increase. Moreover, golf courses in Thailand had several competitive advantages, especially one of the cheapest service charge in the world with an impressive quality. It was recognised and attracted foreign golfers to experience golf tourism themselves (Hongpaisanwiwat, 2548, pp.35-39). Nowadays, there are 256 golf tourism businesses in operation around the country which are affected by changes in the external factors which include the economic, social, biological and political changes (Buatong, 2007, pp. 1-5; Hongpaisanwiwat, 2005, p. 42; Amnatworaprasert, 1992).

The impact of the external factors affecting the decline of purchasing power and demand for golf tourism. A high competition in golf tourism as a result of a large amount of golf courses in Europe which are important tourist destinations. Golf tourism promotion is more difficult as it causes the environmental impacts. These urge managers of golf tourism businesses to seek new marketing strategies and advertisement in order to maintain their market shares or increase the number of golf tourists.

LITERATURE REVIEW

Hongpaisarnwiwat (2005) argued that a sustainable growth in golf tourism business development could create the comparative advantage in competition and increase job creation which could lead to the improvement of the quality of life of people in the country in the long term. In order to develop golf tourism, he suggested a cooperation mechanism between three stakeholders. First, clear policies and transparent and impartial implementation of government and related parties are needed. Secondly, sincerity, determination and profession of staff. Finally, participation and service mind of entrepreneurs (Hongpaisarnwiwat, 2005, page 44). Another factor for golf tourism development was changing of administration behaviour and creation for management leadership which led to budget allocation in most businesses.

Most investment was asset investment so this effected the reduction of the budget for salary, welfare and for personnel incentives. (Saetang, 2002, page 106; Steers, 1977, p. 2).

Consequently, this would affect the organizational effectiveness, which refers to the utilisation of the organization resources and leads to achieve the short and long term organizational goals (Hongpaisarnwiwat, 2005, p. 42; Steers, 1977, p. 3; Robbins, 1987, p. 51; Jones, 2004, p. 15). According to the related concepts, theories and previous studies, the unresolved problems which mentioned earlier could harm organisation in the golf tourism business (Steers, 1977, p. 2). Thus, this study attempted to the elements influencing the effectiveness of golf tourism management in the case of Thailand. Moreover, this study will empirically examine the structural model of the effectiveness of tourism management. The results can be used as a guideline for developing and improving the effectiveness management of golf tourism in Thailand.

METHODOLOGY

Population and sample

In the first phase or the qualitative analysis, the population for this study was a group of managers and people working for gold tourism including golf managers, heads of starter and heads of caddy in the gold tourism businesses. Using purposive sampling from six golf courses around Thailand, the sample for the first phase were 24 samples. The criteria for sampling are 1) the golf course has be awarded in administration and management in Asia, 2) the level of the golf course has to be three stars or above, 3) the golf course has to be operation for more than 10 year, 4) there must be the same manager for two enterprises, 5) the enterprise which is a limited company needs to be only one owner, and 6) in the case of regional company, the sample comes from the one which has the most branches in Thailand.

In the second phase or the quantitative analysis, the population and samples were 145 managers of golf tourism enterprises in Thailand (Professional Golf Association of Thailand, 2012). As the population was small so we used all population for the study of this phase.

Research tools

In the first phase, the qualitative analysis was employed using in-depth interviews and participatory observations. For the second phase, the questionnaire was used and it was divided into three parts. The first section was about the managers' characteristics comprised of nine questions. The second part was about factors affecting golf tourism management using a five rating scales. There were four factors in this part which including 90 sub-items. The four factors were the organisational factor, external factor, personnel factor, and policy and management factor. The last section was the effectiveness of golf tourism using a five rating scales with 18 items of questions.

Validity and reliability check

1. Content validity of the research tools was examined by five examiners who had experienced in sports administration and management, golf tourism management and who were expertised in statistics.

2. Reliability of the questionnaire was examined using Cronbach's alpha coefficient (Cronbach, 1990, pp. 202 – 204). It was found that the Cronbach's alpha coefficient was between 0.75 and 0.92 which showed a high reliability of the questionnaire.

Statistics

1. Descriptive statistics including means, standard deviation, coefficient of variation, kurtosis and skewness statistics.

2. Correlation analysis which attempts to examine the association between variables using Pearson's correlation coefficient.
3. Confirmatory Factor Analysis or CFA
4. Structural Model is employed for investigating factors influencing management effectiveness of gold tourism management by testing the correlation between variables. Some statistics were employed such as goodness of fit index, Chi – square statistics (χ^2), AGFI (Adjust Goodness of Fit Index), CFI (Comparative Fit Index) and RMSEA (Root Mean Squared Error of Approximate).

RESULTS AND CONCLUSIONS

The finding from the first phase showed that there were five components affecting the effectiveness of golf tourism including 1) organisational factor, 2) external and internal factor, 3) personnel factor, 4) policy and management factor, and 5) the golf tourism management factor. By using structural equation modelling, the Chi-square test was 559.496 and significant at the level of 0.01 ($p\_value = 0.000$), GFI was equal to 0.789, AGFI was 0.679, SRMR was 0.58 and RMSEA was 0.90.

The direct effect and indirect effect analysis found that the policy and management factor coefficient was equal to 1.031 and had a direct influence on the organisation. The influence coefficient was 0.977, which is statistically significant at the level of 0.01. The ratio of the variance of the policy and management factor was equal to 100 percent. The organisational factor influenced directly by the policies and management factor with the coefficient of 0.977 and the indirect influence from the environmental factor coefficient of 1.007, which was statistically significant at the level of 0.01.

Considering the composition of the staff or the personnel factor, it was directly influenced by the external and internal factor with the coefficient of 0.114 and statistically significant at the level of 0.01. The variability of the composition of the staff explained by the variable was equal to 95.60 percent. The influence of the effectiveness factor on the effectiveness of golf tourism management in Thailand was indirectly influenced by the policy and management factor with the coefficient of 0.137 and it was statistically significant at the level of 0.01. It was influenced by the external and internal factor as well. The total influence coefficient was equal to 1.134 with the direct influence coefficient of 0.993 and indirectly influenced by the external and internal factor with the influence coefficient of 0.141. The proportion of variance of the elements that influence the effectiveness of the golf tourism management explained by the variable is equal to 98.70 percent.

In conclusion, the factor with the direct influence on the effectiveness of golf tourism management in Thailand were the external and internal factor with the influence coefficient of 0.993, followed by the organisational factor with the influence coefficient of 0.140. The factors with the indirect influence on the effectiveness of the golf tourism management in Thailand was the external and internal factor with the influence coefficient of 0.141 and the policy and management factor with the influence coefficient of 0.137.

The results from the second phase using structural model analysis indicated the direct and indirect impacts of factors on the effectiveness of golf tourism in Thailand. It was found that factors showing the direct impact on the effectiveness of golf management in Thailand were the external and internal factor and the organisational factor.

The external and internal factor including economic factor, socio-cultural factor, competition and competitive advantage factor and the organisation culture factor. This result shows similarity as previous studies which claimed that economic condition had an influence on consumer purchasing power and demand for golf tourism. Concerning the social aspect, demand for golf tourism increased as people used golf for business, and for making good relationship in family and for business purposes (Hongpaisarnwiwat, 2005). The result was relevant to the study of Bridges and Roquemore (2004) which indicate that the environment of administration totally influenced by the resource limitation, the external constraint such as law, politics, community, competition, labour union and the socioeconomic factors (Bridges & Roquemore, 2004).

Culture in the organisation had an influence on the effectiveness of the golf tourism management. This result was supported by many studies which found that culture in the organisation had the highest influence on the success of the organisation when learning culture transferred to members in the organisation and was integrated to all divisions (Marquardt, 1996).

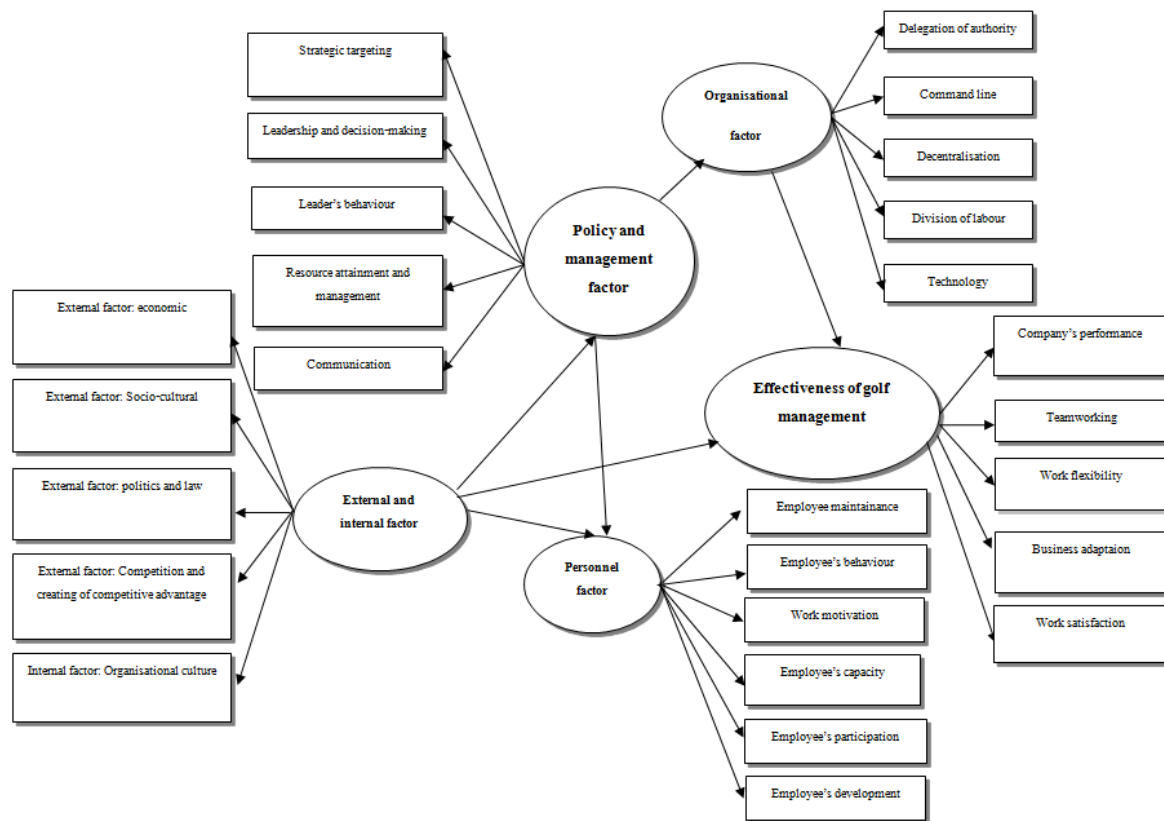
The organisational factor including the command line, delegation of authority, division of labour, decentralisation of power and technology. This finding was also found in other studies which claimed that the effectiveness of an organisation came from how the work was organised and designed and the division of labour in order to reach the organisation's target and it was hard to finish any tasks without cooperation or with only one person (Boonjit, 2010; Naweeakarn, 2004).

The organisational factor was directly influence by the policy and management factor. This was supported by the study of Ratanadilok na Phuket (2009, pp. 47-48) which found that policy was the heart of the administration for the success of the organisation. The strategic target, resource management, creating the productive work environment, communication and leadership on decision making and the adaptation and innovation of the organisation were the tools which the manager could use for improving the effectiveness of the organisation (Steer, 1977, pp. 180-184). Other studies also found relevant results which concluded that external factor, policy and management, personnel factor, work type, technology and the culture in the organisation together had an influence on the effectiveness of the golf tourism business (Boonjit, 2009; Serirat et al, 2002; Hirankitti, 1999). Especially the study of Hirankitti emphasised on the personnel factor and external factors. It indicated that the health and safety of employees and labour relations, work evaluation, external factors such as shareholders, competition, customers, technology, economic condition, law, social, labour and organisation culture influenced the human resource management and had an impact on the effectiveness of the organisation.

The indirect influence analysis found that the external and internal factor and the policy and management factor had an indirect impact on the effectiveness of the golf tourism management which was relevant to the study of Wongsarasri (2005) and Boonjit (2010). The study suggested that managers should pay attention on the behaviour of employee in the organisation in order to promote cooperation in response to the activities of the organisation. The managers had to perform as a leader appropriately under circumstances. They needed to realise the ability of subordinates in order to achieve the assignments. The work assignments had to be clear and the manager should promote any activities which can build the useful knowledge for work, create a positive attitude towards work assignments.

Also, the motivation and incentives for employee was important which could be linked the morale of workers contributed to job satisfaction. Moreover, the manager should be aware of the role of communication in the organisation, the discipline, and the rewarding system as a key success of the organisation.

FIGURE 1: A STRUCTURAL CAUSAL MODEL OF FACTORS AFFECTING THE EFFECTIVENESS OF GOLF TOURISM IN THAILAND.



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DEVELOPPING CURRICULUM FOR NURSING ASSISTANTS TO CARE THE FOREIGNERS ARE ADMITTING IN THAILAND

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ABSTRACT

Currently, the numbers of foreign patients who come for treatment in Thailand have increased steadily. As can be seen from the data of the Department of Health Service Support Ministry of Health (2011) has estimated the number of cases of foreigners in 2008 there were approximately 1,380,000 people rose to 2,530,000 people in 2012 and generated revenue for the country from 50,963 million baht a year 2008 increased to 121,658 million baht in 2012 led the country to compete in Singapore in the proportion of patients in less than a decade. As the result for increase the medical staffs for services and increasing the quality of medical personnel is essential. Therefore, in this research study. The researcher has reviewed the relevant literature that affect the development of a nursing assistant. It is absolutely necessary to finding patterns in curriculum for nursing assistants to study. The course has two aspects: improvement of course and curriculum changes that is different from creating new learning opportunities for the students. (Carter, 2009) The processing of curriculum development has 7 steps (Taba, 1962).

- 1. Diagnosis of needs*
- 2. Formulation of objective*
- 3. Selection of content*
- 4. Organization of content*
- 5. Selection of learning*
- 6. Organized learning experience*
- 7. Determine what to evaluate and how to evaluate.*

The development of educational programs for nursing assistants to care for patients admitted foreigners in Thailand. The researcher analyzed using the concept of Taba curriculum development process steps, respectively as follow:

DIANOSIS OF NEEDS

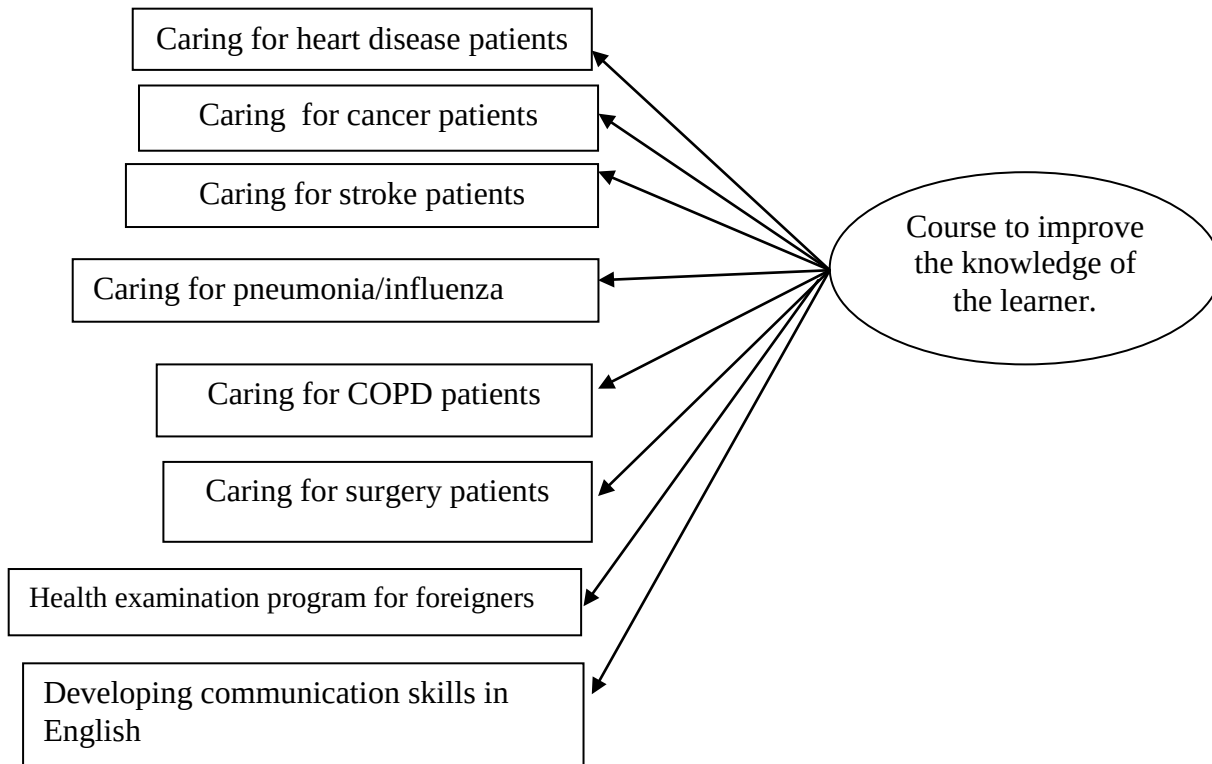
According to travel to receive treatment in a group of foreign clients found that Japan, USA and UK were the most travel to receive treatment in Thailand followed by patients in the Middle East, South Asia and ASEAN respectively. ASEAN countries including Myanmar, Laos, Cambodia and Vietnam travel to receive treatment in a large number because they were believe that Thailand has potential in the treatment of sufficient demand and has the advantage of being able to travel and relaxation. The data of patients foreigners from Japan, USA and UK travel to receive treatment in the Thailand found that to receive treatment with surgery, 48 percent, followed by the. treatment of heart disease by 24 percent, and health screening programs by 16 percent. Especially in patients from Japan to the treatment services, surgery is the most common (Sewasud, 2010) and found that the trend of aging population worldwide has steadily increased, particularly in the developed countries, including Japan and the United States found that in about 25 years, Japan has a population of elderly in the population, the proportion of 1 in 3. The United States in 2030, the elderly population is expected to have a ratio of 1 in 8 of the country's population (Ghadar & Loughran, 2014). A survey of the health of older adults worldwide. According to the Institute of Infection Prevention International (CDC: Center for Disease Control prevention) found that the leading cause of death among the elderly top 5 including heart disease, cancer, stroke, pneumonia/influenza and chronic obstructive pulmonary disease (COPD), which is similar to other ethnic groups or the table.

TABLE 1: LEADING CAUSE OF DEATH AMONG THE EIDERLY MORE 65 YEARS (Sahyoun, Lentzner, Hoyert & Robinson, 2001)

White	Black	American Indian	Asia/Asia Pacific	Hispanic
heart disease	heart disease	heart disease	heart disease	heart disease
cancer	cancer	cancer	cancer	cancer
stroke	stroke	Diabetic mellitus	stroke	stroke
COPD	Diabetic mellitus	stroke	COPD	COPD
pneumonia/influenza	COPD	COPD	COPD	pneumonia/influenza

Therefore, by analyzing the needs of the consumer demand, which affects the development of nursing assistants' knowledge courses are this pattern:

FIGURE 1: NURSING ASSISTANTS' KNOWLEDGE CURRICULUM



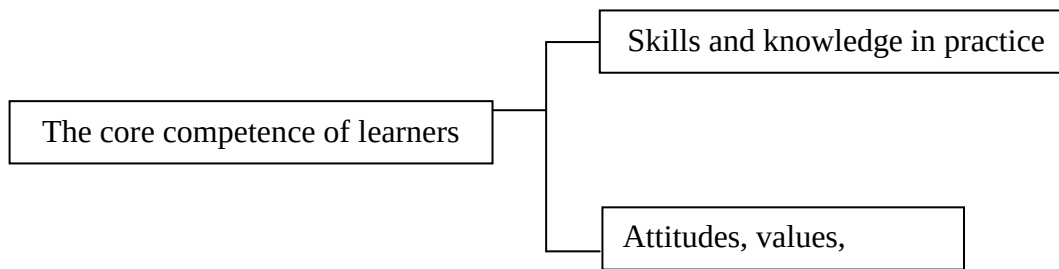
FORMULATION OF OBJECTIVE

The objective is to target the development of educational programs for nursing assistants. The researcher has used the concept of learning organization, which is initiated by Peter M. Senge, professor at the MIT Sloan School of Management in 1990, has written "The Fifth Discipline: The Art and The Learning Organization". by the definition of organizational learning refers to the development of human potential will occur when encouraged to express their ideas under an atmosphere of acceptance and mutual trust (Senge, Cambron-McCabe, Lucas, Smith & Dutton, 2012). By classifying potential individuals into 2 parts (Baartman & De Bruijn, 2011).

1. The visible include skills and ability to perform the task.
2. Within individual attitudes, values, beliefs ,etc.

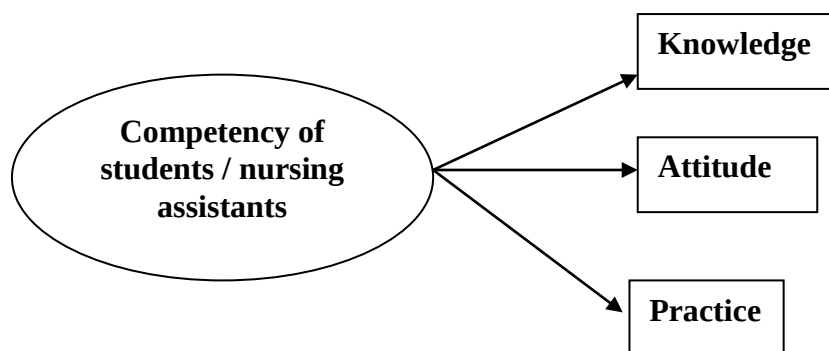
Thus, the researcher was able to determine the ability of personnel to learn this pattern:

FIGURE 2: THE CORE COMPETENCY OF LEARNERS



Therefore, in this research is focused on developing a core of participants into 3 major sections: knowledge, attitudes and practices.

FIGURE 3: COMPETENCY OF NURSING ASSISTANTS



SELECTION OF CONTENT AND LEARNING

In determining the content of the learning needs based on goals and objectives. The goal of this study to develop a course of study that appropriate for nursing assistants who provide patient care for foreigners. The purpose of the course is to develop knowledge, skills and attitudes of students. The researcher determined the content by adapt from the course of Thailand Nursing and Midwifery Council on Certification Diploma Nursing Assistant as a guide to action. The structure of the course is consists of general education course at least 6 credits and professional education course at least 38 credits. The duration of study 1 year. Therefore, when applied to such a course. In this study for this research is to study the four-month period to determine the courses and credits as follows.

1. The general education course at least 5 credits. The course consists of English and medical terminology, developing communication skills in English, socio-cultural in ASEAN, health tourism and attitude for service.
2. The professional education course at least 12 credits. The contents as follow:

2.1 Theoretical section has at least 8 credits. Courses include anatomy and physiology, elderly care, heart disease, cancer, stroke, pneumonia/influenza patients, COPD, Caring for surgery patients and health examination program for foreigners. Requiring education theory to teaching for at least 4 hours per 1 credit.

2.2 Practical section has at least 4 credits.

2.1.1 The practice in the laboratory for at least 8 hours per 1 credit.

2.1.2 The practice on the ward for at least 15 hours per 1 credit.

TABLE 2: COURSES AND CREDITS IN COURSES DESIGNATED.

TITLE	CREDITS
1. The general education course 4 credits	
1.1 English and medical terminology	1
1.2 Developing communication skills in English	1
1.3 Society and cultures in ASEAN	1
1.4 Health tourism	1
1.5 Attitude for service	1
2. The professional education 12 credits	
2.1 Theoretical section 8 credits	
2.1.1 Anatomy and Physiology	
2.1.2 Health examination program	1
2.1.3 Caring for surgery patients	1
2.1.4 Caring for heart disease patients	1
2.1.5 Caring for cancer patients	1
2.1.6 Caring for COPD patients	1
2.1.7 Caring for stroke patients	1
2.1.8 Caring for pneumonia patients	1
2.2 ภาคปฏิบัติ 4 หน่วยกิต	1
2.2.1 Patient Care Practicum foreigners.	
2.2.1 Elderly Care Practicum	2
	2

In addition, to develop the skills needed for nursing assistants to have the skill and ability that operate in real situation is need of additional training as a core set of nursing ssistant required. This skill is contained in the National Incremental Competency in Healthcare Education (Niche), which is widely used in the Scotland for nursing assistant's course. (Whittingham, 2009) include:

1. Vital signs
2. Escorting patients with intravenous fluids
3. Escorting a patient with oxygen therapy
4. Escorting patients with a chest drain
5. Holistic diabetes care

6. Blood glucose monitoring competent
7. Urinalysis
8. Catheter removal
9. Laboratory results
10. Venepuncture
11. Cannulation
12. Requesting blood for X match
13. Bladder scanning
14. Male catheterization
15. Peak flow measuring
16. Oxygen saturation
17. Measuring and recording respirations
18. Escorting and transferring patients
19. Hourly urine volumes
20. Removal of a wound dressing
21. Simple dressings
22. Assisting with a clinical procedure
23. Rehabilitation skills
24. Admission assessment
25. Cross infection
26. Local human resource policies

THE EVALUATION OF LEARNING

For graduate education and have attended training courses that meet the criteria specified in the following assessment.

1. Must be enrolled in a minimum of 80 percent.
2. Each course must have a minimum cumulative grade point average of 2 of the 4 points.
3. Practical assessment for each course must have a minimum cumulative grade point average of 2 of the 4 points.

PROPERTIES OF LEARNERS

Those who attend must have the following features.

1. A degree of at least senior high school offered by the Ministry of Education or vocational certificate above or nursing assistants are working able to study in such courses.

2. Age more than 16 years old at the training day.
3. Weight more 40 kg. and height at least 150 cm.
4. Good health, both physical, mental, emotional, social, and not a barrier to attendance or performance.
5. The learner are required to dress as follows:

5.2 White dress with a symbol is different from the nurse

5.3 Pin Name - The left chest with the symbol of the institution

In the course of the study. The research has focused on the experiences of the students to develop the skills of listening, speaking, reading, writing, and practice both in the laboratory and practice in real situations to help the students have learned the most as TABA 's organizes learning into 3 parts:

Part 1: The course content, students need to know and need to learn.

Part 2: The content that is required to learn.

Part 3: The content that the students were eager to learn

For the learning experience based on the concept of TABA says. Learning based on the sensory system.

1	percent of the hearing
1.5	percent of touch
3.5	percent of smell
85	percent of seeing

It also discusses the memories remain after learning follows.

10	percent of what they read.
20	percent of what they hear.
30	percent of what he had seen.
50	percent of what they see and hear.
80	percent of what has been said.
90	percent of what was said and done.

DETERMINE WHAT TO EVALUATE AND HOW TO EVALUATE

In this study, the research methods used in the research and development as an action research. The study was conducted by reviewing the relevant literature. To see the needs and develop educational programs for nursing assistants to care for patients, foreigners who come to receive treatment in Thailand. This curriculum will be set up to assess the needs of private hospitals in the country and recruit nursing assistants who wish to attend courses to develop their potential to care for patients, foreigners who come for treatment in the Thailand by setting up the first class of 30 students. Evaluating of learner will to assess quality of work at the end of practice by using adaptation of the criteria required by professional standards for nursing technique. The content of the evaluation, including evaluation the ability of practice, and service quality in patient care for foreigners. The details (Thailand Nursing and Midwifery Council, 2012) as follows:

PRACTICE

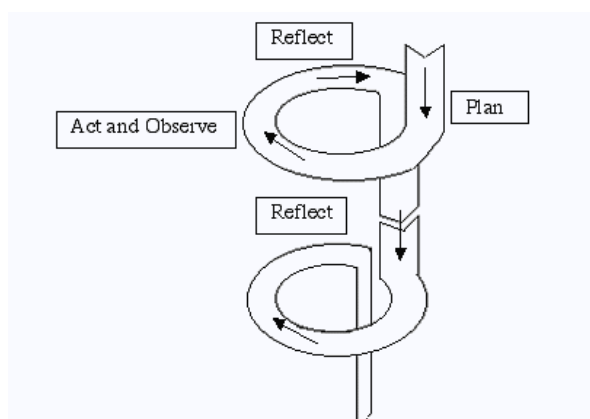
- (1) Operating aid is not complicated, so that patients are cared for properly.
- (2) Monitoring and reporting changes in patients not complicated to perform. Aid and let nurses know.
- (3) Provide maintenance to monitor treatment. So the services available to patients at all times.
- (4) To provide a proper service. For safety and comfort of service.

SERVICE

- (1) General advice about primary health care to the service user and their family to provide knowledge and understanding.
- (2) Coordination within the medical staff to be able to serve patients more effectively.

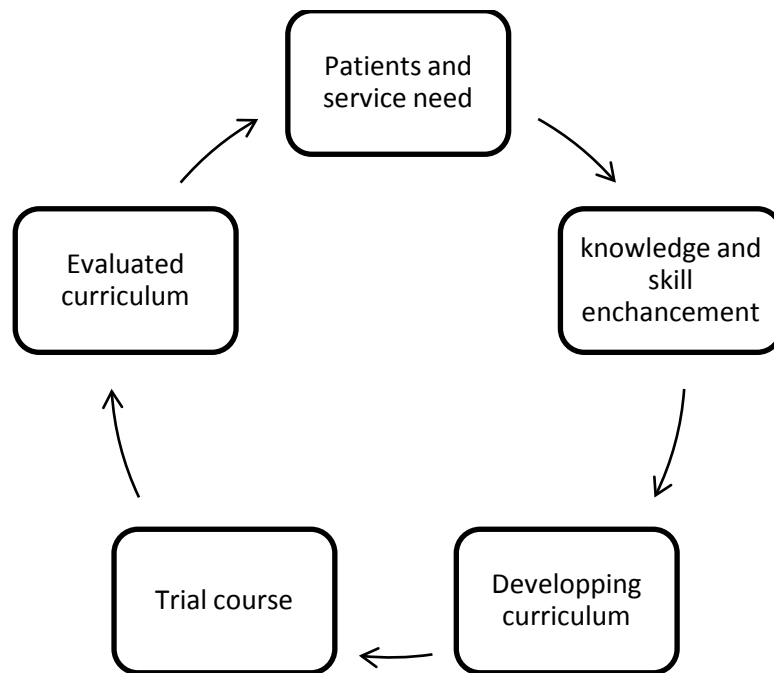
The foregoing is a summary of research conducted using the process of action research pattern as a cycle or spiral is a dynamic, starting with the planning, which is linked to the implementation plan to achieve the objectives. Next step is to practice (action) as planned. Tracking Performance (observation) and reflective practice as compared to the defined objectives. Analysis of reasons failed to achieve its purpose and led to a revised plan next. The cycle of action research will look as shown.

FIGURE 4 : PROCESSING OF ACTION RESEARCH (Kemmis & McTaggart , (1982)



This research was conducted to determine the form below.

FIGURE 5: THE PATTERN OF RESEARCH



CONCLUSION

In summary, this study was aimed to develop education programs for nursing assistant to care for patients, foreigners who come for treatment in the Thailand and to raise the quality of health services to be recognized and responded to the needs of foreign customers, which results in this research is expected to benefit both nationally, entrepreneurship education, and personal service. as follows:

1. Raising the quality of healthcare in the country through the development process to the medical staff as an assistant nurse.
2. Entrepreneurship education can be used as a guide in providing education to the nursing assistant in the educational organization or the hospital.
3. People are involved with education from senior high school above or vocational certificate above or nursing assistants are working are able to study in such courses.
4. Can develop this career to enter the labor health services in the Thailand has increased.

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DETERMINANTS OF NEW HOUSE SELLING PRICE IN HAT YAI MUNICIPALITY USING HEDONIC REGRESSION

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ABSTRACT

It is vital to estimate the new house selling prices since home seller and buyers need this information of a fair value for their house of the sales arrangements. Determinants of house prices in Hat Yai Municipality are examined in this paper using the 2013 survey data from selling. We use a hedonic house price model to estimate the market price of housing, selecting an appropriate functional form. The results of the hedonic regression model reveal that structural characteristic, locational characteristic and facilitate factors are the most significant variables that affect the house prices. Of course we should not forget that that willingness of builder to supply house matter as much as the willingness of households to demand.

Keywords: House price; Hedonic regression; Hat Yai Municipality

INTRODUCTION

Housing is an unusual good in three dimensions: heterogeneity, durability, and immobility. It is this last factor that causes the location of the house to be an important determinant of its value, since the purchaser buys both the dwelling and the site where the house is located (Kiel and Zabel, 2008). On the largest level, house prices are influenced by factors such as temperature, proximity to bodies of water, and cultural attractions. These amenities are explicitly considered in the quality of life literature (Roback, 1982; Gyourko and Tracey, 1991). On a smaller scale, Tiebout (1956) first suggested that individual residential location decisions are motivated by the quality of local public goods. Hence the quality of local public goods should also influence house prices.

Our analysis of the different levels of geography that affect house prices ties into the literature that attempts to clarify the concept of “neighborhood”. In particular, when included in house price hedonic models, town-wide and street-level variables are often referred to as neighborhood characteristics. Different definitions are used in the literature and our results shed light on what a ‘neighborhood’ is in terms of what area matters to households.

In this paper, we test the levels of geography in the house price hedonic model. We believe that individuals are willing to trade different amounts for houses with the same structure, street-level, and town characteristics that are located in different metropolitan areas.

LITERATURE REVIEW

This paper ties into the research on neighborhoods that has occurred in many disciplines such as sociology, urban planning, political science, and economics. Despite the intense analysis, there is little agreement as to what constitutes a neighborhood. The notion of neighborhood that is closest to this analysis is the existence of a collective externality (Segal, 1979). Galster (1986) uses the term 'externality space' which he defines as "the area over which environmental changes initiated by others are perceived as altering the well-being (psychological or financial) a given individual derives from the given location" (p. 246). Galster (1986) notes that one way to operationalize this concept of neighborhood is through hedonic regressions using house values.

Galster's reliance on externalities as a means for determining neighborhoods relates to the literature that attempts to measure "neighborhood effects" as the coefficients associated with distances to various residential and non-residential land uses in hedonic house price regressions. Strange (1992) surveys this literature and notes that these studies have had minimal success in finding significant effects.

These results imply that not only will neighborhood characteristics be significant in explaining house prices but that the particular variables that are significant will convey information about what homeowners consider to be their "neighborhood". These variables can include the measures of local public services like schools and security, accessibility to work, highways, and commercial centers, distance to facilities such as schools, parks and other recreation facilities, and industrial centers, the characteristics of neighbors such as their race, income, and education level, the quality of other houses in the area, noise levels, and general measures of aesthetics. The extent to which these variables are included in a given analysis depends crucially on the data that are being analyzed. Generally, it is quite difficult to get accurate measures of many of these variables. Much of these data are not available at a disaggregated enough level to be useful.

One study that includes most of the above variables is by Li and Brown (1980). They estimate a house price hedonic that includes structure and site attributes, census tract summary variables (such as median income, the percent of those 16–21 year olds who are high school dropouts, residential density, and air pollution), and local public services and costs (such as school test scores and the local property tax, and an accessibility measure—distance to the Central Business District. They also include "micro-neighborhood" characteristics such as noise pollution, a local aesthetic quality index, and distances to the ocean, river, expressway interchange, school, industry, and commercial areas.

Goodman and Ittner (1992), a study of the accuracy of home owners using the 1985 and 1987 American Housing Surveys (AHS)(US Department of Housing and Urban Development,1985-1987)find that homeowners systematically overestimated the value of their homes by 10% relative to its subsequent sales value. In addition, Poterba (1991) and Mayer (1993) have found evidence that different homes appreciate at different rates during the real estate cycle, and Case and Mayer (1994) provide evidence of substantial variation in appreciation rates across localities within metropolitan areas.

RESEARCH DESIGN

The model entails on a supply side with house prices being determined by supply. The model applied from Rose's model (1974) relates the demand for housing characteristics to demographic factors. Individuals maximize this utility function subject to a budget constraint that includes expenditures on non-housing consumption and housing, and this determines their (inverse) demand for housing (or bid price function). When buyers and sellers (who we assume are profit-maximizers) meet and the housing market clears, the observed sales prices are the tangency points between the buyers' and sellers' bid functions. The outcome of this equilibrium condition is the hedonic house price function:

$$q = f(Z) \tag{1}$$

Where q is the flow of housing services produced (the "user cost" times the asset price) and Z is a vector of n hedonic characteristics of the house, $z_1, z_2, z_3, \dots, z_n$. Then, we obtain the real marginal contributions to housing supply of each hedonic characteristic by taking derivative of (1):

$$q_i = \frac{\partial f}{\partial z_i}(Z). \tag{2}$$

Finally, we relate these real contributions to the structural characteristics of their house and wide characteristics, A includes locally provided public goods and their town-wide amenities.

$$q_i = g_i(Z, A), \tag{3}$$

To estimate (1), we use Christensen et al.'s (1975) translog function:

$$\ln q = \alpha_0 + \sum_{i=1}^n \alpha_i \ln z_i + 0.5 \sum_{i=1}^n \sum_{j=1}^n B_{ij} \ln z_i \ln z_j + \epsilon \tag{1'}$$

Where ϵ is independently and normally distributed. We use the translog because it will approximate any arbitrary functional form and imposes fewer restrictions than many other functional forms that are homogeneous of degree one. We impose homogeneity and symmetry upon the translog through the following restrictions:

$$\sum_{i=1}^n \alpha_i = 1, \quad (4)$$

$$\sum_{i=1}^n B_i = 0, \quad (5)$$

$$B_{ij} = B_{ji}, \quad (6)$$

That is, we estimate (1') subject to (4) -(6). By restricting (1) to be homogeneous of degree one, Euler's Theorem allows us to compute the aggregate quantity of housing services from a specific house as

$$q = \sum_{i=1}^n q_i z_i \quad (7)$$

The assumption that $f(Z)$ is homogeneous of degree one is a strong one, but is justifiable from two perspectives. First, the point of our exercise is to determine the willingness of house seller to sell for a constant-quality house. Our method for doing this is to measure the willingness to sell for the individual parts of houses (bedrooms, bathrooms, etc.) and then to add up the parts to recreate the whole house. Homogeneity of degree one allows this addition. Second, the adding up implies that the marginal prices are also average prices, a necessary condition for a long-run competitive equilibrium.

DATA ANALYSIS

The main source of our data is the housing survey of Hat Yai, Songkhla province, Thailand. Beginning from October 2013 to December 2013, the housing survey contains detailed information on particular houses includes the current of the house price, house characteristics and region features. 70 housing units of 25 projects were selected at random by interviews. The names and definitions of the variables used in this study are given in Table 1. These include the house, regional indicators and neighborhood quality.

TABLE 1: VARIABLE NAME, DEFINITIONS AND SUMMARY STATISTICS

Name	Definition	Mean	Maximize	Minimize
Price	House price index (Baht)			
	-Detached house	3,992,700	9,900,000	2,200,000
	-Town house	3,536,400	5,990,000	2,400,000
	-Town home	3,320,800	4,900,000	1,950,000
	-Semidetached house	3,585,600	4,700,000	2,300,000
	-Commercial building	3,591,500	6,500,000	2,700,000
Structural Characteristic's				
S_Land	Lot size in square yard			
	-Detached house	54	87	23
	-Town house	49	80	19
	-Town home	41	61	25
	-Semidetached house	53	67	36
	-Commercial building	37	79	19

TABLE 1: (CONT.)

Name	Definition	Mean	Maximize	Minimize
S_Space	Lot size in square meters			
	-Detached house	252.27	520	120
	-Town house	209.36	371	74.1
	-Town home	212.92	390	150
	-Semidetached house	217.83	269	144.5
	-Commercial building	211.15	416	90
S_Bedrooms	Number of bedrooms in the house			
	-Detached house	3.14	5	2
	-Town house	2.82	5	2
	-Town home	3	5	2
	-Semidetached house	3	3	3
	-Commercial building	2.62	4	2
S_Bathrooms	Number of bathrooms in the house			
	-Detached house	2.76	4	1
	-Town house	2.46	4	1
	-Town home	2.46	5	1
	-Semidetached house	2.78	3	2
	-Commercial building	2.69	5	2
S_Parlor	= 1if the house living room, =0 otherwise			
S_Storeroom	= 1if the house store room, =0 otherwise			
Region Features				
N_Project	= 1if the Flood, =0 otherwise			
N_Pool	= 1if the swimming pool in region, =0 otherwise			
N_Park	= 1if the park in the region, =0 otherwise			
N_stadium	= 1if the indoor stadium , =0 otherwise			
N_Fitness	= 1if the fitness room , =0 otherwise			
N_Guard	= 1if the guard , =0 otherwise			
Ld_Lotus1	distance to the Tesco Lotus (kilometers)	9.33	15.93	1.43
Ld_Cetral	distance to the Central Festival (kilometers)	12.14	23.79	1.76
Ld_PSU_H	distance to the Songklanagarin Hospital (kilometers)	9.18	15.38	1.43
Ld_HTH	distance to the YatYai Hospital (kilometers)	8.90	14.55	1.22
Ld_HRS	distance to the YatYaiRatphachasat School (kilometers)	9.76	14.93	1.79
Ld_PSU	distance to the Prince of Songkhla University	9.50	18.71	1.52
Ld_Airport	Distance to Airport (kilometers)	15.42	27.76	2.17
Ld_Transport	Distance to Bus Station (kilometers)	9.27	15.06	1.24
Ld_Depot	Distance to Rail Station (kilometers)	9.13	15.38	1.58

RESULTS AND DISCUSSION

In this section, we present a hedonic model of house prices so that measures of structural characteristics of the house and region features on house prices. This will provide some evidence about the relative importance of the different factors in terms of their impact on house prices.

The results obtained by the hedonic model in Table 2. As seen from the results, our specifications do not show any multicollinearity among explanatory variables, but heteroscedasticity is present as shown by White test statistics. Heteroscedasticity has long been recognized as a potential problem in hedonic house price equations. We have corrected the standard errors by using White's (1980) heteroscedasticity consistent coefficient covariance matrix. The results shown in Table 2 report that most of the variables are highly significant, and the sign of the coefficients are consistent with the expectations.

Indeed, structural characteristics of the house and neighborhood characteristics do matter in determining house prices. This exercise provides for a similar decomposition of house prices as Zabel (1999) does for house price returns: national, market, sub-market, and structure characteristics. For the most part, the signs of the estimated coefficients for the structure variables are as expected and most are statistically significant.

The structure variables are the lot size in square meters of house, store room and living room that effect on price house. It can be useful to allow for quality to vary when constructing price indices. For example, one might be interested in constructing the "price" of living in one town versus another.

Neighborhood characteristics include parks, indoor stadiums, guards, flooding and measures of accessibility to universities, shopping places and hospitals. Such a town-wide price index would allow for the quality of town-level services to vary. See, for example, Sieget al. (2002) who construct an interjurisdictional price index for the Los Angeles area.

TABLE 2: HEDONIC MODEL ESTIMATES

Variable	Coefficient	Std. Error	t-Statistic
Constant	14.518	0.075	192.662
LNS_Space	0.002	0.000	9.657
S_Storeroom	-0.114	0.029	-3.993
S_Parlor	0.095	0.030	3.141
N_Park	0.206	0.042	4.934
N_stadium	0.168	0.045	3.743
N_Guard	0.141	0.032	4.394
N_Project	-0.248	0.046	-5.355
Ld_PSU	0.026	0.005	5.062
Ld_Centrai	-0.009	0.003	-2.742
Ld_HTH	-0.037	0.007	-4.998
R-squared	0.77	F-statistic	38.6587
Adjusted R-squared	0.75		

CONCLUSIONS

The structure of a house not only affects the house price but also, the immobility of houses means that their location affects their values. This explains the common belief that regional features determine the price of a house: parks, guards, flooding and measures of accessibility to universities, shopping places and hospitals. This indicates that individuals care about a broader area such as the school district and/or the town that accounts for school quality, and the particular amenities. This suggests that the concept of neighborhood is multifaceted; individuals are scared about the composition/quality of multiple geographic levels. It is important for researchers to be able to include other factors that negatively affect willingness to pay, e.g. increased real after-tax interest rates, could lower real prices, and we should not forget that the willingness of builders to supply houses matters as much as the willingness of households to demand them..

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ANALYSIS OF THE SOUNDNESS OF MUAMALAT BANK IN 2010 AND 2011 USWING CAMEL METHOD

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ABSTRACT

This study aims to analyze the soundness of Bank Muamalat Indonesia in 2010 and 2011. The method in this study is the CAMEL method, where this method consists of five aspects i.e. capital aspect using CAR (Capital Adequacy Ratio), asset aspect using NPF (Non Performing Financing) ratio, management aspect using NPM (Net Profit Margin) ratio, earning aspect using ROA (Return On Asset) ratio and liquidity aspect using FDR (Financing Deposit Ratio) . The category of soundness in the CAMEL method is healthy with 81-100 score, healthy enough with 66-<81 score, less healthy with 51-<66 score and unhealthy with <51 score.

According to the result of research conducted for Bank Muamalat Indonesia in 2010 the CAMEL ratio was 72,2. While in 2011 the score of CAMEL ratio was 68,52. According to the CAMEL method category the soundness of Bank Muamalat Indonesia in 2010 and 2010 was healthy.

Keywords: CAMEL, Bank Muamalat Indonesia, Soundness of Bank.

INTRODUCTION

A Shariah Bank is a banking institution that uses a system and its operational based is on Shariah law. Shariah law means that banking operational running is based on holy Qur'an and Sunnah of prophet Muhammad Shallallahu' Alaihi Wasallam. In an operational Islamic bank they use profit sharing system and other gifts that are appropriate with Shariah law rather than interest. The development of Shariah banks in Indonesia is growing rapidly. The first Shariah bank was established in 1991 and that is Bank Muamalat Indonesia.

In recent years Islamic banking in Indonesia has shown rapid growth, both seen from the number of new offices opening, types of banking business and the volume of the bank's activities. Along with the increasing economic growth, Islamic banking financing has also increased sharply.

Banks are a financial institution with the main goal to give services in the banking field and collection of society funds and so this will need healthy economic conditions for the development of banking in a society. Banks must try to control its deposited funds in order to keep public trust. The establishment of banks increasingly, especially Islamic Bank proliferated in Indonesia and competition among banks that very high and this raises fundamental question whether these Banks are healthy or not. Soundness of a bank is a bank's ability to perform activities of its banking operations normally and be able to fulfill all its rights accordance with the country's banking regulations. (Abdullah, 2004) .

To assess the banking performance commonly used aspects of assessment, namely: Capital, Assets, Management, Earnings, dan Liquidity which is called CAMEL. Those aspects using financial ratio such as capital aspect using CAR (Capital Adequacy Ratio), asset aspect using NPF (Non Performing Financing) ratio, management aspect using NPM (Net Profit Margin) ratio, earning aspect using ROA (Return On Assets) ratio and liquidity aspect using FDR (Financing Deposit Ratio).

Below is a table progression of CAR, NPF ratio, NPM ratio, ROA and BOPO Bank Muamalat Indonesia from 2010 - 2011.

**TABLE 1: BANK MUAMALAT INDONESIA
CAR, NPF, NPM, ROA AND BOPO**

Source: Annual report 2011 Bank Muamalat Indonesia

Year	CAR	NPF	NPM	ROA	BOPO	FDR
2010	13,26 %	3,51%	71,73%	1,36 %	87,38%	91,52%
2011	12,01 %	1,78%	71,32%	1,52 %	85,25%	85,18%

Based on table 1 we can see that some ratios of each category experienced an increase or decrease of capital ratio (CAR), asset ratio (NPF) and Allocate for Earning Assets ratio, management (NPM), earning (ROA) and liquidity (BOPO).

To determine appropriate policies in order to maintain the continuity of the company's operations in competition with other banks,, it is important to assess the soundness of this bank. Assessing the soundness of the bank , this research uses the five elements of CAMEL i.e. capital, assets, management, earnings and liquidity.

Based on this background, the authors wanted to do research to analyze the health of Bank Muamalat Indoneisa with the CAMEL methods which consist of Capital, Assets, Management, Earnings and Liquidity.

First, this paper discusses about theory, section two presents the data, section three indicates research method, section four presents the results and finally, the conclusion.

Theory

Variables in this study include assessment factors in the CAMEL method to determine the soundness of banks. These are:

1. Capital

Functioning of capital to fund operations is an instrument to anticipate ratios as a tool for business expansion. Research aspects of a bank's capital are needed to determine how much or how many banks have adequate capital to support their needs. This aspect that is assessed is the capital that is owned by the bank based on the bank's capital adequacy.

According to Dendawijaya (2000:122) "CAR is the ratio which shows how far the whole assets of banks that contain risks (credit, investments, securities, bills of other banks, etc.) involved in finance from the bank's own capital funds in addition to obtaining the funds from sources outside the bank, such as funds from the public, lending, and others." In accordance

with the provisions of the government, the CAR (Capital Adequacy Ratio) of banking in Indonesia must be at least 8%. For banks that have a CAR below 8%, they should receive serious attention and treatment to immediately try to move this ratio up.

2. Assets

The second aspect is to measure the quality of bank assets. Assets are a form of investment companies, the forms can be either in property rights or services of the company Djarwanto (2001:15). This case an attempt is conducted to assess the types of assets belonging to the bank. Valuation of assets must be in accordance with Bank Indonesia regulations by comparing the financing to total financing.

3. Management

Management aspects of the appraisal of a bank cannot be used using a pattern set by Bank Indonesia, but is proxied by using net profit margin. It caused of the whole of management activities include the management of a bank's capital, asset quality management, general management, profitability management, and liquidity management will ultimately affect the profitability.

4. Earnings

Rentability analysis is intended to measure the productivity of the assets that is the bank's ability to generate profits by using its assets, and also measures the efficiency of capital use (Sutrisno, 2003).

This capability is conduct during a period. This aspect is also to measure the level of business efficiency and profitability the bank has achieved.

5. Liquidity

According to Munawir(1995:31) liquidity refers to the ability of a company to fulfill financial obligations that must be met, or the company's ability to fulfill financial liability when billed. Banks can be called liquid if they can pay all of their debts.

Data

This study aims to analyze the soundness of Bank Muamalat Indonesia in 2010 and 2011. The data that are used in this study are secondary data. This data were taken from the financial statements of Bank Muamalat Indonesiathat published for 2010-2011. Bank financial statements that are used are balance sheets and income statements.

Research Method

As indicated, this research the authors use the CAMEL method based on the Regulation of Bank Indonesia No.6/10/PBI/2004 dated 12 April 2004 and implementing regulations according to Bank Indonesia Circular Letter No.6/23/DPNP dated May 31, 2004 Concern the Rating System for Commercial Banks.

As a benchmark to determine the soundness of a bank after an assessment of each of the variables, that is to determine the results of the research were classified into bank health ratings.

TABLE 2:
BANK HEALTH ASSESSMENT USING CAMEL METHOD

Aspect	Ratio	Credit Score	Factor Score
Capital	CAR	max 100	25 %
Assets	NPF	Max 100	25 %
Management	NPM	Max 100	25 %

Earnings	ROA BOPO	Max 100 Max 100	5% 5%
Liquidity	FDR	Max 100	10 %

The
assessment
of each
aspect

includes:

a. Capital

The ratio that used to measure capital adequacy is CAR (*Capital Adequacy Ratio*), which is the ratio of the amount of capital with risk weighted assets ratio.

$$CAR = \frac{\text{capital}}{\text{risk weighed assets ratio}} \times 100\%$$

Then find the value of credit, with the following formulation:

➤ Credit Score = $\frac{\text{ratio}}{10\%} + 1$

**TABLE 3:
CREDIT SCORE PREDICTION OF CAR**

Credit Score	Predication
> 8 %	Healthy
7,9 – 8 %	Healthy Enough
6,5 - < 7,9 %	Less Healthy
< 6,5 %	Unhealthy

Assets

The ratio that used to measure assets is NPF (Non Performing Financing) which is ratio of financing problems to total financing.

$$NPF = \frac{\text{financing problem (KL, D, M)}}{\text{total financing}} \times 100\%$$

Then find value of credit, with the following formula:

➤ Credit Score = $(22,5 - \text{ratio})/0,15$

**TABLE 4
CREDIT SCORE PREDICTION OF NPF**

Credit Score	Predication
< 10,35 %	Healthy
10,35 – 12,60 %	Healthy Enough
12,61 – 14,85 %	Less Healthy
>14,86 %	Unhealthy

Management

The ratio that used to measure Management is NPM ratio (Net Profit Margin), which is ratio of net income with operating income.

$$\text{NPM} = \frac{\text{Net Income}}{\text{Operating Income}} \times 100\%$$

Then find value of credit, with the following formula:

- Credit Score = NPM ratio x 1%

**TABLE 5:
CREDIT SCORE PREDICTION OF NPM**

Credit Score	Predication
33-40	Healthy
27 - 32	Healthy Enough
21 – 26	Less Healthy
<26	Unhealthy

Earning (Rentability)

Profitability is to determine the ability of banks to earn profits. Ratio of profitability is divided into 2, namely:

- a. Analysis of ROA (Return On Assets)

Pre-tax income ratio before last 12 months to the average volume of business in the same period.

$$\text{ROA} = \frac{\text{Pre - tax Income}}{\text{Average Volume of Business}} \times 100\%$$

Then find the value of credit, with the following formula:

Credit Score = Ratio / 0,015

**TABLE 6:
CREDIT SCORE PREDICTION OF ROA**

Credit Score	Predication
> 1,22 %	Healthy
0,99 – 1,21 %	Healthy Enough
0,77 – 0,98 %	Healthy Less
< 0,76 %	Unhealthy

- b. Analysis of BOPO

Operational costs ratio in the last 12 months against operational income at the same period.

$$\text{BOPO} = \frac{\text{Operational Cost}}{\text{Operational Income}} \times 100\%$$

Then find value of credit, with the following formula:

- BOPO Credit Score = ((100- BOPO ratio)/0,08)

**TABLE 7:
CREDIT SCORE PREDICTION OF BOPO**

Credit Score	Predication
< 93,52 %	Healthy
93,52 – 94,73 %	Healthy Enough
94,73 – 95,92 %	Healthy Less
> 95,92 %	Unhealthy

Liquidity

The ratio that used to measure Liquidity is FDR (Finance to Deposit Ratio), which is the ratio of loans against the funds received.

$$\text{FDR} = \frac{\text{Loans}}{\text{Funds Received}} \times 100\%$$

Then find value of credit, with the following formula:

- FDR Credit Score = (115- FDR ratio) x 4

**TABLE 8:
CREDIT SCORE PREDICTION OF LDR**

Credit Score	Prediction
< 94,755 %	Healthy
94,755 – 98,75 %	Healthy Enough
98,75 – 102,25 %	Healthy Less
> 102,5 %	Unhealthy

After getting the ratio of each variable we can determine camel score with the following formula:

$$\text{CAMEL} = \frac{\text{Factor Score} \times \text{Credit Score}}{100}$$

After the combination value of camel, the total will produce a net value ratio camel with the rating of the predicate is:

TABLE 9:
PREDICTION OF BANK HEALTH RATING USING CAMEL METHOD, 2010.

Net value score	Prediction
81-100	Healthy
66-<81	Healthy Enough
51-<66	Healthy Less
0-<51	Unhealthy

RESULT

Gross value ratio and the weight given using each standard have been set by Bank Indonesia. The Net value of the ratio is the result of multiples of ratios value of the gross weight of the entire ratios are summed from all CAMEL ratios to obtain the total value ratio CAMEL.

This total ratio of CAMEL shows the value prediction of bank soundness in accordance with the standards set by Bank Indonesia. The calculation of the net value of each CAMEL ratio of Bank Muamalat Indonesia is then as follows:

TABLE 10
NET VALUE CALCULATIONS OF CAMEL RATIO
BANK MUAMALAT INDONESIA IN 2010

Year	Aspect	Ratio Score (%)	Factor Score (%)	Credit Score	CAMEL Score
2010	Capital • CAR	13,26%	25	100	25
	Assets • NPF	3,51%	25	100	25
	Management • NPM	71,73%	25	71,73	17,93
	Earning • ROA • BOPO	1,36% 87,38%	5 5	90,6 100	4,53 5
	Liquidity • FDR	91,52%	10	93,92	9,39
Total of Net Value Ratio CAMEL					86,85

From capital aspect, CAR ratio showed bank ability to cover a decrease in assets as a result of bank losses due to asset risk at 13,26% to obtain a credit score at a maximum score

at 100 and after being multiplied with factor score of CAR at 25% so the CAMEL score is 25. Then from Assets aspect, NPF ratio showed bank ability in anticipation of bad loans abolition at 3,51% to obtain a credit score at 100 and being multiplied with factor score of NPF at 25% so the CAMEL score is 25.

From Management aspect, the NPM ratio is 71,73% and obtained a credit score at the amount of 71,73 then being multiplied with factor score at the amount of 25% so the CAMEL score is 17,93. From an earning aspect, the ROA ratio showed the bank's ability to get profit and efficiency as a whole at an amount of 1,36% and the BOPO ratio showed the level of efficiency and the bank's ability to conduct its operations at an amount of 87,38%. From the results obtained the ROA credit score at 90,6 and being multiplied with the ROA factor score at 5% so the CAMEL score obtained 4,53. While the BOPO credit score is 100 and being multiplied with BOPO factor score at 5% so the CAMEL score obtained 5.

From the Liquidity aspect, the FDR ratio showed bank ability in paying back withdrawals of funds by depositors and relying on loans receivable as a source of its liquidity at the amount of 91,52%. From this result it obtained an FDR credit score at the amount of 93,92 and being multiplied with a factor score at the amount of 10, so the CAMEL score obtained 9,39. After all the CAMEL score has been calculated it will obtain the total of a net value CAMEL ratio of Bank Muamalat Indonesia in 2010 of 86,85.

TABLE 11:
NET VALUE CALCULATION OF CAMEL RATIO
BANK MUAMALAT INDONESIA IN 2011

Year	Aspect	Ratio Score (%)	Factor Score (%)	Credit Score	CAMEL Score
2011	Capital	12,01	25	100	25
	Assets	1,78%	25	100	25
	Management	71,32%	25	71,32	17,83
	Earning				
	a. ROA	1,52 %	5	100	5
	b. BOPO	85,25%	5	100	5
	Liquidity	85,18%	10	100	10
Total of Net Value Ratio CAMEL					87,83

From the capital aspect, the CAR ratio showed bank ability to cover decreases in assets as a result of bank losses due to asset risk at 12,01% to obtain a credit score at a maximum score at 100 and after being multiplied with the factor score of CAR at 25% so the CAMEL score is 25. Then from the Assets aspect, NPF ratio showed bank ability in anticipation of bad loans abolition at 1,78% to obtain a credit score at 100 and being multiplied with factor score of NPF at 25% so the CAMEL score is 25.

From the Management aspect, NPM ratio is 71,32% and obtained a credit score at the amount of 71,32 then being multiplied with a factor score at the amount of 25% so the CAMEL score is 17,83. From the earnings aspect, the ROA ratio showed bank ability to get profit and efficiency as a whole in the amount of 1,52% and the BOPO ratio showed level of efficiency and the bank's ability to conduct its operations at the amount of 85,25%. From the results obtained the ROA credit score at 100 and being multiplied with the ROA factor score at 5% so the CAMEL score obtained 5. While the BOPO credit score is 100 and being multiplied with BOPO factor score at 5% so the CAMEL score obtained 5.

From the Liquidity aspect, the FDR ratio showed bank ability in paying back withdrawals of funds by depositors with relying on loans receivable as a source its liquidity at the amount of 85,18%. From this result obtained the FDR credit score at the amount of 100 and being multiplied with the factor score at the amount of 10, so the CAMEL score obtained 10. After all CAMEL scores have been calculated it will show the total of net value of the CAMEL ratio of Bank Muamalat Indonesia 2011 is 87,83.

Based on bank health predictions then the predicted soundness of Bank Muamalat Indonesia in 2010 and 2011 is as follows:

TABLE 12:
PREDICTED BANK HEALTH LEVEL RATING
BANK MUAMALAT INDONESIA IN 2010 AND 2011

Year	CAMEL Score	Prediction
2010	86,85	Healthy
2011	87,83	Healthy

From the results the calculation the net value of the ratio in Table 12 shows that the net value of all CAMEL aspects in 2010 of 87,46 and in 2011 of 87,83. Based on bank health predictions using the CAMEL method in 2010 and 2011, the bank achieved a healthy outcome.

CONCLUSION

Based on the analysis of results of Bank Muamalat Indonesia financial performance in 2010 and 2011, it can be concluded as follows:

- a) The soundness of Bank Muamalat Indonesia in 2010 and 2011 overall obtained a health prediction using the CAMEL analysis in both years.
- b) In capital aspect, based on the CAR (Capital Adequacy Ratio) of Bank Muamalat Indonesia from 2010 to 2011 is in HEALTHY category it caused by a ratio score that in both years obtained a score of more than 8%. From Asset aspect based on the NPF ratio (Non Performing Financing) Bank Muamalat Indonesia from 2010 to 2011 are in the healthy category. It was caused by a ratio score obtained of less than 10,35% (according to the standard of Bank Indonesia). In the management aspect, based on the NPM factor (Net Profit Margin) Bank Muamalat Indonesia from 2010 to 2011 is in the healthy category. It is caused by a credit ratio obtained of 71,32. In the earning factor, based on ROA ratio of Bank Muamalat Indonesia for 2010 and 2011 is in the healthy category. It is caused by the ratio score obtained at more than 1,215%, then based on a BOPO ratio of Bank Muamalat Indonesia in 2010 and 2011 is in the healthy category caused by a ratio obtained of less than 93,52%. In the liquidity factor, based on an FDR ratio (Finance to Deposit Ratio) in 2010 and 2011 is in the healthy category caused by a ratio score obtained being less than 94,75%.

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LAND CONFLICT PROBLEM-SOLVING IN LAMO SUB-DISTRICT , NA YONG DISTRICT, TRANG PROVINCE , THAILAND

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ABSTRACT

This study aimed to point out land conflict problems and solutions in Lamo sub-district, Na Yong district , Trang province , Thailand. This study was conducted by reviewing literature , conducting interviews with 15 people and informal interviews with people related to land conflict solving , arranging four brain storming activities, arranging focus group discussions and participating local activities.

The study showed that the major cause of land conflict was differences in points- of- views between government agencies , community organizations and local people as well as differences in points-of-view among local people.

To solving land conflicts in Lamo sub-district, local people together formed community organizations to create bargaining power to negotiate with government agencies and to define solutions according to the community rights. In addition, Lamo sub-district Administrative Organizations launched a survey of people's productive and defined the regulations of Lamo sub-districts productive land usage.

Keywords:: land conflict problem-solving, Lamo Sub-District, Na Yong District, Trang Province, Thailand

INTRODUCTION

Land conflict problems in Lamo sub-district, Na Yong district, Trang province that stem from the declaration of Lamo as a national park in 1967. The government declared this area as a forest reserve without awareness of people in this district and used enforcement of forest laws. Moreover, some local people did not know that this area where they have lived

and inherited from ancestor that became to the national park. When people in this district knew that Lamo where was their lands, livelihood and housing became a national park, they attempted to claim the right for these lands that they have been living before. In their view, they said that the implementation of government has declared a national forest overlap their house and farm. The claims process and the operation of local people could not be carried out because of the weak system. The local people could not do anything to fix the problem and could not urge the government to fix this error. After May 27, 1982, the land dispute was intensified because the government declared a royal decree that the National Forest is the Buntad Mountains Plot 1 Episode 1 as the area Khao Pu - Khao Ya. Moreover, the decree did not appear the Lamo district name and a map did not show the name of the Lamo district. However, the boundaries of the map annexed did cover and overlap the Lamo district. The government of Khao Pu - Khao Ya Lamo said the district is the area of the park. Not only Khao Pu - Khao Ya does overlap the farm and local people house but also local people face with more trouble living in this area than before. In addition, the staff of Khao Pu - Khao Ya guided strict laws and governmental policies which did not consistent and appropriate to the lifestyle of local people. They negotiated and asked for the fair and also claimed for the right to occupy and dominate the original inhabitants where they have been lived and occupied prior the announcement of Lamo turned to be the national forest and Khao Pu - Khao Ya national park in 1967 from the government. In 1982, local people gathered and asked for government action to fix the problem for the people in this area. This action led to the realization of the conflict between the people and the government. From the land disputes in the Lamo district that affected the lifestyle and livelihoods of local people. They have tried through various scenarios to resolve conflicts of the land by established an organization of community's rights. This organization guided to managing and resolving natural resources by communities. Sub district Administrative Organization (SAO) of Lamo attempted to resolve the land disputes to alleviate conflicts and prepare guidelines for the consistency and proper land management of this area. These actions will lead to a better quality of life; maintain the culture and wisdom of the local people who are living in this area.

PURPOSE

To study the land conflict problem-solving in Lamo Sub-District, Na Yong District, Trang Province, Thailand

RESEARCH METHODOLOGY

1. To study and research from the Documents and thesis that related to the causes of conflict of the land and the problem solving of conflict in Lamo Sub-District, Na Yong District, Trang Province, Thailand.
2. The data and information were collected from the study area and analyzed data from various phenomena. In this study area, the researcher observed, attended several activities and got the information from interview.
3. Formal interviews are in-depth interviews which is using a structured interview that consists of the Chief Executive of SAO (Lamo) ,the members of SAO ,Sub-district Headman, Village headman and the residents in Lamo Sub-District, Na Yong District, Trang Province that related to conflicts of the land. The interviewers totalled 15 people.
4. Four brainstorming meetings in this area which organized the meeting for the network parties that were involved in resolving the land disputes in the community of Lamo Sub-District, Na Yong District, Trang Province.

RESULTS

The conflict in the Lamo Sub-District, Na Yong District, Trang Province was linked to problems of usurpation of natural resources and land management practices in the public sector. The government requires maintaining the area as belonging to the government and has not wanted the local people to claim this land. The government has tried to use different ways in order to maintain the area but it did not understand the realities of the region and also the problems involved. The government focused on only enforcing the law in order to enforce and control the public sphere. These are the government errors in the management of public land. However, the local people just wanted to use the land for their livelihood because the land is like their lives. People need a space for eating and living. The local people tried to use the legal right that they have lived here before the various actions of the government about forests conservation without local people's participation. The local people's lives must move on. These reasons lead to a serious land conflict between the local people and the government in the Lamo Sub-District.

The problems of the land conflict

Land conflict problems in Lamo sub-district, Na Yong district, Trang province arise from the difference in problem-solving opinions from the government sector, government

organizations, government policies, government officials, community organizations, the public and the local people. A study of this land conflict found out that this conflict stems from the concept in the land management and different opinions and solutions from the government, the private sector, community organizations and units of local government. These organizations always find out and maintain their existing rights. The government focuses on land conservation, maintains forests and water resources. It announces the national park area which belong to the government sector. This announcement of the national park was made without clear boundaries .. There was no separation between the living area and the forest area. Moreover, the government announced the forest area that overlapped the residencial living area. As the result, the government and local people have had conflict. The residents have claimed for the right that they have lived here before the land became a sanctuary. Therefore, the governments needed to resolve these land problems because of their errors, omissions and indiscretion by using their policies to resolve the land conflict issue.

The Cabinet on June 30, 1998 resolved about the farm problem-solving in the forest area and the process of how to find out the people's rights but this was\\ is not accepted by the people and even caused even more serious land conflict. The government problem-solving land policies have not included participation from the public so people think that the actions of the government are not fair and are selfish. People do not join and follow the government policy. In addition, some of the land conflict problems caused by the errors of the government have lead to deforestation and forest wood breaking. People, who do not have a farm, will sometimes attempt to destroy the land. They once possessed In some areas, people said that the government staff hired someone to cut the trees for logging purposes. These situations still cause conflict about the rights to the land between local people and the government.

Local people in Lamo sub-distrtict, Na Yong district, Trang province think land conflict problems arise from the errors of management by the government which use government laws to force the local people to give in.. The government policies also are seen as unfair to the local people.. The government policies in the past collapsed and did not provide efficacy for land management. These reasons were not successful inr fixing the land conflict and also built more conflict between the government and the local people. When people do not see rightness from the implementation of the government land policy, they did not attend the problem solving meeting and were against the government policy. Moreover, the enforcement and implementation of policies for the farm problem-solving, the land problem-solving and the land management in various forms do not fix the problems for the

land conflict. In summary, the conflicts that occur in the Lamo Sub-District, Na Yong District, Trang Province are because the government land management is focused on problem-solving of land and protecting the forest area and watersheds for the public. Some of the government land management errors are made because they did not investigate the area beforehand and so were not aware of how the government policy would be viewed by the local people..

The government did not measure the area of forest conservation and also they had not set up and plan for the forest area. Moreover, the government did not announce and give information to the public about the forest conservation area. In terms of local people, they did not understand the problems-solving system of the government and also could not get the correct information of the government's operations. They think they have the right to own land in the area as a farm, occupy the land and as the land belonged to their grandparents who had claimed the land first. Governments used the law to announce that these lands are a conservation area but they overlap with farms and the residential housing areas.

Land Conflict Problem-Solving

Land conflict problems in Lamo sub-district, Na Yong district, Trang province have developed to a big issue for 46 years. The private sector and government have continuously carried out various ways to try to solve this land conflict. The land conflict problems affect the local people's lifestyles. The people in this area have been distressed for a long period so they have tried to operate many ways to try to fix the land conflict problems. Such as, they set up a public sector organization for problem-solving the community's rights that is a guideline to manage and resolve natural resources by communities. Because the land conflict problems in this area have happened for a long time so people have been asking and waiting for solutions from the government. In the end, they have set up a concept of management and resolving issues from the community to fix the land conflict problems in this area, as followsa:.

1. To set up a community organization to negotiate with the government.

In 1993, residents in the area have set up a community "The conserved forest" because in this sub-district there has been natural disasters caused by deforestation. This situation gives ideas and knowledge that the natural resources value is important for the local people. If they do not take care of the natural resources, they will have trouble..

In 1998, Trang province had set up a village "Green Forest" which has provided training for volunteers who are called "group volunteer rangers" The volunteers have been

doing their activities continuously. At the end, this group received the flag "Volunteer Ranger for Life" from the Queen. After that, the local people in the area set up a community organization (Green Buntad Mountains organization network) in 14 May 2000 to negotiate with the government and fix the land conflict problems. The goals of this group are to create a "Sovereignty community" or the communities have right to set their own ways of managing the forest area.. For example, they can protect their community area, they have rights to set their farms and houses on the land, they have farmers' rights, they have rights in the reconstruction and development of local and good cultural traditions and they have rights to manage sustainable natural resources usage. They also have 'Food Sovereignty' to protect the dignity and personal values to feed their community and society. They also set the policy regarding, government development projects and laws that are based on the constitutional rights and civil society organizations to develop their ability to make their own future. The Land Conflict Problem-Solving goal is "Sovereignty community" or the community has their own rights in every aspect. In 4 August 2013, they established the Lamo Sub-District community organizations. They also have coordinated with the Green Buntad Mountains organization network in the Lamo Sub-District. The important co-issue is the local people's farms. Lamo Sub-District community organizations were established to enhance the land and living area problems-solving and natural resource management such as, soil, water and forests. They also have joint policy-driven solutions..

2. Troubleshooting: Subdistrict Administrative Organization (SAO)

The Subdistrict Administrative Organization (SAO) has fixed the conflicting land problems for local people in this area. The Cabinet resolution on June 30 1998 is the land issues in the forest area which was followed by the Cabinet resolution on April 24 2007. The process for proving and making the right documents for local people were delayed.. The problems of land conflict have occurred for a long time. The local people in this area have been distressed. The land conflicts during 2003-2007 were so serious. that on February 1, 2007, the Chief Executive of the SAO, Mr. Amnuey Promkray wrote a letter to the Office of Conservation Area 5 (Nakornsri Thammarat) to try to resolve the land issue for local people in this area. He requested that the Office of Conservation Area 5 had to survey the local people area to resolve the land conflicts in Khao Pu - Khao Ya. The Office of Conservation Area 5 has now done a survey to identify the local people area by following the Cabinet resolution on 30 June 1998 for the issue of land in the forest. However, the survey to identify the local people area was not clear. On May 28, 2009, he met the governor of Trang to inform the local people of developments and wanted the government to resolve the land issue where local

people live and work in Khao Pu - Khao Ya. This issue was intended to resolve the land problem, whereby the local people have to prove their ownership of lots. However, the government has not given them the correct documents. People in this area cannot cut the decadent rubber trees and cannot plant new ones. Some people have been arrested in this area. They are distressed because of these reasons. They need for the National Park, Wildlife and Plant Conservation requires the issue of the correct documents.. The National Park, Wildlife and Plant Conservation has not done anything to solve the problem. The operations of proving ownership of land and having correct documents have been pending, so the position is still uncertain. SAO, the village chief, headman and local people set up a working solution group for land conflict and also wrote a regulation of the land in the area. This regulation is the land management and local commandment setting. Implementations of SAO which has been accepted by the local people who have worked together to make the draft benefits of the land regulation in the area.

After that, Mr. Arjin Kaokam worked as a Chief Executive of the SAO. He realized the importance of the land conflicts. He co-operated with other organizations, especially the Lamo community organization which is one of the Green Buntad Mountains organization network. The Green Buntad Mountains organization network co-operated with them to resolve the conflict by conducting a survey of surrounding counties and pedestrians with GPS. They also created a database and developed maps for the Lamo area. They conducted a survey by plotting with a GPS and conducting a walking survey of the public lands that are involved in the project. They also developed the correct documents that assured the correct area and adjacent areas. The documents have been signed by five parties which consist of the landlord who lives on this land, the landlord who lives on adjacent land, the village chief or headman, the Chief Executive of the SAO and the representatives from community organizations. Moreover, the Green Buntad Mountains organization network established networks in the sub-district and province. As well, they set a meeting between them and the district people to solve problems and set guidelines for the land management. In addition, they worked together with the parish community of Lamo to issue the document of the land by using GIS. These reasons aim to assist the people who are distressed, and cease arrests by local law enforcement. They also include land details, land benefits and the tenancy of the land databases collections. These databases are able to set the direction, and provide guidelines for land management and land conflict problem-solving. Finally, the community organizations operates and works with SAO to provide guidelines and a framework for land

management and land conflict problem-solving. However, these operations were stopped when they got a new Chief Executive of the SAO.

3. Preparation of land benefits regulations in Lamo Sub-District, Na Yong District, Trang Province

To resolve conflicts land; local people, community organizations and local leaders set guidelines for the land benefits in terms of land benefits regulations in Lamo Sub-District, Na Yong District, Trang Province. Every Chief Executive of the SAO is focused on and improvement of the regulations to carry out the provisions.

Land benefits regulations in Lamo Sub-District, Na Yong District, Trang Province,

Class 1 is about cutting the decadent rubber trees and replanting new ones. The local people who want to cut the decadent rubber trees, have to inform the board at the village headman's office and show a deed that they want to cut the old rubber trees. They require documents such as local maintenance tax 5 and 6, the documents of the Rubber Replanting Aid fund, other government documents, and a copy of official census and ID card. In case the applicant does not have any documents, they can ask the leader or someone in the community to guarantee that they have lived here for a while. They also have to fill out the local maintenance tax 5 forms or the proof of land ownership form and then they can submit all documents. After that, they can cut the rubber trees in the next year.

The board will check, vote and take a photo of the applicant's land to consider this issue. If the applicant's land get a vote of more than half of the Board, he can get the right to cut the trees. The Chairman controls all the process. All this process takes less than 15 days. These land should have at least 25 trees per acre, and if the same family is applying for more than one plot, the Commission will consider only one convert, and one converter can cut the trees.. If one family applies for cutting the trees more than 1 plot, the board will consider 1 plot only. One plot is less than 20 acres.

If a lot of applicants submit the document at the same time, the Board will consider an appropriate plot and also depend on the discretion of Committee.

If the owners of a plot already cut native rubber trees or good trees before the enforcement of land benefits regulations in Lamo Sub-District, they must have some rubber trees to show the evidence to the appropriate board's consideration.

When the Board approves the documents, the applicants have to sign the agreement at the headman's office. The applicants have to follow the agreement that they have to replant the rubber trees or other trees in this plot. If they do not follow the agreement, the Board can cancel the right of all the plots or other plots that belong to the person who breaks the contract.

When the applicants want to cut the rubber trees, they cannot use big machines to cut the trees and they cannot burn logs. These rules are about maintenance of the ecology.

If the land is near the river, creek or canal, they cannot cut the trees. They can cut the trees which are at least 10 metres from the river but they have to replant the trees. They can measure from the edge of the creek, canal or river to the trees. If the rubber trees plots are in the forest area, they cannot cut the trees but they can cut the trees which are at least 15 metres from the river and they have to replant the trees in order to conserve soil and water sources.

If the applicants' land is next to the forest area, they have to keep at least 10 meters from the old rubber trees in order to do the replanting buffer zone and separate between the old rubber trees area and the forest area. The Committee will consider all the reasons and actual necessity for every case.

Class 2 is about the requirement of cutting trees to use in the community.

If the requirement of cutting trees to use in the community, the applicants have to write a letter requirement and give more reasons to the Board. The documents that they need to submit such as, a copy of their ID card, a copy of the official census, drawing plan or house's photo. They do not break or sell the house which is built by the requirement's logs except if the Committee agrees to do it.

The applicants cannot transport or move the log out of the area at all and they cannot transform these logs to the lumber merchant for sale.

The Commission will consider every appropriate case.

Class 3, the Conservation

- Do not cut any trees along the river, canal or creek otherwise the boards will cancel the rights.
- The landlord and the adjacent landlord of the forest buffer zone have to take care of this zone.
- They have to replant the new trees at least 2 meters from the center of the boarder.

- Do not expand the living area into the forest.
- People who live outside of Lamo Sub-District cannot take some benefit from the forest area.
- Do not use electric traps or bomb any aquatic animals in the river.
- Do not dispose of any chemicals or waste into the river or creek.
- Do not hunt any kinds of animals.

If the some people break the rules, the Board will consider the laws.

Class 4, is about the environment conservation activity.

The Board's duties are taking care of the forest as a heritage of the community and providing many activities to involve local people to awareness about forest conservation.

- They provide activities for forest conservation 2 times a year.
- They provide activities to contribute to protecting and conservation forests.
- They provide other appropriate activities.

Class 5, Transitional Provisions

- If some people want to claim their rights, they have to join and follow the village activities.
- If someone always attends the activities, he will be eligible to consider first.
- If someone does not abide by the regulations, the Board must take a legal action.

The best ways to manage human resources are setting the rules and regulations and encouraging the community to be self-managed. Thus the community will set the guidelines and fix the problems by self-management. Land Conflict sustainability Problem-Solving in Lamo Sub-District should include a role for local people in management and decentralization to local governments and community organizations. The community should have rights to manage natural resources and fix other problems. A Community organization is the main core to fix the problems and local government also supports and provides them with some facilities. The provision of sub-district issues helps the community organization to manage

natural resources and resolves land conflicts. In addition, local people also participate in these issues.

The provision of Lamo sub-district issue is regarding to the management of natural resources. SAO ensures this provision as the SAO's provision to manage natural resources in Lamo.

The provision of Lamo sub-district and regulations issues are about the benefit of Lamo Sub-District land such as the management and consumption of natural resources in the community to reduce and resolve sustainable land conflicts. The community organization understands this land very well and also supports the provisional issue. Regarding the management of natural resources in this district, the community is a social movement and has been getting inherited customary practices in the management of natural resources for a long time. The community can manage sustainable natural resources. SAO Lamo Sub-District has to adjust the consistent and appropriate rules and regulations for this community. SAO needs to work on the regulations to turn to be the provision of Lamo Sub-District. This provision should be accepted by local people.

SUGGESTIONS

1. The researcher should further study the implementation and problems-solving of Land Conflict in Lamo Sub-District, Na Yong District, Trang Province.

2. The researcher should further study the guidelines of sustainability of Land Conflict problem-solving in Lamo Sub-District, Na Yong District, Trang Province.

3. The researcher should further study the process and the local people's participation of Land Conflict problem-solving in Lamo Sub-District, Na Yong District, Trang Province.

RECOMMENDATIONS FOR LAMO SUB-DISTRICT ADMINISTRATIVE ORGANIZATION (SAO)

1. SAO should foster the local people to exchange the Land Conflict problem-solving knowledge.

2. SAO should join community organizations to determine Land Conflict problem-solving in Lamo Sub-District, Na Yong District, Trang Province.

3. SAO should allocate budgets and activities to resolve Land Conflict in Lamo Sub-District, Na Yong District, Trang Province.

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PUBLIC POLICY WITH PROMOTION TO THAI SWAMP BUFFALOES PRODUCTION: A CASE STUDY ON RAISING THAI SWAMP BUFFALOES AND SATISFACTION OF LOCAL FARMERS IN BURIRAM PROVINCE, THAILAND

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ABSTRACT

This study was to examine on 395 samples which raised buffaloes in Buriram province. The results found that farmers kept buffaloes with 1 to 5 animals. The raising buffaloes by farmers were many objectives. They kept these animals for using buffalo's dung as manure, sold offspring, sold parent stock, received from their inheritances and used draught power, respectively. In the terms of satisfaction of farmers on raising buffaloes found that they were average satisfactions with high level. The farmers satisfied with the government official servicing in very high level. The problems and obstacles (70.89%) on raising buffaloes which were the most problems revealed that farmers had no public land for keeping buffaloes, roughage were not enough kept animals and lack of labours, respectively.

INTRODUCTION

In Thailand, the swamp buffalo is an indigenous animal and is well-adapted to the poor conditions, especially in the northeast of the country which keep the most buffalo. This animal is capable of utilising agricultural waste products or low quality feed to convert into meat while also providing manure for use as a fertilizer. Manure does not only provide a direct supply of fertilizer but also improves soil and pH value of the soil especially in areas where are used for higher quantities of chemical fertilizer, as in today's rice paddy fields. Moreover, excess animals are also sold when they are necessary for extra income (Na-Chiangmai, 2002; Sapanan et al., 2013). The swamp buffalo is a sturdy draught animal. Its body structure, especially the distribution of body over the feet and legs, is an important advantage. Its large boxy hooves allow it to move in the soft mud of rice fields. This animal has a high capacity for work hard in marshy and flood-prone environments where tractors cannot work as well (Chantalakhana, 1994; Indramangala, 2002).

Environment factors determine the status of buffalo production in farming systems and influence the type of farming carried out. It is evident that human influence and socio-economic factors relate to the location of the production also has a decisive impact on the goals of livestock production. Population growth, local economic development and increasing urbanization have created a demand for buffalo productions. As a result, the number of buffalo in Thailand is sharply decreasing (Sapanan et al., 2013; Suphachavalit et al., 2013).

Buriram province is in the lower northeast of Thailand. It is located at 14°26'18"N, 102°43'30"E and 150 m above sea level with an average temperature 27.00°C (22.00 to 32.40°C), average relative humidity (RH) of 75% (43 to 81%) and average of 1,096.60 mm annual rainfall (Thai Meteorology Department, 2013). The areas in this province are generally alternation between high flat and low hill with low soil fertility. The 16,382 famers (8.42%) in Buriram province raised buffaloes as 65,175 animals (7.43%). They kept buffaloes with the 4th of farmers in Thailand follow by the 1st, 2nd and 3rd were Surin, Ubonratchathanee and Srisaket province, respectively (DLD, 2013). The majority buffaloes in Buriram province could graze in behind public road and/or in tiny public land with restraint. These results from the farmers used land for growing rice. In general Thailand, buffaloes had a sharp decline in numbers (Suphachavalit et al., 2013). However, these animals had a slight decreasing in numbers. Department of Livestock Development (DLD, 2013) reported that buffaloes in Buriram province from 1999 to 2013, numbers decreased from 115,754 to 65,175 heads. As, environment factors determine the status of buffalo production in farming systems and influence the type of farming carried out.

Thus, the aims of this study were to estimate on public policy with promotion to Thai swamp buffaloes production: a case study on raising Thai swamp buffaloes, satisfaction, problems and obstacles of local farmers in Buriram province

MATERIALS AND METHODS

The samples of population were 395 heads from 16,382 farmers (DLD, 2014) which raised buffaloes on local villages in Buriram provinces. The samples were selected with purposive sampling (Yamane, 1973). Data were collected using interview schedule which consisted of closed-ended questions and open-closed questions via interview from each farmer. These responding data consisted of 6 head questions from 395 samples. Following data from each farmers were analyzed: 1.) the general data of farmers with raising swamp buffaloes, 2.) buffaloes breeding improvement, 3.) buffaloes production and management, 4.) vaccinated against and disease control, 5.) satisfaction on raising buffaloes, and 6.) problems and obstacles on swamp buffaloes production of small scale farmers. The studies were recorded during March 2014 to September 2014. The satisfaction for extension consisted of 5 levels as follow: 1 = very slight level, 2 = slight level, 3 = moderate level, 4 = high level and 5 = very high level. For the means of satisfaction levels such as: 1.00 to 1.80 = very slight level, 1.81 to 2.60 = slight level, 2.61 to 3.40 = moderate level, 3.41 to 4.20 = high level and 4.21 to 5.00 very high level, respectively (Cronbach, 1954; Kitpreedaborisuth, 2003). Data were analyzed using the Statistical Packages for the Social Science. Values were presented as percentage and means±SE.

RESULTS

The general data of farmers with raising swamp buffaloes

The results (Table 1) found that raising buffaloes by farmers were many objectives such as: used buffalo's dung as manure (32.00%), sold offspring which bred from parent stock (26.36%), sold parent stock (17.14%), received from their inheritances (15.50%) and used draught power (9.00%), respectively. They had experience for raising buffaloes which were lower than 11 years (95.95%). The labours for raising buffaloes were 1 to 2 persons (95.95%), and they kept their animals by themselves (42.05%). Moreover, 77.97% of the farmers were ever trained how to raising buffaloes by the authorities' DLD.

TABLE 1: THE GENERAL DATA OF FARMERS WITH RAISING BUFFALOES.

(n = 395)		
Items	Frequency (n)	Percentage (%)
1. Objectives of raising swamp buffaloes ^{1/}		
- used draught power	83	9.00
- sold parent stock	158	17.14
- sold offspring	243	26.36
- used buffalo's dung as manure	295	32.00
- received from their inheritances	143	15.50
2. Experience for raising buffaloes (year)		
< 11 year	203	51.39
- 11-20 year	122	30.89
- 21-30 year	36	9.11
- 31-40 year	13	3.29
> 40 year	21	5.32
3. Labours for raising buffaloes (head)		
- 1-2 head	379	95.95
- 3-4 head	16	4.05
- 5-6 head	0	0.00
> 6 head	0	0.00
4. Person who raising buffaloes ^{1/}		
- father/mother	117	21.87
- grand father/grand mother	49	9.16
- offspring	107	20.00
- labour	37	6.92
- self	225	42.05
5. Training how to raising buffaloes		
- ever	308	77.97
- never	87	22.03

^{1/} The samples could answer more than 1 question.

The buffaloes breeding improvement from promotion by public policy

As, Table 2 shows the small scale farmers raised buffaloes about 1 to 5 head/family (52.41%). The majority of farmers (59.24%) bred their buffaloes by sires, mated by artificial insemination (11.14%) and used both 2 methods (29.62%). There were farmers who knew to select their animals for breeders as 77.97%.

TABLE 2: BUFFALOES BREEDING IMPROVEMENT OF THE FARMERS.

(n=395)		
Items	Frequency (n)	Percentage (%)
1. Total buffaloes of farmers / family (head)		
1.) 1 to 5 head	207	52.41
2.) 6 to 10 head	69	17.47
3.) 11 to 15 head	59	14.94
4.) 16 to 20 head	33	8.35
5.) > 20 head	27	6.83
Items	Frequency (n)	Percentage (%)
2. How to buffaloes breeding		
1.) artificial insemination	44	11.14
2.) sires	234	59.24
3.) used both 2 methods	117	29.62
3. Buffaloes selection for breeding improvement		
1.) had selection	328	83.04
2.) no selection	67	16.96

THE BUFFALOES PRODUCTION AND MANAGEMENT OF FARMERS

The results are shown in Table 3. It indicated that 94.68% farmers had an open animal house for restraint which separated from their homes. The farmers (62.03%) had no area for forage production. They (84.05%) did not keep concentrate supplement for buffaloes. The slight farmers (15.95%) had access to concentrate supplement, and 70.13% farmers had access to mineral supplements.

TABLE 3: THE BUFFALOES PRODUCTION AND MANAGEMENT OF FARMERS.

(n=395)		
Items	Frequency (n)	Percentage (%)
1. Buffalo pens		
- no pen	21	5.32

- pen	374	94.68
Type of the buffaloes pens of 374 farmers such as:		
- cellar homes or behind homes	40	10.70
- separated from homes (apart homes)	224	59.89
- at vegetable garden, a farm or plantation	110	29.41
2. Forage production		
- had no area for forage production	245	62.03
- had area for forage production	150	37.97
The samples had area for forage production as follow:		
^{1/}		
- area during 0.1 to 1.0 rai	96	24.30
- area during 1.01 to 2.00 rai	29	7.34
- area during 2.01 to 3.00 rai	18	4.56
- area more than 3.00 rai	7	1.77
3. Storage forage supplement for animals in dry season		
- had storages	266	67.34
- no	129	32.66
4. Concentrate supplement for raising buffaloes		
- keeping	63	15.95
- no keeping	332	84.05
5. Mineral supplement for raising buffaloes		
- keeping	277	70.13
- no keeping	118	29.87
^{1/} 1 rai = 1,600 m ²		

Disease control and vaccinate against for buffaloes

Table 4 showed that all animals were vaccinated against diseases by the authorities of DLD, and 85.82% buffaloes were treated for endoparasites. When buffaloes had health problems, they would be cured by authorities of the DLD (46.58%), by the owner (31.90%) and by volunteers of the DLD (21.52%), respectively. The deaths of buffaloes in the past year found that were death with 9.37%. The farmers used medicinally herbs as 32.15%.

TABLE 4: DISEASE CONTROL AND VACCINED AGAINST FOR BUFFALOES OF FARMERS BY THE AUTHORITIES OF DLD^{1/}

(n=395)		
Items	Frequency (n)	Percentage (%)
1. Vaccinated against by authorities of DLD		
- no received	0	0.00
- received	395	100.00
2. Treatment for endoparasites		
- no treatment	56	14.18

- treatment	339	85.82
3. When buffaloes had health problems, farmers were received by: ^{2/}		
- the authorities of DLD	378	46.58
- the volunteers' DLD	175	21.52
- the owner	260	31.90
4. The death of buffaloes in the past year		
- no death	358	90.63
- death	37	9.37
5. Herds used medicinally		
- no used	268	67.85
- used	127	32.15

^{1/} DLD = Department of Livestock Development

^{2/} The samples could answer more than 1 question.

Satisfaction of the farmers with receipt public policy promotion

The satisfaction of farmers on raising buffaloes found that they were average satisfactions with high level (3.98 ± 0.34). It indicated that farmers will raise buffalo throughout in the next (3.91 ± 0.32), in sold and outcome (3.97 ± 0.38) and in raising buffalo farmers' party (3.74 ± 0.29). The farmers satisfied in the government official services with very high level (4.31 ± 0.38). These results showed in Table 5

TABLE 5: MEAN $\pm$ SE ON SATISFICTION LEVEL OF THE FARMERS WITH RECEIPT PUBLIC POLICY PROMOTION

(n=395)		
Items	Mean $\pm$ SE	Satisfaction level
1. Raising buffaloes in now	3.91 ± 0.32	high
1.1 buffaloes is an easy raising animals	4.44 ± 0.34	very high
1.2 satisfaction in buffaloes breeder with receipt from DLD	4.05 ± 0.24	high
1.3 decreasing fertilizer for agriculture	4.18 ± 0.28	high
1.4 satisfaction in raising buffaloes in now	3.47 ± 0.40	high
1.5 need to keep buffaloes in the next	3.39 ± 0.35	high
2. Selling and outcome from buffaloes production	3.97 ± 0.38	high
2.1 It is an insurance premium for their families.	3.86 ± 0.24	high
2.2 Marketing for selling was easy.	3.92 ± 0.54	high
2.3 outcome from selling buffaloes in now	4.13 ± 0.35	high
3. Raising buffalo farmers' party	3.74 ± 0.29	high
3.1 need to animals medicine found	3.57 ± 0.14	high
3.2 need to proficient man in party	3.52 ± 0.45	high
3.3 Raising buffalo farmers' party was useful purpose.	3.88 ± 0.28	high
3.4 could use to solve by raising buffalo farmers' party	3.97 ± 0.28	high
4. Service from the authorities of DLD:	4.31 ± 0.38	very high

4.1 knowledge in breeding improvement	4.11 ± 0.22	high
4.2 animals health service	4.56 ± 0.34	very high
4.3 knowledge in buffaloes production	4.48 ± 0.43	very high
4.4 knowledge in animal nutrition	4.08 ± 0.51	high
Average satisfaction	3.98 ± 0.34	high

PROBLEMS AND OBSTACLES OF FARMERS

The problems and obstacles in Table 6 found that (70.89%) on raising buffaloes which were the most problems revealed that farmers had no public land for keeping buffaloes (22.47%), roughage were not enough kept animals (20.23%) and lack of labours (17.98%)

TABLE 6: PROBLEMS AND OBSTACLES OF FARMERS IN BIRIRAM PROVINCE
(n=395)

ITEMS	Frequency (n)	Percentage (%)
No	115	29.11
Yes (from 280 samples) as follow: ^{1/}	280	70.89
- lack of area for raising buffaloes	200	22.47
- lack of finance for selling buffaloes some more	150	16.85
- Roughage did not enough take buffaloes.	180	20.23
- had no knowledge about science in raising buffaloes	85	9.55
- lack of the authorities of DLD advisor	25	2.41
- lack of labours	160	17.98
- buffaloes death, emaciated, long calving interval and bad health	90	10.11

^{1/} The samples could answer more than 1 question.

DISCUSSION

Buriram province is in the lower northeastern Thailand gets almost all the annual rainfall during the monsoon season between July and October. The dry season stretches for 6 to 8 months and can be generally divided into two phases; cool and dry (November to February) and hot and dry (March to June) (Thai Meteorology Department, 2013). The first part of the dry season is characterized by food shortage with low quality of the food. The later part of the dry season is the most critical with limited quantity and quality of food (Crowder and Cheda, 1982; Sapanan et al., 2013; Suphachavalit et al., 2013). Rainfall is the most important factor controlling the composition and productivity of a pasture (Butterworth, 1985). This study revealed that swamp buffaloes in Buriram province graze in behind public road and/or in tiny public land with restraint. Furthermore, the farmers lacked of forage species with high production, and concentrates were expensive. As these results, the animals were low fertility and low efficiency in growth performance.

Thus, promoting for farmers grow forages which are quantity and quality of food for buffaloes under limited farmers' areas should consider. Moreover, DLD officials need to study how to the method which provide financial support in terms of: funding for buffalo raising development in the villages in each district, training and promoting sire selection, improving public land for raising buffaloes, forage production, using animal for agriculture as drought power, and using buffalo's manure instead of chemical fertiliser and promoting with sustentation and conservation on raising buffaloes of local farmers which breed by sire with high fertility and efficiency in growth performance.

CONCLUSION

The demand for high quality animals has been increasing due to the change in the socio-economic pattern of population in Thailand. The roles of buffalo in contributing to human needs were discussed by Peters (1999); Chantalakhana (1994); Indramangala (2002); Sapanan et al. (2013); Suphachavalit et al. (2013) and can be grouped as follows:

Food security

It can be defined by a combination of balance between availability and need, avoidance of temporary food shortage and nutritional deficiencies and adequate food quality. Buffalo are living manufacturers who transform non-edible human food (such as crop residue, rice straw, and weeds) into high protein food for human consumption. Thus, increased buffalo production may add to food security in several ways. Firstly, many poor farmers will have direct access to more food with lower cost. Secondly, increased domestic production will reduce imports and save foreign currency.

Insurance, capital formation and income

This function is most relevant to securing the socioeconomic status of the farmers. It can serve as a long-term capital reserve by using local natural resource as long as fodder resources are freely accessible at no charge. Rearing buffalo as a means of a 'savings bank' gives some financial security for the household. In addition, sales of progeny or unproductive buffalo and their dung provide direct cash income to the farmers. Therefore, buffalo represent buffer assets (with some security against inflation) which can be realized at any time, adding further stability to the self-sufficiency crop-livestock system.

Farm integration

The integration of cropping and livestock production makes efficient use of farm waste and crop by products such as rice straw and weeds, and enables a transfer of such nutrients to cultivated soils using manure. Manure not only provides a direct supply of fertilizer but also improves soil structure and pH value of the soil especially in areas which use higher quantities of chemical fertilizer.

ACKNOWLEDGEMENTS

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GOVERNMENT POLICIES ON RETIREMENT SAVINGS IN THAILAND

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ABSTRACT

In many parts of the world, the evidence shows a rapid increase in the proportion of elderly people. The governments of ageing countries have introduced a variety of policy measures to provide the elderly both in-cash and in-kind benefits, such as old-age allowance, healthcare allowance, home health services and life-long education programs that mostly are financed by the government budget. Therefore, one of the most appropriate policies responded to population ageing is to increase older people's retirement income while the governments still retain their financial sustainability. In Thailand, the government has been taking a great effort to raise the retirement income by means of, for example, the establishment of retirement saving access for all groups of working people and the launch of tax incentives for retirement savers. This paper focuses on the evaluations of the design and performance of retirement saving system in Thailand by using the World Bank's framework and criteria. The paper ends up with policy recommendations to ensure greater retirement security for the Thai people.

INTRODUCTION

Lower fertility rate and higher life expectancy during the last 50 years has led to the change in population age and brought about the rapid increase in the proportion of elderly people in many parts of the world, especially in Europe. When people live longer, one important thing they need to concern is "income security" to ensure that they can maintain their affordability and good living conditions over their lifetime. This issue becomes much more important in ageing societies, especially in the world's top-ten ageing countries including Norway, Sweden, Switzerland, Canada, Germany, Netherlands, Iceland, US, Japan and New Zealand⁶. Thailand ranks at 36 in the world. The governments of ageing countries have introduced a variety of policy measures to provide the elderly in the forms of in-cash and in-kind benefits, such as old-age allowance, healthcare allowance, home health services and life-long education programs that mostly are financed by the government budget. Therefore, one of the

⁶ Global Age Watch Index 2014 (HelpAge International)

most appropriate policies responded to population ageing is to increase older people's retirement income while the governments still retain their sustainability.

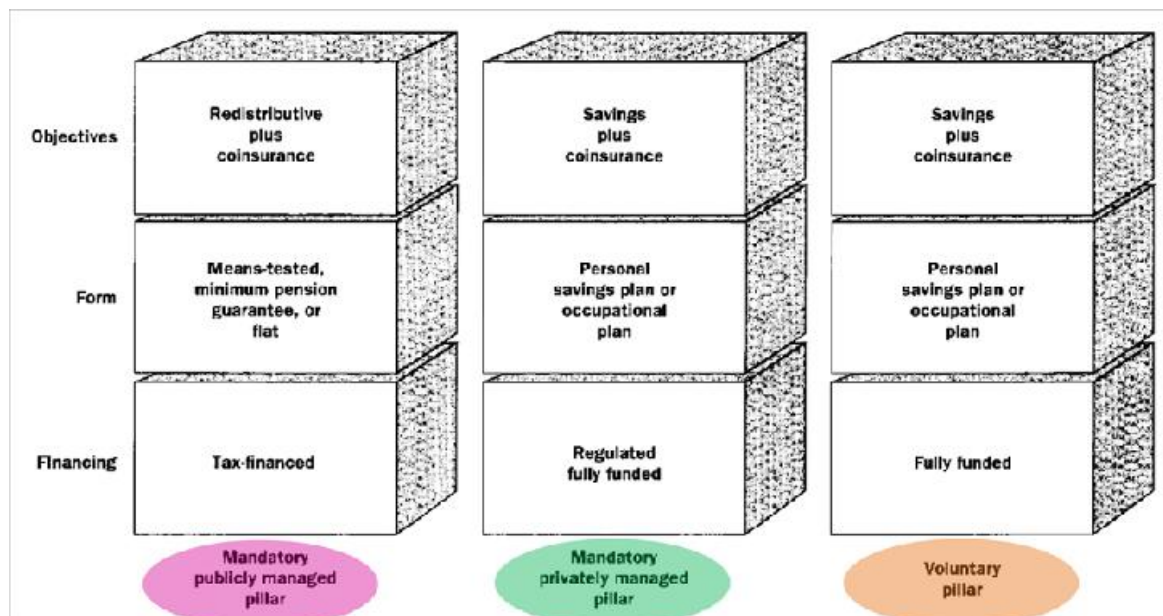
After the introduction part, the conceptual framework is reviewed. We use the conceptual frameworks of "Old Age Income Security Pillars" originated by the World Bank to evaluate the system design and the World Bank's criteria to evaluate the performance. After that the retirement saving system in Thailand will be scrutinized, followed by the evaluations of the system in terms of its organizational design and performance concerning the coverage, adequacy and financial sustainability. Policy recommendations to enhance greater retirement security for the Thai people will be proposed at the end of the paper.

CONCEPTUAL FRAMEWORK

World Bank's Pillars of Old Age Income Security:

The World Bank proposed a functional design of income security system, namely, "The Pillars of the old age income security" (Figure1) to reach the objectives of age security including retirement saving, redistribution to reduce poverty, and insurance. Each of the pillars or schemes has separate administrative and financing mechanisms. The first pillar would be designed for redistribution, the second and third pillars would be for saving, and all three pillars would handle insurance.

FIGURE 1: WORLD BANK'S PILLARS OF OLD AGE INCOME SECURITY



Source: World Bank

The first pillar would be a publicly managed and tax-financed scheme. It would provide a social safety net for the elderly. To accomplish this, benefits could be flat, means-tested (focuses only on assisted persons such as the poor), or provided a minimum guarantee of pension.

The second pillar would be mandatory and privately managed. Under this scheme, benefits would depend closely on contributions that means higher contributions would bring to higher benefits, and vice versa. It would be fully funded to allow governments to take their full costs into account from the beginning, to prevent large intergenerational transfers during the demographic transition, and to increase national saving. This program should be privately and competitively managed to have the best allocation of capital and the best returns. Past experiences show that most publicly managed pension reserves earned less than privately managed reserves. The reason is that publicly managed funds were required to invest in government securities or loans at low rates of returns, while privately managed funds had a wider range of investment diversification that could build up comparatively more returns.

The third pillar would be a voluntary saving scheme. It would promote supplementary retirement income for savers. A policy measure that might be used to raise more retirement savings is tax incentives. As it is voluntary and aims to supplement the retirement income, middle-to-high-income people are likely to save under this scheme other than low-income people could do.

Furthermore, coinsurance against individual and overall risks would be suitable for all three pillars in order to provide better elderly protection than any single program could alone.

World Bank's Performance Evaluation Criteria:

To evaluate the performance of old-age security system, we use the criteria set up by the World Bank. The criteria include 3 evaluating factors on performance, namely, coverage, adequacy and financial sustainability.

In terms of the coverage, the analysis focuses on active participants. The indicators would be numbers of participants, their percentage of labor forces, and their percentage of working age population as indicators.

In terms of adequacy, old-age pension replacement rate would be in concern to measure how effectively an old-age security system provides income during retirement to replace earnings prior to retirement. To calculate, the rate is retirement income as a percentage of pre-retirement earnings. The study of Fiscal Policy Office and Deloitte & Touche Consulting Group (Thailand) suggested that appropriate rates of replacement should no less than the range of 50 – 60% of pre-retirement income that pensioners could maintain similar life styles as before retirement.

In terms of financial sustainability, several indicators could be taken into account such as current pension spending, current fiscal deficit, present value of projected pension spending, and present value of spending to current tax revenues. In this paper, we use current pension spending as percentage of GDP.

FINDINGS

Evaluating the Design of Thai Retirement Saving System:

Before the Thai government provided a variety of retirement saving programs in Thailand to ensure income security for people, the first pension system in Thailand was initiated in 1902 by King Rama V for the well-being after retirement of all public servants. It was funded by the government budget. The pensions were granted to all public servants, based on their last month salary. This pay-as-you-go scheme continued for almost a century. The rise of financial burden in 1990s led the Thai government to maintain its sustainability by reforming the Thai pension system in the late 1990s. The World Bank's Pillars of Old Age Income Security was used as a guideline of the reform.

After the reform, the pension system remains the pay-as-you-go scheme for public servants who started working in the public sector before 1997 that was before the joint-contributory scheme was operated. The government also provided Old-Age Allowance (600 – 1,000 baht/month) to Thai older people who are at the age of 60 and over, and are not eligible for any other government pension. Apart from these non-contributory social pension schemes, Thailand has a three-pillar retirement saving system covering all groups of working people in Thailand (Figure 2).

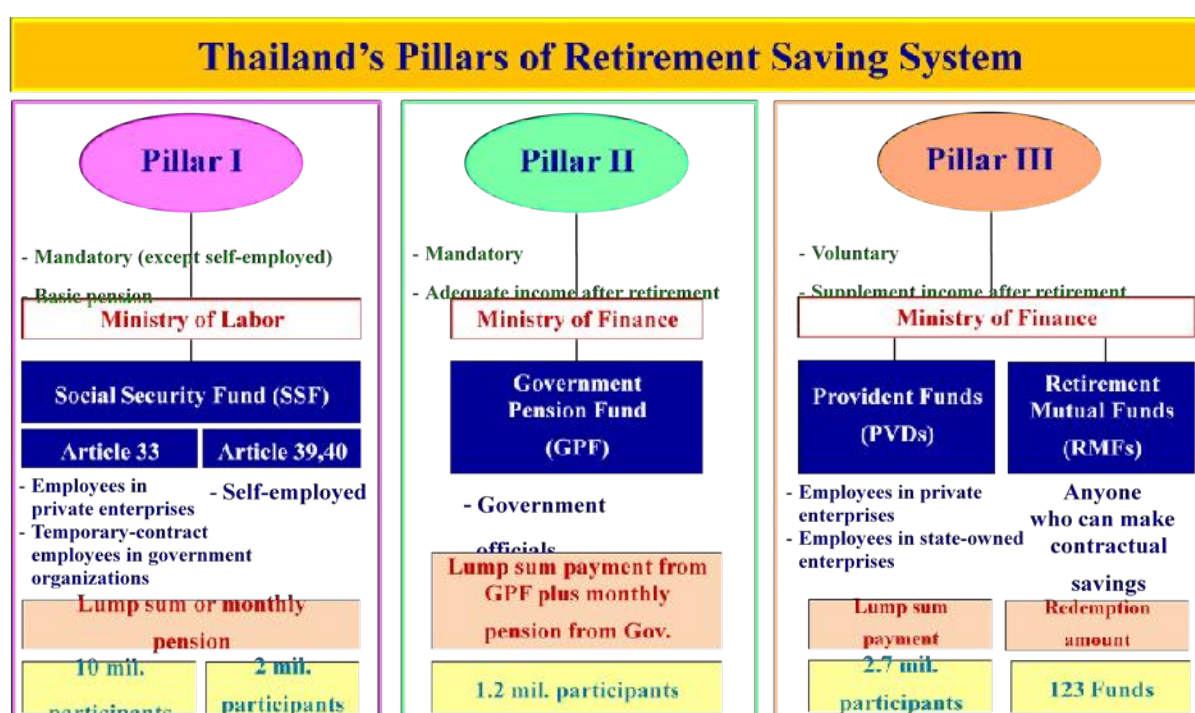
Following the framework of World Bank's Pillars, the first pillar is a mandatory and publicly managed scheme. The Thai government established the Social Security Fund in 1990 under the Social Security Act, B.E. 2533 (1990). The Fund is managed by Social Security Office to ensure basic pension for the elderly. The Fund is supervised by Ministry of Labor. Participants or savers of this scheme consist of employees in private enterprises and temporary-contract employees in government organizations. A joint contribution is made by 3 parties, totally 5% of employee's wage: 3% from employees, 3% from employers and 1% from government, wage cap of 15,000 THB (USD 470). Employees will receive monthly pension or lump sum payments when they turn 55. For self-employed workers, they can contribute 100 baht/month for pension benefit and receive the same amount contributed by the government. As of the second quarter of 2014, the size of the Fund for the old-age benefit was 1,041,025 million THB (32,530 million USD) and 12,748,694 workers contribute to the Fund.

The second pillar is also mandatory, but it allows participants to contribute more for higher retirement income. Government Pension Fund (GPF) is under this scheme. The GPF was established in 1996 under the Government Pension Fund Act, B.E. 2539 (1996) to provide a

lump sum pension to public servants after their retirement. A joint contribution is made by 2 parties, totally 6 – 18% of government official's salary. The government contributes 3% and the government officials are allowed to contribute 3% up to 15% of their salary. As of the second quarter of 2014, the size of the Fund was 684,078 million THB (21,380 million USD) and 1,196,312 government officials contribute to the Fund. The GPF is under the supervision of Ministry of Finance.

The third pillar is voluntary and privately-financed. This scheme is a mechanism to close pension gaps. The Thai government set up 2 main long-term saving accesses for any working people who would like to save for their retirement, no matter that they have already engaged in the other two pillars or not. Firstly, provident funds (PVDs) were set up for employees in private companies and state-owned enterprises to contribute 2 – 15% of wage and employers are obliged to contribute not less than employees' contribution. Employees under this scheme will receive a lump sum pension after their retirements. At present, 421 PVD funds, administered by asset management companies, are operated with total fund size of 801,100 million THB (25,034.33 million USD) and 2.7 million workers participate in the Funds. Secondly, retirement mutual funds (RMF's) were set up for all workers who can build long-term saving. Minimum saving is at 3% of income, not less than 5,000 THB (156 USD) a year. Purchase of the Funds' investment units must be made once a year or every other year (depends on the flow of income). Participants have to purchase at least 5 years, and they must be at least 55 of age to be eligible for redemption. As of 2013, 123 RMFs were operated and they have total size of 136,810 million THB (4,275.39 million USD). Ministry of Finance supervises both PVDs and RMFs.

FIGURE 2: THAILAND'S PILLARS OF RETIREMENT SAVING SYSTEM



The government provides tax incentives to retirement savers under all schemes. The incentives are in the forms of tax deduction on contributions to all pension funds (SSO, GPF, PVDs and RMFs) and tax exemption on lump sum and monthly pensions from SSO, GPF and PVDs, and capital gain from RMFs.

Compared to the World Bank framework, the design of the Thai retirement saving system is very close to its prototype. It has the first pillar designed for redistribution among workers in private sector including the self-employed. The second pillar aims for saving and allow participants in the public sector to save more. The third pillar is for supplementary saving. Moreover, all three pillars handle insurance for income security.

Evaluating the Performance of Thai Retirement Saving System:

According to the World Bank's Evaluation Criteria, the performance of retirement saving system in Thailand is scrutinized in terms of its coverage on all groups of working population, income adequacy after workers' retirements and financial sustainability of the country as follows.

1. Coverage

The first step for the government to achieve high performance of retirement saving system, it needs to make sure that the system has already covered all groups of working people who are eligible for pension or income security after their retirements, and most of those people participate actively in the system. In Thailand, as shown in Figure 3, the government set up the three-pillar system that covers all groups of people in the working age including public servants, employees in private enterprises, employees in state-owned enterprises, and self-employed workers, who are mostly 15 – 60 years of age. In case of public servants, they make their mandatory retirement savings in the Government Pension Fund under Pillar 2. Employees in private enterprises make their mandatory retirement savings in Social Security Fund under the first pillar and could also save more in provident funds under Pillar 3 if their enterprises make them to exist. The provident funds have been set up for employees in state-owned enterprises as well. In case of self-employed workers, they could have their individual retirement saving account in Social Security Fund. Furthermore, all workers could also make their voluntary savings in any retirement mutual funds under Pillar 3.

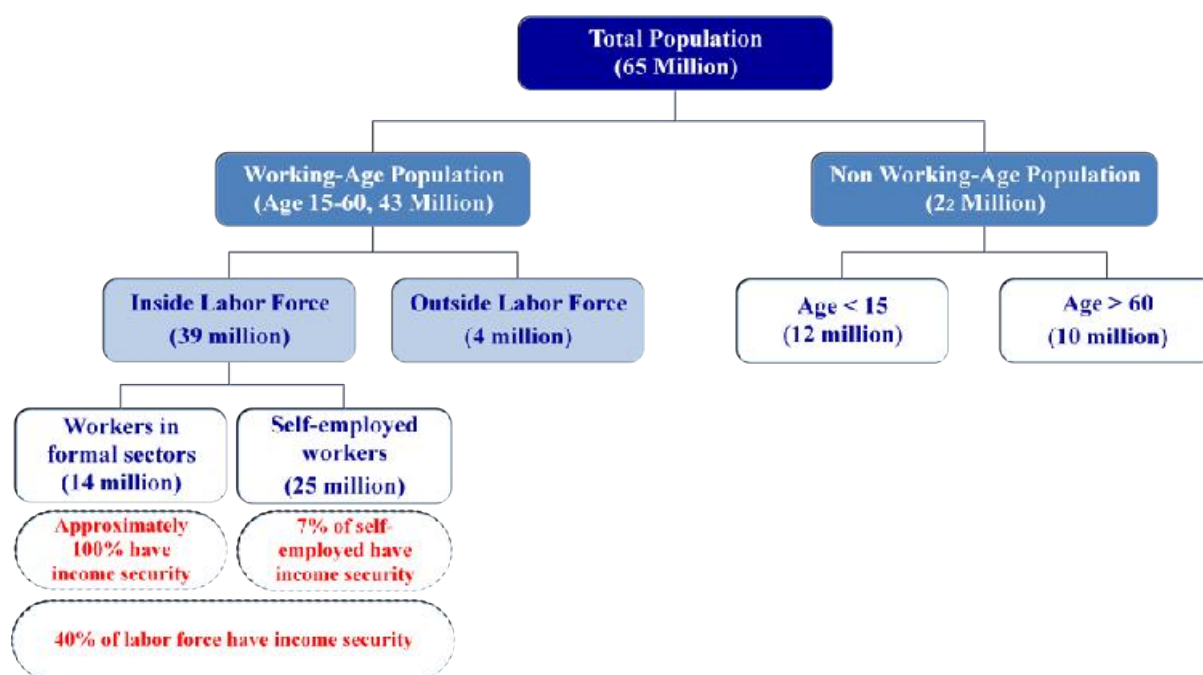
FIGURE 3: THE COVERAGE OF THE THAI RETIREMENT SAVING SYSTEM

	Workers in Public Sector	Workers in Private Enterprises	Self-Employed Workers
Non-contributory schemes	Government Pension System (Tax financed)	Old Age Allowance (Tax financed)	Old Age Allowance (Tax financed)
Pillar I		Mandatory SSF (Article 33)	Voluntary SSF (Article 39, 40)
Pillar II	Mandatory GPF		
Pillar III	Voluntary PVDs & RMFs	Voluntary PVDs & RMFs	RMFs

According to the World Bank's evaluation criteria, active participants as percentage of working age population would be used as an indicator. When we look at the participation of working people in Thai retirement saving system, we found that the participation rate is still low. From Figure 4, at the end of 2013 the labor force contains 39 workers, in which 14 million workers are in the formal sector and 25 million workers are self-employed. All workers in the formal sector, namely public servants, employees in private enterprises and employees in state-owned enterprises, are obliged to participate actively in at least one scheme of the retirement saving system, while a different story goes with the self-employed (Figure 5). Since the beginning of their scheme in 1994, only 1.7 million or 7% of self-employed workers⁷ are in the saving system (4% of labor force). In total 40% of the labor force having old-age income security is far from saying that the Thai old-age income security is efficient in terms of its coverage. These evidences show that the government has to focus much more on the self-employed to persuade them to recognize the importance of retirement savings and take part in the saving system.

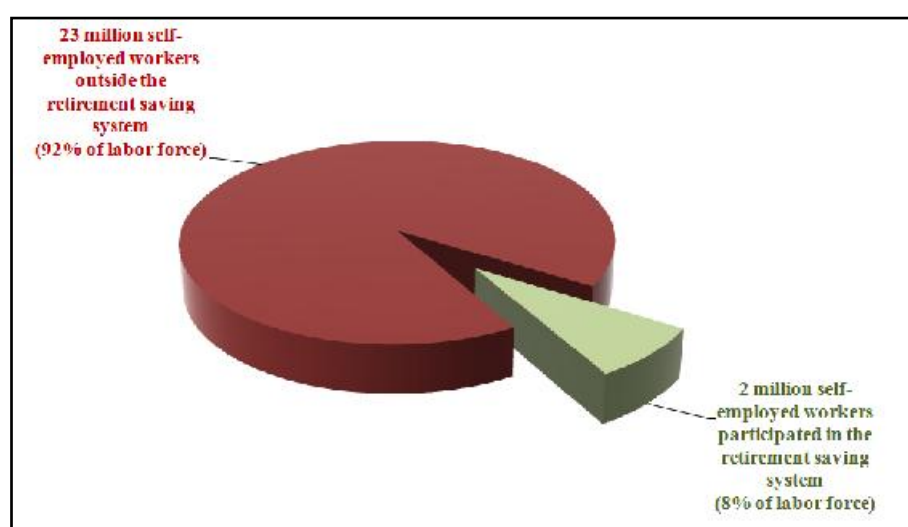
⁷ Self-employed workers who earn mid-to-high income can save or invest in RMFs for their retirement. Due to the lack of data, this amount of workers is not included in the 7% at this point.

**FIGURE 4: THE PARTICIPATION OF WORKING PEOPLE IN THE THAI
NRETIREMENT SAVING SYSTEM**



Source: NESDB (2013)

**FIGURE 5: PARTICIPATION RATE IN THE THAI RETIREMENT SAVING
SYSTEM**



2. Adequacy

Even though Thailand has a multi-pillar income security system provided saving schemes for all workers, the retirement incomes from some schemes are inadequate. According to the

World Bank's evaluation criteria, old-age pension replacement rate would be analyzed to measure how effectively an old-age security system gives rise to income during retirement to replace earnings prior to retirement. We expect the savers to have post-retirement income not less than the range 50 – 60% of their latest salary. From Figure 6, government officials who participate in the Government Pension Fund (1.2 million participants) receive retirement income at 50 – 70% of their latest salary that would be enough to maintain their life styles as they had prior to retirement. For a larger group of workers who are in old age pension system and contribute to Social Security Fund (10 million participants) will have a retirement income of only 38% that is not sufficient to maintain their living standard as before they retire. Moreover, for informal workers (25 million total self-employed workers), they receive less than other groups of savers.

FIGURE 6: INCOME REPLACEMENT RATE



3. Financial Sustainability

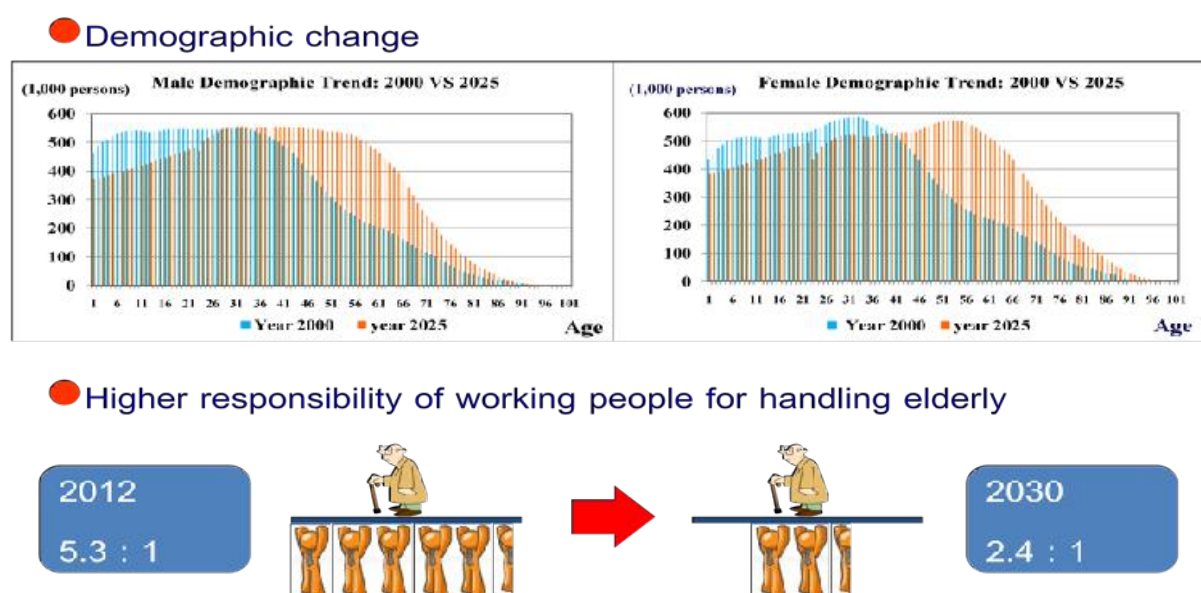
With respect to the World Bank's criteria, we use current pension spending as percentage of GDP to evaluate the performance of the Thai retirement saving system in terms of the country's financial sustainability. Due to the demographic change that older population tend to be larger compared to younger population, the number of working people to handle an elderly has been declining from 5.3 working persons in 2012 to 2.4 in the next 20 years (Figure 7). This means the government has to prepare enormous budget for elderly welfare. If the budget continues increasing sharply, financial sustainability of the country would be weakened.

Welfare on old-age income security initiated by the government includes an old-age allowance under non-contributory pension scheme that is given to Thai people who are 60 years old and over and those recipients must not be eligible for receiving any other pension from the

government. Second, the government makes contributions to Social Security Fund for private employees and to Government Pension Fund for public servants. The third component is pension given to retired public servants which has been the highest amount compared to the others. The budgets spent on the welfare in each category are shown in Table 1 and Figure 8.

Government spending on old-age income security from 2008 to 2034 is uprising from 1.39% of GDP in 2008 to 2.20% in 2014 and expected to continue increasing to 3.32% twenty years later⁸ (Figure 9). If the retirement saving system reaches its high level of coverage and the older people obtain adequate income, the government burden on pension welfare could be stable in the long run where sustainability would be satisfied.

FIGURE 7: DEMOGRAPHIC CHANGE AND DEPENDENCY RATIO



Source: Office of National Economic and Social Development Board (NESDB)

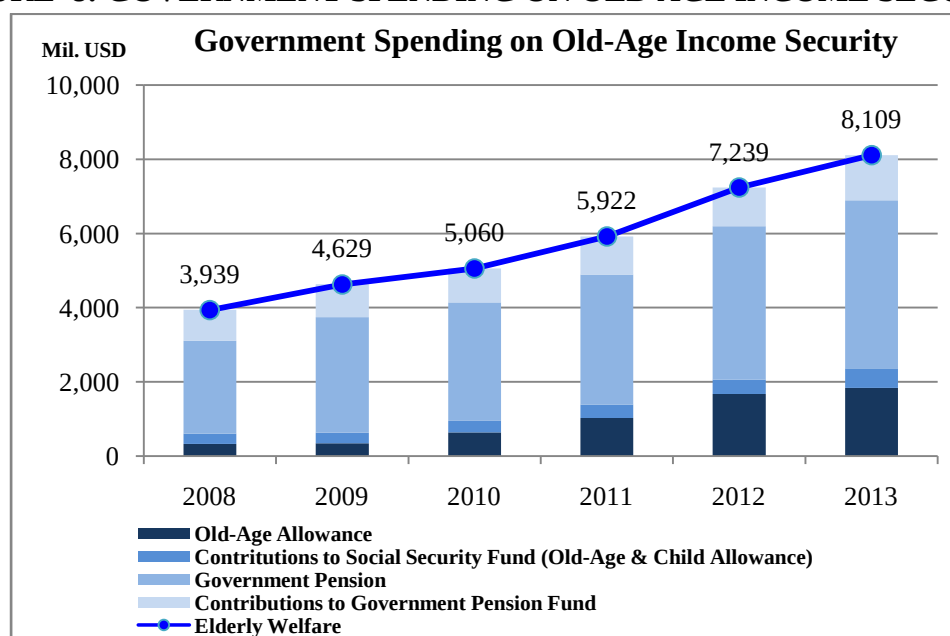
⁸ Forecasted by Fiscal Policy Office, Ministry of Finance

**TABLE 1: BUDGETS SPENT ON OLD AGE INCOME SECURITY WELFARE
(MILLION USD)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Old-Age Allowance	329	343	635	1,029	1,674	1,835	2,009	2,227	2,834	3,018	3,144
SSF (Old-Age Benefits and Child Allowance)	274	290	316	359	391	533	541	549	584	621	659
Government Pensions	2,506	3,113	3,192	3,507	4,127	4,522	5,033	5,432	6,154	6,932	7,781
Government Pension Fund	830	883	917	1,029	1,047	1,219	1,511	1,724	1,405	1,489	1,605
Total	3,939	4,629	5,060	5,922	7,239	8,109	9,094	9,932	10,976	12,060	13,190
Percentage of GDP	1.39	1.64	1.60	1.80	2.04	2.11	2.20	2.23	2.30	2.35	2.39

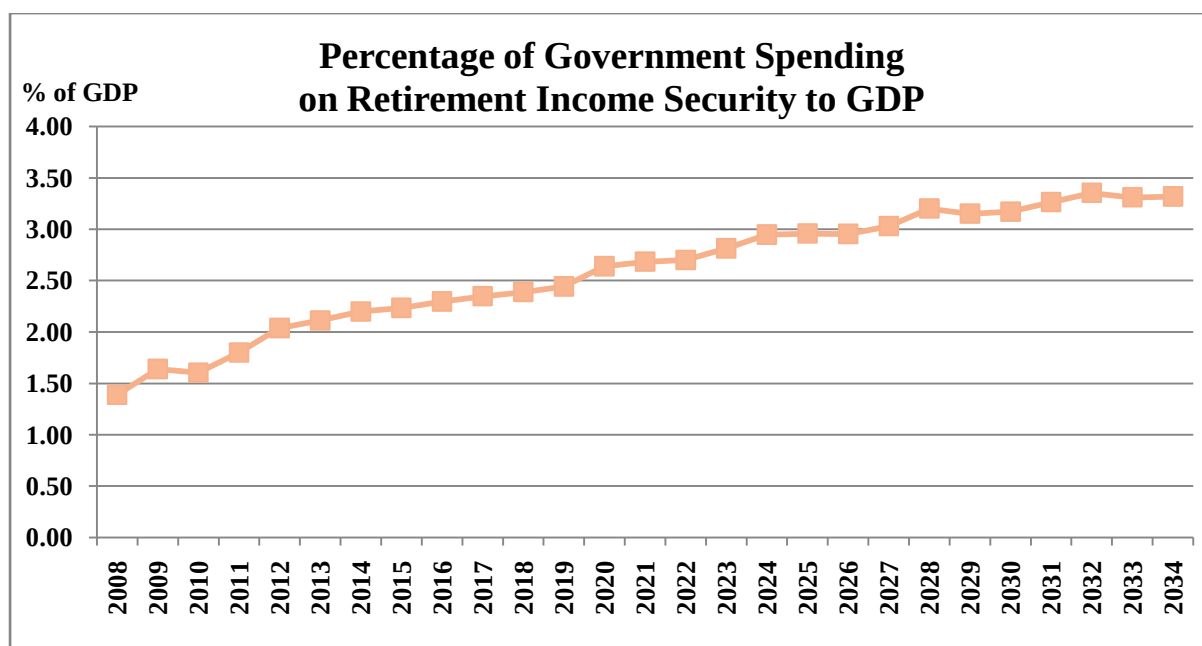
Source: Forecasted by Fiscal Policy Office, Ministry of Finance

FIGURE 8: GOVERNMENT SPENDING ON OLD AGE INCOME SECURITY



Source: Policy Office, Ministry of Finance

FIGURE 9: PERCENTAGE OF GOVERNMENT SPENDING ON RETIREMENT INCOME SECURITY TO GDP



Source: Forecasted by Fiscal Policy Office, Ministry of Finance

POLICY RECOMMENDATIONS

From evaluation results, we conclude that the organizational design of the system is functional and supportive to handle retirement income security for all groups of working age people. On the other hand, the performance of the system is not efficient enough to reach high rate of participation. Retirement incomes of large number of workers are low and need to be up to an appropriate level at 50 – 60% of pre-retirement income. Additionally, government budget on retirement income security welfare is in a rising trend. At this point, we divided our policy recommendations into 3 parts.

To increase the coverage of retirement saving schemes on all working population in Thailand, the government needs to increase the participation rate of self-employed workers as the first priority. The government should initiate a strategic plan to educate this target group to recognize the importance of retirement income security and take part in the saving system in long term. The plan should be linked to financial literacy project aiming to educate people about financial accessibility, investment and saving.

To improve the adequacy rate, the working people need to save more for their retirements. The voluntary schemes under Pillar 3 should be considered as key mechanisms to provide supplementary retirement income to workers in all sectors. For participants in Pillar 2 scheme, they are allowed to raise their contributions up to 15% of salary. Therefore, the GPF needs to maximize their potential and reliability to persuade its participants to contribute more to the Fund. Moreover, the existing tax incentives (tax deduction on contributions and

tax exemption on pension or on capital gain) should be continued to retain active participants in the system.

Lastly, the improvement of the coverage and the adequacy combined with the well preparation for budget allocation taking the challenge of population age change into account, the government is more likely to maintain its financial sustainability in the long run.

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FORECASTING TOURIST ARRIVALS IN IMT-GT USING LEE-CARTER METHOD

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ABSTRACT

Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) is a strategic framework of Thailand, Malaysia and Indonesia economic cooperation to become the sub-region of continuous development. The rich natural and cultural destinations in IMT-GT also offer tremendous potentials for tourism. This study aims to predict the international tourist arrivals (only within Thailand area) during the year 2014 to 2017 based on the monthly arrivals data from January 2002 to December 2013. Lee-Carter mortality projection technique was applied to predict the tourist arrivals for up to 48 future months of 14 immigration bureaus. Forecasting accuracy is assessed using mean root squared percentage error (MRSPE).

Keywords: Forecast, Lee-Carter method, IMT-GT, International tourist arrivals

INTRODUCTION

Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) was formally endorsed by Indonesia's President Suharto, Malaysia's Prime Minister Tun Dr. Mahathir Mohammad and Thailand's Prime Minister Chuan Leekpai in 1993. The Asian Development Bank subsequently undertook a detailed feasibility study & formulated the framework for cooperation. The study concluded that the IMT-GT had great potential to stimulate cross-border economic integration in 6 priority areas, namely: Infrastructure Development; Agriculture & Fisheries; Trade; Tourism; Human Resource Development; and Professional Services (Wikipedia, 2012). The IMT-GT is a strategic framework of international economic cooperation by the approval of leaders from the 3 countries to develop the area in the southern part of Thailand, some areas of Malaysia (Kedah, Perlis, Perak, Penang, Selangor, Kelantan, Melaka, Negeri Sembilan) and some areas of Indonesia (Aceh, North Sumatera, West Sumatera, Riau, Jambi, Bengkulu, Riau Island, Bangka Belitung, Lampung) to become 'the sub-region of continuous development, progress, wealth, peace and quality of life'. The IMT-GT has grown in geographic scope and activities to encompass more than 70 million people. Cooperation in the tourism sector focuses on four areas, which are: (i) joint tourism promotion and marketing for IMT-GT as a tourist destination; (ii) development of tourism products and facilities, as well as new IMT-GT tourist destinations in each of the IMT-GT sub-regions; (iii) promotion of regional and international sea and air linkages with IMT-GT; and (iv) capacity building for skills needed by the tourism industry in the sub-region. Currently, a strategic framework for cooperation in the tourism sector is not in place making it difficult to determine the issues and priorities that would yield the optimal results and garner the full support of all the stakeholders especially the private sector. Although the preparation of a tourism master plan for IMT-GT was envisaged in the roadmap, initial discussions have not progressed to full implementation and realization of the plan that would identify sub-region-wide opportunities, weaknesses, and gaps. A more strategic plan would

also have enhanced collaboration and cooperation between tourism and natural heritage site managers, improved sub-regional institutional arrangements, and developed capacities and resources for implementation. Recent trends in the tourism sector are shaping the development of innovative tourism products. There is a growing trend of travel based on activity-interest rather than on destination. Examples of these are tours built around cultural themes, biodiversity themes, or ecotourism that can cover multiple countries. This augurs well for IMT-GT's strategy of marketing the sub-region as a single destination based on the countries' shared historical, cultural, and religious heritage. Moreover, interconnectivity among various stakeholders in the industry has become a common practice in contemporary tourism. This is reflected in strategic alliances, collaboration between public and private sectors, and partnerships between countries and regions which have become common practice in contemporary tourism. Convergence between priority tourism routes and physical connectivity is also being effectively addressed through careful planning and coordination of investments under the framework of IMT-GT cooperation (IMT-GT, 2012). Figure 1 shows IMT-GT map.

FIGURE 1: MAP OF INDONESIA_MALAYSIA_THAILAND GROWTH TRIANGLE (IMT-GT)



Although the share of IMT-GT countries among the Southeast Asian countries is significant, it remains small from a global perspective and below potential given the richness of their cultures and biodiversity, the pristine beaches, and mountains and tropical forests. In the IB 2012–2016, cooperation in tourism will focus on (i) designating and developing thematic tourism routes or circuits with logical sequence of destinations and sites; and (ii) forging strategic alliances among medical service providers to promote medical tourism. A novel thematic tourism product that has been identified for promotion is the Magic Journey along the Traversed Route by Luang Pu Tuad (Thailand) based on a cultural/religious theme aimed at attracting Buddhists from the IMT-GT sub-region as well as outside the region. Tourist activities will involve not only paying homage to Luang Pu Tuad, one of the most revered monks in the history of Thailand and Malaysia, but will also involve awareness and experience of local culture and lifestyles along the journey. The Magic Journey by Luang Pu Tuad will also connect and integrate with nearby tourism destinations in Songkhla, Pattani, and Nakhon Si Thammarat in Thailand; and Kedah and Perak States in Malaysia. The home stay concept is focused on lifestyle and experiential tourism where the uniqueness of the traditional songs, dances, cuisines, and sports, as well as rural economic activities, are the main attractions. The event will help promote awareness of the potentials of the home stay concept with the view to aligning home stay programs with ASEAN standards. Medical tourism will be promoted by presenting southern Thailand, together with Malaysia, as a medical tourism hub, based on their respective areas of expertise. The initial phase will involve (i) sharing of information, joint selection of target groups, and establishing a network of medical services in the sub-region based on strategic business partnerships in specialized fields; (ii) conduct of joint research, and the development of marketing products; and (iii) capacity building to enhance medical service standards and quality. In the long run, both countries should be able to share expertise and jointly tap into the market for medical tourism based on each country's distinctive competence, thus avoiding price competition through the lowering of service standards. A joint marketing team will promote the medical hub within and outside the region. Medical tourism will also extend to hotels, accommodations, and restaurants, as well as financial and health insurance services (IMT-GT, 2012).

For IMT-GT tourism that provides services for clients, it is extremely important to estimate what the demand will be. For instance, having a good idea of how many people will be visiting a hotel, city, or country, in a given month, season, or year, will help people to plan much more effectively. If demand is predicted to increase, more staff can be hired, more excursions arranged, accommodation capacity increased etc. Business success, marketing decisions, government's investment policy as well as macroeconomic policy are influenced by the accuracy of tourism forecasts. The research aims to analysis and predict the international tourist arrivals in IMT-GT for up to 48 future months of 14 immigration bureaus. The forecasts will provide a rich body of information for IMT-GT tourism and related sectors, to be used in planning and decision making. IMT-GT tourism forecasting also plays an important role in providing awareness and support for future development of the industry.

LITERATURE REVIEW

Forecasting can be defined as a prediction of a future event. Forecasting is highly important for the tourism industry, which needs accurate predictions of demand so that it can plan effectively from season to season, year to year. If a bad year for tourist arrivals is predicted, then a tourism operator may want to reduce casual staff and reduce the scale and extent of his

operation. When a good year is expected, the tourism operator may want to take on new staff, make more beds available and increase the frequency of excursions. Stated simply, accurate tourism demand forecasts improve the efficiency of businesses, increase profits and strengthen economies. Tourist arrivals forecasting is the amount of a tourist that we actually expect to arrive during a specific period. Accurate forecasts of tourism demand are paramount to ensure the availability of such services when demanded. A simplistic but useful approach is to begin with a tourist forecast where an initial assumption is made that the future numbers of tourist trend will follow to historical numbers or current trend or have a similar pattern. Based on our initial assumption, we can identify the general level of tourist arrivals and also determine whether there is a pattern or trend, such as an increase or decrease in international tourist arrivals over time.

Several statistical methods have been used for forecasting. Saayman (2010) forecasts tourist arrivals in South Africa. The naïve model is tested against a standard ARIMA model, as well as the Holt-Winters exponential smoothing and seasonal-non-seasonal ARIMA models. Monthly tourist arrivals from 1994 to 2006 are used in the analysis, and arrivals are forecasted for 2007. The results show that seasonal ARIMA models deliver the most accurate predictions of arrivals over three time horizons, namely three months, six months and 12 months. Song and Li (2008) confirm that causal and time series methods remain the most popular forecasting methods and a combination of these approaches is being used increasingly, but add that new quantitative approaches have surfaced over the past few years. These include artificial neural networks, the rough set approach, fuzzy time series methods and genetic algorithms that can all be classified under artificial intelligence methods. Yet, Song and Li (2008) criticise these techniques based on their poor theoretical justification, economic rationale and policy application. They continue to state that almost 60 percent of the forecasting research since 2000 has implemented time-series methods, indicating the popularity of this method of forecasting. These methods explore the historic trend in the tourism time series and extrapolate the trend into the future without exploring its underlying causes. However, this paper investigates the use of Lee-Carter mortality forecasting model to predict the tourist arrivals in each immigration bureau. The theoretical perspective in this study is based on statistical forecasts using Lee-Carter method, mortality projection techniques (Lee and Carter, 1992). The Lee-Carter method is regarded as the state-of-the-art in mortality forecasting and became more and more popular for long-run forecasts of age-specific mortality rates. Several advantages of the model are claimed such as a parsimonious demographic model is combined with statistical time-series methods, the method involves no subjective judgments, forecasting is based on persistent long-term trends and probabilistic confidence intervals are provided for the forecasts.

METHODOLOGY

This research focused on using the Lee-Carter method to forecast the tourist arrivals containing month and immigration bureau as factors. We fitted the Lee-Carter model to the data which comprised the series of monthly international tourist arrivals in 14 immigration bureaus (only within Thailand area) from January 2002 to December 2013. The tourist arrivals data were obtained from Information Technology Department Marketing Database Group, Tourism Authority of Thailand. Then, the model of tourist arrivals was applied to estimate in tourist arrivals predicting for up to 48 future months of 14 immigration bureaus. The analysis and forecasting was undertaken using purpose-written code in the free R software (R development core team, 2012).

The Lee-Carter model used is as follow:

$$m_{x,t} = a_x + b_x k_t + \varepsilon_{x,t} \quad (1)$$

Where $m_{x,t}$ is the tourist arrivals forecast at immigration bureaus x and time t . a_x equal to the average arrival rates observed. b_x is an immigration bureaus impact of a time-specific general arrival index k_t . b_x is the first principle component which is estimated by singular value decomposition method. The single parameter k_t maps as the average pattern of arrival deviation from a_x to the actual pattern. The subsequent estimation of the arrival index k_t as a time series linear forecasting model: ARIMA (autoregressive integrated moving average) process results in a simple random walk with drift. The method adjusts k_t by refitting to total observed arrivals. Constraints imposed to obtain a unique solution are the b_x sum to unity and the k_t sum to zero. $\varepsilon_{x,t}$ is a set of random disturbances. The underlying principle of the Lee-Carter method is the extrapolation of past trends and makes no effort to incorporate knowledge about behavioral, or social influences on arrival change. This method allows immigration bureaus-specific arrival rates to decline exponentially without limit and assumes that the model errors have the same variance over all immigration bureaus.

To study the efficiency of the Lee-Carter model, the forecasting errors were examined as well. We simply take the quantitative measures of the forecasting results by comparing the forecasting results with the actual value during Jan-Mar 2014, including to measure the forecasting errors. The mean root squared percentage error (MRSPE) can be computed from (2)

$$MRSPE = \frac{1}{n} \sqrt{\sum_{i=1}^n \left(\frac{e_t}{Z_t} \times 100 \right)^2} \quad (2)$$

RESEARCH RESULTS

Table 1 shows the forecasts results during year 2014-2017. The results show that there is a growth trend. International tourist arrivals have increased substantially since there have been a joint tourism promotion and marketing for IMT-GT as a tourist destination, the development of tourism products and facilities, as well as new IMT-GT tourist destinations in each of the IMT-GT sub-regions. In additions, a promotion of regional and international sea and air linkages with IMT-GT and the capacity building for skills needed by the tourism industry in the sub-region also have been supported.

TABLE 1: TOURIST ARRIVALS FORECAST BY IMMIGRATION BUREAU

Immigration bureau	2014	2015	2016	2017
1. Phuket airport (PKA)	4,135,689	4,266,563	4,401,578	4,540,866
2. Sadao (SDL)	1,958,611	1,965,777	1,972,968	1,980,186
3. Betong (BTL)	282,982	285,116	287,267	289,433
4. Kolok (KLL)	259,020	259,353	259,685	260,019
5. Phuket harbour (PKS)	358,745	373,636	389,145	405,298
6. Padangbesa (PDL)	283,062	283,584	284,106	284,629
7. Krabi airport (KBA)	381,593	428,870	482,005	541,723
8. Samui airport (SMA)	213,780	218,756	223,847	229,057
9. Hat Yai airport (HYA)	91,297	92,146	93,003	93,869
10. Khuandon (KDL)	164,965	170,520	176,263	182,199
11. Satun harbour (STS)	95,121	95,918	96,722	97,533
12. Takbai (TBS)	60,240	60,664	61,091	61,520
13. Krabi harbour (KBS)	32,232	38,368	45,672	54,366
14. Songkhla harbour (SKS)	4,141	4,188	4,236	4,283
Total	8,321,478	8,543,459	8,777,588	9,024,981

Figure 2 shows the actual tourist arrivals during years 2002-2013 (144 months) and the tourist arrivals forecast of 14 immigration bureaus during years 2014-2017 (48 months ahead). The plot reveals that the forecasting arrivals using Lee-Carter method can give the reasonable trend in the 48 future months of 14 immigration bureaus.

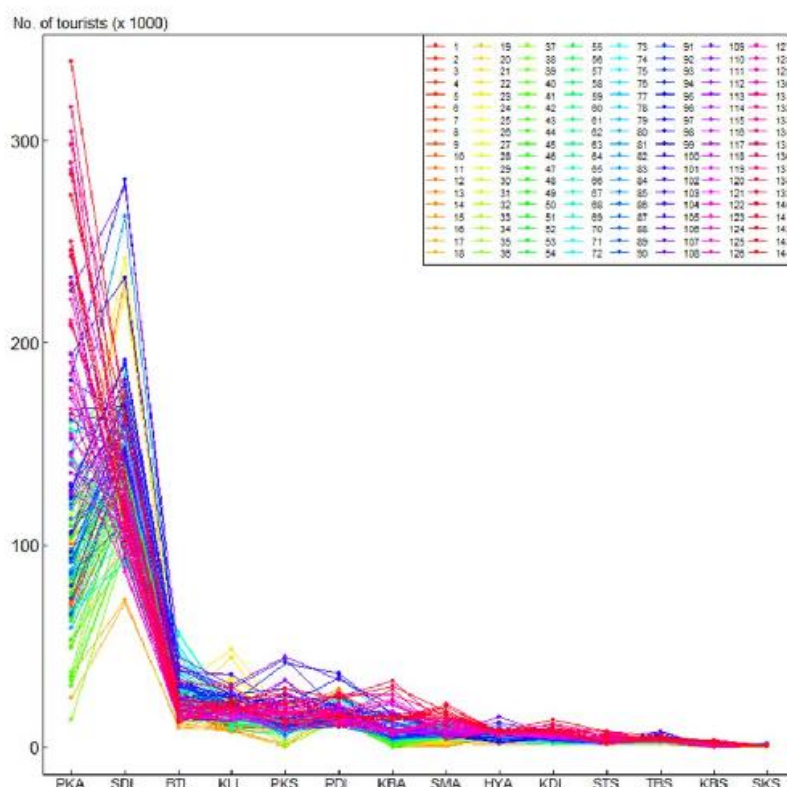
FIGURE 2: ACTUAL TOURIST ARRIVALS DURING YEARS 2002-2013 (144 MONTHS) AND TOURIST ARRIVALS FORECAST OF 14 IMMIGRATION BUREAUS DURING YEARS 2014-2017 (48 MONTHS AHEAD).

Figure 3 shows the average arrival rates observed (a_x) of 14 immigration bureaus.

FIGURE 3: THE AVERAGE ARRIVAL RATES OBSERVED

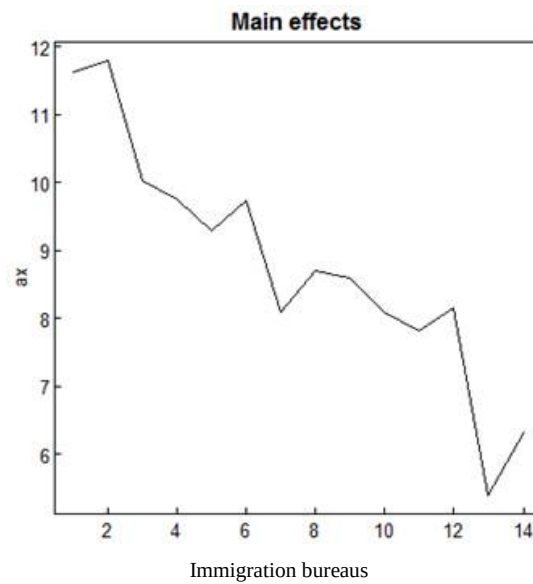


Figure 4 shows the immigration bureaus impact (b_x) of a time-specific general arrival index. b_x is the first principle component which is estimated by singular value decomposition method.

FIGURE 4: THE IMMIGRATION BUREAUX IMPACT OF A TIME –SPECIFIC GENERAL ARRIVAL INDEX.

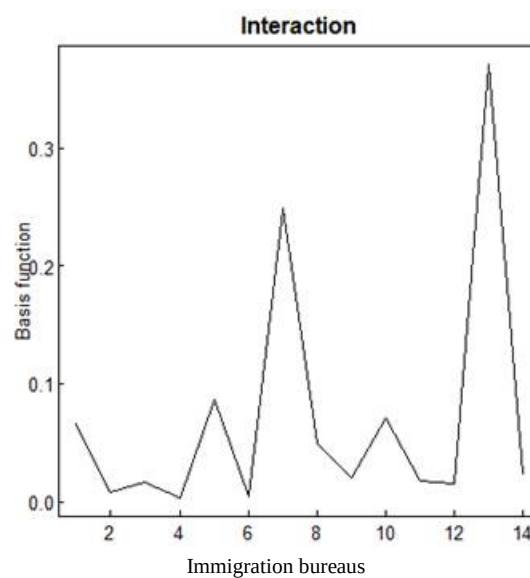


Figure 5 shows the time-specific general arrival index k_t . This single parameter k_t maps as the average pattern of arrival deviation from a_x to the actual pattern. The subsequent estimation of the arrival index k_t as a time series linear forecasting model: ARIMA (autoregressive

integrated moving average) process results in a simple random walk with drift. The method adjusts k_t by refitting to total observed arrivals.

FIGURE 5: THE TIME –SPECIFIC GENERAL ARRIVAL INDEX

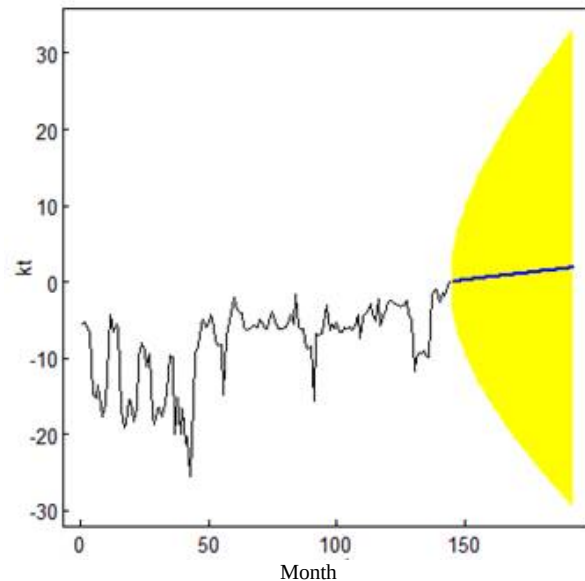


Figure 6 shows the forecasting trend of tourist arrivals for up to 48 future months of 14 immigration bureaus (red color) compare with the actual (grey color). There is a significant growth of the tourist arrivals in Krabi airport (KBA) during the forecasting periods.

FIGURE 6: THE FORECASTING ARRIVALS FOR UP TO 48 FUTURE MONTHS OF 14 IMMIGRATION BUREAUX.

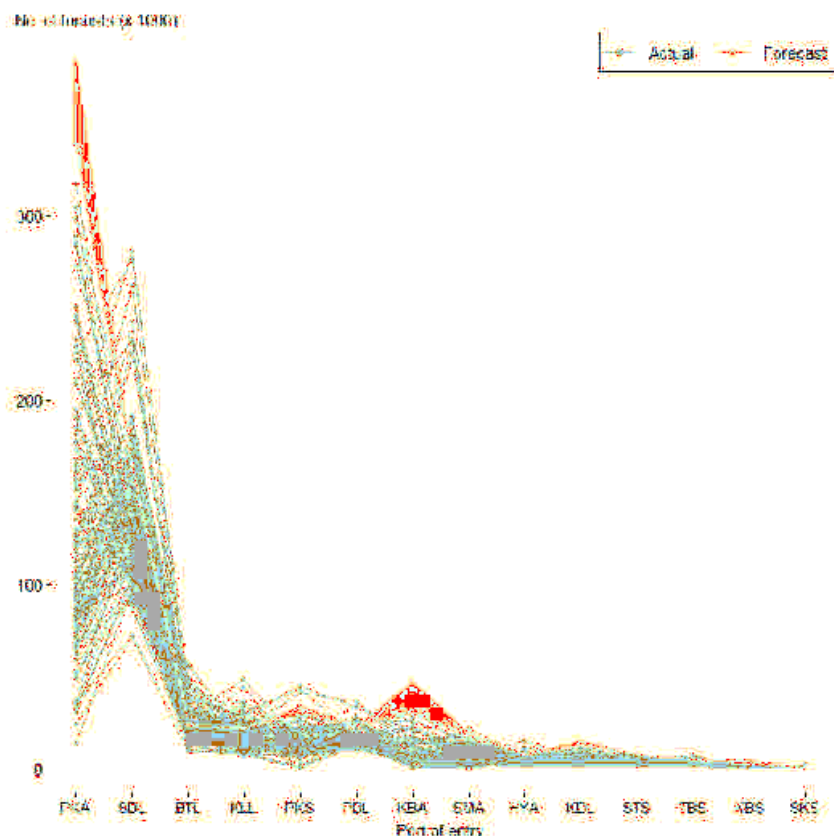
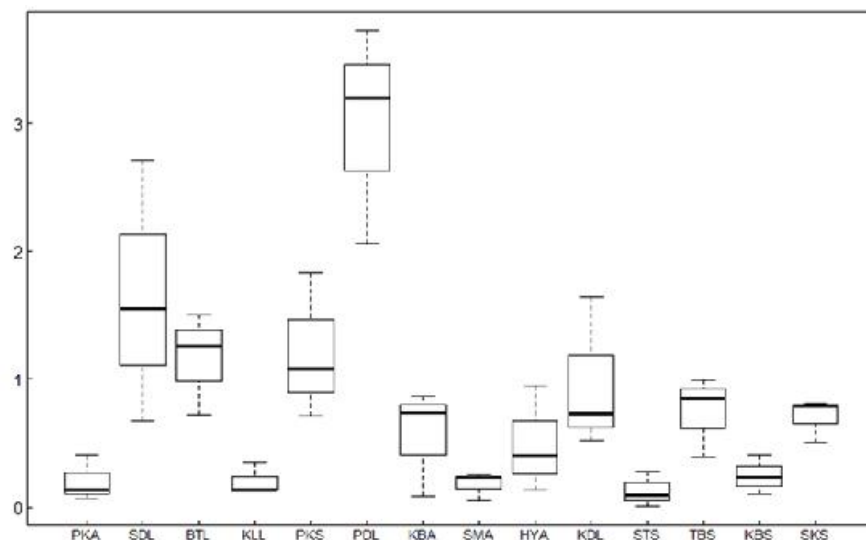


Figure 7 shows the forecasting errors in each immigration bureaux. The results indicated that the errors were not too high and the Lee-Carter model gave mean root squared percentage error (MRSPE) at 7.6%

FIGURE 7: FORECASTING ERRORS BY IMMIGRATION BUREAUX



DISCUSSION

Future months of 14 immigration bureaux. It also contains simple model formulation and can provide fairly accurate forecasts of tourist arrivals in IMT-GT. The model can support the initial assumptions that the future tourist arrivals trend will follow to historical arrivals or have a similar pattern and can also support our research aims in investigating suitable statistical methods for long-term arrivals forecasting. The model enables us to obtain a practical arrivals forecast in 14 immigration bureaux as well as provides valuable information on reprint decision-making. Using such models for forecasting tourist arrivals can assist the tourism industry in long-run planning more effectively. The model is also designed to deal with the timing used. However, there is a limitation of the Lee-Carter model that it is well-fitted in case of the arrivals trend in each immigration bureau has a similar pattern and it does not make provision for assessing the influence of external events. Some substantial interactions between the tourist region-month factor and the other factors existed could not be fitted using the model. For further studies, tourist behavior or other external factors may be considered.

CONCLUSION

In this study, we applied Lee-Carter method to tourist arrivals data containing month and immigration bureau as factors. By using a basic forecasting process, we found that Lee-Carter method can produce good fit and give sensible estimates in long-term tourist arrivals forecasting. In addition, the model concept is not too much complicated for a person with minimal knowledge of statistics.

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DEVELOPING AN EDUCATIONAL FRAMEWORK TO CREATE STUDENT QUALITIES AS REQUIRED BY ENTERPRISES

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ABSTRACT

This research aims to develop, and create activities and to evaluate an educational framework which participants' qualifications meet entrepreneurs' requirements. The outcomes of this research will be applied to develop an educational framework which meets entrepreneurs' expectations.

Researchers studied and analyzed an educational framework in order to create students who meet enterprises requirements. After that, they developed framework with six operational stages including 1. Appointing an operational committee, 2. Appointing a proctor committee, 3. Developing teachers, 4. Developing teaching tools, 5. Conducting teaching, and 6. Summarizing and reporting the outcome and data collecting by experts who are educational executives or vocational education directors, educational supervisors, senior professional level educational officers, heads of educational departments, teachers, enterprise representatives, professional level skill development officers and professional level educational officers, 19 people in total. The experts were selected by purposive sampling. The research tool is a 5 level rating scale questionnaire. After the data was collected by researchers, it was analyzed for completeness and reliability. The reliability is equal to .926 according to the mean ($\bar{x}$), the standard deviation of the mean

The result found that the experts focused on the framework at the most level ($\bar{x}=4.73$, S.D.=.45) as well as six operational stages ($\bar{x}=4.57$, S.D.=.48). This can be summarized by saying that developing educational framework in order to create students to meet enterprises' requirements can be applied to provide academic services in the future.

INTRODUCTION

National Education Act B.E. 2542 states that education shall aim at the full development of the Thai people in all aspects: physical and mental health; intellect; knowledge; morality; and desirable way of life so as to be able to live in harmony with other people, that education shall be based on the principle that all learners are capable of learning and self-development, and are regarded as being most important; the teaching-learning process shall aim at enabling the learners to develop themselves at their own pace and to the best of their potentiality, and that in organizing the learning process, educational institutions and agencies concerned shall: (1) provide substance and arrange activities in line with the learners' interests and aptitudes, bearing in mind individual differences; (2) provide training in thinking process, management, how to face various situations and application of knowledge for obviating and solving problems; and (3) organize activities for learners to draw from authentic experience; drill in practical work for complete mastery; enable learners to think critically and acquire the reading habit and continuous thirst for knowledge, in accordance with National Economic and Social Development Plan, Vol. 10, (B.E. 2007-2011) which specifies the goals of people and Thai society development that all Thai people shall be developed in all respects: physical and mental health; intellect; knowledge; and emotion, so as to have stability in their lives with dignity and be able to live in harmony with other people; and that the ways to develop are to create manpower with excellence in creation of innovation and knowledge so as to be able to utilize the same in developing the country, to produce and develop manpower with quality in all fields, and to provide supporting factors for the development of all fields of science.

Vocational Education Act specifies the goal that vocational education management and vocational training shall be the management of professional education that is in accordance with National Economic and Social Development Plan in order to produce and develop professional manpower in consistent with the demand of labor market by applying international theoretical knowledge to develop learners so that they have knowledge and competency in practice and are capable so as to be able to pursue their career as a independent practitioner or self-employed person and, at the same time, by strengthening immunity of the country in order to prepare people, society and economic system of the country so as to be able to adapt to support the impact of change appropriately, focusing on the development of people and Thai society so that they have quality and also opportunity to access to resources and benefit from economic and social development (Vocational education Act, 2008)

Office of Vocational Education Commission is an organization that has a role to produce and develop manpower in vocational education field so as to have quality and be up to standards, with the strategy to develop vocational education management and vocational training in order to produce semi-skilled, skilled, technical, and technology manpower so as to have quality and be up to standards. The Office also has strategies to create network and promote cooperation in development of vocational education management system, to create more opportunity in vocational education, lifelong learning, to manage vocational education so as

to create stability of the state, to support research and development, and to disseminate knowledge and technology in consistent with the demand of both public and private sectors.

In terms of production of manpower of Thailand, there are almost 3 hundred thousand people graduated from high school, while there are almost 4 hundred thousand people graduated from vocational education (Vocational Certificate and High Vocational Certificate). However, it was found that there are little graduates entering labor market, because they want to pursue higher education in order to get more earning. Labor market at Vocational Certificate level is very small with the supply of labor greater than the demand by 2-3 ten thousand people, whereas the labor market at High Vocational Certificate level is greater than at Vocational Certificate level. In addition, the demand for High Vocational Certificate labors tends to be more than Vocational Certificate labors because High Vocational Certificate labors are willing to work at the level lower than the degree they were graduated, which is a huge educational waste. The undergraduate labor market is in crisis. The supply of labor at High Vocational Certificate level are willing to work at the level lower than the degree they were graduated. Undergraduate students are unemployed at the rate of 30 percent every year. This can be said that foreign labor market and high-level labor market still lack of development towards the use of labor that has high capability or quality (Study of demand for manpower for production planning and manpower development of the country Thailand Development Research Institute, 2010)

In terms of production and development of vocational education manpower, it is found that most teachers were graduated at undergraduate level where in some fields there are few number of teachers who will have to take much teaching burden while in other fields there are too many teachers. The quality of teachers are not consistent with the mission. The turnover rate is quite high, especially with private vocational education institutions. In addition, the rate of manpower in teaching support field is still lacking, which affects the quality of learners who will have lower knowledge base than the standards. The rate of applicants for further study is in downward trend. Vocational education graduates have inconsistent knowledge, skills, and qualifications necessary to work with the requirements of business (seminar paper, discussion, and debate on the research result of vocational education situations and policy suggestion for vocational education development of the country, 2013)

High Vocational Certificate curriculum for the year 2003 was developed consistently with the National Education Act B.E. 2542 and technological, socioeconomic, environmental and cultural progress, in order to produce and develop labors at professional level with knowledge and skills, management ability, decision making skill, problem solving skill, work development, and self-development that are in consistent with the demand of labor market and socioeconomic condition, at community, local and national level. These will be done by opening the opportunity to learners so that they can learn in line with their aptitudes, interests, potentials, and opportunity and can transfer their learning result to knowledge and experience from sources of knowledge, enterprises and independent place of profession, by opening the opportunity to education institutions, community, and locality, both in public and private sectors, so that they can participate in the development of curriculum and education

management, and by opening short-term course, vocational certificate course, high vocational certificate course, practitioner bachelor's degree with the objectives to develop learners to have knowledge, skill, management ability, decision making skill, problem solving skill, work development and self-development that is in line with the requirement of labor market. Similarly, the objectives of High Vocational Certificate course in marketing are to enable graduated learners to be able to work as sales representatives, marketing officers, purchasing officer, research and statistics officer, and business entrepreneurs. According to the questionnaire and interview with the 132 enterprises, it was found that most learners, after graduation, worked in two positions, namely, sales representatives, and marketing officers, which is in line with the information of labor requirements classified by position of the Department of Employment, which specifies that such positions are in-demand as well. (Department of Employment, 2012)

According to the study of documents and researches related to the characteristics of marketing learners whom enterprises want, it was found that there still were many limitations, such as the presentation of goods and services, marketing promotion activity arrangement, and marketing planning. At the same time, the enterprises want learners who have such characteristics. These are in line with the study of research on the survey of requirement of knowledge development for working in profession of the graduated persons and the expectation of public and private sectors towards graduated persons from educational institutions, which found that managing education to be in consistent with the requirement of entrepreneurs is the way to promote habit of education management so that the learners can apply the knowledge deriving from learning to practical work. These also make it known which knowledge required by entrepreneurs is lacking from the education management of each subject of teacher. This information will be developed into the learning management of teachers and can develop learners to be in line with the requirements of entrepreneurs and to be able to see the way they will pursue their career in the future (Darawan, 2011). There are many factors affecting the development of learner quality such as teacher, learner, education management of educational institution, teaching and learning, and supporting factors. There are three major factors that can be developed the most quickly, which are teacher, learner, and education management. The most important factor is teacher. This is because when there is a change to substance of the subject and more modern technology, the way to make the learners able to learn the substance is to have the teacher develop instruction media and efficiently use the media properly to the profession and age of the learners. Therefore, teachers must adapt their teaching methods to ensure quality. At the same time, learners want modern instruction media. Activities must be arranged in line with the age of the learners to interest and stimulate the learners.

Development of educational framework to create student qualities as required by enterprises is the development of framework that proposes the way to manage education so that teachers can manage the education for marketing learners at High Vocational Certificate level that is consistent with requirements of enterprises so that the students can have knowledge and skill in what they learned. This will cause the teachers to have good teaching management that is appropriate to the requirements of enterprises. In addition, this can develop the education

management of teacher profession as a high-level profession. This also raises the education standards and stimulates the development of quality and education standards of educational institutions towards the highest goal which is to produce and develop labors at professional level for specific profession that is in line with labor market, socioeconomic condition, cultures, technology and environment, so that the learners can become a supervisor or employer.

MATERIALS AND METHODS

Educational framework to create student qualities as required by enterprises developed by the researcher was evaluated by 19 specialists, 4 of which were from education institutions, and 9 of which were from enterprises. All of these specialists were selected by purposive sampling. The research was conducted according to the following research procedures: 1.) Study related documents and literatures, 2.) Synthesize the information obtained from the review of related documents and literatures 3.) Draft the educational framework to create student qualities as required by enterprises 4.) Create the educational framework to create student qualities as required by enterprises 5.) Create a tool to check the framework and the manual of educational framework to create student qualities as required by enterprises. The tools used to collect information in this step is questionnaire about the suitability of manual of educational framework to create student qualities as required by enterprises for specialists. The researcher created the questionnaire by using the drafted educational framework to create student qualities as required by enterprises as the questionnaire about the suitability of manual for specialists. The content in the questionnaire consist of the following: Part 1 General information of respondent, and Part 2 Opinion on the implementation of 6 steps of project of the development of educational framework to create student qualities as required by enterprises. It was expected that after the implementation of educational framework to create student qualities as required by enterprises, learners would have more qualifications that are in consistent with the requirements of enterprises. Then, the drafted questionnaire about suitability of manual of development of educational framework to create student qualities as required by enterprises would be reviewed by the thesis advisor and improved according to suggestion. The 19 copies of the questionnaire about the suitability of manual of development of educational framework to create student qualities as required by enterprises would be printed in order to collect the data from the specialists in the next step. 6.) Collect data from specialists. The researcher proposed the manual of development of educational framework to create student qualities as required by enterprises to specialists and collected the data during July 2012. The researcher appointed the place and time with the specialists in order to examine and evaluate the suitability of the manual accompanying the implementation based on the educational framework to create student qualities as required by enterprises. The researcher met the specialists on the appointed date at the appointed location, Then, the manual accompanying the implementation based on the educational framework to create student qualities as required by enterprises was proposed, and then the data on the suitability of the manual was collected. The researcher analyzed 19 copies of questionnaire about the suitability in terms of content and questionnaire about suitability of the manual accompanying the implementation based on educational framework to create

student qualities as required by enterprises collected from the specialists. The researcher started from finding mean and standard deviation, compared such mean with the specified criteria and then made a conclusion. The criteria were as follows: Mean and level of suitability of 4.50-5.00 means the model is the most suitable; mean and level of suitability of 3.50-4.49 means the model is very suitable; mean and level of suitability of 2.50-3.49 means the model is moderately suitable; mean and level of suitability of 1.50-1.49 means the model is less suitable; and mean and level of suitability of 1.00-1.49 means the least suitable. Then the framework and manual was improved and corrected based on the recommendations of the specialists. The researcher applied the recommendations of the specialists in improving the framework and the manual before actual implementation in the educational institutions.

FIGURE 1 EDUCATIONAL FRAMEWORK TO CREATE STUDENT QUALITIES AS REQUIRED BY ENTERPRISES

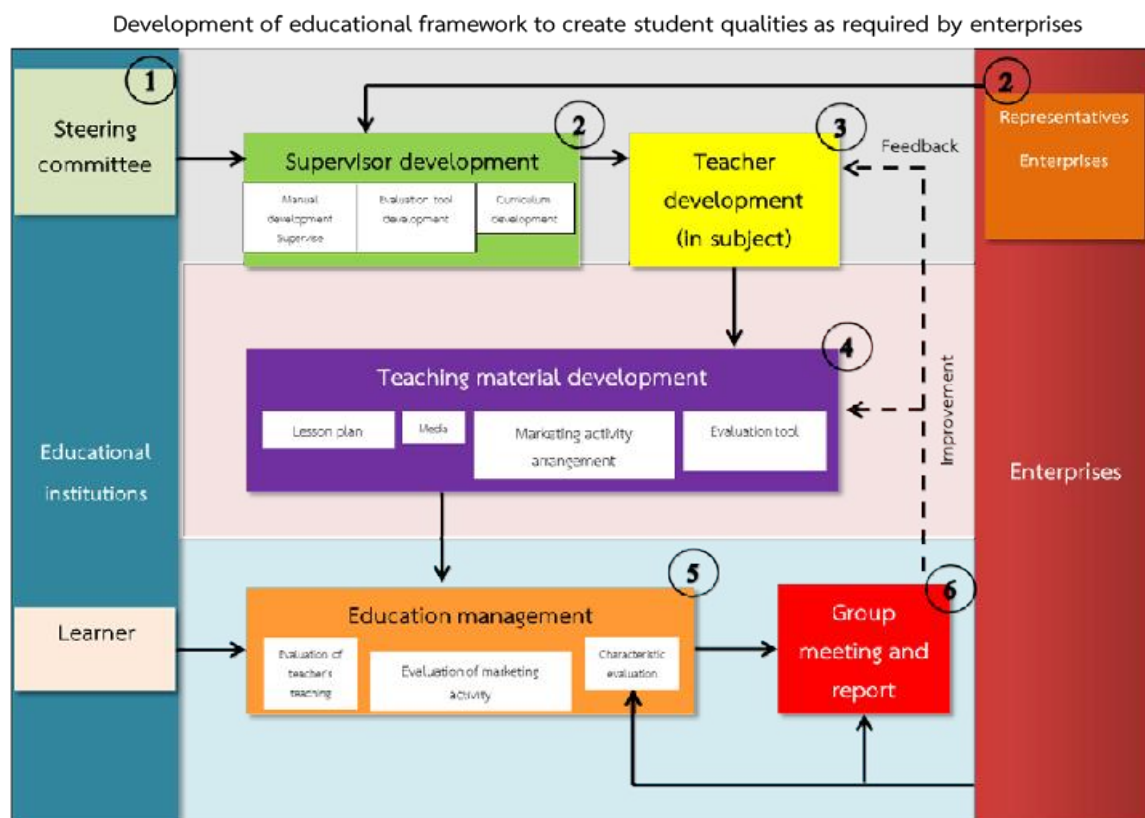


Figure 1 showed the main steps in developing the educational framework to create student qualities as required by enterprises as the guidelines to develop teachers. The project shall be implemented according to the process which was divided into 6 steps, namely, step 1: educational institutions appointed the steering committee; step 2: representatives of enterprises were invited to supervise the teaching about the development of supervision manual, development of evaluation tool, and development of curriculum with teacher who teaches each subject; step 3 the supervisors applied the developed curriculum to develop the potential of teachers, and the teachers received the training of potential development according to the requirements of enterprises; Step 4: teachers who had passed potential development training developed teaching material or document supplementing teaching such

as lesson plan, media, marketing activities, and measurement and evaluation tool; step 5: teachers applied the developed teaching material or document supplementing teaching to manage the teaching for learners, during which there would be the evaluation of teaching of teachers by supervisors, the teachers would measure and evaluate marketing activities of learners during the study and learner characteristics would be assessed by the representatives of enterprises; and step 6: the results of implementation would be discussed in the meeting between related persons in order to make a conclusion and report the results to the educational institutions. The obtained results would be taken into consideration in order to improve and correct the aspects with performance lower than the criteria. This was to ensure that the project implementation was efficient and could be used as the framework in teaching management.

RESULTS

The educational framework to create student qualities as required by enterprises developed by the researcher was evaluated by 19 specialists, 4 of which were from education institutions, and 9 of which were from enterprises. The evaluation details are shown in Table 1.

TABLE 1: MEAN OF OPINION OF SPECIALISTS ON THE DEVELOPMENT OF FRAMEWORK AND THE MANUAL OF EDUCATIONAL FRAMEWORK TO CREATE STUDENT QUALITIES AS REQUIRED BY ENTERPRISES

(n = 19)

Items	S.D.	$\bar{x}$
Step 1: The level at which the appointment of steering committee is suitable	.51	4.52
Step 2 The level at which the appointment of teaching supervisors is suitable	.51	4.47
Step 3 The level at which the development of teachers is suitable	.49	4.43
Step 4: The level at which the creation of teaching material and evaluation tool is suitable	.41	4.78
Step 5 The level at which the education management is suitable	.49	4.63
Step 6 The level at which the conclusion and performance report are suitable	.49	4.63
and the level at which the educational framework to create student qualities as required by enterprises is suitable	.45	4.73

^{1/} The respondents could answer more than 1 question.

From Table 1, it could be seen that in overall the specialists agree on the framework and manual of the educational framework to create student qualities as required by enterprises at the highest level (with mean of 4.73). The main aspect which was seen as the most important was the creation of teaching material and evaluation tool (with mean of 4.78). Next to that, in terms of importance, the development of teachers, education management, and the conclusion and performance report are ranked second (with mean of 4.63), and the least important aspect was the appointment of education supervisors (with mean of 4.47).

DISCUSSION

This research on the development of educational framework to create student qualities as required by enterprises was the study and development of framework appropriate for educational institutions to apply to education management. The framework consisted of 6 steps and was evaluated of its implementation importance by specialists.

In creating the educational framework to create student qualities as required by enterprises, the research found that in overall the specialists, who were the sample groups, agreed on the educational framework to create student qualities as required by enterprises at the highest level (with mean of 4.73). This showed that this developed educational framework to create student qualities as required by enterprises was appropriate at the highest level to be implemented and applied to education management. Considering each aspect, it was found that the step of development of teachers and step of education management were the most appropriate (with mean of 4.63). This was because teacher development was important step to let teachers have more knowledge, which would affect education management so as to teach learners to have characteristics as required by enterprises. This point corresponded to the research of (Tawach , Abstract, 2005) who studied the development of efficient educational framework in the education management of higher education institutions, Srinakharinwirot University, and found that efficient educational framework that was efficient consisted of teacher factor, namely the recruitment of teachers, mission specification of teachers, performance evaluation of teachers, and teacher development, and instruction factor, namely, teaching plan preparation, teaching code preparation, time table preparation, arrangement of teacher to teach in class, teaching method and remedial teaching.

CONCLUSION

In this study of educational framework to create student qualities as required by enterprises, population and sample group used in this research were selected by purposive sampling, 4 of whom were from education institutions, and 9 of whom were from enterprises. All of them were related to the implementation of educational framework to create student qualities as required by enterprises. Then the data was analyzed and the conclusion of the research was made.

The research found that in overall the the specialists agreed on the educational framework to create student qualities as required by enterprises at the highest level (with mean of 4.73). This meant that the framework developed by the researcher can be practically applied in the development of education management so as to teach learners to have characteristics as required by enterprises.

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INFLUENCES OF ONLINE WORD-OF-MOUTH AFFECTING CUSTOMERS' DECISION MAKING TOWARDS HOTELS IN BANGKOK METROPOLITAN AREA

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ABSTRACT

This research has the main objective to find out the influence of social networks and blogs on the personal and professional lives of people , how it affects their buying behavior , what are its uses for each individual and how have they been influenced by this communication..

This research is a quantitative one . The research sample is 400 people who frequently visit any of the three hotel reviewing websites studied, namely Pantip.com (Blue Planet Forum). Mehotelsthailand .com and Moohin .com websites. The tool used for gathering desired information from the sample is by way of questionnaire. The statistics used for processing and analysing the obtained data include frequencies, percentages, means, standard deviations,t-values using the t-test ,f-values from One-Way ANOVA analysis, and Pearson's correlation coefficient. The research results indicate that the majority of the respondents are female whose ages range between 21and 30 years ,earning between 375 English pounds but less than 750 English pounds per month , and working as employees of private or non-government or4ganizations.

It was discovered that respondents' gender, age, income, occupations and favourite websites do not significantly vary their characteristics , website use, attitudes towards their favourite websites do not significantly vary their characteristics , website use, attitudes towards their favourite websites or attitudes towards the hotels reviewed on the websites. The respondents' characteristics are significantly correlated to their purposes of website use. Likewise, their website use is significantly correlated to their attitudes towards their favourite websites and towards the hotels it contains.

Keywords: Online Word-of-Mouth Marketing, Decision Making Processes, Website, Consumers' use of Website

INTRODUCTION

In Thailand over the past few years, the boom of the Social Media and Blogging over the Internet have carried along with them new possibilities for communication, in addition, these technological developments of online society together act to form a new reality in which many companies have to rethink their ways for marketing and communicating with consumers.

Word- of- mouth communication is an ancient way of sharing ideas, as times have changed, so has the nature of word- of- mouth. It has evolved from an unconscious process to something that modern advertisers try to influence and use. In a new reality where Thai consumers seem to reap all the benefits of online product reviews from real consumers, how then, should companies adjust to the changing environment?

Few industries are under as much pressure as media, thanks to a growing number of online discussion forums, consumers have virtually unlimited options when it comes to how and when they consume information. Now companies began to realize that the old ways of selling are losing their ways. As competition grew stiffer across most industries, organizations started to peek on the consumers' side of the transaction as well. What evolved from there was a new philosophy which suggested that in order to increase sales, companies needed also to understand the needs and behavior of their consumers.

In customer prospective "Real Consumer's Opinion is the King" that drives consumers to believe in the product. The Internet connects billions of people across continents and people are actively grouping, discussing, reading, inventing, sharing and selling things online. In an environment like this, where people are unlimitedly connected with each other, word-of-mouth, has a completely new meaning. Social Networks, Blogs and Online Forums like Pantip.com and Tripadvisor.com have on occasions destroyed company images, decreased sales, and ruined entire organizations. Companies now have all the reasons in the world to worry about what people think about them.

Consumers turned to groups they belonged to, so called "Facebook Page" or "Pantip Cafe". These groups influenced the consumers by providing them with knowledge and by giving them positive and negative confirmation on their choice of purchase. However different groups have persuaded the consumer to buy products in order to belong to the group.

Wikipedia states that a social network is “a social structure made of nodes (which are generally consumers or companies) that are tied by one or more specific types of relation”. With the rapid growth of people who use or have access to the Internet, social networking websites are a must for the Internet community to stay in touch with each other. Social networking websites help people keep in touch with old friends make new friends; distribute new data or product, and many more aspects of our everyday lives. The reason that social networking websites work so well is, they start of small and then grow exponentially. The site starts off with a few people who then tell their friends about the site, then those friends tell their friends about the site and soon the site is a huge database of users connected by friends, acquaintances, or just random people. The web sites are made to “allow users to create a "profile" describing themselves and to exchange public or private messages and list other users or groups they are connected to in some way.”

Most social networking websites are often designed to fit a certain type of community such as the beauty community being mirrored by Facebook.com. With the rapid growth of social networking web sites and their global scale usage, whatever one feels concerning social networking web sites is irrelevant because social networking web sites are on a popularity rise and are here to stay. Besides this, a pattern of characteristics of the individuals that the consumer blogged with were noticed as consumers wanted user experiences and thus the vast majority of these people they turned to, seemed to be consumers themselves, with relevant product experiences.

The consumers also seem to blog more with certain people, whose opinions were valued more. These individuals often shared the latest information on products. Consumers seemed to be selective when reading blog posts. The blog posts needed to contain detailed and up-to-date information. Moreover, consumers wanted blog posts to be written by other consumers because they trust them more than the companies. The consumers also choose to use social networks and read blog posts that show similarities between the consumers and the blogger in terms of either usage pattern of product or preference for product choices.

Ever since the internet was introduced for the general public during the 1990s, people have used it as a source of information. Recent statistics shows that the majority of the population use internet in order to get information regarding products and services. However most statistics available does not tell how the consumers use the internet and what kind of information they search for. There are many different sources of information online, for

example company web pages, social media, blogs etc. The concept of online social networking and blogging is a relatively new phenomenon in today's society and it has not really been explored before. Nevertheless, magazines are today filled with articles on the importance for companies to start marketing communication through social networks and blogging and join the communication of the future, if they do not want to lose ground to their competitors. The major blog community shows some interesting facts on the number of blogs and its growth. In October, 2011, there are over 3 billion blogs and a growth rate of one hundred thousand new blogs per day. As of January 2012, a total number of Youtube videos is over 120,000,000 and number of videos uploaded per day is over 200,000 and the time required to see all the videos is over 600 years.

This number is expected to keep growing and double every eight month. A result of this growth, social network and blog marketing has emerged as a new innovative way to create closer relationship with customers. It has also given the consumers the possibility to discuss amongst each other. Social Networks creates a buzz in marketing like what brands are going to launch; where, how, when and for what. Blog marketing allows not just for marketers to establish closer relationships towards a small segment, but in fact, it can also allow for relationship marketing towards larger segments. This of course only holds if the social networks and blogs have a large audience, but statistics above shows that this is most possibly the case. In this thesis, the aim is to conduct research and focus on how companies can use social networks and blogs in order to interact with consumers. Something that has not been considered, and has been taken for granted, is the issue of how consumers use these tools in their decision making. Moreover, how consumers consider the information that is being transmitted on the social networks and blogs have not yet been explored. The truth could be that consumers use social networks and blogs in a way that companies have not thought about. The existing use of this type of viral marketing could thus miss its objectives if companies do not know how their audience perceives it.

METHOD

The discussion includes the type of research, the type of data used, the population and samples, the sampling technique, the type of data, the data collection tool (the research tool), the data collection process, the pilot test for the research tool and the analytical technique used for analyzing the obtained data.

The populations of this research project are Thai people who visit any of the three websites (as for pantip.com, they must visit the 'Blue Planet' forum), and live in Bangkok.

As for the number of the samples studied here, Phophrueksanan (2008) , citing Yamane Taro's idea of sample size, proposed that when the number of the studied population is more than 10,000, the number of samples to be used in the quantitative research can be 100 if the desirable degree of reliability is 95% or the level of significance to be at least .05, with the variation of $\pm 6\%$. Hence, the number of the samples whose surveyed here is 100.

This research uses the quantitative methodology. This methodology is used because it leads to the attainment of broad knowledge on the studied topic (Leedy and Ormrod, 2005). This means the knowledge obtained from this research will enable me to understand the general attitudes of Thai consumers towards hotel promotional websites and their impacts on hotels.

To obtain such knowledge, the survey technique is applied to this research because it is the most convenient discipline that enables me to glean information from a great number of samples in a limited time and with limited labour force (Leedy and Ormrod, 2005).

This research project is also a cross-sectional one all the samples' information is collected and analyzed only in a short period of time without any further data collection after obtaining the results from the first research. This is because it is not necessary for researcher to monitor the change in behaviors of the studied samples which will not be changed within a short period of time (Leedy and Ormrod, 2005). Thus, the cross-sectional study is the most appropriate research discipline for this project.

To obtain all the desired information from the samples, I have to collect such data online because the samples of this research are those who use the studied websites. I will post the questionnaire on some websites and ask people who visit any of the 3 studied websites to answer the questions in the questionnaire. This method allows me to get the samples whose features really fit the features of the populations of this research. Furthermore, this method is less time and energy consuming (Leedy and Ormrod, 2005).

Before actually carrying out the survey, I have test the validity of the questionnaire to be used in this research project. The information on this matter is discussed below. Before used in the field survey, the questionnaire must be tested in order to ensure that it will lead to the attainment of accurate results. This can be done in several ways.

First, I consult with experts in marketing and linguistic sciences so that I can be sure that the designed questions are effective in generating the findings that lead to the accomplishment of the objectives of this research. In addition, the consultancy with linguistic experts enables the researcher to understand whether the questions are properly written in both Thai and English languages or not. This is also important because if all samples interpret the questions in different ways, it will not lead to the accurate findings (Leedy and Ormrod, 2005).

Secondly, I carry out a pilot study. This pilot study can test the reliability of the questionnaire. In the pilot study, I use 40% of the samples (40 samples) by asking them to answers the questions in parts 2 to 5 of the questionnaire. These 40 respondents are not included in the actual survey. The data obtained from these 40 respondents of the pilot study will be calculated for the Cronbach's alpha coefficients which reflect reliability of the questions in the used questionnaire. The acceptable Cronbach's alpha coefficients must not be inferior to 0.7 (SAS Institute, 2004).

RESULTS AND DISCUSSION

There are many interesting points discovered from this researcher. In this section, these points will be discussed. However, since there are many points to be discussed, it is necessary that the points are sorted with the research questions.

What characterize traditional and online word of mouth and viral marketing?

It can be concluded that a major difference between traditional word-of-mouth marketing (WOMM) and the online one is the users. This is because Arno (2012: Online) proposed that online media are mainly used by younger audiences. This point is confirmed by the research results. This is because the results from this research indicate that the majority of the samples (people exposing themselves to hotel reviewing websites) are those whose ages are not more than 40 years.

In addition, it is also revealed that the samples of this research like to interact with the websites they visit. This means they want to give feedbacks and share their ideas on the websites rather than just reading the entries. This point supports the idea of Breakenridge (2001) who emphasized on audiences' participations to media. At the same time, Smith et al (2005) also supported this point by proposing that modern audiences need to be empowered.

This means they like to control the media or the conveyed messages by giving feedbacks and ideas.

The next trait of online WOMM is trustworthiness. In the past, advertisements seemed working well. However, the samples of this research reveal that they do not trust advertisements. In addition, they emphasize that the websites they always visit when they want to see reviews of 4-5 star hotels are trustworthy. This trustworthiness comes from the real experiences reviewers have and the great number of website members. This trustworthiness is a trait that differentiates modern word-of-mouth media from traditional ones as Breakenridge (2001) and Smiciklas (2011: Online) emphasize on.

In addition, Kotler et al (2002) proposed that an important trait of modern media is the emphasis on niche markets. This means a medium must aim at specific audiences or products. This is also apparent in this research because the 3 hotel reviewing websites studied here are dedicated especially for hotels and tourism product. For example, the Blue Planet Forum of Pantip.com website has the sub-category of hotels. Likewise, the Mrhotelsthailand.com website is dedicated especially for hotels reviews.

What does the communication flow regarding online word of mouth look like?

The results from the research show that the communication flow of the online word-of-mouth marketing is two-way communication or interactive one. This means audiences are sometimes message senders. They tend to interact with message senders and receive feedbacks from other audiences or even the message senders. This communication flow is popular among modern audiences who become more active than before (Kotler et al, 2002).

This point is supported by the results from this research because the samples of this research are found to like to interact with the websites they visit. Furthermore, it is also discovered that the websites that allow visitors' interactions such as Pantip.com and Moohin websites are more popular than one that does not allow users' interaction like Mrhotelsthailand website.

What are influencers and why are they important?

The results from this research indicate that the main influencers are people with direct experiences in the hotels they review. This is because the samples of this research reveal that they like to learn about direct experiences from other users. In addition, they state that they do not trust advertisements.

This point is emphasized by Robinette et al (2001) who proposed that the major characteristic that makes online media popular is its allowance of experience sharing. This is because audiences like to learn about other people's experiences and to share theirs.

This means the idea of Thammarak et al (2007) concerning the ability of the associate group to influence audiences' attitudes and behaviors. Audiences of the hotel reviewing websites regard those with direct experiences as their associate groups because these people have been to the place they want to go. Thus, they are associated to each other in term of traveling destinations.

However, it is also revealed that the samples do not believe celebrities. This is because they do not care whether the one who writes reviews on hotels are well-known or not because they indicate that they do not care to do what celebrities do.

This point contradicts to the idea of Thammarak *et al.* (2007). This is because Thammarak et al (2007) proposed that celebrities can be regarded as the aspirational group which can influence audiences' attitudes or behaviors.

What are the motives for listening to and passing on word of mouth messages?

Many communication scholars such as Dominik (1990) proposed that, generally, there are 4 purposes of people's communications, which are to follow interesting matters, to learn about new things, to create self-identities or to confirm certain beliefs, to have the topics to talk with other people and to entertain themselves. These points are also supported by Siriyuwasak (2007) who proposed that people communicate in order to accomplish 3 main purposes, namely, to entertain themselves, to absorb some information and issues that can be discussed with other people in the society, and to collect information and knowledge that build up their identities including attitudes, beliefs and behaviors.

These points are also confirmed by the findings from this research. This is because the findings from this research reveal that the samples of the research who expose themselves to hotel reviewing websites because they want to obtain the information that they want, to obtain the information that confirms the information that they have already had, and to interact with other users. This means the online media audiences have the same purposes that audiences of other media have.

Where does online word of mouth take place?

The results from this research reveal that the WOMM takes place online. This means audiences, especially younger ones, learn about other people's ideas or share their ideas online.

CONCLUSION

The conclusion is hotel operators should be concerned about their customers' experiences. Customers with positive experiences tend to share their positive experiences online. On the contrary, customers with negative experiences will also share their experiences online. Worse than that, the results from the research indicate that the samples who learn about other people's negative experiences in hotels tend to avoid the hotels negatively reviewed. Thus, hotels operators must be aware of this point.

Next, it can be concluded that online word-of-mouth media are used by audiences who want to obtain useful information, to confirm their knowledge on some hotels and to socialize with other people. This means hotel operators can also use these media by monitoring all reviews concerning their hotels and try to explain certain points. For example, if an ex-customer writes a negative review on a hotel, the operator of that hotel should explain the facts and resolve the problems by providing gift vouchers to that reviewer in order to fix the situation. This is because a negative review might lead to bad reputations because readers of that review might tell other people about that review or forward it to their friends. Thus, online word-of-mouth media should not be overlooked.

We can conclude that it is true that the online reviews of the hotel can greatly affect the traveler's decision on booking a hotel in Bangkok Metropolitan area. The use of online reviews and social media reached an unprecedented level of adoption within the hotel industry – becoming nearly universally embraced by hotel executives as a key source of customer insight, a tool to achieve operational and service excellence, and a way to drive revenue growth.

We can also conclude that monitoring the web and social networks for mentions of the hotel name picks up insight from guests that have moved beyond the structured format of a satisfaction survey and are sharing opinion wherever and however they want. This provides much deeper understanding into guest satisfaction than could be obtained through guest satisfaction surveys or mystery shopping. It's becoming the backbone of how hotels measure employee, hotel, and brand performance.

It is concluded that individual reviews and social media mentions are important to track for service and reputation reasons, but it's all the review scores in aggregate that provide data you can act on. For hotel management, the value of social media may not be any one individual piece of social data, but rather all this feedback together in graphs that shows trends over time. We have to spot patterns in quality, benchmark your properties against the competition, and make department-level decisions. Online reviews present us with several compelling advantages:

- Guests can respond in a way that is easiest for them
- Then can do provide feedback whenever and wherever they want (often via mobile devices)
- They can talk about whatever impressed or annoyed them
- For hotels that do a good job of providing an excellent guest experience, reviews posted online can act as powerful sales messages

Gender is concluded as an important factor that influences people to open themselves to messages. This is because male and female consumers like different things. When it comes to finding information of a product or services, male consumers tend to find facts whilst female ones tend to find opinions from other users. Gender is a factor that has impacts on a person attitudes and behaviors. This is because, typically, the male and the female think and act differently. It can be concluded that the female tend to be the target group for online word of mouth marketing because women are more socializing and curious about other people's opinions and ideas.

Concerning the age, it is concluded that can be influential because people with different ages tend to have different preferences and characteristics. Teenagers and young adults tend to be influenced by online reviews more than the elder. Consumers with different ages have different media exposures. For instances, the elder tend to receive message from conventional media that are not so complicated or technological such as newspaper and television. At the same time youngsters tend to expose themselves to innovative media such as the websites and social networks. It can be concluded that ages can affect consumers' decision making processes because they can affect consumers' characteristics and preferences.

Concerning the income, it is apparent that people with middle and high socio-economic statuses tend to use online media more than those with inferior statuses. This is because they are more compatible to the media than the people with inferior statuses.

It is concluded that occupations do not significantly affect their website use. This means respondents with all occupations use the hotel reviewing websites in the similar manners and with similar purposes. We are all travelers and a group of friends maybe of different occupation like some maybe teachers, doctors, or work in the bank. So it is concluded that no matter what occupation we have, we always read online reviews before we make a booking of the hotel.

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A MODEL OF HALAL TOURISM BUSINESS MANAGEMENT IN ANDAMAN GULF AT THAILAND

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ABSTRACT

The purposes of the research were: 1) to examine Halal tourism business management and planning; 2) to develop a model of Halal tourism business management. This participatory action research (PAR) was conducted in four Andaman Sea provinces of Thailand, namely Krabi, Phang-nga, Phuket and Satun. The population groups included tour guides, Halal tourism entrepreneurs, officers of the provincial offices of the Islamic Council in the Andaman Sea coast, Muslim tourists from Muslim countries and representatives from the Halal Standard Institute of Thailand. The research findings yielded that a model of Halal tourism business management encompasses the following categories. Halal Restaurant Business consists of 11 elements, namely sites, raw materials/products, process, staff, culinary utensils/equipment, solid waste disposal, safety, services, social responsibility, environmental management and community relations (according to the Halal Food Service Standard of the Central Islamic Council of Thailand). Halal Hotel Business consists of eight elements, namely sites, staff, solid waste disposal, safety, services, social responsibility, environmental management and community relations. Halal Spa Business consists of nine elements, namely sites, raw materials/products, staff, solid waste disposal, safety, services, social responsibility, environmental management and community relations.

Keywords: Halal Tourism; Andaman Gulf; Participatory Action Research

INTRODUCTION

Tourism is one of the most important sectors of the Thai economy with highest earning of foreign currencies (Saraithong and Chancharoenchai, 2010). Thailand has diversity in tourism resources; especially in geography, climates, biology and flora & fauna. These enable an increasing number of both Thai and international tourists to be able to choose travel in many provinces of Thailand. Also, Thailand is reputed in cultural tourism. Thus, the Thai government has continually promoted the development of tourism in various tourist destinations throughout the country.

Halal Tourism is a market segment that is fast growing not only in Muslim countries but globally. Non-Muslim countries like Australia, Taiwan, Korea, Japan, and countries in Europe, are specifically catering to do this tourism segment, the Islamic tourism (Rizal, Mohd, Suzzaini, and Mohamad, 2012). There are close to 1.7 billion Muslims worldwide who are becoming more affluent and traveling with their families and friends. It used to be that Muslims travelled overseas for either Hajj and Umrah. Now they have learned to take time to other travel (Henderson, 2010).

Now it's easier to find Halal food in non-Muslim countries; hotels are also trying to meet Muslim travelers' demands by showing the Qa'aba direction for prayer. The world Islamic Tourism Mart, is the ideal platform for tourism industry sectors to take part, meet, network, and create new opportunities to increase the capture of the Muslim tourism market segment (Henderson, 2010).

This paper focuses on the halal tourism. Halal tourism, as permissible under Halal Restaurants, Halal/Shariah-compliant hotels and Halal Spa.

LITERATURE REVIEW

Definition of Tourism

Tourism is one of the most important and expanding sectors of the world economy. It is also a major source of foreign exchange earnings for many developing countries. Tourism has become such a large industry, that has many impacts which can be felt and seen worldwide and that affects all forms of life. The effects of these impacts can be advantageous but they can also cause many disadvantages and bring many problems with them. If tourism is managed properly (sustainable tourism), however, it can increase the benefits for or positive impacts on the social and natural environment of an area and reduce the negative effects significantly (Korres, 2008). Tourism is defined as follows:

“Tourism comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited. Tourism is different from travel. In order for tourism to happen, there must be a displacement: an individual has to travel, using any type of means of transportation (he might even travel on foot: nowadays, it is often the case for poorer societies, and happens even in more developed ones, and concerns pilgrims, hikers). But all travel is not tourism” (Rizal, Mohd, Suzzaini, and Mohamad, 2012).

Halal tourism

Halal tourism is a new product in the tourism industry. Thus, there is a need to develop halal tourism products and services to cater to this dynamic and emerging market. The concept of halal, meaning permissible in Arabic, is not just being applied to food, but it includes any Shari'ah compliant products ranging from bank dealings to cosmetics, vaccines and in this case, tourism. This means offering tour packages and destinations that are particularly designed to cater for Muslim considerations and address Muslim needs (Halbase Pte Ltd, 2011)

Halal tourism integrates more religious conservative motivations, which try to valorize a conservative Islamic lifestyle and underline its incompatibility with western types of tourism practices dominating the modern tourism industry. The demand for halal resorts, hotels or transportation reveals the reluctance of religious conservative families and individuals to travel in liberal or western style locations and the condemnation of travel behaviors regarded as un-Islamic (Masoud, 2010). The hotels in such destinations do not serve alcohol and have separate swimming pools and spa facilities for men and women. Malaysia, Turkey and many more countries are trying to attract Muslim tourists from all over the world offering facilities in accordance with the religious beliefs of Muslim tourists. Also, the [halal](#) tourism provides flights where no alcohol or pork products are served, prayer timings are announced, and religious programs are broadcast as part of entertainment offered on board (Rizal, Mohd, Suzzaini, and Mohamad, 2012).

Opportunities

The Halal economy, which is rapidly expanding, offers opportunities to other Muslim countries worldwide. With nearly 1.57 billion Muslims, in over 100 countries, making up over 23% of the total global population (Saraithong and Chancharoenchai, 2010). This will ensure that the halal concept can be applied to more than just the food sector. In addition, the manufacture, processing and distribution of products, additives and food ingredients, and halal economy also applies to cosmetics, medicines and personal care products, clothes and services that include finance, hotels, restaurants and logistics. This statistics of the significant population of Muslims stress the enormous potential waiting to be tapped in the halal economy (Saraithong and Chancharoenchai, 2010).

Regarding to the tourism sector, in Thailand, it is recognized as a major economic and social significance that contributes to the creation of wealth. As reported of Tourism Authority of Thailand, the tourism sector has been identified as a driver of economic activity that will contribute towards the growth and development of the economy. Then, Thailand government has granted various facilities to tourism agencies to develop other potential areas in the tourism industry.

Halal Tourism Business

The fundamental of Halal tourism includes the components such as Halal hotels, Halal transportation, Halal food premises, Halal logistics, Islamic finance, Islamic travel packages, and Halal spa (Wan, Suhaili, Khairil, and Yaakob, 2010).

A Halal hotel is one of the hotels which provide the Halal services to the Muslim tourists. This type of hotel is not limited to serve Halal food and beverages but the operation throughout the hotel would also be managed based on Islamic principles (Rizal, Mohd, Suzzaini, and Mohamad, 2012).

Halal food premises: Food and beverage products served in a restaurant have to be Halal. Animals such as chickens and cows must be slaughtered according to Shariah principles. All food must be Halal and go through Halal compliant process.

METHOD

Applied research was used in this study to “find solutions to problems which arise in particular management situations” (Veal, 1997). The sample group were 10 Muslim tourist from Jordan, Malaysia, Libya, and Oman. Also, the sample group from the government were 5, there are from officers of the provincial offices of the Islamic Council in the Andaman Sea coast, and officers of the Central Islamic Council of Thailand. The research instruments included observation and focus group discussion. The research instruments included a questionnaire, observation and focus group discussion.

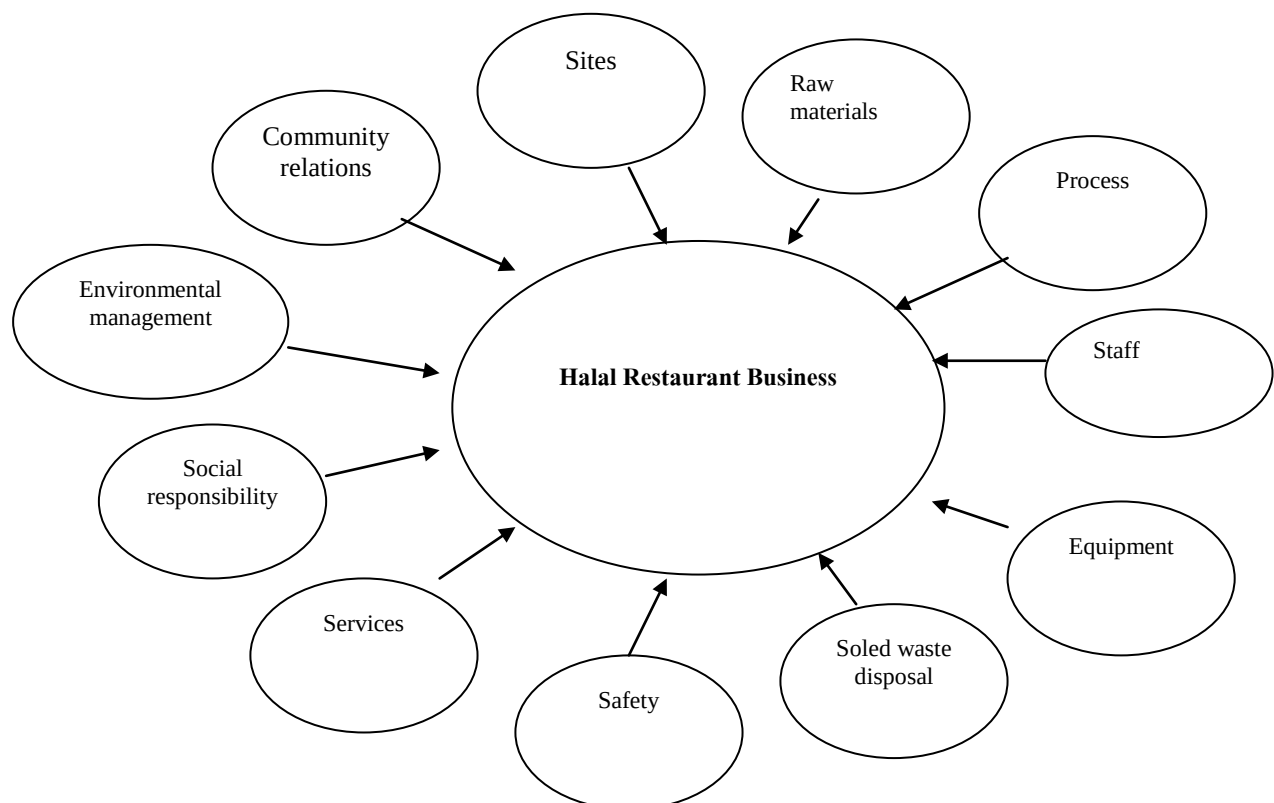
RESULTS

The research findings yielded that a model of Halal tourism business management encompasses the following categories.

Halal Restaurant Business

A model of halal restaurant business consists of 11 elements, namely sites, raw materials/products, process, staff, culinary utensils/equipment, solid waste disposal, safety, services, social responsibility, environmental management and community relations (according to the Halal Food Service Standard of The Central Islamic Council of Thailand).

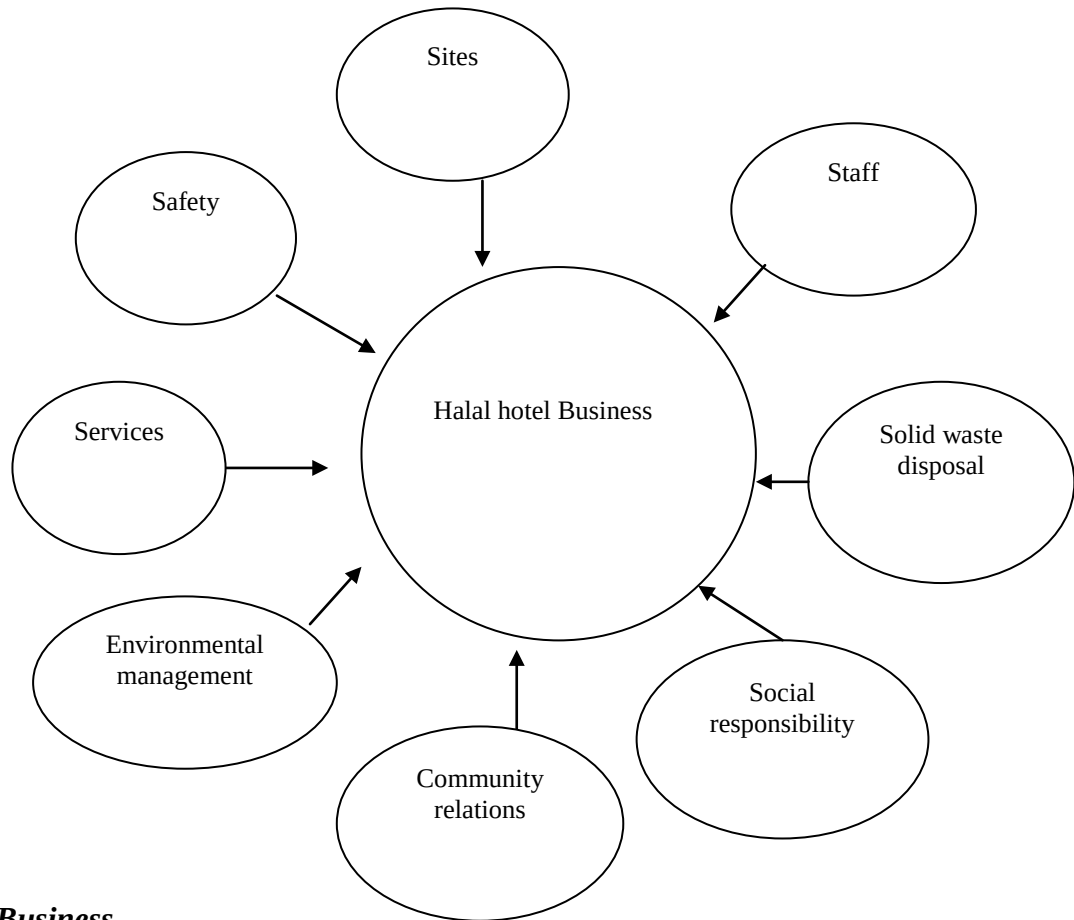
FIGURE 1: HALAL RESTAURANT BUSINESS MODEL



Halal Hotel Business

A model of halal hotel business consists of 8 elements, namely sites, staff, solid waste disposal, safety, services, social responsibility, environmental management and community relations.

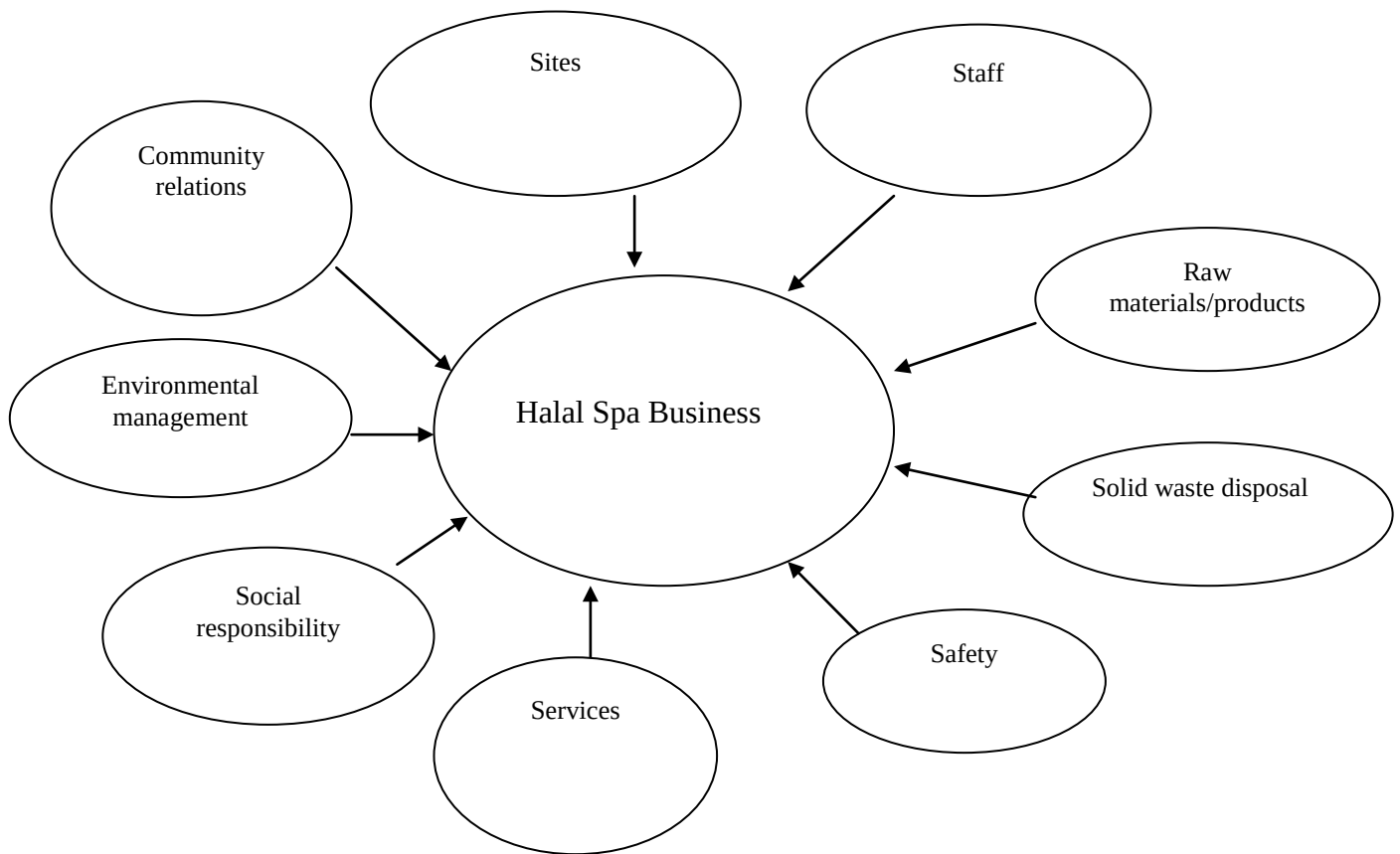
FIGURE 2: HALAL HOTEL BUSINESS MODEL



Halal Spa Business

A model of halal spa business consists of 9 elements, namely sites, raw materials/products, staff, solid waste disposal, safety, services, social responsibility, environmental management and community relations.

FIGURE 3 : HALAL SPA BUSINESS MODEL



Some recommendations from the research findings were as follows:

- 1) The government should establish an organization responsible for setting and monitoring the service standard of Halal hotels and spas.
- 2) A Halal guidebook of Thailand should be published to provide the information of Halal tourism business in Thailand in terms of locations and travelling routes in English and Arabic.
- 3) The English and Arabic language should be used in business places.
- 4) The Certified Halal Tourism Business sign should be placed and shown publicly such as Halal Hotel and Halal Spa.
- 5) The business places should supply additional gears and places for Muslim tourists to perform religious rites such as prayer outfits, prayer caps, prayer mats, prayer rooms, private dining rooms and separate swimming pools for Muslim tourists, etc.

CONCLUSION

The initiative of developing Halal tourism in Thailand which should be focus on Halal Hotels , Halal food and Halal spa servicesfor Muslim tourists. Because of the demand from the Muslim market towards Halal services. Therefore, there is essential for Thailand to develop a concept for Halal tourism Business. Furthermore, Halal tourism will directly fulfill

the Muslim needs. Thus, it will become one of the niche products for the tourism industry in Thailand.

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AN EMPIRICAL STUDY OF THE SERVICE QUALITY PHENOMENON IN DRIVING CUSTOMER SATISFACTION AND CUSTOMER LOYALTY IN THE THAI HOTEL INDUSTRY

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ABSTRACT

With the trend of internationalization, Thai hotel industry needs to differentiate its service quality. This research sheds light in numerous key findings which are considered important; for instance, the star rating can be considered as a useful quality indicator, and that females generally perceive higher level of service quality and its satisfaction, and even loyalty level. Further regression analysis indicates that service quality can also be considered broader than the original SERVQUAL dimensions, in terms of hard and soft domains. Also perceived service quality is a better indicator than the use of service quality gap as the measurement.

INTRODUCTION

This research examines the nature and benefits of service quality in the Thai hotel industry. Hotel industry provides the guests with accommodation and rests, as well as a host of other values such as conferencing, business meeting places, etc. (Chen, 2013). According to World Bank (2014), the international tourism receipts, which are the expenditures by international inbound visitors, to Thailand have been on the upward trends; at 19.8 billion USD in 2009 to 37.74 billion USD in 2012. As such, the study of the hotel service industry, in particular, about its services and the degree of its contribution in an effort to gain the reward of the hotel guests, in terms of positive word of mouth and revisiting, would become necessary. Other derivative benefits of impressive hotel services include the reduction of perceived risks and search costs from the views of the hotel guests (Kayaman and Arasli, 2007), but from the views of the hoteliers, as segments of loyal hotel guests. Loyal guests in turn help the hotels to reduce marketing costs (Sangster, Wolton and McKenney, 2001), and ultimately, can be conceived as a proxy for actual customer retention and thus the profitability of hotel businesses (Kim, Cha, Singh, and Knutson, 2013). In short, the research problem for this research could be stated as follows:

- The purpose of this research is to study the role service quality played in the Thai hotel industry, in satisfying the hotel guests and thus loyalty.

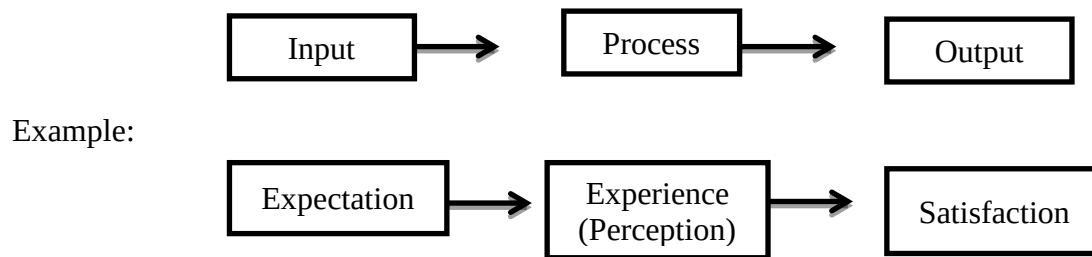
To do this, a number of hypothesis will be raised, as an attempt to identify the service quality factors needed to establish customer loyalty, including examining the influences of various demographic variables and the use of star rating as a benchmarking indicator for the overall service quality of the Thai hotel industry. Gaining the loyalty attitude of the hotel guests has become an important research issue, in particular when the hotels continue to face a severely competitive business environment and ever-growing customer expectations (Han, Kim, and Kim, 2011).

LITERATURE REVIEW

The literature in service quality continues to grow and few particular publications warrant the noticing as they have become the base for the majority of research relating to service quality and service marketing (Berry, Zeithaml, and Parasuraman, 1985; Parasuraman, Zeithaml, and Berry, 1988; Zeithaml and Bitner, 1996). Two particular philosophical lines stand out, and one has its root based on production philosophy (Berry, Zeithaml, and Parasuraman, 1985), and the other (Haynes, 1990) is skewed towards service orientation. The former production-originated concept is shown in Figure 1, with its configuration represented in the production-logic sequential process terms; that is, input (expectation) as the intangible resource (Tan, 2014a) is exploited by the experiential process of the customers, to turn to an output which is considered as customer satisfaction. The model was generally known as the disconfirmation process in that satisfaction is reflected by the gap between the perceived reality and the expectation (Parasuraman, Zeithaml, and Berry, 1988), but the process-oriented configuration can be traced to Berry, Zeithaml, and Parasuraman (1985). Thus, what is commonly known as the benchmarked concept for service quality research actually has its roots to production. Nevertheless, these researchers notice that service-driven processes i.e. the actual procedures, mechanisms, and flow of activities are of different nature to production, even though they share the same input-process-output configuration, as given in Figure 1. The different nature of characteristics lies in the domains of intangibility (i.e. services are performances or actions rather than objects, Zeithaml and Bitner, 1996, p. 19), heterogeneity (i.e. a result of human interaction, *ibid*, p. 20), simultaneity (i.e. simultaneous production and consumption), and perishability (i.e. services cannot be saved, stored, resold, or returned, *ibid*, p. 21). Within this context of differences, these researchers propose a generic five dimensions of measurement in qualifying service quality, namely as reliability, responsiveness, assurance, empathy, and tangibles (Parasuraman, Zeithaml, and Berry, 1988), and the conceptual understandings are given, for instance, in Zeithaml and Bitner (1996, p. 118), as follows:

- Reliability – Ability to perform the promised service dependably and accurately.
- Responsiveness – Willingness to help customers and provide prompt service.
- Assurance – Employees' knowledge and courtesy and their ability to inspire trust and confidence
- Empathy – Caring, individualized attention given to customers.
- Tangibles – Appearance of physical facilities, equipment, personnel, and written materials.

FIGURE 1: THE PRODUCTION ROOT OF SERVICE QUALITY CONCEPT

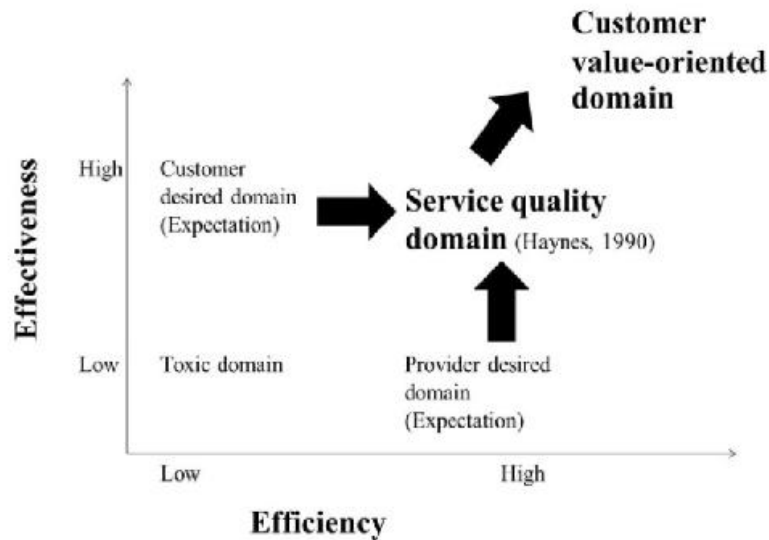


(Source: Adapted from Berry, Zeithaml, and Parasuraman, 1985; Tan, 2014a)

The second line of philosophical root on service quality owes to the skillful conception by Haynes (1990) who advocates that service is different from production in particular along the effectiveness domain, which connotes a scope of differentiation away from purely efficiency focus. A critical examination into the literature indicates that effectiveness is also a key strategic direction or quality for the production industry, as effectiveness-centered management stresses on doing the right things, instead of doing things right (efficiency). Pun, Chin, Chow, and Lau (2002) illuminates this concept further, in that effectiveness-centered philosophy actually encompasses the core concept of quality management, which places the principles of management values along errors prevention, reliability-centeredness and outcomes oriented. Having established in this effectiveness driven concept in service quality, it is not difficult to infer that the concept of SERVQUAL instrument also shares the effectiveness argument, although it was never mentioned in the literature. In particular, service reliability, as a measure into the extent to which customers perceive a promise can be delivered dependably and accurately (Zeithaml and Bitner, 1996, p. 119) and the assurance in inspiring trust and confidence by both the employees and the firm as a whole (ibid, p. 121) thus share the effectiveness-centered concept in total quality management.

Thus, by combining both efficiency (doing things right, efficiently, responsively) and effectiveness, by using the 2X2 matrix tool (Lowy and Hood, 2004), resources could be better organized in order to produce visual and affectionate impact to convince the customers for continual relationship (Tan, 2014d). The 2X2 configuration is shown in Figure 2, which indicates the usefulness of targeting at the service quality domain in the study of customer satisfaction and thus loyalty, but Figure 2 also highlights a need to move into values orientation, which has been neglected in the literature.

FIGURE 2: MOVING INTO THE HIGH EFFICIENCY-HIGH EFFECTIVENESS ZONE

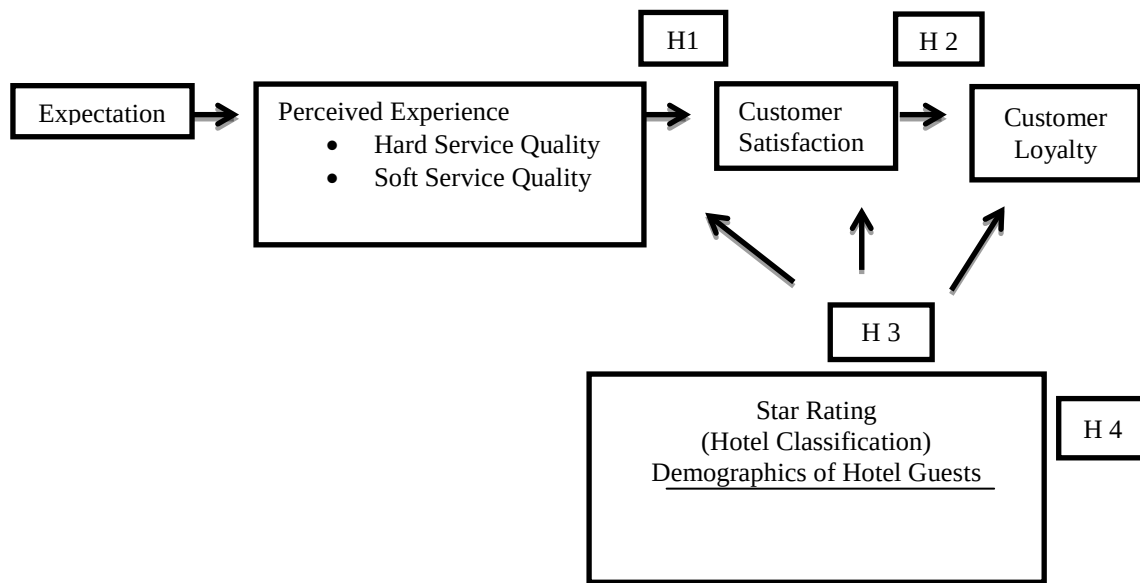


(Source: Adapted from Haynes, 1990; Tan, 2014a for the Customer Value-Oriented Concepts)

Thus far the literature review provides a certain degree of contribution to the body of knowledge, in giving a structure to the loosely arguments and research findings available in the bodies of knowledge relating to service marketing and service quality. In doing so it allows the hotels to have a management mechanism to organize the available resources (reflected for instance by the service quality, in terms of reliability, responsiveness, assurance, empathy, and tangibles) in order establish competitiveness (Barney, 1995; Tan, 2014d). Values judged as the worth should ultimately drive quality management initiatives (Smith, 1995, p. 60), and according to the research by Hanzaee and Khonsari (2011), values are dominantly utilitarian (practical) and affectionate (entertaining) in nature. Empathy, defined in Zeithaml and Bitner (1996, p. 122) as the caring, individualized attention the hotel provides its guest customers, describes the nature of affectionate or entertaining aspect of service quality. Both the utilitarian and affectionate values of service quality actually also reflect respectively the base of hard capital (i.e. tangibles) and soft capital (Boyett and Boyett, 2001).

In summary, the following theoretical model is formed which will guide the research design, such as further conceptualization of each of the involving constructs (perceived experience, customer satisfaction, and customer loyalty) and the operationalization of the constructs (i.e. questionnaire items development), data collection, data analysis, and conclusion.

FIGURE 3: THE THEORETICAL MODEL



(Source: Developed for this research)

Specifically, four hypotheses are raised:

- Hypothesis 1 (H1) – Perceived experience of service quality, manifested in hard and soft domains, is a significant predictor to customer satisfaction, and its strength is higher than that of expectation.
- Hypothesis 2 (H2) – Customer satisfaction is a better, significant predictor to customer loyalty, when compared to the perceived service quality.
- Hypothesis 3 (H3) – Star rating is a significantly useful proxy benchmark for service quality, as well as for the levels of customer satisfaction and customer loyalty.
- Hypothesis 4 (H4) – Demographics of hotel guests mediate the differences of the level of perceptions for service quality, customer satisfaction, and customer loyalty.

RESEARCH METHOD

First, a position for the research paradigm is justified, which leads to suggesting an empirical route for the research process. Then the issue of questionnaire development is discussed. Sampling is also discussed.

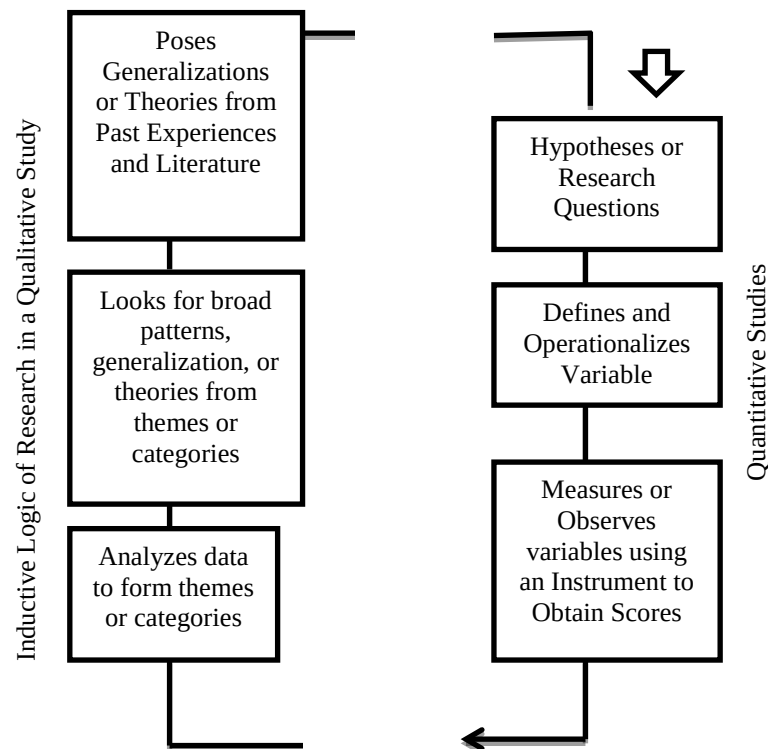
Research Paradigm and Design, and Sampling

Service quality, customer satisfaction and customer loyalty are measurable and observable attributes and thus render the research positioning itself in positivistic paradigm appropriate. Conceptualizations of these constructs are abundantly available in the literature. For instance, in Beerli, Martin, and Quintana (2004), customer loyalty is known to reflect a strong

commitment for future purchasing, whereas in Hanzaee and Khonsari (2011), customer satisfaction connotes a post-purchase experience feeling or evaluative conclusion, a concept similar to the production-oriented concept discussed in the model, Figure 1.

The positivistic paradigm thus allows the research process to proceed from a critical examination of the theory, and to gradually move into theoretical structure of the concepts and constructs in terms of a theoretical model, which in turn guides the operationalization (questionnaire development), data collection and data analysis of the research process, as indicated on the right hand side of the deduction process, in Figure 4 (Tan, 2014b).

FIGURE 4: A DEDUCTIVE-INDUCTIVE RESEARCH PROCESS



(Source: Adapted from Tan, 2014b. Deductive-Inductive Approach to Business Research)

To implement Figure 4, questionnaires are developed, and data are collected from among the people, through recalling, who have had stayed in hotels around Thailand. Each respondent is briefed on the ethical domains of the research, such as in the strict maintenance of confidentiality and willingness in the participation, by following the guidelines given, for instance, as articulated in Weathington, Cunningham, and Pittenger (2010). A total of 109 valid responses will be the base for the data analysis. The authors take note of, through observation, the participated respondents in comparison to those who rejected the participation, and it seems not differences demographically. Thus no particular actions were taken to examine the possible errors produced by the biases and the other uncontrollable aspects of the demographic segments.

Questionnaire

The questionnaire items include the measures of the key constructs (service quality, customer satisfaction and customer loyalty), relevant demographic variables i.e. age and gender, and hotel classification. Hotel classification in terms of the “Star” rating has been widely acknowledged by the hotel customers as a proxy benchmark for the levels and scopes of quality received, but as discussed in Fernandez and Bedia (2004), research projects focusing on using this quality system classification is scarce. Thus, the inclusion of this variable is both necessary and important. In measuring service quality, the most commonly used instrument, SERVQUAL owed to Parasuraman, Zeithaml, and Berry (1988), was adapted, but the contents was modified to ensure the fitness to the Thai’s hotel context. In this aspect, reliability test based on determining the Cronbach’s Alpha coefficients was carried out, and only upon confirmed the reliability level according to the guideline given in Nunnally (1978), the inferential statistics and the descriptive statistics were performed. A threshold of 0.6 for the completely new developed items and 0.8 or above for the very reliable instrument are suggested in Nunnally (1978). In the developing process of questionnaire items, the authors follow the guideline of reliability strictly, for instance, by keeping the rater from knowing the posited hypotheses during the focus group discussion (Weathington, Cunningham, and Pittenger, 2010, p.254), and by critically understanding the available literature to ensure wordings reflect the concepts (Tan, 2014b; 2014c). The latter is important as the objective for a reliable instrument is to use it as a base to establish both contents and construct validity (Tan, 2014c), and each of the content within the construct must reflect the internal consistency needed, represented by the Cronbach’s Alpha (Fraenkel, Wallen, and Hyun, 2012, p. 157).

DATA ANALYSIS, RESULTS AND DISCUSSION

Data analyses are organized around the four hypotheses raised in the literature review section. While the first two hypotheses need the use of correlations and multivariate regression analyses, the latter two hypotheses (H3 and H4) would need to ANOVA and t-test for the assistances.

- Hypothesis 1 (H1) – Perceived experience of service quality, manifested in hard and soft domains, is a significant predictor to customer satisfaction, and its strength is higher than that of expectation.
- Hypothesis 2 (H2) – Customer satisfaction is a better, significant predictor to customer loyalty, when compared to the perceived service quality.
- Hypothesis 3 (H3) – Star rating is a significantly useful proxy benchmark for service quality, as well as for the levels of customer satisfaction and customer loyalty.
- Hypothesis 4 (H4) – Demographics of hotel guests mediate the differences of the level of perception for service quality, customer satisfaction, and customer loyalty.

First, the construct validity is verified through the factor analysis, indicated reliably in Table1, passing all the requirements, i.e. that the Kaiser-Meyer-Olkin measure of sampling adequacy is far greater than 0.60 (Hair, Black, Babin, Anderson, and Tatham2006).

TABLE 1: RELIABILITY MEASURES AND SAMPLING ADEQUACY MEASURE THROUGH KAISER-MEYER-OLKIN

Constructs	Cronbach Alpha Coefficients	Kaiser-Meyer-Olkin Indicator
Tangible	0.8751	0.889
Reliability	0.8527	0.853
Responsiveness	0.8237	0.835
Assurance	0.8651	0.860
Empathy	0.9420	0.918
Customer Satisfaction	0.8428	0.806
Customer Loyalty	0.9033	0.886

The analysis and discussion follow the sequence of the hypotheses.

- Hypothesis 1 (H1) – Perceived experience of service quality, manifested in hard and soft domains, is a significant predictor to customer satisfaction, and its strength is higher than that of expectation.
- Hypothesis 2 (H2) – Customer satisfaction is a better, significant predictor to customer loyalty, when compared to the perceived service quality.

Both Table 2 and Table 3 present the structure of the correlations relationship between the different domains of service quality, customer satisfaction and customer loyalty. It is clear that when Table 2 and Table 3 are placed side by side for comparison, the perceived service quality experiences have significantly higher level of relationship when compared to the service quality gaps. This thus establishes the base for the hypothesis 1.

TABLE 2: CORRELATION STRUCTURE OF THE SERVICE QUALITY GAPS TO CUSTOMER SATISFACTION AND LOYALTY

	Tangible	Reliability	Responsive-ness	Assurance	Empathy	Customer Satisfaction	Customer Loyalty
Tangible	1	0.712**	0.661*	0.417**	0.597**	0.420**	0.306**
Reliability		1	0.725**	0.501**	0.756**	0.454**	0.291**
Responsiveness			1	0.586**	0.705**	0.448**	0.346**
Assurance				1	0.578**	0.247**	0.138
Empathy					1	0.359**	0.281**
Customer Satisfaction						1	0.739**
Customer Loyalty							1

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

TABLE 3: CORRELATION STRUCTURE OF THE PERCEIVED SERVICE QUALITY TO CUSTOMER SATISFACTION AND LOYALTY

	Tangible	Reliability	Responsive-ness	Assurance	Empathy	Customer Satisfaction	Customer Loyalty
Tangible	1	0.801**	0.743**	0.742**	0.728**	0.622**	0.447**
Reliability		1	0.729**	0.678**	0.800**	0.621**	0.445**
Responsiveness			1	0.818**	0.758**	0.591**	0.522**
Assurance				1	0.750**	0.607**	0.409**
Empathy					1	0.601**	0.457**
Customer Satisfaction						1	0.739**
Customer Loyalty							1

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

Also, Table 2 and Table 3 highlight the higher correlations of customer satisfaction in associating with customer loyalty, when compared with other domains of the service quality. Specifically, customer satisfaction can explain 54.7% of the variability of customer loyalty, which is significantly high, as shown in Table 4.

TABLE 4: MULTIVARIATE REGRESSION SHOWING CUSTOMER SATISFACTION PREDICTING CUSTOMER LOYALTY

Model Summary					
Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	
1	0.739 ^a	0.547	0.542	0.46052	
a. Predictors: (Constant), Customer Satisfaction					
b. Dependent Variable: Customer Loyalty					
ANOVA					
Model	Sum of R^2	df	Mean Square	F	Sig.
Regression	27.369	1	27.369	129.051	0.000 ^a
Residual	22.692	107	0.212		
Total	50.061	108			
Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.337	0.293		1.151	0.252
Customer Satisfaction	0.841	0.074	0.739	11.360	0.000

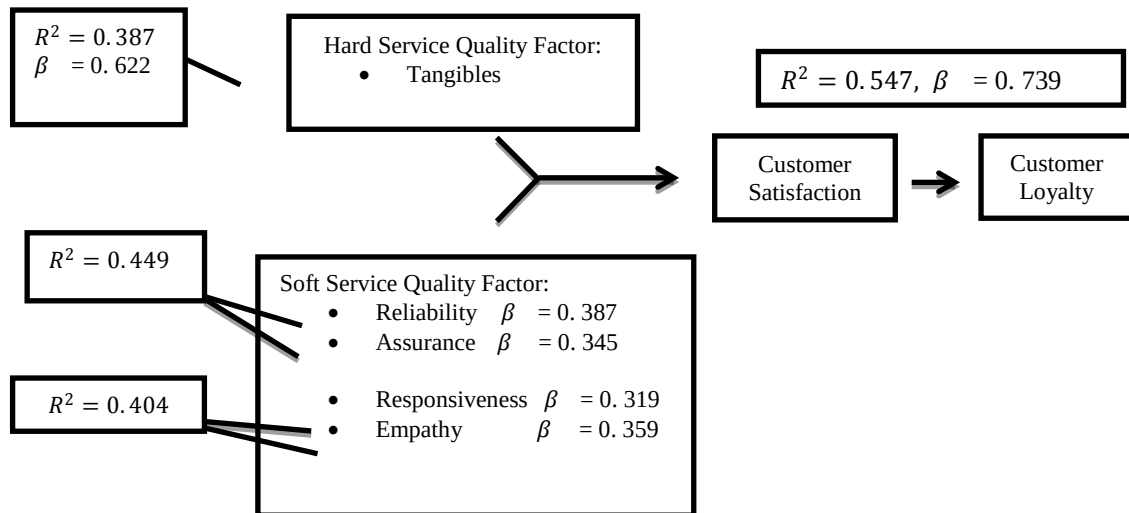
Thus, hypothesis 1 (H1) and hypothesis 2 (H2) can be supported, as also shown in Figure 5, in that:

- Hypothesis H1 – Hard service quality factor in terms of tangibles can explain 38.7% of the variability of customer satisfaction, and that the soft service quality factor, grouped into reliability and assurance, and the responsiveness and empathy, can collectively explain 44.9% and 40.4% of the variability of customer satisfaction. While the tangibles present the utilitarian value of the service quality of the hotel services, reliability and assurance connotes reliability-centered, and responsiveness and empathy reflect the affectionate soft-side of the service

quality. Thus, service quality nature is tangible, reliable and affectionate in nature.

- Hypothesis H2 –Customer satisfaction is not only positively associated with customer loyalty, but it can individually explain 54.7% of the variability of customer loyalty.

FIGURE 5: THE SERVICE QUALITY-CUSTOMER SATISFACTION-CUSTOMER LOYALTY MODEL



(Source: Developed for this research)

Hypothesis 3 (H3), in that star rating is a significantly useful proxy benchmark for service quality, as well as for the levels of customer satisfaction and customer loyalty, is supported clearly by the means values displayed in Table 5, validated by the significant levels of the ANOVA tests across all the constructs in Table 6:

TABLE 5: THE MEANS VALUES OF THE INVOLVING CONSTRUCTS ACROSS DIFFERENT HOTEL STAR RATINGS

Descriptives									
		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
Tangible Perception	2	6	3.4033	.77019	.31443	2.5951	4.2116	2.17	4.33
	3	37	3.5735	.39677	.06523	3.4412	3.7058	2.50	4.33
	4	39	3.8672	.48554	.07775	3.7098	4.0246	2.50	4.92
	5	27	4.3030	.53083	.10216	4.0930	4.5130	3.25	5.00
	Total	109	3.8499	.56515	.05413	3.7426	3.9572	2.17	5.00
Reliability Perception	2	6	3.0000	.94657	.38644	2.0066	3.9934	1.60	4.20
	3	37	3.5189	.53011	.08715	3.3422	3.6957	2.40	4.60
	4	39	3.8000	.63412	.10154	3.5944	4.0056	1.60	5.00
	5	27	4.2815	.56910	.10952	4.0564	4.5066	3.20	5.00
	Total	109	3.7798	.68904	.06600	3.6490	3.9106	1.60	5.00
Responsiveness Perception	2	6	3.1117	1.02488	.41841	2.0361	4.1872	1.50	4.50
	3	37	3.5132	.58514	.09620	3.3181	3.7083	2.17	5.00
	4	39	3.8418	.45418	.07273	3.6946	3.9890	3.00	5.00
	5	27	4.1793	.53274	.10253	3.9685	4.3900	3.17	5.00
	Total	109	3.7737	.62773	.06013	3.6545	3.8928	1.50	5.00
Assurance Perception	2	6	3.0533	.72091	.29431	2.2968	3.8099	1.83	4.00
	3	37	3.6116	.56005	.09207	3.4249	3.7984	2.33	4.50
	4	39	3.8377	.52112	.08345	3.6688	4.0066	2.83	5.00
	5	27	4.1604	.61329	.11803	3.9178	4.4030	3.00	5.00
	Total	109	3.7977	.62515	.05988	3.6790	3.9164	1.83	5.00
Empathy Perception	2	6	3.0350	.85981	.35102	2.1327	3.9373	1.57	4.21
	3	37	3.5608	.51392	.08449	3.3895	3.7322	2.36	4.71
	4	39	3.7787	.65209	.10442	3.5673	3.9901	2.21	5.00
	5	27	4.2911	.45963	.08846	4.1093	4.4729	3.21	5.00
	Total	109	3.7907	.65972	.06319	3.6655	3.9160	1.57	5.00
Customer Satisfaction	2	6	3.0567	.34535	.14099	2.6942	3.4191	2.50	3.50
	3	37	3.6889	.52847	.08688	3.5127	3.8651	2.50	4.67
	4	39	3.9823	.45349	.07262	3.8353	4.1293	3.00	5.00
	5	27	4.3204	.59918	.11531	4.0833	4.5574	3.00	5.00
	Total	109	3.9155	.59880	.05735	3.8018	4.0292	2.50	5.00
Customer Loyalty	2	6	2.7600	.45158	.18435	2.2861	3.2339	1.89	3.22
	3	37	3.3449	.58674	.09646	3.1492	3.5405	1.33	4.44
	4	39	3.7441	.54204	.08680	3.5684	3.9198	2.67	5.00
	5	27	4.0452	.70086	.13488	3.7679	4.3224	2.89	5.00
	Total	109	3.6290	.68083	.06521	3.4997	3.7583	1.33	5.00

TABLE 6: ANOVA TEST RESULTS OF THE DIFFERENT CONSTRUCTS ACROSS DIFFERENT HOTEL STAR RATINGS

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Tangible Perception	Between Groups	9.577	3	3.192	13.452	.000
	Within Groups	24.918	105	.237		
	Total	34.495	108			
Reliability Perception	Between Groups	12.978	3	4.326	11.861	.000
	Within Groups	38.297	105	.365		
	Total	51.276	108			
Responsiveness Perception	Between Groups	9.761	3	3.254	10.418	.000
	Within Groups	32.796	105	.312		
	Total	42.557	108			
Assurance Perception	Between Groups	8.219	3	2.740	8.464	.000
	Within Groups	33.989	105	.324		
	Total	42.208	108			
Empathy Perception	Between Groups	12.149	3	4.050	12.199	.000
	Within Groups	34.856	105	.332		
	Total	47.004	108			
Customer Satisfaction	Between Groups	10.925	3	3.642	13.755	.000
	Within Groups	27.800	105	.265		
	Total	38.725	108			
Customer Loyalty	Between Groups	12.711	3	4.237	11.912	.000
	Within Groups	37.349	105	.356		
	Total	50.061	108			

What has been displayed in Table 5 and Table 6 thus also share the understanding of Nunez-Serrano, Turrion, and Velazquez (2004) in that the “Star” rating assigned to hotels do constitute a mechanism capable to address the problem of asymmetric information inherent in the hotel market in the relationship between customers and producers. In particular, Table 7 shows that a significant part of the asymmetric information is related to the domains of service quality, or in other words, the service quality itself.

TABLE 7: CORRELATIONS BETWEEN STAR RATING AND OTHER DOMAINS OF SERVICE QUALITY

		Correlations					
		Tangible Perception	Reliability Perception	Responsiveness Perception	Assurance Perception	Empathy Perception	Star Rating
Tangible Perception	Pearson Correlation	1	.801**	.743**	.742**	.728**	.518**
	Sig. (2-tailed)	.	.000	.000	.000	.000	.000
	N	109	109	109	109	109	109
Reliability Perception	Pearson Correlation	.801**	1	.729**	.678**	.800**	.497**
	Sig. (2-tailed)	.000	.	.000	.000	.000	.000
	N	109	109	109	109	109	109
Responsiveness Perception	Pearson Correlation	.743**	.729**	1	.818**	.758**	.478**
	Sig. (2-tailed)	.000	.000	.	.000	.000	.000
	N	109	109	109	109	109	109
Assurance Perception	Pearson Correlation	.742**	.678**	.818**	1	.750**	.431**
	Sig. (2-tailed)	.000	.000	.000	.	.000	.000
	N	109	109	109	109	109	109
Empathy Perception	Pearson Correlation	.728**	.800**	.758**	.750**	1	.496**
	Sig. (2-tailed)	.000	.000	.000	.000	.	.000
	N	109	109	109	109	109	109
Star Rating	Pearson Correlation	.518**	.497**	.478**	.431**	.496**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.
	N	109	109	109	109	109	109

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

Specifically, the hotel's "Star" rating itself can explain 24.8% of the variability of the hotel guests' loyalty, as shown in Table 8, which thus further reinforces the support for hypothesis 3 (H3).

TABLE 8: LINEAR REGRESSION ANALYSIS SHOWING THE SIGNIFICANT ROLE OF STAR RATING CLASSIFICATION IN PREDICTING HOTEL GUEST LOYALTY

Model Summary					
Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	
1	0.498 ^a	0.248	0.240	0.59334	
a. Predictors: (Constant), Star Rating					
b. Dependent Variable: Customer Loyalty					
ANOVA					
Model	Sum of R^2	df	Mean Square	F	Sig.
Regression	12.391	1	12.391	35.197	0.000 ^a
Residual	37.670	107	0.352		
Total	50.061	108			
Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.166	0.253		8.563	0.000
Star Rating	0.385	0.065	0.498	5.933	0.000

- Hypothesis 4 (H4) – Demographics of hotel guests mediate the differences of the level of perceptions for service quality, customer satisfaction, and customer loyalty.

Demographic variables in terms of gender, marital status, nationality, occupation, partnership in the trip, purpose of the trip, frequency of stay at hotel, and price sensitivity are analyzed through either t-test and/or ANOVA tests. For the constraints of the space, the tables are not displayed, as they will occupy too much spaces, and also the sense of the tabular configurations have already discussed above in other constructs. For illustrative purposes, the differences of the perceived levels of service quality between males and females are shown in Table 9. The females have significantly higher level of perceived service quality experiences when compared to the males across all boards, as shown in Table 9. No significant differences for other demographic variables are located, for instance for age, marital status, nationality, occupation, traveling with either partners or being alone, the purpose of trip as in business or recreation, frequency of stay at hotel, and being price sensitivity or not.

TABLE 9: THE DIFFERENCES OF THE PERCEIVED LEVEL OF SERVICE QUALITY BETWEEN MALES AND FEMALES

Group Statistics					
Gender		N	Mean	Std. Deviation	Std. Error Mean
Tangible Perception	Male	55	3.6556	.49435	.06666
	Female	53	4.0408	.57121	.07846
Reliability Perception	Male	55	3.5455	.66606	.08981
	Female	53	4.0189	.63883	.08775
Responsiveness Perception	Male	55	3.6095	.63002	.08495
	Female	53	3.9366	.58959	.08099
Assurance Perception	Male	55	3.6087	.60312	.08132
	Female	53	3.9900	.59808	.08215
Empathy Perception	Male	55	3.5422	.64869	.08747
	Female	53	4.0353	.57530	.07902
Customer Satisfaction	Male	55	3.7147	.54528	.07352
	Female	53	4.1128	.58911	.08092
Customer Loyalty	Male	55	3.5076	.65722	.08862
	Female	53	3.7458	.69297	.09519

Lastly, the ANOVA test shows no significant difference for all the involving constructs (i.e. the different domains of service quality, customer satisfaction and customer loyalty) for hotels in different locations in Thailand, as shown in Table 10. Note that only the means scores are shown, in Table 10.

TABLE 10: THE MEANS SCORES ACROSS THE CONSTRUCTS FOR THE HOTELS IN DIFFERENT LOCATIONS IN THAILAND

Descriptives									
		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
Tangible Perception	Bangkok	28	3.7139	.60384	.11412	3.4798	3.9481	2.17	4.92
	Chiang Mai	31	4.0265	.60025	.10781	3.8063	4.2466	2.50	5.00
	Ayutthaya	4	3.7475	.54058	.27029	2.8873	4.6077	3.08	4.33
	Phuket	14	3.8271	.65037	.17382	3.4516	4.2027	3.00	5.00
	Pattaya	32	3.8206	.43644	.07715	3.6633	3.9780	2.92	5.00
	Total	109	3.8499	.56515	.05413	3.7426	3.9572	2.17	5.00
Reliability Perception	Bangkok	28	3.6786	.78001	.14741	3.3761	3.9810	1.60	5.00
	Chiang Mai	31	3.8710	.67439	.12112	3.6236	4.1183	2.40	5.00
	Ayutthaya	4	4.0500	.82260	.41130	2.7411	5.3589	3.00	5.00
	Phuket	14	3.7429	.66299	.17719	3.3601	4.1257	2.60	5.00
	Pattaya	32	3.7625	.63741	.11268	3.5327	3.9923	2.20	5.00
	Total	109	3.7798	.68904	.06600	3.6490	3.9106	1.60	5.00
Responsiveness Perception	Bangkok	28	3.7321	.69697	.13171	3.4619	4.0024	1.50	5.00
	Chiang Mai	31	3.7965	.57633	.10351	3.5851	4.0079	2.17	5.00
	Ayutthaya	4	3.7075	.67248	.33624	2.6374	4.7776	3.00	4.50
	Phuket	14	3.6186	.69969	.18700	3.2146	4.0226	2.33	5.00
	Pattaya	32	3.8641	.59773	.10566	3.6486	4.0796	2.67	5.00
	Total	109	3.7737	.62773	.06013	3.6545	3.8928	1.50	5.00
Assurance Perception	Bangkok	28	3.7671	.65161	.12314	3.5145	4.0198	1.83	5.00
	Chiang Mai	31	3.8535	.67065	.12045	3.6076	4.0995	2.33	5.00
	Ayutthaya	4	3.7525	.44033	.22017	3.0518	4.4532	3.17	4.17
	Phuket	14	3.6436	.69690	.18625	3.2412	4.0460	2.67	5.00
	Pattaya	32	3.8434	.56296	.09952	3.6405	4.0464	2.83	4.83
	Total	109	3.7977	.62515	.05988	3.6790	3.9164	1.83	5.00
Empathy Perception	Bangkok	28	3.7636	.73247	.13842	3.4796	4.0476	1.57	5.00
	Chiang Mai	31	3.9403	.66271	.11903	3.6972	4.1834	2.36	5.00
	Ayutthaya	4	3.7150	.58700	.29350	2.7810	4.6490	2.93	4.29
	Phuket	14	3.7450	.57325	.15321	3.4140	4.0760	3.00	5.00
	Pattaya	32	3.6991	.64762	.11448	3.4656	3.9326	2.36	4.79
	Total	109	3.7907	.65972	.06319	3.6655	3.9160	1.57	5.00
Customer Satisfaction	Bangkok	28	3.9514	.48244	.09117	3.7644	4.1385	2.83	5.00
	Chiang Mai	31	4.0484	.66669	.11974	3.8038	4.2929	2.50	5.00
	Ayutthaya	4	3.6675	.71751	.35876	2.5258	4.8092	2.67	4.33
	Phuket	14	3.6436	.69179	.18489	3.2441	4.0430	2.67	5.00
	Pattaya	32	3.9053	.55277	.09772	3.7060	4.1046	2.50	4.83
	Total	109	3.9155	.59880	.05735	3.8018	4.0292	2.50	5.00
Customer Loyalty	Bangkok	28	3.6457	.46730	.08831	3.4645	3.8269	2.89	5.00
	Chiang Mai	31	3.8110	.79585	.14294	3.5190	4.1029	1.33	5.00
	Ayutthaya	4	3.6400	.84904	.42452	2.2890	4.9910	2.89	4.67
	Phuket	14	3.2379	.68729	.18369	2.8410	3.6347	2.33	5.00
	Pattaya	32	3.6078	.66403	.11738	3.3684	3.8472	1.89	4.78
	Total	109	3.6290	.68083	.06521	3.4997	3.7583	1.33	5.00

CONCLUSION

The significant contribution of this research lies in the literature review which is made capable to put a structure on the research subject, namely service quality. The research so far has been very loosely organized, rendering the theoretical bases very fragmented, and unclear, and thus draws a number of critique (Buttle, 1996; Jain and Gupta, 2004). The ability to do also provides a practical implication for the management, in that it allows the organizations like the hotels to have a conceptual or managerial mechanism to organize the available resources and the competencies. Organization is a quality in itself, and that systems capability allows the other characteristics of the available resources or service quality, i.e.

reliability, responsiveness, empathy, tangibles, and assurance, to generate the differentiation needed to establish competitive advantage (Barney, 1995; Tan, 2014d). On the empirical terms, this research delivers few important outcomes. First, what has been argued in Jain and Gupta (2004) and Buttle (1996), in that perceived experience is more meaningful to the service quality gap as predictors to customer satisfaction, is valid. This can also be reasoned from the sequential input-process-output configuration of the service quality model articulated in the literature review section, in that, customer experience (process) has direct impact on customer satisfaction (output), whereas the input (expectation) has become indirect. Also, the research shows that customer loyalty is predominantly predicted by customer satisfaction, rather than acted directly through the service quality experiences. The hotel classification in terms of “Star” rating can also be considered as a useful benchmark for the overall quality standard of the hotels, although at a lower regression strength than customer satisfaction. The research, lastly, also shows that the model applies to all sorts of hotels in different locations around Thailand, and the only demographic variable playing the significantly role in mediating the differences is gender. In general, the females have higher perceived values for all the domains of service quality, and customer satisfaction and customer loyalty.

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**VALUE-DRIVEN SERVICE QUALITY AND ITS HEDONIC AND UTILITARIAN
ROLES IN CREATING COGNITIVE, CONATIVE, AND AFFECTIVE CUSTOMER
LOYALTY: A SURVEY-BASED RESEARCH TARGETING CHIANG RAI
CENTRAL PLAZA**

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ABSTRACT

This research studies how value-oriented service quality influences customer service loyalty. Factor analyses indicate that both service quality and customer loyalty share common hedonic and utilitarian values that are perceived as important to form customer loyalty in the domains of cognition, conation and affection. Customer attitudes of 'Enjoyable', 'Exciting' and 'Functional' types comprise the majority of the frequent visits to restaurant services in Chiang Rai's Central Plaza. Customers citing favorable experience also tend to be more committed as loyal customers. More detailed findings and implications are also discussed.

INTRODUCTION

With the accelerating proliferation of competitors enabled by new entrepreneurs joining the restaurant businesses to deliver low-involvement food choices to the market, failing to differentiate in order to create customer loyalty could lead to competitive disadvantage. According to the resource-based view (RBV) of the firm, such a business entity is considered as lacking of "valuable" selling points. To be able to gain the committed patronage of the customers to the restaurants, differentiation must be created in the services by the way they use their resources (Penrose, 1959) such as employees, the meal menu design (Ozdemir and Caliskan, 2014), atmospheric elements (Ariffin, Bibon, and Abdullah, 2012), and the tangible environment (Ryu and Han, 2011) in ways that are organized to create and deliver value to the customers (Tan, 2014a). From the RBV of competitive strategy, even the emotional experiences of the patrons to the restaurants (Han and Jeong, 2013) could be considered as a resource (Tan, 2014a), but manifested as a facet of intangible resource.

Despite the countless benefits that the RBV of the firm has provided to marketing theory and practice (Auh and Menguc, 2009), RBV theory of competition has hardly been applied to explain the phenomenon of service quality to predict customer loyalty. For the restaurant services to gain competitive advantage relative to alternative choices in the markets, according to Barney (1995), it is important they possess the VRIO characteristics – in that the resources of the firm must be valuable, rare, inimitable, and involve organizational support. In this research, the "value" aspect of the restaurants' resources, the capabilities or competencies that organize the resources (i.e. in terms of service quality dimensions like empathy, responsiveness, reliability, assurance, tangibles; Parasuraman, Zeithaml, and Berry, 1988), will be focused upon. In other words, a value-driven service and thus, its quality, will be examined to study how it impacts on customer loyalty.

Logically, at this state, questions that aim to address the types of value considered relevant to restaurant customers and how these value types could reflect the nature of customer loyalty

could be the important direction for this research. These values, for restaurant services, could be termed consumer values (Jensen and Hansen, 2007), which are understood as an interactive relativistic preference experience, or as value attitudes such as being extrinsic or intrinsic, self-orientation or other-orientation, or active or reactive in nature. More specific values preferences could be presented in terms of “play” or “fun” (Holbrook, 1999), which is an active, self-oriented, intrinsic value characterized by enjoyment (Jensen and Hansen, 2007), or as “enjoyable” which reinforces the feeling of pleasure in the consumption process (Sanchez, Callarisa, and Rodriguez, 2006). These values-driven attitudes or preferences are operationalized in the measurement instrument of this research as consumer attitude. Two broad-based categories of values relevant to restaurant services are hedonic and utilitarian in nature (Hanzaee and Khonsari, 2011), which could be reflected in the affective and cognitive bases of customer loyalty (Dube, Cervellon, and Jinguan, 2003).

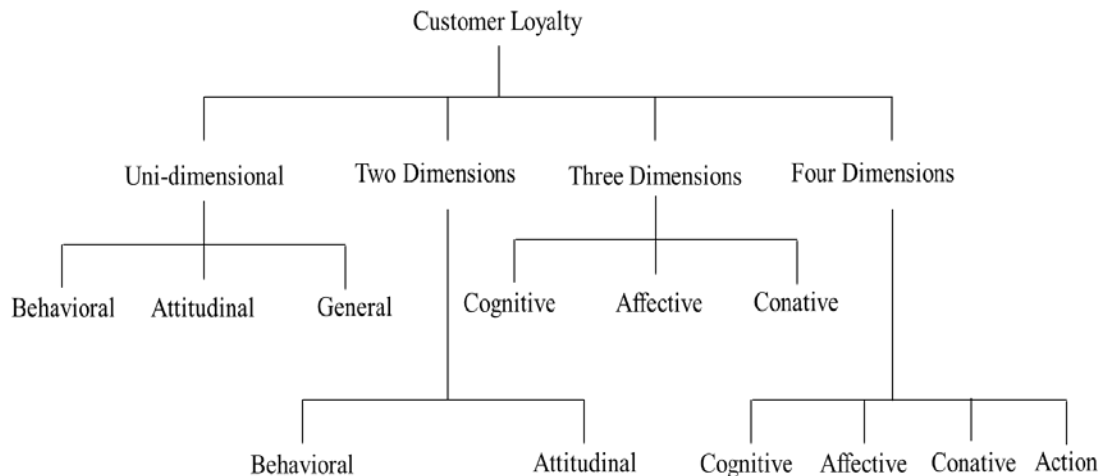
Now that the theoretical base is pinned down, what follows are the literature review of the constructs needed to be clarified in the direction to enrich the understanding of the value-driven aspects of service quality and their predictability power for generating customer loyalty. First, customer loyalty is discussed. Then the hedonic and utilitarian characteristics of service quality are discussed. Finally a theoretical model is presented and research questions are raised collectively in addressing the model.

LITERATURE REVIEW

The literature review is structured by focusing on the involving constructs, namely customer loyalty and its service quality as the predictors, and hedonic and utilitarian values that form the themes of the nature of service experiences.

Customer loyalty has, in general, two characteristics, namely behavioral manifestation and attitude. Loyal customers are committed to repeat patronage (Oliver, 1997), molded by the belief or an attitude towards the quality of the services or products, which actually cause the actual continuity of the services (Uncles, Dowling, and Hammond, 2003), even when the competitors are making a penetrative effort to attempt to cause behavioral switching (Oliver, 1999). According to the theory of mind (Frith and Frith, 2003), this stickiness to a place, a product or a service is the works of beliefs (cognitive loyalty), emotive (affective loyalty), and the ironic and intentional (conative) mental working of the customers. According to Yuksel, Yuksel, and Bilim (2010), cognitive loyalty is in nature evaluative, and essentially the formation of attitude or behavior resulting from comparing the perceived experiences of the services in association with the expectations or the standards of the alternative restaurants. Conative loyalty, when it is seen from the perspective of the theory of mind (Frith and Frith, 2003), is an attitude or behavior that sees the customers influencing the mental and emotional state of another, as well as making an assertive intention to revisit the services. Affective loyalty is the feeling associated with the services or the food offered. In sum, customer loyalty can be treated based on the uni-dimensional approach, or concepts involving two dimensions (i.e. behavioral and attitude), three dimensions (cognitive, affective, and conative), or four dimensions, as shown in Figure 1.

FIGURE 1: DIMENSIONAL STRUCTURE OF CUSTOMER LOYALTY



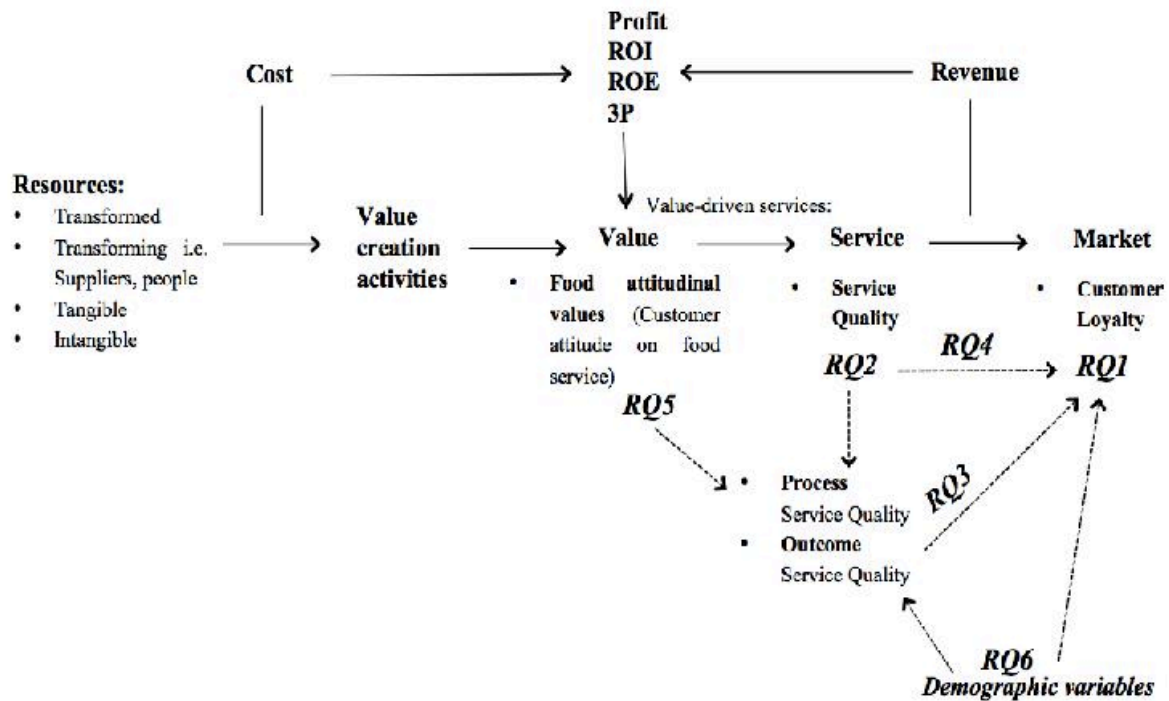
(Source: Developed for this research)

To establish customer loyalty, service firms need to differentiate, especially by focusing on the service delivery aspects. Two types of service quality were particularly targeted, namely the functional and the outcome based (Grönroos, 1982) for the suitability in the restaurant contexts. In the research of Zeithaml and Bitner (1996) it was found that customers do not perceive quality as uni-dimensional concept and thus they suggested using reliability, responsiveness, assurance, empathy and tangibles as the domains of the service quality attributes. SERVQUAL instrument is the popular version used by researchers and thus reliability robustness is widely shared (Parasuraman, Zeithaml, and Berry, 1988).

As to values that drive the design, creation and delivery of services and the food choices in a restaurant setting, two broad-based attributes of values are considered useful, namely utilitarian and hedonic values (Hanzaee and Khonsari, 2011). Utilitarian value is known as fulfilling the basic need of the food consumption. It is by its nature instrumental, task-rational, functional and cognitive. The hedonic value stresses the emotional fulfillment in the food consumption as well as in the shopping environment (Babin, Darden, and Griffin, 1994).

In sum, the theoretical, contextual understanding of the research phenomenon can now be configured in a theoretical model, in Figure 2, and six research questions are to be addressed. The statements for these research questions are given in the “Data Analysis, Results and Discussion” section.

FIGURE 2: THEORETICAL MODEL



(Source: Adapted from Tan, 2014a)

RESEARCH METHOD

A survey involves the collection of the information from the participants, on individual basis, about themselves (Rossi, Wright, and Anderson, 1983) in regards to the research phenomenon. This research underpins on a deductive approach (Tan, 2014b), as a nature of confirmatory (or theory testing, or explanatory) survey research, and according to Forza (2002, p.155), such an approach is useful when “knowledge of a phenomenon has been articulated in a theoretical form using well-defined concepts, models and propositions”. Based on the business model approach (Tan, 2014a), having its roots in the externally oriented competitiveness model (Porter, 1985), the internally oriented resources advantages (Barney, 1995), and the value creation advantage (Kim and Mauborgne, 2005), a theoretical model is developed which provides the framework for the entire empirical research process. First, appropriate concepts are sorted out from the literature review. Then 44 questionnaire items are developed, partly self-developed (but subjected to the reliability test, as shown in Table 1), and partly adapted from the following lists (but all are subjected to the reliability test, as shown in Table 1):

- Process-centric service quality questionnaire items adapted from the concepts of SERVQUAL in terms of the five domains (Hwang and Ok, 2013; Parasuraman, Zeithaml, and Berry, 1988).
- Outcome service quality: Six factors are widely accepted as outcome service quality in restaurants: Food Freshness (Andaleeb and Caskey, 2007; Namkung and Jang, 2007), Portion Size (Raajpoot, 2002), Menu Variety (Lim, Yang, and Cha, 1999), Food Presentation (Raajpoot, 2002; Namkung and Jang, 2007), Food Taste (Jung, Yeom,

and Sohn, 2007), Food Temperature (Delwiche, 2004). There are seven questions included in this part in order to measure the outcome service quality.

- Customer attitude – concept adapted from Voss, Spangenberg , and Grohmann (2003)
- Customer loyalty – concept adapted from Leeand Hing (1995).

TABLE 1: RELIABILITY TEST AND SAMPLING ADEQUACY MEASURE OF THE INSTRUMENT

Constructs	Cronbach Alpha Coefficients	Kaiser-Meyer-Olkin Indicator
Process-centric Service Quality	0.9291	0.864
Outcome-based Service Quality	0.8499	0.843
Customer Loyalty	0.8998	0.886

Table 1 confirms the reliability measure standard, passing the “Very Reliable” threshold of 0.8 as required for the reliability of questionnaire-based instruments (Nunnally, 1978). In addition, the Kaiser-Meyer-Olkin measure also indicates the adequacy of the sampling, far greater than the requirement at 0.60 (Hair, Black, Babin, Anderson, and Tatham, 2006). The questionnaire instrument gained significant reliability and construct validity after it was subjected to two rounds of pilot testing, including a focus group that involves the MBA students and one professor of business research and competitive business strategy discussing the suitability of the statements, in accordance with the guidelines on questionnaire development, for instance, as given in Nardi (2003). Pilot tests involved 40 participants filling out the questionnaires. These participants had dined at either the chain restaurants, fast food restaurants, or the food court eateries at the Central Plaza, located in Chiang Rai, Thailand. After confirming the suitability of the pilot tests, through the assessment from the inferential statistics, the final data collection was sought from the patrons to these restaurants, in August 2014. A total of 100 valid responses were counted for the statistical analysis.

ANOVA test indicates that the elapsed time of recall has no impact on the total picture of the service driving values and their influences on customer loyalty. This also implies that the way the questionnaire was developed and delivered was reliable based on time-based recall-ability and the phenomenon of service quality and customer loyalty, for low-involvement restaurant services, has the significantly greater attitude persistency. This significantly greater attitude persistency, according to Malhotra’s (2005) research finding, and for low-involvement decision-making and consumption, could account for automatic habitual behavior such as that engendered by past use (ibid,p.478).

DATA ANALYSIS, RESULTS AND DISCUSSION

Research questions 1 and 2 provide the evidences of validity of the operationalization that measures that conceptualization of the two important constructs, namely service quality and customer loyalty. Answering these questions not only provides the construct-related evidence of validity but also allows clarification of the dimensions needed to explain the characteristics and phenomenon of the constructs. Construct-related evidence of validity refers to the nature

of the psychological construct or characteristic being measured by the instrument (Fraenkel, Wallen, and Hyun, 2012, p. 148).

Research Question 1: What are the distinctive dimensions of characteristics that describe or explain customer loyalty and does a favorable impression also generally reflect a higher level of customer loyalty?

The statistical tool used to answer this question is fundamentally known as “Factor Analysis” (Hair, *et al.*, 2006). According to Tan (2014b), factor analysis provides the validation basis for both construct and content validity through data reduction approaches provided appropriate scopes and depth of the bodies of knowledge in the literature are reviewed and well understood. Thus, factor reduction, is a way to condense (summarize) the information contained in the questionnaire items into a smaller set of variables that explain the dimensions of the constructs. Construct validity is revealed when factor analysis confirms the structure of the characteristics of the phenomenon discussed in the literature, namely in this case, as customer loyalty. Table 2 displays the outcomes of factor analysis.

TABLE 2: OUTCOMES OF FACTOR ANALYSIS AND ITS ROTATED MATRIX

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.068	46.673	46.673	6.068	46.673	46.673	4.219	32.455	32.455
2	1.041	8.005	54.678	1.041	8.005	54.678	2.889	22.223	54.678
3	.906	6.973	61.651						
4	.856	6.584	68.235						
5	.802	6.171	74.406						
6	.628	4.833	79.239						
7	.589	4.534	83.773						
8	.533	4.103	87.876						
9	.453	3.481	91.357						
10	.339	2.608	93.966						
11	.303	2.330	96.296						
12	.266	2.042	98.338						
13	.216	1.662	100.000						

Extraction Method: Principal Component Analysis.

Rotated Component Matrix^a

	Component	
	1	2
D43	.778	.277
D44	.759	.392
D41	.735	.160
D42	.660	.281
D34	.600	
D36	.590	.447
D32	.581	.389
D35	.528	.483
D33	.504	.484
D38		.893
D39	.325	.595
D40	.398	.583
D37	.465	.493

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 3 iterations.

In particular, the left hand side of Table 2 displays the total variance explained at three stages. At the initial stage, it shows the factors and their associated eigenvalues, the percentage of variance explained and the cumulative percentages. In reference to the eigenvalues, two factors were extracted, as shown in the right hand side of Table 2, which connotes the combined cognitive and conative loyalty, and affective loyalty. Collectively they are capable of explaining 54.678 per cent of the variance for the construct. Similarly, the final stage delivers the same result, of two extracted factors. The rotation approach used in determining Table 2 is based on Varimax, where the factor axes are kept at right angles to each other, is the most frequently chosen approach (Hair *et al.*, 2006).

For the restaurant context under investigation, affective loyalty reveals the emotive bonding relating to the four P-marketing mix initiatives of the restaurants, namely, place, promotion, process as experience, and product in terms of new food menu. As theoretically argued in Frith and Frith (2003), Table 2 indicates that the conative loyalty does involve influencing the mental and emotional state of others, such as by recommending this restaurant to others, or

the restaurant as the first choice. In terms of cognitive loyalty, again as theoretically shown in Frith and Frith (2003), has the evaluative nature, for instance, the restaurant services satisfy the overall customer expectation, or that the food at the restaurant always has a good taste.

To further understand the working of the mind towards customer loyalty, correlations analysis is performed, in which Table3 indicates that there are significant differences on customer loyalty levels between the “favorable” and “unfavorable” experience impression of the customers patronizing the restaurant services. Specifically, the “favorable” experience impression is positively associated with customer loyalty. Thus, customer loyalty is a mind-impression which connotes some sort of mental working as argued in Frith and Frith (2003).

TABLE 3: CORRELATIONS BETWEEN CUSTOMER LOYALTY AND DINING EXPERIENCE IMPRESSION

	Customer Satisfaction and Loyalty - Total	Cognitive and Conative Customer Loyalty	Affective Customer Loyalty	Dining Impression – Favorable or Unfavorable
Customer Satisfaction and Loyalty - Total	1	0.972**	0.841**	0.260**
Cognitive and Conative Customer Loyalty		1	0.691**	0.262**
Affective Customer Loyalty			1	0.198*
Dining Impression – Favorable or Unfavorable				1
** Correlation is significant at the level 0.001 level (2-tailed).				
* Correlation is significant at the 0.05 level (2-tailed)				

Research Question 2: What are the distinctive dimensions of characteristics that describe or explain service quality?

This question attempts to study the restaurant service quality dimensions, and whether they conform to the commonly acknowledged five dimensions of service quality, namely responsiveness, reliability, assurance, empathy, and tangibles (Zeithaml and Bitner, 1996):

- Responsiveness – being willing to help and to provide prompt service (ibid, p. 121).
- Reliability – delivering on promises, able to perform the promised service dependably and accurately (ibid, p. 119).
- Assurance – inspiring trust and confidence, resulting from the knowledgeable employees (ibid, p. 121)
- Empathy – treating customers as individuals, with caring and individual attention (ibid, p. 122).

- Tangibles – representing the service physically, such as manifested by the appearance of physical facilities, personnel and communication materials (ibid, p. 122)

Table 4 displays the result of the factor analysis, which indicates five distinctive dimensions for the restaurant services. These are the perceived process-oriented service experiences.

TABLE 4: RESTAURANT SERVICE QUALITY DIMENSIONS

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.153	39.795	39.795	9.153	39.795	39.795	4.276	18.593	18.593
2	2.076	9.027	48.822	2.076	9.027	48.822	3.376	14.679	33.272
3	1.337	5.813	54.635	1.337	5.813	54.635	3.067	13.337	46.608
4	1.172	5.097	59.732	1.172	5.097	59.732	2.221	9.657	56.265
5	1.034	4.496	64.227	1.034	4.496	64.227	1.831	7.962	64.227
6	.943	4.099	68.326						
7	.873	3.794	72.120						
8	.736	3.202	75.322						
9	.700	3.046	78.368						
10	.635	2.762	81.130						
11	.589	2.561	83.692						
12	.560	2.436	86.127						
13	.448	1.949	88.076						
14	.422	1.836	89.913						
15	.394	1.713	91.626						
16	.359	1.563	93.188						
17	.353	1.536	94.724						
18	.282	1.228	95.952						
19	.245	1.066	97.018						
20	.214	.929	97.948						
21	.175	.761	98.708						
22	.156	.680	99.388						
23	.141	.612	100.000						

Rotated Component Matrix ^a					
	Component				
	1	2	3	4	5
A19P	.699		.117	.287	.242
A23P	.690	.259	.194		-.125
A18P	.686		.176	.117	.230
A22P	.661	.215	-.138		.132
A21P	.660		.366	.140	
A17P	.631	.262	.193	.245	
A16P	.595	.237	.128	.304	.309
A20P	.421	.289	.369	.239	-.108
A2P	.173	.778	.236	.108	
A3P	.105	.724		.290	.199
A1P	.340	.670	.296		.184
A7P		.568	.187	.269	.452
A4P	.299	.560	.416		
A9P	.141	.550	.351	.334	.224
A10P		.156	.746	.149	.264
A11P	.218	.204	.736	.155	.240
A12P	.177	.135	.677	.403	
A5P	.233	.402	.584		
A14P	.362	.123	.102	.729	.241
A13P	.307	.247	.234	.728	-.232
A15P	.488	.202	.335	.557	
A8P		.190	.236		.771
A6P	.402	.354	.190		.631

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 8 iterations.

Table 4 indicates that collectively, the five extracted factors can explain 64.227 of the construct, and the five extracted factors are:

- Items AP 16,17,19,21,22, and 23 – denote the reliability, responsiveness and empathic attributes of service quality. Note APs are the questionnaire item notation and the numbers are in sequence.
- Items AP 1,2,3,4, and 7 – represent the tangibles aspect of the service quality, in terms of the decoration in an attractive fashion, as well as the materials used for the services such as table lines and visually appealing menu.
- Items AP 5, 10, 11, and 12 – show the important role played by the seat arrangement.
- Items AP 13, 14 and 15 – connote the assurance attribute of the service quality, by focusing predominantly on the attitude and service credentials of the employees providing the services.
- Items AP 6 and 8 – describes the role of the scent of the atmosphere and the accessibility convenience of the total service environment.

In general, the structure is more exhaustive than those of Parasuraman, Zeithaml, and Berry (1988) in their well-known SERVQUAL instrument that measures service quality. The shinning-out parts are the interactive quality represented by reliability (that delivers prompt

and dependable services), having the caring touch and being responsive in the services. In addition, the quality of the service employees, as in assurance measure, is a distinctive feature of the restaurant service quality. Other service qualities are, in general, tangible in nature, which describes the numerous active roles played by the manmade restaurant environments, in terms of spatial layout and functionality of the seating arrangement, ambient conditions, and the artifacts or decoration of the restaurants. These three important domains of tangibles provide the basis for the service quality, and also share the same research findings of Bitner (1992), such as by the use of music temp in affecting the pace of ordering, length of stay, and amount of money spent, as in the shopping environment (Milliman, 1982). The similar research findings for the role of servicescape as tangible attributes of service quality are also found in Kim and Moon (2009).

The outcome-based service qualities are food-oriented in nature, i.e. food being tasty, freshness, flexible portion sizes, and being served at the right temperature. The outcome-based aspect has generally been neglected in the research that involves the use of service quality in predicting customer loyalty. Outcome-based service quality, represented by the quality of food and beverages that appeal to people's sense of taste, is considered as a measure of customer satisfaction (Heung and Gu, 2012).

When both the process-centric and outcome-based service qualities are considered, the message is centralized in the principle that "restaurant patrons today look not only for good food, but also for excellent service and a pleasant environment" (Hsueng and Gu, 2012, p. 1167). Thus, the combined food-oriented quality, the atmospherics of the restaurant and the interactional quality are collectively important drivers in predicting customer loyalty.

Research question 3: Which has a significant influence on customer loyalty – the process-centric service quality, or the outcome nature of service quality?

Answering this research question requires the use of multivariate regression analysis. Table 5 displays the outcome, which indicates that outcome-based service quality, that is a food-oriented quality, is a significant predictor to customer loyalty. Food quality satisfaction can explain 42.6 per cent of the variance in customer loyalty, which is highly significant as indicated by the F-value. An examination of the T-values confirms that food quality satisfaction predicts significantly the loyalty, rather than the process oriented service quality.

TABLE 5: MULTIVARIATE REGRESSION ANALYSIS OF SERVICE QUALITY IN PREDICTING CUSTOMER LOYALTY

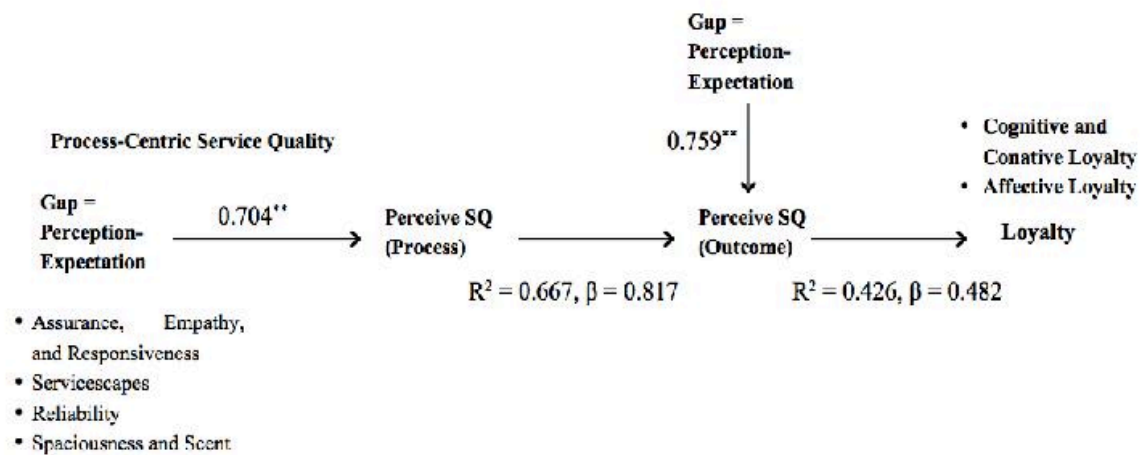
Model Summary					
Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	
1	0.653 ^a	0.426	0.415	0.53112	
c. Predictors: (Constant), Overall outcome quality perception, Overall process quality perception.					
d. Dependent Variable: Customer Loyalty					
ANOVA					
Model	Sum of R^2	df	Mean Square	F	Sig.
Regression	20.341	2	10.171	36.055	0.000 ^a
Residual	27.382	97	0.282		
Total	47.704	99			
Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.008	0.295		3.413	0.000
Overall outcome quality perception	0.465	0.128	0.482	3.618	0.000
Overall process quality perception	0.212	0.144	0.197	1.477	0.143

What is shown in Table 5 indicates that the restaurants have to pay particular attention in delivering food quality satisfaction. Although higher levels of service quality produce higher levels of customer satisfaction (Chow, Lau, Lo, and Yun, 2007), it nevertheless should not ignore food quality satisfaction as it ultimately determines the level of customer loyalty.

Research Question 4: What is the overall model structure that captures the interrelationship between service quality and customer loyalty?

The intent of this question is to summarize the answers to research questions 1 to 3 into a model that delineates the values delivery of the business model (referred to Figure 2). The model is configured in Figure 3.

FIGURE 3:THE EXPANDED SERVICE QUALITY AND CUSTOMER LOYALTY MODEL

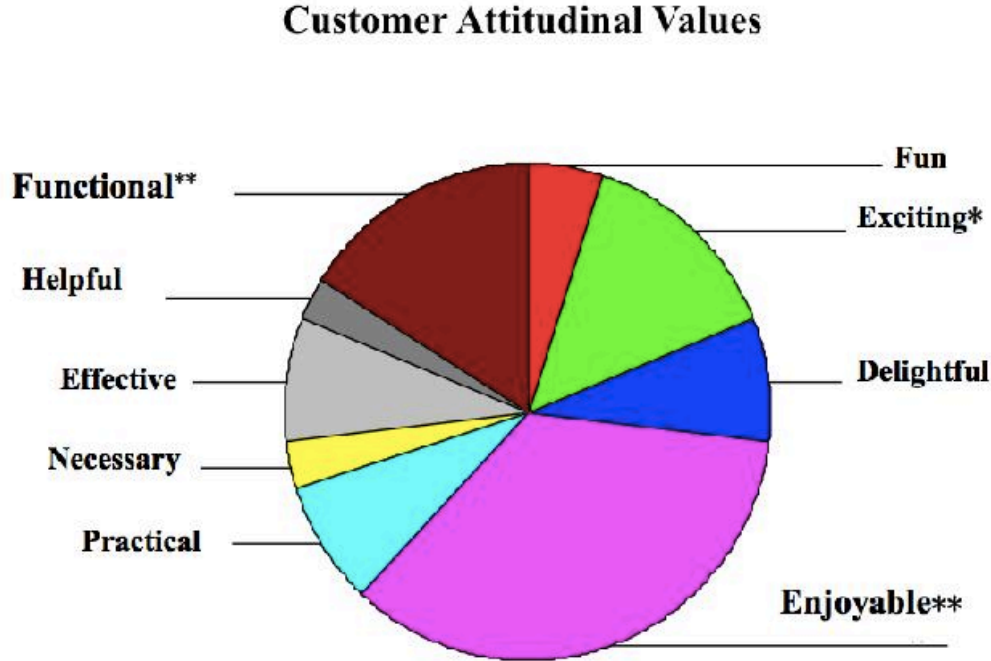


Specifically, perceived service quality as the food quality satisfaction is a significant predictor to customer loyalty, capable to explain 42.6% of the variance of loyalty, while the perceived service quality as service quality (i.e. the tangible atmospherics and menu, reliability-centered measures, empathic caring and responsiveness, and assurance of the service employees) can explain 66.7% of the variance of the food quality satisfaction. In addition, Figure 3 also indicates the positive relationship with perceived service quality. As such, the perceived service quality experience can be used instead of exploiting the disconfirmation principle of the SERVQUAL instrument as advocated by Parasuraman, Zeithaml, and Berry (1988).

Research Question 5: What are the key customer attitudinal values that describe their motivation to patronize a restaurant and their impact on the level of service quality and customer loyalty?

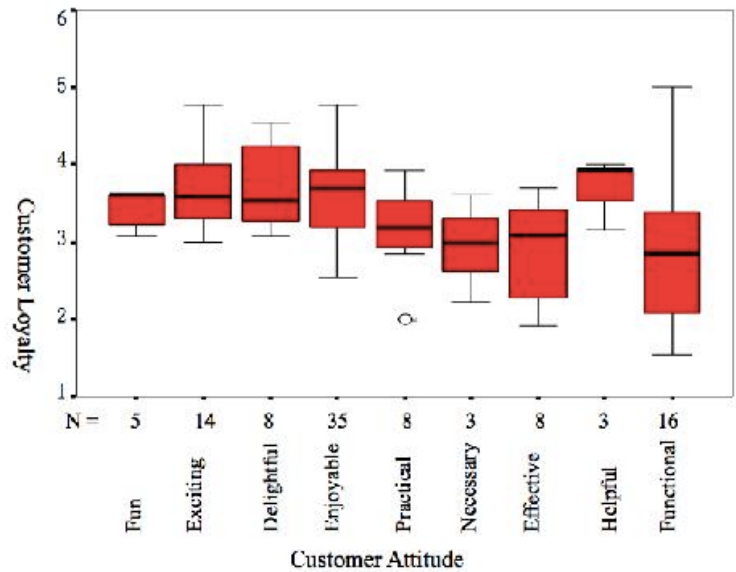
Figure 4 illustrates that the patrons to restaurants are in the majority of “Enjoyable” and “Excitable” nature, and thus the hedonistic value is a majority, and the ANOVA test clearly indicates that those belonging to hedonistic value characteristics show significantly higher level than those of functional value characteristics.

FIGURE 4: PIE PLOT OF DIFFERENT PATRONS' RESTAURANT EXPERIENCE ATTITUDE



While Figure 4 indicates the distribution of the nature of values of different restaurant experience attitude, Figure 5 provides a visual look into the levels of the differences. Clearly, functional value oriented impacts are lower in levels when compared to hedonic value oriented services and food quality satisfaction.

FIGURE 5: STEM-AND-LEAF PLOTS OF DIFFERENT PATRONS' RESTAURANT EXPERIENCE ATTITUDE



Research Question 6: Are there any significant differences between service quality and customer loyalty across different demographic variables?

Demographic variables are uncontrollable factors, which are different from the controllable factors such as customer loyalty, customer attitudinal values, and service qualities. In reality, customer loyalty (i.e. based on the basis of current behavior patterns) and to a large degree, customer attitudinal values (segmented in terms of general psychological or lifestyles) are different ways to segment the markets, in comparison to the use of demographic variables which, according to Tybout and Calder (2010, p. 36), are described in terms of gender, age, marital status, education, occupation, and income. Any significant differences on both the service quality and customer loyalty across different demographic variables could inform the marketers about useful information in order to design the appropriate communication contents to suit the targeted segments.

The use of ANOVA and t-tests were used, and the results indicate no significant differences across gender, different age groups, nationality, marital status, educational levels, and different occupational groups.

CONCLUSION AND IMPLICATION

This research studies the restaurant's service scenarios in Chiang Rai's Central Plaza, which is the biggest shopping complex in Northern Thailand. The findings of this research indicates that although higher levels of service quality produce higher levels of customer satisfaction, their influences are indirect, mediated through food quality satisfaction. Both the food taste satisfaction (the outcome-based service quality) and the process-centric service quality (i.e. in terms of reliability, empathy, responsiveness, and assurance, and the atmospherics nature or the environmental stimuli of the services) capture both the hedonic and utilitarian values. This research indicates that the majority of patrons to the restaurants are "Enjoyable" and "Excited" in nature, rendering hedonic value a very significant theme on which to be focused. The hedonic value shows significantly a higher level of influence across all the involving constructs (i.e. service quality and customer loyalty) when compared to "Functional" or utilitarian value. This research also identifies that customer loyalty is both attitude and behavior formed through the influences of cognitive, affective and conative mind working, in a way the process matches with the theory of mind (Frith and Frith, 2003). It implies significant importance to the restaurant management in pay equaling emphasis to both the process and outcome-based aspects of the services, as well as the utilitarian (functional) and the hedonic values. The research also shows that enjoyable and excitement are the nature of the restaurant's food experiences, and thus management should integrate services in a way that the nature of the service reflects the enjoyable and exciting nature of the food dining experiences.

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ADDRESSING THE ANTECEDENTS AND THE POST-BEHAVIORAL ATTITUDE FORMATION IN PREDICTING ONLINE PURCHASING LOYALTY: A MODEL-TESTING EMPIRICAL STUDY OF THE ONLINE PURCHASING EXPERIENCE IN THAILAND AND CHINA

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ABSTRACT

This research examined the influence of antecedent factors causing online purchasing behaviors as well as the post-behavioral attitude and its significant influence in predicting online purchasing loyalty. These relationships were tested and confirmed for both the online purchasing behaviors in China and Thailand. Numerous hypotheses were posited, and the research findings would provide useful guidelines for online marketing, purchasing and communication strategy, benefiting both the consumers as well as the e-commerce companies. The research findings indicate that although both consumers of internet share similar competency and usage behaviors, but those of China are more proficient in engaging online purchasing.

INTRODUCTION

Ten years ago of today, Gunawardana and Avatchanakorn (2000) indicated that the Thai online businesses have not been successful in boosting their online businesses. Today, in 2014, the Euromonitor International (2014) highlighted in their market research findings that internet retailing has continued to see strong value growth, and partly owed to the following three fundamental infrastructural reasons:

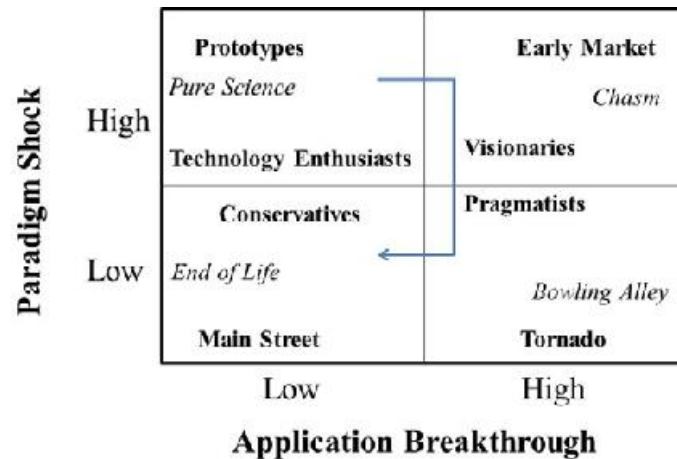
1. The network accessibility and availability via 3G infrastructure investments by both private and public telecommunication organizations.
2. The active web-based services offered by the goods and services industries, and
3. The enabling platforms of the smart phones.

Nevertheless the users are estimated by the Internet Information Research Network Technology Lab of Thailand (NECTEC, 2014), to be around one quarter of the total population, and a global internet report 2014 by the Internet Society (2014) places Thailand being ranked at 114th place for internet user penetration, in comparison to China at the 26th place, and Malaysia at 45th (the immediate neighboring country of Thailand).

Although now internet technology is no longer a paradigm shock, the depths and scopes of its penetration on commercial basis, that attempts to drive online purchase, are still in need of a bowling alley impact, and for some parts of the country (i.e. Thailand or China), maybe at the chasm stages. According to Wiefels (2002), parts of the reasons could be that the pragmatists (the mainstream market) do not trust even the commitment of the visionaries as a reference. At this stage, “trust” of the customers to follow the actions of the visionaries, according to Wiefels (2002), is the enabling issue, and this research attempts to see what variables drive the accomplishment of this trust, and will this trust lead to a favorable attitude in online purchasing, and to a higher level of being customer loyalty. In other words, this research

intends to make a theoretical and empirical contribution to the e-commerce industry, in particular for both Thailand and China, to allow both countries to successfully cross from the “tornado, or bowling alley” zones (Wiefels, 2002) to mainstream markets that reach and touch the lives of the entire population, as shown in Figure 1.

FIGURE 1: INFLUENCING CUSTOMERS THROUGH LIFE CYCLE SYNTHESIS



(Source: Lowy and Hood, 2004, p. 101; Tan, 2014a)

As such, the research problem could be summarized as follows:

- The purpose of this research is to examine how the online customers gain the trust and thus are able to form favorable attitude which in turn leads to future intention.

At this juncture, as this research attempts to approach from the user level, i.e. at competency level, the research data that capture this trust, attitude and future intention phenomena were not available. Only the generic demographics and market oriented attitude study are available in the literature, for instance, Laohapensang (2009) studied the internet shopping behavior using these demographic variables based on the theory of planned behavior.

This paper is structured as follows. After the problem statement, literature review based on few relevant theoretical domains of the research phenomenon is studied and the bases of the knowledge provide the base of conceptualization for the next methodological section. A quantitative survey method is used and participants are drawn from both the current online consumers in Thailand and China. Finally data analyses and discussions are based on both descriptive and inferential statistical analyses, and the implications are made in the conclusion section.

LITERATURE REVIEW

In view of the market reality context as guided by the technology lifecycle model of Weifels (2002), in particular, three theoretical bases or platforms are seemed to be applicable to help deduce the needed concepts and a suitable theoretical infrastructure to explain the relationship of these concepts. Tan (2014b) acknowledges such an approach as deductive-inductive in nature. In particular the following three theoretical bases are to be attempted, namely:

- SKA (Skill, Knowledge, and Attitude) – that skills, when repeatedly formed, leads to confidence revealed by the knowledge gained, and thus molds an attitude for future behavior, i.e. future intention to purchase online (Tan, 2014c). Tan (2014c) also uses the SKA concept uniquely as “I can, I will, and I have done it” to improve the competitiveness strengths of organizations.
- The theory of planned behavior (Ajzen, 1991) – which studies the planned factors i.e. attitude towards online shopping, subjective norms caused by referents or recommendations by others, the perceived behavioral control, desired consequences, and consumer demographics, in influencing future intention for online purchase.
- Flow theory (Csikszentmihalyi, 1990) – Flow theory advocated by Csikszentmihalyi (1990) focuses on flow as “an intrinsically motivated optimal state that occurs when challenge and skills are in balance and elevated beyond the critical threshold” (Richardet *al.*, 2010, p. 927). Getting that critical threshold shares the similar concept of SKA (Tan, 2014b), in that skills must be cultivated to cross to a point where knowledge is considered at optimal for applications. In short, customers’ ability to handle online purchases must match the challenges that appear in the online purchasing process (Csikszentmihalyi and LeFevre, 1989).

In view of the aforementioned theoretical bases, the following theoretical model that guides the conceptualization of the relevant constructs is developed, as shown in Figure 2.

FIGURE 2: THE COMPETENCY-ENABLED TRUST-LED ONLINE PURCHASING ATTITUDE AND FUTURE INTENTION

Skill: competency —→ Knowledge: Trust —→ Attitude —→ Future Intention

(Source: Developed for this research)

What follows in the rest of the literature review section will thus follow the argument of the three theoretical bases in order to infer, towards the end of the discussion, a structure of theoretical framework, given in Figure 2, with the details of the constructs shown.

Theory of Planned Behavior, Flow Theory and the SKA Structure of Competency:

Richardet *al.*(2010), studied based on the flow theory, and concluded that both online purchasing attitude, manifested in terms of exploratory behavior for purchasing online, and the usage frequency as in website involvement, play significant role in influencing future intention. Usage frequency as proxy to website involvement is a measure of skill or competency (Tan, 2014c), and thus, in order to cross the psychological threshold to purchasing, competency of both internet usage and purchasing experiences must be developed to a maturity level. In this regards, the competency scopes in Figure 2 should be expanded to involve at two sequential, or flow, levels, namely:

- Internet competency
- Online purchasing competency

Both the internet competency (represented by the acceptance of internet, utility of internet, and internet usage frequency) and online purchasing competency (represented by using

capability of online purchasing, ease of using in online purchasing, and utility of online purchasing) are considered as the two important dimensions of flow that, according to the flow theory (Csikszentmihalyi, 1990), should facilitate internet shopping behaviors. The measures used here will be subjected to inter-item reliability analysis to ensure the trustworthiness of the instrument, and to a large degree, these measures reflect the similar flow's dimensions of browsing and repeat purchasing experiences as discussed in Smith and Sivakumar (2004). The ease of use, apart being a competency characteristic, is also normally considered as an important online service quality feature (DeLone and McLean, 2003), being utilitarian in nature of service (Kim *et al.*, 2012).

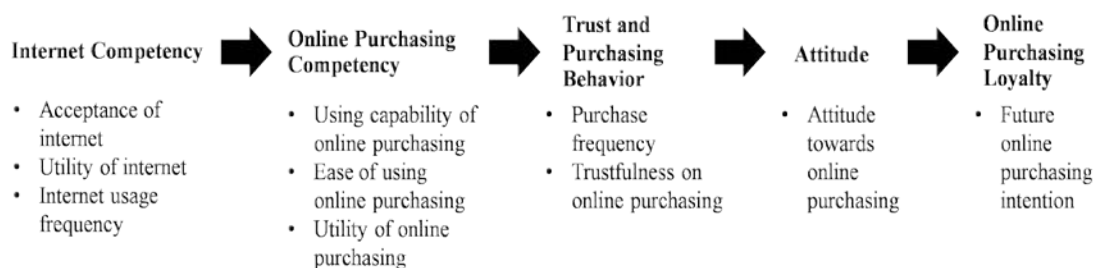
Nevertheless, trust is still the central issue in online purchasing. Kim *et al.* (2012) identified this trust as security and trust in accessibility, and if these factors are not guaranteed, consumers are not likely to use the internet shopping websites. In addition, Qureshi *et al.* (2009), based on the theory of planned behavior, highlighted that trust is an issue that must be available for future purchase, and online customers plan their behavior that help them reduce risky activity. Thus, Qureshi *et al.*'s (2009) research confirmed that perceived risk is a factor that influences a person's attitude or intentions to purchase on the internet. When the online service providers gain the trust of the customers, favorable attitude formed will lead to loyalty, manifested in terms of future purchase (Harris and Goode, 2004; Kim *et al.*, 2012). In other words, online purchasing loyalty is rooted on the ability of the service provider to generate consumer trust in the procedural rigor and operational abilities of the supplier (Harris and Goode, 2004), which has competency of the customers as the bases for the trust and attitude (Tan, 2014c).

Towards this end, the following hypotheses are posited:

- **H1:** Internet competency significantly influences online purchasing competency.
- **H2:** Online purchasing competency significantly influences trust and purchasing behavior.
- **H3:** Trust and purchasing behavior significantly influences consumer attitude towards online purchasing.
- **H4:** Online purchasing attitude significantly influences future purchase intention.

Organizing these four hypotheses would lead to a structure of the overall theoretical model as shown in Figure 3.

FIGURE 3: THE OVERALL THEORETICAL MODEL



(Source: Developed for this research)

The overall model will also be examined across numerous demographic variables:

- **National Status in the use of online purchase** – In a recent economic report by Kan (2012), China now has the world's largest online population and is set to become the world's largest online retailing market. Also, the recent internet penetration report of the world (Internet Society, 2014) indicates that China is ranked 26th in the world while Thailand is far behind in the use of online purchasing experiences, at 114th position in the world, also far behind the neighboring country, Malaysia, at 45th.
- **Gender** – As discussed in Richard *et al.* (2010), although men were considered the early adopters of internet shopping, as indicated in Asch (2001), recent data showed otherwise that both men and women equally embraced the internet medium in the shopping experiences.

Thus, the following hypotheses are to be studied, for confirmation or rejection:

- **H5:** China would show significant difference across the purchasing aspects of the involving constructs of this research subject.
- **H6:** Gender poses no significant difference across all the involving constructs of this research subject.
- **H7:** There are no significant differences for all the involving constructs across other demographic variables such as age, income groups, occupation, education level and marital status.

RESEARCH METHOD

Sample and Data Collection

The survey was aiming at the online consumers who have experience and capability on the Internet to test the whole theoretical model. The survey is conducted using convenience based approach, targeted at large communities at the university and shopping malls, in both China and Thailand. As such, questionnaires were translated from the original English version. The English version was subjected to pilot testing in Thailand, for 40 respondents. In order to guarantee the quality of the samples, an effort is made to ensure every respondent understand exactly what is expected and that the meanings are made clear to them when are asked to clarify. A total of 162 valid responses were received, and only few rejected to participate. Ninety-seven samples were from Thailand, and the other sixty-five samples were collected from China.

Majority of the descriptive analysis indicates the following profiles of demographics:

- Male 37% and female 63%.
- Chinese 40.1% and Thai 59.9%.
- Single 92%, married 7.4%, and widowed 0.6%.
- Majority of the age groups are 18-25, at 82.1%, 26-35 at 13.6%.
- High school achievement 5.6%, College degree 4.9%, Bachelor 75.9%, Master level at 13.6%.
- Monthly income – the majority is less than 20,000 Baht at 82.7%, and 20-30,000 Baht at 8.6%, 30-40,000 Baht at 3.7%.

- Internet usage – 77.8% of the respondents uses heavily internet several hours a day.
- Online purchase – several times per year at 38.9%, per month 34%, per week 7.4%.

Questionnaire and Measurement Scales

The survey is attempting to test the research model and to find out the influence by demographics. Thus, there are two parts of the questionnaire which are demographics and the research model measurement scales. Demographics items include gender, nationality, marital status, age, education level, occupation, and income groups. And another two items in demographics part are Internet usage frequency and online purchasing frequency which are set to verify the usefulness of the responses as well as to perform comparative analysis. The questionnaire uses the 5-point Likert Scales, in which 1 indicates “Strongly Disagree” and 5 indicates “Strongly agree”, to measure and analyze the variables. The questionnaire item statements and their sources of references are given in Table 1.

TABLE 1: MODEL CONSTRUCTS, QUESTIONNAIRE ITEMS, AND CITATION

Constructs	Items	Citation
Internet Competency		
Acceptance of Internet	My general opinion of the Internet is positive.	Hernández, Jiménez, and Martín (2010) and the authors
	I prefer to use the Internet to search information.	
	I am good at using the Internet.	
	The Internet is very important for me.	
Utility of Internet	The information of the Internet is useful for me.	Hernández, Jiménez, and Martín (2010) and the authors
	The Internet can offer good services for me.	
	The Internet is very helpful for me.	
	Using Internet is more efficient for me.	
Internet usage frequency	I use the Internet every day.	The authors
Online Purchasing Competency		
Using capability of online purchasing	I am good at searching information of products on the Internet.	Hernández, Jiménez, and Martín (2010) and the authors
	I am good at selecting the location of online purchasing.	
	I am good at purchasing products on the Internet.	
Ease of using online purchasing	It's easy for me to learn how to purchasing online.	Yu, Ha, Choi, and Rho (2005)
	It's easy for me to get information of products on the Internet.	Hernández, Jiménez, and Martín (2010)
	It's easy for me to buy products on the Internet.	
	It's convenient for me to shopping on the Internet.	Andrews and Bianchi (2013) and the authors
Utility of online purchasing	Online purchasing is helpful for me to buy products.	Gefen, Karahanna, and Straub (2003)

	Online purchasing is faster for me to buy products.	Hernández, Jiménez, and Martín (2010)
	Online purchasing is cheaper for me to buy products.	
	Online purchasing is more efficient for me to buy products.	Andrews and Bianchi(2013)
Trust and Purchasing Behavior		
Purchase frequency	I use the Internet to make purchases very often.	The authors
Trustfulness on online purchasing	I trust the information of the products on the Internet.	Teo and Liu(2005)
	I believe that e-commerce sellers would act in my best interest.	
	I believe online purchasing is reliable to acquire a product.	Moody,Galletta,and Lowry (2014)
	I feel confident relying on e-commerce sellers when I interact with them.	Koh andSundar(2010)
	I generally trust the ecommerce sellers until they prove that they should not be trust.	
Attitude		
Attitude towards online purchasing	I prefer to purchase products on the Internet.	Andrews and Bianchi (2013)
	My general opinion of online purchasing is positive.	
	I think it is valuable to buy products on the Internet.	Hernández, Jiménez, and Martín (2010)
	I satisfy with buying products on the Internet.	
	I think online purchasing is important to me.	Palvia (2009)
Online Purchasing Loyalty		
Future online purchasing intention	I will use/continue using the Internet to make purchases in the future.	Hernández,Jiménez, and Martín (2010)
	I will use Internet to purchase very often in the future.	
	It will be my first choice to purchase using the Internet in the future.	Palvia(2009) and the authors
	I would like to recommend online purchasing to my friends.	

Reliability Test of the Instrument:

Table 2 indicates that all the instruments for the involving constructs of this research subject pass the threshold requirement of Cronbach's alpha coefficient of 0.8 as "very reliable" (Nunnally, 1989). In addition, the Bartlett test of sphericity also shows significant and that the Kaiser-Meyer-Olkin measure of sampling adequacy, as displayed in Table 2, is far greater than 0.60 (Hair *et al.*, 2006). Also, based on Cohen's (1992) suggestion, a medium-to-large regression strength for 2 predictors or above would best have a sample of size of 108 or above, for significant level alpha at 0.01 and a power of 0.80. The requirement for the

adequacy of sample size, at 162 for this research, is considered to be appropriate, for the statistical analysis, both at inferential statistics level and construct level.

TABLE 2: RELIABILITY MEASURE AND ADEQUACY OF SAMPLING

Constructs\Measurement	Cronbach's Alpha	Kaiser-Meyer Olkin Measure
Internet Competency	0.8976	0.892
Online Purchasing Competency	0.932	0.916
Trust and Purchasing Behavior	0.8835	0.847
Attitude	0.8764	0.858
Online Purchasing Loyalty	0.9005	0.792

DATA ANALYSIS, RESULTS AND DISCUSSION

To verify the hypotheses from H1 to H4 and the theoretical model, it needs three steps: Firstly, confirming the significant correlation between each construct; secondly, proving the four hypotheses by Multivariate Analysis; finally, verifying the theoretical model. Table 3 presents the correlation structure between different constructs, namely, internet competency, online purchasing competency, trust and purchasing behavior (included purchase frequency and trustiness), attitude towards online purchasing and future purchasing intention, which clearly shows the supporting base for the four hypotheses, H1 to H4.

TABLE 3: CORRELATION STRUCTURE BETWEEN THE CONSTRUCTS

	Internet Competency	Online Purchasing Competency	Purchase Frequency	Trustiness	Attitude	Future Intention
Internet Competency	1	0.410**	0.072	0.046	0.165*	0.189*
Online Purchasing Competency		1	0.603**	0.466**	0.635**	0.668*
Purchase Frequency			1	0.633**	0.647**	0.634**
Trustiness				1	0.697**	0.637**
Attitude					1	0.852**
Future Intention						1
** Correlation is significant at the level 0.001 level (2-tailed).						
* Correlation is significant at the 0.05 level (2-tailed)						

In order to test the hypotheses for supportability or rejection, multivariate regression analysis is used, and the outcomes are displayed in Table 4.

TABLE 4:CONFIRMING HYPOTHESIS H1

Model Summary					
Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	
1	0.410 ^a	0.168	0.163	0.69272	
e. Predictors: (Constant), Internet Competency					
f. Dependent Variable: Online Purchasing Competency					
ANOVA					
Model	Sum of R^2	df	Mean Square	F	Sig.
Regression	15.485	1	15.485	32.270	0.000 ^a
Residual	76.778	160	0.480		
Total	92.263	161			
Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.4119	0.381		3.725	0.000
Internet Competency	0.511	0.090	0.410	5.681	0.000

In view of Table 4, internet competency can explain 16.8 % of the variability of online purchasing competency, with Beta Coefficient at 0.410. Therefore, H1 can be supported, that is, internet competency significantly influences online purchasing competency, although at 16.8% of the variance explanation level. Hypothesis H2 can be supported, in that online purchasing competency significantly influences trust and purchasing behavior, at 36.5% of the variability level, as shown in Table 5.

TABLE 5:CONFIRMING HYPOTHESIS H2

Model Summary					
Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	
1	0.604 ^a	0.365	0.361	0.65016	
a. Predictors: (Constant), Online Purchasing Competency					
b. Dependent Variable: Trust and Purchasing Behavior					
	ANOVA				
Model	Sum of R^2	df	Mean Square	F	Sig.
Regression	38.856	1	38.856	91.921	0.000 ^a
Residual	67.633	160	0.423		
Total	106.489	161			
Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.529	0.246		2.147	0.033
Online Purchasing Behavior	0.649	0.068	0.604	9.588	0.000

Hypothesis H3 is also supported, in that trust and purchasing behavior significantly influences attitude, at 54.0% of the variability explanation.

TABLE 6:CONFIRMING HYPOTHESIS H3

Model Summary					
Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	
1	0.735 ^a	0.540	0.538	0.51224	
a. Predictors: (Constant), Trust and Purchasing Behavior					
b. Dependent Variable: Attitude					
ANOVA					
Model	Sum of R^2	df	Mean Square	F	Sig.
Regression	49.378	1	49.378	188.184	0.000 ^a
Residual	41.982	160	0.262		
Total	91.360	161			
Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.199	0.147		8.181	0.000
Trust and Purchasing Behavior	0.681	0.050	0.735	13.718	0.000

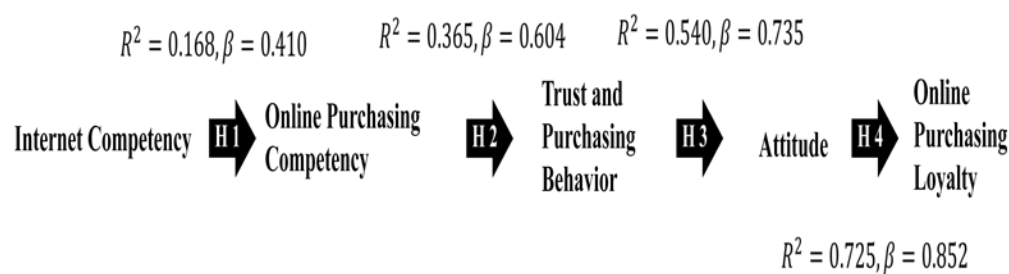
Hypothesis H4 is also supported, in that attitude towards online purchasing is significantly influencing the future intention to purchase through online modes, at 72.5% of the variability explanation level.

TABLE 7:CONFIRMING HYPOTHESIS H4

Model Summary					
Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	
1	0.852 ^a	0.725	0.724	0.46659	
a. Predictors: (Constant), Attitude					
b. Dependent Variable: Future Intention					
ANOVA					
Model	Sum of R^2	df	Mean Square	F	Sig.
Regression	92.041	1	92.041	422.768	0.000 ^a
Residual	34.834	160	0.218		
Total	126.875	161			
Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-0.006	0.157		-0.039	0.000
Attitude	1.004	0.049	0.852	20.561	0.000

To this end, all the four hypotheses, H1 to H4, are supported, in which a model illustrating the flow from internet competency to online purchasing loyalty is shown in Figure 4. It highlights that both internet competency and online purchasing competency are the two crucial foundations of e-purchasing behaviors in which internet competency is determining online purchasing competency. Beside online purchasing behavior, customer trust is also significantly influenced by online purchasing competency, which in turn influence to generate the attitude towards online shopping whereby person's attitude are further leads to future e-purchasing intension.

FIGURE 4: THE THEORETICAL MODEL AND HYPOTHESES WITH ANALYZED DATA



What follows are the use of either ANOVA or T-Test in confirming either the support or rejection of the hypotheses H5, H6 and H7. Figure 5 displays the insignificant difference of both countries, namely, Thailand and China, on the internet competency. As the only demographic variable that plays the significant role in making a difference is the online purchasing behavior in both countries, only their analysis outcomes, in terms of stem-and-leaf plots, are presented, as shown in Figures 6 to 11. Although, in 2014, the internet user penetration of Thailand is falling behind China's (NECTEC, 2014), the people of both countries have the similar capability in the use of Internet. The Levene's test (not indicated) shows a probability greater than 0.05 and thus one can assume that the population variances are relatively equal, which implies that t-test can be used to determine whether country type differences exist.

FIGURE 5: STEM AND LEAF PLOTS OF INTERNET COMPETENCY BETWEEN CHINA AND THAILAND

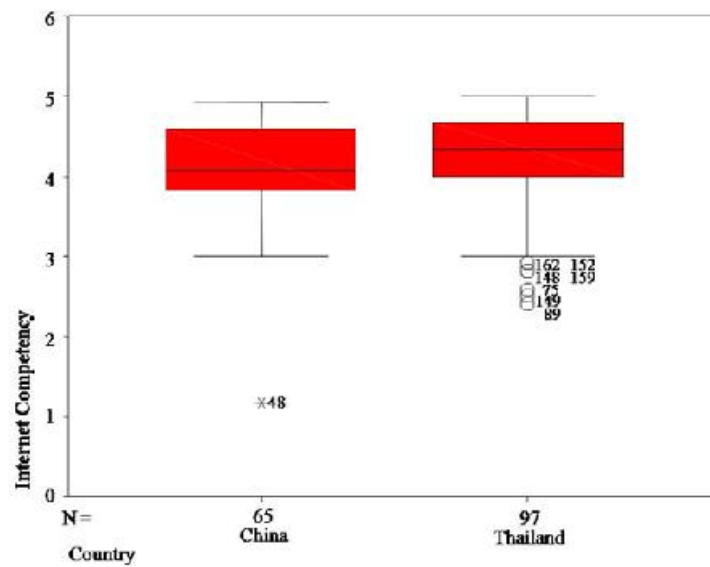


FIGURE 6: SIGNIFICANT DIFFERENCES OF ONLINE PURCHASING COMPETENCY BETWEEN CHINA AND THAILAND

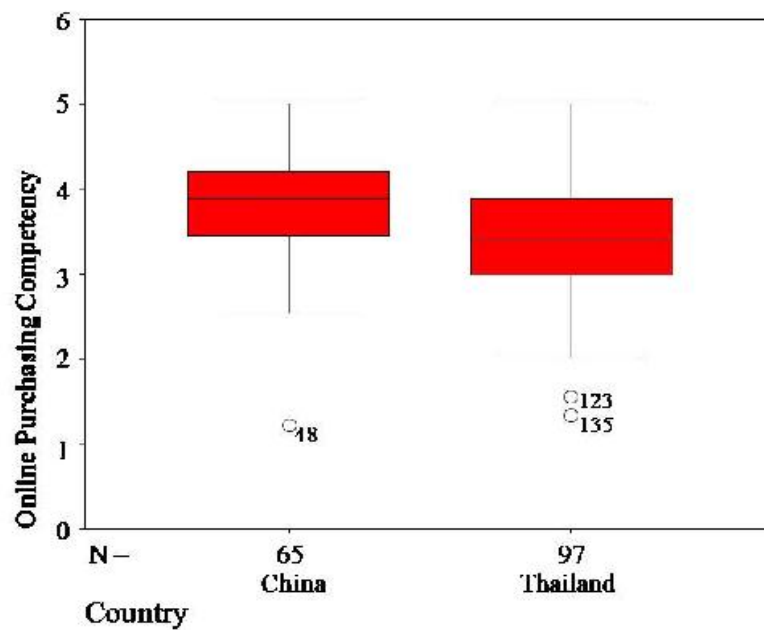


FIGURE 7: SIGNIFICANT DIFFERENCES OF PURCHASE FREQUENCY BETWEEN CHINA AND THAILAND

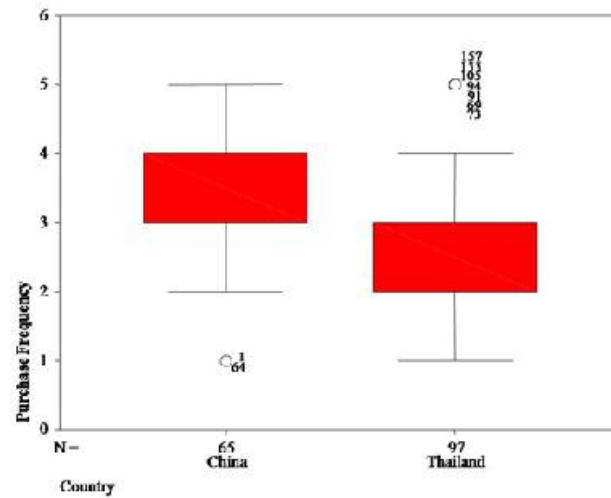


FIGURE 8: NOT MUCH DIFFERENCES OF TRUSTINESS BETWEEN CHINA AND THAILAND

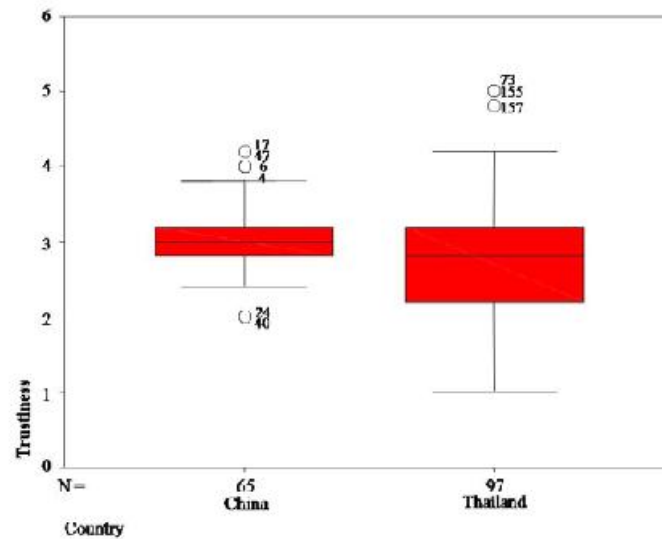


FIGURE 9: SIGNIFICANT DIFFERENCES OF TRUST AND PURCHASING BEHAVIOR BETWEEN CHINA AND THAILAND

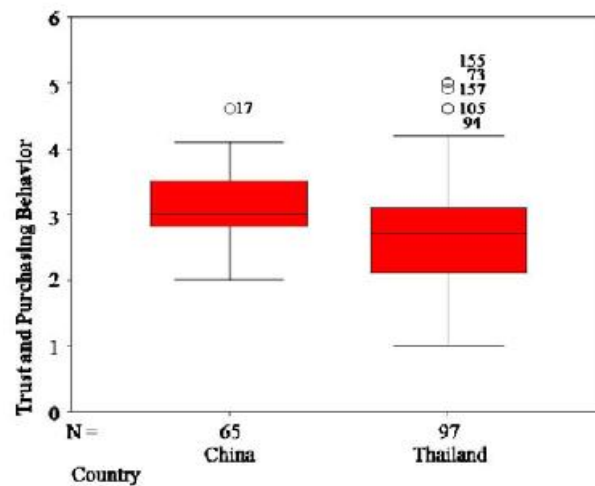


FIGURE 10: SIGNIFICANT DIFFERENCES OF ATTITUDE BETWEEN CHINA AND THAILAND

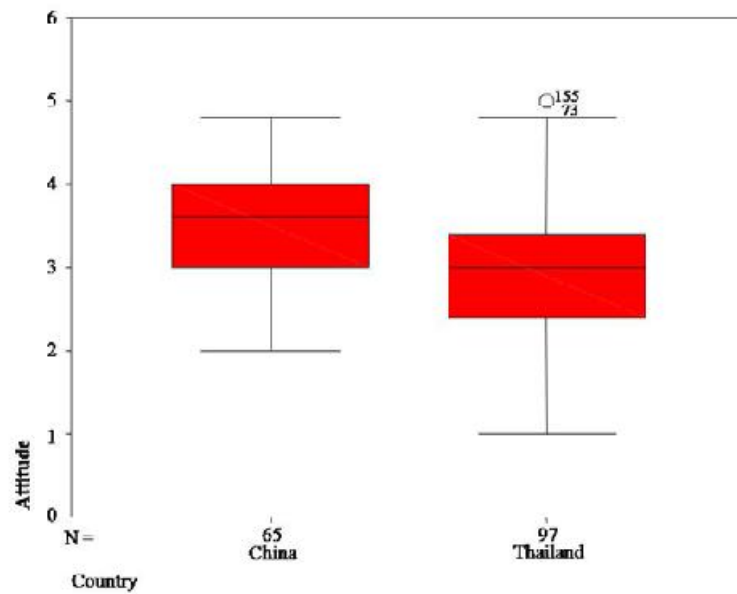
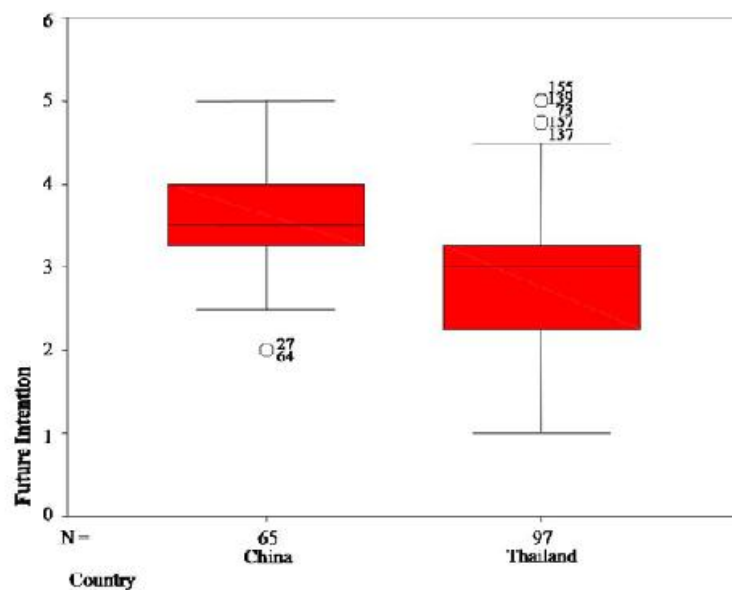


FIGURE 11: SIGNIFICANT DIFFERENCES OF FUTURE INTENTION BETWEEN CHINA AND THAILAND



Specifically, although the insignificant difference on the internet competency indicated in Figure 5, Figure 6-11 illustrate the significant differences of online purchasing competency, trust and purchase behavior, attitude, and future intention between China and Thailand. Thus, H5 is supported in that China would show higher level of competency and trustful attitude towards online purchases and, this partly support the trend that China has now the largest online population and online retailing market in the world (Kan, 2012).

As the other demographic variables do not influence the internet-competency or purchasing-aspects of the behaviors as shown in the proposed theoretical model, Figure 3, hypothesis H6 and H7 are equally supported.

CONCLUSION AND IMPLICATION

This research examined the suitability of the phenomena of trust, attitude and future intention towards online purchasing within the theoretical bases of SKA (Skill, Knowledge and Attitude; Tan, 2014b), the theory of planned behavior (Ajzen, 1991), and flow theory for online purchasing (Csikszentmihalyi, 1990; Csikszentmihalyi and LeFevre, 1989; Smith and Sivakumar, 2004). As there is limitation in terms of the way sampling is taken and the sample size, population or statistical generalizability should be cautioned, and future research effort should be systematically extended, such as by targeting at consumers in different commercial cities as well. China seems to show significantly higher level of online attitude, trust and future intention. Gender plays no significant roles in altering the relationship of the proposed model, and as such the model is considered structurally valid across different demographic segments, including age, income levels, educational levels, occupation and marital status.

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**AN EMPIRICAL STUDY OF THE STATE OF PERFORMANCE REALITY
REFLECTED IN THE ABC (ANTECEDENT, BEHAVIORAL
AND CONSEQUENTIAL) THEORY OF SERVICE INNOVATION FOR THE
MYANMAR'S HOTEL INDUSTRY**

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ABSTRACT

Service innovation is gaining more attention due to its potential value in improving hotel performance, also as values-driven differentiation strategy. Underpinning on the principle of ABC (Antecedent, Behavioral, and Consequential) theory of management, this research uses quantitative surveys to provide the empirical evidences on the roles played by service innovation management systems and service orientation for the perceived hotel performances in Myanmar. Seven service-innovation management systems constructs were introduced in this research study, and their interrelationship structure provides a critical understanding of the service innovation phenomenon for the hotel industry that is in its transformational stage to meet global standard.

INTRODUCTION

Many researchers commonly agree that the innovation aspect of services has hardly been studied, and thus it renders the field of service innovation not well understood (Tajeddini, 2010). In a literature study of service innovation, Chae (2012) traced the evolutionary progress of service innovation and acknowledged that there is a lack of theory-based frameworks for embracing the concept of service innovation. As such, a research effort along the direction of systems-level, theory-level is urgently necessary, in particular, as it was pointed out in Chae (2012), more firms now “convert services into a source of business growth.” This research thus attempts to study this research phenomenon, namely service innovation, by choosing the emerging hotel industry in Myanmar as the context for the study, in investigating the role of service innovation in the current state of hotel performance in Myanmar.

In an era of globalization, in terms of technological development and the continuing changes of demands in tourism market, the hotel industry has become hyper competitive (Tseng, Kuo, and Chou, 2008). As such, hotels need to continually and creatively track and respond to the needs and preferences of their customers in order to maintain competitiveness position (Zhou, Brown, Dev, and Agarwal, 2007). Tajeddini (2010) considered this explorative action as manifested in the attitude of being customer or market oriented. In other words, in customer oriented strategy, hotels pay attention to the needs of the customers in order to give them the best quality in services (Ruekert, 1992). From the systems-level learning perspective, customer orientation connotes the features of both exploitative and explorative in nature, and according to Dixon, Meyer, and Day (2007), both exploitative and explorative strategies could be co-existed especially in the initial stages of transformation.

As Myanmar's hotel industry is in the infant stage of a transformation, both the explorative and the exploitative nature of systems-level of strategies could be useful and should be

studied. Martinez-Ros and Orfila-Sintes (2009) considered the explorative measures as new service development, and the exploitative actions as existing service improvement. The former is also understood in the existent literature as service innovation, needed to transform hotel competitiveness into an ambidextrous nature (Tang, 2014).

Nevertheless, to position a service in a market with competitive advantage, in comparison with the complementary choices of substitutes and the direct competition of the competitors, hotels need to also equip with the right resources, and bundle them into capabilities and competencies (i.e. service innovation, feedback) in order to establish hotel performances in sustainable competitiveness manner (Tan, 2014a; 2014b; 2014c).

In view of the aforementioned discussion, the research problem can be stated formerly as follows: The purpose of this quantitative survey study is to examine the structure of relationships between various systems-level factors that have significant influence to hotel performance, and an effort is made in explaining these relationships through an antecedent, behavioral and consequential theory of service innovation.

LITERATURE REVIEW

As it was pointed out in Lawson and Samson (2001), the performance hurdles for success will continue to increase, in an accelerated pace perhaps, because more and more companies are increasingly participating in innovation. In normal basis, services are required to deliver the quality to meet the expectations of the customers, such as in terms of speed (i.e. to attend to the needs promptly), dependability (i.e. reliable services to meet the delivery-on-time expectation), assurance and flexibility in approaches, but as intense global competition becomes common, quality now will need to be innovatively driven. Tan (2014a; 2014c) highlighted that service quality has to involve three characteristics, but these characteristics were neglected in the literature, namely: the functional service quality, as advocated by Parasuraman, Zeithaml, and Berry (1988), relational quality (i.e. as in customer relationship management), and innovative quality. Nevertheless, for service innovation to be of usefulness, it must cut across all functions in the organization, projected as dynamic capabilities of the organization (Teece and Pisano, 1994). That cutting-across characteristics is featuring the systems-level focus and commitment that embraces the antecedents to behaviors, the behaviors of the organization, performance and the measurement of the performance (Tan, 2007). This systems-level focus also connotes the capability, according to Verona (1999), as functional, integrative and innovative in nature.

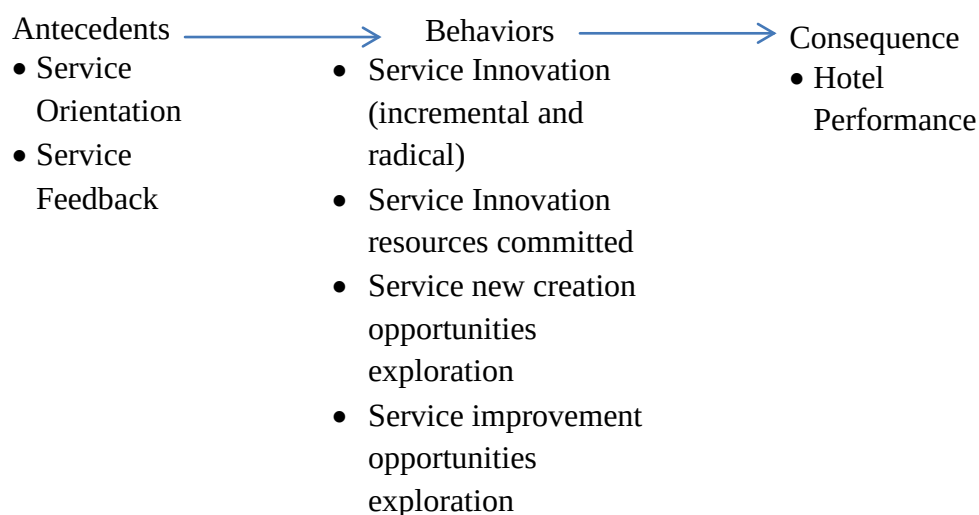
The following presents the ABC (Antecedents-Behaviors-Consequences) concept to use in studying the phenomenon of service innovation for the hotel industry in Myanmar.

A useful, yet practical and pragmatic approach about the application of systems-driven concept is that of performance measurement or management systems. As it was emphasized in Tan (2007), systems needs messages, such as in terms of the belief and measurement feedback, in order to activate the cognitive construction and continuous action adjustment (i.e. innovation or improvement) in order to achieve business goals. In other words, an effective systems level of management must connote the implication of the proactive behavioral act (i.e. accountability, empowerment, commitment, and responsibility) as well as the shared values and the communication needed to achieve synergy (Tan and Arsirapongpisit, 2002). Shared values and beliefs are found in the literature of hotel services as customer orientation (Grissemann, Plank, and Brunner-Sperdin, 2013) or as service

orientation (Liang, Tseng, and Lee, 2010), while feedback or measurement themes are the themes of a holistic system (Hipp and Grupp, 2005). Both are the information-oriented factors, which are intangible resources in nature, and by the Resource-based View (RBV) theory of competitive advantage, these intangible resources, consisted of service orientation and service feedback, should be bundled as distinctive capability in order to have comparatively higher level of performance, or in other words, competitive advantage (Barney, 1995).

A critical examination of RBV theory of competitive advantage reveals not only a straightforward input-process-output configuration (as in service orientation/feedback-service innovation behavior-performance), but it also connotes the fundamental knowledge management mechanism, described by data-information-knowledge-wisdom flow. Both these concepts were integrated in Tan (2007) as Schumpeterian or double-loop learning concept, and data as the intangible resources (i.e. service orientation and service feedback) are turned into meaningful, contextual information and in turn knowledge and wisdom of the applications, manifested as service innovation in this research. Thus, the ABC model of service innovation is formed, as shown in Figure 1.

FIGURE 1: THE ABC MODEL OF SERVICE INNOVATION



(Source: Developed for this research)

Figure 1 is unique in the sense that it treats only the beliefs and feedback, as the informational and communicative aspects of the antecedents. This is important, as the roles, concepts and ideology that people occupy often always influence the way that problems are seen, or framed (Van der Heijden, 2002).

Guided by Figure 1, four relevant research questions are raised, namely:

- Research question 1: What systems-level factors of service innovation is influencing hotel performance?
- Research question 2: Can ABC (Antecedent-Behavior-Consequence) model of service innovation adequately describe the current state of practice of the Myanmar hotel industry?

- Research question 3: Can hotel star rating be a predictor of the level of perceived effect in service innovation behavior, service orientation and hotel performance?
- Research question 4: Are there any significant differences on the involving constructs caused by the differences in different demographic variables?

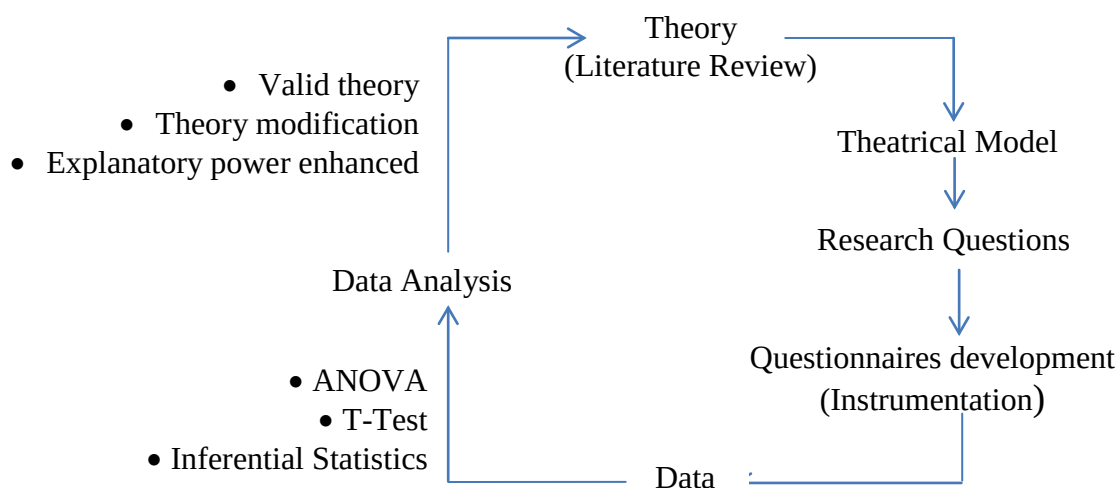
RESEARCH METHOD

This chapter discusses the research design, questionnaire development, pilot testing, and the reliability assessments of the research instruments.

Research Design:

This section delineates the research design steps needed to address the research problem. First, the nature of research paradigm that embraces the study of the research phenomenon (namely service innovation and its systems-level of factors) is addressed. Since service innovation that involves the antecedents i.e. explicitly shared understanding of knowledge, behavioral factors i.e. commitment and actual innovation actions, and performance outcomes are observable in nature, the nature of their existences can be understood as objectively real (ontology, Denzin and Lincoln, 1994), capable to be understood through a distanced relationship with the respondents (epistemology, Krauss, 2005) based on quantitatively based survey method (methodology). Secondly, after clarifying the research paradigm, a research design model of the nature deduction-induction (Tan, 2014b), as shown in Figure 2, is discussed that captures the involving stages of this research.

FIGURE 2: DEDUCTIVE-INDUCTIVE APPROACH TO BUSINESS RESEARCH



(Source: Developed for this research)

Specifically, Figure 2 highlights the two worlds of the phenomenon, namely the conceptual one that has its emphasis on theory in order to guide the explanation of the phenomenon of interest i.e. service innovation and its systems level factors, and the other at the data world. Data world is where the actual phenomenon exists, the actual population resides and where

sampling is made. In this research, 58 valid non-random sample sizes were selected for the data analysis. Bartlett tests of sphericity for all the involving constructs were tested to be significant, and that the Kaiser-Meyer-Olkin measures of sampling adequacy for these 58 sample sizes were confirmed positively, for they are far greater than 0.6 of the requirement (Hair, Black, Babin, Anderson, and Tatham, 2006).

Research, in deductive nature, involves first making clear and then operationalize the concepts involved (i.e. service innovation and its systems-level factors such as service orientation and innovation behaviors) along validity in both construct and content nature of the research, so that the instruments represent all the aspects of the conceptual definition of a construct as closely as possible (Neumann, 2006). The deductive-inductive loop is closed by the data analysis step, which could be considered as an inductive research process that attempts to critically evaluate the data for the missing or any emerging patterns or structure of the existing or newly emerged constructs.

Questionnaire Development:

The factor analysis (Hair *et al.*, 2006), as shown in Table 1, on all the nine constructs confirm that Cronbach's alphas are more than 0.7, which is considered as the threshold for reliable measure (Nunnally, 1978). In fact, all the constructs except the hotel performance (Cronbach's alpha 0.7885) are greater than 0.80 which is considered as highly reliable (Nunnally, 1978). These criteria, according to Forza (2002), are considered as well-accepted in operations management, in which service is one.

TABLE 1: RELIABILITY TEST

Constructs	Cronbach Alpha	Kaiser-Meyer-Olkin
Service orientation	0.8606	0.781
Resources commitment	0.8983	0.772
Innovation types – incremental and radical	0.9207	0.840
New creation opportunity exploration	0.9933	0.797
Improvement opportunity exploration	0.9168	0.840
Service feedback	0.8460	0.802
Antecedents	0.8981	0.769
Behaviors	0.9521	0.737
Hotel Performance	0.7850	0.690

The contents of the instruments are thematically captured as follows:

- Service orientation – the commitment to the customer, and the reward of the commitment, regular measure of customer satisfaction, effort in understanding customer needs and in creating values for the customers, belief in service concept as a key to success, hotel supporting new service concepts, with budgets and continuous improvement plans.
- Service innovation resources commitment – hotels actively supports knowledge and technical information sharing, and brainstorming and participation, recruits service-

oriented employees, provides suitable working environment and training to improve service innovation and improvement, supports team spirit, dedicates resources and supports leadership roles of each unit.

- Service innovation (increment and radical) types – new service concept gradually introduced, the adoption of few radical service concepts, fitness to local culture theme, implementation with full commitment, integrating views of different stakeholders, and continuous improvement and new ideas generation.
- New and improved service creation opportunities exploration – which involves the explorative commitment in areas of technology, food and beverages, conferences and meeting services, room comfort, booking system, new service methods, new ideas, indoor recreational facilities, relaxation activities, business center, checkout systems, appealing architectural design, and communication strategy with customers.
- Service feedback – prompt reaction to new requirements, looking within and outside the hotel industry, monitoring customer preferences and attending to them, complaint resolution, and continuous improvement feedback.
- Hotel performance – rapid growth in the past few years, on track on long-term growth plan, benefits of new service concepts, favorable brand recognition, service quality improvement, customer satisfaction, retention rates of customers, and market expansion.
- Antecedents – Service orientation and service feedback.
- Service innovation behavior – Service innovation resources commitment, service innovation (incremental and radical) types, and new and improved service-orientation opportunities exploration.

Pilot Testing and Final Data Collection:

The pilot tests were based on thirty chosen senior managers from fifteen participating hotels in Myanmar. The pilot tests were conducted after the focus group confirming the appropriate uses of wordings in the questionnaire items. The focus group is composed of twelve MBA students and one professor who guided in business strategies and business research. Pilot testing was accomplished in September 2014. The pilot test indicated a significant regression relationship that identifies the roles the systems-level factors played in influencing hotel performance, at 70% of variability. The correlations analysis of the pilot test also shows significant relationships across each of the seven constructs. Having accomplished this confidence, the full-scale data collection for another fifty-eight hotels in Myanmar were contacted and selected for the analysis. The next section discusses the data analysis, results and final data collection.

DATA ANALYSIS, RESULTS AND DISCUSSION

This section is organized according to the questions raised. Male is 72.4% and female 27.6%. The majority of 67.3% of the age is 35-54. Experiences under 5 years is 39.7%, 5-10 years 20.7%, 10-15 at 17.2%, >15 at 22.4%.

Research Question 1: What systems-level factors of service innovation is influencing hotel performance?

To answer this question, first the correlations analysis is used to delineate the nature of the interrelationship between each of the constructs involved in this research study. The outcome of the correlation matrix analysis is given in Table 2. Then, multivariate regression analysis helps to identify the significant number of predictors in influencing hotel performance from both the behavioral and antecedent domains. Having accomplished this, an ABC (Antecedent-Behavioral-Consequential) model of service innovation, as a systems-level configuration attempt that reflects the current state of practices in Myanmar, is concluded.

TABLE 2: CORRELATION MATRIX ANALYSIS

Correlations									
		Star Rating	Service Orientation	Service Innovation Resources	Service Innovation - Incremental and Radical	Service New Creation Opportunity Exploration	Service Improvement Opportunity Exploration	Service Feedback	Hotel Performance
Star Rating	Pearson Correlation	1	.265*	.347**	.292*	.187	.241	.172	.298*
	Sig. (2-tailed)	.	.044	.008	.026	.160	.068	.198	.023
	N	58	58	58	58	58	58	58	58
Service Orientation	Pearson Correlation	.265*	1	.845**	.706**	.508**	.444**	.612**	.644**
	Sig. (2-tailed)	.044	.	.000	.000	.000	.000	.000	.000
	N	58	58	58	58	58	58	58	58
Service Innovation Resources	Pearson Correlation	.347**	.845**	1	.781**	.467**	.381**	.612**	.690**
	Sig. (2-tailed)	.008	.000	.	.000	.000	.003	.000	.000
	N	58	58	58	58	58	58	58	58
Service Innovation - Incremental and Radical	Pearson Correlation	.292*	.706**	.781**	1	.652**	.608**	.841**	.802**
	Sig. (2-tailed)	.026	.000	.000	.	.000	.000	.000	.000
	N	58	58	58	58	58	58	58	58
Service New Creation Opportunity Exploration	Pearson Correlation	.187	.508**	.467**	.652**	1	.858**	.710**	.648**
	Sig. (2-tailed)	.160	.000	.000	.000	.	.000	.000	.000
	N	58	58	58	58	58	58	58	58
Service Improvement Opportunity Exploration	Pearson Correlation	.241	.444**	.381**	.608**	.858**	1	.642**	.686**
	Sig. (2-tailed)	.068	.000	.003	.000	.000	.	.000	.000
	N	58	58	58	58	58	58	58	58
Service Feedback	Pearson Correlation	.172	.612**	.612**	.841**	.710**	.642**	1	.733**
	Sig. (2-tailed)	.198	.000	.000	.000	.000	.000	.	.000
	N	58	58	58	58	58	58	58	58
Hotel Performance	Pearson Correlation	.298*	.644**	.690**	.802**	.648**	.686**	.733**	1
	Sig. (2-tailed)	.023	.000	.000	.000	.000	.000	.000	.
	N	58	58	58	58	58	58	58	58

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

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

Specifically, in Table 2, all the systems-level constructs are significantly inter-correlated with one another, and also with the hotel performance. The only weak correlation is between star rating and all the constructs including hotel performance. Star rating is positively related to hotel performance, and on the operative sides, to service orientation, the nature of service innovation i.e. incremental or/and radical, and the supporting commitment of service innovation resources. Star rating has no significant relationship to the explorative nature of the service innovation or improvement, as well as on service feedback. In other words, star rating reflects the exploitative commitment and the actual state of performance, rather than the explorative competency and commitment of hotels.

The next logical inferential analysis is performed using multivariate regression analysis, as shown in Table 3, based on the two domains of predictors, namely, the behavioral and

antecedents. The significant predictors on the behavioral aspects, as displayed in Table 3, that influence perceived hotel performance are:

- Service innovation resource commitment (of standardized regression coefficient strength 0.248). As discussed in Hair *et al.* (2006), standardization is to ensure that all the variables are comparable, and this can be done by converting variables to a common scale and variability, the most common being a mean of zero and standard deviation of one.
- Service innovation types (both incremental and radical, of standardized regression coefficient strength 0.394), and
- Service improvement opportunities exploration (of standardized regression coefficient strength 0.352).

Each has roughly the same strength level in influencing hotel performance, stressed equally between the exploitative and the explorative dimensions of service innovation. Collectively, as shown in Table 3, these systems-level behavioral factors can explain 72.8% of the level of perceived hotel performance. Explorative commitment and its state of practice provide the sources of knowledge about opportunities needed to continually inform the management and the hotel employees on the potential needs of the hotel guests. Without the explorative opportunity searching commitment, as Chen, Tsou, and Huang (2009) argued, will eventually cause competitive disadvantage by losing market share, sales and profits.

TABLE 3: SERVICE INNOVATION BEHAVIORS PREDICTING HOTEL PERFORMANCE

Model Summary					
Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	
1	0.853 ^a	0.728	0.713	0.24432	
a. Predictors: (Constant), Service Improvement Opportunity Exploration, Service Innovation Resource, Service Innovation – Incremental and Radical					
b. Dependent Variable: Hotel Performance					
ANOVA					
Model	Sum of R^2	df	Mean Square	F	Sig.
Regression	8.643	3	2.881	48.266	0.000 ^a
Residual	3.223	54	0.060		
Total	11.866	57			
Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.967	0.261		3.710	0.000
Service Innovation Resources	0.194	0.090	0.248	2.149	0.036
Service Innovation – Incremental and Radical	0.315	0.108	0.394	2.926	0.005
Service Improvement	0.254	0.065	0.352	3.874	0.000

Opportunity Exploration					

In addition, explorative service innovation actions also show significantly more important than service orientation in influencing hotel service, when Table 3 is compared to the result shown in Table 4. This can be explained as such: While customer orientation is a belief that puts the customers' interest first (Deshpande, Farley, and Webster, 1993), explorative commitment reflects the energy and commitment invested by the hotels in exploring or searching for marketable new opportunities, ideas and service choices. New or improved service opportunity exploration is also a spirit of entrepreneurship, which is generally thought of as the explorative characteristics that involves the discovery, evaluation and exploitation of opportunities to introduce goods and services (Shane, 2003).

TABLE 4: SERVICE INNOVATION ANTECEDENTS PREDICTING HOTEL PERFORMANCE

Model Summary					
Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	
1	0.774 ^a	0.599	0.584	0.29427	
a. Predictors: (Constant), Service Feedback, Service Orientation					
b. Dependent Variable: Hotel Performance					
ANOVA					
Model	Sum of R^2	df	Mean Square	F	Sig.
Regression	7.104	2	3.552	41.015	0.000 ^a
Residual	4.763	55	0.087		
Total	11.866	57			
Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.255	0.338		3.707	0.000
Service Orientation	0.297	0.103	0.312	2.888	0.006
Service Feedback	0.385	0.077	0.542	5.023	0.000

Both the service orientation and service feedback share the antecedent characteristics of service innovation. Service feedback in this study reflects the action of monitoring performance based on different perspectives:

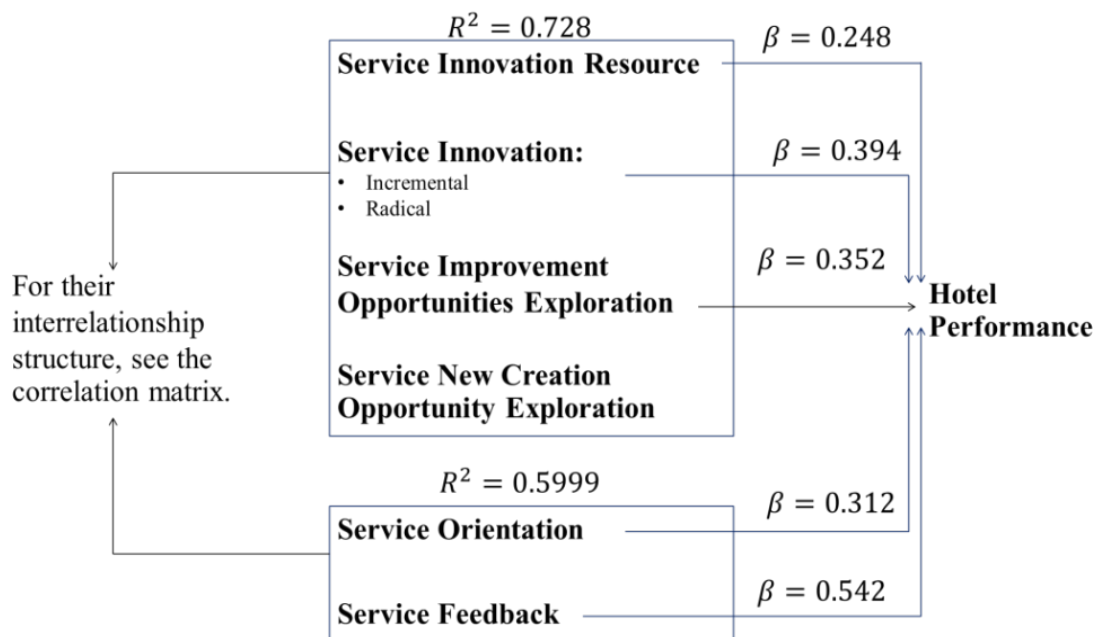
- Externally by focusing on the new requirements, new service ideas from within the hotel industry or across to other industry, and customer preferences.
- Internally by attending promptly and critically to customer complaints, quality defects, and the need of feedback to the frontline employees for continuous improvement.

Service feedback has long been considered as a necessary management function that drives performance of organization, for instance, in Cummings, Schwab, and Rosen (1971), but few studies in this aspect have been attempted for the hospitality sector. As service is in nature heterogeneous (Parasuraman, Zeithaml, and Berry, 1988), considering both internal and external feedbacks are necessary. Besides, service feedback, if used appropriately,

particularly along the direction of being real-time (Harrington, 2004), can be used to help the service teams to evaluate multiple courses of action to examine the nature of their performance.

In conclusion, while all the systems-level factors are inter-correlated, the influences to hotel performance are significantly contributable to two clusters of constructs; one that involves service innovation resource commitment, service innovation, service improvement and new opportunities exploration, and the other cluster consisting of service orientation and service feedback, as shown in Figure 3.

FIGURE 3: TWO CLUSTERS OF SERVICE INNOVATION CONSTRUCTS PREDICTING HOTEL PERFORMANCE



(Source: Developed for this research)

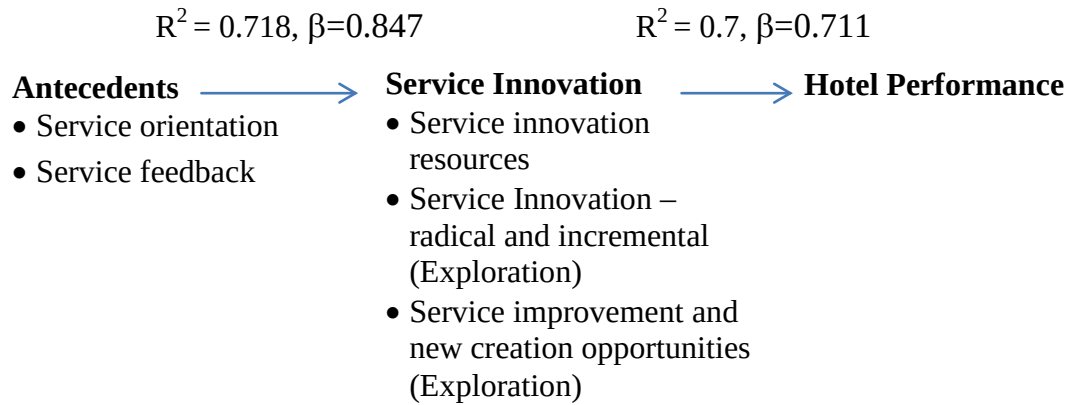
In particular, the first cluster of Figure 3 manifests the innovation behavior, at the action level, that stresses on the exploitation of market opportunities and business development, i.e. the alignment that cuts across different functions of the hotel services, and the suggestions or initiatives taken to improve customer service of the hotel. The first cluster also is more tangible in nature (cf. Tan, 2014c). The second cluster is informational, either at the belief or actual data domain, and can thus be considered as a form of intangible resource.

Research Question 2: Can ABC (Antecedent-Behavior-Consequence) model of service innovation adequately describe the current state of practice of the Myanmar hotel industry?

The previous section indicates that two clusters of constructs, namely, service innovation behavior and the antecedents to service innovation, are shown to have significantly, separately positive influence on hotel performance. When they are being considered simultaneously in the multivariate regression analysis, it is concluded that service innovation behavior is the predominant predictor to hotel performance, at 70% of the explanatory power

to the variability of hotel performance, whereas the antecedents explain only the variability of service innovation at 71.8%. Figure 4 indicates this ABC relationship.

FIGURE 4: ABC MODEL OF SERVICE INNOVATION



(Source: Developed for this research)

In another words, Figure 4 can be interpreted at a systems configuration level, in that service innovation behavior can be known as the service innovation capability that bundles the available intangible resources, both beliefs (i.e. customer orientation) and actual performance reality (i.e. data and information of the market and hotel management, hotel performance), in order to establish higher level of hotel performance. Exploiting both customer-driven information (i.e. needs and preferences) and company-driven information can provide a base for co-creation needed to gain the necessary competitive advantage (Nam and Lee, 2010).

Research Question 3: Can hotel star rating be a predictor of the level of perceived effect in service innovation behavior, service orientation and hotel performance?

This question can be answered by performing correlations analysis on the constructs involved, and Table 5 displays the outcome which shows that hotel star rating is significantly, positively related to innovation behavior and hotel performance. Nevertheless, the strength of the correlation is only significant at 0.05 levels, and also at a lower correlational coefficient strength level, as shown in Table 5.

TABLE 5: CORRELATIONS STRUCTURE BETWEEN ANTECEDENTS, INNOVATION BEHAVIOR, AND HOTELPERFORMANCE

	Star Rating	Antecedents	Innovation Behavior	Hotel Performance
Star Rating	1	0.255	0.312*	0.298*
Antecedents		1	0.847**	0.747**
Innovation Behavior			1	0.833**
Hotel Performance				1
** Correlation is significant at the level 0.001 level (2-tailed).				
* Correlation is significant at the 0.05 level (2-tailed)				

Specifically, “star rating” of hotel can, in general, reflects the state of service innovation activities as well as hotel performance, as displayed in Table 5.

Research Question4: Are there any significant differences on the involving constructs caused by the differences in different demographic variables?

This question is to be answered by the use of either ANOVA or t-test. There are four demographic variables used in this research study, namely, role of responsibility, age groups, gender and the years of experience with the hotels. Only gender plays a significant difference on the perceived levels of service orientation, and nearly significant for hotel performance, as shown in Table 6 (means score) and Table 7 (the t-test). The means scores across all the constructs indicate that, in general, the female employees have higher perceived levels than the male employees in hotels.

TABLE 6: MEANS SCORES OF THE CONSTRUCTS BETWEEN MALES AND FEMALES

Gender		N	Mean	Std. Dev.	Std. Error Mean
Service Innovation	Male	42	3.9914	0.45742	0.07058
	Female	16	4.2719	0.48682	0.12170
Service Innovation Resource	Male	42	4.0676	0.64056	0.98884
	Female	16	4.1594	0.48117	0.12029
Service Innovation Type – I&R	Male	42	4.1050	0.67076	0.10350
	Female	16	4.1300	0.54346	0.13586
Service New Creation Opportunity Exploration	Male	42	3.8498	0.57496	0.08872
	Female	16	4.1588	0.56459	0.14115
Service Improvement Opportunity Exploration	Male	42	3.9507	0.54830	0.08460
	Female	16	4.1738	0.61264	0.15316
Service Feedback	Male	42	4.0195	0.65982	0.10181
	Female	16	4.2500	0.58361	0.14590
Hotel Performance	Male	42	3.9657	0.41331	0.06378
	Female	16	4.2231	0.52249	0.13062
Antecedent	Male	42	4.0000	0.47047	0.07260
	Female	16	4.2656	0.45743	0.11436
Innovation Behavior	Male	42	3.9924	0.51177	0.07897
	Female	16	4.1556	0.48204	0.12051

TABLE 7: T-TEST RESULTS OF CONSTRUCTS BETWEEN MALES AND FEMALES

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Service Orientation	Equal variances assumed	.610	.438	-2.051	56	.045	-.2804	.13675	-.55439	-.00650
	Equal variances not assumed			-1.993	25.723	.057	-.2804	.14069	-.56979	.00890
Service Innovation Resources	Equal variances assumed	2.644	.110	-.519	56	.606	-.0918	.17686	-.44606	.26255
	Equal variances not assumed			-.589	36.075	.559	-.0918	.15569	-.40749	.22398
Service Innovation - Incremental and Radical	Equal variances assumed	.301	.585	-.133	56	.895	-.0250	.18777	-.40116	.35116
	Equal variances not assumed			-.146	33.352	.885	-.0250	.17080	-.37235	.32235
Service New Creation Opportunity Exploration	Equal variances assumed	.007	.935	-1.838	56	.071	-.3090	.16810	-.64574	.02776
	Equal variances not assumed			-1.853	27.617	.075	-.3090	.16671	-.65070	.03272
Service Improvement Opportunity Exploration	Equal variances assumed	.132	.718	-1.341	56	.185	-.2230	.16636	-.55629	.11022
	Equal variances not assumed			-1.275	24.709	.214	-.2230	.17497	-.58362	.13755
Service Feedback	Equal variances assumed	.427	.516	-1.225	56	.226	-.2305	.18811	-.60730	.14635
	Equal variances not assumed			-1.295	30.518	.205	-.2305	.17791	-.59357	.13261
Hotel Performance	Equal variances assumed	2.654	.109	-1.968	56	.054	-.2574	.13079	-.51941	.00459
	Equal variances not assumed			-1.771	22.535	.090	-.2574	.14536	-.55845	.04363
Antecedent	Equal variances assumed	.018	.893	-1.936	56	.058	-.2656	.13720	-.54047	.00922
	Equal variances not assumed			-1.961	27.870	.060	-.2656	.13545	-.54315	.01190
Innovation Behavior	Equal variances assumed	.252	.618	-1.103	56	.275	-.1632	.14806	-.45985	.13336
	Equal variances not assumed			-1.133	28.711	.267	-.1632	.14408	-.45804	.13156

CONCLUSION

This research identifies numerous findings of useful strategic values to hotel management as well as the academics.

First, star rating classification of the hotel is positively related to the exploitative competencies and state of the current practices of the hotels, being reflected in the resource commitment, service orientation and the types of service innovation activities. No relationship on the influence of star rating on the explorative orientation, i.e. service improvement and innovation opportunities exploration. In a way, star rating classification seems to reflect the current practices and the state of performance, but does not connote the opportunity searching commitment.

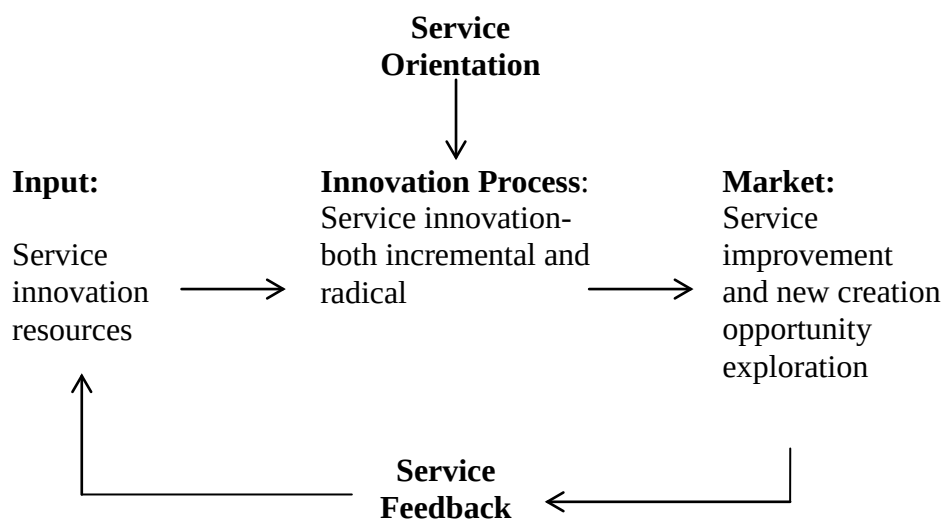
Second, two clusters of the systems-level constructs of service innovation are found to play significant roles in influencing the perceived hotel performance. The first cluster can be characterized as innovation behavior which is consisted of service innovation resource commitment, service innovation types of activities, and the explorative commitment and the current state of performance for service improvement and service new creation opportunities. Collectively, this cluster explains significantly high variability of the hotel performance, at 72.8%. In short, the first construct is more tangible in nature – the observable behavior. The

second cluster, consisted of service orientation and service feedback, is informational resource in nature, which can be considered as an antecedent to innovation behavior. This intangible resource can explain 59.9% of hotel performance. Nevertheless, when both predictors are considered simultaneously, service innovation behavior has direct influence on hotel performance, whereas the antecedent factors only influence significantly on the service innovation behavior.

As such, the ABC (Antecedent-Behavioral-Consequential) model of service innovation seems to be able to insightfully and validly capture the current state of the service innovation practices of the hotel industry in Myanmar.

On the implication side to the hotel management, another useful re-arrangement of the ABC model of service innovation is that of a closed-loop service innovation management model, as shown in Figure 5, which can easily be extended to incorporate the concepts of double-loop organizational learning principles for use in service innovation (cf. Tan, 2007).

FIGURE 5: ORGANIZATIONAL LEARNING LOOP OF SERVICE INNOVATION MANAGEMENT



(Source: Adapted from Tan, 2007)

In view of the significant role played by service feedback in hotel performance, the research should extend to examine how learning orientation and learning behavior of hotels drive the nature of the service innovation as well as service innovation behavior. Research conducted by Calantone, Cavusgil, and Zaho (2002) have shown that learning orientation can significantly enhance competitiveness of organization.

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A VALUE-DRIVEN SERVICE QUALITY BUSINESS MODEL FOR MUSEUMS: A STUDY CASE IN NORTHERN THAILAND

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ABSTRACT

European and American museums related literature tends to demonstrate that museums are becoming organizations, trying to identify visitors' profiles to increase audience. The study case in Northern Thailand area and the questionnaire findings show that there are local museums' dynamic factors linked to different visitors' identities, and that these factors can be used as value-driven service quality in order to deliver visitors satisfaction. This study inferential statistics analysis shows positive results and correlations in order to design a business model applicable for museum management. The aim of this demonstration is to deliver greater value to visitors and to increase audience.

INTRODUCTION

Numerous research findings on the visiting characteristics of museums, conducted in the context of USA and Europe (Chhabra, 2009; Campolmi, 2013), indicate that museums operations are more like organizational entities. As such, profit-taking objective by focusing on increasing the number of visitors has progressively been acknowledged as a fundamental success factor in museums operations (Hood, 1983; Kabat, 2014).

Increasing the audience led to extensive research on museums' visitors (Ham, 1992; Dierking and Falk, 1992; Falk and Storksdieck, 2005; Falk, 2008; Dawson and Jensen 2011). Yet, very little can be known on their motivations (Orr, 2004); most of them having unique motivations for being unique individuals. Other studies focused on visitors' experience expectations (Sheng, 2012) to help museums to position themselves in order to reach the right target market.

Apart from education, the main mission of museums, what are the values that the museums provide to their audience? Customer satisfaction related to the experience of museums' visiting is intangible, which shows the difficulty for the museums' management to set effective performance measurement tools (Badia and Donato, 2013).

From the literature, research in museum audience is almost inexistent in Thailand. This exploratory and explanatory research aims to benefit the local cultural tourism sector and the findings of this research could help to develop a conceptual business model for museums, the core research question of this study, by uncovering the identities of the visitors and the values that drive service quality in order to reach visitors' satisfaction.

Both descriptive and statistical inferential analyses allow us to make conclusions and determine managerial implications. Limitations and directions for further research are also offered.

LITERATURE REVIEW

The following section introduces the logically articulated variables needed for this study.

Identities

According to Black (2012), it is difficult to generalize the motives of visitors. Orr (2004) mentioned that no matter how hard one can try to look through statistics, visitors are unique individuals, and consequently, have unique motivations.

Dierking and Falk (1992) demonstrated that individuals are built through two identities: “*Identities*” (demographic characteristics; identities kept through our life) and “*identities*” (identities directly impacting our personality and behavior at a specific time) that play a key role in museum visiting. The authors elaborated a five identities model, which comprises: Explorer, Facilitator, Professional/Hobbyist, Experience Seeker, and Recharger. Therefore, the first research question is proposed to examine whether Thai’s museum visitors share similar or dissimilar characteristics of identities as those discovered in Dierking and Falk (1992):

RQ1: What are the identities of museum visitors in Thailand?

Dynamic Factors in Museum Visits

Now that the visitors’ identities are explored, how these identities would influence visitors’ interests and what they value would be an important research issue. In this aspect, the literature findings have been fragmented and no consensus has yet been found. For instance, for visitors who are oriented towards learning, Kelly (2011) discovers that the learning identity is closely related to factors of people (the group), purpose, process, place, person (at individual level), and the museum products. Other researchers, Balloffet, Courvoisier, and Lagier (2014) and Lepouras and Vassilakis (2005), studied the role played by educational and entertainment values as ways to shift museum characteristics from being viewed as too static to be dynamic, educational and fun. Other fragmented factors include Experience (Dierking and Falk, 1992; Ham, 1992; Hood, 1993; Sheng, 2012), Emotion (Watson, 2014), Involvement (Campolmi, 2013), and Inspiration (Packer and Ballantyne, 2002; Norris and Tisdale, 2014).

Dierking and Falk (1992) studied the visitors’ Experience mostly based on the visitors’ memory, suggesting that it was the result of the interaction of three contexts: personal, social, and environment. Thus, experience changes from one individual to another.

On the Environment aspect, it is considered as the physical context, the exhibits: objects, artifacts, and the building: architecture and atmosphere (Dierking and Falk, 1992). Pitsaki (2010) raised the question on the role of Design in cultural products, and concluded that when visitors go to a museum, they will see the tangible product hanged on the wall, but the visiting experience is intangible. Museums must then take into consideration the time, the place, the way and the circumstances of service consumption. The holistic experience starts with Design; the décor and the layout of the building for the flow of visitors is also important.

Concerning Enrichment, Hood (1993) stated that “These folk (the frequent visitors) emphasize three factors in their leisure life: opportunities to learn, the challenge of new experiences, and doing something worthwhile for themselves.” (ibid, p.17). Ham (1992) distinguishes two kinds of audiences: the captive audience (paying attention because obliged) and the non-captive audience (paying attention because interested). As such, self-enrichment and self-improvement are motivating factors.

Related to the Emotion, Watson (2014), senior lecturer, School of Museum Studies at the University of Leicester, United Kingdom mentioned that visitors synchronically feel and think during visits, the feelings of the experience being influenced by visitors' backgrounds.

Campolmi (2013) stated that the visitors must be invited to interpret art from their own approach, which makes visitors non-passive and engaged in an active learning process. Yet, visitors can be involved in different ways: a socialization process, with friends, family or new people met in the museum, but also through entertainment and activities that the museum could provide (e.g. lectures). Watson (2014) also mentioned that visitors and communities should be involved in exhibitions.

Because visitors are invited to interpret exhibits with their own approach, visitors are enabled to enhance their Inspiration and Creativity. Norris and Tisdale (2014) stated that museums are to nurture creativity which will arise from curiosity; inspiration also comes from curiosity, and as the author mentioned "Creative people are curious people, seeking out information and inspiration." (ibid, p.187). Packer and Ballantyne (2002) confirmed that one way to get information, ideas and new visions is through leisure time.

Therefore, two additional research questions are proposed to find out the interests valued by visitors, and to examine whether different identities are in search of different values in museums.

RQ2: What are the significant dynamic factors for museum tourism in Thailand?

RQ3: What is the relationship between the identities and the dynamic factors?

Service Quality and Customer Satisfaction

Because museums are service providers, service quality becomes very important. It has been acknowledged that it had considerable impacts on customer satisfaction, customer loyalty but also performance and profitability (Seth, Deshmukh, and Vrat, 2004). Parasuraman, Zeithaml, and Berry (1988, p.17) defined perceived service quality as "the degree and direction of discrepancy between the consumers' perceptions and expectations". In the context of museums, Nowacki (2005) used the SERVQUAL model to evaluate the strengths and weaknesses of the National Museum in Poland. The model followed the original model of Parasuraman, Zeithaml, and Berry (1988) that used five dimensions scales: tangibles, reliability, responsiveness, assurance, and empathy. Marković, Raspor, and Komšić (2013) explored the visitors' expectations and perceptions of service quality in museums using the HISTOQUAL model, originating from the SERVQUAL model with five dimensions: responsiveness, tangibles, communication, consumables and empathy. The authors modified the questionnaire in order to meet certain characteristics of museums. Their research provides a good example for the analysis of visitors' perceptions and expectations. The SERVQUAL method has been used in other studies, but what is interesting is that all the studies adapted their own SERVQUAL questionnaire. Another example is the study of Shi and Chen (2008), organized in six sections: educational entertainment, responsiveness and assurance, reliability, tangibility, convenience, and care. Further research questions need to be formulated to understand the values that drive service quality on the customers' value perceptions, as well as how these perceived values are linked to the identities of the visitors and the dynamic factors provided by the museums.

RQ4: What are the values driving the service quality in museum visiting in Thailand?

RQ6: Are there relationships between identities and service quality?

RQ8: Are there relationships between dynamic factors and service quality?

Increasing the number of visitors should not be the only goal of museums' operations. Service quality must be provided and visitors must be satisfied customers. De Rojas and Camarero (2008) proposed a model to describe visitors' satisfaction based on both cognitive and affective approaches. The authors made recommendations for management stating that museums should develop the interests and the involvement of the visitors. An interested and involved visitor will spend more time, and may come back. Shi and Shen (2008) also stated the importance for the management to focus on the visitors' needs through service quality, in order to deliver customer satisfaction. Therefore, the following research questions are proposed:

RQ5: Does service quality drive customer satisfaction?

RQ7: Are there relationships between identities and customer satisfaction?

RQ9: Are there relationships between dynamic factors and customer satisfaction?

Demographics

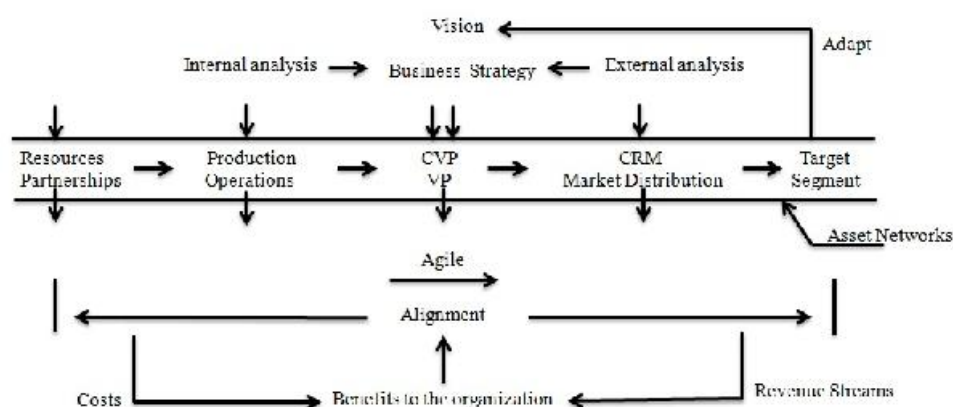
Dawson and Jensen (2011) stated that Dierking and Falk (1992) contribution to the studies of visitors' experience and identities have been of great importance, yet did not take into consideration the demographic factors. The authors demonstrated that Dierking and Falk (1992) model was incomplete as visitors cannot be reduced to five identities, even if visitors could be in multiple identities at the same time. Individuals differ in terms of gender, social class, etc. The authors thus showed the limitations of the theory and methodology. This study will also seek for the influence of the demographics on museum visiting as proposed:

RQ10: Are there any demographic effects or impacts on museum visits in Thailand?

Business Model

Campolmi (2013) and Chhabra (2009) showed how museums have become organizations alike. In this aspect, no business model proposition was found in the literature. The business model approach of Tan (2014), a business model structure for sustainable competitive advantage, helps to organize the firm and think about the details of its activities with both the value proposition and value capture in mind. It helps the strategist to choose among alternative designs with competitive advantage in mind. For this, the model skillfully uses the Blue Ocean Strategy value curve concept of Kim and Mauborgne (2005), to bridge between the market-based view and the resource-based of competition creatively, as shown in Figure 1:

FIGURE 1: BUSINESS MODEL

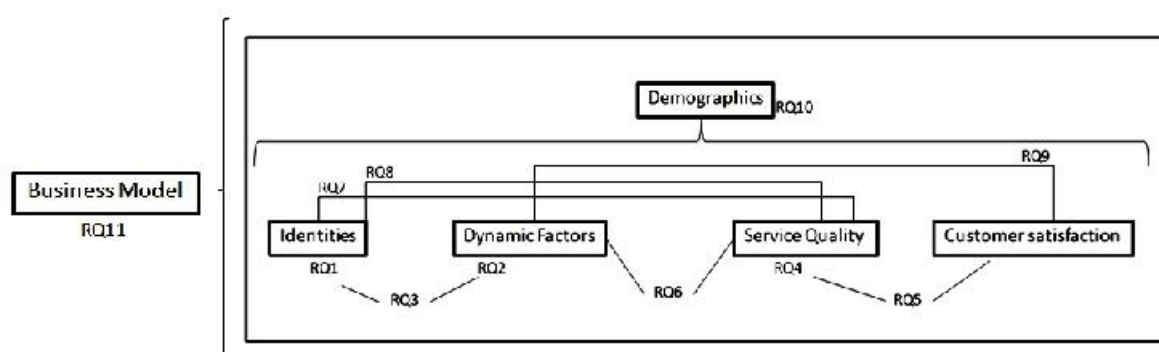


(Source: Tan, 2014)

Therefore, this study will use the frame of Tan (2014) business model in order to answer the core question of this study: RQ11: Is there a possibility of a theoretical business model for museums?

Consolidating all the relevant research questions 1 to 10 allows developing a strong theoretical and practical base to design the business model and to address the core research question 11, as shown in Figure 2.

FIGURE 2: THEORETICAL FRAMEWORK



(Source: Developed for this research)

RESEARCH METHOD

Sample and Data Collection

For this quantitative research, the population sample was gathered in Chiang Rai province, in Mae FahLuang University. The targeted samples were Thai national adults over 18 years old, and were randomly selected as different identities were looked for, among which teachers, students, administrative officers, programmers and others. The respondents provided a reasonable representative profile as the study aims to search for identities. Each individual being unique, the fact that the sample was taken on the Mae FahLuang University campus was not a constraint or a disadvantage for the choice of the sampling.

Data was collected through survey questionnaire. Two pilot tests were done. The first pilot test was conducted in order to get constructive feedback to avoid understanding, confusion, including wording. The second pilot was tested on 33 respondents. As positive relationships were established, the sampling was extended. Convenient sampling was conducted.

Data was collected in four days in August 2014. There were no incentives for participation. The researcher stayed with the respondents and translated in Thai language when needed, as the questionnaire contained difficult vocabulary. Five questionnaires were unusable. The researcher took the time to check whether all questions were answered before leaving the respondents. 137 questionnaires were collected as valid questionnaires. Based on the concepts of statistical power and the level of significance for inferential analysis, Cohen (1992) suggested that samples varying from 1,163 to 41 at α at 0.01, and from 783 to 28 at α at 0.05 could be used as the criteria for assessing the sample size, based also on data analysis establishing a correlational strength at 0.1 is low, 0.3 is at medium level, and 0.5 is at a high

level. Also, sampling adequacy on each of the construct's factor analysis also verified that the current sample size is appropriate.

Questionnaire

The questionnaire was organized in five parts.

Demographics: Nine questions: gender, age, nationality, marital status, education background, occupation sector, income, museum visiting frequency, and favorite kind of museum.

Identities (Table 1): The contents of the identities of Dierking and Falk (1992), who classified visitors' identities from qualitative research, were adapted for the questionnaire. 23 statements were formulated according to each identity category.

TABLE 1: IDENTITIES

Statements	Author
Explorer	
1. I expect to see "cool stuff", something extraordinary.	Tan, 2014
2. I always believe the museum will be beneficial	Researcher
3. This museum experience taught me some aspects of knowledge	Tan, 2014
4. I am curious about everything	Researcher
5. There is no specific purpose for me in museum trip – just enjoy walking around.	Tan, 2014
Facilitator	
6. I have an educational purpose	Tan, 2014
7. I want to give my family/friends the chance to learn something	Tan, 2014
8. The museum has a good educational theme	Tan, 2014
9. This visit makes me feel like I am a good parent or caring friend	Tan, 2014
10. Going to the museum is a socialization time with friends/family	Researcher
Professional/Hobbyist	
11. I like museums as they offer ideas that I can apply in life/career	Tan, 2014
12. I like museums that can stimulate my creativity	Researcher
13. I come to the museum with a mission in mind for my career/life	Researcher
14. I like museums that are related to my personal hobby	Researcher
Experience seeker	
15. Museums are destinations of important values	Tan, 2014
16. I go to museums because they are recommended attractions	Tan, 2014
17. I go to the museum because they are famous places	Researcher
18. I want to see the best of what museums can offer	Tan, 2014
19. I mostly go to museums while on holidays	Researcher
Rechargers	
20. Museums enable introspective thoughts	Researcher
21. Museum visit can foster my contemplation on the spiritual aspect of life	Tan, 2014
22. Museums have a restorative and refreshing power	Tan, 2014
23. I can relax and be in peace in museums	Researcher

Dynamic factors (Table 2): Eight dynamic factors discovered in the literature review, and were tested and formulated into 30 statements.

TABLE 2: DYNAMIC FACTORS

Dynamic Factors Statements	Author
Environment	
1. I am welcome in the museum (e.g. if not scientist, I feel welcomed in science museum)	Researcher
2. Museum setting provide a good atmosphere for the visit	Researcher
Entertainment	
3. I usually leave museum more interested than when entering	Researcher
4. I learn in a playful way	Researcher
5. I have an enjoyable time in the museum	Tan, 2014
6. I lose track of time while visiting	Researcher
Involvement	
7. I meet mental challenges	Researcher
8. I am invited to interpret the exhibit with my own approach	Researcher
9. I join different activities in the museums	Researcher
10. I am actively engaged	Tan, 2014
Enrichment	
11. I use my time effectively in the museum	Researcher
12. Museums allow me to explore new subjects of interest	Researcher
13. I find something different	Researcher
14. I socialize and meet people in the museum	Researcher
Emotion	
15. Most of my senses are in action	Researcher
16. I always feel comfortable and at ease	Researcher
17. I am in a good mood when I go out of the museum	Researcher
18. The museum enhance my personal wellbeing	Researcher
19. The museum makes me feel like I am an adventurer	Researcher
20. The museum stimulates a collective experience	Researcher
21. The museum changes my view of life	Researcher
Inspiration	
23. Inspirations from museum visits improve my life/career	Researcher
24. I get new inspirations that I can use in my life	Researcher
25. I learn more on a specific subject	Researcher
26. I get creative ideas for my life/career	Tan, 2014
Education	
27. Many themes are worth exploring	Researcher
28. Museums put me in a positive learning environment	Researcher
29. Museums enable to explore new subjects of interest	Researcher
30. I discover interesting things in museums	Researcher

Service quality (Table 3): An adaptation of the SERVQUAL model of Marković, Raspor, and Komšić (2013) was used for this research with six items: Exhibition, Responsiveness and Assurance, Reliability, Empathy, Tangibles, and Convenience. The respondents were to answer 22 questions on how important the statements are according to their expectations as well as to rate their best memory visit.

TABLE 3: SERVICE QUALITY

Service Quality Statements	Author
Exhibition	
The setting of the exhibition is attractive	Shi, 2008
The exhibition is presented in a logical order	Nowacki, 2005
Clarity of the exhibition / Easy to understand	Researcher
The exhibition is educational	Shi, 2008
The museum uses modern technology	Nowacki, 2005
The exhibition is entertaining	Researcher
Responsiveness and assurance	
The staff is helpful when needed	Researcher
The staff has enough knowledge	Shi, 2008
The museum provides professional tour guide for the visit	Shi, 2008
Reliability	
Services are performed in a right and correct manner	Researcher
Authenticity of the exhibits	Researcher
The staff shows sincere interest in giving you information	Researcher
Empathy	
The staff is ready to take to spend with visitors	Researcher
The staff is courteous	Marković, 2013
The explanations of the staff are easy to understand	Researcher

Tangibles	
The museum has nice and clean environment	Shi, 2008
Rest rooms are provided	Marković, 2013
Parking provided	Researcher
Convenience	
Distance to the museum	Researcher
Helpful direction sign in the museum	Nowacki, 2005
You can buy some souvenirs/gifts	Researcher
Accessible for disabled people or elder people	Marković, 2013

Customers' satisfaction (Table 4): The respondents had to answer 15 questions based on their best memory part.

TABLE 4: CUSTOMER SATISFACTION

Customer satisfaction Statements	Author
1. I enjoyed the learning environment	Researcher
2. The museum was interesting	Researcher
3. The museum met my expectations	Researcher
4. I understood the exhibition	Researcher
5. I will come back to the museum	Researcher
6. I will recommend this museum	De Rojas, 2008
7. The overall experience to the museum was worth	Researcher
8. I am please with the visit to the museum	Researcher
9. The staff was great	Researcher
10. The staff took good care of me	Researcher
11. There is a real sense of harmony within the museum	Researcher
12. I had fun in the museum	De Rojas, 2008
13. I had a new kind of experience	Researcher
14. The entrance fee was reasonable	Researcher
15. I was pleased with the other services provided in addition to the exhibition	Researcher

Measurements of Variables

A five-level Likert scale was used to answer the four parts, from 1 (Strongly disagree) to 5 (Strongly agree). Three levels might not be enough to get precise information, and a seven-level scale might be too confusing for the respondents. There were also only affirmative questions (Nowacki, 2005).

Reliability was verified by the Cronbach alpha (Table 5). For some items, reliability was below the minimum requirement (Cronbach, 1951), which will have some impacts on the correlational strengths of the set of relating variables. In general, in view of the fact that these questionnaires are newly developed versions, most of the items relating to visitors' identities and the dynamic factors are considered reliable, passing the minimum requirement of 0.6 (Nunnally,1978). This also reflects the fragmented findings available in the literature, and also the fact no operationalization of the identity and dynamic factor constructs have been found in the literature at this juncture. However, for the questionnaire items for the service quality and customer satisfaction are relatively well conceptualized, as adapted from Parasuraman,Zeithaml, and Berry(1988), reliability index of Cronbach alpha is generally over 0.80, which is considered high. Pearson Correlation was conducted, and at 0.05 and 0.01 significant levels (2-tailed). ANOVA Test and multi regression analysis were conducted to analyze the significant relationships between the different variables. Group statistics were done through t-test for gender comparison.

TABLE 5: CRONBACHALPHA RELIABILITY VALIDATION

Parts	Items	Cronbach Alpha
Identities	Explorer	0.3801
	Facilitator	0.5837
	Professional/Hobbyist	0.5190
	Experience Seeker	0.5845
	Recharger	0.5935
Dynamic Factors	Environment	0.5158
	Entertainment	0.5248
	Involvement	0.7040
	Enrichment	0.5610
	Emotions	0.1317
	Experience	0.5586
	Inspiration	0.7549
Service Quality	Education	0.7894
	Exhibition	0.6173
	Responsiveness and Assurance	0.8352
	Reliability	0.8120
	Empathy	0.8270
	Tangibles	0.8371
Customer satisfaction	Convenience	0.7866
	Customer satisfaction	0.8624

FINDINGS

The findings of each research question will be examined.

RQ1: What are the identities of museum visitors in Thailand?

Based on Dierking and Falk (1992) study, the same identities among Thai nationals were found: Explorer, Facilitator, Professional and Hobbyist, Experience Seeker, and Recharger. Yet, the t-test analysis showed that there is no superior identity, as individuals share different identities. There are no significant differences between the genders. Table 6 displays the means values of different identities between the genders.

TABLE 6: GROUP STATISTICS IDENTITIES

	N		Mean	Std. Deviation	Std. Error Mean
Explorer	Male	59	3.6847	.43344	.05643
	Female	78	3.7872	.47300	.05356
Facilitator	Male	59	3.6508	.66290	.08630
	Female	78	3.7128	.49896	.05661
Professional Hobbyist	Male	59	3.5805	.53426	.06955
	Female	78	3.5096	.64269	.07277
Experience Seeker	Male	59	3.6814	.58970	.07677
	Female	78	3.6154	.57909	.06557
Recharger	Male	59	3.6229	.59880	.07796
	Female	78	3.5513	.60081	.06803

Relationships were found between Identities (Table7).Facilitator and Experience Seeker will share all the other identities.This confirms Dierking and Falk (1992) theory that a person can have different identities during a visit, as well as Dawson and Jensen (2011) theory that a person identity cannot fit in a box.Museums must then offer the values favor by the identities.

TABLE 7: INTER-RELATIONSHIPS BETWEEN THE IDENTITIES

	Explorer	Facilitator	Professional and Hobbyist	Experience Seeker	Recharger
Explorer	1	.257**	.175*	.291**	.198*
Facilitator	.257**	1	.356**	.461**	.326**
Professional and Hobbyist	.175*	.356**	1	.357**	.362**
Experience Seeker	.291**	.461**	.357**	1	.366**
Recharger	.198*	.326**	.362**	.366**	1

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

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

RQ2: What are the significant dynamic factors for museum tourism in Thailand?
Table 8 presents the means values of the different dynamic factors between genders. Yet, there are no significant differences between genders. The visitors value all these factors.

TABLE 8: PROFILE OF DYNAMIC FACTORS

	N		Mean	Std. Deviation	Std. Error Mean
Environment	Male	59	3.7453	.64576	.08407
	Female	78	3.8013	.55444	.06278
Entertainment	Male	59	3.5636	.58831	.07659
	Female	78	3.6731	.54995	.06227
Involvement	Male	59	3.3432	.69310	.09023
	Female	78	3.4231	.54551	.06177
Enrichment	Male	59	3.5559	.58612	.07631
	Female	78	3.6872	.57713	.06535
Emotion	Male	59	3.5975	.57987	.07549
	Female	78	3.6699	1.22904	.13916
Experience	Male	59	3.5636	.49260	.06413
	Female	78	3.6667	.63408	.07180
Inspiration	Male	59	3.5678	.58691	.07641
	Female	78	3.4647	.64808	.07338
Education	Male	59	3.8136	.55241	.07192
	Female	78	3.8910	.62235	.07047

The findings of Table 9 show inter-relationships between the dynamic factors themselves. The most important factors are Enrichment, confirming Hood (1993) statements, and Involvement. Emotion is the factor that has the less correlation with others. This shows the importance of satisfying more than one value expected by visitors.

Thus, a museum that claims providing Enrichment will have to focus on all the other factors, especially Involvement, Experience and Education. Museums that aim to provide Education will have to focus on Inspiration, Entertainment, Experience and Involvement.

TABLE 9: INTER-RELATIONSHIPS BETWEEN THE DYNAMIC FACTORS

	Environment	Entertainment	Involvement	Enrichment	Emotion	Experience	Inspiration	Education
Environment	1	.417**	.321**	.430**	.090	.345**	.269**	.458**
Entertainment	.417**	1	.447**	.423**	.216*	.365**	.351**	.491**
Involvement	.321**	.447**	1	.705**	.278**	.492**	.494**	.472**
Enrichment	.430**	.423**	.705**	1	.269**	.520**	.401**	.458**
Emotion	.90	.216*	.278**	.269**	1	.301**	.276**	.290**
Experience	.345**	.365**	.492**	.520**	.301**	1	.484**	.490**
Inspiration	.269**	.351**	.494**	.401**	.276**	.484**	1	.537**
Education	.458**	.491**	.472**	.458**	.290**	.490**	.537**	1

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

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

RQ3: What is the relationship between the identities and the dynamic factors?

As seen in Table 10, all identities have correlations with the dynamic factors, which means that all the museum visitors are looking for the proposed dynamic factors. Each identity will give importance to different factors. Explorer, Facilitator and Recharger are discussed in details:

TABLE 10: CORRELATIONS BETWEEN IDENTITIES AND DYNAMIC FACTORS

	Environment	Entertainment	Involvement	Enrichment	Emotion	Experience	Inspiration	Education
Explorer	.386**	.368**	.355**	.369**	.228**	.249**	.254**	.493**
Facilitator	.369**	.425**	.400**	.465**	.241**	.448**	.336**	.313**
Professional Hobbyist	.220**	.272**	.364**	.286**	.231**	.372**	.448**	.253**
Experience Seeker	.328**	.363**	.401**	.423**	.245**	.239**	.384**	.442**
Recharger	.225**	.351**	.526**	.542**	.272**	.372**	.369**	.374**

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

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

Explorer: The highest correlation is with Education at 0.493; followed by Enrichment (0.369), Environment (0.386), and Entertainment (0.368). Explorer wants to be taught new knowledge, they are curious people and they believe that museum will be beneficial for them.

Facilitator: The highest correlation is with Enrichment at 0.465, achieved through giving chances to family and friends to learn, feeling like being a good and caring friend or parent, and museums will also provide some socialization aspect.

Recharger: The highest correlation is with Enrichment at 0.542, followed by Involvement (0.526), Education (0.374), and Experience (0.372). Rechargers want to be involved, learn and get a new experience. An experience that could be introspective or spiritual, meeting mental challenges and that would provide new views on the world.

RQ4: What are the values driving the service quality in museum visiting in Thailand?
Regarding the service quality themes, the most important theme is Tangibles for both men and woman. As shown in Table 11, men will then give importance to Exhibition, Reliability, while women will favor Convenience, Exhibition. Thai visitors value nice service, and diversity of services, a place to get information, and “Authentic” information, especially for the exhibits.

TABLE 11: GROUP STATISTICS OF SERVICE QUALITY

	N		Mean	Std. Deviation	Std. Error Mean
Exhibition Perception	Male	59	3.7003	.72579	.09449
	Female	78	3.8765	.55248	.06256
Responsiveness and Assurance Perception	Male	59	3.4634	.94082	.12248
	Female	78	3.6799	.86788	.09827
Reliability Perception	Male	59	3.6266	.76071	.09904
	Female	78	3.7354	.70528	.07986
Empathy Perception	Male	59	3.5537	.85259	.11100
	Female	78	3.8759	.72138	.08168
Tangibles Perception	Male	59	3.8027	.90418	.11771
	Female	78	4.0900	.78894	.08933
Convenience Perception	Male	59	3.5720	.71476	.09305
	Female	78	3.8910	.62105	.07032

RQ5: Does service quality drive customer satisfaction?

All the domains of service quality drive customer satisfaction as shown in Table 12. The more important drivers are: Reliability, Empathy, Convenience, and Exhibition. Consequently, museums must focus on these items to provide customer satisfaction.

TABLE 12: CORRELATIONS SERVICE QUALITY AND CUSTOMER SATISFACTION

	Exhibition Perception	Responsiveness and Assurance Perception	Reliability Perception	Empathy Perception	Tangibles Perception	Convenience Perception
Customer satisfaction	.383**	.382**	.513**	.486**	.369**	.400**

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

RQ6: Are there relationships between identities and service quality?

Relationships between service quality and identities were proved in Table 13. Recharger is the most demanding identity in terms of service quality. Four items of service quality have correlation with Recharger: Reliability, Convenience, Empathy, and Responsiveness and Assurance. Thus, museums managers can see the important relations of the different services, for each identity, that must be provided to the visitors in order to bring customer satisfaction. Explorer is the second most demanding: Exhibition, and Tangible. Facilitator is first looking for Reliability and Empathy. Professional and Hobbyist is first looking for Reliability, and Exhibition, like Experience Seeker.

TABLE 13: CORRELATIONS BETWEEN SERVICE QUALITY AND IDENTITIES

	Explorer	Facilitator	Professional and Hobbyist	Experience Seeker	Recharger
Exhibition Perception	.302**	.185*	.190*	.297**	.278**
Responsiveness and Assurance Perception	.235**	.189*	.144	.190*	.266**
Reliability Perception	.248**	.298**	.226**	.286**	.343**
Empathy Perception	.265**	.262**	.136	.270**	.274**
Tangible Perception	.183*	.022	.150	.124	.153
Convenience Perception	.201*	.250**	.151	.257**	.279**

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

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

RQ7: Are there relationships between identities and customer satisfaction?

There are correlations between customer satisfaction and all the identities as shown in Table 14. It can be deduced that the most satisfied identity (based on their best memory) is firstly Recharger as they intend to relax, followed by Explorer, Experience Seeker, Facilitator, and finally Professional and Hobbyist. It shows that museums are not a place for educational purpose or to get ideas and inspiration for life and career. This can be seen as a weakness if the mission of museums is education only.

TABLE 14: CUSTOMER SATISFACTION AND IDENTITIES

	Explorer	Facilitator	Professional and Hobbyist	Experience Seeker	Recharger
Customer Satisfaction	.402**	.383**	.267**	.395**	.509**

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

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

RQ8: Are there relationships between dynamic factors and service quality?

There are correlations between the dynamic factors and the service quality items (Table15).Enrichment and Education have correlations with all the service quality items. The factor that does not have any correlation with any service quality item is Emotion.The results show that the perceived service quality items are related to different dynamic factors. Reliability has most correlations with Environment, Involvement, Enrichment, Experience, and Inspiration, some of the factors mentioned by Shi and Shen (2008).Visitors looking for reliability should be provided with the right dynamic values, as detailed in Table 15

TABLE 15: SERVICE QUALITY AND DYNAMIC FACTORS

	Environment	Entertainment	Involvement	Enrichment	Emotion	Experience	Inspiration	Education
Exhibition perception	.290**	.334**	.236**	.251**	.149	.222**	.173	.434**
Responsiveness and Assurance perception	.152	.117	.315**	.379**	.000	.219*	.116	.232**
Reliability perception	.311**	.208*	.398**	.486**	.044	.324**	.220**	.285**
Empathy perception	.294**	.202*	.342**	.538**	.023	.272**	.200*	.294**
Tangibles perception	.228**	.197*	.032	.223**	.064	.138	.106	.262**
Convenience perception	.262**	.367**	.156	.257**	.110	.157	.006	.217*

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

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

RQ9: Are there relationships between dynamic factors and customer satisfaction?

The findings of Table 16 show that all the dynamic factors have a direct impact on the customer satisfaction. The most relevant correlation is Enrichment with 0.526, followed by Involvement (0.463), Experience (0.410), and Education (0.408). Museums must thus focus on Enrichment and Involvement to deliver the highest level of customer satisfaction. It shows that museums cannot be static entities (Lepouras and Vassilakis, 2005)

TABLE 16: CUSTOMER SATISFACTION AND DYNAMIC FACTORS

	Environment	Entertainment	Involvement	Enrichment	Emotion	Experience	Inspiration	Education
Customer Satisfaction	.375**	.349**	.463**	.526**	.205*	.410**	.322**	.408**

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

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

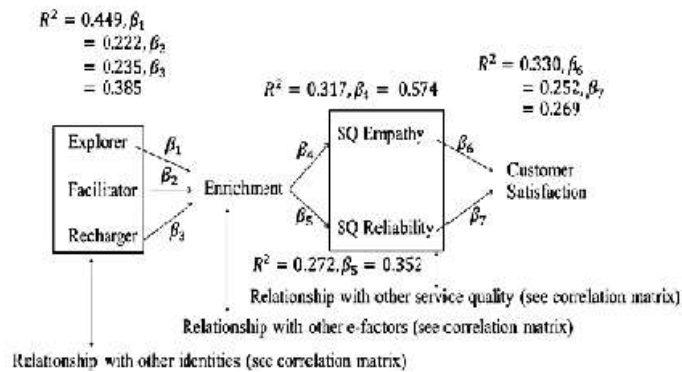
RQ10: Are there any demographic effects or impacts on museum visits in Thailand?

Some specific gender demographic impacts were concluded between the Identities and the dynamic factors. Gender has an impact on certain items of the service quality, especially for the perception of Convenience, Tangibles and Empathy. There are also some differences by gender concerning the dynamic factors. Their level of importance differs as follows: men favor first Education, Environment, Emotion, Inspiration, while women first favor Education, Environment, Enrichment, and Entertainment.

The aforementioned correlations analysis indicate the structure of the relationship between each variable e.g. identities, dynamic factors and service quality, as well as their levels of strengths of the relationships, yet significant variables are not shown. Thus, multivariate analysis is performed, with the configuration shown in Figure 3, displaying the significant variables of identities influencing only dynamic factor, Enrichment: Explorers, Facilitator and Recharger, collectively can explain 44.9% of the variance of the Enrichment dynamic factor. Thus, museum visitors charged with Enrichment oriented experiences, predominantly owed to identities that are of the nature explorative, facilitative, and recharging. The analysis also highlights that those favoring Enrichment also tend to perceive at higher levels on both the Empathy and Reliability aspects of the service quality offered by the museum. Enrichment explains 31.7% of the service empathy, and explains 27.2 % of the service reliability. The Enrichment experience needs the reliable information and the services offered, coupled with the caring attitude of the museum and the supporting systems to ensure Enrichment. Multivariate regression also indicates that service quality of both empathy and reliability

collectively explains 33% of the variability of the customer satisfaction. Figure 3 does not illustrate the correlational structures of the variables, as they were already discussed and presented in the previous sections.

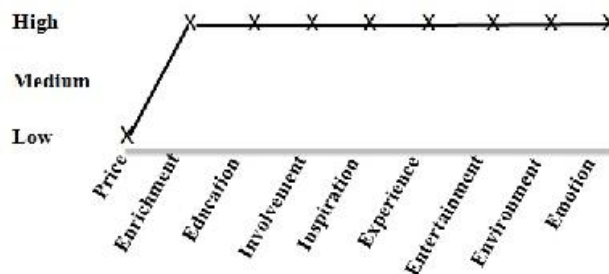
FIGURE 3: PREDICTORS OF MUSEUM VISITORS' SATISFACTION



RQ11: Is there a possibility of a theoretical business model for museums?

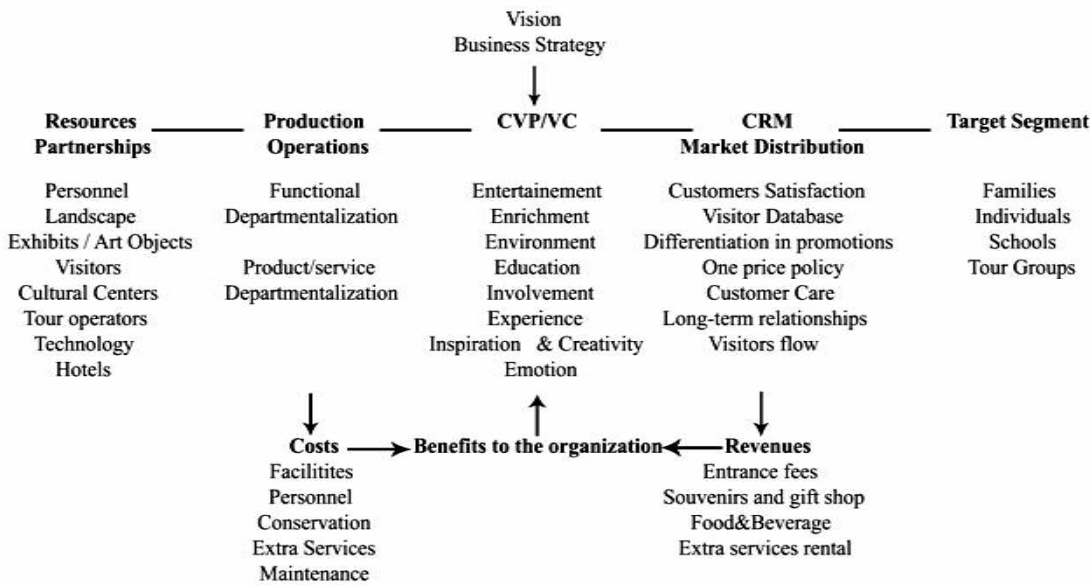
From Figure 3, it is concluded that a theoretical business model is possible based on the dynamic factors, since the dynamic factors have correlations with the identities, service quality, and customer satisfaction. The dynamic factors confirmed in research question 2 should be the value curve used in the Blue Ocean Strategy (Figure 4). Museums should emphasize on: Enrichment, Involvement, Experience, Inspiration, and Emotion.

FIGURE 4: A SUGGESTED VALUE CURVE FOR MUSEUMS IN THAILAND



The Dynamic Factors are the customer value proposition for the proposed business model adapted from Tan (2014). A simplified business model, as shown in Figure 5, shows the values required by the management. The management is able to use this model as a basis in order to raise the number of visitors and increase sustainable profit.

FIGURE 5:PROPOSED BUSINESS MODEL FOR MUSEUMS



CONCLUSION AND IMPLICATION

The results reveal that there is no distinctive identity for museum visitors, as all the identities are multi-facets. Nevertheless, another significant contribution is that different identities value different dynamic factors that management must consider to deliver the right characteristics of services and customer satisfaction to increase audience and sustainable profit. In addition, this study shows that it is possible to develop a business model applicable for museums in Thailand that match the values favored by visitors. Yet, museums' management must align the different variables like for example identities, and dynamic factors.

The limitations to this study are the size of the sample; this research meant to be exploratory and explanatory. The results are a basis for further studies. Second, the study was only conducted on visitors' profiles; the non-visitors' profiles were not included. Third, the Emotion factor was not validated by the Cronbach Alpha, and two Identities were under the 0.6 Cronbach Alpha. Yet, the Emotion factor shows very strong relationships with Identities.

Further research should emphasize on the validation of the Emotion factor and two Identities (below 0.6 Cronbach Alpha), as they show relationships with other variables. Second, there are no distinctive identities among Thai visitors. Further research is needed with a larger sample that could be supported by qualitative research. Third, there might be other dynamic factors, values, to discover. Fourth, Service Quality explained only 33% of the Customer Satisfaction; further research is needed to find out the other 67% that influence Customer Satisfaction.

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PREDICTING STUDENT SATISFACTION THROUGH HEDONIC AND UTILITY SERVICE QUALITY VALUES IN HIGHER EDUCATION – A CASE WITH MAE FAH LUANG UNIVERSITY

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ABSTRACT

Service quality in higher learning institutions has become a key enabler to generate value differences in the competitive educational markets. Student satisfaction, both conative and affective in nature, could be used as a useful benchmark of the quality of educational services, also representing the market recognition of the university. In view of this, this research project aimed to study, using SERVQUAL-adapted and conceptually developed questionnaire items, the students' perceived level of satisfaction and its relationship with the perceived service reality in both hedonic and utility values dimensions. Reliability of the questionnaire instrument based on language influence is also statistically addressed.

INTRODUCTION

The university or educational institution, according to Tan and O'Pitagchewin (2003), is a starting point where the students can acquire most of their ability in adapting to change in society; nevertheless, to realize the impact, Tan and O'Pitagchewin (2003) advocated that a total quality management (TQM) approach should be committed by the higher learning institutions. Tan and O'Pitagchewin (2003) indicated that a 'total' participation and involvement of the students, the teachers and the relevant stakeholders—including the university's management—should be at stake, aimed to comply and to shift the standards of educational quality, through a holistic management approach. Similar concepts were also reinforced by various research studies by relating to the principle of TQM. For instance, Militaru, Ungureanu, and Chenic (2013) highlighted the need for both vertical (i.e. each person must understand the policy of the university in the domain of quality and its mission, *ibid*, p. 1139) and horizontal alignments (i.e. there must not be competition between different faculties, *ibid*, p. 1139) as the management strategies to create 'total' quality.

Apparently, the concept of TQM used in stimulating the quality assurance and improvement activities in higher learning educations has been widely recognized (Teng, Horng, and Baum, 2013), and along this management ideology, the use of service quality as the dominant predictors of students' satisfaction at tertiary education institutions becomes active in the literature (cf. Voss, Gruber, and Szmigin, 2007). While there is a wide range of variances in terms of the nature of dimensions of service quality, the root can commonly be traced to the use of the SERVQUAL instrument originated in Parasuraman, Zeithmal, and Bitner (1988). Nevertheless, the characteristics and scopes of service quality, particularly the nature of dimensionality, are still in relative constant debate (Jain and Gupta, 2004).

In view of the importance of values-driven strategy formulation, accomplished by exploiting the intellectual capital resources available to the university (Tan, 2014a) in demarcating from the crowds of the competitors in the educational markets, the ability to link services offered

to the values that can easily be acknowledged by students would lead to competitive advantage. One way to do so is to identify the similar values of services offered to those that drive loyalty or satisfaction. Two broad-based generic values have traditionally been recognized as significantly impacting customer satisfaction are the utilitarian and hedonic values of services (Josiam and Henry, 2014), but research efforts stressing on both hedonic and utilitarian values in the educational services are hardly mentioned.

As such, the following research objective is established: to study whether the commonly used SERVQUAL instrument, when used in a tertiary educational context, would see an even higher hierarchical construct, denoting hedonic and utilitarian values and, also to study the strength of their influences on student satisfaction.

LITERATURE REVIEW

Service Quality and Its Importance in Higher Education

According to Grönroos (1984), there are basically two perceived service quality dimensions, which are a technical, or outcome dimension and a functional or process-related dimension. Technical quality occurs when the service production process is over and shows the outcome of quality delivery (what is delivered). Functional quality means the customers will be influenced by how they receive the service and how they experience the process of both production and consumption (how it is delivered). For instance, if the front-line employees take good care of customers' feelings or if they are professional when introducing the products, it will improve the perceived service quality of customers. Meanwhile, Rust and Oliver (1994) noted that the physical environment of the service encounter and noted it should be added as a third dimension (where it is delivered). The 'where the service is delivered' is predominantly a tangible feature of service quality (Parasuraman, Zeithaml, and Berry, 1988).

Measuring service quality is a challenge because it is not only determined by many intangible factors but also contains many psychological features (Fitzsimmons and Fitzsimmons, 2011). The common approach suggested in the literature is to assess service quality by measuring customer satisfaction with the perceived service quality. This approach can be made efficiently and effectively by the use of survey-based instruments in describing the generally well-known phenomenon, based for instance, on the attribute-based SERVQUAL instrument, or the qualitative measurement approach, which is highly applicable to study cases of critical incidents (Grönroos, 2007).

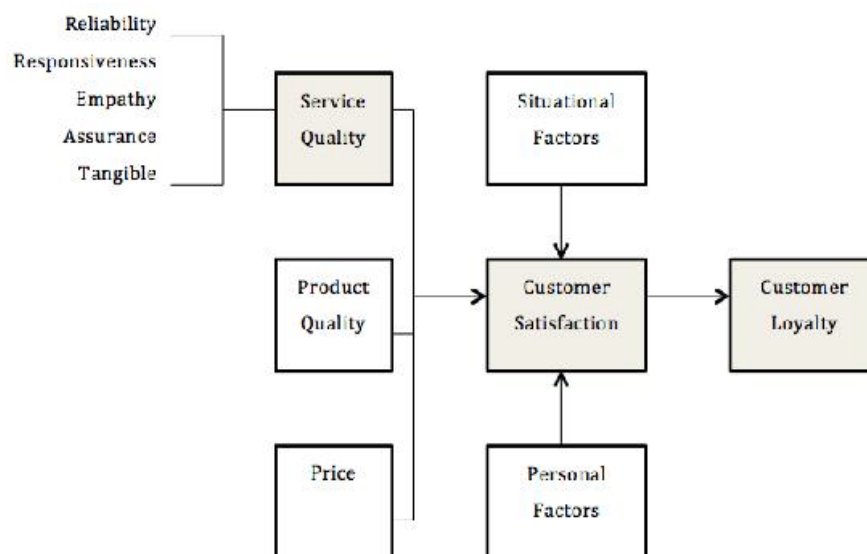
Undoubtedly, service quality has become more and more important in higher education, in particular when societies attempt to shift to knowledge economy in terms of providing tangible things like textbooks, facilities and course materials and intangible services such as teaching, research, innovation and academic activities (Khodayari and Khodayari, 2011). With an accelerated interest in seeing higher education as a service institution, students are now widely recognized as the primary customers and the most important stakeholders of institutions of higher education (Senthilkumar and Arulraj, 2011). However, students' traditional needs and expectations have changed and are continuously evolving. Students are more diverse than ever before. For example, many working people re-enter universities for self-improvement. Students would be caring more about whether or not the quality and

service delivered meet their expectations. Thus, just how tertiary institutions can create unique experience and deliver exceeded value (Khodayari and Khodayari, 2011) to better meet students' satisfaction—as well as impact positively on potential students—has become a big challenge in the educational marketplace.

Satisfaction vs. Quality

Many researchers propose that satisfaction and service quality in terms of their causes and outcomes are fundamentally different despite having many commonalities (Brady and Cronin, 2001). Nevertheless, service quality focuses on specific aspects, whereas satisfaction is focused on broader concepts. The specificity nature of service quality is shown in Figure 1, in that service quality is known to possess affective and conative evaluation over customers' perceptions of reliability, responsiveness, empathy, assurance and tangible dimensions. On the other hand, other non-service factors such as product quality, price, situational factors (e.g. others' opinions) and personal factors (e.g. customers' emotions) could also determine customer satisfaction, as illustrated in Figure 1. Based on this view, perceived service quality is considered to reflect customer satisfaction (Zeithaml, Bitner, and Dwayne, 2009).

FIGURE 1: CUSTOMER PERCEPTIONS OF QUALITY AND CUSTOMER SATISFACTION



(Source: Adapted from Zeithaml, Bitner, and Dwayne, 2009, P. 103)

In the context of higher education sector, Guolla (1999) shows that student perceptions of service quality are antecedents to student satisfaction. The students who have positive perceptions of service quality will be satisfied with their universities. This satisfaction may lead the students to recommend more new students through positive word-of-mouth and cause them to consider undertaking future coursework at the universities. As Oliver and Swan (1989) asserted, satisfaction induces an emotional bondage, and thus students' happiness can also be regarded as an indicator of students' satisfaction. Thus, students' satisfaction becomes an outcome that reflects the service quality of the educational service.

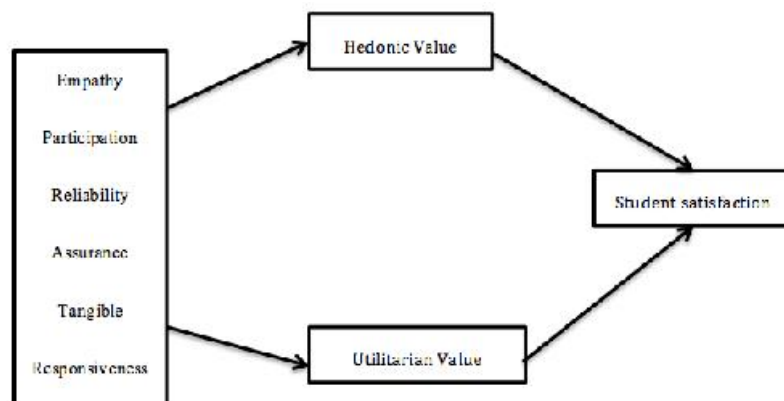
Hedonic vs. Utilitarian Customer Values

Customer value has been broadly classified as utilitarian (Bloch and Bruce, 1984) and hedonic (Bellenger, Steinberg, and Stanton, 1976). The hedonic aspect includes customers' positive feelings as well as negative feelings that relate to the experiences of entertainment, fantasy and fun-seeking behavior (Hirschman and Holbrook, 1982). In contrast, the utilitarian aspect is based on rationality and the judgment of information that relates to task-oriented needs (Ahtola, 1985). Numerous studies illustrate that both hedonic and utilitarian values of services are motivators to guide customer behavior especially in consumption. For instance, Sarkar's (2011) research found that customers with hedonic shopping value would prefer to interact with salespeople directly, instead of online shopping, because they cannot touch and feel real products online. On the other hand, customers with high utilitarian value think shopping online is a good way to save time and cost. Nevertheless, whether which aspect of values is more important, it all depends on the contextual situation, i.e., the types of products or services offered. For mobile data services, Kim and Han (2011) showed that utilitarian value is more important to gain customers' positive evaluations rather than hedonic value since customers consider cost more carefully, and treasure the value of information quality. As such, it renders a research to study the strength of influences of both hedonic and utilitarian values of service quality in predicting student satisfaction in the higher education context valuable and insightful.

Conceptual Framework

Based on the studies of literature review, a theoretical model is proposed, as shown in Figure 2.

FIGURE 2: THE HEDONIC SERVICE VALUE-UTILITARIAN SERVICE VALUE - CUSTOMER SATISFACTION MODEL



(Source: Developed for this research)

Specifically, Figure 2 provides a theoretical framework to guide the exploration and explanation of hedonic and utilitarian values-enabled service quality in predicting student satisfaction. To verify the model in Figure 2, four research questions are raised, namely:

- RQ 1: Does the SERVQUAL instrument of the generic service industry also apply to tertiary institutions in predicting students' satisfaction?

- RQ 2: Does the SERVQUAL instrument of the generic service industry, when applied to tertiary education, illustrate the dominantly hedonic service quality value and the utility service quality values in predicting students' satisfaction?
- RQ 3: Are there any demographic variable influences on SERVQUAL dimensions, hedonic and utility service values, tangibles, and student satisfaction?
- RQ 4: Does the language of the questionnaire design have a significant impact on the responses, causing them to be different?

RESEARCH METHOD

Instrumentation

Operationalization or instrumentation underpins on a set of concept that clearly explains what a construct is, as well as covers the contents and the dimensions of the construct in a reliable and valid manner (Tan, 2014b). This conceptualization-operationalization process ensures the content-related and construct-related evidence of validity. The former is referred to the content and format of the instrument while the latter is referred to the nature of the psychological construct or characteristic being measured by the instrument (Fraenkel, Wallen, and Hyun, 2012).

For the quality construct, the concept of instrumentation used in this research can be traced to Crosby (1979) in that he defines quality as conformance to the requirements based on customer expectations. The use of the disconfirmation or confirmation to the expectations or requirements, as defined by Crosby (1979), is particularly appropriate for services offered by tertiary learning institutions that fit into service nature of an overlap of search and experience qualities. According to Zeithaml and Bitner (1996), search qualities (attributes that a consumer can determine before purchasing the products or services, *ibid*, p. 57), experience qualities (attributes that can only be discerned after the purchase or during consumption, *ibid*, p. 57), and credence qualities (attributes of complexity in services that make it impossible for consumers to give objective assessments), are the three important quality attributes of a service.

In the service industry, Parasuraman, Zeithaml, and Berry (1988) made popular Crosby's (1979) confirmation or disconfirmation principle of quality measurement by developing the SERVQUAL instrument, which is based on the five service quality performance dimensions, namely as tangibles, responsiveness, reliability, assurance and empathy. These service quality dimensions also reflect the integrative works of the people, process and physical assets of the service firm.

Although the concept of instrumentation in this research is based on Crosby's (1979) and the SERVQUAL instrumentation of Parasuraman, Zeithaml, and Berry (1988), nevertheless only the perception of actual services based on experience-based norms is used. This focus has been confirmed to be a better predictor of students (Tan, 2014a) and customer satisfaction (Jain and Gupta, 2004). Although the expectations were meant to be those of the customers (Crosby, 1979), the use of questionnaire-based survey in a generic manner as suggested by

Parasuraman, Zeithaml, and Berry (1988) actually illustrates only the expectations of the service firms, and thus, both the hedonic and utilitarian based service quality items are developed as a complement to the SERVQUAL instrument. The latter, at least, is an attempt to capture value from the perspectives of students rather than from the view of service organizations.

The questionnaire instrument has a total of 8 parts, and collectively 37 items. The first five sections, shown in Table 1, were adapted by using the concept of SERVQUAL instrument based on five service quality dimensions, namely, tangibles, reliability, responsiveness, assurance, and empathy (Parasuraman, Zeithaml, and Berry, 1988).

TABLE 1: QUESTIONNAIRE ITEMS-PART 1 TO PART 5

STATEMENTS	AUTHOR
Part 1: Tangibles	
1. Environment is safe.	Researcher
2. The school has sufficient number of most recent resources i.e. books, journals, articles, electronic databases, etc.	Tan, 2014
3. Visual appeal of physical facilities.	Researcher
4. There was no difficulty to use computers in the computer labs at scheduled times.	Tan, 2014
5. The infrastructure in lecture room was always ready and in good condition for use.	Researcher
6. The ventures for meeting with faculty members are conducive, i.e. proper place, air conditioning, accessible, etc.	Tan, 2014
7. The facilities are available and easy to use.	Researcher
Part 2: Reliability	
1. The school/university has clarity and accuracy of service.	Researcher
2. The staffs handle my requests efficiently.	Researcher
3. Knowledgeable and supportive teachers and staffs.	Researcher
4. Academic staffs apply new concepts in teaching.	Tan, 2014
5. Well-organized structure and programs.	Researcher
5. Faculty members help students and give advices when they have problems.	Researcher
7. Advisers help students complete the program smoothly.	Tan, 2014
8. Program offer effective courses to meet personal needs.	Tan, 2014
9. Regularly invites experts/professional from the industry to be a guest lecturer to share practical experience.	Tan, 2014
10. Variety of choices in subjects offered.	Researcher
Part 3: Responsiveness	
1. Faculty members help students in every matter for which they need counseling immediately.	Tan, 2014
2. Faculty members are available at extracurricular times.	Tan, 2014
3. Administrative staff deals with each student one by one (i.e. for registration procedures, course selection, etc.).	Researcher
4. The faculty members are committed to delivering quality service.	Tan, 2014
5. Academic staff dealt with queries efficiently and promptly.	Tan, 2014
6. The staffs respond my questions quickly.	Researcher
7. The supporting staffs (e.g. technicians) give prompt response to your enquiries and requests.	Researcher
Part 4: Assurance	
1. Lecturers in each respective faculty are expert in their fields.	Researcher
2. Course contents are prepared in accordance with the course outline.	Tan, 2014
3. The academic staff has good teaching ability.	Researcher
4. Course materials are consistent with the syllabus and information given.	Tan, 2014
5. Faculty members are fair in their grading.	Researcher
6. The course contents, objectives, learning outcomes and other necessary details were made clear.	Tan, 2014

7. Academic staffs are committed to improving the quality of the academic programs.	Tan, 2014
Part 5: Empathy	
1. Listen effectively to my needs.	Researcher
2. Length of the study is suitable.	Researcher
3. Understanding the specific needs of students.	Researcher
4. Cares about the students' well-beings.	Tan, 2014
5. Hear students' voices (opinion, suggestions and complaints).	Researcher
6. The consultation hours of the supervisor are convenient to me.	Tan, 2014

Participatory (Table 2): Three questions were displayed in the questionnaire to test students' participation towards university activities.

TABLE 2: QUESTIONNAIRE ITEMS-PART 6

STATEMENTS	AUTHOR
Part 6: Participatory	
1. Students are motivated to participate actively group works in practice-oriented parts of courses.	Tan, 2014
2. Students are allowed the opportunity to contest for prizes such as scholarship, incentives, etc.	Tan, 2014
3. Students are in active interaction with faculty members and other students.	Tan, 2014

The 5 items used to investigate the nature of student satisfaction are presented in Table 3.

TABLE 3: QUESTIONNAIRE ITEMS-PART 7

STATEMENTS	AUTHOR
Part 7: Student satisfaction	
1. I am satisfied with the course/programs that the school provides.	Researcher
2. I would recommend others to study here.	Researcher
3. I have excellent experience in class.	Researcher
4. The learning experience in school/university is higher than my expectation.	Researcher
5. I miss the time when I was in the school/university.	Researcher

Part 8 is responders' demographic profiles including age, nationality and gender. In addition, the questionnaire was arranged in both Thai and English versions in order to test whether different languages will impact on students' perception and judgment on the research phenomena differently, an issue to be addressed in research question 4.

Data Collection

A total of 200 students participated in filling out the questionnaires anonymously. The data collection was done using closed questionnaires which were easy to operate, compare, and analyze. The respondents were asked to select the most appropriate number of their responses, based on 5 Likert Scale (“1”-strongly disagree to “5”-strongly agree). The data collection procedure was subjected to a preliminary testing based on 40 students, randomly selected from the different faculties at Mae FahLuang University. The preliminary data were analyzed statistically to access both validity and reliability issues, before subjecting the instrument to the final data collection stage, consisting of 200 participants.

Data Analysis

In order to verify the proposed theoretical model, regression testing was used to determine whether a change in a given part affects other parts (Roman, 2008), as well as the use of t-tests and ANOVA to address research questions 3 and 4.

Validity and Reliability

The reliability of questionnaire was estimated via Cronbach’s Alpha, which is a common formula to measure the internal reliability of research (Saleh and Ryan, 1991). If $\alpha \geq 0.7$, the research is very reliable and valid (Van and Kappelman, 1997); Otherwise, 0.6 is the minimal threshold for newly developed instrument, as is the case with this research. The Cronbach Alpha’s coefficients for the questionnaire instruction of this research are given below (Table 4):

TABLE 4: CRONBACH’S ALPHA RELIABILITY VALIDATION

PARTS	CRONBACH’S ALPHA
Tangibles	0.7394
Reliability	0.8425
Responsiveness	0.8349
Assurance	0.8352
Empathy	0.8078
Participatory	0.6664
Student Satisfaction	0.7501

DATA ANALYSIS, RESULTS AND DISCUSSION

This section is structured sequentially in an attempt to answer all the research questions raised. A total of 200 valid responses are used for the statistical analysis. Male students are 30.5% and the female students are 69.5%. In terms of age, 93.5% are within 16-25, 6% within 26-35 ages, and another 7% over 36 years old. However, only t-test is useful for the

comparative assessment when evaluating the demographic impact on the involving constructs such as the various domains of service quality and student satisfaction.

Result for Research Question 1

Regression analysis is used to answer this question. Table 5 and Table 6 display the outcome with combined assurance and reliability accounts for 56.5% of the variability of student satisfaction and empathy and participation, collectively, can explain 67.2% of the variability of student satisfaction. The latter is a characteristic of interaction-driven service quality, while the former stresses on the knowledge role of the teachers and the administrators to give them reliable, dependable responses to meet the needs and anxieties of the students.

This result is similar to the studies conducted in Indonesia and Malaysia (Amelia, Hidayanto, and Hapsari, 2011; Mohamad, Hassan, Abdul, and Ghouri, 2012), in that universities should pay attention on improving efficiency and effectiveness in work and in handling problems promptly. In addition, the empirical result also suggests that the universities should hold more activities to encourage students' participation, and should be empathically oriented.

TABLE 5: REGRESSION ANALYSES INDICATING THE KEY SERVQUAL VALUES THAT PREDICT STUDENTS' SATISFACTION-ASSURANCE AND RELIABILITY

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.752 ^a	.565	.561	.36457

a. Predictors: (Constant), Assurance, Reliability

b. Dependent Variable: Customer Satisfaction

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.003	2	17.001	127.915	.000 ^a
	Residual	26.184	197	.133		
	Total	60.187	199			

a. Predictors: (Constant), Assurance, Reliability

b. Dependent Variable: Customer Satisfaction

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.856	.175		4.878	.000
	Reliability	.548	.057	.576	9.541	.000
	Assurance	.214	.053	.242	4.006	.000

a. Dependent Variable: Customer Satisfaction

TABLE 6: REGRESSION ANALYSES INDICATING THE KEY SERVQUAL VALUES THAT PREDICT STUDENTS' SATISFACTION-PARTICIPATION AND EMPATHY

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.820 ^a	.672	.669	.31644

a. Predictors: (Constant), Participation, Empathy

b. Dependent Variable: Customer Satisfaction

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.461	2	20.230	202.036	.000 ^a
	Residual	19.726	197	.100		
	Total	60.187	199			

a. Predictors: (Constant), Participation, Empathy

b. Dependent Variable: Customer Satisfaction

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.049	.132		7.937	.000
	Empathy	.298	.038	.363	7.875	.000
	Participation	.446	.035	.586	12.719	.000

a. Dependent Variable: Customer Satisfaction

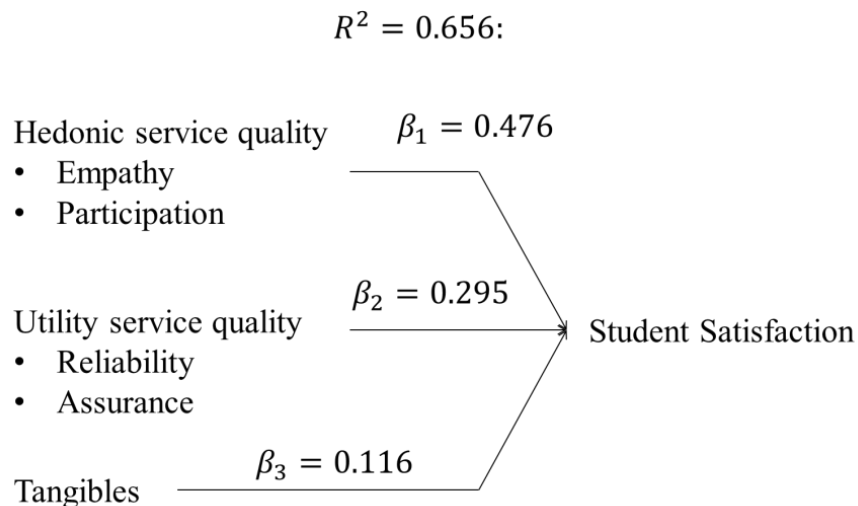
Thus, the answer to research question 1 is a definite 'yes', in particular the reliability-centered and participatory-cum-empathic educational services, both in-class and the university's services as a whole, should be reinforced. SERVQUAL instrument is thus applicable to the educational context, but must be appropriately and strategically values-driven, along reliability-centered values, and the participatory, affectionate values.

Result for Research Question 2

Hedonic value is the overall judgment of experiential benefits and loss while utilitarian value is the overall assessment of functional benefits and losses (Babin, Darden, and Griffin, 1994). Figure 3 illustrates hedonic service quality (Empathy and Participation), utilitarian service quality (Reliability and Assurance), and Tangibles occupy the 65.6 per cent of student satisfaction, which is significantly high in the predictor strength. According to Cohen (1992),

$R^2=0.656$ is considered too high and capable to explain the research phenomenon reliably and thus the sample size used for this research at 200 is sufficiently robust. In particular, hedonic behaviors such as caring and communication with students mainly drive students' perceptions of satisfaction.

FIGURE 3: HEDONIC AND UTILITY SERVICE QUALITY VALUES, AND TANGIBLES PREDICTING STUDENT SATISFACTION



Specifically, Figure 3 actually highlights the two fundamental customer needs that also share the cognitive and emotional values. When fulfilled, they can lead to satisfied customers and thus subsequently loyal customers (Ha and Jang, 2010). The outcome as shown in Figure 3 is important as hedonic aspect has the higher level of influence to student satisfaction. This hedonic is partly affectionate that implies emotional values, but also is partly social value in nature, captured by the participatory experiences of the students. Participatory experience is often implemented using experiential learning theory which aims to culture knowledge, skills and attitudes of the students (Tan and O'Pitagchewin, 2003).

Result for Research Question 3

Demographics are used to describe the sizes, distributions, and structures in populations. Demographics affect consumer behaviors and influence personal values, judgments, decision-making, etc. (Stafford, 1996). T-test in Table 7 indicates that there are no significant differences between the male and female students (indicated by Sig. 2-tailed more than 0.05 significant level).

TABLE 7: T-TEST INDICATING NO DIFFERENCES

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Tangible	Equal variances assumed	2.962	.087	-.532	198	.596	-.0452	.08503	-.21288	.12247
	Equal variances not assumed			-.564	131.976	.574	-.0452	.08021	-.20387	.11346
Reliability	Equal variances assumed	.831	.363	-.166	198	.868	-.0148	.08895	-.19016	.16065
	Equal variances not assumed			-.171	123.415	.864	-.0148	.08622	-.18542	.15591
Responsiveness	Equal variances assumed	.910	.341	1.079	198	.282	.1132	.10488	-.09362	.32002
	Equal variances not assumed			1.171	139.927	.244	.1132	.09666	-.07789	.30430
Empathy	Equal variances assumed	.874	.351	.426	198	.671	.0438	.10287	-.15909	.24664
	Equal variances not assumed			.448	129.828	.655	.0438	.09768	-.14948	.23703
Assurance	Equal variances assumed	.182	.670	.188	198	.851	.0179	.09554	-.17048	.20633
	Equal variances not assumed			.184	109.515	.854	.0179	.09746	-.17523	.21108
Customer Satisfaction	Equal variances assumed	.547	.461	.360	198	.719	.0305	.08465	-.13646	.19740
	Equal variances not assumed			.368	120.696	.714	.0305	.08282	-.13349	.19444
Participation	Equal variances assumed	.976	.324	1.178	198	.240	.1305	.11073	-.08788	.34884
	Equal variances not assumed			1.257	134.013	.211	.1305	.10382	-.07485	.33581
Hedonic Service Quality Value	Equal variances assumed	1.259	.263	.792	198	.429	.0727	.09173	-.10821	.25356
	Equal variances not assumed			.856	138.463	.393	.0727	.08489	-.09517	.24053
Utility Service Quality Value	Equal variances assumed	.516	.474	-.025	198	.980	-.0020	.08289	-.16551	.16142
	Equal variances not assumed			-.025	121.610	.980	-.0020	.08085	-.16209	.15800

The means scores, indicated in Table 8, present the level of perceived reality of the services in the different domains, i.e. tangible, reliability, responsiveness, etc., including student satisfaction, from the Five-Likert Scales, namely, 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree.

Specifically, Table 8 implies the level of the service quality received from the university is in the range within neutral to agree level, with a standard deviation of from 0.5-0.7 for all the constructs. This phenomenon is also exhibited in a correlations relationship between expectation and the gap (not shown here), implying a large gap between the expectation and the actual perceived level. As the majority of the age group, 187 students out of 200 students are within 16-25 groups, no ANOVA tests are performed.

TABLE 8: SERVICE QUALITY FACTORS AND SATISFACTION

Group Statistics					
	Gender	N	Mean	Std. Deviation	Std. Error Mean
Tangible	Male	61	3.6136	.49648	.06357
	Female	139	3.6588	.57671	.04892
Reliability	Male	61	3.5425	.54721	.07006
	Female	139	3.5572	.59249	.05025
Responsiveness	Male	61	3.3794	.58431	.07481
	Female	139	3.2662	.72154	.06120
Empathy	Male	61	3.5246	.60846	.07790
	Female	139	3.4808	.69478	.05893
Assurance	Male	61	3.7096	.64416	.08248
	Female	139	3.6917	.61222	.05193
Customer Satisfaction	Male	61	3.6168	.52977	.06783
	Female	139	3.5863	.56020	.04752
Participation	Male	61	3.4590	.63876	.08178
	Female	139	3.3285	.75393	.06395
Student Satisfaction	Male	61	3.7115	.65678	.08409
	Female	139	3.7410	.60837	.05160
Hedonic Service Quality Value	Male	61	3.5027	.51544	.06600
	Female	139	3.4301	.62951	.05339
Utility Service Quality Value	Male	61	3.6075	.51579	.06604
	Female	139	3.6095	.54981	.04663

Result for Research Question 4

Language, as a communication tool, influences individual thoughts and behaviors in daily life. Sapir (1921) acknowledged that the structure people used in their mother tongue influence the way they perceive the world. According to Beck, Freeman, and Davis (1999), personal behaviors and emotions are affected by internal dialogue, a manifestation of our internal language, familiarized by the mind. Table 9 shows significant differences between English questionnaires and Thai questionnaires in terms of tangibles, responsiveness, assurance, satisfaction and utilitarian service quality. In addition, students who use Thai language questionnaires have higher perceptions in service quality dimensions than those use English questionnaires (i.e., Thai version has a mean of 3.7471 for tangible while the English version has only 3.5429; Thai version has a mean of 3.8960 on student satisfaction while the English version has only 3.5094). There are equal number of valid respondents, 100 and 100, for the Thai and non-Thai versions of questionnaires.

TABLE 9: T-TEST IN LANGUAGES DIFFERENCE

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Tangible	Equal variances assumed	3.513	.062	-2.653	198	.009	-.2043	.07699	-.35612	-.05245
	Equal variances not assumed			-2.653	194.536	.009	-.2043	.07699	-.35614	-.05244
Reliability	Equal variances assumed	3.686	.056	-1.203	198	.230	-.0982	.08161	-.25912	.06276
	Equal variances not assumed			-1.203	189.316	.230	-.0982	.08161	-.25917	.06280
Responsiveness	Equal variances assumed	9.189	.003	2.626	198	.009	.2500	.09521	.06224	.43776
	Equal variances not assumed			2.626	174.605	.009	.2500	.09521	.06208	.43792
Empathy	Equal variances assumed	1.998	.159	-1.147	198	.253	-.1083	.09445	-.29460	.07793
	Equal variances not assumed			-1.147	190.162	.253	-.1083	.09445	-.29465	.07798
Assurance	Equal variances assumed	.278	.599	-4.239	198	.000	-.3571	.08424	-.52327	-.19102
	Equal variances not assumed			-4.239	197.280	.000	-.3571	.08424	-.52327	-.19101
Customer Satisfaction	Equal variances assumed	1.788	.183	-2.931	198	.004	-.2237	.07633	-.37428	-.07322
	Equal variances not assumed			-2.931	196.657	.004	-.2237	.07633	-.37429	-.07321
Participation	Equal variances assumed	1.279	.259	-.489	198	.625	-.0500	.10226	-.25165	.15165
	Equal variances not assumed			-.489	193.758	.625	-.0500	.10226	-.25168	.15168
Hedonic Service Quality Value	Equal variances assumed	1.971	.162	-1.054	198	.293	-.0889	.08436	-.25525	.07747
	Equal variances not assumed			-1.054	190.056	.293	-.0889	.08436	-.25529	.07752
Utility Service Quality Value	Equal variances assumed	1.238	.267	-2.652	198	.009	-.1989	.07501	-.34681	-.05097
	Equal variances not assumed			-2.652	193.769	.009	-.1989	.07501	-.34683	-.05095

CONCLUSION

The main purpose of this study was to provide a conceptual and operational framework that attempted to explore how hedonic and utilitarian service qualities impact customer satisfaction. Literature studied service quality in the higher education sector and hedonic and utilitarian customer values, as well as the relationship between service quality and customer satisfaction. According to the results, students' perceived empathy and participation are the essential quality predictors to influence student satisfaction, which means students emphasize affection and involvement. Therefore, educational institutions should pay more attention on individuals' needs as well as caring for students' cognitive perspectives and feelings (Davis, 1994). Additionally, language also affects students' judgments and attitudes. Students who used questionnaires in their mother tongue had more satisfaction and elevated perceptions. Hence, universities would be wise to enhance the English-language ability levels of both students and faculty members.

This research also has some limitations in the results that ought to be improved in the future. Firstly, the sampling selected only students who study at Mae Fah Luang University. Future studies should include more universities, and investigate widely in order to increase the external validity of the results. Secondly, the SERVQUAL questionnaire as an instrument to

use in this research is marginally sufficient to cover all the contents or scopes of the subject of interest. Future studies should add other research methods such as interviews to increase qualitative assessments.

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OPERATIVE FACTORS INFLUENCING CUSTOMER LOYALTY FOR ELECTRICAL APPLIANCES RETAIL STORES IN CHIANG RAI, THAILAND

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ABSTRACT

The purpose of this research is to examine the operative factors which influence consumer loyalty for customers of electrical appliances retail stores in Chiang Rai, Thailand. Previous studies address the influence of price, service quality and product offerings individually on customer satisfaction. This study proposes that a commitment to firmly packaging all three factors is both necessary and effective in the current retail marketplace, in order to achieve satisfaction and thus, loyalty. Using primary data collected from interested frequent customers, analysis reveals compelling relationships between the intended three-pronged strategy, increased customer satisfaction, and heightened loyalty.

INTRODUCTION

Thailand's electrical appliances and electronics industry continues to evolve from simple traders to becoming top production hub (Board of Investment of Thailand, 2012). While manufacturers have a wide range of strategic choices to position distinctively in the industry, the service retailers of the electrical appliances and electronics have limited option – the central theme of differentiation-driven strategy being service oriented. Grönroos (2000) stresses that mere relying on product attributes is not sufficient in the hyper competitive market; rather, companies must now compete on the basis of services.

Nevertheless, from the Resource-based View (RBV) of competition (Barney, 1995), to an electrical appliance and electronics store, products can be treated as the resources that needed the service operations to bundle them into values, utilities or benefits so that customers are willing to pay. In other words, anticipating and understanding customer values becomes both necessary and important in driving the success of the electrical and electronics appliances stores, i.e. in establishing customer loyalty. In a recent economics report about the competitive position in the Thai retail businesses, SCB Economic Intelligence Center (2012) also highlights a need to focus on meeting customer preferences in order to stay competitive.

Due to a lack in research about the types of value propositions currently perceived as important in driving customer satisfaction in the electrical and electronics appliances retail industry in Chiang Rai, Thailand, this research thus attempts to tackle this issue, by establishing the following research problem statement:

- The purpose of this research is to study the key generic values perceived important to drive customer satisfaction for the electrical and electronics appliances industry in Chiang Rai, Thailand. To do that, literature review isto target on surveying the key generic customer values applicable for the retailers marketing electrical and electronics appliances.

LITERATURE REVIEW

Fundamentally in a competitive retail-type industry marketing and selling electrical and electronic appliances, companies must build up loyalty, as it is a known fact from many research findings that customer loyalty helps lowering marketing cost (i.e., referral through word-of-mouth) (Lavayssiere and Mullen, 2007), lessening customer price sensitivity (Rowley, 2005), and increasing revenues and profitability through the customers showing greater intention to revisit and repurchase (Baran, Galka, and Strunk, 2008).

Loyalty can be known to exist by observing the actual repurchases, or recommendation to friends or circles of the family (Reichheld, 1993), essentially a behavioral attribute (Hallowell, 1996), but equally it can also be examined as an attitude such as the intention to repurchase (Baran, Galka, and Strunk, 2008).

While products can be the explicit artefacts or objects that drive the cognitive assessment of the customers, service quality allows the customers to have the affectionate attachment and impressions. The former is considered in Oliver (1997) as cognitive loyalty, and the latter is known as affectionate loyalty, which has a deeper sense of loyalty that is not as easily abandoned as the weak loyalty version (Oliver, 1997). Nevertheless, electrical and electronics retailers still rely on the features of products to help them succeed in the neck-to-neck retailing competition (Kabadayi and Alan, 2012). Thus, the following hypothesis is raised:

- Hypothesis H1 – In the Chiang Rai's electrical and electronics retail industry, both product value and service quality value share relatively equaled weight in influencing customer satisfaction.

Specifically, while product value is known as a total evaluation of the product utility based on what is gained or lost apperception of the customers (Zhang and Peng, 2010), service quality is an indication of the overall ability of the service provider to meet customer requirements, which also influences the customers' perception over the service provider (Bradly and Robertson, 2001).

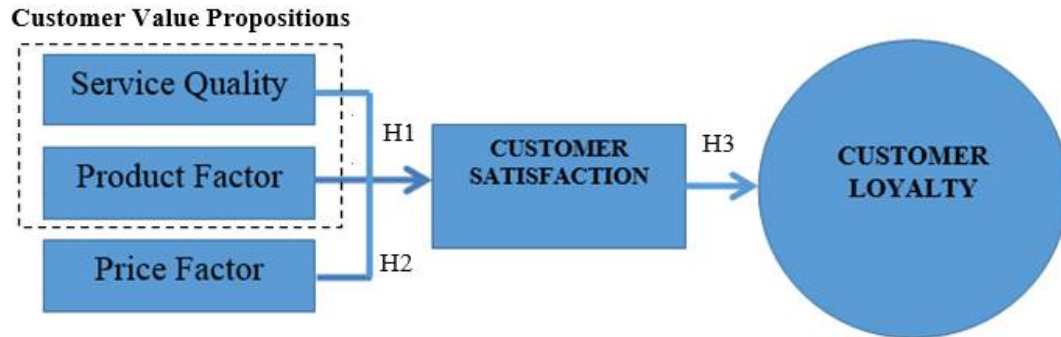
Lastly, Tan (2014a) proposes using business model that utilizes the concept of blue-ocean value curve (Kim and Mauborgne, 2005), as a bridge aligning both the products and the services. In this concept, values that aim to deliver customer needs must be explicitly communicated to the internal employees so that products can be produced rightly and service operations accomplished effectively to achieve customer satisfaction and thus loyalty. Nevertheless, Kim and Mauborgne (2005) stress that without pricing as a comparative indicator, values of the service providers cannot be easily compared among each other. The role pricing played in the retail markets was also confirmed in Hassan (2012), in that price factor is a top value that must be separately considered apart from the values of product or services. Pricing relationship to customer satisfaction is also stressed in Anderson (1996), Meeted (2011), and Reichheld and Sasser (1990).

As such, the two other hypotheses are raised in order to complete the overall picture of the role played by customer value propositions on customer satisfaction:

- Hypothesis H2 – Price factor is positively related to customer satisfaction.
- Hypothesis H3 – Customer satisfaction is positively related to customer loyalty.

By combining H1, H2 and H3, together, the following theoretical model, as shown in Figure 1, captures the overall essence of the operative factors that drive customer loyalty.

FIGURE 1: THEORETICAL FRAMEWORK



(Source: Developed for this research)

Apart from the four hypotheses, one research question relating to the influence of demographic variable is to be addressed, namely as:

- Do some of the demographic variables play significant roles in creating differences in operative factors, customer satisfaction, and customer loyalty?

RESEARCH METHOD

This research undertakes a deductive approach in that theoretical base from the existent literature is exploited to form the concepts needed to help derive measurement procedures to study the research phenomenon. The nature of deductive research connects the theoretical world to the data realm (Tan, 2014b), through the concepts discussed in the literature review section.

Questionnaire items were developed and subjected to both factor analysis and reliability analysis. Every construct complies with the threshold requirement for reliability (0.7 for reliable instrument, and 0.8 for very reliable instrument; Nunnally, 1978), and that the Kaiser-Meyer-Olkin measure of sampling adequacy surpassing the 0.6 requirement (Hair, Black, Babin, Anderson, and Tatham 2006). Questionnaire items including the lists of Cronbach Alpha and Kaiser-Meyer-Olkin measures are listed as follows:

Customer loyalty (Cronbach Alpha 0.8264; Kaiser-Meyer-Olkin Measure 0.805):

1. This store offered me a good experience in purchasing electrical products.
2. I always think of this store when I want to purchase electrical products.
3. I always come to this store when I want a new electrical appliance.
4. I would prefer to purchase similar products at this store.
5. This store is reliable.
6. I have full confidence in this store's offerings.

7. This store offers the products that meet my needs.
8. I will recommend this store to others.

Service quality (Cronbach Alpha 0.8035; Kaiser-Meyer-Olkin Measure 0.849):

1. Staffs providing information about products and services are well-trained and knowledgeable.
2. Products here are displayed properly and can be reached conveniently.
3. Staffs here contribute to a good shopping atmosphere.
4. Staff are service-minded and courteousness.
5. Products I purchased came with warranty or guarantee.
6. The sales personnel's skills are able to attend to my needs.
7. The salespeople in this store are skillful.

Product factor (Cronbach Alpha 0.8094; Kaiser-Meyer-Olkin Measure 0.768):

1. The products I purchased from this store are high quality.
2. I could find the product specifications appropriate to my needs.
3. Products I purchased are free from defects.
4. Products I purchased lasted for an appropriate amount of time.
5. Products came with clear instructions.
6. I could easily find the products I want in this store.
7. I am allowed to test a product sample before making a buying decision.
8. The store offers up-to-date products.
9. The store carries well-known brands.

Price factor (Cronbach Alpha 0.6481; Kaiser-Meyer-Olkin Measure 0.618):

1. Even the product is not at discount, I would buy it due to my needs.
2. The store offers good pricing promotions.
3. The products are set up at appropriate prices.
4. Products offered here represent value for my money.

Customer satisfaction (Cronbach Alpha 0.8141; Kaiser-Meyer-Olkin Measure 0.819):

1. I had a good shopping experience from this store.
2. My need was satisfied by the store.
3. I was satisfied with the products offered by this store.
4. I am happy with the service at this store.
5. My overall expectation was met.
6. The store's atmosphere is appropriate and comforts me for shopping.

Data collection is based on convenience sampling, arriving at 108 valid responses for the use of both descriptive and inferential statistical analyses in the next section. The sampling was drawn from the customers who were asked to recall their most outstanding experiences with the retail shops selling electrical and electronics appliances. Majority of the people approached agreed to participate and as such, the authors did not take specific measures to study the differences of the responded and the non-respondents. Sampling adequacy is assured by the measures of Kaiser-Meyer-Olkin in far greater than 0.6 (Hair *et al.*, 2006).

DATA ANALYSIS, RESULTS AND DISCUSSION

This section is organized in a way to attempt to either support or reject the four hypotheses raised in the literature review section. Then demographic variables are examined on the level of significant differences across the involving constructs in influencing customer loyalty. Nevertheless, all these stand on a platform of the appropriateness of factor analysis. Thus, factor analysis of the involving constructs will be discussed first which provides the background for the rest of the analysis.

Factor analysis, according to Tan (2014b), is a data reduction technique, and its purpose is to use various rotational methods (Hair *et al.*, 2006), to extract groups of questionnaire items to help explain the distinctive dimensions and nature of the construct. Alternatively, reliability measurement would indicate, based on the inter-item correlational analysis, dependability, stability, predictability, consistency and accuracy (Forza, 2002) of the items in explaining relatedness to the construct, and thus deliver construct validity (Tan, 2014b). The standard of reliability assessment for this inter-item reliability confirmation is based on computing the Cronbach's Alpha coefficient (Cronbach, 1951), in which Nunnally (1978) states that any new developed questionnaire items are acceptable with $\alpha \geq 0.6$, but otherwise should base 0.7 as the threshold, and with 0.8 as the reliable point of reference.

The reliability measures are listed as follows:

- Service preference (Cronbach's Alpha coefficient = 0.641)
- Customer loyalty – The factor analysis reveals two distinctive factors, namely the combined cognitive and affective loyalty (Cronbach's Alpha 0.7499), and conative loyalty (Cronbach's Alpha 0.7736), as shown in Table 1. Cronbach's Alpha is 0.8264 collectively for customer loyalty, and the two extracted factors can explain 59.267% of the total variance (Note: the data outcome for the explained total variance is not shown).
- Service quality (Cronbach's Alpha coefficient = 0.8035)

- Product factor (Cronbach's Alpha coefficient = 0.8094)
- Price factor (Cronbach's Alpha coefficient = 0.5481), which together can explain only 44.837% of the variance for the construct "Price".
- Customer satisfaction (Cronbach's Alpha coefficient at 0.8141).

TABLE 1: FACTOR ANALYSIS OF CUSTOMER LOYALTY ITEMS

Rotated Component Matrix

	Component	
	1	2
CL3	.864	.201
CL4	.874	
CL2	.652	.459
CL6	.103	.840
CL1		.681
CL5	.484	.594
CL7	.254	.676
CL8	.162	.606

Extraction Method: Principal Component Analysis
Rotation Method: Varimax with Kaiser Normalization
a. Rotation converged in 3 iterations.

Specifically, Table 1 indicates two distinctive dimensions of customer loyalty, namely the combined cognitive and affective customer loyalty (consisted of items CL2, CL3, and CL4), and conative customer loyalty (consisted of CL1, CL5, CL6, CL7, and CL8). The conative nature of customer loyalty connotes a deeply held commitment to buy (Han, Kim, and Kim, 2011), while the combined cognitive and affective nature of customer loyalty describes evaluative and experience-driven attitudes toward products and services offered in retail stores (cf. Oliver, 1999)

Product construct is another considered construct with multi-dimensional nature, as shown in Table 2, consisting of three domains, namely the actual product quality delivered (consisting of PQ3, PQ4, and PQ5), the convenience offered by products (i.e., PQ6 that allows the customers to easily spot products), PQ7 that allows products in the store to be tested, and finally the trustworthiness offered by stores through product choices.

TABLE 2: THE EXTRACTED THREE FACTORS OF PRODUCT FACTORS

Rotated Component Matrix

	Component		
	1	2	3
PQ1	.785	-.126	.354
PQ2	.763		.206
PQ8	.667	.550	.123
PQ9	.614	.514	
PQ6		.783	.194
PQ7	.173	.681	.164
PQ3	.258		.815
PQ4	.274	.256	.699
PQ5		.432	.648

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 8 iterations.

Specifically, Table 2 reveals three value domains of products in the value curve of the business model advocated in Tan (2014a), highlighting product factors of the marketing mix not be purely based on normatively generic features of products offered, but instead actively pursuing relationship marketing, which aims to offer products that deliver trustworthiness and quality products to yield customer satisfaction and retention. Thus, product strategies can manifest combined offensive and defensive product-centric marketing mix initiatives (Martin-Herran, McQuitty, and Sigue, 2012). Trustworthiness of products offered is also an important driver for the Malaysian hypermarket industry in that trustworthiness of products leads to positive association in feelings with the product's brand equity by the customers (Rahman and Jalil, 2014).

Now the dimensions of the nature of the constructs are delineated, which provide a rich picture of the involving constructs. What follows from here are aimed to test to either support or fail to support each of the raised hypotheses, as shown below:

- Hypothesis H1 – In the Chiang Rai's electrical and electronics retail industry, both product value and service quality value share relatively equaled weight in influencing customer satisfaction.
- Hypothesis H2 – Price factor is positively related to customer satisfaction.
- Hypothesis H3 – Customer satisfaction is positively related to customer loyalty.

In terms of whether a variable is positively related to another, the use of correlations analysis is suitable, which is indicated in Table 3.

TABLE 3: THE INTERRELATIONSHIP BETWEEN DIFFERENT OPERATIVE FACTORS OF CUSTOMER VALUE PROPOSITIONS TO CUSTOMER SATISFACTION AND LOYALTY

		Correlations					
		Service Preference	Service Quality	Product Factor	Price Factor	Customer Satisfaction	Customer Loyalty
Service Preference	Pearson Correlation	1	.364 **	.225 *	.046	.206 *	.246 *
	Sig. (2-tailed)	.	.000	.019	.636	.033	.010
	N	108	108	108	108	108	108
Service Quality	Pearson Correlation	.364 **	1	.578 **	.327 **	.544 **	.471 **
	Sig. (2-tailed)	.000	.	.000	.001	.000	.000
	N	108	108	108	108	108	108
Product Factor	Pearson Correlation	.225 *	.578 **	1	.387 **	.545 **	.436 **
	Sig. (2-tailed)	.019	.000	.	.000	.000	.000
	N	108	108	108	108	108	108
Price Factor	Pearson Correlation	.046	.327 **	.387 **	1	.454 **	.376 **
	Sig. (2-tailed)	.636	.001	.000	.	.000	.000
	N	108	108	108	108	108	108
Customer Satisfaction	Pearson Correlation	.206 *	.544 **	.545 **	.454 **	1	.533 **
	Sig. (2-tailed)	.033	.000	.000	.000	.	.000
	N	108	108	108	108	108	108
Customer Loyalty	Pearson Correlation	.246 *	.471 **	.436 **	.376 **	.533 **	1
	Sig. (2-tailed)	.010	.000	.000	.000	.000	.
	N	108	108	108	108	108	108

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

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

Specifically, Table 3 displays the inter-correlated positive relationship between each of the involving constructs, in particular of the following relationships:

- For customer satisfaction, service quality and product values play the most significant roles, when compared to other operative factors like price and service preference.
- For customer loyalty, customer satisfaction is the most significant factor, having a higher weight than the operative factors like service quality, product values and service preferences.

The operative factors, such as product values, service quality, and pricing factors, are normally considered antecedents to customer loyalty (Lai, Griffin, and Babin, 2009).

Having established the correlational structure among relevant constructs, multivariate analyses were performed in order to identify the most significant operative factors that actually drive customer loyalty. In doing so, it helped to transcend relying on simple bivariate links between constructs (Lai, Griffin, and Babin, 2009). The outcomes of the multivariate regression analysis indicate, in Table 4, that customer satisfaction is a significant predictor to customer loyalty in comparison to the operative factors.

TABLE 4: MULTIVARIATE REGRESSION ANALYSIS INDICATING CUSTOMER SATISFACTION SIGNIFICANT PREDICTORS OF CUSTOMER LOYALTY

Model Summary^a

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.600 ^a	.360	.329	.40071

a. Predictors: (Constant), Customer Satisfaction, Service Preference, Price Factor, Product Factor, Service Quality

b. Dependent Variable: Customer Loyalty

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.227	5	1.845	11.492	.000 ^a
	Residual	16.378	102	.161		
	Total	25.604	107			

a. Predictors: (Constant), Customer Satisfaction, Service Preference, Price Factor, Product Factor, Service Quality

b. Dependent Variable: Customer Loyalty

Coefficients^a

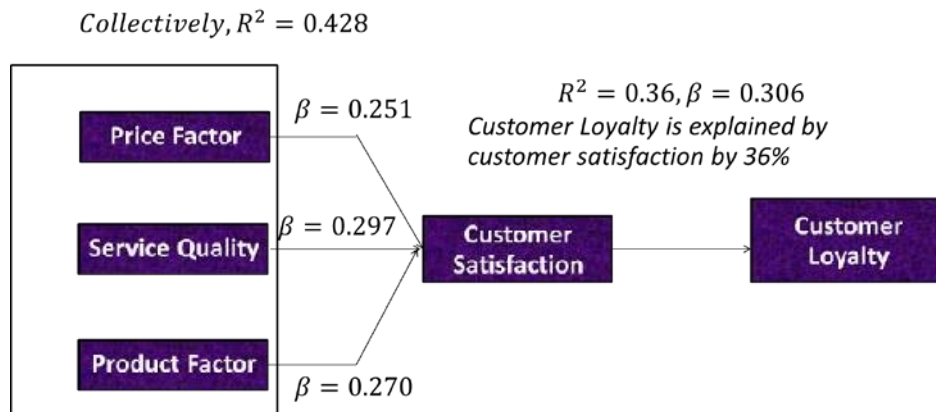
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.486	.522		.883	.374
	Service Preference	.067	.088	.093	1.068	.279
	Service Quality	.179	.113	.170	1.561	.117
	Product Factor	.110	.120	.096	.919	.360
	Price Factor	.152	.099	.140	1.542	.128
	Customer Satisfaction	.348	.118	.306	2.918	.004

a. Dependent Variable: Customer Loyalty

Table 4 above indicates that although operative factors which deliver customer values are important, their impacts on customer loyalty are mediated through influencing the level of customer satisfaction, which is an outcome-based state of performance of retail stores seen and felt by customers.

Further multivariate regression analysis, based on preliminary data in Table 4, revealed that collectively, combined price, service and product factors can explain 42.8% of variability in customer satisfaction, and customer satisfaction in turn explains 36% of variance of customer loyalty, as shown in Figure 2.

FIGURE 2: CUSTOMER VALUES ENABLED OPERATIVE FACTORS IN PREDICTING CUSTOMER SATISFACTION AND LOYALTY



(Source: Developed for this research)

Figure 2 indicates that customer value propositions should carefully incorporate three domains of value-driven strategies, namely: pricing, services and products. A research conducted in the Malaysian hypermarket environments (Rahman and Jalil, 2014) shares the similar understand. However, much rich information revealed through the factor analysis in this section indicate a need for values-attention, i.e., through brand-equity trustworthiness offered in products, convenience offered for products in retail stores, empathic and reliable features of services as well as a value-for-money aspect of the pricing strategies.

In conclusion, hypothesis H1 is supported, as it is shown in Figure 2 that both the product factor and service quality share similar levels of regression weights, at 0.270 and 0.297, respectively, in the influence of customer satisfaction. In addition, hypothesis H2 is also supported by the fact that price factor also significantly influences customer satisfaction, with a standardized regression coefficient of 0.251. Lastly, hypothesis H3 is supported by the fact that customer satisfaction can explain 36% of the variability of customer loyalty, as shown in Figure 2.

The following addresses the influence of demographic variables in the constructs discussed in understanding the operative factors that drive customer loyalty.

Research Question:

- Do some of the demographic variables play significant roles in creating differences in operative factors, customer satisfaction, and customer loyalty?

This research question is addressed by using both t-test and ANOVA statistical tests, at significant 0.05 levels. Only significant tests will be shown in this article. Based on the ANOVA statistical test, shown in Table 5, there are significant differences between age groups across service quality factors, as well as customer satisfaction and loyalty. Results are also depicted in Figures 3 to 5 which demonstrate that older age groups, in general, have higher levels of customer satisfaction and loyalty.

TABLE 5: SIGNIFICANT TEST RESULTS OF ANOVA ON AGE

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Service Preference	Between Groups	.160	3	.053	.238	.870
	Within Groups	23.319	104	.224		
	Total	23.479	107			
Service Quality	Between Groups	2.083	3	.694	3.454	.019
	Within Groups	20.911	104	.201		
	Total	22.994	107			
Product Factor	Between Groups	1.125	3	.375	2.136	.100
	Within Groups	18.258	104	.176		
	Total	19.383	107			
Price Factor	Between Groups	1.534	3	.511	2.632	.054
	Within Groups	20.196	104	.194		
	Total	21.729	107			
Customer Satisfaction	Between Groups	3.317	3	1.106	6.990	.000
	Within Groups	16.449	104	.158		
	Total	19.766	107			
Customer Loyalty	Between Groups	3.081	3	1.027	4.743	.004
	Within Groups	22.523	104	.217		
	Total	25.604	107			

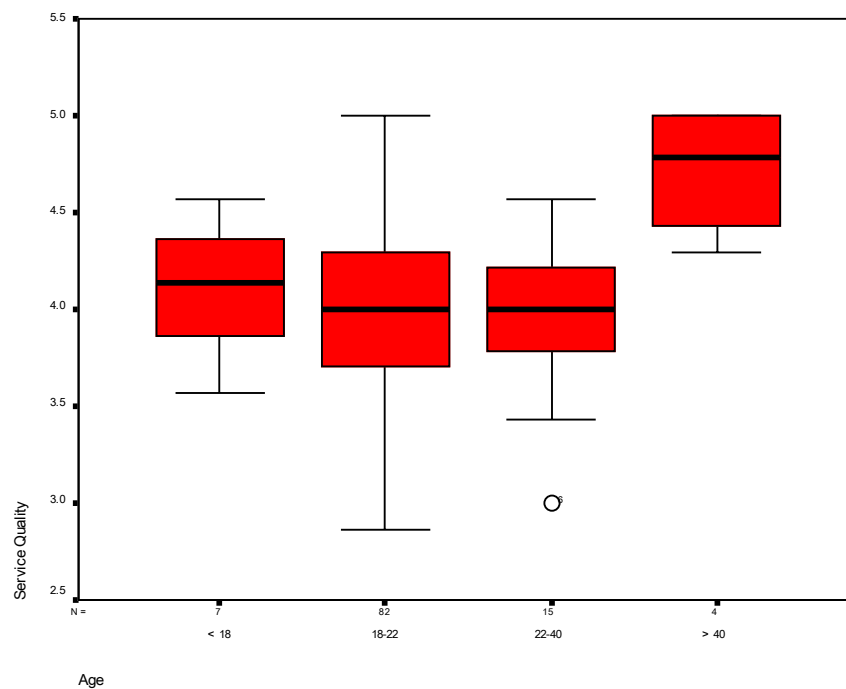
FIGURE 3: PERCEIVED SERVICE QUALITY LEVELS ACROSS AGE GROUPS

FIGURE 4: CUSTOMER SATISFACTION LEVEL ACROSS AGE GROUPS

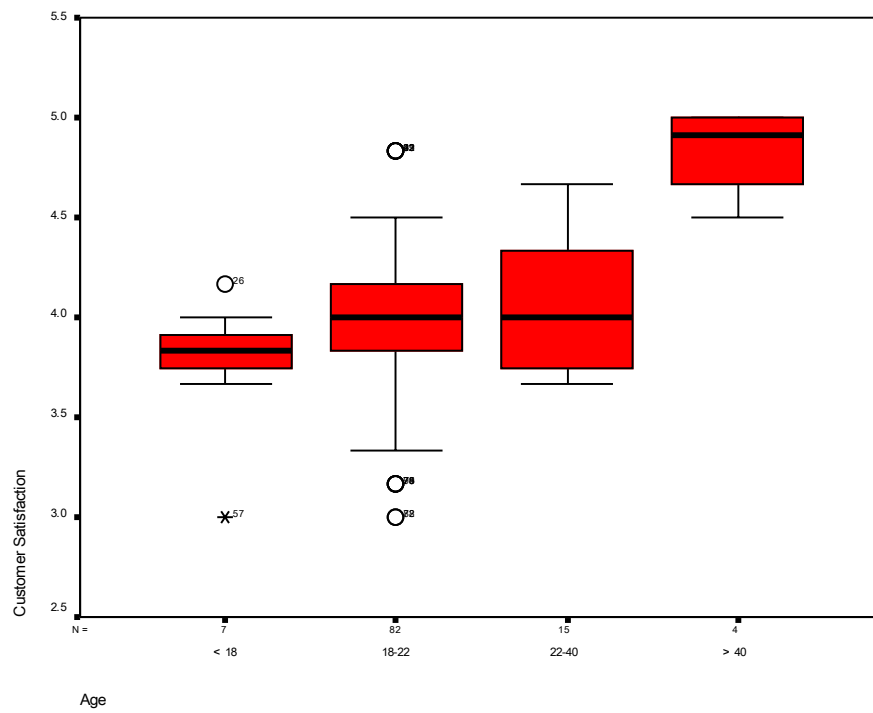
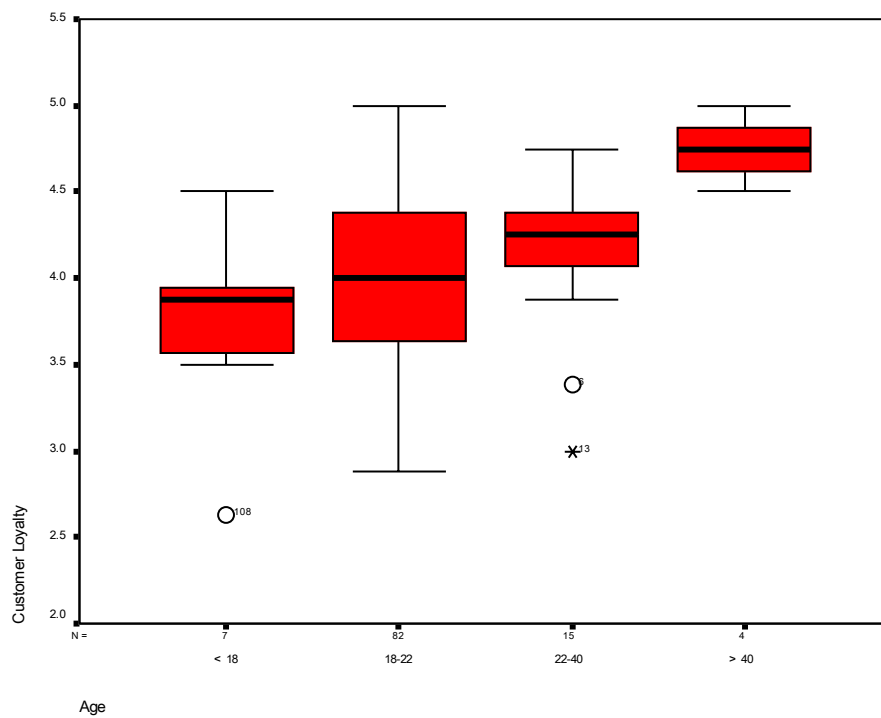


FIGURE 5: CUSTOMER LOYALTY LEVEL ACROSS AGE GROUPS



Also, the ANOVA test indicates significant differences on only service quality, customer satisfaction and customer loyalty for different income groups, as shown in Table 6. Basically, the higher the income levels, the higher the level of these constructs, i.e., customer satisfaction and loyalty, as shown as well in Figures 6 to 8. It is therefore an important, meaningful implication for retail stores, in the manner of continuing to focus on high-value branded electrical products and value oriented services, as higher income groups are segments with capability to pay.

TABLE 6: ANOVA TESTS SHOWS SIGNIFICANT DIFFERENCES FOR CONSTRUCTS ACROSS INCOME GROUPS

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Service Preference	Between Groups	1.069	3	.356	1.653	.182
	Within Groups	22.410	104	.215		
	Total	23.479	107			
Service Quality	Between Groups	2.256	3	.752	3.771	.013
	Within Groups	20.738	104	.199		
	Total	22.994	107			
Product Factor	Between Groups	1.237	3	.412	2.364	.075
	Within Groups	18.146	104	.174		
	Total	19.383	107			
Price Factor	Between Groups	1.336	3	.445	2.271	.085
	Within Groups	20.393	104	.196		
	Total	21.729	107			
Customer Satisfaction	Between Groups	2.424	3	.808	4.845	.003
	Within Groups	17.342	104	.167		
	Total	19.766	107			
Customer Loyalty	Between Groups	2.902	3	.967	4.432	.006
	Within Groups	22.702	104	.218		
	Total	25.604	107			

FIGURE 6: SERVICE QUALITY LEVELS ACROSS INCOME GROUPS

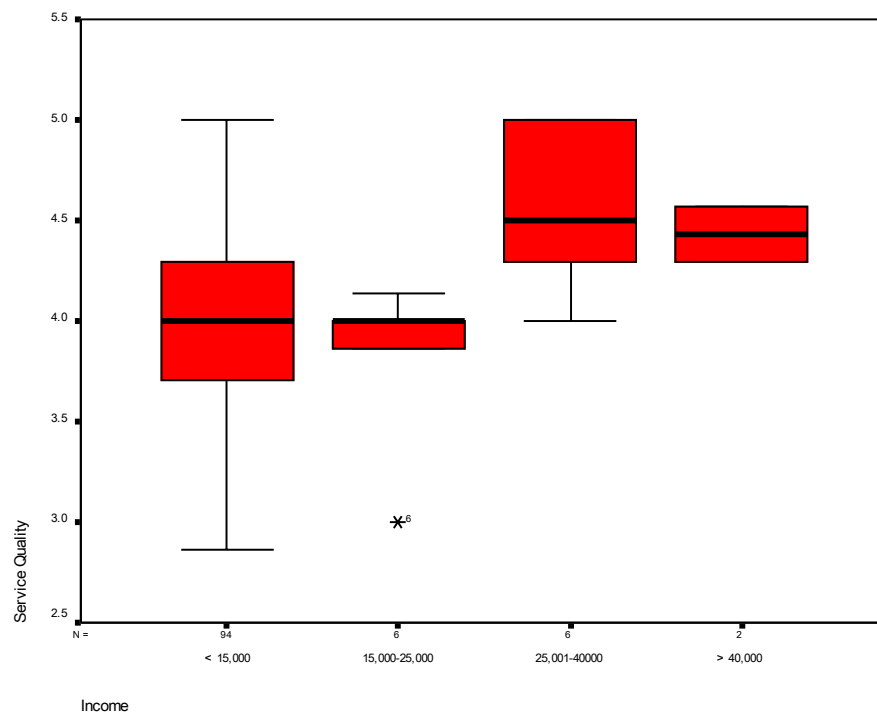


FIGURE 7: CUSTOMER SATISFACTION LEVELS ACROSS INCOME GROUPS

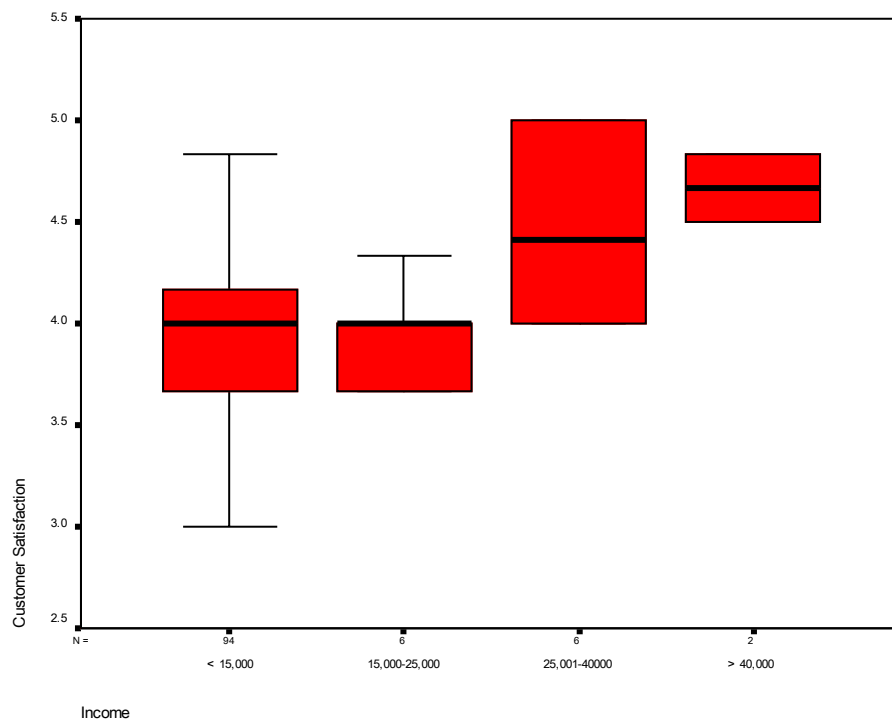
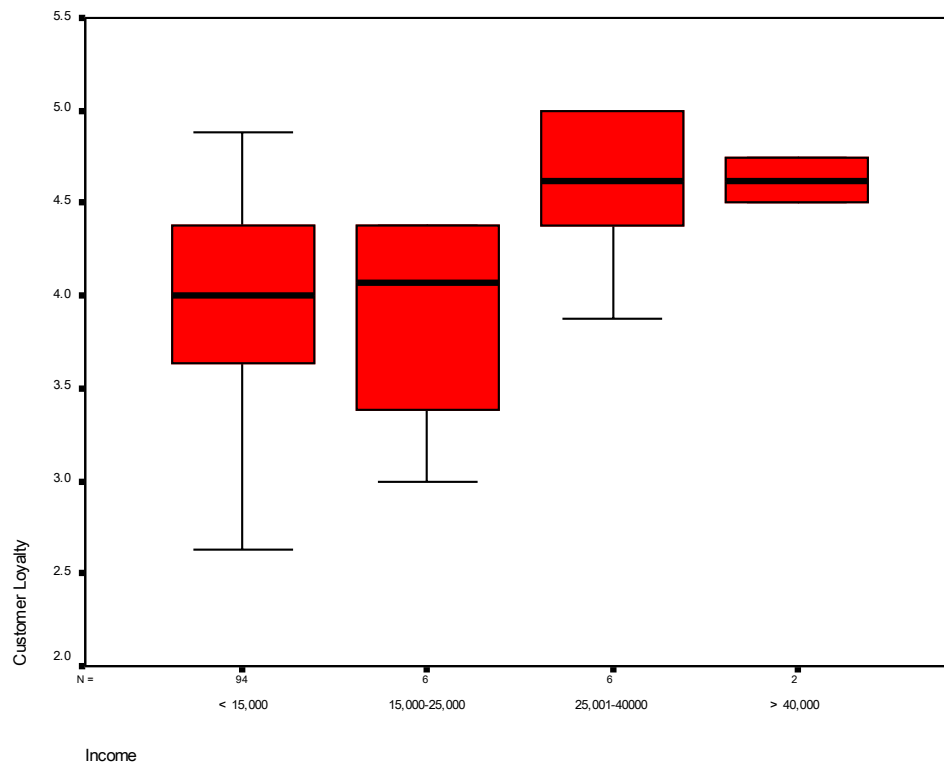


FIGURE 8: CUSTOMER LOYALTY LEVELS ACROSS INCOME GROUPS



For buyer groups, the ANOVA test results indicated in Tables 7 and 8, show that there are significant differences between organizational groups and individual groups. Buyers who purchase for either governmental or private organizations tend to have significantly higher perceived customer satisfaction and loyalty. This implies that retail stores have strategic needs to focus on optimal marketing mix initiatives that are aligned to the target group, essentially a key concept in a business model (Tan, 2014a).

TABLE 7: ANOVA TEST SHOWING SIGNIFICANT DIFFERENCE ACROSS BUYER GROUPS

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Service Preference	Between Groups	.135	2	.068	.304	.739
	Within Groups	23.344	105	.222		
	Total	23.479	107			
Service Quality	Between Groups	1.122	2	.561	2.694	.072
	Within Groups	21.872	105	.208		
	Total	22.994	107			
Product Factor	Between Groups	.291	2	.145	.800	.452
	Within Groups	19.092	105	.182		
	Total	19.383	107			
Price Factor	Between Groups	2.648	2	1.324	7.284	.001
	Within Groups	19.082	105	.182		
	Total	21.729	107			
Customer Satisfaction	Between Groups	2.190	2	1.095	6.543	.002
	Within Groups	17.576	105	.167		
	Total	19.766	107			
Customer Loyalty	Between Groups	1.588	2	.794	3.471	.035
	Within Groups	24.017	105	.229		
	Total	25.604	107			

TABLE 8: MEAN VALUES OF THE CONSTRUCTS ACROSS BUYER GROUPS

Descriptives									
		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
Service Preference	Private Organization	12	4.3958	.44541	.12858	4.1128	4.6788	3.25	4.75
	Government Sector	11	4.2500	.44721	.13484	3.9496	4.5504	3.50	5.00
	Other	85	4.3529	.47762	.05180	4.2499	4.4560	3.25	5.00
	Total	108	4.3472	.46844	.04508	4.2579	4.4366	3.25	5.00
Service Quality	Private Organization	12	3.9408	.43702	.12616	3.6632	4.2185	3.00	4.57
	Government Sector	11	4.3255	.42903	.12936	4.0372	4.6137	3.71	5.00
	Other	85	4.0019	.46201	.05011	3.9022	4.1015	2.86	5.00
	Total	108	4.0281	.46357	.04461	3.9396	4.1165	2.86	5.00
Product Factor	Private Organization	12	3.9817	.39708	.11463	3.7294	4.2340	3.44	4.56
	Government Sector	11	4.2027	.46258	.13947	3.8920	4.5135	3.56	5.00
	Other	85	4.0633	.42564	.04617	3.9715	4.1551	3.00	5.00
	Total	108	4.0684	.42562	.04096	3.9872	4.1496	3.00	5.00
Price Factor	Private Organization	12	3.8542	.45799	.13221	3.5632	4.1452	3.25	4.50
	Government Sector	11	4.2045	.44467	.13407	3.9058	4.5033	3.50	5.00
	Other	85	3.6941	.41971	.04552	3.6036	3.7846	2.75	5.00
	Total	108	3.7639	.45064	.04336	3.6779	3.8499	2.75	5.00
Customer Satisfaction	Private Organization	12	4.0417	.36905	.10654	3.8072	4.2761	3.67	4.67
	Government Sector	11	4.4082	.43634	.13156	4.1150	4.7013	4.00	5.00
	Other	85	3.9369	.41077	.04455	3.8483	4.0255	3.00	4.83
	Total	108	3.9966	.42980	.04136	3.9146	4.0786	3.00	5.00
Customer Loyalty	Private Organization	12	4.2108	.47151	.13611	3.9113	4.5104	3.38	5.00
	Government Sector	11	4.2964	.56504	.17036	3.9168	4.6760	3.00	5.00
	Other	85	3.9595	.46775	.05073	3.8586	4.0604	2.63	4.88
	Total	108	4.0218	.48918	.04707	3.9284	4.1151	2.63	5.00

The final demographic analysis involves behavioral usage, which is an important behavioral attribute in segmentation techniques (Tybout and Calder, 2010), and the ANOVA analysis shows no significant differences across all involved constructs; as such, results will not be displayed in this article.

CONCLUSION

This research indicates that the generic value propositions that incorporate the product values, service quality and pricing factor can significantly influence the level of customer satisfaction, at 42.8%, which in turn influences customer loyalty, at 36%. The detailed dimensions of each of these constructs were revealed through factor analysis, such as customer loyalty reveals the combined cognitive and conative loyalty, and affective customers. Collectively, customer value propositions involve the dimensions of brand-equity trustworthiness, convenience offered for the products in the retail stores, the empathic and reliable features of services, as well as value for money attributes of the pricing strategies.

IMPLICATION FOR FUTURE RESEARCH

Brief interviews with retail store proprietors indicated that in small cities like Chiang Rai, older customers have had longer periods of relationship with stores, and thus are in general loyal customers. This could imply that customer loyalty is a performance state that takes time to build, and thus, it could be addressed in future research, to account for other percentages of variation not shown in the multivariate relationship results. Another useful implication to retail store management is based on the research finding in that at the higher-end income levels, the higher the level of these constructs, i.e., customer satisfaction and customer loyalty. This has important, meaningful implications for retail stores, in developing the right competitive strategies by involving high-value branded electrical products and value-oriented services, as higher income groups are the segments that have the capability to pay.

In addition, the buyers who purchase for either the governmental and private organizations tend to have significantly higher perceived customer satisfaction and customer loyalty. This implies to the retail stores a strategic need to focus on the right marketing mix initiatives that are more aligned to the target group, essentially a key concept in business model (Tan, 2014a).

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AN EXPLORATIVE RESEARCH STUDY DISCOVERING THE STRATEGIC LINKS BETWEEN INTELLECTUAL CAPITALS AND SERVICE QUALITY: A CASE WITH THE GEO-INFORMATION BUSINESS CONTEXT IN NORTHERN THAILAND

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ABSTRACT

An interview-based research was conducted to study the phenomenon of service quality, popularly accomplished through SERVQUAL instrument, in understanding customer satisfaction involving geo-information businesses in Northern Thailand. However the in-depth interviews discovered a one-to-one relationship between each component of the intellectual capital (i.e. human capital, customer capital, process capital and innovation capital) and the SERVQUAL dimensions, namely assurance, empathy, responsiveness, reliability. This research indicates a missing domain in the literature of service quality which is the renewability, and it allows the knowledge contents of service quality to be connected to the discipline of service innovation, a factor that drives competitiveness.

INTRODUCTION

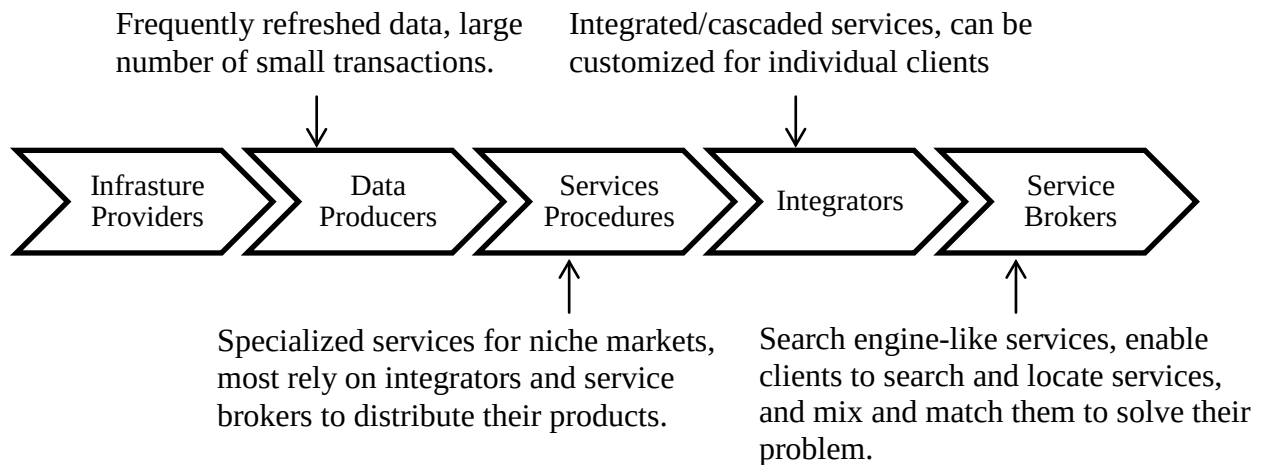
Over the last decade, we have witnessed the rapid development of Geo-Informatics technology that fast turn the traditional model of stand-alone systems, with geo-data that is tightly coupled with the systems, to creative service-oriented Geographic Information Systems (GIS) that is increasingly relying on distributed information technology and networking.

The gradual on-going transformation is primarily fueled by the growing role of GIS in today's organizations, the increasing availability of spatial data and its inherent conduciveness to reuse, the relative maturity of web and distributed computing technologies, and the key role of GIS in a promising location-based services market (Alameh, 2001).

In Northern Thailand as well, the GIS is rapidly known in the circles of academicians, technicians and specialists who are interested to use it for managing the communities or the environment that relate to key policy decisions, i.e. sustainability and risk aversion. However, on the application aspects, commercial organizations usually select GIS service providers who are proficient in local area and good interaction to their requirement in service.

To understand how GIS oriented businesses can better serve the organizations and the governmental sectors for implementing their policies, it is important its unique value chain structure (Alameh, 2001), as shown in figure 1, is correctly understood. A careful examination of the chain reveals a similar flow structure of data to information, and finally to knowledge and application (see Boisot, 1999; Tan, 2011).

FIGURE 1: VALUE CHAIN OF GIS BUSINESS



(Source: Adapted from Alameh, 2001)

Figure 1 indicates a long-chain structure for the GIS industry, which implies a need for different proficiencies and specialization along each of the steps in the service chain, and thus, GIS is a very competitive market. Thus firms that can change their strategies promptly according to the environment will be able to survive. Exactly what factors that need to be targeted for the GIS service (Geo-information service) business in order to establish competitiveness are currently not available in the literature, but, nevertheless, such bodies knowledge are important. Thus, the following research problem is raised:

- The purpose of this research is to explore, using interviews-based survey, on in-depth basis, the service nature of GIS businesses in Northern Thailand, in particular the roles played by service quality in the business, and carefully examine to discover any emerging patterns of themes from among the data obtained from the interviews, so that the ultimate key operative factors, along intellectual capitals, can be identified as the drivers to implement to deliver satisfactory services and thus service quality.

LITERATURE REVIEW

Ever since Edvisson's (1996) efforts to conceptualize the construct "Intellectual Capital," still there are hardly anything written about this concept with its linkages to service quality. This article provides an explorative attempt to study the nature and structure of the intellectual capital in relation to service quality domains. The value of this research is seen by interlinking the value-creation capability, namely intellectual capital, to the value-delivering capability, namely services, in order to establish a holistic business model structure (Tan, 2014a). Services possess the characteristics that are often quite different from those of manufacturing, i.e. having the simultaneous production and consumption. In other words, the service producers often find themselves "playing a role as part of the product itself and as an essential ingredient in the service experience for the consumer" (Zeithaml and Bitner, 1996, p. 20). Thus, the research objective aims to integrate both intellectual capitals and service quality concepts.

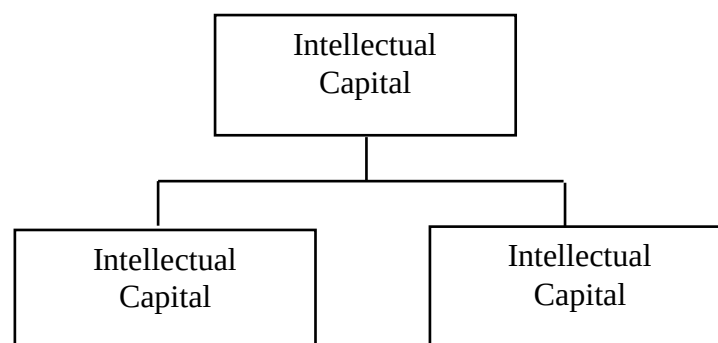
Intellectual Capital:

In the GIS industry, apart from having a need for investing in advanced technology-enabled infrastructure, the other significant sets of factors for competitive advantages could be identified as human capital, knowledge repertoire, and social capital. Knowledge repertoire is the nature of the GIS which means companies who have the rights to utilize the available databases will have the advantage, as knowledge is possible only when data is available (Boisot,1999). Social capital is the exclusive right provided by the local government in allowing the GIS firms to explore and exploit the given opportunities to develop and suggest effective ways for certain applications i.e. land administration, transportation, and water management. Human capital is the actual knowledge of the service provider that demonstrates the capability to use and analyze geo-information database and match with the wants and needs of the customers (Mortaza and Tahere, 201) i.e. spatial data analysis, data visualization, data quality and metadata analysis (Rolf, 2010). In addition, social capital is also a nature for contractual projects that need the relational connection to establish business interests and feasibilities.

Human capital, knowledge repertoire and social capital are actually the domains or components of the so-called intellectual capital, as shown in figure 2. Useful definitions are provided in Edvinsson and Malone (1997, cited in Boyett and Boyett, 2001, p. 101) as follows:

- Human capital – The combined knowledge, skill, innovativeness, and ability of the company's individual employees to meet the task at hand. It also includes the company's values, cultures, and philosophy. Human capital cannot be owned by the company.
- Structural capital – The hardware, software, databases, organizational structure, patents, trademarks, and everything else of organizational capability that support those employees' productivity – in other words, everything left at the office when the employees go home. Structural capital also includes customer capital, social capital, and the relationships developed with key customers. Unlike human capital, structural capital can be owned and thereby traded.

FIGURE 2: TWO IMPORTANT CAPITALS OF THE GIS BUSINESS



(Source: Adapted from Edvinsson and Malone, 1997)

Definitions given to figure 2 also provide the necessary conceptualization and the minimal knowledge background to enter into an interview or qualitative nature of research (Tan, 2014b).

There are many conceptual variances of Intellectual Capital (IC). According to OECD (2006), Intellectual Capital (IC) has played a significant role, as much as tangible capital. There are some unique characteristics of intellectual capital that makes it capable of generating significant values for the organizations. IC is viewed as an important strategic resource for gaining competitive advantage (Sohrabi, 2010), as the exploitation of IC appropriately can lead to scalability and thus market share (Romer, 1994; 1998), growing returns (Pedrini, 2007), difficulty for the competitors to imitate (Pedrini, 2007), and network effect (Shapiro and Varian, 1999).

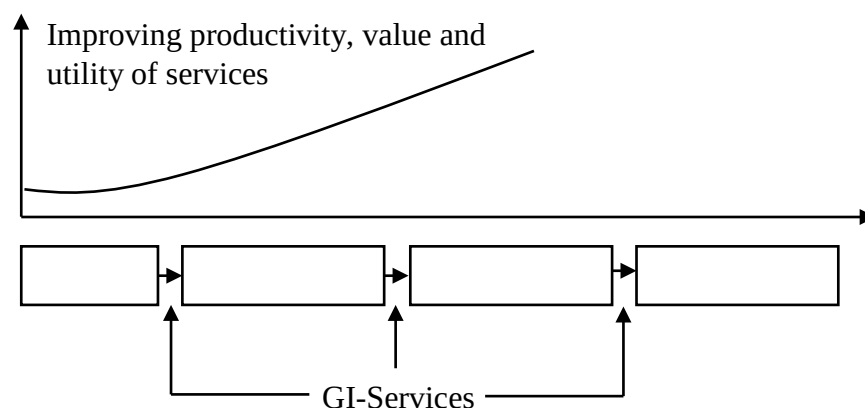
Geographic Information System:

GIS (Geographic information System) forms the base from which the GIS businesses utilize it to sort, analyze and transform data into contextually meaningful information, and thus knowledge to help the clients to implement their business plans, i.e. territorial market expansion, market development, as initiatives for strategic growth (Tan, 2013a).

The pace of GIS industry is accelerated with the advancement of computerized and electronics technologies, including the pervasive convenience made possible by the introduction of applications-based software like GOOGLE MAPS and GPS (Global Positioning System).

As already discussed in the previous section, it can be inferred that the nature of competitiveness of the GIS businesses rely on the advancement and exploitation of databases and knowledge repertoires of the organization. Figure 3 could be used to illustrate the explanation.

FIGURE 3: TYPES OF GIS SERVICES



(Source: Developed for this research)

Figure 3 provides a simple illustration on the types and trends of GIS service that moves away from the left to the right. As the GIS service providing firms shift from the left to the right, productivity, utility and value to customer will be significantly improved. The mechanism for how data to knowledge can drive the significant improvement is discussed by the concepts of Newtonian and Schumpeterian learning processes discussed in Boisot (1999). GIS service is

not just a service offered by the private sectors, but government is equally playing a significant role, partly because of the confidentiality of data and a need for high investments. Majorities of the government's GIS services are of types 1 and 2 (see Kun, 2007).

The Current Model:

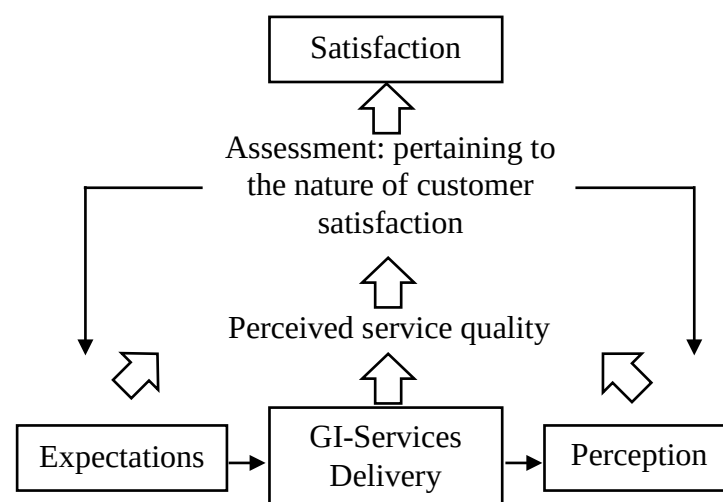
In summarizing the key conceptual thoughts that attempt to address the research problem, a preliminary theoretical model, as given in figure 4, is suggested. The model will thus become the base to develop interview protocols i.e. questions to ask and the organizations to be contacted.

Figure 4 shows that the key objective of the research study is to understand how service quality is perceived and how the organizations are reacting to the nature of the service quality in terms of satisfaction and loyalty as in committed continuing business relationship. Nevertheless, due to the interview-based, qualitative nature of the research process, Figure 4 is subjected to be modified, and its purpose is only to see the hidden possible relations between intellectual capitals and service quality nature.

SERVQUAL instrument is a common service quality measurement platform (Parasuraman, Zeithaml, and Berry, 1985) which involves clarifying the nature of service quality along five service attributes as follows:

- Tangibles – the service encounters or objects that easily be seen, touched.
- Reliability – which shows how the GIS service contract is delivered, dependably, and accurately, i.e. service on time.
- Responsiveness – shows the perception of the customers on prompt service.
- Assurance – the knowledge ability of the employees perceived and felt important by the customers to provide the confidence.
- Empathy – Caring, individualized attention the firm provides its customers.

FIGURE 4: PERCEIVED SERVICE QUALITY AS ENABLERS FOR LEADING TO CUSTOMER SATISFACTION FOR GIS SERVICE MARKETERS



(Source: Developed for this research)

At this stage in the research, customer satisfaction will be generally defined as an evaluation of the discrepancy of the initial reference point and the actual experience (Oliver, 1980).

In order to direct the research, the following research questions have been posited:

- Research Question 1: What can be manifested when we say a GIS service customer is satisfied? This is an explorative question that attempts to give a general understanding about the nature of customer satisfaction, which could be used as operationalization guidelines in questionnaire development in future research.
- Research Question 2: What factors the GIS service customers perceive as important and without them the business is difficult to continue or lose advantage? In other words, on qualitative terms, this question attempts to find the relationship between the operative factors that drive customer loyalty.

Both of the above research questions are intended to obtain rich understanding to the phenomenon of how intellectual capitals influence customer satisfaction, which is different from a typical positivistic approach to research design based on quantitative survey research.

RESEARCH METHOD

As nothing specific about how intellectual capital has its relationship to the service activities of the organization, an interview-based approach, of qualitative research nature, is adapted. Qualitative research method is highly applicable for a research case that involves relatively undefined characteristics of the research phenomenon, which is capable to bring a new or fresh perspective to fill the research gaps (Wealthington, Cunningham, and Pittenger, 2010).

Nevertheless the research methodology exploited in this research is not a purely inductive approach as it was advocated in grounded theory (Glaser and Strauss, 1967). Rather a combined deductive and inductive mechanism that utilizes the resourceful bodies of knowledge in both the disciplines of intellectual capitals and marketing services is chosen, in addition to the critical sense-making of the interview scripts (data). The researcher maintained as neutral in its position as possible in accordance to the adapted realism-based epistemological position (Tan, 2014b).

According to Yin (1989), interview is an effective data collection instrument for the case-based research method. Case-based research method is useful to understand the dynamics of service quality management in the GIS projects, which involves the possibility to obtain the richness of its detailed understanding of reality (Amaratunga and Baldry, 2001). This research involved four case organizations, two from the governmental sectors and the other two from the private sectors. The chief executive and the project manager of each case organization were interviewed, being conducted in locations and time convenient to the respondents. Anonymity and confidence for both the case organizations and their personnel were maintained, and this provided their willingness and easiness to share further information.

All the case organizations, two from the private sectors and two from the government sectors, in Northern Thailand, are contacted, and among one chief executive and one project manager from each organization are interviewed.

All the case organizations are those actively involved with the use of GIS (Geo-information systems) and their knowledge applications to help them map out the critical geo-information characteristics and societal, geographically driven spatial attributes in order to make policy decisions. For instance, one of the two government sectors use GIS to map out sustainable strategies to develop sites of significant but distinctive cultural, commercial, and tourism sites. The other governmental sector exploits GIS derived information and knowledge to suggest laws of urban planning, construction projects, construction standard and the law of building management. On the other hands, the private-sector case organizations exploit GIS services to obtain strategically oriented value-added data, information and knowledge to help them make commercially oriented decisions, such as the marketability of products and services, risk minimization in view of possible flooding and transportation issues.

While the chief executives of the case organizations shed light relating to the commercial issues of the GIS services, i.e. in terms of the service quality and satisfaction aspects, project managers provided the essential operations oriented requirements for the GIS services. As GIS is in nature a project management service, the operational performance's requirements of the project manager are considered vital.

Interview protocols are consisted of the questions and the nature of the organization to contact, by focusing on semi-structured formats of questioning that only asking questions relating to the nature of service quality and customer satisfaction. Nothing relating to the nature of intellectual capitals will be asked. This broad-based interview protocol is aimed to prevent from leading the respondents to respond in a way that bridges intellectual capitals to service qualities purposively, and thus provides a strong base for qualitatively meaningful validity – that is, with the purpose of generating understanding of service quality that is capable to lead to customer satisfaction and loyalty. In other words, the aim of this exploratory research is to attempt to build a theory of intellectual capital-enabled service quality management practically useful for the GIS services.

DATA ANALYSIS, RESULTS AND DISCUSSION

This section is organized in a way to answer the two posited research questions. In this way the research findings and the rich picture of the research phenomenon are gradually built, and finally it leads to a proposed model of intellectual capitalization to realize service quality and customer satisfaction. Such an approach is inductive in nature (Tan, 2014b).

Research Question 1: What can be manifested when we say a GIS service customer is satisfied?

Putting this research question slightly differently, how do the customers express customer satisfaction? As it was concluded in the previous chapter, customer satisfaction was highly associated with how the customers praising for meeting performance objectives in responsiveness, reliability, assurance and other aspects of the service quality. For instance:

- One interviewee responded to customer satisfaction in the performance objective of responsiveness as such: “I am satisfied that you can response to solve problems encountered immediately and that enables us to deliver our project on time.”

Responsiveness service quality performance becomes important because of the nature of chain of the GIS business.

- Another respondent addresses the reliability service quality as delivering satisfaction, as “You’re capable to manage and deliver the project on time” – a reliable indicator for the services.
- Yet another interviewee quoted as “your local experiences really are advantages” that assure our business success.
- Flexibility, another aspect of responsiveness, is also reinforced in the customer satisfaction data, quoted that “Although your company is small in size, but you are definitely well-equipped with the flexibility to responsively adjust project processes and steps and that enable the project to meet the performance requirement.”

While the above shows the positive aspect of the satisfaction, the unsatisfied also touches on the similar service quality dimensions, for instance:

- One participant addressed that “Your teams should make an effort and commitment to study our market requirement that is the customer requirement downstream.” Thus empathy is caring about the needs of the downstream and the further downstream customer. Empathy in this sense provides a responsiveness capability to react to the changing market needs on time when needed.
- Another interviewee quoted that “capability to change methodology professionally and the continuous improvement of your teams needed in not just technical terms but project management and relationship issues” determines the importance of the assurance service quality.

In sum, customers do not simply state “I am satisfied or am not satisfied”, but rather the customer satisfaction is always associated with the service quality aspect. This finding indicates a very unique way of examining customer satisfaction in the service industry. For instance, in Zeithaml and Bitner (1996), customer is satisfied when perceived quality of a service matches with the expectation of service quality. In addition, Kano, Seraku, Takahashi, and Tsuji’s (1984) research also indicated this unique characteristic in the service industry.

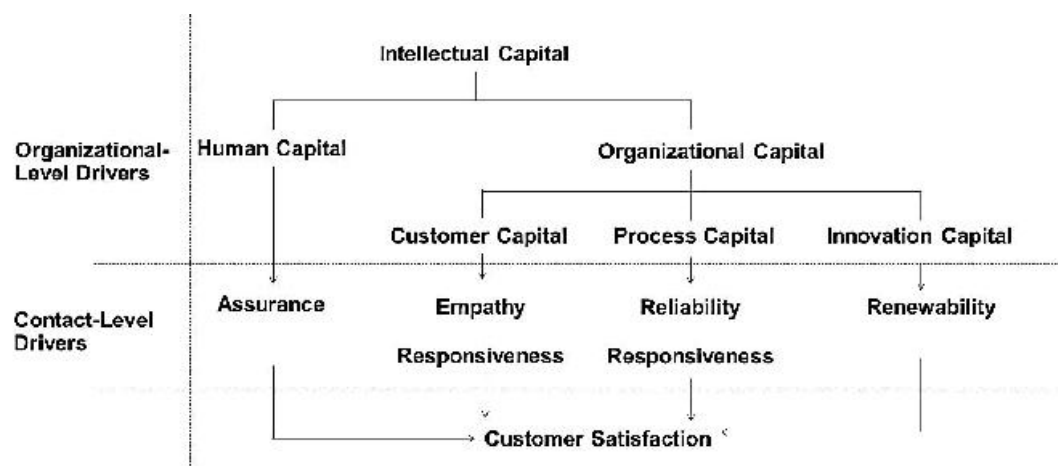
Research Question 2: What factors the GIS service customers perceive as important and without them the business is difficult to continue or lose advantage?

The vitality of GIS services in the communities and societies are progressively gaining the acknowledgement, and GIS services also gradually become necessary as the community development has vastly altered the nature, i.e., the ways natural water flow and the weather and the availability of resources and disperse of localized cultures. Thus, data become multi-dimensional in nature and knowledge and unique competencies are needed to address these

issues. Otherwise, the societies and the communities will become unsustainable that could jeopardize the well-beings of the people living in the environment.

Judging from the aforementioned industrial background for the geo-informatics services, the ability to capitalize on organizational knowledge and human knowledge become extremely important. The interview data clearly confirm the vitality of intellectual capitals highly demanded for the GIS service chain of enterprises in order to demonstrate competitiveness and to realize business continuity and gain high level of customer satisfaction. Originally the author, through the literature review, thought that what drives customer satisfaction for the GIS services is service quality competency, but the research findings indicate that service quality is actually customer-contact satisfaction at the contact level, and the fundamental intellectual capitals at the organizational level are actually the domains where the customers perceived to be importantly driving their satisfaction. A critical examination of the interview scripts in looking for the patterns of the relationship between intellectual capitals and service quality domains reveals the model shown in figure 5.

FIGURE 5: PROPOSED MODEL OF INTELLECTUAL CAPITALIZATION TO REALIZE SERVICE QUALITY AND THUS ACHIEVE HIGH-LEVEL OF CUSTOMER SATISFACTION



Specifically, figure 5 is further extended to figure 6 in showing a one-to-one relationship between each of the intellectual capital domains to the different characteristics of service quality:

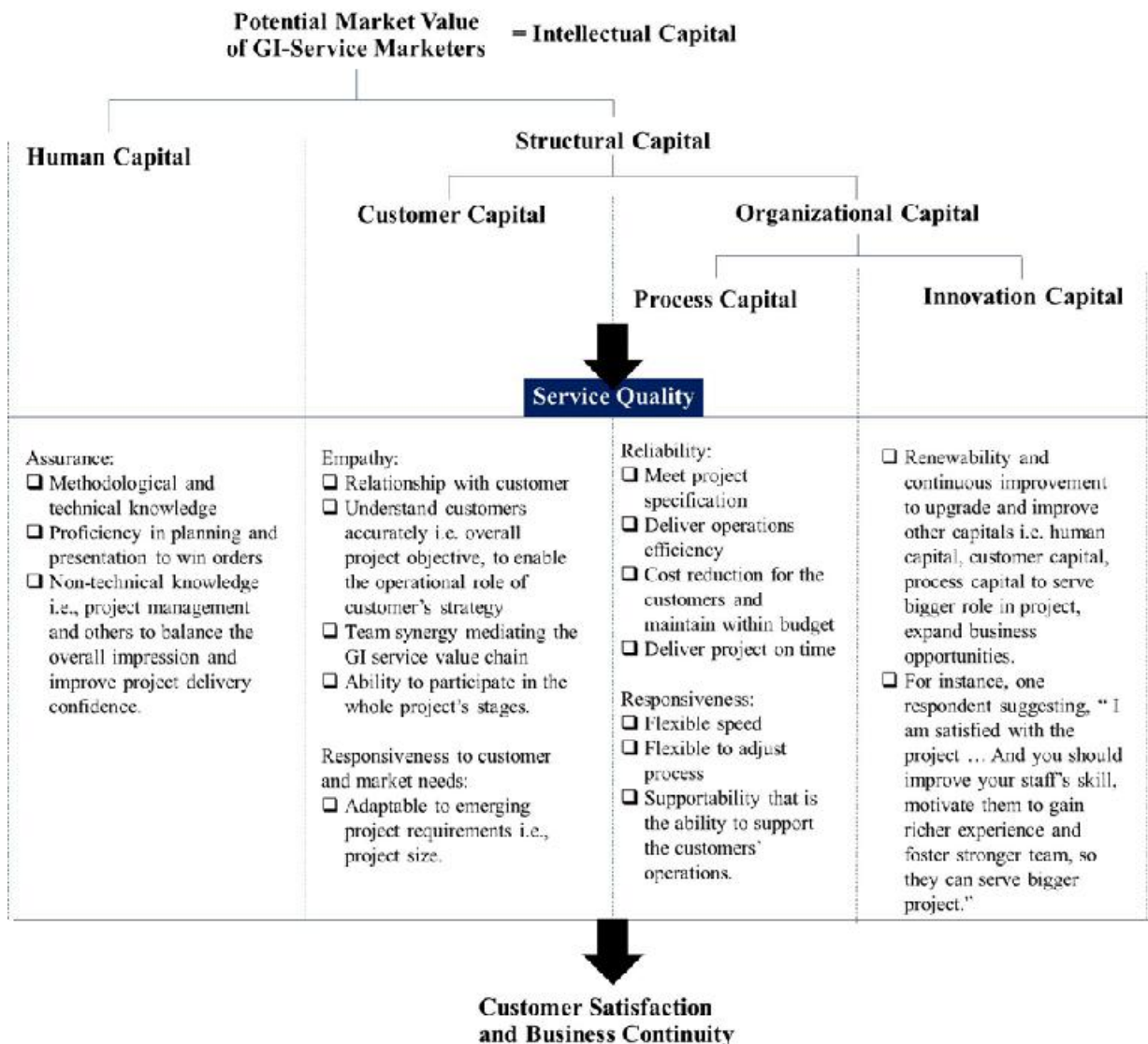
- The role of intellectual capital, consisting of human capital and organizational capital, which belongs to a structure as originally suggested and used by Skandia in reporting its first annual IC (Intellectual Capital) report (Boyett and Boyett, 2001, p. 136), comes out as the significant themes. These significant themes are the dominant factors seen from the views of the customers (the respondents) that give them satisfaction and intention for business continuity. These themes, consisting of human capital, customer capital, process capital, and innovation capital were not revealed from the literature review prior to data collection. These themes were identified from the confirmatory case study research method, which according to Eisenhardt (1989) and Miles and Huberman (1994, pp. 10-12), is theory building resulted from an iterative process, which ideally ends when theoretical saturation is reached (Drongelen, 2001). The discovery of these themes connotes the factors of service operations excellence and

knowledge management (KM), which were neglected in the literature. However, it should not be a total surprise as KM structure is indeed a value-chain structure of the GIS services, as already discussed in literature review. In addition, the themes also match with the GI service value chain finding in Alameh (2001). Alameh (2001, p. 20) suggested from his research that “In this new distributed environment, the private sector as well as the public sector at the local, state and the federal will all likely contribute in establishing and maintaining a national GIS infrastructure. The different players in the value chain will share different responsibilities according to their expertise.”

- As the GIS service marketer is a part of the GI service value chain, the ability to serve the next customer becomes important criteria for order-winning, in view of filling its weakness, supporting its strategic vision, participating as a synergistic team member of the entire project phases, and enabling its operational excellence through delivering service quality. Pertaining to the service quality, the significant properties of the service quality were identified to be assurance, empathy, reliability and responsiveness. However, these were not the ultimate factors that drive customer satisfaction. The implication from the responses of the respondents indicate that it is the organization’s intellectual capital, in terms of human capital and organizational capital, that is the key satisfactory driver of important significance to customer’s competitiveness. In addition, what has been missing in the literature of services marketing and service quality is about renewability or service innovation as a part of the quality. Nevertheless, the concept was mentioned as a point for future research in Tan (2014c).

In short, the qualitative analysis results in the model, shown in figure 6, that explains the interrelationship nature between intellectual capitals and the different characteristics of service quality. With the unbundling of GIS, as argued by Alameh (2001), it will be necessary for players to build comprehensive systems in order to gain a share of the market, and that comprehensive systems can only be feasible when the GIS service marketers focus on strategically developing their intellectual capitals, as recommended by Edvinsson and Malone (1997) and Boyett and Boyett (2001).

FIGURE 6: THE REVEALED THEORY THAT DESCRIBES THE PHENOMENON (SOURCE: DEVELOPED FOR THIS RESEARCH, ADAPTED FROM SKANDIA MARKET-VALUE STRUCTURE (CF. EDVINSSON AND MALONE, 1997, PP. 151-155).



(Source: Developed for this research)

CONCLUSION

Based on an in-depth interviews-based approach, this research identified a structured relationship between intellectual capitals and service quality. Although this explorative nature of research has no valid or reliable base for population generalizability, the findings do provide the analytical generalizability foundation. The theoretical structure provides a rich picture in seeing how intellectual capitals, manifested in both human and structural capitals, can be used to establish values of products and services that are driven by the GIS services. In other words, this research provides a clear picture of how intellectual capitals are both strategically and operatively linked to the creation of service quality, and service quality has been proven to have the significant strength in predicting customer satisfaction.

Implications for theory:

GIS service is a knowledge-intensive establishment. Judging at the nature of the service-oriented chain of relationship space in the industry at this moment, intellectual capitalization that embraces human capital on the one hand and structural capital on the other hand becomes extremely important. While human capital provides the necessary assurance driver for customer satisfaction at the contact level, structural capital (consisting of both customer capital and organizational capital: process and innovation) delivers the empathetic aspect of service quality, responsiveness, reliability and renewability. Renewability is an aspect of service quality that was not discussed or studied in the body of knowledge of service quality (Zeithaml and Bitner, 1996; Zeithaml et al. 1991), and this research gap should thus be critically challenged, at least for organizations that are knowledge-intensive. In short, through the qualitative-based research design, a model of intellectual capital as organizational driver to achieve service quality and thus high level of customer satisfaction is suggested and should provide the opportunities for further rigorous research.

Implications for methodology:

This research utilized qualitative interview-based approach in the research design. This approach clearly demonstrates its utility in identifying a possible theory that could have been missed when the research uses questionnaire-based survey method. The fundamental rationality of the constraints of questionnaire-based survey is that the structure of the knowledge proposed for the investigation is constrained by the scopes and depth of the literature review. On top of this, as very limited publication is available for the relevant topics in the GIS service industry, the use of questionnaire-based survey apparently becomes a weakness and a significant drawback. Now that a preliminary theory that shows the role being played by intellectual capitals of a knowledge-intensive organization on service quality and customer satisfaction, the future research design should suggest using either mixed method (both quantitative and qualitative) or questionnaire-based survey method. The latter choice shows customer satisfaction drivers should be examined at customer-contact level as well as the organizational level:

- Customer satisfaction driver at the customer-contact level: service quality.
- Customer satisfaction driver at the organizational level: intellectual capitals.

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THE FORCES OF HIDDEN FACTORS IN TOURIST'S EXPERIENCE SATISFACTION AS KEY DETERMINANT OF DESTINATION LOYALTY

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ABSTRACT

Retaining loyal tourists is the key success for the destination enterprises, which mainly sell the experiences. Considerable degree of research efforts has since gained the momentum, but a holistic view has not yet emerged. This research thus draws on the existent literature on tourist experiences and attempts to see how, in particular, the hedonic experience satisfaction, landscape experience satisfaction, and the general impression of the destination experiences are predicting destination loyalty. This research finding confirmed positively a structure of the tourist experience satisfaction and loyalty, and also discovered a new urging force to visit the destination. Implications are also addressed.

INTRODUCTION

According to UNWTO (2014), tourism industry is the largest and fastest growing industry in terms of economics on the earth, being considered as an important driving force in national development. Competition has continually been intensified which causes a proliferation of alternative destination choices being offered for the tourists (UNWTO, 2014). Thus, the concept of tourist loyalty has become a common but important subject of interest in tourism research. The benefits of tourist loyalty are wide ranging, for instance, in stimulating the tourists to return to the destination sites and in the capacity to build price-insensitivity behavior of the tourists (Petrick, 2004). In addition, from the view of the marketers, tourist loyalty creates brand trust which helps to reduce marketing costs and various other expenditures (Valle, Silva, Mendes, and Guerreiro, 2006), at a level much lower than those spent to attract new tourists (Um, Chon, and Ro, 2006). The next logical benefit is that loyalty leads to better profit margins (Baker and Crompton, 2000; Hallowell, 1996).

In view of this benefit oriented position of tourist loyalty in the tourism industry, this research attempts to exploit the concept of consumer attitude and behavioral psychology to study the structure and mechanisms of association between tourist experiences and destination loyalty. This forms the research problem of this research. To study this research problem, 257 valid tourist sample sizes were used, and the responses on the questionnaires were based on the respondents in recalling the best and the worst destination they had experienced in the past.

The following delineates the literature review, which reinforces in the state of knowledge available for the two important constructs, namely tourist's experience satisfaction and destination loyalty. Few hypotheses were raised. Another construct that explains the urging force in return to the destination is actually an emerging phenomenon at the post-data-analysis stage. Prior to the pilot test, theoretical model was proposed. Pilot test reasoned out the appropriate use of words and meaning in each questionnaire item through focus group with 30 tourists to recall their best or worst experiences with one destination traveled. Reliability tests were also conducted at the pilot test stage. Data collected were subjected to

both descriptive and inferential statistical tests to help confirm or reject the hypotheses posited, as well as to provide the descriptive details of the demographics.

LITERATURE REVIEW

Tourism business has concentrated on delivering the memorable experience to the travelers, which are alluded by several recent tourism management researches (Tung and Ritchie, 2011). The economic perspective highlights that the experience concept is the key tool for upgrading establishments' values and prices (Pine and Gilmore, 1998), by relying on the wonderful experience of the tourists in creating the positive image for the tourist destination (Jauhari and Sanjeev, 2010). del Bosque and Martin (2008) discovered that tourists form attitude of the destination based on the vacationing experiences, such as travel agencies, accommodation, destinations and tours. Accordingly, attitude drives the satisfaction of tourist toward the destination (Oppermann, 2000).

The attitude theory has been quoted in the psychological approach (Sternberg, 2009). There are three components to be formed into the attitude concept specifically, cognition, affection, and behavior (Breckler, 1984). The individual cognition is developed by learning theory (East, Wright, and Vanhuele, 2013) that undergoes learning from awareness (Sternberg, 2009), based on the five human sensory receptors, such as the eyes, ears, nose, skin, and mouth (Arnett, 1996) in perceiving and reflecting on the perceptual objects (Sternberg, 2009). The existing images on the individual senses, sometimes, are not always apparent in the mind and they depend on the previous object perception (Edelman and Weinshall, 1991). On the other hand, the perceptions will affect on the personal emotion, either positive or negative feeling (Shiota and Kalat, 2012). Both cognition and affection will further motivate the person to behave in certain manner (Kim and Ritchie, 2014). In brief, tourists will be satisfied or dissatisfied with their travelling experiences by depending on the individual attitude (del Bosque and Martín, 2008).

Tourist's Experience Satisfaction

The definition of satisfaction in tourist experience perspective has been recommended in numerous papers (Scott, Laws, and Boksberger, 2009). Tourist's experience satisfaction is pleasurable action (Dube and Le Bel, 2003) or fulfillment (Oliver, 1999) of practicing and generating the knowledge and skill by observing the incidents (Hoch, 2002), to be a significant part of the brain's memory establishment (Pine and Gilmore, 1998) in obtaining a life experience (Van Boven and Gilovich, 2003). Tourist's experience satisfaction is a key goal in travelling (Volo, 2009) as well as in other tourism activities, such as holiday, business, or visiting relatives of the tourists (Turner, Reisinger, and Witt, 1998). Tourists form the memories by observing perceptual objects in order to generate cognitive knowledge, affection and satisfaction through their experiences (Sternberg, 2009).

The landscape and atmosphere are represented to be perceptual objects by the tourists' recognition of their experience (Sternberg, 2009). Natural landscapes, buildings, architectures and the physical man-made destinations are key components available for the tourists to enjoy their experience (Pine and Gilmore, 1998). These landscapes, natural or man-made, are inseparable parts of the amenities needed for the total tourism destination system, namely as attractions, accessibility, amenities, available packages, activities, and ancillary services, and together they form the so-called tourism products that the tourists experience (Buhalis, 2000). To this end, a relevant hypothesis is raised:

- Hypothesis 1 (H1): Perceived landscape value is positively related to destination loyalty.

A theoretical root of the above hypothesis could be based on the way customers learn and form the impressions relating to the experiences. In particular, the hedonic and eudaimonic pleasurable impressions (Ryan and Deci, 2001), as qualities of well-beings (Oishi, 2006), could be inferred here as one of the factors that establish the tourists' experience satisfaction. In del Bosque and Margin (2008), the hedonic view is a pleasurable satisfaction of individual needs of their relaxation after the trip, and eudaimonic well-being is considered as a long-term satisfactory impression held intensely as stabilized attitude. A careful investigation into the literature indicates that intelligible pleasurable shares a summative impression similar to that of eudaimonic experience that needs to be acknowledged on top of other pleasurable experiences, such as sensory based, emotion driven, and socially induced versions (Dube and Le Bel, 2003). Sensory pleasure is physical sensation derived from the on-site experience. Social pleasure is a positive interactive experience with other tourists (Dube and Le Bel, 2003) and experience provider (Pine and Gilmore, 1998). Emotional pleasure is related to the good feelings or mental images (Shiota and Kalat, 2012).

In short, apart from the attitude of the tourists that plays a significant role in influencing satisfaction, researchers like Eich (1995), Pine and Gilmore (1998), and McDowall (2010) seem to shed light towards impression oriented effect – essentially an eudaimonic feature of pleasurable experience. Also, Eich (1995) further notes that any recent emotion of the tourists could change the impression of the experiential incidents of the tourists, in which happy tourists tend to end or ignore the minor sadness during the experiences, and the unhappy tourists tend to drill on the details of the negative experiences happened during the trip. Impression, good or bad, eventually form the expectation of a tourism service (McDowall, 2010) as indicator that measures the quality of the tourists' experiences (Scott, Laws, and Boksberger, 2009). Evidences elsewhere, such as the research of Pizam, Neumann, and Reichel (1978), also indicate that tourists often shape their needs or expectations by their past memorable experience, or through the recommendation of the circles of friends and relatives (McDowall, 2010).

As such, another two hypotheses are posited to help further enrich the understanding of the nature of tourists' experience satisfaction in forming destination loyalty, as follows:

- Hypothesis 2 (H2): Perceived hedonic value is positively related to destination loyalty.
- Hypothesis 3 (H3): The good impression of the tourists' experience satisfaction is positively associated with destination loyalty.

Destination Loyalty

In marketing standpoint customer loyalty is defined as a fact of brand corroboration (Copeland, 1923) that often is used as companies' strategic goal (Oliver, 1999), which involves the re-purchasing or comparative of the same brand buying (Tellis, 1988), and has a commitment of future behavior (Hernández-Lobato, Solis-Radilla, Moliner-Tena, and Sánchez-García, 2006) as long-term viewpoint (Oliver, 1999). In brief, loyalty is a form of sharing, preserving, and recommending the product and service by the consumer (East, Wright, and Vanhuele, 2013).

The destination loyalty is generally categorized into three domains namely: behavioral, attitudinal, and composite data (Jacoby and Robert, 1978). Behavioral approach normally determines the customer loyalty in the production industry (Oppermann, 2000), which have two essential categories for the tourism industry (Jacoby and Robert, 1978): first is brand purchase sequence as visiting at same place in several times (Tucker, 1964), and secondly is brand purchase proportion in term of higher percentage purchase when compared among others destination in same region (Oppermann, 2000). In tourism, behavioral loyalty is an unreliable measure because the revisit is much less frequent when compared to industrial products, often a result of the next emerging opportunity or personal economic condition. Nevertheless, attitudinal approach is particularly applicable to the implementation of the tourism industry (Oppermann, 2000), because behavioral approaches cannot measure the differentiation between intentionally and assumedly loyal (Day, 1996). Intentionally or truly loyal, is strongly low negative attitude toward the destination (Oppermann, 2000) and individual is also willing to re-visit the destination (Day, 1996). On the other hand, the tourists may not return again to the place (Oppermann, 2000) that is forced by some attitudes for instances, they want to remain it once in their lifetime experience or they do not want to damage their memory (Tung and Ritchie, 2011). However, this intentionally loyal person will also explore positive recommendation to others (McDowall, 2010). In the sense of assumedly loyal, Oppermann (2000) argues that sometimes tourists may not re-visit because of their trust on the brand but because of some other pragmatic reasons, such as convenience, financial rewards, not having the alternates or a lack of alternative information and low psychological costs of continuation. Another approach to measure loyalty is by the use of composite measure, which merges both behavioral and attitudinal scopes in reflecting the positive cognitive feeling and further re-visits behavior (Day, 1996). As a result, destination loyalty is related about the re-visitation behavior (Tellis, 1988), having positive cognition (Oppermann, 2000) and positive word of mouth (McDowall, 2010) toward the tourists' destination (Oppermann, 2000).

In sum, satisfaction of tourist has significant impact on destination loyalty (da Costa Mendes, Oom do Valle, Guerreiro, and Silva, 2010). The repeat visitation behavior is influenced by the individual satisfaction for the reasons that include, for instance, to reduce the risk of travelling, familiarity of the culture of the destination, feeling attachment to a place, more investigation at the destination, and presenting the destination to others (Gitelson and Crompton, 1984). The result illustrated that when tourist has been satisfied with their cognition and feeling in the destination, it would produce some the loyalty behavior (Breckler, 1984; da Costa Mendes, *et al.*, 2010; Sternberg, 2009).

Thus, according to the previous section, the following hypothesis is stated for this research:

- Hypothesis 4 (H4): Tourist's experience satisfaction, consisted of hedonic and eudaimonic (impression) values and landscape values, leads to the destination loyalty.

Urging Force in Return to the Destination

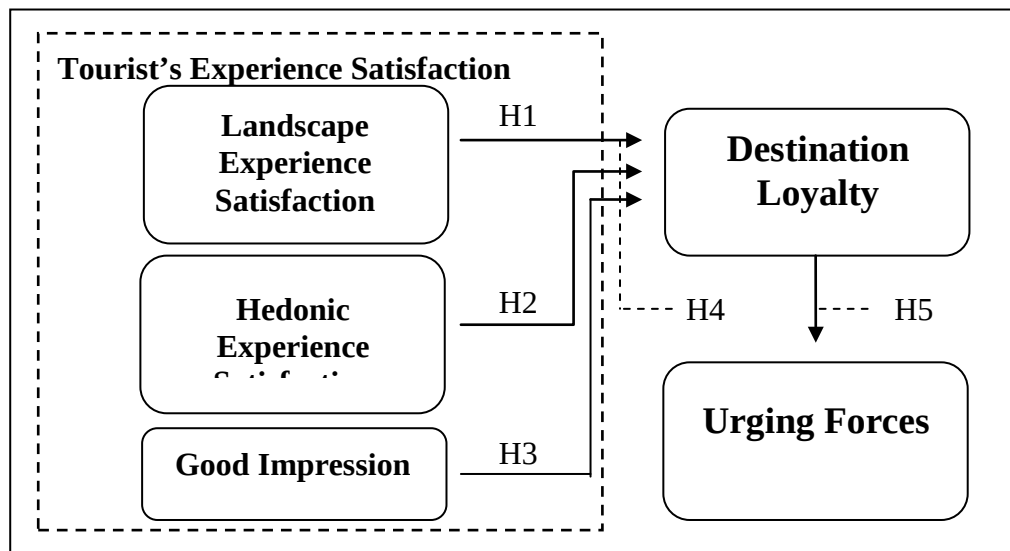
Both tourist's experience satisfaction and destination loyalty will establish some urging motivation, which is physiological need and want that influences the tourist behavior (Yoon and Uysal, 2005). The emotional and cognitive motives form the motivation (Ajzen and Fishbein, 2000) that results in a push force of demand hands and another pull gravity from supply hands (Dann, 1981). Push factors tend to have higher momentum than the pull forces (Hsu, Wang, and Huang, 2014), in which internal forces of the individual cognition tend to push the tourist back to the destination (Yoon and Uysal, 2005). This is, nevertheless, a general neglected subject in the research of tourism, as such the last hypothesis is raised for this research study:

- Hypothesis 5 (H5): Destination loyalty is positively associated with the urging force to return back to the destination site.

RESEARCH METHOD

Research method underpins on a deductive approach in that questionnaire instrument is developed on the available of theories and bodies of knowledge through deductive inferences (Tan, 2014). Figure 1 depicts the theoretical model that summarizes the structure of the interrelationship among the five hypotheses, H1, H2, H3, H4, and H5.

FIGURE 1: THEORETICAL MODEL OF TOURIST'S EXPERIENCE SATISFACTION, DESTINATION LOYALTY AND URGING FORCE FROM PILOT TEST DEVELOPMENT



(Source: Developed for this research)

The questionnaire items are both adapted partly and in majority developed for the purpose of this research study. As the hypotheses posited include constructs that involve impression-oriented mechanisms in predicting destination loyalty, the instrument is designed based on retrospective framework which requires the tourists to recall either the best destination for the responses or the worst destination for the responses. In approaching them the demand for the particular respondents' choices is avoided, and thus fosters to instill spontaneous recall based on the best impression. This survey protocol or principle has to be strictly maintained in order to secure the bases for reliability in the measurement process (Tan, 2014), in matching with the concept of loyalty along both cognitive and affective loyalty in particular. Cognitive loyalty is generally known as rationality based but the state of its existence is most often a recall of the latest encounters with the destination (Oliver, 1997). On the other hand, affective loyalty connotes a deeper sense of loyalty and thus the impression is more stable than cognitive loyalty (Oliver, 1997).

Basically, questionnaire items were designed based on an attempt to operationalize the procedures to test the validity of the proposed model shown in Figure 1. Those adapted are owed to Lee, Jeon, and Kim (2011), Prayag, Hosany, Nunkoo, and Alders (2013), Oppermann (2000), and Yoon and Uysal (2005). The instrument was subjected to focus group discussion to ensure proper uses of wordings, and that the messages are phrased in easily understandable manner, and that the scales of choices are appropriate. The instrument was also pilot tested with 30 tourists to recall their best or worst experiences with one destination traveled. Statistical analyses performed yielded positive relationship to all the hypotheses addressed, and thus the final data collection was approved to proceed by the supervisor. All the items and the construct that embrace the contents of these items were tested by using factor analysis and reliability analysis. While the former ensures the validity of the construct, namely construct validity (Tan, 2014), the latter provides the inter-correlational strengths or the reliability indication of the instrument. The instrument shown in Tables 1 to 6 also indicate the Cronbach's Alpha coefficients of the final data collection, and all surpass the threshold requirement of 0.7 as acceptable and reliable, but those above 0.8 is considered as very reliable (Nunnally, 1978).

TABLE 1: TOURIST'S EXPERIENCE SATISFACTION QUESTIONNAIRE ITEMS
($\alpha = 0.954$)

Tourist's Experience Satisfaction		
1	The people in the destination are very crowded. (negative)	Researchers
2	Air in the destination is pure.	Researchers
3	Other tourists visiting the destination are friendly.	Researchers
4	I have gotten more creative ideas from travelling in the destination i.e. idea of painting or designing etc.	Researchers
5	I think travelling in the destination is value for money.	(Lee, Jeon, and Kim, 2011)
6	I like the kinds of people who are at the destination.	Researchers

TABLE 2: LANDSCAPE EXPERIENCE SATISFACTION QUESTIONNAIRE ITEMS
($\alpha = 0.810$)

Landscape Experience Satisfaction		
1	I have seen unique scenery at the destination landscape.	(Lee, Jeon, and Kim, 2011)
2	The destination is peaceful.	Researchers
3	I think that the destination is a very special place for travelling.	Researchers

TABLE 3: HEDONIC EXPERIENCE SATISFACTION QUESTIONNAIRE ITEMS
($\alpha = 0.939$)

Hedonic Experience Satisfaction		
1	The destination has good atmosphere, which makes me comfortable in travelling.	Researchers
2	Local food in the destination is really delicious.	Researchers
3	The place gives me a great relaxation.	(Lee, Jeon, and Kim, 2011)
4	I am dissatisfied with service provided around the destination. (negative) *	(Prayag, <i>et al.</i> , 2013)
5	I am bored while travelling around the destination. (negative) *	Researchers
6	I enjoy myself while travelling around the destination.	(Lee, Jeon, and Kim, 2011)
7	The good memory from the destination makes me feel happy when I recall it. *	Researchers
8	The destination is a safer than other places.	(Yoon and Uysal, 2005)
9	I feel familiar with the place.	Researchers
10	I enjoyed staying in the destination more than other places around.	Researchers
11	I really love that destination.	(Prayag, <i>et al.</i> , 2013)

*Hedonic Experience Satisfaction & Good Impression

TABLE 4: GOOD IMPRESSION QUESTIONNAIRE ITEMS ($\alpha = 0.783$)

Good Impression		
1	Local people in the destination are annoying. (negative)	Researchers
2	I am dissatisfied with service provided around the destination. (negative) *	(Prayag, <i>et al.</i> , 2013)
3	I am bored while travelling around the destination. (negative) *	Researchers
4	The good memory from the destination makes me feel happy when I recall it. *	Researchers

*Hedonic Experience Satisfaction & Good Impression

TABLE 5: DESTINATION LOYALTY QUESTIONNAIRE ITEMS ($\alpha = 0.929$)

Destination Loyalty		
1	I will bring my family or friends to the destination.	(Prayag, <i>et al.</i> , 2013)
2	I will tell good experiences from the destination to my family or friends.	(Yoon and Uysal, 2005)
3	I want to re-visit the destination again in the future.	(Lee, Jeon, and Kim, 2011)
4	I will recommend the place to the other people.	(Prayag, <i>et al.</i> , 2013)
5	I really do not want to go the destination again except if there are some reasons (e.g. Time convenience, free voucher, no any places to go, or low cost of travelling) (negative)	(Oppermann, 2000)

TABLE 6: URGING FORCE QUESTIONNAIRE ITEMS ($\alpha = 0.858$)

Urging Force in Revisiting		
1	I want to discover more attractions in the destination.	(Yoon and Uysal, 2005) Researchers
2	I have planned to go to the destination as soon as possible (or for nearly holiday/vacation).	

DATA ANALYSIS, RESULTS AND DISCUSSION

Data were collected by using a retrospective framework in that it requires the tourists to recall the best and worst destination experiences. This is important as destination loyalty is difficult to measure by using behavioral approach that, for instance, identifies the frequency of repeat purchase like the consumable products (Oliver, 1997), but attitudinal approach manifested in terms of loyal customers spreading positive word of mouth (Das, 2014) and an intention to revisit based on eudaimonic impression (Ryan and Deci, 2001) or idiosyncratic antecedents and experiential qualities (Kahneman, 1999) is applicable. As such, the instrument includes a statement that seeks the tourists to recall either the best destination for the responses or the worst destination for the responses.

A total of 257 usable responses form the analyzable databases. Sampling was conducted based on convenience approach. Nevertheless, only those that can easily recall were participated. In particular, the best destination has 51.8% of the valid responses, and worst destination has 48.2% of the responses. Female has 73.2% and 26.8% are male. The age groups include 55.6% in between 20-30 and 37.7% of those below 20. The majority of the responses are Thai, at 93%.

What follows discusses the data analysis outcome in an attempt to either support or reject the five hypotheses posited. While the positive relational pattern of hypotheses H1, H2 and H3 would require the correlations analysis, hypotheses H4 and H5 examine the significant factors that predict destination loyalty, and thus would require the support of multivariate regression. Nevertheless correlations analysis often forms the base for multivariate regression analysis. Once hypotheses are confirmed, the proposed theoretical model can be confirmed or adjusted accordingly, and be explained within the context of the available literature. In other words, data analysis is explained within the given context or bodies of the knowledge and in such a way the power of explanatory is enhanced (Tan, 2014).

- Hypothesis 1 (H1): Perceived landscape value is positively related to destination loyalty.
- Hypothesis 2 (H2): Perceived hedonic value is positively related to destination loyalty.
- Hypothesis 3 (H3): The good impression of the tourists' experience satisfaction is positively associated with destination loyalty.

Table 7 indicates significant correlational strengths among all the constructs, at 0.001 significant levels. The results clearly indicate that customer loyalty is positively related to three distinctive domains of the experiential satisfaction factors, namely the landscape value, hedonic value and the good impression of the tourists' experience satisfaction. The hedonic reveals a higher correlation, at 0.833, but the other two factors also are considered high.

TABLE 7: CORRELATION ORGANIZATION OF THE TOURIST'S EXPERIENCE SATISFACTION, DESTINATION LOYALTY, AND URGING FORCE TO REVISIT

		Correlations					
		Tourist Experience Satisfaction	Destination Loyalty	Urging Force to Revisit	Hedonic Experience Satisfaction	Landscape Experience Satisfaction	Good Impression
Tourist Experience Satisfaction	Pearson	1	.874**	.812**	.903**	.908**	.775**
	Correlation						
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	257	257	257	257	257	257
Destination Loyalty	Pearson	.874**	1	.867**	.833**	.740**	.708**
	Correlation						
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	257	257	257	257	257	257
Urging Force to Revisit	Pearson	.812**	.867**	1	.764**	.711**	.583**
	Correlation						
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	257	257	257	257	257	257
Hedonic Experience Satisfaction	Pearson	.903**	.833**	.764**	1	.760**	.723**
	Correlation						
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	257	257	257	257	257	257
Landscape Experience Satisfaction	Pearson	.908**	.740**	.711**	.760**	1	.591**
	Correlation						
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	257	257	257	257	257	257
Good Impression	Pearson	.775**	.708**	.583**	.723**	.591**	1
	Correlation						
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	257	257	257	257	257	257

** .Correlation is significant at the 0.01 level (2-tailed).9

In particular, Table 7 highlights three nature of experience satisfaction forces are actively influencing customer loyalty. While landscape values provide the necessary pulling attraction by the externals in influencing the overall experiences of the tourists (Dann, 1981), hedonic value becomes the internal, psychological drive that pushes the experiential satisfaction further, which is significantly related to the urging force to revisit the destination at a higher level than both landscape as well as the eudaimonic or impression oriented values. It is understandable the eudaimonic or impression oriented values cause lesser degree of customer loyalty because this is associated with memorable experience that is summative in nature.

In sum, hypotheses H1, H2, and H3 can all be supported, and the inter-correlational relationship among all the predictor constructs also share the fact that these constructs are collectively needed in order to facilitate the likelihood that tourists form good impression, have the intention to return, provide positive word of mouth and recommendation to the circles of family and friends, and be easily attracted to participate in the destination tour when subjected to promotional attractions. By inferring to the findings in Ajzen and Fishbein (2000), it can be stressed that both emotional (hedonic) and cognitive (i.e. impression, rationality over the provisions of the landscapes and the amenities) motives are equally important. While the former motive is associated with drives, feelings, and instincts, the later involves mental representations, along summative judgment over the tangibles provided or associated with the destinations (Yoon and Uysal, 2005).

The other two hypotheses involve the use of multivariate regression analysis in an attempt to verify the validity of the proposed model, as shown in Figure 1. In other words, tourist experience satisfaction, which is consisted of hedonic experience satisfaction, landscape experience satisfaction and good impression, is weighted by the regression analysis procedure to ensure maximal prediction.

- Hypothesis 4 (H4): Tourist's experience satisfaction, consisted of hedonic and eudaimonic (impression) values and landscape values, leads to the destination loyalty.
- Hypothesis 5 (H5): Destination loyalty is positively associated with the urging force to return back to the destination site.

Figure 2 displays the outcome of the multivariate regression analysis. The standardized regression coefficients in the equation shown in Figure 2 indicates the extent to which each of the predictor constructs is associated with the dependent variable, namely, destination described in H4 can explain 74% of the variability of destination loyalty, hedonic experience satisfaction seems to have comparatively higher weight in influencing destination loyalty. In other words, emotions evoked throughout the tour experiences seem to leave the affective traces in memory that have higher impact to destination loyalty, in comparison to the cognitive mechanisms over the landscape and in particular impression. Nevertheless, All the constructs work together to influence destination loyalty. A quantitative-based research carried in the north of Spain in Cantabria, which has the world-famous attractions (for example, the Altamira Caves), also confirm the collective working of the cognitive-affective psychological impressions on tourist satisfaction (del Bosque and Margin, 2008).

FIGURE 2: THE MULTIVARIATE REGRESSION OF TOURIST'S EXPERIENCE SATISFACTION TO DESTINATION LOYALTY FORMULATION RESULT

$$\text{Destination Loyalty} = +0.510_{\text{HES}}^* + 0.233_{\text{LES}}^* + 0.202_{\text{GI}}^* \\ R^2 = 0.740$$

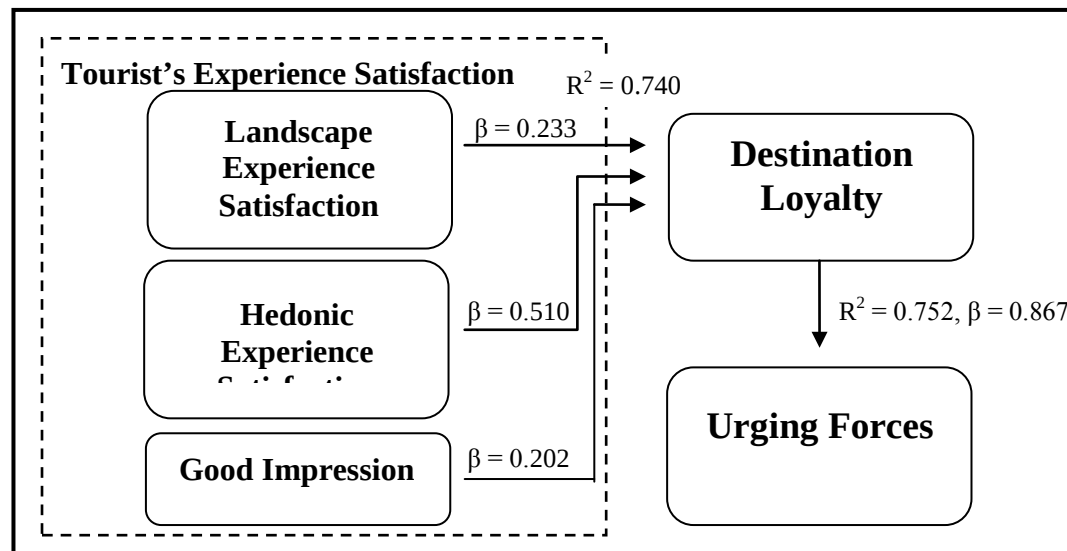
With the multivariate regression outcome shown in Figure 3, hypothesis H5 is also supported, which indicates an urging force to visit. Oliver (1997) stresses that true loyalty is accomplished at the action loyal stage, which connotes this urging force.

FIGURE 3: THE REGRESSION OF DESTINATION LOYALTY TO URGING FORCES FORMULATION RESULT

$$\text{Urging Forces} = +0.867_{\text{DL}}^* \\ R^2 = 0.752$$

Thus, hypotheses H4 and H5, together with H1, H2 and H3, can be depicted in the following model, shown in Figure 4, which indicates the flow of tourist experience satisfaction to destination loyalty, culminated at the action loyalty level which describes the urging motive.

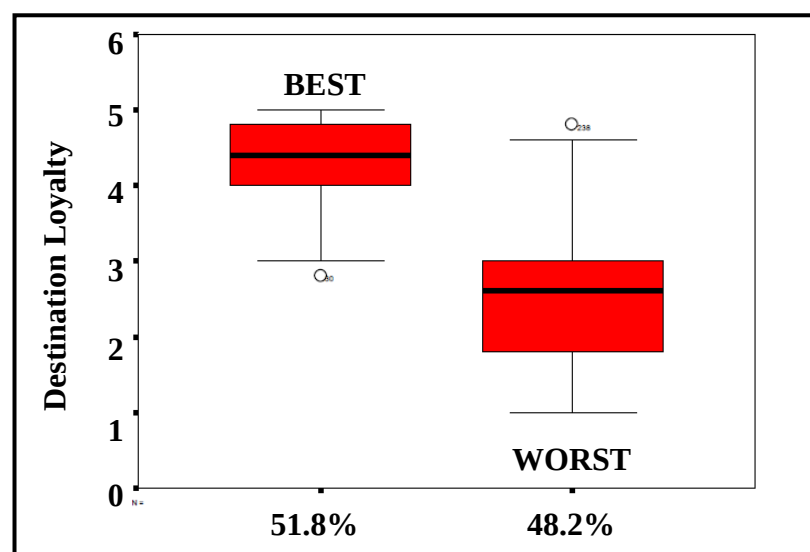
FIGURE 4: THE MULTIVARIATE REGRESSION ANALYSES IN THEORETICAL MODEL STRUCTURE



(Source: Developed for this research)

As there are no significant differences across different demographic variables, based on either ANOVA or t-tests, the results are not shown. Nevertheless, t-test indicates that respondents recalling the best destination have relatively higher level of destination loyalty and all the associated predictors. Only the destination loyalty is shown in Figure 5.

FIGURE 5: STEM AND LEAF PLOTS OF DESTINATION LOYALTY BETWEEN THE BEST DESTINATION AND THE WORST DESTINATION RECALL



CONCLUSION

The result depicts the significant findings critical for destination tours. In particular, hedonically aroused satisfaction, along with satisfaction on landscape values and eudaimonic impression, are the significant predictors of destination loyalty. Nevertheless, the research notes that these are at the cognitive, affective and conative level. A truly urging motive is of the nature of action loyalty. Future research should ensure equal distribution of the different parts of the demographic variables in order to yield meaning comparative analysis. In addition, sampling should be extended to different parts of the country and also cross-cultural to some extent.

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THE PERCEIVED ROLE OF TOURISM AWARENESS IN SUSTAINABLE DEVELOPMENT: A CASE WITH BAGAN'S RESIDENTS FOR THE AEC ERA

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ABSTRACT

There are twofold objectives for this research. First, a positive relationship structure between tourism awareness, the stakeholder behaviors and the perceived sustainability advantages or performance of the destination communities is surveyed and statistically analyzed. Second, this research aims to propose a model for sustainable tourism that exploits the mechanisms of tourism awareness of local people development in Bagan, Myanmar for welcoming the AEC era. This research indicates that socio-cognitive theory, involving aligning and closing the voice gaps of key tourism development players i.e. the authority, local community and relevant stakeholders, is particularly useful in guiding the holistic destination tourism development.

INTRODUCTION

Tourism, fundamentally, is a social phenomenon, and it involves the people living, growing, taking pleasure and undergoing experiences, within a web of social place. According to Sharpley (2008), the social phenomenon as such is dynamic in nature, and the participation of the people using and within the resources gifted by the endowment of places is actively evolving, and based upon this social experience, people influence their own or the host community's attitudes, expectations, opinions and lifestyles. Nevertheless, the research efforts on sustainable tourism, which is a social phenomenon that aims to be situated within a context of sustainability, has neglected key humanistic driving force, especially along the proactive actions needed in altering attitudes, behaviors and thus lifestyles. This research thus aims to address this fundamental issue, by incorporating the view of the fundamental social phenomenon of tourism in suggesting a holistic sustainable tourism model for developing a destination-oriented, a community-based, or a national tourism.

In other words, the research problem here is to explore and take a quantitative method-based approach to examine how the proactive participation of the people (i.e. tourists, local communities, other stakeholders), in terms of developing the awareness of people on tourism, can favorably lead to positive changes of behaviors that can sustainably influence the social phenomenon. The benefits of this research are wide scopes in nature. For instance, in the areas of marketing, it could actively help to re-shape the attitude of the participants, and thus alter the scopes of segmentation (i.e. segmentation as increasing the number of development supporters who believe tourism in bringing significant employment and business opportunities, and display less concern for social and environmental impacts, Perez and Nadal, 2005, p.937).

LITERATURE REVIEW

To study the research problem, the literature review is arranged in a staged manner,

progressing from the broad-based social space interaction that involves profit, people and place, to introducing a social cognition theory that can help to suggest a model for the sustainable development of the tourism destination and plans.

Tourism as a social interaction phenomenon involves the active experiences of the relevant stakeholders, who have stakes or can affect or be affected by the social environment or the experiential space. According to Unwin (2000), space is always in a state of becoming, known only in and through time. In a world of globalization, and in view of the fact that tourism is one of the sectors that account for the largest contribution to the economic development of countries (Kandampully, 2000), the use of marketing and management oriented approach in tourism planning of a nation or a community becomes necessary. Kotler, Haider, and Rein (1993) suggested the use of strategic place marketing in order to revitalize the communities and the tourism activities that also can satisfy the needs of the key stakeholders. To produce a significant impact, Hall (2005) further reinforced that strategic place marketing and management should actively ensure the place's values, character, and image are promoted so that the participating stakeholders i.e. the local residents and tourists, could be aware of the place's distinctive advantages, and thus actively participate to bring about the quality of life in the communities. In other words, this tourism awareness is a manifestation of the interpretation of the shared values perceived as important to the tourists, the local residents, the government and the global partners (Tan, 2014a; 2014b).

Because of the social phenomenal context of tourism, social-cognitive theory could be used to illuminate tourism. According to Mischel and Shoda (1995), social-cognitive theory recognizes that socially favorable participation or engagement of the stakeholders is best established when the people living or experiencing in that social space can recognize the environmental features that have personal relevance. In another relating theoretical lens, from the perspective of Weiner's attributional theory of achievement motivation (Weiner, 1986), specific emotions follow from specific causal attributions, i.e. the benefits generated by tourism to the local communities would intensify the positive participation. These causal attributions, such as the quality of life represented by the commodity bundle of attributes as social characteristics, infrastructure, cost of living, income, recreational opportunities, and environmental amenities that characterize an area (Powers, 1980), essentially form the basis of the cognitive awareness at the social level. If this social cognitive activity is accomplished with sustainability in the planning context, research showed that it could reduce or prevent the buildup of the momentum of the residents' or the tourists' attitudes turning into negative (Long, Perdue, and Allen, 1990).

The next logical body of knowledge needed to address the research problem is about the structure and contents of sustainability-oriented issues of tourism development. Fundamentally, according to Tan (2014a), sustainability involves two key principles of management, namely the deontological approach (based on principles and rules, and values), or utilitarianism approach (that begins with the conviction that the tourism development principle should be based on the consequences of the actions), or in combination. In the context of tourism, Tan (2014b) further reinforced, by incorporating the research findings of Fennell (1999) and Moscardo and Laws (2000), a need to integrate resources endowment, the interpretation of the values of the tourism activities, and the tourists and stakeholders into a holistic perspective. With the use of social cognitive theory, the enactment of this interpretation or value-based tourism development model would need the active engagement of different stakeholder groups. Active engagement is behavior resulted by the tourism awareness brought about by the trust and confidence built within that social phenomenon

called tourism activities. Diener and Suh (1997) advocated a series of stakeholder engagement strategies in order to bring about tourism awareness, and this would be adapted by this research as HRD (Human Resource Development) initiatives. The engagement initiatives illustrated by Diener and Suh (1997) include, for instance, the dissemination of information, public meetings, solicitation of comments, surveys, trainings and technical assistance, focus groups, workshops, task forces, and large group planning.

To this end, the following research questions are to be addressed:

Research question 1: What are the key structural dimensions of tourism sustainability issues that needed to be promoted to create awareness to the local communities, the other relevant stakeholders and the local authorities, and also what are their interrelationships?

Research question 2: Are there any positive relationships between different stakeholders in view of the gaps caused by the differences between the issues of tourism-induced sustainability considered important and as the actual reality?

In addition, the following two propositions are raised:

Proposition P1: Tourism awareness of the local residents (local communities), the other stakeholders, and the local authorities, collectively, is positively associated with the positive behavior of tourism activities.

Proposition P2: Positive behavior of tourism activities is positively associated with the favorable development of the communities along sustainable manner.

Until this stage the conceptualization has progressively become clear. The following sections are structured by first articulating the research method and the steps of the research process within a positivistic paradigm, then the data collected are subjected to both descriptive and inferential statistical analyses, and the discussions are presented by re-connecting back to the existent literature. As such, the ability to use social cognitive theory as its theoretical foundation to explain the nature of tourism awareness and its impact on sustainability-oriented tourism development behaviors and the ultimate performances can be firmly established.

RESEARCH METHOD

This research attempts to study how tourism awareness influences the behavior of the relevant stakeholder groups in influencing the state of performance at the community level on sustainable tourism activities. In a positivistic or deterministic epistemological position, behaviors within this context are perceived to be caused or triggered by specific factors, which can be studied based on quantitative research method (Weathington, Cunningham, and Pittenger, 2010).

In order to conduct this research based on questionnaire-based survey, the questionnaire items were developed based on the concepts articulated in the literature review. In short, operationalization is based on the conceptualization of the constructs, namely tourism awareness, behaviors and sustainability, and the dimensions of tourism sustainability, as indicated in the literature review section. According to Neuman (2006) and Tan (2014c), operationalization, as manifested in the formats of questionnaire items design, involves a process of moving from a construct's conceptual definition to specific measures that allow a researcher to observe it empirically.

A convenient sample size of 67 was used for the empirical research analysis, with all the participants equally spread out across different stakeholder groups in Bagan, Myanmar. All the participants (including the local communities, the local authorities, and the other key stakeholder groups) were considered the key players in Bagan, and were all contacted for the survey participation with the assistance of the Myanmar Hotels and Tourism Ministry.

Factor analysis technique, which is a method capable to help reduce the vast amount of questionnaire items data, into meaningful dimensions, would be a major platform for which the inferential statistical analysis would be based. According to (Hair *et al.*, 2006) factor analysis is used to achieve data reduction by identifying representative variables from a much larger set of variables for use in subsequent multivariate analyses, or creating an entirely new set of variables.

The questionnaire items, as shown in Tables 1-3, were developed to address the two research questions that were raised in the literature review, as well as to perform the inferential statistical analysis on the state of supportability for the two propositions. For the demographic study, it includes variables such as gender, age (measured an experience), country, education, income, and occupation.

TABLE 1: LOCAL COMMUNITY AWARENESS

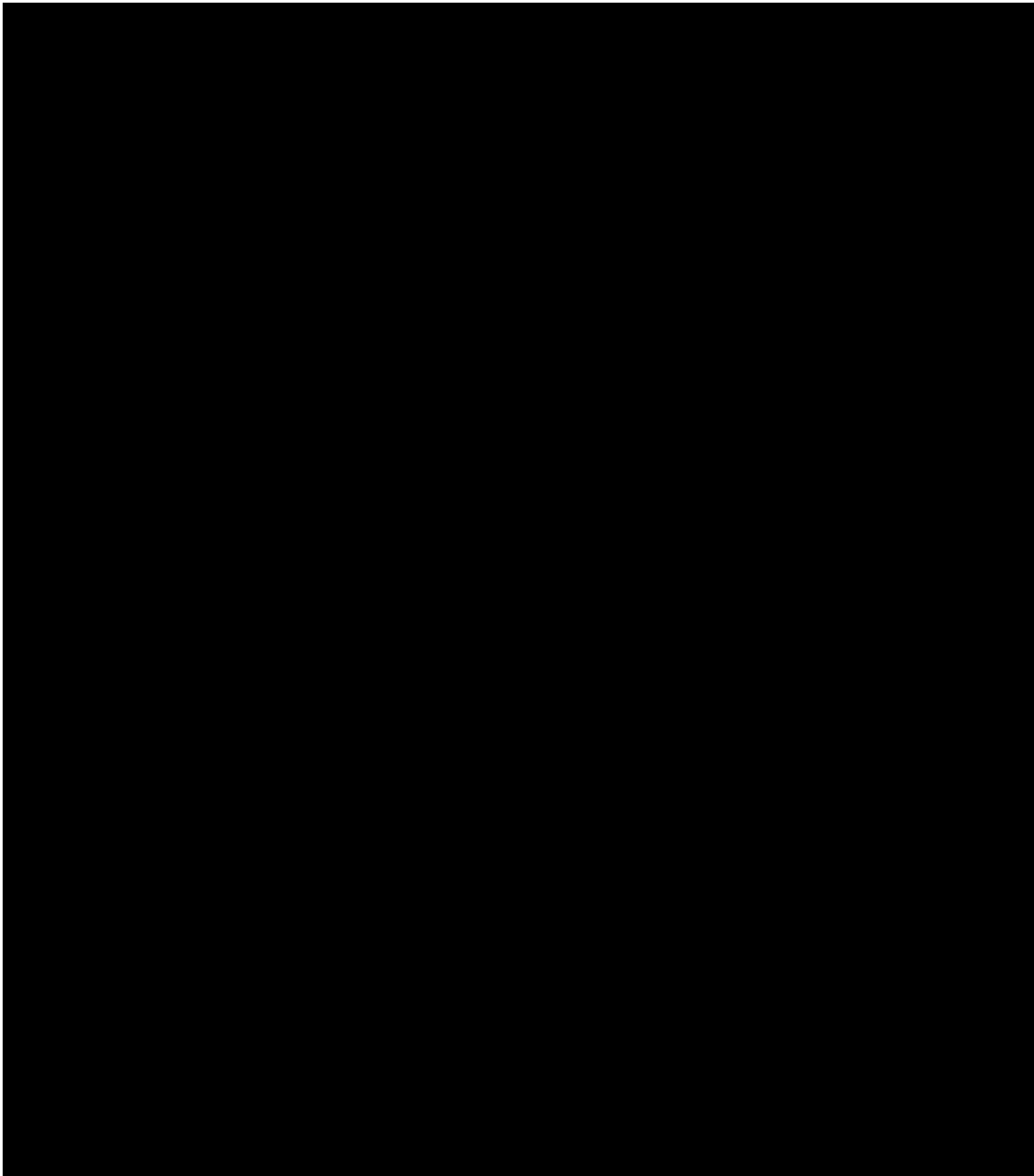


TABLE 2: STAKEHOLDER’S AWARENESS

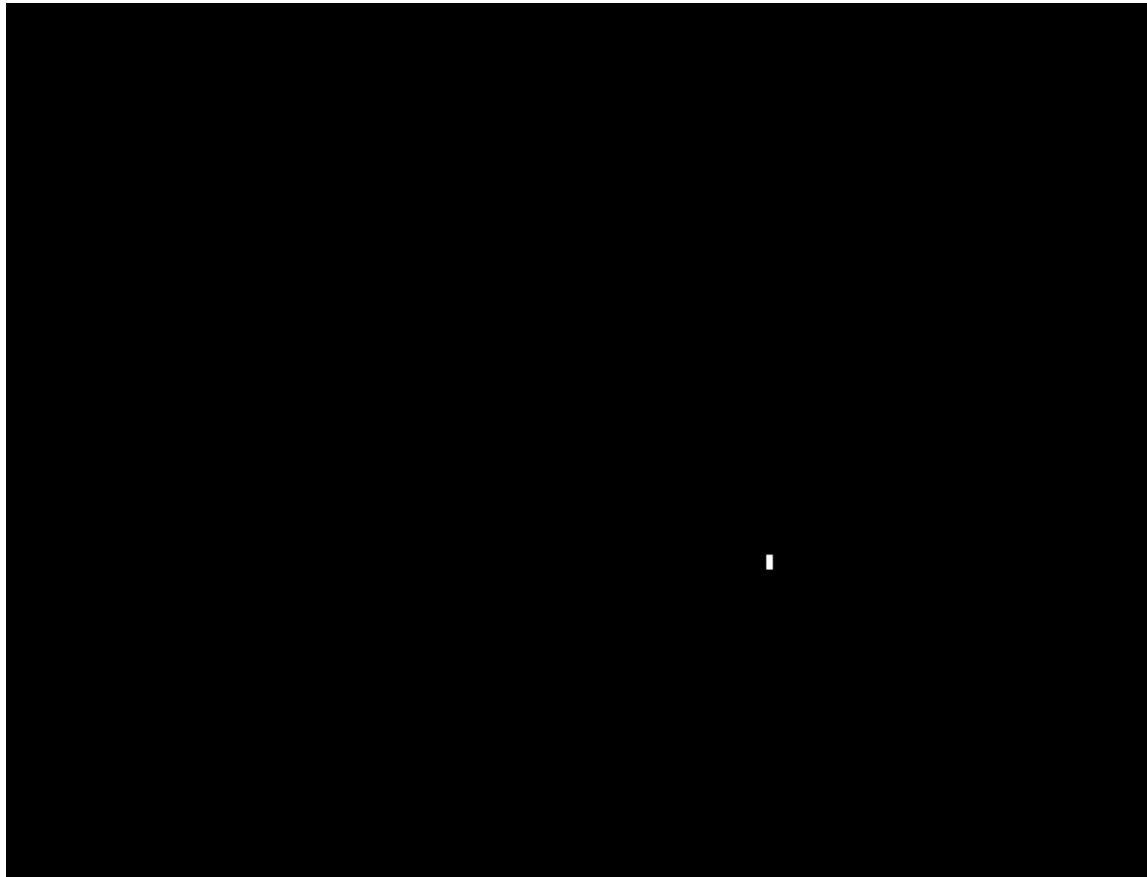
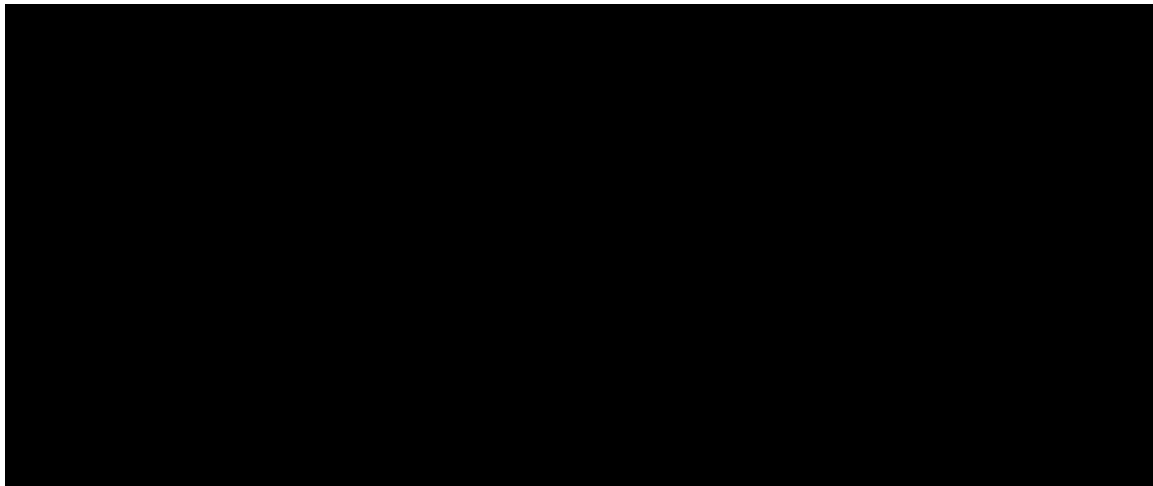
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TABLE 3: LOCAL AUTHORITY AWARENESS

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DATA ANALYSIS, RESULTS AND DISCUSSION

This section is organized with an attempt to first answer the two research questions in sequence, and then to address whether the two propositions posited can either be supported or failed to be supported. Nevertheless, the responses to the first two research questions will provide a rich base to study the propositions raised, namely, P1 and P2.

Research Question 1

What are the key structural dimensions of tourism sustainability issues that needed to be promoted to create awareness to the local communities, the other relevant stakeholders and the local authorities, and also what are their interrelationships?

The response to this research question would need to engage with factor analysis, which is data reduction approach, aimed to identify the distinctive characteristics of tourism sustainability issues for the different stakeholder groups involved. Specifically, different perspectives of tourism awareness of different stakeholder groups on issues of sustainability are displayed in Tables 4, 5, and 6, in which Table 4 deals with the views of the local authorities in Bagan, whereas Table 5 involves the views of the local communities, and Table 6 with the other stakeholder groups such as those service providers that support the amenities for the tourism industry.

TABLE 4: FACTOR DIMENSIONS OF LOCAL AUTHORITY'S TOURISM AWARENESS STRUCTURE – THE IMPORTANCE LEVEL

Rotated Component Matrix ^a			
	Component		
	1	2	3
LI8	.796		
LI9	.714	.229	
LI6	.668		-.124
LI5	.625	.149	.292
LI2	.561	.409	.160
LI3		.888	-.259
LI4	.114	.702	.305
LI7	.478	.491	.178
LI1			.953

Extraction Method: Principal Component

Rotation Method: Varimax with Kaiser Normalization

a. Rotation converged in 4 iterations.

Table 4 above is the outcome of the rotated factor extractions, based on VARIMAX approach, with eigenvalues of each of the construct group over 1.0 as the criteria to determine the dimensions that describe the issues of tourism sustainability: Three factors were being extracted as given below, which deal with the resources of broad diversity domain, the tourism awareness at the people level, as well as the accessibility conveniences and investment:

- Factor1 – Standards at Facility, Environmental Landscapes, Policy and Human Resource Levels. “Standardization” or putting a standard on tourism destination development and its outcomes such as in terms of facilities available for the travelers and the local communities, the environmental landscapes, policies and human resource development, is an important aspect of social cognition. Stakeholders are agents involved in making the sustainable changes for the tourism destination and the communities possible. By borrowing from the concept of social cognitive theory advocated in (Bandura, 2005), agents such as the local communities, stakeholders and the local authorities, would underpin on tourism awareness to help them self-regulate and thus would use some normative standards to help them improve the overall competitiveness in comparison with other ASEAN members. This important

dimension is also reflected in the amenity-supported stakeholders' structure of tourism awareness in the view of sustainable development.

- Factor 2 – Sustainable development measures through tourism awareness at staff level and general community and services levels.
- Factor 3 –Accessibility

Eight distinctive factors that describe the structure of tourism awareness on issues of sustainability for Bagan communities are extractable from the VARIMAX rotation in the factor analysis, as displayed in Table 5, from the view of the local communities (Note: For the item numbers, one should refer to the questionnaires items displayed in Table 1):

- Factor 1 – Items LCI12,LCI13,LCI14,LCI15,LCI19,LCI20: Tourism embracement foundation – Responsibility, knowledge sharing, AEC plan awareness, and attitude (challenge-facing and welcoming tourists)
- Factor 2 – Items LCI7,LCI8,LCI17,LCI23: Capability in offering trendy products and service ranges, awareness of the pros and cons and being supportive of the local community activities
- Factor 3 – Items LCI2,LCI3,LCI5,LCI9: Lifestyle environment (environmental landscape, local community life, and lifestyle condition)
- Factor 4 – Items LCI21,LCI22: Execution of AEC Plan and HRD
- Factor 5 – Item LCI16: Financing sources
- Factor 6 – Items LCI6,LCI10: Income and business opportunities
- Factor 7 – Items LCI4,LCI18: Tourism plan awareness and the locality roles
- Factor 8 – Items LCI1,LCI11,LCI24: Turning challenges to opportunities and growth

Basically, the extracted factors that describe the tourism sustainability issues, from the view of the local communities, deal with their livelihood and their relationships with their environments and the communities.

TABLE 5: FACTOR DIMENSIONS OF LOCAL COMMUNITY'S TOURISM AWARENESS STRUCTURE-THE PERCEIVED LEVEL

Rotated Component Matrix								
	Component							
	1	2	3	4	5	6	7	8
LCI19	.814	.181		.199		-.105		
LCI13	.783			-.197	.112		.276	
LCI20	.728	.116	.105	.228				
LCI12	.580	.161	-.135	.493		.221		
LCI14	.534		.220		.493	.167		.132
LCI15	.505	.136		.109	.267	-.350	-.213	.360
LCI8		.799		.201				
LCI17	.120	.756	.128	-.170		.313	-.124	.124
LCI23	.387	.585	-.212	.326	.171	-.129		-.210
LCI7	.363	.516		.241		-.324		.417
LCI9	-.140	.261	.692		.437			
LCI3			.683	.196		.106		
LCI5			.637	.125	-.272	.348	-.158	
LCI2	.219	.357	.601		-.115	-.164	.345	.163
LCI22	.278	.158		.705				-.160
LCI21			.217	.704	.155	-.152		.106
LCI16	.170		-.162	.110	.833			
LCI6		.108	.102			.816		.108
LCI10	.342	.235	.345	-.388	.226	.417		-.201
LCI4				.144	.129	.223	.810	.129
LCI18	.322	.158	.212	.322	.148	.229	-.590	
LCI1	.228	.123			.208	.121	.299	.691
LCI24	.453	.360	.232		.199	-.116		-.529
LCI11	.255		-.389	-.298	.311		-.201	.391

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 19 iterations.

Table 6 lists the extracted dimensions of tourism sustainability issues from the view of the other stakeholders' groups, as follows (Note: For the questionnaires item numbers, one should refer to Table 3 in the research method section):

- Factor 1 – Items SI14,SI15: Price of amenities
- Factor 2 – Items SI2,SI7,SI8,SI14: Business model execution capability – i.e. search and develop new market opportunities, proposals for sustainability, alliances.
- Factor 3 – Items SI1,SI3,SI6,SI15: Skills, preparation and standards development for AEC and income expansion
- Factor 4 – SI9,SI10,SI16: Information services to expand opportunities.
- Factor 5 – SI17,SI18: Sense of pride contributable to tourism.
- Factor 6– New products development and market development including sustainable products.

**TABLE 6: STAKEHOLDER' TOURISM AWARENESS AND SUSTAINABILITY
STRUCTURE-THE IMPORTANCE LEVEL**

Rotated Component Matrix^a

	Component					
	1	2	3	4	5	6
SI5	.831		.133	.141		
SI4	.825		.140			
SI14	.141	.790			.269	
SI8	-.172	.656	.223	.130	-.151	.186
SI2	.302	.624	.145			.237
SI7		.574	.256	.337	.291	-.185
SI6	.214	.214	.789			
SI3	.223		.692	.119	.304	
SI1	.428		.512	.297	.360	-.226
SI15	-.226	.236	.510		-.127	.407
SI9				.857		
SI10	.367	.166	.240	.640	.221	
SI16	.309		.247	.562		.424
SI17	.128			.131	.803	.170
SI18	-.149	.181	.235	-.114	.718	
SI12					.129	.833
SI13	.327	.212	-.135	.102	.461	.554
SI11	.332	.264		.389	.172	.510

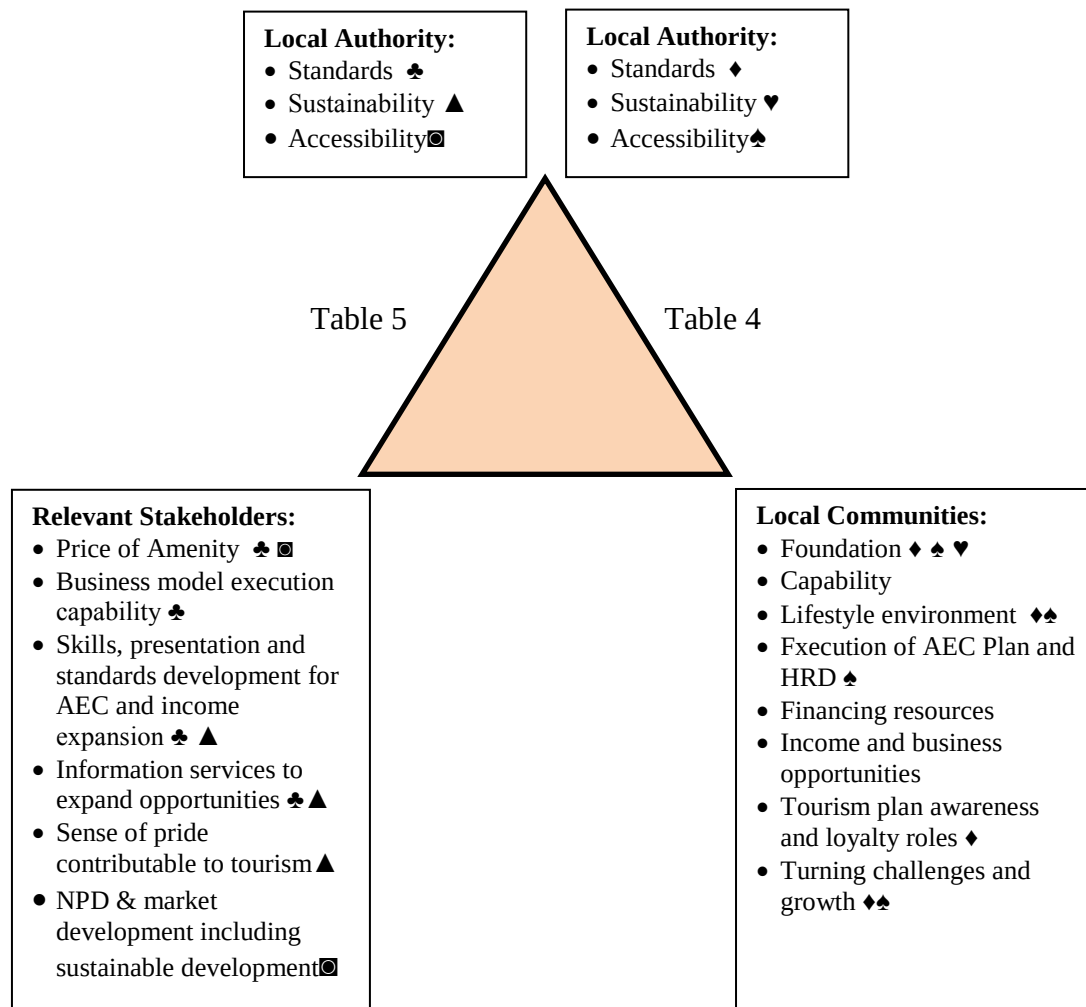
Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 16 iterations.

While in the above, Tables 1 to 3 list the possible dimensions of the “Importance” in each stakeholder group, Figure 1 illustrates the relationship structure of the “Importance” between different stakeholder groups. The details of the relationship structure are given in the correlations matrices displayed in Table 7 and Table 8. The symbols in Figure 1 indicate a positive relationship between the variables across two different dimensions of the tourism sustainability issues.

FIGURE 1: THE RELATIONSHIP STRUCTURE OF THE IMPORTANCE BETWEEN



(Source: Developed for this research)

Specifically, in Figure 1 or Table 7 and Table 8:

- The accessibility structure needs the strategic investment and supports of the tourism-embracing foundation, environment, HRD, price of the amenities, new product and market development including sustainable development, as well as a capability to turn challenge into opportunities and growth for the tourism industry and the communities.
- Sustainability is positively related to the given standards and a strong investment of the tourism-embracing foundation for the industry and the communities, and also needs the strong supports from AEC driven plans, income expansion, information services, sense of produce, and also sustainable products and market development.
- Standards of tourism products and services, including the site conditions, are also shown to be positively associated with the tourism-embracing foundation, lifestyle environment, tourism plan awareness and locale roles, the ability to take challenges positively and to turn them into marketable and sustainable products and services, including the standards for price of amenities, business model execution capability, information stervice, and AEC plan development.

TABLE 7: THE CORRELATION BETWEEN THE IMPORTANT DIMENSIONS OF TOURISM-INDUCED SUSTAINABILITY ISSUES IN THE VIEWS OF THE LOCAL AUTHORITY AND THE LOCAL COMMUNITIES

Correlations												
		LA Standards	LA Sustainability	LA Accessibility	LC Foundation	LC Capability	LC Lifestyle Environment	LC Execution of AEC Plan and HRD	LC Financing Resources	LC Income and Business Opportunities	LC Tourism Plan Awareness and Locality Roles	LC Turning Challenges to Opportunities and Growth
LA Standards	Pearson Correlation	1	.439**	.188	.328**	.167	.263*	.147	.204	.213	.447**	.334**
	Sig. (2-tailed)	.	.000	.127	.007	.176	.031	.236	.099	.083	.000	.006
	N	67	67	67	67	67	67	67	67	67	67	67
LA Sustainability	Pearson Correlation	.439**	1	.142	.281*	.157	.124	.024	.123	-.001	.210	.156
	Sig. (2-tailed)	.000	.	.251	.021	.206	.319	.849	.319	.991	.088	.209
	N	67	67	67	67	67	67	67	67	67	67	67
LA Accessibility	Pearson Correlation	.188	.142	1	.370**	.207	.333**	.288*	.038	.168	.163	.425**
	Sig. (2-tailed)	.127	.251	.	.002	.093	.006	.018	.762	.173	.187	.000
	N	67	67	67	67	67	67	67	67	67	67	67
LC Foundation	Pearson Correlation	.328**	.281*	.370**	1	.506**	.182	.381**	.369**	.164	.379**	.554**
	Sig. (2-tailed)	.007	.021	.002	.	.000	.141	.001	.002	.186	.002	.000
	N	67	67	67	67	67	67	67	67	67	67	67
LC Capability	Pearson Correlation	.167	.157	.207	.506**	1	.248*	.337**	.239	.155	.286*	.395**
	Sig. (2-tailed)	.176	.206	.093	.000	.	.043	.005	.051	.210	.019	.001
	N	67	67	67	67	67	67	67	67	67	67	67
LC Lifestyle Environment	Pearson Correlation	.263*	.124	.333**	.182	.248*	1	.203	-.025	.330**	.272*	.335**
	Sig. (2-tailed)	.031	.319	.006	.141	.043	.	.099	.843	.006	.026	.006
	N	67	67	67	67	67	67	67	67	67	67	67
LC Execution of AEC Plan and HRD	Pearson Correlation	.147	.024	.288*	.381**	.337**	.203	1	.051	-.088	.305*	.150
	Sig. (2-tailed)	.236	.849	.018	.001	.005	.099	.	.685	.479	.012	.226
	N	67	67	67	67	67	67	67	67	67	67	67
LC Financing Resources	Pearson Correlation	.204	.123	.038	.369**	.239	-.025	.051	1	.114	.320**	.292*
	Sig. (2-tailed)	.099	.319	.762	.002	.051	.843	.685	.	.360	.008	.016
	N	67	67	67	67	67	67	67	67	67	67	67
LC Income and Business Opportunities	Pearson Correlation	.213	-.001	.168	.164	.155	.330**	-.088	.114	1	.280*	.254*
	Sig. (2-tailed)	.083	.991	.173	.186	.210	.006	.479	.360	.	.022	.038
	N	67	67	67	67	67	67	67	67	67	67	67
LC Tourism Plan Awareness and Locality Roles	Pearson Correlation	.447**	.210	.163	.379**	.286*	.272*	.305*	.320**	.280*	1	.333**
	Sig. (2-tailed)	.000	.088	.187	.002	.019	.026	.012	.008	.022	.	.006
	N	67	67	67	67	67	67	67	67	67	67	67
LC Turning Challenges to Opportunities and Growth	Pearson Correlation	.334**	.156	.425**	.554**	.395**	.335**	.150	.292*	.254*	.333**	1
	Sig. (2-tailed)	.006	.209	.000	.000	.001	.006	.226	.016	.038	.006	.
	N	67	67	67	67	67	67	67	67	67	67	67

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

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

TABLE 8: CORRELATION BETWEEN THE IMPORTANT DIMENSIONS OF TOURISM-INDUCED SUSTAINABILITY ISSUES IN THE VIEWS OF THE LOCAL AUTHORITY AND THE STAKEHOLDERS

		Correlations								
		LA Standards	LA Sustainability	LA Accessibility	S Price of Amenities	S Business Model Execution Capabilities	S Skills, Preparation and Standards Development for AEC and Income Expansion	S Information Services to Expand Opportunities	S Sense of Pride Contributable to Tourism	S NPD and Market Development including Sustainable Development
LA Standards	Pearson Correlation	1	.439**	.188	.347**	.389**	.568**	.371**	.144	.013
	Sig. (2-tailed)	.	.000	.127	.004	.001	.000	.002	.247	.914
	N	67	67	67	67	67	67	67	67	67
LA Sustainability	Pearson Correlation	.439**	1	.142	.179	.197	.391**	.348**	.372**	.210
	Sig. (2-tailed)	.000	.	.251	.147	.111	.001	.004	.002	.088
	N	67	67	67	67	67	67	67	67	67
LA Accessibility	Pearson Correlation	.188	.142	1	.255*	.122	.189	.060	.239	.268*
	Sig. (2-tailed)	.127	.251	.	.037	.324	.125	.632	.052	.028
	N	67	67	67	67	67	67	67	67	67
S Price of Amenities	Pearson Correlation	.347**	.179	.255*	1	.691**	.507**	.243*	.259*	.270*
	Sig. (2-tailed)	.004	.147	.037	.	.000	.000	.048	.034	.027
	N	67	67	67	67	67	67	67	67	67
S Business Model Execution Capabilities	Pearson Correlation	.389**	.197	.122	.691**	1	.446**	.389**	.309*	.286*
	Sig. (2-tailed)	.001	.111	.324	.000	.	.000	.001	.011	.019
	N	67	67	67	67	67	67	67	67	67
S Skills, Preparation and Standards Development for AEC and Income	Pearson Correlation	.568**	.391**	.189	.507**	.446**	1	.457**	.287*	.248*
	Sig. (2-tailed)	.000	.001	.125	.000	.000	.	.000	.019	.043
	N	67	67	67	67	67	67	67	67	67
S Information Services to Expand Opportunities	Pearson Correlation	.371**	.348**	.060	.243*	.389**	.457**	1	.171	.078
	Sig. (2-tailed)	.002	.004	.632	.048	.001	.000	.	.165	.529
	N	67	67	67	67	67	67	67	67	67
S Sense of Pride Contributable to Tourism	Pearson Correlation	.144	.372**	.239	.259*	.309*	.287*	.171	1	.835**
	Sig. (2-tailed)	.247	.002	.052	.034	.011	.019	.165	.	.000
	N	67	67	67	67	67	67	67	67	67
S NPD and Market Development including Sustainable Development	Pearson Correlation	.013	.210	.268*	.270*	.286*	.248*	.078	.835**	1
	Sig. (2-tailed)	.914	.088	.028	.027	.019	.043	.529	.000	.
	N	67	67	67	67	67	67	67	67	67

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

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

A careful review of the literature indicates that the themes identified in this research through the factor analysis, as indicated in Tables 1-3, also match reasonably with the findings in the literature. Laws *et al.*'s (2011), in particular, identify a list of seventeen issues that might affect the effectiveness of the regional destination governance, being structured as a typology that contains four general themes:

- Development issues – Capability, turning challenge to opportunities and growth, price of amenity, business model execution capability, skills and preparation and standards development for AEC and income expansion, NPD and market development including sustainable features of them.
- Structural and management issues: Standards, tourism plan awareness and local roles, execution of AEC plan and HRD, Foundation.
- Community issues – Lifestyle environment, accessibility, sense of pride contributable

to tourism, accessibility.

- Impact issues – Income and business opportunities, sustainability

Specifically, as discussed in Laws *et al.* (2011), definitions to these four themes are given as follows:

- Development issues in regional communities, for this case Bagan, relate to “the way development occurs, the alternatives that exist for development and the nature of the development.” (ibid, p.53).
- Structural and management issues – “The way and extent to which regional communities are managed and the structural influences within local regions may have major implications for the future of these communities” (ibid, p.54).
- Community issues – “Communities have significant pressures placed on them by development, i.e. community conflict, lack of local control, lack of local commitment, regional access, land use, population and development pace, and loss of traditional lifestyle (ibid, p.56-59).
- Impact issues – Issues that could be impacted upon the regional communities should be actively communicated to instill tourism awareness, which include “the lack of balance or parity within the community, difficulty in researching impacts, dependency of physical environment, and unrealistic views on impacts” (ibid, p.59).

In short, these dimensional scopes of tourism-induced sustainability issues, identified using the statistical factor analysis and by re-connecting back to the body of knowledge, should be actively challenged, communicated and brought to the agenda for communal participation and decisions-making. In doing so, the role of knowledge needed for developing good governance for the tourism industry and the communities as the (Moscardo, 2011).

Research Question 2

Are there any positive relationships between different stakeholders in view of the gaps caused by the differences between the issues of tourism-induced sustainability considered important and as the actual reality? Addressing this question can also suggest a policy to close the gaps, and connect this gap-based awareness back to the context of theory to help improve the understanding of the research phenomenon in both depth and breadth.

Studying how different stakeholder groups are different in their views regarding the levels of importance and perceived state of achievement in tourism-related phenomena is a necessary subject in forming tourism policy. Freeman (1994) acknowledges that there are wide ranges of stakeholder groups being affected in tourism industry. In this study, three particular groups are chosen for the analysis, namely the local communities, relevant amenity-enabled stakeholders (i.e. hoteliers, restaurants, transportations) and the local authorities.

In tourism, as referred to Laws *et al.* (2011), local authorities are often considered to be the most significant stakeholders whose roles as gatekeepers in deciding and controlling who participate and a well of other policies that will affect the lifestyles of the local communities as well as the competitiveness structure of the tourism industry. Thus, it is apparent that, to sustain tourism industry and its impact on the communities, it is necessary to embrace broad-based stakeholder consideration in the decision and implementation processes (Rauschmayer, Paovola, and Wittmer 2009). In doing so, this participatory process essentially molds and develops a good governance system for tourism destination development.

By governance, Laws *et al.* (2011, p.1) defines as a set of tasks, such as “decision making,

enforcement of decisions, communication of rules and measurement of performance that allow these functions of a system to proceed.” Within this good-governance context, considering how the values of the local communities, the relevant amenity-enabled stakeholders and the local authority, and their practices influence each other is important, and the use of correlation analysis could shed some light. The acquisition of this information would certainly help the decision makers to build trust among stakeholders (Agger, Goldrich, and Swansan, 1964), and most importantly, to reduce the uncertainties often faced in the management of tourist destination.

Three key uncertainty aspects of the management of tourism destination are highlighted in Friend, Jessop, and Gross(1971, p.88) as follows:

- Uncertainties in the knowledge of the external structure, context and environment, where are related to process and choice, resulting in a need for more research and information.
- The uncertainties of related choices and future outcomes, leading to a need for more coordination between participants and affected constituents, and
- Uncertainties as to the value others have placed on the potential consequences of a decision, leading to a need for policy guidance.

Addressing the research question 2 brings about the correlations analysis outcome shown in Table9, which indicates that the gaps are behaving consistently across different stakeholders. Thus, all the different stakeholder groups share the similarly consistent views about the level of importance, as well as the perceived performance gaps on the tourism-induced sustainability issues.

TABLE 9: CORRELATION STRUCTURE OF DIFFERENT STAKEHOLDER GAPS

Correlations				
		Local Community Gap	Stakeholder Gap	Authority Gap
Local Community Gap	Pearson Correlation	1	.533**	.558**
	Sig. (2-tailed)	.	.000	.000
	N	67	67	67
Stakeholder Gap	Pearson Correlation	.533**	1	.480**
	Sig. (2-tailed)	.000	.	.000
	N	67	67	67
Authority Gap	Pearson Correlation	.558**	.480**	1
	Sig. (2-tailed)	.000	.000	.
	N	67	67	67

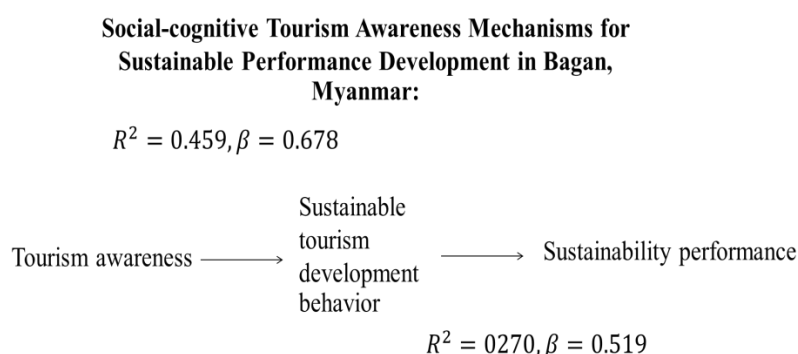
** . Correlation is significant at the 0.01 level (2-tailed).

Now that the two research questions are addressed, what follows are the multivariate regression analysis used to either support or fail to support the propositions raised, namely, P1 and P2. The multivariate regression analysis, displayed in Figure 2, confirms the support for both the propositions, P1 and P2, as follows:

- P1: Tourism awareness of the local residents (local communities), the other stakeholders, and the local authorities, collectively, is positively associated with the positive behavior of tourism activities.
- P2: Positive behavior of tourism activities is positively associated with the favorable

development of the communities along sustainable manner. By sustainability, it involves not only environmental protection, development and maintenance, but most importantly the quality of life aspects. Quality of life aspect is vastly a neglected issue in tourism sustainability, but, embracing this concept in the sustainability is important, as it allows the communities to improve their quality of life conditions, and be satisfied with their life conditions.

FIGURE 2: TOURISM AWARENESS AS IMPORTANT PREDIOTOR TO SUSTAINABILITY BEHAVIOR AND THUS PERFORMANCES



(Source: Developed for this research)

In particular, tourism awareness is able to explain 45.9% of the variability of sustainable tourism development behavior, which in turn explain a further 27% of the variability of sustainability performance. These constructs, namely, tourism awareness, behavior and sustainability performance, were reorganized from the questionnaires, and were all fulfilling the reliability threshold requirement of ‘very reliable’ at 0.8 (Nunnally, 1998).

The tourism awareness-behavior-sustainability performance is also subjected to either t-test or ANOVA test for the influences of various demographic variables. As there are no significant differences across all the demographic variables, i.e. the different stakeholder groups, age, occupation, income, no data are displayed. However, as an example, only the stakeholder dimensions are shown in Table 10 and Table 11.

TABLE 10: ANOVA TEST OF TOURISM AWARENESS, BEHAVIOR AND SUSTAINABILITY PERFORMANCE ACROSS THE DIFFERENT STAKEHOLDER GROUPS

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
tourism awareness	Between Groups	.348	2	.174	.621	.541
	Within Groups	17.938	64	.280		
	Total	18.286	66			
Sustainable tourism development behavior	Between Groups	.282	2	.141	.924	.402
	Within Groups	9.782	64	.153		
	Total	10.065	66			
Sustainability performance	Between Groups	.393	2	.197	.610	.546
	Within Groups	20.632	64	.322		
	Total	21.026	66			

Specifically, the ANOVA test results, shown in Table 10, indicates there are no significant differences on tourism awareness, sustainable tourism development behavior, and sustainability performance across local communities, amenity-enabled stakeholders and local authorities. In addition, judging from the level of the perceived reality at between 3 to 4 levels of the 5-Likert scale measurement, as shown in Table 11, Bagan currently has large strategic and performance gaps to improve further.

TABLE 11: THE MEANS VALUES OF TOURISM AWARENESS, BEHAVIOR AND SUSTAINABILITY PERFORMANCE ACROSS THE DIFFERENT STAKEHOLDER GROUPS

		Descriptives							
		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
tourism awareness	Official	14	3.4079	.52997	.14164	3.1019	3.7139	2.57	4.57
	Stakeholder	30	3.2440	.58132	.10613	3.0269	3.4611	2.29	4.29
	Local Community	23	3.2183	.45163	.09417	3.0230	3.4136	2.14	4.00
	Total	67	3.2694	.52637	.06431	3.1410	3.3978	2.14	4.57
Sustainable tourism development behavior	Official	14	3.5113	.39097	.10449	3.2855	3.7370	2.61	4.26
	Stakeholder	30	3.3474	.43912	.08017	3.1834	3.5113	2.50	3.97
	Local Community	23	3.3581	.31646	.06599	3.2213	3.4950	2.68	3.84
	Total	67	3.3853	.39051	.04771	3.2901	3.4806	2.50	4.26
Sustainability performance	Official	14	3.4881	.53295	.14244	3.1804	3.7958	2.50	4.67
	Stakeholder	30	3.3944	.44739	.08168	3.2274	3.5615	2.67	4.50
	Local Community	23	3.5362	.46860	.09771	3.3336	3.7389	2.33	4.33
	Total	67	3.4627	.47035	.05746	3.3480	3.5774	2.33	4.67

CONCLUSION

In the context of social-cognitive theory, Mischel and Shoda (1995) discovered that perception of personal-organization fit can lead to a series of cognitive and affective reactions that include expectations and beliefs, affect, goals and values, and competencies and self-regulatory plans. While Mischel and Shoda's (1995) works were done at organizational level, this research studies the applicability of social-cognitive theory at the community level, which involves tourism destination development. Perception of fitness is an awareness issue, which is considered in this research as tourism awareness. The cognitive-affective behaviors are reflected in the tourism sustainability development behavior. The outcome is the citizenship performance which connotes the state of destination's sustainability performance.

This research supports the propositional inferences that there are positive relationship between tourism awareness, behavior of the different stakeholders and the sustainability performances. Also, the gaps between the expected importance of all these tourism awareness and sustainability issues and the actual perception of reality are consistently similar across the different stakeholder groups.

Overall, all the considered demographic variables show no significant differences across all the constructs studied. The findings provide useful information and understanding to the policy makers as well as the local communities and amenity-enabled stakeholders, to guide them in the strategic and operational domains considered structurally important. Although the findings reflect many of the existing tourism sustainability research available in the literature, this research still lacks the external validity, due to the constraint of the sampling and sample size. Future research, on the issues of tourism awareness as a key enabler for social tourism development, should embrace wider scopes of sampling procedures and sample size, reaching different parts of the tourism community and destination development in Myanmar. In doing so, the implication of social cognition theory would be further validated and thus capable to provide a strong theoretical base to explain the research phenomenon.

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FOOD TASTE ATTITUDE AND SERVICE QUALITY IN PREDICTING SIGNIFICANTLY CUSTOMER SATISFACTION AND BRAND PREFERENCE FOR THE HOT-POT RESTAURANT SERVICES IN THAILAND

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ABSTRACT

Restaurants offering hot-pot food choices are actively expanding in Thailand. However, research based on consumers' perceived restaurant service experiences may not establish a major strength in predicting customer satisfaction and restaurant brand preferences. A special food taste attitude, that fits the psychographic (food attitude and lifestyle) characteristics, is thus being considered in parallel to the offered restaurant's services. The sample was comprised of consumers to different hot-pot chain and individual stores in Thailand. The elapsed time of patronage to the restaurant is shown to have a significant impact on the perceived levels of service quality, customer satisfaction and brand preference.

INTRODUCTION

In the contemporary world, the primary goal of every restaurant operation in the hot pot restaurant industry is to improve customer satisfaction and the brand image to increase competitive advantage. Service quality is increasingly becoming an important indicator of whether the restaurant stands out besides food quality and price (Ren, 2010).

The evaluation of customer satisfaction and brand preference can be directed through different factors, namely, food quality (Voon, 2012), price (Voon, 2012; Campbell, DiPietro, and Remar, 2014), service quality (Chow, Lau, Lo, Sha, and Yun, 2007; Barber, Goodman, and Goh, 2011; Voon, 2012), and customer attitude (Jun, Kang, and Arendt, 2014).

Furthermore, other researchers (Johns and Howard, 1998; Tam and Yung, 2004) acknowledged that customer expectation and service quality perception in the restaurant industry disclose important attribute on food quality, price, service quality and brand image. Some other specific factors that also contribute to customer satisfaction include atmosphere, facilities and the received service from restaurant (Johns and Pine, 2002). According to Grimm (2005), the most important factor that directly influences the brand preference is the customer attitude, the cognitive component of attitude that link to service or product attributes.

This research aims to discover which dimensions are significant predictors to customer satisfaction and brand image in the hot pot restaurant industry in Thailand, establishing the relationships between food quality, price, service quality, as well as customer food taste attitude. This research also aims to be beneficial for the companies that wish to enter hot pot market industry, as well as to keep sustainable competitive advantage.

Statistical inferential analyses allow us to make conclusions and implications. In the following sections, after the literature review, a theoretical model and the research method

will be presented. Finally, the results will be discussed, drawing a conclusion and implications.

LITERATURE REVIEW

The literature review is structured in a way, first, to discuss each of the constructs, namely service quality, food product, food pricing, food taste attitude, customer satisfaction and brand preference, then a theoretical model is presented which guides the construction of the research questions.

Service Quality

As organizations, hot pot restaurants need to satisfy their customers. The study of Chowet *al.* (2007) in China highlighted the impact of service quality on customer satisfaction, mentioning the importance of the environment, which is defined through three domains: the physical environment (e.g. décor, furniture, etc.), interaction with customers, and outcome quality (e.g. waiting time, valence, etc.), concluding that the physical environment and interaction are the most important drivers of service quality. These three factors cover the five dimensions of the SERVQUAL model of Parasuraman, Zeithaml, and Berry (1988), which are tangible, reliability, assurance, empathy and responsiveness. Service quality is also as a standard to evaluate the performance of customer satisfaction (Holbrook, 1995).

Food Product

Apart from service quality, there are other predictors that must be mentioned. One of them is the food product, being a key factor of restaurants in order to create customer satisfaction (Voon, 2012). According to Adkins (2004), the quality of food product can be described through tangible quality which mainly includes shape, color and freshness, and customers can clearly assess the quality of the food. Healthy food which could be referred to as intangible quality, are seen as equally important by customers (Jun, Kang, and Arendt, 2014).

Pricing

Voon (2012) stated that pricing is another factor that influences customer satisfaction. Thus, customers' restaurant dining choice mostly depends on the price (Lichtenstein, Bloch, and Black, 1988). According to Cronley, Posavac, Meyer, Kardes, and Kellaris (2005), when the product is able to satisfy customer needs, the price would be reinforced further as a proxy for quality and the criterion for evaluating whether customers are satisfied. Nevertheless, pricing is not a straight forward, linear issue, Bezawada and Pauwels (2013) argue that a decrease in the price can sometimes encourage consumer to purchase much more, which provides the opportunity to stimulate trust and support from the customers.

Food Taste Attitude

Attitude is generated by connecting experience with mental, which affects individual responses to situations (Allport, 1935). Thus, attitude connotes and reflects the persistent organization of individuals relating to an object or service experienced, which includes the cognitive evaluation of an object or service experienced, and emotional experience (i.e., like-dislike), and intentional tendency to react to the object or service experienced (Krech and

Crutchfield, 1948). After a meal, customers often have cognitive, emotional and intentional factors to evaluate a restaurant in their mind (Assael, 2001). Customers' attitude will be either positive or negative towards the evaluation of a restaurant after their very first experience, and a brand image will be created in their minds (Jun, Kang, and Arendt, 2014). In addition, people have different taste attitude that make different choice to evaluate a restaurant, and this attitude, known as the lifestyle attitude, is not depending on the external environment or conditions (Lee and Crange, 2007). This intrinsic food taste and lifestyle attitude will be examined for influencing customer satisfaction.

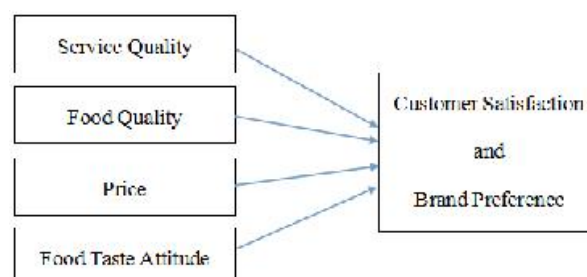
Customer Satisfaction and Brand Preference

Customer satisfaction is often predicted by the evaluative judgment of the customers by comparing their perceived experiences to their expectations (Kotler and Keller, 2009), which is a post-consumption phenomenon. Through the literature (2.1. to 2.4), it was possible to put into light all the different factors that impact or affect the customer satisfaction.

From the viewpoint of the marketers, brand preference is a significant differentiator and driver that can effectively win over customers (Aaker, 2011). Brand preference is a positional strategy in order to increase the number of customers by giving them confidence and encouraging them to consume more (Yoo and Donthu, 2001). For the restaurant context, Anselmsson, Johansson, and Persson (2008) found out that customers who decide to dine at a restaurant often depend on brand preference, which matches with their personality. This research does not consider personality but the food taste/lifestyle which signifies customer's intrinsic or personality driven values, i.e. for health. Factors which affect brand preference directly are discussed in Shi and Li (2007): includes quality, price and customer attitude. Customer attitude, again, matches with the previous theme, namely as food taste attitude. Kim (1998) demonstrated that cumulative customer satisfaction has a significant direct positive impact on brand preference.

Having understood the dynamics and nature of the research phenomenon that addresses customer satisfaction and brand preference in the above literature review, the following theoretical model, shown in Figure 1, is suggested.

FIGURE 1: THEORETICAL MODEL



(Source: Developed for this research)

Specifically, Figure 1 is to be used to analyze the operative factors predicting customer satisfaction and brand preference. Four research questions are raised that attempt to provide a rich picture to the model. Hypotheses are not necessary as they are just summative answers to these questions in generic, structured manner, which allow the research to easily be

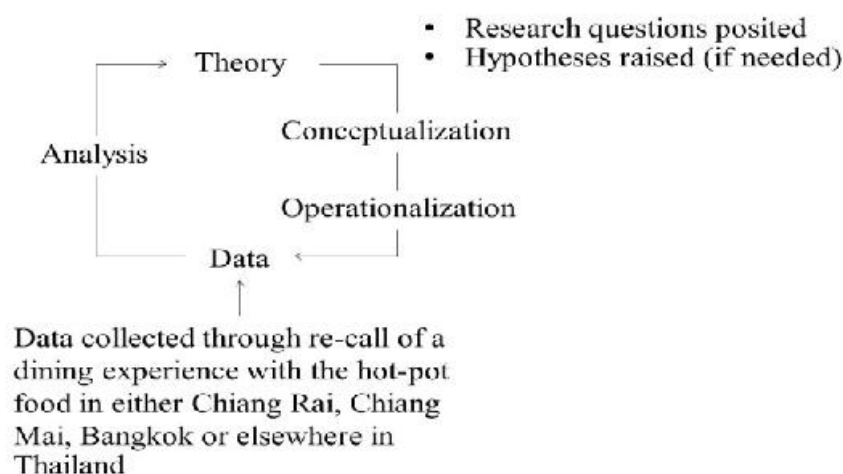
generalized externally. Thus, even hypotheses are not addressed here; they form parts of the responses in the data analysis, results and conclusion.

- Research Question 1: Which are the most significant predictors to customer satisfaction and brand preference for the hot-pot restaurants? Also, to suggest a model to explain the predictors-satisfaction and the brand preference phenomenon.
- Research Question 2: Does the elapsed duration of the last visit have any significant influence to the level of perceived service quality and perceived customer satisfaction and brand preference?
- Research Question 3: Does restaurant brand display different level of perceived service quality, food taste attitude, and customer satisfaction and brand preference?
- Research Question 4: How demographic variables, namely gender, age range, educational level, occupation, income level, price spent per visit, resident, Thai or non-Thai, partners at the dining experience (alone, with friends, with colleagues), influence the levels of perceived food product and service qualities, food taste attitudes, and customer satisfaction and brand preferences?

RESEARCH METHOD

The theoretical framework proposed suggests taking the survey over the perceived service quality as well as the food taste/food lifestyle. As it was discussed in Blythe (2008), perception and reality are not separate phenomenon, arguing that “If there is an objective reality, it is not accessible to us as human beings; we only have what our senses tell us, and for each of us reality is different because each of us selects and synthesizes in a different way” (ibid, p. 95). Nevertheless, the perceived is considered a reality revealed through the views of the beholders, and when taken on a questionnaire-based survey format, are considered observable. Thus, the research that involves measuring the given constructs and with an attempt to study their interrelationship can be practically underpinned on a positivistic position. Methodologically, this research process is, according to Tan (2014b), hypothetico-deductive in nature, which combines inductive and deductive reasoning, as shown in Figure 2.

FIGURE 2: HYPOTHETICO-DEDUCTIVE RESEARCH PROCESS



(Source: Tan, 2014b)

According to Walliman (2011), the hypothetico-deductive research process, as shown in Figure 2, is commonly acknowledged to as scientific method, rooted predominantly in positivistic paradigm which accepts the paradigmatic philosophy that the world around us is real, and that we can find out about these realities. In the domain of consumer behavioral study, under the disciplinary area of this research, the perceived levels of agreement to the given constructs receive cues from the actual services, and assign a meaning of appreciation or level of satisfaction to each one. Figure 2 also indicates that data is collected based on the recall of a restaurant attended.

A total of 93 valid sample sizes were selected for the data analysis. The sampling was conducted based on convenience at the site of the Central Shopping Malls and at the Mae Fah Luang University compound. The sampling as such is of non-probabilistic nature (Tan, 2014b), and thus the individual sampling adequacy measurement will be confirmed individually, such as through the factor reduction process (Tan, 2014b), revealed by the Barlett test of sphericity as significant, and the Kaiser-Meyer Olkin measure of sampling adequacy with coefficient far greater than 0.60 (Hair, Black, Babin, Anderson, and Tatham, 2006).

All the questionnaire items were developed by the intimate guidance of the professor (cf. Tan, 2014b), and the reliability of these instruments, including the adequacy of the sampling, are shown in Table 1. The only inadequacy is the food pricing items, due to only 2 items of measurements, as shown in Table 1.

TABLE 1: RELIABILITY MEASURE AND ADEQUACY OF SAMPLING

	<u>Cronbach's Alpha</u>	<u>Kaiser-Meyer Olkin Measure</u>
Food Product Items	0.8656	0.873
Food Pricing Items	0.8328	0.50
Facility and Service Tangibles	0.9202	0.865
Empathy	0.9443	0.924
Assurance	0.9172	0.910
Reliability	0.8424	0.775
Responsiveness	0.9096	0.912
Food Taste Attitude	0.7768	0.742
Customer Satisfaction and Brand Preference	0.9359	0.937

Specifically, Table 1 provides the confidence to the measures of reliability and the adequacy of sampling, as suggested by Hairet *al.* (2006), and Nunnally (1978). Nunnally (1978) states that, Cronbach's alpha coefficient greater than or equaled to 0.6 is the minimal threshold for the self-developed instrument. Also, Cronbach's alpha coefficient greater than or equal to 0.8 is considered very reliable (Nunnally, 1978).

DATA ANALYSIS, RESULTS AND DISCUSSION

Answer for Research Question 1

To answer this research question, a two-stage process is employed. First, correlations analysis is performed which helps to display the significant relationship structure of the involving constructs, i.e. food product, different features of service quality, food taste attitude and customer satisfaction and brand preference. Once this is done, multivariate regression analysis will be performed to provide an understanding into the variables that actually significantly influence customer satisfaction and brand preference. The multivariate regression results are shown in Table 3. Instructively, all the variables are interrelated to each other, as displayed in Table 2.

TABLE 2: CORRELATIONS STRUCTURE OF THE INVOLVING CONSTRUCTS

Correlations										
				Facility and Service						Customer Satisfaction
		Food Product	Food Pricing	Tangibles	Empathy	Assurance	Reliability	Responsiveness	Food Taste Attitude	N Brand Preference
Food Product	Pearson Correlation	1	.435**	.748**	.511**	.546**	.646**	.507**	.503**	.609**
	Sig. (2-tailed)	.	.000	.000	.000	.000	.000	.000	.000	.000
	N	93	93	93	93	93	93	93	93	93
Food Pricing	Pearson Correlation	.435**	1	.380**	.260*	.224*	.290**	.349**	.306**	.420**
	Sig. (2-tailed)	.000	.	.000	.012	.031	.005	.001	.003	.000
	N	93	93	93	93	93	93	93	93	93
Facility and Service Tangibles	Pearson Correlation	.748**	.380**	1	.566**	.655**	.727**	.629**	.525**	.595**
	Sig. (2-tailed)	.000	.000	.	.000	.000	.000	.000	.000	.000
	N	93	93	93	93	93	93	93	93	93
Empathy	Pearson Correlation	.511**	.260*	.566**	1	.784**	.684**	.672**	.383**	.537**
	Sig. (2-tailed)	.000	.012	.000	.	.000	.000	.000	.000	.000
	N	93	93	93	93	93	93	93	93	93
Assurance	Pearson Correlation	.546**	.224*	.655**	.784**	1	.741**	.646**	.464**	.615**
	Sig. (2-tailed)	.000	.031	.000	.000	.	.000	.000	.000	.000
	N	93	93	93	93	93	93	93	93	93
Reliability	Pearson Correlation	.646**	.290**	.727**	.684**	.741**	1	.663**	.516**	.577**
	Sig. (2-tailed)	.000	.005	.000	.000	.000	.	.000	.000	.000
	N	93	93	93	93	93	93	93	93	93
Responsiveness	Pearson Correlation	.507**	.349**	.629**	.672**	.646**	.663**	1	.339**	.482**
	Sig. (2-tailed)	.000	.001	.000	.000	.000	.000	.	.001	.000
	N	93	93	93	93	93	93	93	93	93
Food Taste Attitude	Pearson Correlation	.503**	.306**	.525**	.383**	.464**	.516**	.339**	1	.737**
	Sig. (2-tailed)	.000	.003	.000	.000	.000	.000	.001	.	.000
	N	93	93	93	93	93	93	93	93	93
Customer Satisfaction N Brand Preference	Pearson Correlation	.609**	.420**	.595**	.537**	.615**	.577**	.482**	.737**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.
	N	93	93	93	93	93	93	93	93	93

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

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

Both Table 3 and Figure 3 indicate that both food taste/food lifestyle and the assurance aspect of the service quality play the most significant influence on customer satisfaction and brand preferences for the hot-pot food experiences. Specifically, in Figure 3, the analysis tells that food taste/food lifestyle is a major predictor, with Beta coefficient at 0.504 which is higher than that of the assurance aspect of service quality, at Beta of 0.254, and both can account for 68.5% of the variability of customer satisfaction and brand preference.

TABLE 3: THE MULTIVARIATE ANALYSIS INDICATING THE MOST SIGNIFICANT PREDICTORS TO CUSTOMER SATISFACTION AND BRAND PREFERENCE

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.827 ^a	.685	.655	.39841

a. Predictors: (Constant), Food Taste Attitude, Food Pricing, Empathy, Food Product, Responsiveness, Reliability, Facility and Service Tangibles, Assurance

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.950	8	3.619	22.798	.000 ^a
	Residual	13.333	84	.159		
	Total	42.283	92			

a. Predictors: (Constant), Food Taste Attitude, Food Pricing, Empathy, Food Product, Responsiveness, Reliability, Facility and Service Tangibles, Assurance

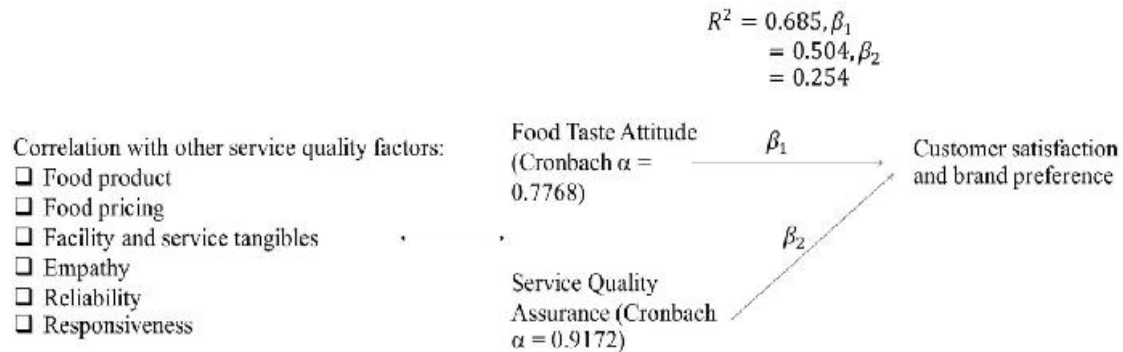
b. Dependent Variable: Customer Satisfaction N Brand Preference

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.198	.278		.711	.479
	Food Product	.182	.107	.169	1.704	.092
	Food Pricing	.101	.053	.135	1.924	.058
	Facility and Service Tangibles	-.017	.117	-.016	-.142	.888
	Empathy	.050	.089	.060	.559	.578
	Assurance	.248	.112	.254	2.210	.030
	Reliability	-.067	.110	-.068	-.609	.544
	Responsiveness	.024	.078	.029	.307	.760
	Food Taste Attitude	.469	.071	.504	6.610	.000

a. Dependent Variable: Customer Satisfaction N Brand Preference

FIGURE 3: FOOD TASTE ATTITUDE AND ASSURANCE SERVICE QUALITY AS THE TWO MOST SIGNIFICANT PREDICTORS TO HOT-POT RESTAURANTS' CUSTOMER SATISFACTION AND BRAND PREFERENCE



Both Table 3 and Figure 3 highlight that hot-pot food experience is a unique consumer behavior in that the lifestyle, or a characteristics of the psychographic variable, namely the food taste/food lifestyle stands up in the influence, much over the combined weights of all the service quality features. This consumer behavior influencing process involves both the lifestyle and circumstances domains in the working, where circumstances reveal the aspect of service quality state, which is the actual quality of service received from the hot-pot food experiences. The significance of the food lifestyle implies that customers to the hot-pot restaurants are often concerned with the values offered from the varieties of fresh, healthy and tasty choices of food that match with their preferences for a healthy life of diversified balance in nutrition. Thus, psychographics variable in terms of food taste/food lifestyle can be concluded to be significantly predicting behavior from knowledge of lifestyle and attitudes toward the food choices.

Answer for Research Question 2

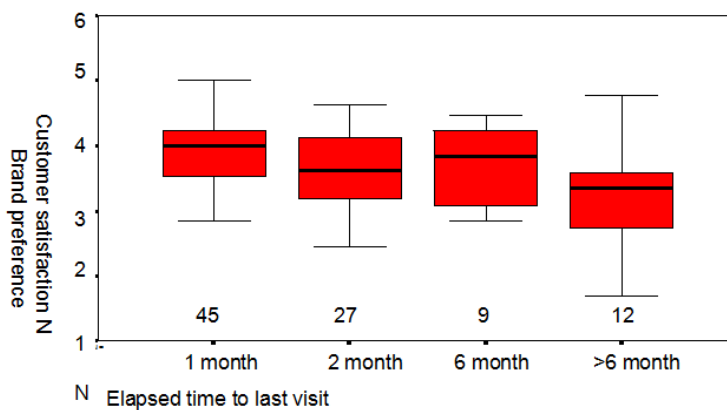
The use of recall as the approach in the survey is appropriate especially in the study of consumer behavior. By combining with another questionnaire item that studies how the elapsed time influences the level of the perceived responses of the involved constructs, operant conditioning of consumer behavioral learning can be asserted. Operant conditioning of consumer behavioral learning is first developed by Skinner (1953) in that if customer experiences with the hot-pot food services and is pleased with the outcome of the dining, then the customer is likely to form brand preference, and at higher level of satisfaction.

The ANOVA test, as indicated in Table 4, with the visual stem-and-leaf plots across different elapsed period of the last visit to the current time of recall, shows that it is nearly significantly different, at 0.05 level.

TABLE 4: THE ANOVA TEST OF THE ELAPSED TIME OF LAST VISIT IN INFLUENCING THE SERVICE QUALITY VARIABLES AND CUSTOMER SATISFACTION AND BRAND PREFERENCE

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
Food Product	Between Groups	.102	3	.034	.084	.968
	Within Groups	36.001	89	.405		
	Total	36.103	92			
Food Pricing	Between Groups	1.072	3	.357	.427	.734
	Within Groups	74.541	89	.838		
	Total	75.613	92			
Facility and Service Tangibles	Between Groups	.213	3	.071	.163	.921
	Within Groups	38.737	89	.435		
	Total	38.950	92			
Empathy	Between Groups	3.387	3	1.129	1.721	.168
	Within Groups	58.369	89	.656		
	Total	61.756	92			
Assurance	Between Groups	1.460	3	.487	1.010	.392
	Within Groups	42.875	89	.482		
	Total	44.334	92			
Reliability	Between Groups	1.168	3	.389	.813	.490
	Within Groups	42.591	89	.479		
	Total	43.758	92			
Responsiveness	Between Groups	4.471	3	1.490	2.324	.080
	Within Groups	57.080	89	.641		
	Total	61.550	92			
Food Taste Attitude	Between Groups	1.756	3	.585	1.105	.351
	Within Groups	47.135	89	.530		
	Total	48.891	92			
Customer Satisfaction N Brand Preference	Between Groups	3.440	3	1.147	2.627	.055
	Within Groups	38.843	89	.436		
	Total	42.283	92			

FIGURE 5: STEM AND LEAF PLOTS OF CUSTOMER SATISFACTION AND BRAND PREFERENCE ACROSS DIFFERENT ELAPSED PERIOD OF THE LAST VISIT TO THE TIME OF RECALL



Answer for Research Question 3

ANOVA test, as shown in Table 5, indicates there are significant differences for food product, facility and service tangibles, and food taste attitudes for different hot-pot restaurant brands or types.

TABLE 5: ANOVA TEST EXHIBITING THE SIGNIFICANT DIFFERENCES ACROSS DIFFERENT HOT-POT RESTAURANT BRANDS/TYPES

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Food Product	Between Groups	5.825	3	1.942	5.707	.001
	Within Groups	30.278	89	.340		
	Total	36.103	92			
Food Pricing	Between Groups	2.820	3	.940	1.149	.334
	Within Groups	72.793	89	.818		
	Total	75.613	92			
Facility and Service Tangibles	Between Groups	7.298	3	2.433	6.841	.000
	Within Groups	31.651	89	.356		
	Total	38.950	92			
Empathy	Between Groups	3.269	3	1.090	1.658	.182
	Within Groups	58.487	89	.657		
	Total	61.756	92			
Assurance	Between Groups	2.326	3	.775	1.642	.185
	Within Groups	42.009	89	.472		
	Total	44.334	92			
Reliability	Between Groups	3.245	3	1.082	2.376	.075
	Within Groups	40.513	89	.455		
	Total	43.758	92			
Responsiveness	Between Groups	3.396	3	1.132	1.732	.166
	Within Groups	58.155	89	.653		
	Total	61.550	92			
Food Taste Attitude	Between Groups	4.652	3	1.551	3.120	.030
	Within Groups	44.239	89	.497		
	Total	48.891	92			
Customer Satisfaction N Brand Preference	Between Groups	3.372	3	1.124	2.571	.059
	Within Groups	38.911	89	.437		
	Total	42.283	92			

In particular, Figures 6-8 clearly illustrate the significant differences for food product, facility and service tangibles, and food taste attitude between the branded hot-pot restaurant chains and the non-branded or local traditional hot-pot restaurants. Those branded restaurant chains tend to have higher perceived level of food product quality, and on the facility or tangible parts. Also those who dined at the branded chain restaurants also have higher food taste attitude. In other words, if the food and service quality as reward works, the consumer will try to re-visit those restaurants that provide the expected quality, and this is in a way

reinforces the theory of consumer behavioral learning based on operant conditioning of Skinner (1953).

FIGURE 6: SIGNIFICANT DIFFERENCES BETWEEN BRANDED CHAINS AND NON-BRANDED HOT-POT INDIVIDUAL RESTAURANTS FOR FOOD PRODUCT ATTRIBUTES

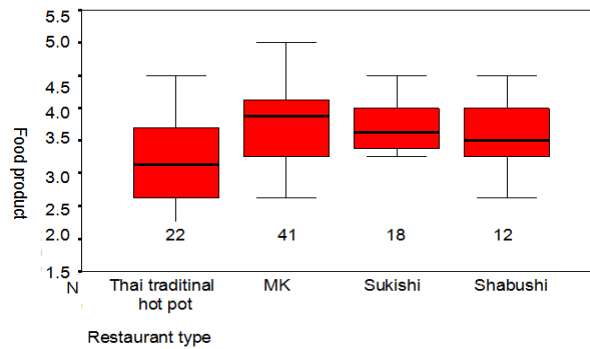


FIGURE 7: SIGNIFICANT DIFFERENCES BETWEEN BRANDED CHAINS AND NON-BRANDED HOT-POT INDIVIDUAL RESTAURANTS FOR FACILITY AND SERVICE TANGIBLES

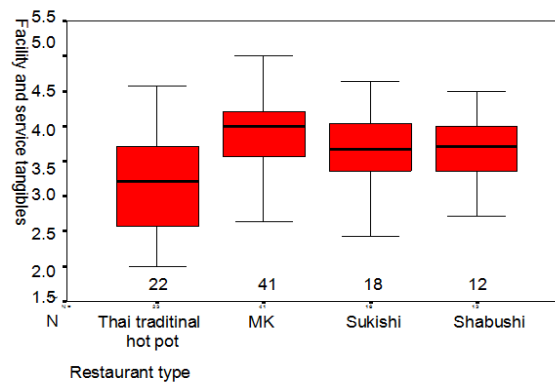
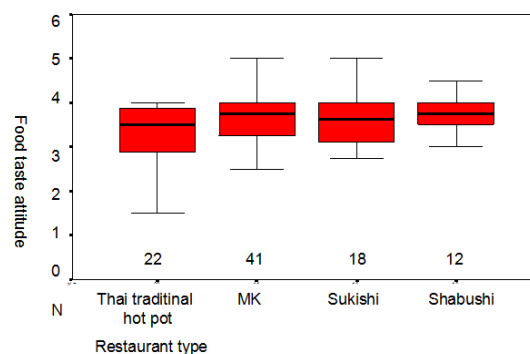
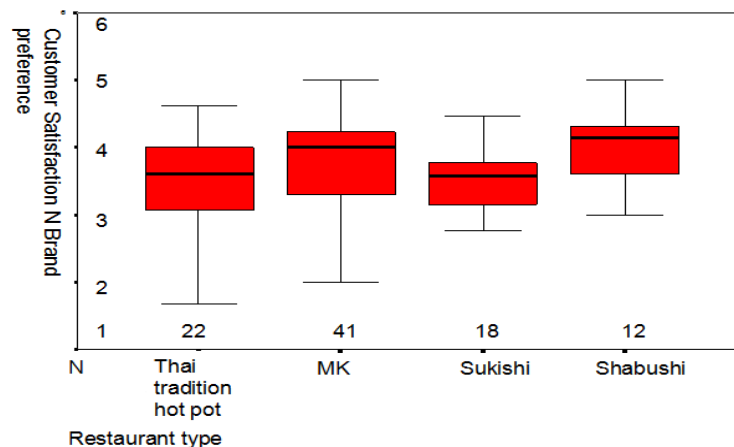


FIGURE 8: SIGNIFICANT DIFFERENCES BETWEEN BRANDED CHAINS AND NON-BRANDED HOT-POT INDIVIDUAL RESTAURANTS FOR FOOD TASTE ATTITUDE/LIFESTYLE



While the ANOVA Table 5 indicates a nearly significant difference for the different brands of the restaurants for customer satisfaction and brand preference, Figure 9 displays visually the differences among them, and indicates in particular that the branded chains, if operated appropriately, do provide significantly higher level of perceived qualities in the domain of customer satisfaction and brand preference.

FIGURE 9: SIGNIFICANT DIFFERENCES BETWEEN BRANDED CHAINS AND NON-BRANDED HOT-POT INDIVIDUAL RESTAURANTS FOR CUSTOMER SATISFACTION AND BRAND PREFERENCE



Answer for Research Question 4

In consumer markets like the hot-pot businesses, usage segments are typically described in terms of demographics such as those listed in the research question 4. According to Tybout and Calder (2010), demographic characteristics as such have implications for the placement and content of marketing communications, and also, these characteristics can be used to help understand the possible generalizability nature of the theoretical model of Figure 3. Although the sample size is too small for generalization (cf. Tan, 2014b), the analysis here, enacted by both t-test and ANOVA tests, is applicable and practically very meaningful, and useful. T-tests on both genders and the nationality (between Thai and non-Thai) show no significant differences, and thus the model outcome, shown in Figure 3, is applicable to both the Thai and non-Thai, and between Male and Female.

TABLE 6: T-TEST RESULTS BETWEEN THE GENDERS

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Food Product	Equal variances assumed	.020	.888	-.314	91	.754	-.0435	.13848	-.31862	.23152
	Equal variances not assumed			-.308	56.888	.759	-.0435	.14141	-.32672	.23962
Food Pricing	Equal variances assumed	.195	.660	-.605	91	.547	-.1210	.20011	-.51846	.27653
	Equal variances not assumed			-.591	56.661	.557	-.1210	.20466	-.53084	.28890
Facility and Service Tangibles	Equal variances assumed	1.511	.222	-.232	91	.817	-.0334	.14387	-.31917	.25239
	Equal variances not assumed			-.217	50.600	.829	-.0334	.15389	-.34239	.27561
Empathy	Equal variances assumed	.232	.632	1.192	91	.236	.2144	.17981	-.14282	.57153
	Equal variances not assumed			1.134	52.865	.262	.2144	.18895	-.16466	.59337
Assurance	Equal variances assumed	.682	.411	1.319	91	.190	.2006	.15209	-.10146	.50275
	Equal variances not assumed			1.257	52.982	.214	.2006	.15968	-.11964	.52093
Reliability	Equal variances assumed	.703	.404	.275	91	.784	.0419	.15247	-.26093	.34480
	Equal variances not assumed			.265	54.552	.792	.0419	.15825	-.27526	.35913
Responsiveness	Equal variances assumed	.022	.883	.612	91	.542	.1105	.18054	-.24813	.46910
	Equal variances not assumed			.602	57.578	.549	.1105	.18351	-.25690	.47787
Food Taste Attitude	Equal variances assumed	.008	.928	-.300	91	.765	-.0484	.16116	-.36850	.27173
	Equal variances not assumed			-.302	61.208	.763	-.0484	.16006	-.36843	.27166
Customer Satisfaction N Brand Preference	Equal variances assumed	.743	.391	-.534	91	.594	-.0800	.14971	-.37738	.21738
	Equal variances not assumed			-.505	51.906	.616	-.0800	.15848	-.39803	.23803

TABLE 7: T-TEST RESULTS BETWEEN THE THAI AND NON-THAI

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Food Product	Equal variances assumed	2.359	.128	-1.672	91	.098	-.3837	.22944	-.83944	.07206
	Equal variances not assumed			-2.202	9.776	.053	-.3837	.17422	-.77309	.00570
Food Pricing	Equal variances assumed	2.062	.154	-1.654	91	.102	-.5493	.33215	-1.20904	.11051
	Equal variances not assumed			-1.990	9.192	.077	-.5493	.27598	-1.17160	.07307
Facility and Service Tangibles	Equal variances assumed	.945	.333	.373	91	.710	.0901	.24176	-.39014	.57032
	Equal variances not assumed			.393	8.564	.704	.0901	.22951	-.43317	.61334
Empathy	Equal variances assumed	1.611	.208	-.640	91	.524	-.1946	.30397	-.79844	.40915
	Equal variances not assumed			-.485	7.689	.641	-.1946	.40148	-1.12703	.73773
Assurance	Equal variances assumed	2.382	.126	-.400	91	.690	-.1032	.25790	-.61550	.40908
	Equal variances not assumed			-.308	7.721	.766	-.1032	.33457	-.87963	.67321
Reliability	Equal variances assumed	.999	.320	-1.128	91	.262	-.2874	.25467	-.79323	.21852
	Equal variances not assumed			-1.269	8.842	.237	-.2874	.22652	-.80117	.22647
Responsiveness	Equal variances assumed	.083	.774	-1.167	91	.246	-.3522	.30190	-.95190	.24746
	Equal variances not assumed			-1.230	8.567	.251	-.3522	.28633	-1.00498	.30054
Food Taste Attitude	Equal variances assumed	.495	.484	-.530	91	.598	-.1434	.27065	-.68100	.39424
	Equal variances not assumed			-.362	7.531	.727	-.1434	.39607	-1.06671	.77994
Customer Satisfaction N Brand Preference	Equal variances assumed	1.594	.210	-.530	91	.598	-.1333	.25170	-.63331	.36663
	Equal variances not assumed			-.371	7.567	.721	-.1333	.35900	-.96952	.70284

ANOVA tests (not shown in this article) also show no significant differences across different locations of the restaurants (whether in Bangkok, Chiang Rai, Chiang Mai, or elsewhere), age groups, educational levels, occupational types, income levels, resident locality, and coming with partners or alone, and including price range spent per meal. As such, the model of Figure 3, depicting the influence of circumstance caused by service quality level and the lifestyle as customer value, is generally applicable across all the demographic variables highlighted. Only the psychographics in terms of food taste/food lifestyle makes a significant difference, as already discussed in the research question 2.

CONCLUSION AND IMPLICATION

This research examined the phenomenon of customer satisfaction and brand preference for the hot-pot food experiences, by considering how variables of food product, service quality and food taste/food lifestyle attitude could play their roles in them. Results indicate that recalling, manifested as an elapsed period of the last visit, has a significant impact on making the differences in the perception over many of these variables. The recall thus highlights the evaluative judgments of the consumers over the hot-pot experiences, and thus induces a cognitive learning attribute, also reinforced by the cognitive food taste/food lifestyles. As such, apart from the operant conditioning mode of consumer learning behavior showing a continuing preference over the branded restaurant chains, the cognitive learning aspect of the recall and lifestyle preference also infer that there is a possible conscious process going on for the hot-pot food choices. This research thus provides an explorative effort in putting the consumer behavioral phenomenon back into numerous important theories of consumer behaviors, i.e. operant conditioning, cognitive learning, and the importance of psychographics and customer values, in combination with circumstances, in influencing customer satisfaction and brand preferences.

This research indicates that psychographics variable in terms of food taste/food lifestyle can be concluded to be significantly predicting behavior from knowledge of lifestyle and attitudes toward the food choices. Also, consumers who have stronger attitude towards the healthy, tasty and diversified food choices for the hot pot also prefer to dine at the branded hot-pot restaurant chains. Branded hot-pot restaurant chains also display higher level of perceived food product quality, facility and service tangibles, and food taste attitudes by the consumers.

Demographic variables play no role in illustrating the different characteristics needed to address the roles played by food product, service quality, food taste/food lifestyles towards customer satisfaction and brand preferences. This provides the confidence to the marketers, and the restaurant entrepreneurs to derive the effective sets of service oriented strategies for the hot-pot businesses. Tan (2014a) describes such an action as values-driven strategy, in which both values-creation and values-delivering activities must be aligned to these customer oriented values in order to create brand preference.

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THE COMPETENCIES FOR SUCCESSFUL CHINESE MULTI-LEVEL MARKETING (MLM) BUSINESS DISTRIBUTORS: A CASE STUDY IN CHINA

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ABSTRACT

The purposes of this research aimed to explore the important competencies of successful Chinese MLM business distributors and to identify the challenges of the Chinese MLM business distributors in the view of the successful MLM distributors who worked for the Company. The researcher applied a qualitative approach with in-depth interviews and purposive sampling used in this study. Data was collected from 14 Multi-level Marketing business distributors, all have achieved middle-up level success in Corporation X which was a typical MLM company in China. The in-depth interviews led to the manual process of the voice data transcript as well as the data analysis and some quotations. Findings revealed 9 major competencies: 1) Entrepreneurship; 2) Motivation of undertaking MLM business as a career option; 3) Leadership in MLM; 4) Attitude of doing MLM business; 5) Experience; 6) Knowledge of doing MLM business; 7) Skill of doing MLM business and Expertise of MLM Business; 8) Ethics of doing MLM business; 9) Long-term Personnel Orientation. Findings also revealed challenge of MLM business in China were: 1) Internal Context of MLM Business; 2) Contextual status of MLM Business; 3) Personal Development. The major findings of this study are constructed for providing a training manual for MLM China. Ultimately, the researcher makes some recommendations for future studies, and draws some conclusions.

Keywords: Multi-level Marketing, MLM distributor, Competencies, Challenges, China

INTRODUCTION

The World Federation of Direct Selling Associations (WFDSA) and the European Direct Selling Association (EDSA) consider direct sales as providing consumer goods and services directly to customers through personal contact, usually in their homes, workplaces or other locations that are not regular points of sale. The advantage of this type of sale for the buyer is the opportunity to see and test the product at any time, at home or among friends. Goods are delivered directly to the customer. An important component of the Direct Selling industry is multi-level marketing (MLM). In the MLM channel, the products are moved through independent distributors. Hence, there is no doubt that people are at the heart of MLM business. The successful distributors who have high competencies as the leaders of MLM organizations play very important roles for the success of these corporations. In China, MLM businesses not only offer an opportunity to the people who have financial disadvantages and less experience to have their own business; but also offer a chance to the people who have their own businesses already but still want to have a better life. However, the competencies of successful distributors are still not clear, because the role of the MLM distributors is quite different with the traditional business entrepreneurs in China.

PURPOSES OF THE STUDY

The purposes of this research are to explore the competencies of the successful MLM business distributors. The researchers also wants to find out exactly what the knowledge and the reality are as follows:

1. To explore the important competencies of successful Chinese MLM business distributors.
2. To identify the challenges of the Chinese MLM business distributors in the view of the successful MLM distributors.

RESEARCH QUESTIONS

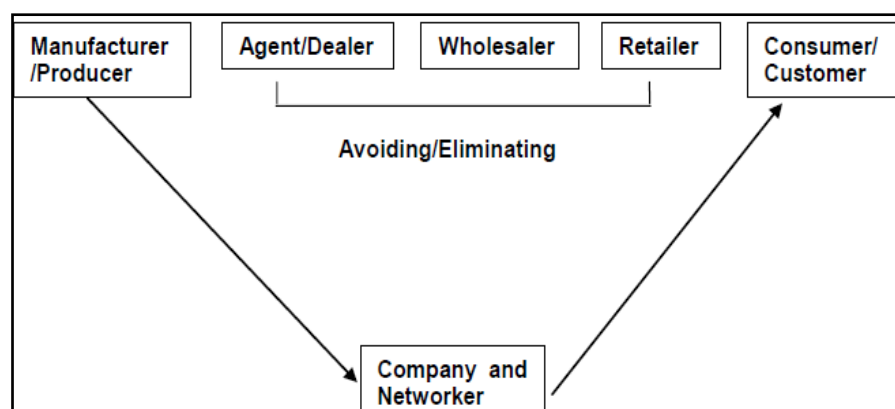
1. What are the competencies for successful Chinese Multi-level Marketing business distributors in the view of the successful distributors?
2. What are the challenges facing the Chinese MLM business distributors in the view of the successful distributors?

REVIEW OF LITERATURE

MLM Concept

MLM has various synonyms such as *Network marketing*, *Teamwork marketing*, *Freedom enterprise*, *Home Base marketing* and *Holiday business*. Since in network marketing, a distributor sells the products directly to the customer, it is also called direct marketing. As a result expenses of showrooms, advertisement and other promotional programs are not needed for the distributor. Inthe MLM system only one network team-worker is allowed to market to avoiding middlemen. The following figure presents what theMLM process is, and it avoids middlemen. TheMLM process gets help from only one channel of distribution which is known asa“Net worker”.

FIGURE 1:HOW MLM PROCESS WORKS (HOSSAN, AHAMMAD&FERDOUS, 2012)



According to Xardel (1993), Multi-level marketing (MLM) is a marketing strategy in which the sales force is compensated not only for sales they personally generate, but also for the sales of others they recruit, creating a down-line of distributors and a hierarchy of multiple levels of compensation. He also has described MLM or network marketing as being synonymous, and as methods of direct selling. Higgs and Smith (2007) term MLM “pyramid selling” and “network marketing”, and Carroll (2003, p. 36) defines MLM as “referral

marketing". Other terms that are sometimes used to describe multi-level marketing include "word-of-mouth marketing", "interactive distribution", and "relationship marketing."

According to 2011 annual report by the WFDSA (2012), the top five countries— United States, Japan, China, Korea and Brazil—generate over 60 percent of global direct selling retail sales. As 2011 annual report by the WFDSA shows, the global direct sales reached U.S.\$153.7 billion in 2011. The greatest numbers of sellers are in the U.S. (\$26 million), and then Thailand (U.S.\$15 million), followed by Indonesia (U.S. \$8.2 million), Malaysia (U.S.\$7.4 million), Taiwan (U.S.\$4.6 million) and Russia (U.S.\$4.0 million). There are 22 countries included in the review of billion dollar markets, and these countries comprise 90 percent of global direct selling retail sales. The top five countries (United States, Japan, China, Korea and Brazil) generate over 60 percent of global direct selling retail sales.

Figure 2 illustrates, the United States led global retail direct sales at U.S. \$29.8 billion, with Japan ranking second at U.S.\$23.9 billion. And there was growth—75.5 percent in Venezuela, 30.9 percent in Malaysia and 23 percent in Argentina. Statistically, in developing countries and some other markets in Asia, the direct selling industry is growing. In other markets, the sales may be flat, but the number of direct sellers is growing.

FIGURE 2. 2011 WFDSA RANKING OF DIRECT SELLING'S BILLION DOLLAR MARKETS AND THEIR PERCENT OF THE GLOBAL MARKET (WFDSA, 12 February, 2012)



Note: * represents less than 2% of the global market

MLM in China

Multilevel marketing (MLM) which also known as “network marketing”, “direct selling” and, “structure marketing,” or “multi-level direct selling” (World Federation of Direct Selling Associations [WFDSA], 2000) provides an opportunity at minimum costs and time flexibility to achieve financial independence, if the individual manages to secure a loyal sales base.

There is currently no formalized direct selling industry in China, so the WFDSA Global Research Sub-Committee has done secondary research to size the market. To that end, WFDSA (2012) says, in China, they saw an increase in sales and the number of salespeople.

WFDSA estimates that China’s informal direct selling community generated U.S.\$16.3 in 2011, and had 11 percent of the global direct selling market share. That was up 1 percent from

2010. Overall sales growth in China was up 16.2 percent, according to the WFDSA (2012), people started investing more time in direct selling, because they wanted to earn additional income. Every year they are growing steadily. Emerging markets like China enjoy consistent growth.

Direct selling accounted for a 1% share of overall value sales in retailing in China in 2011, and demonstrated great potential in the review period. The aggressive expansion of domestic players, as well as steady growth of international direct sellers, drove sales in the channel, in line with growing household incomes and the rising pursuit of personal wellbeing amongst Chinese consumers. Current value growth in direct selling was 16% in 2011; slightly outpacing the growth in 2010.

MLM distributors' performance

Many researchers have examined the determinants of MLM distributors' performance but most of the research has been based on the framework of Walker et al.(1977). It examines the effects of six categories on salesperson performance. These categories are: 1) Role, 2) Skill, 3) Motivation, 4) Personal factors, 5) Aptitude, 6) Organizational/environmental factors

The most important factor is the personal factor category, which includes items such as age, gender, weight, race, appearance, and education. Following personal factors in order of importance were skill and role variables. Aptitude, motivation and organizational/environmental factors had the smallest connection with performance. This result verifies that personal factors have the most important role in determining which individuals will be effective performers. Another factor that also plays a crucial role is the type of product or industry that is used.

Besides, MLM distributor's behavior also is considered as a critical factor to influence their performance. Distributors' behavior includes sales force activities required in the sales process and activities related to the development of relationships with customers. Weitz and Bradford (1999) proposed a framework that linked the selling behavior to a salesperson's effectiveness. According to Weitz and Bradford (1999) the action and behavior of a salesperson during a sale can be very important to the quality interaction with the buyer.

MLM business is also called relationship selling, which consists of three dimensions: interaction intensity, mutual disclosure and co-operative intentions (Crosby et al., 1990). Interaction intensity refers to the level of interaction between the salesperson and the buyer. When interactions become more usual, the level of trust and understanding between parties develops. Mutual disclosure is the sharing of personal and organizational information. This information can be used to help to solve problems and to better understand the partner. Both interaction intensity and mutual disclosure can increase the exchange relationship. The final dimension is co-operative intentions. When a salesperson is adopting a cooperative selling it will lead to easier gain respect and trust from the buyer. The link between relationship selling behavior and performance is based on the development of trust between the salesperson and the buyer. Relationship selling behavior focuses on the development of personal relationships between the salesperson and the buyer. When there is a strong relationship between the salesperson and the buyer there will also be greater trust and communication.

The core value in the MLM concept is to successfully build up a relationship between the

buyer and the seller. All the factors above are considered to be of importance in the process of MLM in China.

RESEARCH METHODOLOGY

As the researcher hopes to explore the important competencies of successful Chinese MLM business distributors and to identify the challenges facing the Chinese MLM business distributors, so social constructivism was employed for this research. Data was gathered by the in-depth qualitative interviews. The researcher in this study used purposive sampling, and conducted the interviews with 14 successful MLM distributors, three of whom earned their top-level position in MLM system of Corporation X and the rest are middle-level. All of them have their own MLM team. For the data analysis, researcher use transcribed taped interviews; data was arranged into 13 categories, as table 1 shown; participants' answers were displayed in line numbers constructing some codes; and categories were defined.

TABLE 1. RESEARCH QUESTION AND MAIN CATEGORIES

Research Question	Name of Categories
1. What are the competencies for successful Chinese Multi-level Marketing business distributors in the view of the successful distributors?	1. Motivation of undertaking MLM business as a career option
	2. Leadership in MLM China
	3. Entrepreneurship in MLM China
	4. Attitude of doing MLM business
	5. Knowledge of doing MLM business
	6. Skill of doing MLM business
	7. Expertise of MLM Business
	8. Ethics of doing MLM business
	9. Long-term Personnel Orientation
2. What are the challenges of the Chinese MLM business distributors in the view of the successful distributors?	10. Challenges of doing MLM business in China
	11. Internal Context of MLM Business
	12. Contextual status of MLM Business
	13. Personal Development

During the interview, researcher flew to five cities in China, *Guangzhou*, *Xiamen*, *Quanzhou*, *Kunming* and *Heshan* city. In these five different city, before or after interview, researcher also participant informants and their own teams' training activities or conference related to MLM business of X company. During the period of interview and traveling in those cities, researcher took part in and observed some different kind of activities which are related to MLM business introduction, recruiting and training, and organized or participated by informants. Pictures and Video record helped the researcher review the context of those field works in data collation process. Researcher also used VDO record and photography techniques to confirm and competiveness of data collection in the field work as recommended by Denzin(2011).

RESULTS AND DISCUSSIONS

After an in-depth interview, the research offered systematic explanations according to the intended purposes. Thus, the researcher discusses the major findings, in accordance with the literature reviewed. Moreover, the researcher explores the two themes (competencies and challenges), according to what has been discussed in the interviews, and found in the literature.

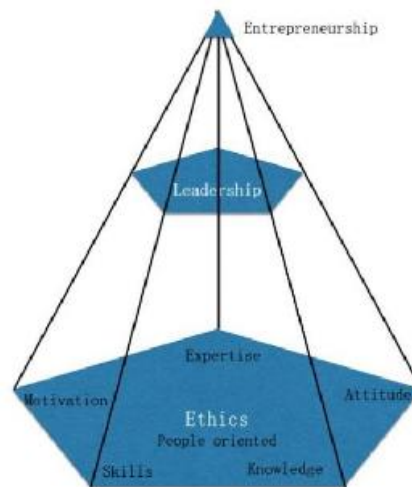
1. Competencies for success in MLM China

There are different approaches to the division of competencies. In Taiwan, the term of competency has earned scholars' attention gradually. Hong (1997) divided job competencies into six groups: (1) professional capacity which was associated with knowledge and skills for certain occupations; (2) management capacity such as executing capacity, planning capacity, and time management; (3) interpersonal relationship skills such as communication and timework; (4) attitude, including initiative, enthusiasm, and ability to learn; (5) value systems such as decision making and time orientation; and (6) types of intelligence, such as problem solving.

Therefore, the researcher adopts the following definition of individual competencies for the purposes of this study. Individual competencies refers to a complex combination of knowledge, skills, understanding, values, attitudes and willingness to act which lead to effective and superior outcome in the world in a particular domain. The division of competencies is consistent with technical, conceptual, and interpersonal competencies, but their use depends on the level of position in particular area. This is reasonable because according to informants, people at the highest level of sales are characterized by more specific skills than those that are inexperienced and are starting their career. Hence, experience is one of important part of competencies but researcher never consider "experience" as one of category of individual competency of MLM distributor.

Accordingly, to answer the first research question, individual competency of MLM distributors were sorted and classified into 3 main parts and 8 components. It is essentially a pyramid (see Figure 3) build on the foundation of basic required qualities and incorporating the types of a series of complicated skills and knowledge that can be acquired through learning, effort, and experience, but takes long time.

FIGURE 3. THE INDIVIDUAL COMPETENCY MODEL OF MLM DISTRIBUTOR IN CHINA



Source: Created by Ada Lee, 2014

At the bottom, it is the first part of MLM distributor competency: motivation, attitude, ethic, knowledge, skills and expertise. Those components are fundamental competency of doing MLM business, everyone who decides to take MLM business as a career option should possess, in order to survive in this industry.

//...You need to insist on your dream. Why do I say you insist your dream rather than insist your action? Many people still act but they forget their dream, which is a painful process...// (I7-Line151-160)

//...Strong motivation to succeed: financial freedom, time freedom, and good life style...// (I3-Line293-301)

//...The last pillar is a positive attitude. A positive attitude is 95% to success, the only 5% is to know how to succeed. Once you have a positive attitude, then you can set your position to set goals. But of course when you set goals, you must focus on your goals. ...// (I13-Line567-575)

//...All the workers for MLM are required to master comprehensive abilities mainly on intensive knowledge of the products, sales, cohesion of a team, speech, imitation, inheritance, one-to-one communication, general ability, all-out sprint, task accomplishment...// (I8- Line 289-295)

//...You must think how to help your people the right way to do the business. ...// (I13-Line448-450)

//... For eighteen years, I never gave up. Keep practicing and searching to be in my own leadership style (people oriented, 'big hands help small hands, or being as strict as the military.) ...// (I4-Line 1197-1205, Line1230)

The second part is leadership, which is a critical competency for being a successful MLM distributor. The essence of MLM determines that the success in MLM business is always about a team instead of an individual, therefore, a successful MLM distributor is not just a salesman, he/she must be capable to build, lead and manage a team.

There are many management skills for MLM distributors that need to be acquired in order to build and lead a team. Leadership is a necessary competency for MLM distributors. All interviewees said to be a successful MLM distributor means being a good team leader first.

Leadership implies that adequate abilities are not only knowledge and psychomotor abilities, but also attitudes and cognitive skills such as problem solving (Nahavandi, 2006). Bennis (2007) identified four leadership competencies: attention through vision; meaning through communication; trust through positioning; and developing positive self-worth. Attention through vision creates a vision for the organization and encourages people to work toward the vision by raising their self-confidence to perform. Meaning through communication is to communicate visions with others to make it clearly understood and accepted by others. Developing trust among personnel maintains organizational integrity, which leads to an effective organization. Leaders develop their positive self-worth by recognizing their strength and compensating for weakness, continuously developing and improving their skills, and recognizing the fit between their strengths and weaknesses, and the organization's needs. However, the researcher and informants believe leadership for MLM distributors is more complicated.

//...The industry needs the way of a chain-reaction caused by original interaction from one another in your team. Therefore, only by constant learning can you improve yourself and strengthen your personal impact and leadership to be a winner. ...// (I8- Line 201-205)

// A firm's boss is for a period of a career while a leader is more about the value. In the business field, if you become a leader, it means you are greatly influential. In MLM, more leaders can be created because most of leaders are from the grassroots. They would utilize their charisma rather than power to organize their team ...// (I7-Line 269-278)//

//...I could realize the value of a leader. When I engage in another career, MLM could be a personal sub-career to guide your friends to become rich collectively. I am fond of feeling that everyone possesses things collectively and is highly expected to complete a dream by everyone....// (I7-Line 25-32)

At the top of this model, it is entrepreneurship. Being an independent business owner is the biggest achievement in MLM business, which requires people to think and treat their MLM business as an entrepreneur. Informants in this research also agreed, that becoming a successful MLM distributor is a long journey. Actually, people may not really consider those people who have earned a lot of money through doing MLM business as a successful MLM distributor. MLM practitioners believe a successful MLM distributor should be an entrepreneur, a respectful mentor, a kind coach and a great leader. Entrepreneurship is a complex competency, it is a set of attitudes, knowledge, skill and behaviors that is the final manifestation of all the innate, fundamental and acquired abilities necessary.

MLM businesses are promoted as a way for individuals who do not have adequate resources and/or skills to start up their own small business to pursue entrepreneurship (Kuntze, 2001). Only if MLM distributors treat their work as their enterprise, they could have enough patience and tenacity to overcome all difficulties and get some achievement. The researcher presented the attitudes as a quite important factor to MLM leadership for success. Because attitude towards the behavior and subjective norms are important predictors of behavioral intention (Ajzen, 1991), in general, the more positive the attitude towards a behavior, the stronger the intention the individuals will have to perform that behavior (Armitage & Conner, 2001; Carr & Sequeria, 2007).

//...Personally, MLM is a means of educational course for grown-ups. Compared with other industries, MLM offers the employees more chance of training as well as practice. Moreover, frequent meetings are required, which enables one to have a change of mind and gain progress. To be specific, I plan to set up an intermediate agency providing service

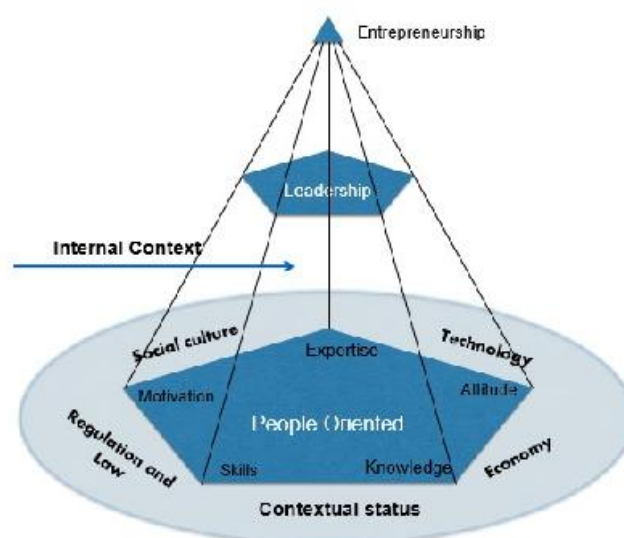
concerned with MLM, hopefully, a platform both for X company business and a guiding organization for all Chinese MLM enterprises...// (I8- Line 522-533)

//..I always wanted to own my own business back in college. At first, I find X Company kind of strange because it is not like an ordinary business. It is a one way street because you cannot go back to ordinary business once you choose X Company. But X Company is a very good way. It can give you good results and freedom which we always want..// (I3-Line131-137)

2. Challenges of MLM business

When people mentioned challenges, they also talked about opportunity at the same time. Because either challenges or opportunities comes from uncertainty of the future. As long as research identifies all necessary factors of a successful MLM business model, research also could identify those uncertain factor, which refers to challenges, as well as opportunities of doing MLM business in China. According to the information and analysis, also inspired by this related research, the researcher is able to draw a figure to show a successful and sustainable MLM system, and present all necessary factors in one model, shown as follows:

FIGURE 4. A SUCCESSFUL AND SUSTAINABLE MLM SYSTEM IN CHINA



Source: Created by Ada Lee, 2014

Figure 4 is a modified model based on Figure 3. After the researcher had conducted further analysis and study, she realized if a MLM distributor treats MLM business as his or her own business and career, the achieving of entrepreneurship success should be not only focused on personal development, but also should get balance, consideration, or even taking advantage from both the external and internal environments.. The challenge of doing MLM business is not only for individual organizations and the MLM industry itself (internal factors), but also from society, economy, technology, culture and industry business law (external factors). The achievement of MLM business is the result of all those factors interacting with each other. It is not objective enough to only focus on individual competency, but ignore the joint effects of the internal and external environments. Therefore, the model needs to be modified and more factors added.

According to the philosophy of materialistic dialectics, the fundamental cause of the development of a thing lies in its internal causes, while external causes are the conditions. External causes become operative through internal causes, but internal causes contribute the principal aspect. In this study, individual competency is the internal causes of doing MLM business successfully, and all other factors that the researcher added into figure 4 could be considered as external causes.

IMPLICATIONS FOR PRACTICE

#1 Implication for individual level. These findings are of benefit to MLM practitioners when they wish to prepare themselves to be better distributor in China by using this competency model. If they lack any competency components, they should plan to have more practical or theoretical training. Secondly, this research presented on the MLM business is one of the career options; therefore, the result of this study could be taken as a guideline of personal and career development.

#2 Implication for group level. Distributors could become inspired from the findings. They could improve their performance and their team performance by improving specific competency components. The managerial implication is that both parties (the distributor and the up line manager) should focus on supporting each other as they both get valuable economic benefits from each other. In this particular study, the researcher found that ethics is an important competency. As a result, MLM distributors should find a way to change their and their team-member's attitudes, to develop more awareness of ethical issues during their practice, and regularize their behavior when they are selling, or recruiting, motivating their down line distributors. It is also critical for MLM companies to instill ethics and professionalism in the conduct of their agents to enhance goodwill among potential customers and in networking activities. In addition, these findings have the most important practical implication for companies with the intention to enter China with a direct sales strategy; it can then function as guidance when implementing an MLM strategy in China. This study has also found that MLM is becoming a viable alternative career opportunity, higher educational institutions can complement this by incorporating some component of personal selling skills in the education curriculum for executive courses (e.g. MBA courses). Professional certification courses can be introduced to enhance the credibility of MLM agents.

RECOMMENDATIONS FOR FUTURE STUDIES

The findings of this study can also serve as a guideline for other researchers to conduct further studies on other issues related to competencies and challenges in Chinese MLM business. Firstly, the study focuses on challenges that MLM business and practitioners in China are facing currently and in the future. However, sometimes, challenges cannot be easily explained as opportunities or threats. An example is SWOT analysis is widely taught and is seemingly intuitive, but it has come under serious doubt. Its use as a stand-alone tool instead of a model for situational analysis as part of a more comprehensive toolset for strategy development has also been criticized (Fehringer, 2007). One of the reasons is organizations or industries may have difficulty determining whether something in their external environment presents an opportunity or a threat, and the SWOT framework does not offer a way to distinguish them. Whether something represents an opportunity or a threat may depend on subjective judgment. The line separating strengths from weaknesses or opportunities from threats is not always clear. Hence, the researcher recommends the future

study could identify more uncertainty factors in the MLM business, and then find out some possible solutions.

Secondly, this study only involves 14 informants from 5 different Chinese cities. This might lead to a misrepresentation of the population in China. The fact that all informants are MLM practitioners, might have led them to answer all interview questions optimistically because they devoted themselves into the MLM business and achieved success, and they highly believe in themselves and MLM companies which they chose to work for. Therefore, their involvement situation at the time could have affected the answers. The conclusions drawn might only be applicable for the specific sample group. For these reasons a wider research on the subject needs to be conducted. The dissertation is meant to present a general model over the Chinese population; therefore it excluded an analysis regarding the differences in gender and age. The result of this study is meant to show what competency and other factors could influence people's performance in MLM business in China. If any future study could use different research methods and different sample to evaluate or develop this model, it will be meaningful and might generate a more applicable model.

Thirdly, one of the main barriers a company is facing when entering the Chinese market are cultural differences. The Chinese culture is different from the rest of the world, which may cause different responses to its implementation strategy. Since the Chinese culture differs greatly from the western culture it is hard to predict how MLM will interact with the Chinese consumers. These cultural differences will become one of the main problems when introducing MLM in China. Therefore the researcher recommends the future study could evaluate which part and how Chinese cultural difference could influence Chinese distributors' behavior and performance. Comparisons and using case studies of successful foreign MLM businesses would improve the existing literature in this field. It would be even better if someone could carry out an in-depth study on the difference between the competencies for successful distributors in China and overseas MLM businesses, such as those in Singapore, Japan, the USA, and Europe. These will help to further research and will generate more valuable knowledge on competencies and challenges for the global MLM business, instead of focusing on the Chinese context only. New insights may be gained through a comparative process, involving the present report and any future findings that may be generated.

CONCLUSION

This research is a qualitative study about MLM business. It aims to define and explore the important competencies of successful Chinese MLM business distributors, and the same time, to identify the current situation, opportunities and challenges that MLM business are facing in today's China. The result of the study described that a successful MLM business distributors should have 9 major competencies: 1) Entrepreneurship; 2) Motivation of undertaking MLM business as a career option; 3) Leadership in MLM; 4) Attitude of doing MLM business; 5) Experience; 6) Knowledge of doing MLM business; 7) Skill of doing MLM business and Expertise of MLM Business; 8) Ethics of doing MLM business; 9) Long-term Personnel Orientation. Meanwhile, MLM distributor in China should realize the challenges of the MLM business in China from 1) Internal Context of MLM Business; 2) Contextual status of MLM Business; and 3) Personal Development.

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INNOVATION OF HUMAN RESOURCE MANAGEMENT IN ELECTRONICS AND COMPUTER INDUSTRIES IN THAILAND

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ABSTRACT

The purposes of this research were to investigate new human resource practices in the Electronics and Computer Industries in Thailand and to confirm whether any new practices are considered as “Innovation of Human Resource Management” in these industries. 370 HR practitioners were surveyed by questionnaires and 15 Chief Executive officers were interviewed by using semi-structured interviews to establish research findings. Mixed methods research , using both quantitative and qualitative approaches, was conducted to gather this information. Primary findings found that many of the practices were accepted as new practices in recruitment activity, training and development functions, and employee retention. However few practices were recognized as innovation of HRM, namely outsourcing practice for recruitment, e-learning for human resource development, and learning opportunity and career advancement for employee retention.

Keywords- Innovation, Human resource practices, HRM, Electronics and computer industries.

INTRODUCTION

The Electronics and Computer industries have played a vital role for the Thai economic system in the past four decades. It was classified amongst the top five exported products of the country (Suksamat,2013). This industry has been categorized as a “labour intensive business”. The life circle of products in this industry is short, I learnt from my own experiences that the total life circle of electronic products is around five years, during that period, three years will be spent for research and development, one and a half year in the prototype development period, and only approximately six months that generates incomes for firms. Strategically Thailand has been a production-based country for electronic products and automobiles for decades. The main reasons for selecting Thailand as a strategic venue were lower labour cost and tax privileges. The challenging question is whether now Thailand still is a greater choice for the manufacturing sector. The 300 baht a day of minimum wage nationwide and the shortage of semi-skilled and skilled workers have brought the country to become an “uncompetitive country” In the last two decades Thailand’s manufacturing competitiveness was in a good position compared with other neighboring countries such as Malaysia, Vietnam, and Indonesia. But now such a statement becomes to be questionable for Thai industries. From the PWC Global CEO survey for 2013,the Country manufacturing competitiveness index ranking reveals that Thailand competitiveness in the next five years is likely to drop from rank 11 in 2013 to rank 15 that is behind Singapore, Vietnam, Indonesia, and Malaysia (Deloitte, 2013).Thailand is now going through a work force crisis. All industries lack workers, the electronics industry was second of the top five industries facing a severe labour shortage (Chantapong, 2013, p. 35).

The negative trend of the electronics manufacturing sector has been clearly shown since the last quarter of 2011 when flooding covered the central part of Thailand which was the main production base of the electronics and automobile industries.

Since then the electronic industry has still been in stagnation. To overcome the critical situation of the industry, Innovation is essential.

Some studies were conducted in Thailand during the last ten years under the heading of “innovation” but they focused on “innovation in human resource development” (Kamkatwong 2007). Other areas of HRM functions, such as recruitment and employee retention were not found in primary investigations. Employee recruitment and retention were brought to the attention of investors several years ago. Lack of workers either in quality or quantity may have caused some investors to move their factories from Thailand to other countries where labour is sufficient. However If Thailand can eliminate the weak points related to recruitment and retention, investors may change their minds to stay here. Having considered traditional practices of recruitment and retention, they may or may not be effective, hence an investigation of HR practices is required to clarify this situation.

In this paper, two research questions are highlighted; 1) are there any new HR practices which have been implemented in your organization in the last three years? 2) are they enhancing any value in your organization? And 3) are any new value added practices considered as innovations of HRM?

LITERATURE REVIEW

Innovation

Definition

The New Oxford Dictionary of English (1998, p.942) gives the meaning of “innovation” that ...makes changes in something established, especially by introducing new methods, ideas, or products.

The National Innovation Agency (NIA), Thailand summarized its meaning in short that “Innovation is new things derived from the exploitation of knowledge and creativity, leading to enhancement of social and economic value” (Phavichit,(2006). (p.19-21). . Weiss and Legrand (2011 p.6) concluded that Innovation is applied creativity that achieves business value.

In this paper, the researcher gives a definition of innovation for business operations that it means new ideas, processes, practices that organizations implement and create values to business in term of growth, profit margin, or employee engagement.

Theory and Concept

Rogers, (1995, p.81-87) summarizes the concept of innovation in a broad meaning that “an innovation can be a good, service, practice, or idea that people perceived to be new. The newness does not depend so much on the creation date of the item, but refers more to the newness of the application for helping address a need or for solving some sort of problem. Newness also refers to people having a positive reaction to using the item themselves; they may have known about an item before, but may have never thought about using it themselves”.

Characteristics of an Innovation

The characteristics of an innovation can help explain its adoption rate. Innovations tend to be adopted more quickly when they (1) have a relative advantage over existing methods; (2) are compatible with existing values, past experiences, and current needs; (3) are simple to understand; (4) can be tried out or played with by potential adopters; and (5) are observable, such that adopters can see the results for themselves.

Rogers (1995) has distinguished three core theories on innovation: the innovation development process, the innovation decision process, and the organizational innovation process.

Innovation Development Process

Rogers (1995) described six stages of the innovation development process that is comprised of ; needs, research, development, commercialization, diffusion and adoption, and consequences.

Innovation Decision Process

Five stages of the innovation decision process are; knowledge, persuasion, decision, implementation, and confirmation. Rogers laid down knowledge as foundation of the innovation decision process.

Organizational Innovation Process

There are two main stages in the innovation process that occurs in an organization; initiation and implementation.

Types of Innovation

There are two types of innovation that were found in the literature: technological innovation, and administrative innovation (Kamkatwong, (2007), p. 87).

Technological innovation was explained as one that will occur as a result of the use of a new tool, technique, device, or system by which the employees, the units, or the organization extends their abilities (Damanpour, (1987), p. 677).

Administrative innovation involves new procedures and organizational forms (Ravichandran, 2000) allocation of resources, and structuring of tasks (Evan, 1966).

How to Support Innovative Behavior

It was claimed that innovative behavior of employees is defined as the creation, introduction, and application of new ideas within a group or organization in order to benefit performance. Innovative behavior refers to discretionary employee behavior, behavior that goes beyond prescribed role expectation.

Keystones Behavior of Innovation

Miller, (2013, p. 13) proposed “The 5+1 Behaviors of Innovation as usual” by explaining that people’s behaviors are very important to develop innovation in organizations. Those behaviors consist of focus on ideas that matter to the business, connecting to outside to find original ideas, tweaking and challenging their initial ideas, selecting the best ideas and

discarding the rest, storming past the politics to innovation, and persisting in the pursuit of innovation as usual.

Innovation and Human Resource Management

Drucker (1985,1995) gave a short meaning of innovation that it means the specific tools of entrepreneurs, the means by which they exploit changes as an opportunity and advised that an innovation was a vehicle to overcome business obstacles in all kinds of organization. (Ulrich and Bruckbank, 2005, p. 171-172) asked some challenging questions regarding recruitment, compensation, training, promotion, measurement, etc. that to what extent do we hire people on the basis of their track record of creating fast innovation?, to what extent do we promote people on the basis of their contribution to fast innovation?, to what extent do we use formal training to build fast innovation? etc. It is accepted that organizations need innovative HR practices to overcome business difficulties. However most scholars have paid attention to innovation of HR practices and organizational performance (Shaw. 2009; Laursen and Foss, 2000; Som, 2012;).

Human resource management (HRM) innovation concerns new HR ideas and practices that strive to add value to HRM and organizational performance (de Leede and Looise ,2005).

Only rarely was a study found about innovation of human resource practices in Thailand in the literature.

Organizational culture, creativity and innovation

Creativity and innovation are closely interlinked nevertheless there is a distinction between the terms. The term 'creativity' is defined as the creation of ideas. Creativity is a process which leads to outputs.

Organizational culture is the values, attitudes, beliefs, meanings and norms that are shared by people within an organization. Often the culture of an organization determines the desire for innovation. Employee behavior is shaped by organizational culture and therefore influences an individual's actions. There is a direct link between the organizational culture guiding employee behavior and reward systems motivating employees resulting in innovation for an organization.

Human Resource Management

Armstrong (2012, p.4) Human resource management can be defined in line with the original concept as a strategic, integrated and coherent approach to the employment, development and wellbeing of the people working in organizations. It was described more pragmatically by Boxall and Purcell (2003, p.1) as all those activities associated with the management of the employment relationship in the firm; A later more comprehensive definition was offered by Watson (2010, p. 919) as :

“HRM is the managerial utilization of the efforts, knowledge, capabilities and combined behaviors which people contribute to an authoritatively co-ordinated human enterprise to continue into the future and result in successful organizational performance”.

HR practices

Armstrong (2012; p 32-33) has defined that HR practices to consist of the HRM activities involved in managing and developing people and in managing the employment relationship. He also has structured human resource management system as identifying HR strategies,

policies, and practices into five sections; organization, people resourcing, learning and development, reward management, and employee relation. He classifies practices in each section as follows:-

Organization section; practices comprised of design, development, job/role design, engagement.

People resourcing section; practices comprised of workforce planning, recruitment and selection, talent management, health and safety, employee wellbeing, HR policies and practices, employment law and compliance, and e-HRM.

Learning and development section; practices comprised of organizational learning, individual learning, management development, performance management, and knowledge management.

Reward management section; practices comprised of job evaluation and pay survey, base pay management, contingent pay, and employee benefits.

Employee relation section; practices comprised of employment relation, industrial relation, employee voice, and communication.

These descriptions of HR practices are much more advanced than the practices in Thai manufacturing industry where HR practices can be classified into three groups; Recruitment which comprises applicant searching, candidate selection, and employee hiring. Development comprises employee knowledge, employee skill, and employee ability. Retention comprises employees stays in the organization, employees' contributions, and employees' attitudes.

HR Values

Mello (2006, p 4) has demonstrated the sources of employee value that employees have value in six dimensions; technical knowledge, ability to learn and grow, decision making capability, motivation, commitment, and teamwork.

Mayo (2011, p 108-110) has concluded the human value of the enterprise in his executive summary that people are often spoken of as assets, but are generally treated as costs, because we have no credible system of valuing them. The problem is that in today's knowledge-based organizations value is driven more by people than by any other factor. There are five main approaches to building a measurement system for people, or human capital. The attempt to value people financially has not been successful, however an index of value factors provides a necessary balance with seeing people as costs. Current best practice is looking at connecting the value of people in terms of their characteristics (and the value they produce in both financial and nonfinancial terms) via measures of their engagement and motivation.

First it needs to be open to what others want. This fundamental principle is too often overlooked. He further advised that a value proposition has six important implications for HR professionals. Those are a value proposition begins with the business, the ultimate receivers of business value reside in marketplaces that companies serve, framing HR as a source of competitive advantage, aligning practices with the requirements of the internal and external stakeholders, directing HR professionals to acquire the personal knowledge and skills necessary to link HR activity to stakeholder value, and leading HR professionals to view a company's key stakeholders form a unique and powerful perspective.

HR Practices That Add Value

Ulrich and Brockbank (2005, p 95-147) have presented HR practices that add value by proposing two key concepts, those are “flow of people and performance” and “flow of information and work”.

They raised the questions that “To what extent do our HR practices that focus on people (staffing, training, development) add value? And “To what extent do our HR practices that focus on performance (setting standards, allocating rewards, providing feedback) add value?

They suggest four general groups of HR practices that follow the flows or processes central to organization success.

Flow of people. This is to investigate what happens to an organization’s key asset-its people-including how people move in, continue to work and move out of the organization. Proper attention to people flow ensures the availability of the talent that an organization needs to accomplish its strategy.

Flow of performance management. What links people to the work standard and measures, financial and nonfinancial rewards, and feedback that reflects stakeholder interests?. Proper attention to this flow promotes accountability for performance by defining, noting, and rewarding it-and penalizing its absence.

Flow of information. What keeps people aware of the organization and their collective knowledge resources ? Proper attention to information flow insures that people know what is happening, and why, and can apply themselves to what needs doing to create value.

Flow of work. Who does work, how work is done, and where work is done combine individual efforts into organizational outputs? Proper attention to work flow provides the governance processes, accountability, and physical setting that ensure high quality results.

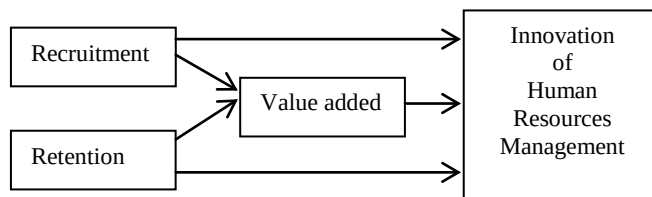
Relevant Research

As indicated research on innovation in social sciences was found to be very limited in Thailand since this topic is quite new. Most of the research papers that are available are from abroad. Few research papers have been conducted in Thailand on innovation and human resources, that have pursued innovation in human resource development in Thailand (Kamkatwong, 2007; Noknoi, and Wutthirong,. 2010). From this point, the researcher saw the gap of knowledge on HRM innovation especially with regard to recruitment and retention that are currently challenging all HR practitioners in Thailand. So it worthwhile to explore these areas knowledge regarding innovative HR practices.

RESEARCH FRAMEWORK

Having reviewed relevant literature, it was found that there are two relatively less researched areas of human resource practices in Thailand, employee recruitment, and employee retention that require investigation. The researcher combines diffusion of innovation theory (Rogers, 1995) and the concept of HR practices (Armstrong, 2012) to be the base line of this study.

FIGURE 1: PROPOSED RESEARCH FRAMEWORK



Sources : Integrated theory of diffusion of innovation, Rogers 1995, and the concept of HR practices, Armstrong, 2013.

Research Questions

1. Are there any new practices of recruitment in the Electronics and Computer industries in Thailand?
2. What new practices of recruitment are there that enhance value to the business?
3. Are there any new practices of retention in the Electronics and Computer industries in Thailand?
4. What are the new practices of retention that enhance value to these organizations?
5. What practices of recruitment and retention are considered as innovation in the Electronics and Computer industries in Thailand? These research questions are investigated in the next section.

RESEARCH METHODS

A mixed methods approach was employed for this study. Because the research questions are questions posed in a mixed method study that directly addresses the mixing of the quantitative and qualitative approaches to the research. This is the question that will be addressed in the study based on mixed methods the mixing (Creswell,2009, p. 230)

Telephone interviews were conducted with 30 section managers of 15 Electronics and Computer companies; two section managers (recruitment and retention) per each. Due to lack of solid information over new practices of recruitment and retention withdraw from the literature review, so directly interviewing experienced personnel is needed.

Questionnaire surveys were conducted with 400 HR practitioners in this industry. The sets of question were classified into 5 categories; 1) biographical data 2) level of opinions towards employee recruitment 3) level of opinions towards employee retention 4) level of opinions toward recruitment and retention practices versus organizational value added, and 5) level of opinions toward recruitment and retention practices versus being innovation of the organization.

Finally in-depth interviews were conducted with 15 senior executive officers of 15 electronics and computer companies in Thailand to fine tune the model.

RESEARCH RESULTS

Findings from qualitative approach

Thirty HR practitioners answered the questions “have there been any new recruitment practices implemented in your organization within the last 5 years? The answers are as shown in Table 1.

Table 1 : New recruitment practices

New Practices	30 HR Managers	Percent
1. E-Recruiting	30	100
2. Referral program	20	66.66
3. Outsourcing	18	60.00

All respondents confirmed that new recruitment practices include e-recruiting comprising of company websites, email, and Facebook, job posting is always indicated on company websites. Applicants can apply for a job by e-mail at any time. HR personnel communicate with interested people and applicants through social media. Referral programs where employees recommend people from outside of organization to apply a job, come second with 66.66 percent. The outsourcing approach is also well accepted in industrialized nations, and comes in as third.

Table 2: New retention practices

New Practices	30 HR Managers	Percent
1. Pay for performance	25	83.33
2. Learning and growth opportunity	23	76.66
3. Recognition and reward	20	66.66
4. Recruit for retention	5	16.66

Pay for performance has been implemented and widely accepted in developed countries but for Thailand this is quite new. Because our compensation system has developed complying with the public system that sets guaranteed rates in higher levels, organization leaders feel that pay for performance system was difficult to implement since many factors are involved. Recruit for retention is the concept of western organizations. This is a strategic idea that not convinced all Thai respondents so this is why less people recognize it as a new practice.

In response to the second question “what new practices of recruitment and retention enhance the organization?

Only the e-recruiting approach that has over 50 percent of respondents answered that it enhanced value to the organizations in terms of cost saving, reducing employee dissatisfaction, and simplifying working processes.

The rest of the respondents either in new practices in recruitment or retention were not sure about creating value to their organizations. Most respondents said it was difficult to value this correctly.

Findings from the quantitative approach

The researcher sent out 400 questionnaires to HR practitioners of 37 Electronics and Computer companies. 370 were returned as completed questionnaires. Two sets of questions related to employee recruitment and employee retention by asking their opinions toward referral programs, social media, and outsourcing for recruitment, and recruitment for retention, pay for performance, recognition, and learning opportunities and career advancement for employee retention

Employee Recruitment

Referral program : Correspondents agreed with the referral system and establishment of this policy. They confirmed that the referral program was valuable to the organization but were not sure whether it influenced profit or loss.. However they believed that the referral program is accepted as an innovation (3.52)

Social media: It was confirmed that the social media is an innovative practice for employee recruitment (3.16). But they were not sure that it enhances value in term of profit-loss or not.

Outsourcing: Most of correspondents were not confident in all aspects; implementation, enhancement of value to the organization, and being innovation.

Employee retention

Recruitment for retention:: it was well accepted by correspondents that recruitment for retention could be a good retention practice, and it was considered as innovation of retention (3.47).

Pay for performance: this practice affects organizational commitment. Most of the respondents were not confident of whether it was innovation of retention (3.47).

Recognition: it affected profit (3.56) and commitment, but correspondents were not confident whether it was an innovation or not (3.14).

Career growth and development opportunity: it creates values to the organization and affects organizational commitment (3.69).

Innovation of Human Resource Management

Most of the respondents agreed that innovation of HRM is comprised of new procedures (3.63), implementation (3.38), and enhanced value to the business (3.81).

Innovative Human Resource Practices

Results from the quantitative data found that human resource practices that were innovative practices were comprised of 1) referral recruitment program, 2) recruitment through social media, 3) recruitment for retention, and 4) career advancement and development opportunities.

Findings from an in-depth interviews

To fine-tune findings from the in-depth interviews were conducted with 15 senior executives of electronics and computer companies in Thailand during May to October 2014. Three questions were raised for discussion and recommendation. The questions are; 1) Were any new HR practices implemented at your company considered as innovation? 2) Do you

agree with the proposed model of Human Resource management which is attached? And 3) Please modify the proposed model and give recommendation for its further development.

HR practices which were claimed as innovative practices

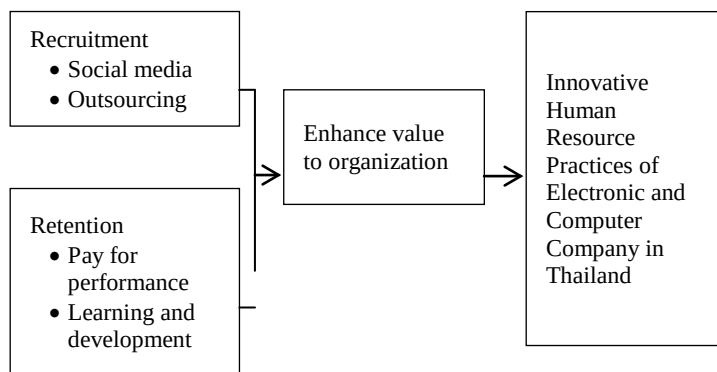
All senior executives said that it is difficult to identify what practices are innovative since many factors are associated with innovation. Some of them recommended changing the title of the paper to “Innovative Human Resource Practices of The Electronics and Computer Companies in Thailand”. The reasons are; 1) significant changes in HR practices were not found in their companies, 2) they were afraid that the word “innovation” is used over the statement, 3) innovation needed critical examination to try to show its existence.

HR process outsourcing is one practice that most of them agreed that it was quite new and widely used in the industry s but it needs few further justifications.

As expected senior executives agreed with findings as innovative practices with minor changes.

1. Social media and outsourcing are innovative recruitment practices..
2. Innovative retention practices are pay for performance and learning and development programs.
3. The enhance value to business: economic value, social value, and employee engagement.

FIGURE2: MODIFIED MODEL OF INNOVATIVE HR PRACTICES



DISCUSSION AND CONCLUSION

This research has achieved the objectives indicated in the introduction. All research questions were answered with findings that can be summarized in brief:- new HR practices were found in recruitment and those are employee referral programs, recruitment through social media, and outsourcing, for retention these are recruit for retention, pay for performance, and recognition, growth and development. All new practices were shown to “enhance values to organizations” by using both qualitative and quantitative methods.. However in final state of the inquiry, the 15 senior executives critiqued the proposed findings and slightly amended them. They modified and fine-tuned them as shown in the modified model. The learning points of this research are theoretical knowledge based on practical

knowledge to improve the gap of knowledge and then it can be utilized for social benefits. Recruitment outsourcing was well accepted but it was rated as “not confident” in all categories of the questionnaire. It should be further investigated in future research. Senior executives highly recommended that “we cannot leave it behind or ignore it since all are aware of outsourcing practices in HR processes”.

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THE ASYMETRIC NATURE OF THE CUSTOMER SATISFACTION CONSTRUCT

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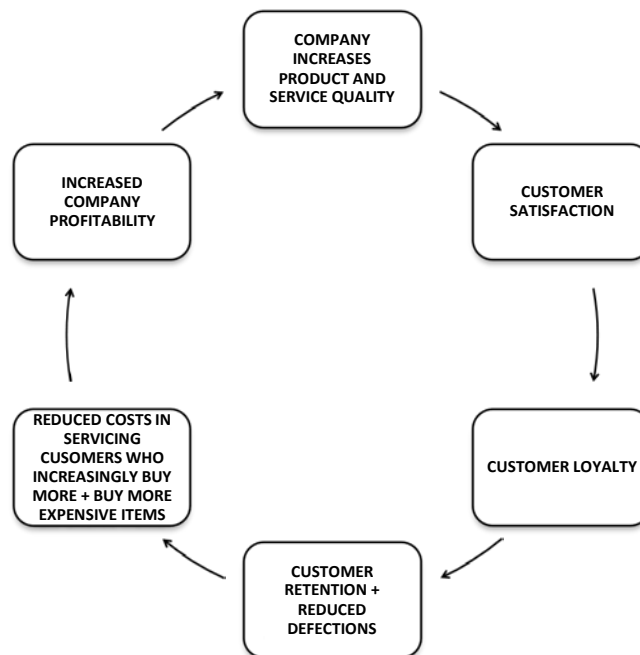
ABSTRACT

Check out of your hotel and you'll soon be sent an electronic questionnaire asking for your satisfaction ratings of the hotel's various services. While having a meal at a restaurant you'll often see a card-questionnaire on the table asking for your satisfaction with the meal and service. Call up the telephone company regarding a telephone issue and you'll be asked to stay on the line an extra minute to respond to several questions regarding your satisfaction with the service. Visit a doctor and, before you leave, there are some questions they'd like to get your responses to regarding your satisfaction with the visit. Most companies recognize that in order to maintain high levels of customer satisfaction they must maintain and deliver high-quality products and services. But will providing high levels of measurable satisfaction ensure that companies create a coterie of loyal customers, and will this in turn increase company profitability? This paper investigates the links in the Customer-Company Profit Chain beginning with the construct of "satisfaction," a construct that has become a feature of everyone's daily life.

SATISFACTION

Less than 20 years ago, service marketing was recognized as a unique branch of marketing with its own issues and theories separate and distinct from tangible-goods marketing. A stream of service marketing research was generated, resulting in contributions in the areas of service development, implementation, and assessment. The measurement of customer satisfaction became prominent as a means of assessing users' attitudes toward the quality of companies' service delivery. Restaurants, banks, airlines, hospitals, hotels, car rental agencies, insurance companies, and universities, among others, queried their diners, account holders, passengers, patients, guests, customers and students about the quality of their service. This was the "Golden Age" of customer satisfaction studies. No effort was spared to ensure that customers were receiving the highest quality service possible. The reasonable assumption is satisfaction makes a difference in developing and maintaining customer relationships, and through better service comes higher profits. The Customer-Company Profit Chain (See Figure 1) posits that increasing service quality increases customer satisfaction which will lead to retention and loyalty. Such customers cost less to serve, will increasingly buy more, trade-up to more expensive offerings and increase company profitability. This article investigates whether this is really the case.

FIGURE 1: THE CUSTOMER-COMPANY PROFIT CHAIN



Organizations believe that satisfied customers will provide positive word of mouth, buy a greater variety of products and services and trade-up, which will, in turn, increase profits and improve company value. But will providing high levels of satisfaction ensure that companies create a coterie of loyal customers who will spend more and increase company profitability? Understanding the relationship between satisfaction, loyalty, and profitability is critical to our developing better marketing strategies and is the topic of this paper.

If satisfaction is the key to maintaining and enhancing customer relationships which, in turn, lead to greater profitability, then measurements of marketing strategy effectiveness can be based on the rich array of satisfaction measures that already exist. Marketing strategies should be developed that focus on increasing customer satisfaction. However, if satisfaction does not prove to be intimately related to customer loyalty and profitability, then we should determine why, and search for other marketing effectiveness measures.

Quality of service is what the customer, not the company, says it is. A recent study showed that while 80 percent of the 362 companies surveyed felt they provided a superior-quality service, only 8 percent of customers felt they did (Anderson, Fornell and Lehmann 1994). While it is generally agreed that the concepts of service quality and service satisfaction are related, some feel that there is confusion regarding exactly how the two variables relate to one another (Brown, Fisk and Bitner 1994). Some have suggested that customer satisfaction is transaction specific (an immediate post-purchase evaluation) and therefore somewhat variable. Others feel that since consumer satisfaction is an evaluation based on the total purchase and consumption experience with a good or service over time (cumulative

satisfaction), it is an enduring attitude toward an organization's service quality (Evans 2011).

It is possible that a customer may experience low transaction-specific satisfaction but still have high cumulative satisfaction with a company. For example, a business traveler waiting a long time to check into their hotel room and then being told their reservation can't be found is bound to experience low satisfaction with the hotel for this particular transaction. They may have stayed at this hotel for a number of years without incident, however, so their overall cumulative satisfaction with the hotel is still high. Transaction-specific satisfaction measures are more useful in determining the effectiveness of training or other quality improvement efforts. Cumulative satisfaction measures are more useful in determining the effectiveness of customer retention efforts.

One conclusion that seems to characterize the many diverse studies with respect to customer satisfaction is that while satisfied customers may not remain loyal, dissatisfied customers certainly won't (if they have a choice). The vast majority of dissatisfied customers, reported to be as high as 90 percent in some studies, will not have further dealings with such companies (Knauer 1992). Further, nearly all research has shown that dissatisfied customers tell more people about their bad experiences than satisfied customers with good experiences. Negative word-of-mouth (mouse) is spread more quickly, to more people, than positive word-of-mouth (mouse) and it has more impact on their future behavior. Satisfaction is, therefore, said to have an asymmetric impact on variables such as loyalty and profits. Leaving a customer dissatisfied damages a company in two ways: loss of business from that customer and negative word of mouth leading to the loss of business from many others.

It behooves a company to try to recognize dissatisfied customers and reverse a bad situation. Unfortunately, numerous studies have shown that only a small percentage of dissatisfied customers complain—usually less than 10 percent. T. Peters reported that 26 of 27 customers failed to report a bad experience (Peters 1987). Why? Perhaps because they felt that the time and effort involved was greater than the potential return they would accrue from the company satisfactorily handling their complaint.

Handling customers' complaints satisfactorily is impossible if customers do not report them. Companies must establish systems, procedures, and an underlying culture that views customer complaints as an opportunity rather than a threat. Tony Tuor, the late, Swiss-born executive manager of the Dusit Thani Hotel in Bangkok, could be seen every day talking with hotel guests in one or more of his hotel's restaurants, soliciting their feedback regarding lapses in his hotel's service. Tuor once said: "I love when customers complain because that gives me the opportunity to solve their problem, provide a solution that exceeds their expectation, and cement the relationship. These previously dissatisfied customers will become more loyal to our hotel than if they didn't experience a lapse in service quality in the first place."

Dissatisfied customers have dire consequences for a company's business, but let us now turn our attention to the benefits of having satisfied customers. Here, the matter becomes less straightforward. The following are two definitions of what it means to be a satisfied customer

(Lemon, White and Winer 2002):

Satisfaction can be broadly characterized as a post-purchase evaluation of product quality given pre-purchase expectations (Anderson and Sullivan 1993).

Satisfaction is the consumer's response to and evaluation of the perceived discrepancy between prior expectations (or some other norm of performance) and the actual performance of the product as perceived after its consumption (Tse and Wilton 1988).

Notice the similarity in these definitions of satisfaction: the comparison of prior service expectations with the actual service level received. This is referred to as the expectancy confirmation/disconfirmation model of satisfaction, wherein satisfaction is the difference between expectations and current experiences. If service rendered exceeds what was expected, the consumer is satisfied. If service rendered is below what was expected, the consumer is dissatisfied. An important strategic outcome of this is that there are serious ramifications in store for those companies that promise more than they can deliver. On the other hand, if a company keeps expectations relatively low (Carnival Cruise Lines) customers leave satisfied when they find their expectations have been exceeded.

From the mid-1980s until 2000, service firms and academics worked diligently to establish the best ways to measure customer satisfaction because of the belief in the relationship between customer satisfaction and loyalty and, further, the belief that long-term relationships were more profitable than short-term relationships. As research results accumulated, however, some concluded that satisfied customers may not necessarily develop into loyal customers. For example, while Carnival Cruise Lines has 95% satisfaction, less than 20% of their customers return more than once!

SATISFACTION, TRUST, COMMITMENT AND LOYALTY

To many researchers of relationship marketing, satisfaction appears to be too weak a construct to describe the strength and depth of a relationship, so other variables were investigated as predictors of future behavior. Since relationships are studied in many fields including social psychology, industrial marketing, services marketing, marriage and family, and even religion, it is not surprising that a vast array of variables were considered. Several constructs more essential than satisfaction were hypothesized to underlie relationship-strength including: caring, support, loyalty, honesty, communication, respect, affection, helpfulness, trust, understanding, liking, reciprocation, trustworthiness, commitment, placing priority on the other's interests, maintaining privacy, desire to maintain a long-term relationship, interacting over time, benefits accruing to both parties, not criticizing publicly, working through disagreements, and keeping confidence.

While many elements such as these underlie relationships, the research literature singles out trust and commitment between both parties as being critical. R. M. Morgan and S. D. Hunt, in their theory of relationship marketing, state that trust and commitment are essential because they encourage partners to:

1. Preserve the relationship through cooperation
2. Resist attractive short-term alternatives in lieu of expected long-term benefits
3. Take risks since they are confident their partner will not act opportunistically (Morgan and

Hunt 1994)

With trust, one partner will rely on another because they have confidence in their integrity, durability, and ability to work out problems they will face in the marketplace. Commitment refers to both parties' understanding that they are in the market together for the long run. They are willing to make sacrifices for their partner because they are mutually dependent upon one another in their quest to achieve long-term returns on their psychological and financial investments.

The importance of trust and commitment was further emphasized by B. B. Jackson who identified three types of relationships that a company can have with its customers—that of being an acquaintance, friend or partner. She states that acquaintance relationships, based on satisfaction, are the weakest (Jackson 1985). An **acquaintance relationship** exists when a customer is satisfied with the product or service a company provides because it is on par with what they could get elsewhere. This implies that satisfaction, in and of itself, cannot be expected to be a precursor to loyalty since competitors' offerings are comparable with the selected offering, and any number of situation-specific variables could lead the consumer to switch to an alternate. A **friendly relationship** exists when the customer trusts that a company provides differentiated value. And a **partner relationship** exists when the customer is committed to the company because it provides customized value.

When there is commitment, both parties will do whatever is necessary to maintain the relationship. As such, partner relationships are more likely to occur in the business-to-business (B2B) sector (for example, between franchisor and franchisees) although they do occur in the business-to-consumer (B2C) sector as well (for example between Harley-Davidson and Harley Owners Group (HOG) members). Since the strength of a relationship moves from satisfaction to trust to commitment, satisfaction alone cannot be expected to lead to loyalty since it indicates only a weak bond between customer and company. Organizations may want to determine what type of relationship—acquaintance, friend, or partner—characterizes ongoing customer–company bonds in their company and industry, and then decide whether measures of satisfaction, trust, or commitment are most appropriate.

While satisfaction as a measure of the bond between customer and company may be a somewhat weaker construct than loyalty, a few research studies have shown that a positive relationship exists between satisfaction and financial performance even though the relationship may not be direct. One study showed that for every 1 percent, or 1 point, increase in satisfaction, a firm's market value increased by \$35 million (Anderson, Fornell and Mazvancheryl 2004, Ittner and Larcker 2000). Other research has shown that the satisfaction–profit link is asymmetric and nonlinear with a 1 percent increase in satisfaction increasing return on investment (ROI) by 2.4 percent, but a 1 percent drop in satisfaction decreasing ROI by 5.1 percent (Gupta 2006). The findings cannot be generalized, however, since the satisfaction–profit link varies by industry.

With respect to the construct of loyalty, researchers have still not developed a definition of loyalty acceptable to everyone. At least four definitions exist:

1. **Behavioral or Spurious loyalty** simply looks at the brand(s) purchased without consideration of the feelings toward the brand. For example, a consumer purchasing Minute Maid orange juice every week for 10 years would exhibit behavioral loyalty if they purchased it because it was the only brand available even though they didn't like it.
2. **Affect or True loyalty:** "Affects" are the feeling components of an attitude and include "liking" and "preference." Proponents of this approach state that loyalty is determined not simply by looking at what is purchased but also by looking at a person's "liking" and "preference" of the brand. Many feel that for true loyalty to exist there must be affect loyalty; that is, a strong commitment to a brand.
3. **Situation-specific loyalty:** Proponents of this approach state that the relationship between attitudes and behavior is moderated by other variables such as an individual's economic circumstances, personality, and the buying situation (on-the-shelf availability, low price, point-of-purchase displays, sales promotion, etc.). With this model, it is possible that a consumer may forgo purchasing a brand they like and prefer because of another brand's promotion or availability. A consumer exhibits situation-specific loyalty if they purchase a Honda motorcycle because of a \$2,500 cash-back offer even though they prefer Harley-Davidson.
4. **Latent loyalty:** Latent loyalty exists when a consumer loves a brand but can't buy it because of price or other restrictions.

When there is no feeling toward brands within a particular product category and the consumer purchases whichever brand the store sells (coffee filters, vegetable oil, sugar), there may be no loyalty at all. "Convenience" goods are characterized by such brand indifference.

RETENTION

Reichheld, Markey and Hopton were not keen on measuring customer satisfaction since they claimed it was not related to retention. Instead, they stated that companies should carefully track repurchase loyalty as the "truer measure of how they stack up versus the competition." They stated that Lexus uses repurchase loyalty as their key satisfaction indicator (Reichheld, Markey and Hopton 2000). Reichheld was one of the first to propose that companies needed to focus more on customer retention as opposed to acquisition. Along with Sasser, he made a strong case that customer retention is the major driver of company profits. They made the following points regarding the importance of retention:

- Customers defect at the alarming rate of 10–30 percent per year. In fact, the annual defection rate for newspaper subscriptions is 66%.
- A 5 percent increase in customer retention consistently resulted in 25–100 percent profit swings, over time, across all industries studied.
- Companies can boost profits by almost 100 percent by retaining just 5 percent more of their customers. For one auto-service firm the expected profit from a fourth-year customer was more than triple the profit the same customer generated in the first year.
- Reducing defections by just 5 percent generated 85 percent more profits in one bank's branch system.
- Companies with loyal customers can financially outperform competitors with lower unit costs and higher market share but high customer churn. In the credit card business, for example, a 10 percent reduction in unit costs was financially equivalent to a 2 percent decrease in defection rate (Reichheld and Sasser 1990).

FACTORS INTERVENING BETWEEN SATISFACTION AND LOYALTY

“Loyal customers, high in repeat purchase behavior and strong in attitude, are, theoretically, the most desirable customers...loyalty indicates a commitment to the support of a relationship.” W. G. Zikmund, R. McLeod, Jr., and F. W. Gilbert, *Customer Relationship Management* (New York, NY: Wiley & Sons, 2003).

Will maintaining high levels of satisfaction lead to customer loyalty? Most companies believe it will. Following, however, is a comprehensive view of intervening factors that may decrease, or even negate, the relationship between satisfaction and loyalty:

- The sheer numbers of competitive offerings that are on par with the company's offerings make it easy for satisfied customers to switch allegiance without any negative effects. For example, a consumer may love his Mercedes-Benz auto but when it comes time to purchase a new car he may decide among other high-quality luxury autos such as Lexus, BMW, Audi and Infiniti. Conversely, if few or no competitive offerings are available (telephone service, for example), a dissatisfied customer may, in fact, continue to purchase a product or frequent an enterprise toward which they are dissatisfied.
- Novelty-seeking behavior: while a consumer loved his last three Volvos he switches to an Audi just to experience something different
- Lack of personal attachment to a brand with which they are satisfied: a consumer may be very satisfied with Duracell batteries but purchase Eveready the next time he needs batteries. Consumers in general do not become emotionally attached to brands of convenience goods; e.g., brands of coffee filters, flashlight batteries or tooth-brushes. Even if highly satisfied, consumers buy what is available.
- Lack of consistency in performance: A season ticket holder loved 5 of the 6 operas at the Civic Opera House but decides not to repurchase season tickets because of the one opera she disliked.
- New competitors offer better value: the consumer loved his Mercedes but purchased a Lexus because of the automatic park-itself feature.
- New competitors provide a greater variety of ancillary services that lead a satisfied customer to switch. Such ancillary services could include financing, guarantees, training, delivery, formulation, servicing, packaging, etc.
- With respect to customer retention, high expectations of future use may override low levels of satisfaction, and low expectations of future use may override high levels of satisfaction (Anderson and Sullivan 1993): For example, a consumer may not like Avis but since the company expects him to use Avis he has a long-term relationship with the brand.
- Customers may be very satisfied with a company's service and yet not want a long-term relationship with the firm. For example, a consumer cannot wait to stop doing business with a major credit card company even though its service is superb.

All of these examples point to the “disconnect” between satisfaction and loyalty and should give companies pause in their use of satisfaction measures to predict the direction of future sales.

RESEARCH FINDINGS REGARDING THE RELATIONSHIP BETWEEN SATISFACTION AND LOYALTY

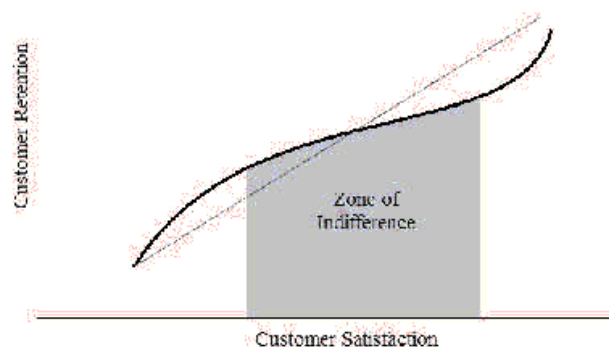
Even though customers may have high satisfaction scores but defect anyway, there is a lot of academic and commercial support for the satisfaction/loyalty/repurchase model; and

companies continue to invest in attitudinal satisfaction studies. Why do some researchers stress that satisfaction is intimately related to retention but others caution that one should never relate satisfaction levels to retention (Rust and Zahorik 1993, Reichheld 1993)?

There appear to be five reasons for such disagreement:

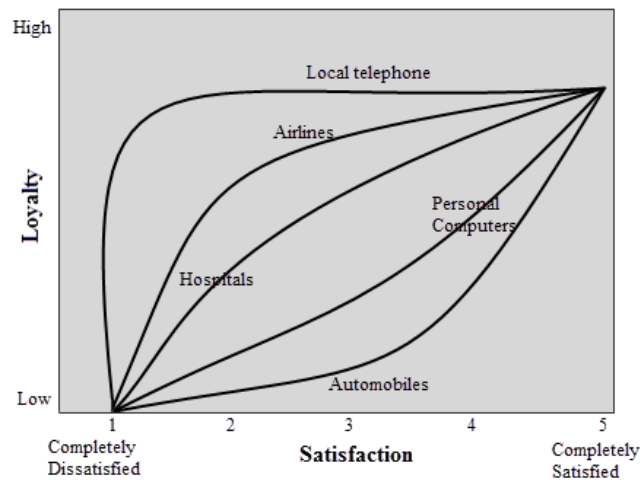
1. Some research indicates that there is a relationship between satisfaction and loyalty, but it is not a simple linear relationship (See Figure 2). V. Kumar and W. J. Reinartz claim that the link between satisfaction and retention is asymmetric (dissatisfaction has a greater impact on retention than satisfaction) and nonlinear (the impact of satisfaction on retention is greater at the extremes, with the flat part of the curve in the middle called the zone of indifference) (Kumar and Reinartz 2005).

FIGURE 2: THE SATISFACTION-RETENTION CURVE



2. One must make the distinction between spurious loyalty and true loyalty. The former can be generated in industries where competition is scarce, high-switching costs exist, or loyalty programs engender usage even when service does not warrant it. With local phone service, a convex relationship exists where customers are loyal (falsely loyal), even at high dissatisfaction levels (See Figure 3). On the other hand, where numerous high-quality competitors exist—e.g., the auto industry--a concave relationship exists where even a slight drop from complete satisfaction causes a tremendous drop in loyalty. Note, again, that there is not a simple linear relationship between satisfaction and loyalty. Thus, when it comes to measuring the effectiveness of marketing strategy, a researcher must distinguish between true (affect) and false (behavioral) loyalty. As T. O. Jones and W. E. Sasser, Jr. point out, to a much greater extent than previously thought, completely satisfied customers are more loyal than merely satisfied customers (Jones and Sasser 1995).

FIGURE 3: HOW THE COMPETITIVE ENVIRONMENT AFFECTS THE SATISFACTION-LOYALTY RELATIONSHIP



3. Even though Reichheld, Markey, and Hopton provide findings that show customers buy significantly more from companies with which they are completely satisfied, they hold to a more rigorous definition of satisfaction than most. To them, a customer is satisfied only if they are a “5” on a 5-point scale (Reichheld and Sasser 1990). Other satisfaction levels do not show a similar relationship.
4. Many studies investigating the relationship between attitudinal satisfaction and other dependent variables (longevity, profits, positive-recommendations, buying higher margin items, etc.) do not differentiate among first-time, short-term, and long-term customers. We posit that the relationship between satisfaction and indicators of loyalty or profitability will be strongest for long-term customers with positive satisfaction scores and lowest for short-term customers with positive satisfaction scores. The former can be considered in a relationship, while many of the latter may turn out to be transactional buyers. This may result in their having high initial satisfaction scores but low scores on the dependent variables such as retention.
5. Perhaps most importantly, your most loyal customers may also be your competitors’ most loyal customers. Most loyal customers may not, in fact, be exclusively loyal. “Road Warriors” may actually be the best customer segment for numerous airlines, hotels, and rental car agencies. This group may be highly satisfied with all company interactions, but one slight slip may cause them to defect since there are so many high-quality alternatives. As G. R. Dowling and M. Uncles pointed out:

“There is reliable empirical evidence to suggest that many or most heavy users are multi-brand loyal for a wide range of products and services. That is, a company’s most profitable customers will probably be the competitors’ most profitable customers as well (Dowling and Uncles 1997).

A. S. C. Ehrenberg found empirical proof for a logical corollary; namely, “100 percent loyal buyers tend to be **light** buyers of the product or service” (emphasis added) (Ehrenberg 1988). In other words, in many markets, the high-volume buyers split their purchases across companies, whereas the low-volume buyers are more likely to purchase from a single company. The implications for measuring the effectiveness of marketing efforts is that one must be careful in how loyalty is defined. Customers who are 100 percent loyal should be

expected to be most profitable. In actuality, those with divided loyalty may be a firm's most profitable segment.

THE RELATIONSHIP BETWEEN CUSTOMER LOYALTY AND COMPANY PROFITABILITY

Companies focus on developing a loyal customer base for the increase in profits this group is expected to generate. It seems intuitive that the longer loyal customers buy from a company, the more profitable they become. Few would argue this in contractual situations; e.g., between health clubs and their members or between phone companies and their subscribers. But these contractual settings should be contrasted with more transactional settings such as exist between retail stores and their customers. Even in transactional settings the relationship between customer loyalty and company profitability has been found to exist. Reichheld and Sasser's study showed that even a small increase in customer retention rates could have a major impact on profitability (Reichheld, Markey and Hopton 2000). Reichheld and T. Teal showed that profits increase with the length of time a customer remains in a relationship with a company (Reichheld and Teal 1996). R. C. Blattberg and J. Deighton showed that it was much more cost effective for a company to retain their current customers than to acquire new ones (Blattberg and Deighton 1996). R. Best said that retained long-life customers produce higher revenues and margin per customer than lost or newer customers and that total profits should increase over time (Best 2000). These studies reinforced the benefits of what is called **defensive marketing** as opposed to **offensive marketing**.

The increased profits from loyal, long-term customers are said to accrue for a number of reasons:

- They buy more
- They tend to "trade up" (i.e., purchase more expensive items in a company's product lines)
- They lose their vigilance toward price and become less price-sensitive. The reasoning is that long-term customers, because they understand a company's procedures and product lines well, can extract more value in terms of convenience and purchase efficiencies and, therefore, are not as price sensitive as newer customers.
- They give word-of-mouth referrals to family and friends
- They cost less to serve since companies are more efficient in meeting their needs

All of these factors have increased companies' efforts to retain customers.

Recently, however, results of empirical studies have led to numerous qualifications regarding loyalty-profitability tenets. Uncles and Dowling caution: "In short, the contention that loyal customers are always more profitable is a gross oversimplification (Ehrenberg 1988)." Reinartz and Kumar point out that if the cost of servicing customers is greater than the profit margin generated by customers profits will not increase over time nor will the nature of the lifetime-profitability relationship be positive (Reinartz and Kumar 2000).

Costs of servicing long-time customers can be high. Consider the catalog company that sends ten or more catalogs per year to a household that never buys. Consider the cost to a company that sends out millions of bills each month to customers with a \$0 balance. Consider long-time customers who tie up the contact center personnel with constant complaints or

consistently return merchandise. Finally, consider the significant costs associated with loyalty/reward programs. Costs of servicing long-term customers can actually exceed the profit margins they generate.

Does it truly cost less to service long-term customers than short-term customers? Those involved with B2B say “yes” because experience factors play a role in most of these relationships. When the transaction involves learning, long-term customers should cost less because the cost of educating them gradually decreases while transaction efficiencies increase over time. For example, corporate tax accounting firms can service long-term clients more efficiently since they have acquired a deeper knowledge of their business over time and trained the client in time-saving input routines. Those involved with B2C, however, point out costs such as mailing, are unaffected by a customer’s tenure.

Reinartz and Kumar empirically tested the relationship between retention and profitability and their findings contradict many of the traditional tenets. They found that:

- In terms of profitability per month, short lifetime but high revenue customers were the most attractive.
- Profits for long-life customers did not increase over time.
- Short-life customers paid higher prices than long-life customers. This supported company managers, who said that long-term customers have a higher value consciousness (i.e., pay lower average prices).
- Some long-life customers may cost the firm more in the long run due to marketing expenses exceeding profits for this group (Reinartz and Kumar 2000).

Their study illustrated the importance of weighing promotional costs against expected profits from varying tenured customer segments.

Additional empirical studies across industries will have to be conducted before the many tenets of the loyalty/profit relationship can be accepted or rejected. What can be recommended now, however, is that each company tests these loyalty/profit tenets using their customer base. Transaction-based service companies, such as restaurants, hotels, and airlines, may have a significantly different loyalty/profit profile than health clubs, telephone companies, and insurers that have contractual service relationships with customers. In addition, companies producing highly identifiable products and services that are strong in psychological benefits and consumer involvement (university degree programs, professional sports teams) may have significantly different loyalty/profit profiles than companies producing products and services that are undifferentiated from their competitors (luxury hotels, airlines).

In one of their landmark articles, W. J. Reinartz and V. Kumar provided an interesting typology of customers based on their profitability and their projected duration with a company (Reinartz and Kumar 2000). (See Figure 4)

The typology is useful because once a company determines which quadrant a customer belongs to, it can determine the amount it should spend on relationship efforts. They suggested that since Butterflies are high-profit/short-term customers, the mistake that most

companies make is investing too much money over too long of a time period in relationship marketing. The key with Butterflies is to maximize transactional profit through short-term promotional blitzes and not to attempt a long-term relationship. Because True Friends offer the greatest profit over the longest time period, companies must foster this relationship more than the others but not overwhelm these customers with constant communications. Since Strangers are low-profit/short-term customers, no investment should be made on them. Companies should seek profit on every transaction and never expect that offering them loss-leaders will cause them to trade-up. They are only loyal to low prices and will not change. Barnacles are long-term/low-profit customers. They may be low profit either because their wallets are small or because you have a small share of their wallet. Companies should try to increase profits from this group by cross-selling and trading-up. If this fails, assume their wallets are small and minimize relationship marketing expenses.

FIGURE 4: CUSTOMER LOYALTY AND PROFITABILITY

Profitability	High	Butterflies 	True Friends 
	Low	Strangers 	Barnacles 
		Short-Term	Long-Term
		Customer Loyalty	

Based on a categorization of customers classified on profitability and loyalty, here are the marketing strategies that are recommended (See Figure 5): For high-profit/high-loyalty customers use a CRP strategy: customize, reward, and personalize. For high-profit/low-loyalty customers try and OUTFOX the competition. This group probably divides its purchases among a number of competitors, so companies should try and increase their share by developing effective strategies and tactics; however, this must be done continuously for competitors will match the ones that prove successful. For low-profit high-loyalty customers X-RAY WALLETTS: i.e., direct promotions to the entire group for a year to determine which customers are valuable and which aren't. Drop those with thin wallets and keep those with thick wallets. For low-profit low-loyalty customers use the FAT strategy; i.e., "forget about them." You will never recoup your marketing investment in this group.

FIGURE 5: CHOOSING A LOYALTY STRATEGY BASED ON TYPE OF CUSTOMER

Profitability	High	Butterflies Outfox Strategy	True Friends "CRP" Strategy
	Low	Strangers "FAT" Strategy	Barnacles X-Ray Wallet Strategy
		Low	High
		Loyalty	

SUMMARY

The relationships between customer satisfaction, loyalty and profitability are not clear. Increases in satisfaction have been related to increases in company profitability although the relationship does not appear to be linear. In addition, the relationship between satisfaction and profitability appears to be asymmetric. Dissatisfaction will hurt the bottom line more than satisfaction will help it. Most established competitors today produce quality products and render high-quality service, so consumers are highly satisfied with numerous options in each category. That being the case, companies need to strive for something greater than customer satisfaction. Companies need to deliver a marketing mix that customers simply cannot live without. Companies need to bond with their customers through effective relationship marketing strategies and create loyalty, trust and commitment rather than just satisfaction. The difficulty is in not overspending on customer segments that don't want a deep relationship with your organization. It is most probable that the relationships between customer satisfaction, loyalty and profitability are industry specific and are best determined by companies mining and analyzing the data in their customer information bases. The greatest successes will be gained by companies who are able to identify their "steep-skew" customer segments; i.e., those generally small groups of customers spending the most money on high-margin products and services. These are the segments you want to become loyal and you want to retain through relationship marketing efforts.

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