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Statement from the Managing Editor

Given the dynamic nature of the business environment, organizations are compelled to use new business models to enable them to compete both efficiently and effectively. While the Journal encompasses a broad-based spectrum of articles addressing the needs of primary disciplines in business, it also includes research on emerging interdisciplinary fields as can be seen in the articles in our current issue.

Smutkupt, in our first article, emphasizes the importance of shared vision based on her research conducted in a large industrial estate developer in Bangkok. She has highlighted the three antecedents of shared vision – affective commitment, intrinsic motivation and effective communication and has cautioned managers to promote these in their organizations. Leelakasemsant, in our second article, explores the combined effect of ownership concentration and equity liquidity on capital structure in the Thai context. His findings show that firms with concentrated ownership tend to use less debt in their capital structures. An interesting article, with a topic that has not been researched much in Thailand, is consumer ethnocentrism by Vadhanavisala. Her findings showed that consumer ethnocentrism has a significant influence on Thai consumers' intention to purchase domestic products. She also found two antecedents, collectivism and xenophobia, influence ethnocentrism in the Thai context. Tantivorakulchai next examines how push and pull factors influence Thai students' destination choice for higher education in the US, UK and Australia. His findings are particularly important for marketers and educators and throw light on why Thai students are willing to pay the extra cost for education in these countries. In our fifth article, Sukriket examines job satisfaction and turnover intention of software programmers in Bangkok. Given that demand exceeds supply of these talented professionals, his findings provide HR managers with retention strategies for these employees. In our final article, Paesai focuses on a strategic framework for formulating SME's promotion plan. Her article outlines the problems encountered and offers suggestions for the government and private sector for formulation and implementation of SME's promotional plans.

This issue marks my completion of 12 years as Managing Editor of the Journal. It has been an honor and pleasure to serve as Managing Editor but it is now time to pass the Journal into the capable hands of a new Managing Editor. I thank the Editorial Board, all the authors, peer-reviewers, and staff for their time, patience and scholarship. The Journal would not have been what it is today without your cooperation.

Happy New Year

Patricia Arttachariya, Ph.D.
Managing Editor

Statement of Editorial Policy

AU Journal of Management is an interdisciplinary journal that welcomes submission from scholars in disciplines related to business and management (e.g. marketing, finance, economics, accounting) and from other related disciplines (e.g. education, IT). The journal is multidisciplinary in scope and interdisciplinary in contents and methodology.

AU Journal of Management accepts both research and academic papers. Quantitative and qualitative methodologies are both encouraged as long as the studies are methodologically rigorous. The journal does not publish manuscripts about teaching materials/methods, articles that merely criticize previous work, or those aimed solely at business practitioners. On the other hand, articles that discuss theoretical, empirical, practical or pedagogical issues are welcome.

AU Journal of Management is published twice a year, in January and June. Manuscripts are accepted on the understanding that they have not been, nor will be, published elsewhere. Based on the decision of the editors, manuscripts will be submitted to a double blind review. The final decision on publication rests with the Managing Editor.

A set of detailed guidelines for authors can be found on the back pages of the journal. All manuscripts on acceptance become the copyright of Assumption University.

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THE KEY ANTECEDENTS OF SHARED VISION: A CASE STUDY ON AN INDUSTRIAL ESTATE DEVELOPER IN THAILAND

Srobol Smutkupt

Martin de Tours School of Management and Economics, Assumption University

Abstract

Vision serves a critical role in today's organizations. A successful shared vision paints a bright picture for the future of the organization. Most organizations have their own corporate vision. However, making a corporate vision become a shared vision is challenging for management. The main objective of this research was to examine the key antecedents of shared vision. Based on literature, there are many factors that contribute to shared vision. However, not many empirical studies have been conducted in this area. The results of the research revealed that three factors including affective commitment, intrinsic motivation and effective communication were identified as the key antecedents of shared vision. The findings provide significant implications for the organization to understand the importance of affective commitment, intrinsic motivation and communication. Management and HRM should focus on positive activities and practices in order to enhance these factors in the organization.

Keywords: shared vision, organizational commitment, communication, motivation

บทคัดย่อ

วิสัยทัศน์นับเป็นสิ่งที่สำคัญสำหรับองค์กรในปัจจุบัน องค์กรที่สามารถบรรลุวิสัยทัศน์สามารถที่จะประสบความสำเร็จในอนาคต องค์กรส่วนใหญ่มีวิสัยทัศน์ แต่การทำให้พนักงานมีวิสัยทัศน์ร่วมกันเป็นสิ่งที่ท้าทายผู้บริหาร วัตถุประสงค์ของบทวิเคราะห์นี้เพื่อศึกษาปัจจัยที่ก่อให้เกิดวิสัยทัศน์ร่วมของพนักงานในองค์กร งานวิจัยในอดีตพบว่า มีปัจจัยหลายหลากที่ส่งผลให้เกิดวิสัยทัศน์ร่วม แต่หลักฐานเชิงประจักษ์ยังมีอยู่น้อยมาก ผลจากงานวิจัยนี้พบว่า ความรู้สึกรักและผูกพันกับองค์กร แรงจูงใจภายในของพนักงาน และ การสื่อสารอย่างมีประสิทธิภาพ มีผลต่อการก่อให้เกิดวิสัยทัศน์ร่วมของพนักงานในองค์กร องค์กรควรเน้นกิจกรรมและหาทางสนับสนุนให้เกิดปัจจัยเหล่านี้ขึ้น

คำสำคัญ: วิสัยทัศน์ร่วม, ความผูกพันองค์กร, การสื่อสาร, แรงจูงใจ

INTRODUCTION

Vision is very important not only for the organization, but also for individuals at all levels (Allen, 1995) especially in today's world of flat and decentralized organizations (Lipton, 2004). There are many factors that affect the sharing of a vision throughout an organization. Researchers claimed that employee commitment contributes to a shared vision (Domm, 2001; Lord, 2011). Senge (1990) argued that motivation was one of the key factors to create a shared vision. Kantabutra and Vimolratana (2009) stated that building people's aspirations could enhance a shared vision. Researchers have encouraged management and organizations to communicate the organizational vi-

sion to their staff. Leaders should continually share their visions with their staff (Abrams, Lesser & Levin, 2003; Hodgkinson, 2002). Some empirical studies found positive and negative consequences of transformational leadership behaviors and shared vision. Organizational culture is another factor to support shared vision (Bui & Baruch, 2010; Chen & Chen, 2009). Stata (1998) suggested that organizational culture is an integral part of the corporate vision. Therefore, based on the literature, five key factors were applied as independent variables: employee commitment, employee motivation, effective communication, leadership behaviors and organizational culture. Shared vision was applied as a dependent variable.

The objective of this study was to examine fac-

tors affecting the sharing of a vision by all staff. This study was applied as a case study on one of the industrial estates in Thailand. The core businesses include offering freehold purchase or long lease terms. The current CEO of this organization is the business founder. He is well-known and is recognized as the one of the successful businessmen in Thailand. The organizational vision was derived from his long-term visualization on making the industrial estate become a perfect city for not only people, but also for wild plants and animals.

LITERATURE REVIEW

Shared Vision

Baum (1995) conducted empirical studies which supported the idea that organizations with corporate visions outperformed organizations which had no vision (as cited in Thoms & Greenberger, 1998). Overall, five potential independent factors are claimed to contribute to a shared vision: organizational culture (Chen & Chen, 2009; Lipton, 1996), employee commitment (Domm, 2001; Lord, 2011), employee motivation (Senge, 1990), leaders' behavior (Daft, 1999; Lipton, 1996) and communication (Chen & Chen, 2009; Denton, 1997).

The five potential key antecedents were cat-

egorized into nine independent variables. Commitment was categorized into affective, normative and continuance commitment. Motivation was separated into intrinsic and extrinsic motivation. Leadership behaviors were classified into transformational and transactional leadership behaviors. Lastly, the organizational culture of employees' perceived culture (Clan) culture was applied. Based on all these variables, the concept of Systems Theory can be applied by integrating all potential factors into the model framework as shown in Figure 1 (The Conceptual Framework).

Commitment

Commitment is defined as a force or psychological state that binds an individual to a course of action (Herscovitch, 1999; Meyer & Herscovitch, 2001). When employees have commitment, they have a sense of belonging and try their best to reach the organizational vision (Collins & Porras, 1996; Senge, 1990). The studies of Meyer and Allen developed an integrated model of organizational commitment and categorized commitment into three components: affective, continuance and normative commitment. This concept has captured the multi-dimensional nature of commitment. In this study, the three components of organizational commitment based on Allen and Meyer (1990) are the focal point in structuring an integrative model for further study in the commitment area.

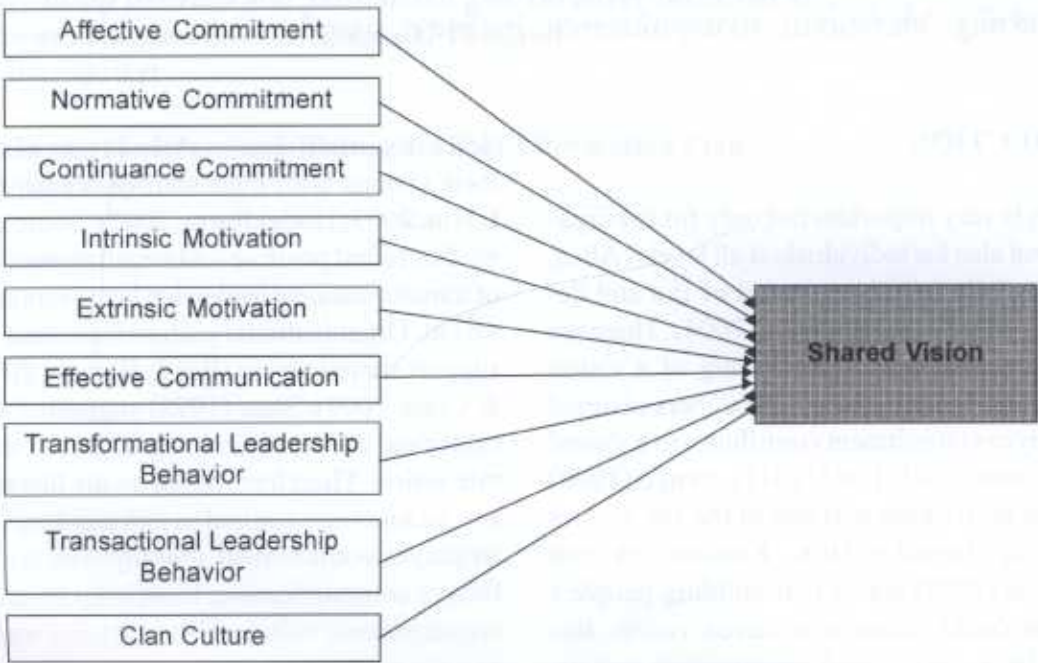


Figure 1: Conceptual Framework

Affective commitment is defined as the emotional attachment to, identification with and involvement in of employees towards the organization (Allen & Meyer, 1990). Once employees have affective commitment, they can have a sense of belonging and would do whatever is necessary to reach the organizational vision (Collins & Porras, 1996; Denton, 1997; Senge, 1990). In addition, the greater the degree of the congruence of the individual and organizational values, the higher the degree of affective commitment is generated (Allen & Meyer, 1990). Employee involvement in the organization can create affective commitment. Job involvement refers to a person who is entirely involved in and enthusiastic about his or her work (Baldev & Anupama, 2012).

Normative commitment is defined as the employees' obligation towards the organization (Allen & Meyer, 1990; Ugboro, 2006). Employees realize that sharing and following a corporate vision is their obligation towards the organization, and that normative commitment supports a shared vision. In contrast, continuance commitment might not support a shared vision. Employees who have continuance commitment stay in the organization because they need to (Allen & Meyer, 1990). Their costs of leaving would be high. They may focus on what they are asked to do. Therefore, employees may not pay attention to the corporate vision and may not want to share the vision. These concepts lead to the following hypotheses.

Hypothesis 1A: The affective commitment of employees positively relates to shared vision

Hypothesis 1B: The normative commitment of employees positively relates to shared vision

Hypothesis 1C: The continuance commitment of employees negatively relates to shared vision.

Motivation

Motivation is defined as the set of forces that lead people to act in particular ways (Moorhead & Griffin, 2010). Motivation is used to drive people's behaviors and led to higher performance in organizations (Daft, 1999). Senge (1990) stated that motivation is one of the key factors to create a shared vision. The dual-structure theory is the basic theory of intrinsic and extrinsic motivation and rewards. Motivation or intrinsic factors were found to relate to the work itself and comprised factors such as achievement and recognition of achieve-

ment, interest in the job, work responsibility and advancement (Herzberg, 2003). This includes the feeling of challenge or accomplishment of employees (Campbell III, 2007). Besides Herzberg's theory, Hackman, Oldham, Janson & Purdy (1975) developed a new strategy for job enrichment that enhanced work motivation. This concept was widely used in studies related to the antecedents of intrinsic motivation (Champoux, 1980) and motivation towards performance (Floyd, 2009). The five core job characteristics were said to lead to critical psychological states and finally contribute to the outcomes of intrinsic motivation, a higher quality of work, greater satisfaction and lower turnover (Oldham & Hackman, 2010).

Intrinsic rewards were claimed to be the real motivator (Corbo & Kleiner, 1991), whereas extrinsic rewards have been generally applied in many organizations to make people achieve their goals and objectives (Harris & Kleiner, 1993). Employees who have intrinsic motivation tend to support and share a corporate vision (Lipton, 2004; Senge, 1990). However, some researchers reported a relationship between extrinsic rewards and shared vision (Kantabutra & Avery 2010; Wisdom & Denton, 1980). These studies lead to the following hypotheses:

Hypothesis 2A: Employees' intrinsic motivation positively relates to shared vision

Hypothesis 2B: Employees' extrinsic motivation positively relates to shared vision

Effective Communication

Effective communication is defined as the sender and the recipient understanding the same meaning of a message, and one not getting confused by the others (Quigley, 1993). Effective communication helps leaders to cascade a shared vision throughout the organization (Collins & Porras, 1996) and turns a vision into a shared vision with enhanced positive outcomes (Christenson & Walker, 2008). Communication of vision can be achieved by a direct supervisor because the message is personally crafted and convincing (Stata, 1988). This practice helps leaders to remove barriers by selecting the right words which are not too complicated or too technical (Harcourt, Krizan & Merrier, 1991). In addition, leaders must ensure the consistency between the verbal and non-verbal messages about the corporate vision (Harcourt et

al., 1991). When communication barriers are reduced, the message can be sent out more effectively. Employees understand and remember a corporate vision more easily, which contributes to a shared vision. Communication channels are also important. Leaders should apply an appropriate method or channel to communicate to make employees understand and be able to recognize and remember a shared vision (George, 1997; Snyder, Dowd & Houghton, 1994). These studies and findings lead to the following hypothesis:

Hypothesis 3: Effective communication is positively related to shared vision

Leadership Behaviors

Leaders should stimulate employees to think about their jobs to forge links with the corporate vision (Domm, 2001). Leaders should have a broad vision to combine their observations and apply them to solve enterprise issues (Edersheim, 2007). The empirical study of Abolghasemi, McCormick & Connors (1999) revealed a relationship between leaders and the corporate vision. When leaders are involved with the corporate vision, the followers provide more support towards the vision. In this study, transformational and transactional leadership behaviors are applied. Under charisma and inspirational leadership, leaders articulate a powerful vision and express confidence (Bass, 1985). In addition, intellectual stimulation and individual consideration are likely to encourage employees to think about the corporate vision and enhance their desire to reach that vision. These behaviors should support the organization to achieve a shared vision. The empirical studies of Berson, Shamir, Avolio & Popper (2001) and James and Lahti (2011) found a positive relationship between transformational behaviors and a shared vision. However, the studies of Bernett and McCormick (2003) and McLaurin and Mitias (2008) found weak support.

Regarding transactional leadership behaviors, employees are offered rewards in exchange of their performance (Bass, 1985). Generally, transactional leaders recognize and reward employees who perform tasks to reach goals and objectives. Therefore, transactional leadership behaviors tend to relate to a shared vision. These comments and findings lead to the following hypotheses:

Hypothesis 4A: Transformational leadership

behaviors positively relate to shared vision.

Hypothesis 4B: Transactional leadership behaviors positively relate to shared vision

Organizational Cultures

Organizational culture was found to be one of the key variables to enhance a shared vision (Chen & Chen, 2009; Lipton, 1996). Leaders should try to build an appropriate culture to enhance an open and cooperative atmosphere to support a shared vision (Chen & Chen, 2009). The organization should create a trusting atmosphere to motivate employees to share and buy into the corporate vision (Pietenpol, 2010). Based on the organizational culture concept of Cameron and Quinn (1999) and the interview data from employees in this organization, the researcher classified the perceived culture in this organization as Clan culture. Clan culture encourages employee collaboration. It focuses on cohesion, participation, communication and empowerment (Cameron & Quinn, 1999). This type of culture should have a positive impact on a shared vision. These comments and findings lead to the following hypothesis.

Hypothesis 5: Employees' perceived culture (CLAN) positively relates to shared vision

METHODOLOGY

This research applied both quantitative and qualitative methods by conducting a survey and an interview. A questionnaire was used to collect the primary data from all staff. Factor analysis and reliability test were conducted with the returned questionnaires. The multiple regression method was conducted to examine the key antecedents of shared vision. The results from the qualitative study help to analyze the interpretation of data and to better understand the relationship between independent variables and dependent variable (Kangas, 2006).

Respondents, Sampling and Data Collection

Regarding the quantitative study, all staff who worked for the organization at the time of data collection were the respondents. The sample size was calculated based on the sample size determination equation of Yamane (1967). The total num-

ber of employees who worked for this organization was around 160. Therefore, the required sample size was approximately 114. HR distributed 160 questionnaires to all staff and helped to collect the questionnaires. A total of 129 questionnaires or approximately 81% were returned. After cleaning the data by taking out incomplete data and outliers, 114 questionnaires were usable.

Summary of Findings

The backward stepwise method was employed. The stepwise method is the most popular sequential approach to variable selection. It allows the researcher to inspect the contribution of each independent variable to the regression model (Hair et al., 2006). All the independent variables are entered into the equation at one time. Each variable is then assessed one at a time. Variables which do not contribute significantly are deleted accordingly (Ho, 2006). In each step, the item which was not significant was deleted. Firstly, model #1 integrated all independent variables into the equation. However, not all items were statistically significant. Next, under Model #2, transformational leaders (TFL) was deleted, which meant it was not statistically significant based on the multiple regression model. Finally, all items that were not statistically

significant were removed. The last model (Model #7) was generated by this method. This model included all the variables that were statistically important and was mostly appropriate to be applied in this study. The R square is equal to 0.315. This means that these three variables are able to explain the relationship between independent variables and shared vision at around 32%. Based on ANOVA, model#7 generates $F(3, 110) = 16.822, p < 0.05$. The model is statistically significant. Based on the coefficients table (Table 1), affective commitment (Beta = 0.344, $t = 3.958, P < 0.05$) positively relates to shared vision. Intrinsic motivation (Beta = 0.239, $t = 2.787, P < 0.05$) positively relates to shared vision. Effective communication (Beta = 0.221, $t = 2.756, P < 0.05$) has a statistical positive relationship with shared vision. Therefore, three independent variables have a strong relationship with shared vision as shown on Figure 2.

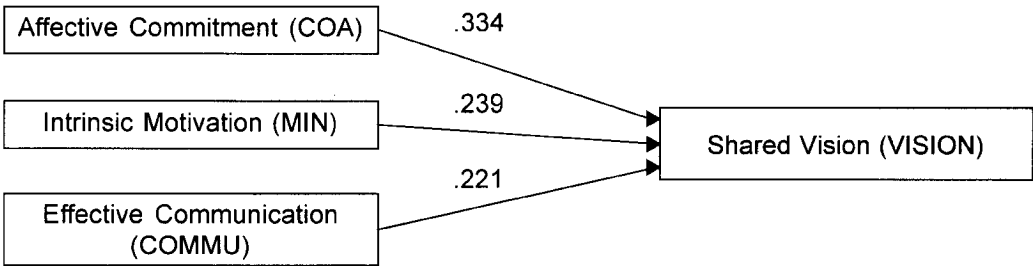
The independent variables which were excluded: normative commitment (CON), continuance commitment (COC), extrinsic motivation (MEX), transformational leadership behaviors (TFL), transactional leadership behaviors (TSL) and perceived organizational culture (CLAN). These six variables have $P > 0.05$ which means that they could not statistically show a relationship with shared vision.

Table 1: Coefficients^a Table

Model 7	Unstandardized coefficients		Standardized coefficients (Beta)	t	Sig	VIF
	β	Std. Error				
(Constant)	2.071	.275		7.524	0.000	
COA	.181	.046	.344	3.958	0.000	1.211
MIN	.175	.063	.239	2.787	0.006	1.181
COMMU	.120	.044	.221	2.756	0.007	1.028

. Dependent Variable: VISION

Figure 2: The Results of Standardized Coefficients (Beta) in Relation to Shared Vision



DISCUSSION

The empirical result showed that affective commitment was positively related to shared vision. Hypothesis 1A was supported. Staff felt emotionally attached to the organization, felt a strong sense of belonging and felt like part of the family. They loved, and wanted to work for the organization. Vision is the long-term direction of the organization, and staff had a passion towards the vision. They were willing to learn about and follow the organizational vision. They would do whatever it takes to make the organization become successful. This concept is supported by the study of Parish, Cadwallader and Busch (2008) who stated that affective commitment influences employees' perceptions about improved performance and individual learning.

The empirical result did not show that employees who felt normative commitment had a positive relationship with shared vision. Hypothesis 1B was not supported. Although employees felt an obligation and felt that they owed a great deal to the organization, they might pay attention to their direct assignment and try to reach their individual objectives rather than focusing on the organizational vision. The empirical study revealed that continuance commitment had no statistical relationship to shared vision. Hypothesis 1C was not supported. Employees with strong continuance commitment only did their job based on the requirements because they had no emotional bonds and involvement with the jobs (Becker & Kernan, 2003). People who have continuance commitment may perform and complete the job because they need to in order to avoid complaints from their supervisors. They may not want to learn and follow the organizational vision.

The empirical result revealed that intrinsic motivation had a positive relationship with shared vision. Hypothesis 2A was supported. In contrast, extrinsic motivation did not show a positive relationship with shared vision. Hypothesis 2B was not supported. Regarding intrinsic motivation, employees were interested in the job and the job provided an opportunity to do meaningful work, enjoy professional growth and gain positive status in the community. This concept is consistent with the interview results and the intrinsic motivation factors of the dual-structure theory (Herzberg, 2003) and job characteristics (Hackman, Oldham, Janson &

Purdy, 1975). Based on the practice of this organization, employees were assigned challenging tasks which also contained five core job characteristics. Once employees were motivated by intrinsic factors, they performed their jobs by applying skills and experiences. Shared vision is important to the organization through management messages. Employees experience accomplishment when they perform tasks, and focus on and try to achieve the organizational vision. The result of this study is consistent with the studies of Floyd (2009) and Mirza (2005) which supported the idea that intrinsic factors enhance employee outcomes. Regarding extrinsic motivation factors, the empirical result did not reveal a significant relationship between extrinsic factors and shared vision. Although people tend to have extrinsic motivation towards the job and the organization, they are not motivated to agree and follow the organizational vision. This concept is explained by the dual-structure theory of Herzberg. According to Dual-structure theory, extrinsic motivation factors do not create employee satisfaction. They only make employees not feel dissatisfied with the job. Extrinsic motivation factors are necessary but not able to create job satisfaction. When people are not satisfied with the job, they may not devote themselves and put effort into the organizational direction. Therefore, they may not have a shared vision.

The empirical result showed a positive relationship between effective communication and shared vision. Hypothesis 3 was supported. The statistical result of this study was also consistent with the studies of Abrams et al. (2003), George, (1997), Slack, Orife & Anderson (2010) and Snyder et al. (1994). The more effective communication there is, the more the people develop a shared vision. Based on the study of Slack et al. (2010), the consistency of vision communication is important. When there is less communication on the organizational vision, employees might be less focused on the overall corporate vision. Therefore, the corporate vision should be regularly communicated to all persons in the company.

The empirical result did not support that transformation leadership behaviors enhanced shared vision. Hypothesis 4A was not supported. The result of this study was aligned with the study of Dvir, Eden, Avolio and Shamir (2002) in that the impact of transformational leadership could not be confirmed for followers' active engagement and

self-actualization needs. From the interview results, employees explained leadership behaviors such as having consideration, being a coach, building morale and instilling pride in employees by offering opportunities and challenging assignments. However, when asked about leadership behaviors, employees mentioned that those behaviors made them motivated and committed towards the organization and their supervisors. The results of the statistical testing of the relationship between transformational leaders and affective, normative and continuance commitment by applying the regression method revealed that transformational leadership behaviors are statistically and positively related to affective and normative commitment with $p < 0.05$. This concept supports the studies of Chen (2004) and Leroy, Palanski & Simons (2012). While testing the relationship between transformational leaders and intrinsic and extrinsic motivation, the results showed that transformational leader behaviors are statistically related to intrinsic and extrinsic motivation with $p < 0.05$. This result supports the study by Zayani (2008) who found that transformational leaders motivated employees to put in extra effort. Therefore, leadership behaviors might indirectly relate to shared vision through motivation and commitment.

Regarding transactional leadership behaviors, the statistical test did not confirm a positive relationship with shared vision. Hypothesis 4B was not supported. In the interviews, employees did not say much about transactional leadership behaviors. In this organization, leaders displayed more transformational behaviors than transactional behaviors. Furthermore, transactional leaders normally focus on getting things done, paying attention to mistakes and waiting for things to go wrong before taking action (Brower, 2011); therefore, they tend to make employees focus on short-term objectives. Consequently, they may not be able to make staff have a shared vision.

Based on the empirical result, employees' perceived culture (Clan) did not have an influence on shared vision in the organization. Hypothesis 5 was not supported. With the family-type collaboration and cooperation between employees, people had a close relationship with one another. They perceived their manager was like a father, family-member or coach rather than a boss. They had high morale in the organization. However, this type of culture could not support staff to have a shared

vision. People may enjoy working in this organization because they know each other well; they may support co-workers in order to complete the tasks; the organization maintains caring, sharing and trust among employees and employees participate in routine activities. However, they may not be aware of the corporate vision or long-term direction.

In conclusion, based on the empirical data, affective commitment, intrinsic motivation and effective communication contribute to shared vision. Communication is likely to be a basic condition to support the situation. If there is no communication, employees may not be able to perceive the vision content and may not be able to have a shared vision. The researcher found that affective commitment and intrinsic motivation, which are the innate factors of people, can enhance shared vision. In contrast, external factors, which are the leader and the culture, have no influence on shared vision.

Implications and Recommendations

Implications

Although much research and many scholars have identified factors to create a shared vision, few empirical tests have been conducted in this area or in Asia. In this study, the literature and empirical tests generated three key antecedents of shared vision: affective commitment, intrinsic motivation and effective communication. This study confirms that an organization that supports employees' involvement, emotional attachment and identification enhances their affective commitment. This concept is consistent with the study of Allen and Meyer (1990). Shared vision is perceived as an extra part of the job. Employees who are feel attachment to the organization tend to share the vision. They want to support the organization as much as they can.

The empirical result and interview result of this study are consistent with the intrinsic motivation factors of the dual-structure theory (Herzberg, 2003) and job characteristics (Hackman et al., 1975). People who are intrinsically motivated while working for the organization tend to have a shared vision. In addition, the more effective communication there is, the more the people develop a shared vision. In this organization, the CEO articulated the corporate vision, which made staff

aware of the vision. Once top management communicates the organizational vision, other levels of management deploy the concept and support the management direction by cascading the vision throughout all levels of employees. In conclusion, management and HR departments of other organizations may promote these factors in their organizations.

Recommendations

Regarding the communication in this organization, the top management supported the idea of organizational vision by sharing it with all staff. However, based on the result from the questionnaires, the overall mean score of communication is neutral. Thus, the organization can focus more on direct communication between supervisors and staff. Staff who work in the operational levels and work outside the office may not be able to see posters, memos or receive e-mails about the corporate vision. These staff should receive the message of the vision via their direct supervisors (Kelly, 2000). The organization should train these supervisors to be able to communicate the corporate vision to them and make them understand and be able to follow it. In addition, applying other channels can remind staff of the organizational vision by putting pithy reminders of the corporate vision through coffee mugs, t-shirts, pencils and notepads (Cartwright & Baldwin, 2007).

FUTURE RESEARCH

Based on the findings of this study, there are some suggestions for carrying out further research on shared vision. Firstly, if there are more samples, applying Structure Equation Model (SEM) is recommended. SEM can be described as a combination of factor analysis and path analysis. It provides a method for dealing with various relationships simultaneously (Ho, 2006). In addition, the multiple regression method was applied with multiple antecedents with 114 usable questionnaires. The statistical results might not be able to detect a true effect. Therefore, bigger sample sizes might reduce this concern. Secondly, applying this proposed model in other industries could be advantageous. This proposed model was adapted from both service organizations and manufacturers. Therefore, these key antecedents should be applicable in

several types of industry and organizations. Lastly, based on the empirical test results of this study, leadership behaviors and organizational culture have no influence on shared vision. However, extant literature reveals that these two variables should be able to contribute to shared vision. Therefore, these two items may be included for further study.

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OWNERSHIP CONCENTRATION, EQUITY LIQUIDITY, AND CAPITAL STRUCTURE: A CASE STUDY ON NON-FINANCIAL FIRMS LISTED IN THE STOCK EXCHANGE OF THAILAND DURING YEARS 2001 - 2011

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Abstract

Impacts of ownership concentration and equity liquidity on capital structure has received much attention in the literature. However, the combined effect of ownership concentration and equity liquidity on capital structure has been unexplored while the significant relationship between them has been documented in the literature. This study seeks to explore the combined effect of ownership concentration and equity liquidity on capital structure in the Thai context where, generally, ownership structure is highly concentrated and equity of firm is less liquid. The results show that the combined effect of ownership concentration and trading volume has a significant and negative effect on firm's leverage (in both non-crisis and crisis period). This implies that firms with relatively low concentrating in ownership and relatively high trading volume would use relatively low debt in their capital structure.

Keywords: Ownership Concentration, Equity Liquidity, Capital Structure, Thailand

บทคัดย่อ

การศึกษาเรื่อง ผลกระทบของอัตราส่วนของผู้ถือหุ้นรายใหญ่และสภาพคล่องของหุ้นต่อโครงสร้างทุน ได้รับความสนใจมากขึ้นในปัจจุบัน อย่างไรก็ตาม การศึกษาที่ผ่านมาไม่ได้คำนึงถึงผลกระทบรวมของปัจจัยดังกล่าวต่อโครงสร้างทุนของบริษัท ดังนั้น งานศึกษานี้จึงศึกษาผลกระทบรวมของความอัตราส่วนของผู้ถือหุ้นรายใหญ่และสภาพคล่องของหุ้นต่อโครงสร้างทุนของบริษัทในประเทศไทย ซึ่งมีโครงสร้างผู้ถือหุ้นและสภาพคล่องของหุ้นที่แตกต่างจากประเทศที่พัฒนาแล้ว ผลการศึกษาแสดงให้เห็นว่าผลกระทบรวมของอัตราส่วนของผู้ถือหุ้นรายใหญ่และสภาพคล่องของหุ้นมีผลกระทบต่อโครงสร้างทุนอย่างมีนัยสำคัญ และมีผลในเชิงลบต่อสัดส่วนของหนี้ต่อทุนของบริษัท (ทั้งในภาวะปกติและภาวะวิกฤต ทั้งนี้สรุปได้ว่า บริษัทที่มีอัตราส่วนของผู้ถือหุ้นรายใหญ่ที่ค่อนข้างต่ำและมีสภาพคล่องของหุ้นที่ค่อนข้างสูงจะมีสัดส่วนของการถือครองหนี้ ที่ค่อนข้างต่ำในโครงสร้างทุนของบริษัท

คำสำคัญ: อัตราส่วนของผู้ถือหุ้นรายใหญ่, สภาพคล่องของหุ้น, โครงสร้างทุน, ประเทศไทย

INTRODUCTION

Since the seminal study of Modigliani and Miller in 1958, a number of empirical studies have attempted to model the relationship between various variables and capital structure. However, there is no general accepted single model to explain firm capital structure. For over five decades empirical results have demonstrated important factors as determinants of capital structure; for example, firm size, profitability, nature of assets held by firm, interest tax-shield, growth opportunities, business risk, and macroeconomic variables (Kester, 1986;

Titman & Wessels, 1988; Wiwattanakantang, 1999; Fama & French; 2002; Faulkender & Petersen; 2006; Al-Najjar & Taylor, 2008; Bastos, Nakamura & Basso, 2009; Frank & Goyal, 2009; Driffeld & Pal, 2010; Gomes & Schmid, 2010; Goyal, Nova, & Zanetti, 2011; Udomsirikul et al., 2011; He & Xiong, 2012)

Recently, ownership structure and liquidity of firm equity have received attention in the study of capital structure. These two variables are closely related to the study of firm valuation. Ownership structure represents the wellness of firm's mechanism in monitoring and control over firm's mana-

gerial decisions. It also contributes to expected level of information asymmetry between firm's insiders and outsiders. While liquidity of firm equity represents confidence level of investors over firm's performance, trading activity of firm's equity, and impact of trading volume on firm value.

The two variables are also significantly related to capital structure. Specifically, the change of firm's ownership structure would affect firm's capital structure, as the major motivation of firm's owner to sell a fraction of his or her firm to outsiders or to raise funds externally (Jensen & Meckling, 1976). Liquidity of firm's equity also plays an important role in determining firm's capital structure. Literature documents that level of liquidity of firm's equity would affect the new equity issuance decision (Amihud, 2002). Prior studies suggest that cost of equity financing which is directly related to liquidity of firm's equity would be adjusted according to firm's equity liquidity (Amihud 1986, 2002; Sarin, Shastri, & Shastri, 2000; Frieder & Martell, 2006).

However, it is possible to question the empirical results of the impact of these variables on firm's capital structure documented in extant literature. Specifically, prior studies reported that firms with high ownership concentration have incentive to use less debt in their capital structure because the monitoring roles of debt are replaced by high level of ownership concentration (Heflin & Show, 2000; Sarin et al. 2000; Frieder & Martell, 2006). On the other hand, firms with high equity liquidity have incentive to use equity financing when they need fund due to relative low costs of equity issuance (Frieder & Martell, 2006; Rubin, 2007). These two scenarios lead to the same consequence of low leverage ratio presented in a firm's financial statement, which is somehow impossible. Generally, firms with high ownership concentration experience low level of equity liquidity. The position of firm's leverage will be questionable. By ignoring the correlation between ownership structure and liquidity of firm's equity, the empirical results might be misestimated. Therefore, this study aims to examining the combined effect of ownership structure and equity liquidity in order to clarify this capital structure puzzle.

In addition, this study also aims to compare the combined effect of ownership structure and equity liquidity on capital structure during non-crisis and crisis period. For doing so, data of non-

financial Thai listed firms since 2001 to 2011 are used. The period of 2001 to 2007 is non-crisis period. The period of 2008 to 2011 is the period that Thailand was affected from the 2008/2009 Global Financial Crisis; therefore, this period is a crisis period.

LITERATURE REVIEW

Ownership Concentration and Capital Structure

Ownership concentration refers to the large block of shares owned by shareholder(s), in general at least 5 per cent of outstanding common stocks (Kester, 1986; Pindado & De La Torre, 2011). Normally, family members are large block holders in private firms while financial institutions such as mutual funds and pension funds or government are large block holders in publicly traded firms. Empirical evidence shows a positive relationship between ownership concentration and monitoring power of large shareholders over firm's management through their voting rights. They may replace senior managers including the Chief Executive Officer (CEO) and elect members of board of director. Thus, ownership concentration serves as an internal governance mechanism to reduce the probability of perquisite consumption by managers and board members (Ang, Cole, & Lin, 2000). Wiwattanakantang (1999) investigated the effect of ownership concentration on capital structure in Thailand. She found a negative relationship between ownership concentration and leverage. She argued that there is positive relationship between concentrated ownership and monitoring power. Specifically, firms with high concentrated ownership have lower level of management discretion. Therefore, debt is less favorable when firms have high ownership concentration.

Driffield, Mahambare and Pal (2007) examined the effect of ownership concentration on capital structure and firm value of four countries in East Asia using "Three Stage Least Square" (3SLS). Regardless of ownership characteristic, they found a positive relation between ownership concentration and leverage for Indonesia, Korea and Malaysia but found insignificant relationship for Thailand.

Ganguli (2010) investigated the relationship be-

tween ownership concentration and capital structure for non-financial Indian listed firms. He found a positive relation between ownership concentration and capital structure which is consistent with the major findings of Driffield et al. (2007). Based on prior empirical studies, the following hypothesis is developed

Hypothesis 1: There is a significant relationship between ownership concentration and leverage.

Equity Liquidity and Capital Structure

Empirical studies show that firm's equity is an important factor explaining changes of firm's capital structure (Adrian & Shin, 2010; Baker & Stein, 2004; Frieder & Martell, 2006; Lipson & Mortal, 2009; Udomsirikul et al., 2011; Welch, 2004). For example, Welch (2004) argued that equity returns explain about half of dynamic change in leverage over one-to-five years of time horizon.

Frieder and Martell (2006) examined the relationship between equity liquidity and leverage using panel data of all NYSE firms except financial and utility firms during 1988 to 1998. They argued that there is bi-directional relationship between equity liquidity and leverage. They reported a positive relation between leverage and equity liquidity. Firms with relatively high leverage have less liquidity premium (low bid-ask spread) and higher equity liquidity.

Lipson and Mortal (2009) studied the relationship between equity liquidity and leverage using panel data of all firms with data available on both CRSP and Compustat except financial and utility firms during 1985 to 2006. They contended that by trading off between the net cost of equity and the net cost of debt, firms can determine their optimal capital structure. They found a negative effect of leverage on equity liquidity as predicted by pecking order theory.

Udomsirikul et al. (2011) examined the relationship between equity liquidity and leverage using panel data of non-financial Thai firms listed on Stock Exchange of Thailand from 2002 to 2008. They used similar rationale as addressed in the study of Lipson and Mortal (2009) to bridge the relationship between equity liquidity and leverage. They found a negative relation between equity liquidity and leverage. Additionally, they include ownership concentration variable in their model.

They argued that when firms have large shareholders with concentrated ownership, agency problems due to asymmetric information between managers and shareholders become less severe. They suggested that monitoring role of debt over manager's decision can be replaced by concentrated ownership. Thus, they contended that ownership concentration has a negative impact on leverage. However, they reported insignificant relation between ownership concentration and leverage. The results confirm a negative relationship between equity liquidity and leverage, consistent with Frieder and Martell (2006) and Lipson and Mortal (2009).

However, the Thai equity market is relatively less liquid compared to U.S. Udomsirikul et al. (2011) explain that relatively lower equity liquidity in Thailand is due to high ownership concentration. Thai firms are owned by block shareholders including banks, financial institutions, and family members who have strong relationship with banks or financial institutions. Thus, Thai firms rely mostly on bank loan as documented by relative high leverage in their study. Based on prior empirical studies, the hypothesis below is developed

Hypothesis 2: There is a significant relationship between equity liquidity and leverage.

Ownership Concentration, Equity Liquidity, and Leverage

The ultimate goal of this study is to test the interaction effect of ownership concentration and equity liquidity on leverage. There are empirical evidences document the relation between ownership concentration and equity liquidity. For example, Heflin and Shaw (2000), Sarin et al. (2000), and Rubin (2007) reported the negative effect of concentrated ownership on equity liquidity. They argued that controlling shareholders have incentive to access private or value-related information through their monitoring role over management decisions and firm's operating activities. Therefore, they argue that firms with high level of the ownership concentration tend to have severe adverse selection problems. They also argue that firms with high level of ownership concentration, regardless of type of ownership, have larger bid-ask spread or higher trading costs.

Prior studies show that Thai firms have concentrated ownership and less liquid equity (Udomsirikul et al., 2011). The current study ex-

tends prior studies by investigating the interaction effect of ownership concentration and equity liquidity on leverage. If controlling shareholders expropriate private or value-related information through their monitoring role, agency problems would increase because of information asymmetry between controlling shareholders and minority shareholders. Trading costs of equity are also expected to increase. Thus, there is less incentive to use equity financing and debt financing is more favorable in this situation. Based on these arguments, the following is posited

Hypothesis 3: There is a significant relationship between interaction of ownership concentration and equity liquidity and leverage.

Figure 1 conceptually presents the framework used in this study. The framework links ownership concentration, equity liquidity, and firm’s leverage.

DATA, MEASURE, AND METHODOLOGY

Data Sources and Sample Selection

With respect to the objectives of this study, a panel data of publicly listed non-financial Thai firms over the period 2001 to 2011 are used. The initial sample comprises 394 non-financial firms listed on the Stock Exchange of Thailand over the period from 2001 to 2011. Since there have been firms listed, delisted, and non-active (no return and volume data) in the sample period, the data set used in this study is unbalanced panel data.

Lipson and Mortal (2009) argued that firm’s equity should have active trading day (trading day that has both stock return and volume data) for

more than 50 days during the year. In order to make a measure of liquidity more reliable, this study follows their suggestion. Consequently, there are 349 firms satisfying all requirements and have minimum of two consecutives firm-year observations from 2001 to 2011, while 45 firms have incomplete data. The sample is then reduced to those firms report active trading days of at least 50 days during the year, which leaves 2,455 firm-year observations for data analysis.

Financial and accounting data are retrieved from Bloomberg. Ownership structure data is manually collected from the information disclosure report (FORM 56-1) available on SETSMART.

Dependent Variable

The measure of leverage used in this study follows Wiwattanakantang (1999). Leverage (LV) is defined as ratio of book value of debt to market value of assets

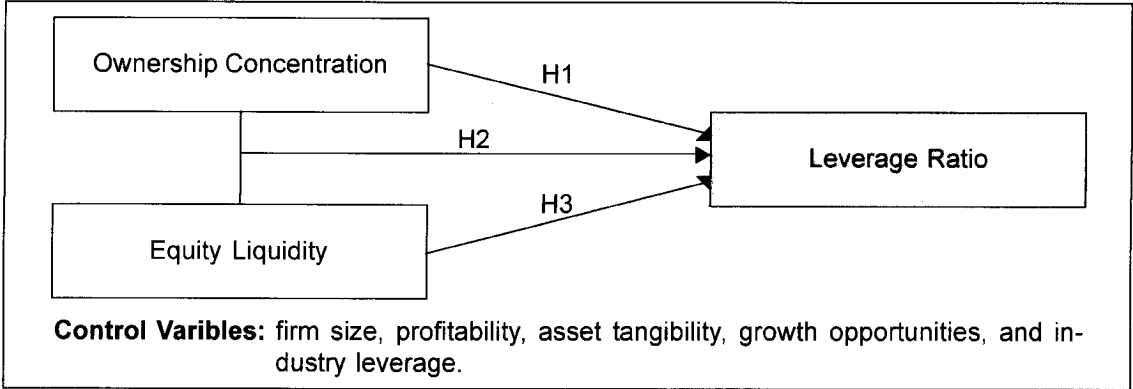
$$LV_{i,t} = \frac{D_{i,t}}{V_{i,t}}$$

where

$D_{i,t}$ is total debt of firm i at the end of year t ,
 $V_{i,t}$ is market value of assets of firm i at the end of year t .

Total debt includes bank overdrafts and loans from financial institutions, current portion of long-term liabilities, debentures, convertible debentures, and long-term liabilities. Market value of assets is defined as the summation of book value of total liabilities and market value of total equity (a product of number of outstanding shares and year-ended closing price).

Figure 1: Conceptual Framework of the Study



Source: Developed for this study.

Independent Variables

Ownership Concentration

Ownership concentration (CON) is defined as the percentage of common shares owned by five largest shareholders presented in FORM 56-1 as suggested by Driffield et al. (2007).

Equity Liquidity

There are three definitions of equity liquidity used in this study, i.e., Amihud's (2002) illiquidity, trading volume, and turnover.

Measure of equity liquidity suggested by Amihud (2002) is used in this study, namely Amihud's (2002) illiquidity (ILLQ). It is defined as a ratio of daily absolute equity return to trading volume in Thai baht, averaged by number of trading days. ILLQ serves as a rough measure of price impact. Specifically, ILLQ offers the daily price response to one baht of trading volume. Calculation of Amihud's (2002) illiquidity is presented as follows:

$$ILLQ_{iy} = \frac{1}{Day_{iy}} \cdot \sum_{t=1}^{Diy} \frac{|Return_{iyd}|}{Volume_{iyd}}$$

where:

$Return_{iyd}$ is the daily return on stock i on day d of year y ,

$Volume_{iyd}$ is the daily trading volume in baht for stock i on day d of year y , and

Day_{iy} is the number of trading days when data are available for stock i in year y .

ILLQ requires daily data on equity return and trading volume while other measures require intra-day transaction data (Amihud & Mendelson, 1986). Even though ILLQ is less accurate compared to other measures, which require microstructure data (i.e. bid-ask spread); it can be constructed by a long time series of daily equity data. It also provides the possibility for the study in the market where intra-day transaction data is difficult to be accessed (Amihud, 2002).

Another two alternative measures are trading volume and turnover (Rubin, 2007). Trading volume (VOL) refers to annual trading share volume. Turnover (TO) refers to annual trading share volume divided by the number of shares outstanding at the end of the year. These alternative measures of equity liquidity represent the trading activity in a given share in a given period. They also provide robustness check for the current study.

Control Variables

Natural log of total assets is used as a proxy for firm size (SIZE) as suggested by Udomsirikul et al. (2011). A ratio of earnings before interest and taxes (EBIT) to total assets is used as a proxy for profitability (PROF) as suggested by Udomsirikul et al. (2011). A ratio of net property, plant, and equipment to total assets is used as a proxy for asset tangibility (ASTA) as suggested by Udomsirikul et al. (2011). A ratio of market value of assets to book value of assets is used as a proxy for growth opportunities (GROP) as suggested by Udomsirikul et al. (2011). Median of total debt to market value of asset classified by industry and by year is used as a proxy for median industry leverage (MEIL) as suggested by Frank and Goyal (2009).

Table 1 shows the descriptive statistics for dependent, independent, and control variables for the entire, crisis, and non crisis periods. It reports the mean, median, standard deviation, maximum, and minimum for the variables. Panel A of Table 1 shows summary statistics of full sample period while Panel B and C show information of each variable for non crisis period (2001-2007) and crisis period (2008 - 2011), respectively.

EMPIRICAL FINDINGS AND DISCUSSION

Regression Analysis

To test hypotheses 1 to 3, the combined effect of ownership concentration and equity liquidity on leverage is examined by regressing leverage (LV) against ownership concentration (CON), one-year lagged of measure of equity liquidity (LQMt-1), interaction of ownership concentration and measure of equity liquidity (CON*LQMt), and control variables:

$$LV_{i,t} = C + \beta_0 LQM_{i,t-1} + \beta_1 CON_{i,t-1} + \beta_2 (CON_{i,t-1} * LQM_{i,t-1}) + \beta_3 SIZE_{i,t-1} + \beta_4 PROF_{i,t-1} + \beta_5 ASTA_{i,t-1} + \beta_6 GROP_{i,t-1} + \beta_7 MEIL_{i,t-1} + \eta_i + \kappa_i + \mu_{i,t}$$

Prior studies suggest that panel data normally contain heteroskedasticity serial correlation, random effects, fixed effects, and endogeneity. The first two problems are remedied by White period - a method option built into Eviews. White period

Table 1: Descriptive Statistics

	Panel A 2001 - 2011 (2,455 firm-year observations)				
	Mean	Median	Maximum	Minimum	Std. Dev.
LV	0.237	0.202	0.950	0.000	0.207
ILLQ(-1)	171.474	5.166	8,917.888	0.001	604.346
VOL(-1) (Million Shares)	1,726.883	182.296	415,606.012	0.032	12,467.827
TO(-1)	1.303	0.386	134.774	0.000	4.121
CON	0.636	0.649	1.000	0.038	0.184
SIZE(-1)	3.599	3.495	6.090	2.166	0.621
PROF(-1)	0.062	0.061	0.677	-0.546	0.098
ASTA(-1)	0.392	0.389	1.313	0.001	0.231
GROP(-1)	1.239	1.050	15.618	0.176	0.763
MEIL(-1)	0.218	0.204	0.820	0.001	0.132
	Panel B 2001 - 2007 (1,233 firm-year observations)				
	Mean	Median	Maximum	Minimum	Std. Dev.
LV	0.239	0.208	0.950	0.000	0.206
ILLQ(-1)	88.894	5.174	3,528.459	0.001	284.255
VOL(-1) (Million Shares)	1,722.250	166.404	375,726.800	0.065	12,368.508
TO(-1)	1.261	0.429	32.830	0.000	2.523
CON	0.642	0.647	1.000	0.038	0.183
SIZE(-1)	3.560	3.446	5.877	2.187	0.612
PROF(-1)	0.070	0.068	0.564	-0.420	0.087
ASTA(-1)	0.411	0.407	1.313	0.003	0.225
GROP(-1)	1.276	1.078	12.856	0.176	0.772
MEIL(-1)	0.232	0.212	0.820	0.001	0.135
	Panel C 2008 - 2011 (1,222 firm-year observations)				
	Mean	Median	Maximum	Minimum	Std. Dev.
LV	0.234	0.195	0.868	0.000	0.208
ILLQ(-1)	253.382	5.144	8,917.888	0.001	798.732
VOL(-1) (Million Shares)	1,731.558	200.047	415,606.012	0.032	12,572.308
TO(-1)	1.345	0.347	134.774	0.000	5.263
CON	0.630	0.651	1.000	0.054	0.185
SIZE(-1)	3.639	3.530	6.090	2.166	0.625
PROF(-1)	0.054	0.055	0.677	-0.546	0.107
ASTA(-1)	0.371	0.361	0.974	0.001	0.234
GROP(-1)	1.201	1.020	15.618	0.295	0.753
MEIL(-1)	0.204	0.193	0.577	0.001	0.126

method assumes that the errors for a cross-section are heteroskedastic and serially correlated. Random and fixed effects are examined. Results (not tabulated) suggest that two-ways fixed effects models are appropriate for panel regression analysis. Therefore, year (η_i) and firm (κ_i) fixed effects are controlled.

Table 2 contains the results of the model where leverage ratio (LV) is regressed against ownership concentration (CON), equity liquidity measure (LQM), interaction of ownership concentration and equity liquidity measure, and control variables in accordance with regression equation (1). Panel A, B, and C on Table 2 present empirical results for crisis period (2001-2007), non crisis period (2008-2011), and full sample period (2001-2011), respectively.

Each equity liquidity measure is presented at the top of the column. (-1) denotes one-year lagged in which these variable are measured. Panel A, B, and C present empirical results for non crisis period (2001-2007), crisis period (2008-2011), and full sample period (2001-2011), respectively. P-values are in parentheses. *, **, *** denote significance at the 10, 5, and 1 per cent level, respectively.

Hypothesis 1: The coefficients of ownership concentration are negative and significant for all measures of equity liquidity in non-crisis period and full sample period.

This finding aligns with prior studies which contend that ownership concentration can reduce agency problem through its effective monitoring

Table 2: Regression Results (Note: Number in the parentheses are the p-values. *, **, * significant at the 10, 5, and 1 per cent level, respectively.)**

	Panel A			Panel B			Panel C		
Sample Period	2001 - 2007			2008 - 2011			2001 - 2011		
	Dependent Variable: Leverage Ratio			Dependent Variable: Leverage Ratio			Dependent Variable: Leverage Ratio		
Constant	-0.8113*** (0.0000)	-0.8072*** (0.0000)	-0.7667*** (0.0000)	-0.4064** (0.0318)	-0.4487** (0.0116)	-0.3949** (0.0354)	-0.7832*** (0.0000)	-0.7881*** (0.0000)	-0.7796*** (0.0000)
Liquidity Measure (-1):									
Amihud (2002)	-0.000005 (0.8090)			0.000005 (0.3954)			-0.000005 (0.9098)		
Illiquidity									
Trading Volume		-0.000008 (0.6541)			-0.0000010 (0.3350)			-0.0000006 (0.5914)	
Turnover			-0.0069** (0.0170)			0.0001 (0.9221)			-0.0009 (0.4565)
CON	-0.0666* (0.0591)	-0.0640* (0.0675)	-0.0779 (0.0306)	-0.0596 (0.1727)	-0.0488 (0.2637)	-0.0532 (0.2136)	-0.0569** (0.0451)	-0.0489* (0.0846)	-0.0571** (0.0454)
Liquidity Measure*CON									
Amihud (2002)	0.0001 (0.0731)			0.000009 (0.2466)			0.000006 (0.4224)		
Illiquidity									
*Trading Volume		-0.000007** (0.0306)			-0.000007*** (0.0053)			-0.000006*** (0.0020)	
*Turnover			-0.0014 (0.7014)			-0.0049 (0.3496)			0.0004 (0.8814)
SIZE (-1)	0.2865*** (0.0000)	0.2869*** (0.0000)	0.2809*** (0.0000)	0.1696*** (0.0008)	0.1818*** (0.0001)	0.1672*** (0.0008)	0.2676*** (0.0000)	0.2690*** (0.0000)	0.2671*** (0.0000)
PROF (-1)	-0.4144*** (0.0000)	-0.4295*** (0.0000)	-0.4517*** (0.0000)	-0.0690 (0.2823)	-0.0713 (0.2631)	-0.0728 (0.2645)	-0.3389*** (0.0000)	-0.3377*** (0.0000)	-0.3460*** (0.0000)
ASTA (-1)	0.1229* (0.0512)	0.1190* (0.0541)	0.1125* (0.0654)	0.0121 (0.7289)	0.0112 (0.7495)	0.0125 (0.7224)	0.1254*** (0.0000)	0.1230*** (0.0000)	0.1249*** (0.0000)
GROP (-1)	0.0012 (0.8123)	0.0019 (0.7088)	0.0028 (0.5923)	0.0034 (0.5104)	0.0033 (0.4757)	0.0039 (0.4257)	0.0021 (0.5075)	0.0021 (0.4843)	0.0020 (0.5163)
MEIL (-1)	0.1827*** (0.0010)	0.1903*** (0.0005)	0.1765*** (0.0012)	0.2612*** (0.0001)	0.2719*** (0.0000)	0.2564*** (0.0001)	0.2689*** (0.0000)	0.2768*** (0.0000)	0.2683*** (0.0000)
Number of Observation	1191	1188	1188	1193	11983	1192	2384	2381	2378
Adjusted R-Squared	0.8011	0.8010	0.8026	0.8340	0.8340	0.8344	0.7789	0.7808	0.7784
F-test	17.1898*** (0.0000)	17.1996*** (0.0000)	17.3563*** (0.0000)	-18.2108*** (0.0000)	18.2108*** (0.0000)	18.2488*** (0.0000)	23.9995*** (0.0000)	24.2898*** (0.0000)	23.9614*** (0.0000)
Prob (F-statistic)									
Year Dummy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm Dummy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

role over the management decisions (Admati, Pfleiderer & Zechner, 1994; Frieder & Martell, 2006; Lipson & Mortal, 2009; Polsiri, 2004; Wiwattanakantang, 1999, 2001). The presence of ownership concentration can replace the benefit of debt financing with regard to its monitoring function over management decisions to reduce agency problems. In other words, the monitoring roles of debt and ownership concentration are substitutes. Therefore, firms with concentrated ownership tend to use less debt in their capital structure.

Hypothesis 2: The coefficients of measures of equity liquidity are negative and significant when trading volume and turnover are used as a measure of equity liquidity. The significant relationship between equity liquidity and leverage exists only for non crisis period.

These results imply that firms with low trading activity tend to have less liquid equity and high agency costs. Thus, relatively low level of equity liquidity increases agency costs of equity and increases the relative advantage of debt financing; hence, firms with relatively low equity liquidity tend to have high leverage.

Hypothesis 3: The coefficients of interaction of trading volume and ownership concentration are negative and significant in non crisis, crisis, and full sample periods. The coefficient of interaction of Amihud's (2002) illiquidity measure and ownership concentration is positive and significant in non crisis period.

Thus, the results show that there is significant relationship between impact of interaction of ownership concentration and equity liquidity on capital structure decision. Therefore, hypothesis 3 is supported.

CONCLUSION

With respect to objectives of the study, three research objectives are accomplished. Specifically, the impacts of ownership structure, equity liquidity, and interaction of ownership structure and equity liquidity on capital structure are fully examined and empirical results are reported. The results suggest that ownership concentration can replace the benefit of debt financing with regard to its monitoring function over management decisions to reduce agency problems.

In other words, the monitoring roles of debt

and ownership concentration are substitutes. Therefore, firms with concentrated ownership tend to use less debt in their capital structure.

The ultimate objective of this study is to examine the interaction effect of ownership structure and equity liquidity on capital structure decision. The results provide additional evidence to capital structure literature. There is significant relationship between interaction of ownership structure and equity liquidity. This extends the existing knowledge of the role of liquidity of firm's equity and ownership structure in explaining firm's leverage. Specifically, equity liquidity significantly moderates the relationship between ownership structure and capital structure as predicted.

This study also aims to examine the effect of ownership structure and equity liquidity on capital structure decision during non crisis period of 2001 to 2007 and period of Global Economic Crisis of 2008 to 2011. The results show that impact of interaction of ownership concentration and equity liquidity on capital structure exists only in non crisis period.

Additionally, firm size, profitability, asset tangibility, and industry leverage significantly explain firm's leverage, while there is no significant relation between growth opportunities and leverage in this study.

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ETHNOCENTRISM AND ITS INFLUENCE ON INTENTION TO PURCHASE DOMESTIC PRODUCTS: A STUDY ON THAI CONSUMERS IN THE CENTRAL BUSINESS DISTRICT OF BANGKOK

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Abstract

The purpose of this study was to study ethnocentrism and its influence on intention to purchase domestic products of consumers in the central business district of Bangkok. A total of 400 respondents, aged 25-60 years old in Bangkok's central business district area (CBD); early Sukhumvit, Phayathai, Ratchada, Silom, Sathorn, and Lumpini were asked to answer a self-administered questionnaire via convenient sampling technique. The results showed that consumer ethnocentrism has an influence on intention to purchase domestic products. However, only two out of seven of socio-psychological factors were found to have influence on ethnocentrism; collectivism and xenophobia. The rest, including demographic factors, have no influence on consumer ethnocentrism.

Keywords: Consumer Ethnocentrism, Intention to Purchase, Domestic Products, Central Business District Area of Bangkok, CETSCALE

บทคัดย่อ

วัตถุประสงค์ของการศึกษานี้เป็นไปเพื่อศึกษาอิทธิพลของอัตตนิยมชาติพันธุ์ของผู้บริโภคที่มีต่อความตั้งใจที่จะซื้อสินค้าในประเทศ ของผู้บริโภคในย่านธุรกิจหลักของกรุงเทพมหานคร จากกลุ่มตัวอย่างทั้งหมด 400 คน อายุระหว่าง 25-60 ปี ในย่านธุรกิจของกรุงเทพมหานคร ได้แก่ สุขุมวิทตอนต้น พญาไท รัชดา สีลม สาทร และลุมพินี โดยผู้ตอบทำการตอบแบบสอบถามด้วยตนเองผ่านการสุ่มตัวอย่างแบบสะดวก ผลการศึกษาพบว่าอัตตนิยมชาติพันธุ์ของผู้บริโภคมีอิทธิพลต่อความตั้งใจที่จะซื้อสินค้าในประเทศ อย่างไรก็ตาม จากปัจจัยทั้งหมด 7 ปัจจัย มีเพียง 2 ปัจจัยเท่านั้นที่มีอิทธิพลต่ออัตตนิยมชาติพันธุ์ของผู้บริโภค คือ ส่วนรวมนิยม และ ความกลัวชาวต่างชาติ ส่วนปัจจัยอื่น ๆ รวมถึงปัจจัยด้านประชากรศาสตร์ ไม่มีอิทธิพลต่ออัตตนิยมชาติพันธุ์ของผู้บริโภค

คำสำคัญ: อัตตนิยมชาติพันธุ์ของผู้บริโภค, ความตั้งใจซื้อสินค้า, สินค้าในประเทศ, ย่านธุรกิจของกรุงเทพมหานคร, CETSCALE

INTRODUCTION

In this era marked by globalization, marketing managers are challenged by the world situation in which there are many business opportunities provided by the demand for both international and domestic products. Nowadays, consumers are presented with a wider range of foreign products from different countries. With all of the advances in communication media, such as television and the internet as well as increased travel between countries, consumers are increasingly in touch with

cultures, ways of living, and consumable goods. This has broadened the reach of large international brands such as Pepsi or Adidas. It has been the case that there are consumers who view imported products favorably and as indicators of worldliness or status, while at the same time, others view imports with distaste and are much more inclined to purchase domestically produced goods. These sorts of negative perceptions can stem from several different factors such as ethnicity, culture, animosity, or xenophobia. Researchers in international marketing have questioned whether consumers in

various countries prefer domestic products and whether they are opposed to foreign products or not.

For the reasons cited above, marketers have focused their attention on finding out about and understanding more clearly about the variables influencing the selection and evaluation of imported and domestic products by consumers. Therefore, the factors that connect consumers of a particular home nation to international companies have become a point of particular interest amongst the business and academic communities (Kaynak & Kara, 2002; Shankarmahesh, 2006; Cleveland et al., 2009). The ethnocentricity of consumers acts as a significant influence on their intention to purchase imported or domestically produced products. Academics in the field of international consumer marketing and managers have emphasized the role that globalization is playing in the world economy and the decisions that consumers make (Saeed, 1994). This paper, therefore, seeks to investigate the influence of socio-psychological factors; cultural openness, patriotism, conservatism, collectivism, animosity, cosmopolitanism, and xenophobia on consumer ethnocentrism. In addition, it examines the differences in demographic factors; age, gender, income, educational level and consumer ethnocentrism. Finally, it investigates the influence of ethnocentrism on Thai consumers' intention to purchase domestic products.

Consumer Ethnocentrism

Consumer ethnocentrism is the perception or intention to purchase products from the home-based nation and from countries that are similar or different from it (Kaynak & Kara, 2002). Consumers possessing high ethnocentrism will question whether it is appropriate to prefer foreign-made products over domestic ones because they feel that buying foreign products could harm the economy of their own country. There have been studies on consumer ethnocentrism as one of the specific concepts in the study of marketing and consumer behavior. Consumer ethnocentrism is viewed as a form of economic expression related to the beliefs of consumers about the suitability or immorality of buying foreign-made products (Shimp & Sharma, 1987). Consumers with high ethnocentrism will always think that local products or local brands are better in quality compared to foreign

products (Kasper, 1999). Cultural familiarity between two or more countries is also one of the vital characteristics of consumer ethnocentric purchasing behavior (Watson & Wright, 2000).

It is important to study about consumer ethnocentrism because as stated by Huddleston et al. (2001), consumer ethnocentrism is conveyed in the form of economic behavior which is expressed through buy or boycotts. Ethnocentric consumers purchasing behavior is based on the fear that foreign-made products possibly damage the national economy and finance. It comprises social and moral extents when consumers avoid or prevent others from purchasing imported products due to the financial concerns mentioned above (Myers, 1995; Ozsomer & Cavusgil, 1991).

Shimp and Sharma (1987) elaborated on consumer ethnocentrism arguing that it causes consumers to differentiate between products of the home country in the form of in-group and products imported from foreign countries as out-group; later, these consumers will try to avoid buying imported products for nationalistic reasons. Some researchers have studied the relationship between buying behavior and consumer ethnocentrism and found a positive relationship. McIntyre and Meric (1994) argued that consumers with high ethnocentrism are expected to give significance to the place of production of products and are in favor of local products compared to consumers who have less ethnocentrism. However, when it comes to products that are necessary in daily usage, consumers tend to be less ethnocentric (Sharma, 1995).

In contrast, a study by Kucukemiroglu (1999) shows that consumers who are low in ethnocentrism have a tendency to have more positive feelings for imported products and are likely to purchase them more than highly ethnocentric consumers. Ethnocentric consumers have a perception that to buy imported goods is wrong and improper because such an action will result in losses to the local economy; they evaluate products based on their own judgments of price, product quality and other attributes (Shimp & Sharma, 1987).

LITERATURE REVIEW

Socio-psychological Factors as an Antecedent of Consumer Ethnocentrism

Cultural Openness

Sharma (1995) explained cultural openness as a will to interrelate or connect with people from different cultures and learn some of their cultural uniqueness. Cultural openness on the part of a consumer implies an acceptance of foreign cultures and people. In highly homogeneous societies in language, race, and religion, such as Korea or Japan, ethnicity plays an important role in the identification of self and is the foundation of discrimination of difference. However, individuals who have an opportunity to interact with people from different cultures tend to be less loyal to the primary culture of their societies, regions, or countries. It is, therefore, proposed that:

H1: There is an influence of cultural openness on consumer ethnocentrism.

Patriotism

Sharma (1995) defined patriotism as affection for, and loyalty, respect and dedication to one's country, including positive mentality related with national symbols and an interest and concern for national issues. Patriotism is also the feeling of protection against out-groups. For the reason that they love and are loyal to their own country, patriotic consumers show strong intentions to purchase home-based products and weak intentions to purchase imported goods (Han 1988). Consequently, they express higher ethnocentrism than unpatriotic consumers (Sharma, Shimp & Shin 1995; Balabanis & Diamantopoulos 2004). For example, India has a rich culture and heritage; people perceive their country as very special and distinct from others, they are proud of their nation and these feelings make them ethnocentric (Deb & Chaudhuri, 2012). This is supported by the findings of Huddleston et al. (2001) who explained that patriotic and nationalistic feelings lead to ethnocentrism. It is, therefore, proposed that:

H2: There is an influence of patriotism on consumer ethnocentrism.

Conservatism

Conservatism is an attachment to society's traditions, norms, and values that have survived through time, from generation to generation, and seldom allow for any changes (Sharma et al., 1995). Braithwaite (1998) identified the component factors of conservatism; they are personal religion, security through order, and humanistic fears. There

is a study which verified the connection between conservative attitudes, behavior and the national tradition conducted by Karasawa (2002). Due to the fact that the conservative construct is strongly rooted as the base of a society and its values (Grant, 2000), conservatism can be expressed through punishment, anti-hedonism, religious intolerance, and persistence on strict rules in the form of continuous actions in spite of opposition to it (Wilson & Patterson, 1968). Such characteristics are related to consumer ethnocentrism; conservative people prefer nation-based goods and are likely to judge imported goods negatively. It is, therefore, proposed that:

H3: There is an influence of conservatism on consumer ethnocentrism.

Collectivism

Collectivism, one of the expressive forms of consumer ethnocentrism, according to Hofstede (1980), is the set of beliefs that individuals hold towards how they interact with other people in their own group or society. It is a basic belief of each person on how they treat their own group or give importance to others in the group, how they prioritize the goals of the group before their own, or how they feel towards living together in unity. Collectivism is a society which comprises of individuals who have been strongly engaged with that community since they were born and continuously hold that engagement, creating beliefs and feelings of 'in-group'. It is, therefore, proposed that:

H4: There is an influence of collectivism on consumer ethnocentrism.

Animosity

Consumer animosity is introduced in marketing literature to help marketers understand more about the factors that influence consumers' perception of foreign goods. Klein (1998) was the first to explain the relationship between states and consumers' buying behavior as the association between the willingness to buy products from companies which are based in or linked with a country that people have a positive or negative feelings towards. He provides an explanation of animosity as the feeling of hate that remains connected to the past or ongoing events in terms of political conflict, military, diplomatic or financial situations between their own country and another, which will later influence consumers' intention to purchase behavior in

the international marketplace and trade between the countries. It is, therefore, proposed that:

H5: There is an influence of animosity on consumer ethnocentrism.

Cosmopolitanism

Cosmopolitanism is a consumer orientation in which people perceive the world as their marketplace where they seek products, and experiences originating from other cultures which are different from their own (Cannon & Yaprak, 2002). Similar to cultural openness, studies have shown that world-mindedness is also inversely related to consumer ethnocentrism (Balabanis, Diamantopoulos, Mueller & Melewar, 2001; Rawwas, Rajendran & Wuehrer, 1996). Some theorists (Tadmor & Tetlock, 2006; Arnett, 2002) are certain that a rising number of individuals who are connected to universal culture will lead to a rising number of cosmopolitan consumers in the future. This combination is a development of global culture responding to multinational identity (Craig & Douglas, 2006). An awareness of openness to the world and to cultural differences is rising (Skrbis, 2004). It is, therefore, proposed that:

H6: There is an influence of cosmopolitanism on consumer ethnocentrism.

Xenophobia

The concept of xenocentrism has been used to investigate attitudes toward foreign products by some researchers and now has caught the attention of modern marketers. Xenophobia which is defined as a fear of or negative attitude toward individuals or groups of individuals is different from xenocentrism. The latter could be based on reality or, sometimes, is a personal imagined feeling (Hjerm, 1998). Xenophobia is one of the practical traits that helps maintain the integrity of a group, starting from a small unit in a social group to a whole society (Van der Denen, 1985). It is, therefore, proposed that:

H7: There is an influence of xenophobia on consumer ethnocentrism.

Demographic Factors

The role of age and consumer ethnocentrism

In general, there is affirmation that there is a positive relationship between age and consumer ethnocentrism. This positive relation between age

and consumer ethnocentric tendencies is based on an increased cosmopolitan lifestyle over the recent years, as well as socio-cultural influences on behavior patterns among the younger population. It is, therefore, proposed that:

H8: There is a different level of consumer ethnocentrism among different age groups.

The role of gender and consumer ethnocentrism

Gender has also yielded mixed results similar to age; research on consumer ethnocentrism has proposed that women are higher in ethnocentricity than men. The findings regarding gender as an antecedent of consumer ethnocentrism revealed that the consequences of masculinity and femininity on the domestic-made label vary. Some researchers might report that women prefer imported goods more than men (Caruana, 1996). Mittal and Tsiros (1995) suggested that men give lower scores for imported goods in terms of their value compared to women. Balabanis et.al. (2002), Cutura (2006), Othman et.al. (2008), Ramsaran-Fowdar (2010), Josiassen et.al., (2011), Sutikno & Cheng (2011) also indicated that women's ethnocentrism is higher than men's. It is, therefore, proposed that:

H9: There is a different level of consumer ethnocentrism between gender.

The role of income and consumer ethnocentrism

Various studies show mixed results when it comes to the issue of income and consumer ethnocentrism. People with higher income tend to experience other cultures through travel and foreign-product purchases and thus, are likely to be more cosmopolitan or at least to have a greater openness to foreign products (Bruning, 1997). Tan and Farley (1987) found a positive relationship between consumer ethnocentrism and income; they concluded this based on an investigation of Singaporean consumers. It is, therefore, proposed that:

H10: There is a different level of consumer ethnocentrism among different income groups.

The role of education and consumer ethnocentrism

Since education and income are highly correlated, they have a similar effect on consumer behavior. The general rationale of the relationship between education and consumer ethnocentrism is that more educated people are less likely to be

ethnocentric and tend to be less conservative (Ray, 1990). Less educated consumers have a stronger sense of awareness of belonging, are less open to others, and tend to preserve the economies of their countries. It is, therefore, proposed that:

H11: There is a different level of consumer ethnocentrism among different level of education.

Consumer Ethnocentrism and Purchase Intention

Purchase intention

Purchase intention is the buyer’s forecast of which product they will buy. The higher the purchase intention, the higher is the consumer’s willingness to buy a product (Schiffman & Kanuk, 2000). Behavioral intention is a result of attitude and subjective norms (Gotschi et al., 2010). It includes the positive and negative behavior that consumers have towards a particular brand or company (Bush, 2004). The consumer’s intention to purchase domestic products is used as the dependent variable in the current study. Shimp and Sharma (1987) argued that ethnocentrism is consumers’ preference to buy nation-made products; ethnocentric consumers always consider that pur-

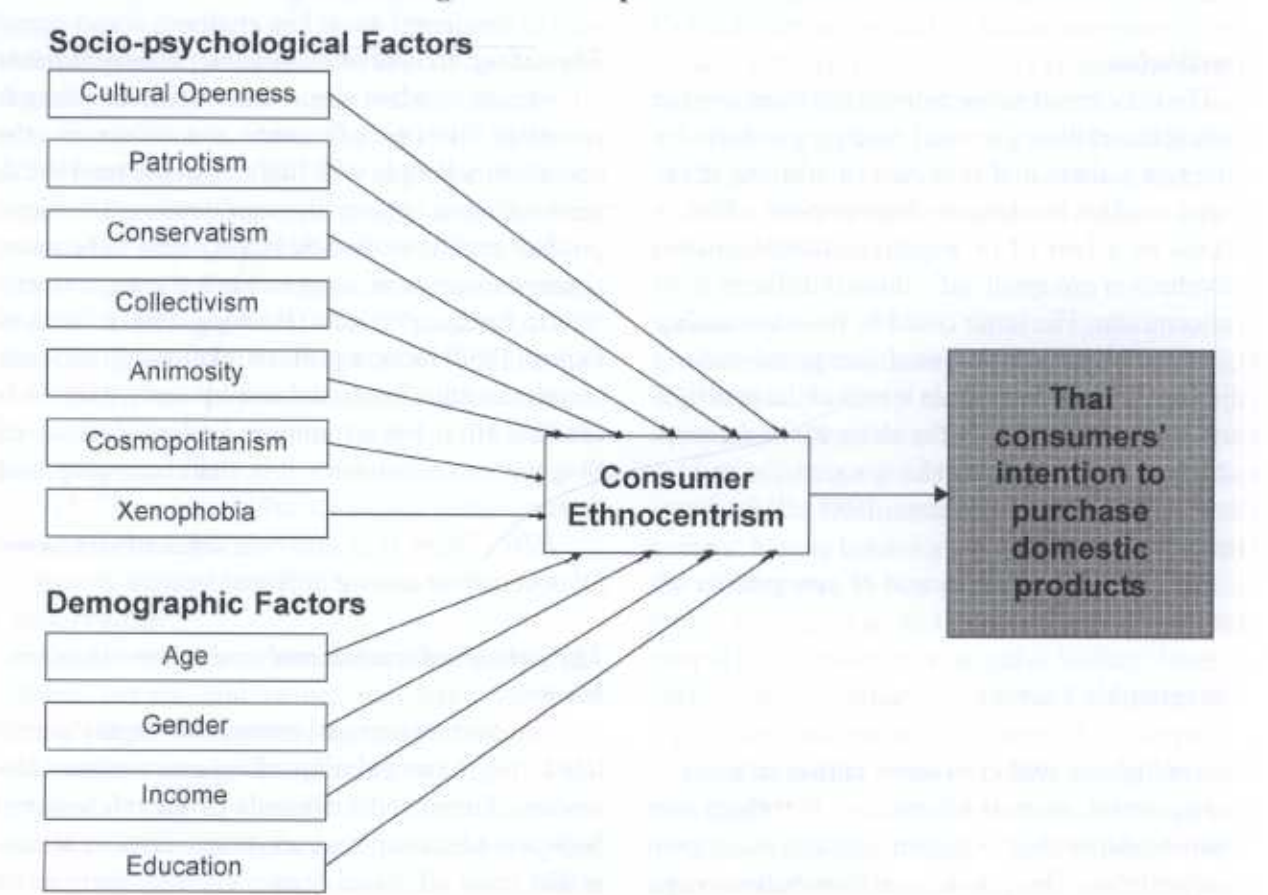
chasing domestic goods is more appropriate when compared to imported goods. Also, in terms of quality judgment, they perceive imported products as being of lower quality. Therefore, this leads consumers to a low level of intention to buy imported goods. It is, therefore, proposed that:

H12: There is an influence of consumer ethnocentrism on Thai consumers’ intention to purchase domestic products.

CONCEPTUAL FRAMEWORK

The conceptual framework consists of factors influencing consumer ethnocentrism as follows: cultural openness, patriotism, conservatism, collectivism, animosity, cosmopolitanism, and xenophobia. Moreover, demographic factors; age, gender, income, and education level, are also examined as to their influence on consumer ethnocentrism. Furthermore, the study examines whether ethnocentrism influences consumers’ intention to purchase domestic products or not. Figure 1 below illustrates the framework for the current study.

Figure 1: Conceptual Framework



RESEARCH METHODOLOGY

Population and Sample

A total of 400 respondents, aged 25-60 years old, in Bangkok’s central business district (CBD); early Sukhumvit, Phayathai, Ratchada, Silom, Sathorn, and Lumpini were asked to answer a self-administered questionnaire via convenient sampling technique. The reason for selecting this group of people as the target population is because these people can generate income by themselves, are considered mature adults and are more likely to purchase based on their own decision. They are also likely to have adequate information about both domestic and imported products.

Research Instrument

A self-administered questionnaire was used to gather the information and data from the respondents. The development of the questionnaire is based on the literature review and previous studies. It is comprised of two screening questions and four sections. Part 1: The socio-psychological antecedents of consumer ethnocentrism. Part 2: Respondents are asked to complete a ten-item CETSCALE to assess their beliefs about consumer ethnocentrism. Part 3: This part attempts to measure the level of the consumers’ intention to purchase domestic products. For each question, a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree) was used. Finally, in part 4 questions on personal data, such as age, gender, income, and educational level are collected from the respondents.

RESULTS

The demographic data of this study comprise four sections that categorize and provide information about age, gender, income, and educational levels of the given sample. SPSS software was used to analyze the descriptive data for frequency. According to the collection of the data from 400 respondents in the survey, there are 67.3% female respondents. The highest percentage of age group is between 25 and 30 years old which accounts for 32.8% of the total respondents. For income level, the majority of respondents have an income of

30,000-40,000 Baht accounting for 17.8%. For educational level, the majority of respondents’ educational level is Bachelor’s degree consisting of 275 respondents from the total, accounting for 68.8% of respondents.

The SEM results (Table 1) shows the significant influence of socio-psychological factors on consumer ethnocentrism for only two antecedents out of the seven factors; collectivism and xenophobia, the first path coefficient is 0.75, S.E. = 0.075, C.R. = 2.850, p = 0.004 and the latter, xenophobia path coefficient is at 0.414, S.E. = 0.045, C.R. = 6.757, p = 0.001. The other antecedents; cultural openness, patriotism, conservatism, cosmopolitanism, and animosity, showed no significant influence on consumer ethnocentrism.

The result from the analysis of variance (ANOVA) showed that there is no significant difference in consumer ethnocentrism based on demographic factors (Table 2). The difference of age

Table 1: Summary of Fit Statistics for Structural Equation Modeling

Statistics	The Square multiple correlations (R²)	Indices score
Measures of Absolute Fit	χ^2/df	2.387
	RMSEA	0.059
	GFI	0.767
Measures of Incremental Fit	NFI	0.75
	TLI	0.823
	RFI	0.73
	IFI	0.838
	CFI	0.836
The Square multiple correlations (R²)	Purchase Intention	0.242

Table 2: Summary of Independent and Dependent Variables

	Groups	p-value
Independent Variables: socio-psychological factors	Cultural Openness	0.267
	Patriotism	0.880
	Conservatism	0.868
	Collectivism	0.004**
	Animosity	0.102
	Cosmopolitanism	0.082
	Xenophobia	0.001***
Independent Variables: demographic factors	Age	0.220
	Gender	0.313
	Income	0.592
	Educational Level	0.103
Dependent Variable	Purchase Intention	0.001***

Note: * p<0.05, **p<0.01, ***p<0.001

and consumer ethnocentrism is not supported ($p = 0.220$, hence, the age level does not make a significant difference to the overall degree of consumer ethnocentrism. Gender is also not significant ($p = 0.313$, so there is no significant difference in consumer ethnocentrism among the different age groups of Thai consumers. Income and educational level are also not significant with $p = 0.592$ and 0.103 . Thus, there is no significant difference in age, gender, income, educational level and of consumer ethnocentrism.

The SEM result shows that consumer ethnocentrism and the intention to purchase has a significant relationship at path coefficient = 0.492, S.E. = 0.062, C.R. = 8.402, $p = 0.001$. Therefore, consumer ethnocentrism influences the intention to purchase domestic products in this research context.

DISCUSSION AND CONCLUSION

The results of the present research concur with the findings of extant research. An important point underpinning this research is that consumer ethnocentrism has an influence on Thai consumers' intention to purchase domestic products. Collectivism and xenophobia were also found to have influence on consumer ethnocentrism. The association between these factors is supportive of the fact that ethnocentric tendency does exist among Thai consumers. Consequently, domestic firms and marketers can generate consumer ethnocentrism as a marketing tool for their target segments through branding strategies.

The findings of this research also support the conclusions of previous literature. Collectivism and xenophobia were influencers of consumer ethnocentrism. In compliance with previous literature, a study from Deb and Chaudhuri (2012), on accessing the ethnocentric tendencies of different age cohorts in an emerging market, showed that collectivism was found to relate positively to consumer ethnocentrism. Nazari et al. (2012) who studied the relationship between consumers ethnocentrism of service marketing in Iran found that ethnocentric tendency is positively related to collectivism. Supporting evidence was also observed in the studies by Nishina (1990) and Sharma (1995) who found a positive connection between consumer ethnocentrism and collectivism. One reason behind

this finding is that Thai people are still very engaged with their families, friends, and society. Therefore, Thai people "from birth onwards are integrated into strong, cohesive in-groups, which throughout people's lifetime, continue to protect them in exchange for unquestioning loyalty" (Hofstede, 2001, p. 225). To give up individual benefits for the group, collectivistic consumers will be ethnocentric toward domestic products in order to protect the economies of the home country. From the 400 respondents who completed the survey questionnaire, it was found that xenophobia has an influence on ethnocentrism. In compliance with previous literature, a study by Altintas and Tokol (2007) on cultural openness and consumer ethnocentrism of Turkish consumers showed that xenophobia was the most significant variable to have an influence on consumer ethnocentrism. This relationship can be taken as an indicator of prejudiced attitudes toward foreigners that may affect the reactions of consumers. In contrast, the results of the present research do not concur with that of Kavak et al. (2004) which proposed that xenophobia is influenced by the social and economic relations between countries.

The findings of this research revealed that all demographic factors have no significant influence on consumer ethnocentrism in the Thai context. Demographic factors are generally important in decision making when consumers purchase. However, based on the findings, age, gender, income, and educational have no influence on consumer ethnocentrism. The findings are consistent with some researchers such as Balabanis et.al, (2002) who showed that there is no meaningful relationship between age and consumer ethnocentrism. Gender has also yielded mixed results similar to age; research on consumer ethnocentrism has proposed that women are higher in ethnocentricity than men. However, this research result shows no significant relationship between these two variables. This study also supports the argument that there is no difference in income level and consumer ethnocentrism which concurs with previous literature which showed that ethnocentrism is negatively correlated to both income and education (e.g. Watson & Wright, 2000).

Finally, this research shows that consumer ethnocentrism has an influence on Thai consumers' intention to purchase domestic products. The present study is consistent with previous findings.

Previous literature has shown that consumer ethnocentrism has a positive influence on the intention to purchase domestic products, such as Klein et al. (1998), Herche (1992), and Shoham and Brencic (2003). Based on these findings from various researchers, and the current study, it can be concluded that there is an influence of consumer ethnocentrism on intention to purchase domestic products.

RECOMMENDATIONS

To endorse consumer ethnocentrism, marketers should promote “Thai brands, for Thai people”. Hence, domestic firms can leverage the concept of consumer ethnocentrism to target a place in consumer’s minds. Furthermore, it is recommended that Thai firms develop a strong brand vision and core brand values based on the collectivism and ethnocentrism of target consumers. This can be achieved through promoting cultural values and traditions, and including them in the core branding values and brand mantra, to build a ‘proud’ feeling among Thai consumers to make them perceive that when purchasing this product or brand, it means they support the country in terms of economic and emotional attachments. Especially in collectivist societies, the focus of advertising should be upon status, symbolism, prestige and also on family or in-group benefits (de Mooij, 2004), because collectivist consumers are likely to focus on family and in-group. The brand mantra can then be used as a powerful communication tool to generate the perceived localness of the brand.

Domestic firms or brands are recommended to use endorsement symbols or mottos given by the government or developed to promote local products. Additionally, these logos should be displayed on the package, in the visual merchandising of modern retail outlets and in each promotional message.

LIMITATIONS AND FURTHER RESEARCH

This study is limited by the fact that it deals only with generalized products. General products are tested so the findings are not a representation of specific brands. This research does not consider the effect of products assembled in other countries. The researcher conducted this study only at

a certain period of time, from 1-30 April 2014. Consumer ethnocentrism might vary from time to time as it is affected by the political situation, which is not possible to control in the study. Thus, the result cannot be used as representing all periods of time. Although the sample size is large, it might not fully permit generalization of the findings because this study was conducted only in Bangkok central business district area: Silom, Sathorn, Lumpini, early Sukhumvit, Phyathai, and Ratchada. Therefore, the result cannot be generalized for other cities or regions in Thailand.

Further research should be conducted in other major cities such as Chiang Mai, Hat Yai, Nakhon Ratchasima, Khon Khaen, Phuket, Pattaya, Udon Thaini, and Songkla, as different parts of Thailand could display different ethnocentrism tendencies. In addition, online surveys may be an alternative for researchers to reach customers in other geographic areas with less cost.

There are many other antecedents of consumer ethnocentrism, such as the political environment (e.g. government propaganda), the economic environment (e.g. better or lower economic level), socio-psychological antecedents (e.g. dogmatism, nationalism, materialism), demographic factors (e.g. social class) that were not included in this study. These variables can be studied in the future, to determine their influence on or relationship with consumer ethnocentrism. Finally, future researchers can extend this study to countries in the ASEAN region as these countries will begin their economic cooperation in 2015 under the Asean Economic Community or AEC.

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THAI STUDENTS' DESTINATION CHOICE FOR HIGHER EDUCATION: A COMPARATIVE STUDY ON U.S, U.K AND AUSTRALIA

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Abstract

The purpose of this study is to investigate the underlying factors for Thai students' destination choice as well to explain the relationship between the influencing factors and decision making process of Thai students. Push and pull factors were used to explain the motivation underpinning students' choice of study destination. A total of 660 self-administered questionnaires were distributed using convenience sampling at OCSC International Education Expo 2013, organized by the Office of Civil Service Commission (OCSC), on 2 November 2013, of which 640 were used for analysis. The results showed that both push and pull factors proposed in this study significantly influenced Thai students' destination choice. It was found that the suitability of the environment factor and recommendations of friends and family were components of country characteristics (pull factor), which have the greatest influence on Thai student's destination choice. Thai students' destination choice was also influenced by the cost of education and degree (content and structure), physical facilities and resources and the value of education. On the other hand, personal factors is the push factors that can influence Thai students' destination choice.

Keywords: International education, Country characteristics, Push and pull factors, Personal Factors

บทคัดย่อ

งานวิจัยชิ้นนี้ จัดทำขึ้นด้วยจุดประสงค์ในการค้นหาปัจจัยที่สำคัญที่มีผลกระทบในกระบวนการตัดสินใจของนักศึกษาไทยในการเลือกประเทศที่ต้องการไปศึกษาต่อโดยใช้ปัจจัยผลักดัน (Push factors) และปัจจัยดึงดูด (Pull factors) เพื่อใช้ในการอธิบายถึงขั้นตอนในการตัดสินใจและผลกระทบของปัจจัยสำคัญต่อกระบวนการตัดสินใจของนักศึกษา มีการแจกแบบสอบถามเป็นจำนวนทั้งหมด 660 ฉบับเพื่อเก็บข้อมูลจากกลุ่มตัวอย่างที่เป็นบุคคลที่มาร่วมงาน 'งานมหกรรมการศึกษาต่อต่างประเทศ' ซึ่งจัดโดยสำนักงาน ก.พ. ที่ศูนย์การค้าพารากอน เมื่อวันที่ 2 พฤศจิกายน 2556 จากจำนวนแบบสอบถามทั้งหมด มี 640 ฉบับได้ถูกนำไปประมวลผลเชิงสถิติแบบสมการโครงสร้าง (Structural Equation Modeling) ผลการวิจัยพบว่าตัวแปรสองกลุ่มหลักคือ ปัจจัยผลักดัน (Push factors) และปัจจัยดึงดูด (Pull factors) มีผลกระทบต่อการตัดสินใจของนักศึกษาในการเลือกประเทศที่จะไปศึกษาต่อ ตัวแปรย่อยสำคัญที่มีผลต่อนักศึกษาในการเลือกประเทศคือ สภาพแวดล้อมที่เหมาะสมและการแนะนำของเพื่อนหรือครอบครัว ปัจจัยย่อยสำคัญที่มีผลต่อนักศึกษาในการเลือกสถาบันและหลักสูตรคือ ค่าใช้จ่ายในการศึกษาต่อ, ความหลากหลายของหลักสูตร, สิ่งอำนวยความสะดวกและคุณค่าด้านการศึกษาของหลักสูตรซึ่งทั้งหมดนี้คือตัวแปรย่อยที่สำคัญของปัจจัยดึงดูด (Pull factors) นอกจากนี้ผลการวิจัยยังพบว่าปัจจัยส่วนตัวซึ่งเป็นตัวแปรย่อยของปัจจัยผลักดัน (Push factors) เป็นปัจจัยที่มีอิทธิพลต่อการตัดสินใจของนักศึกษาที่จะเลือกประเทศที่จะไปศึกษาต่ออย่างมีนัยยะสำคัญ

คำสำคัญ: การศึกษาต่อต่างประเทศ, ลักษณะพิเศษของประเทศ, ปัจจัยผลักดัน และ ปัจจัยดึงดูด, ปัจจัยส่วนตัว

INTRODUCTION

As international education has become an important source of income for many western countries, it is found that more and more players have entered the market. Universities from the U.S, the U.K and Australia that once enjoyed a high recruitment rate of international students are not only facing competition from universities in other western countries, but also from many Asian universities (Padlee, Kamaruddin & Baharun, 2010). Therefore, it is important for marketers to understand the prospective students' motivation and behavior when evaluating the international education service. The need for marketers to understand the decision making process of prospective students is key to differentiating institutions with competitors (Cubillo, Sanchez, & Cervino, 2006; Lawley, 1998). Moreover, the factors that significantly influence prospective students to select their study destination need to be identified by marketers (Duan, 1997; Lawley, 1998). The underlying factors, as well as the relationship between factors, would be useful for institutions to understand why Thai students are still willing to pay the extra cost to study in the U.S, the U.K. or Australia.

The aim of this study is to investigate the key factors that influence Thai students' destination choice. The main research question in this study is: *"What are the influencing factors in Thai student's destination choice for international education between the U.S, the U.K and Australia?"*

This study builds on previous research to develop a model which integrates factors influencing Thai students' decision making process for international education. The push and pull factors are used to explain the motivation for students to study overseas (Mazzarol & Soutar, 2002). In addition, it also attempts to explain the relationship between the influencing factors and how they impact on the decision making process of Thai students.

LITERATURE REVIEW

"Push and Pull" Factors affecting decision making when choosing higher education

The study of higher education is considered as very intangible, which causes prospective students to experience high risk when making decisions. One

of the reasons is that higher education is a high involvement initiative. There are many factors that can affect the decision making process. It has been found that many researchers have divided the macro environmental influences into push and pull factors. Push factors are those factors that arise from the home country that can initiate student decisions to engage in international study. On the other hand, Pull factors are those factors from the host country that attract students to select a particular destination (Duan, 1997; Lawley, 1998; Maringe & Carter, 2007; Mazzarol & Soutar, 2002; McMahon, 1992).

Much of the research in the past decade on push and pull factors has been conducted in Asian and African countries. The reason is that the number of students from these countries has made the greatest contribution in the Higher Education (HE) industry (Duan, 1997; Lawley, 1998; Maringe & Carter, 2007; Mazzarol & Soutar, 2002). The linkages between the host and home factors play an important role in the international education field.

It has been said that both push and pull factors are factors that involve economic, political and educational opportunities in the home compared to the host country. Nevertheless, there are some criticisms of the use of push and pull factors as it includes only macro variables and disregards one of the crucial factors, which is personal attributes (Duan, 1997; Lawley, 1998).

To counter this, the work of Mazzarol et. al (1997) and Mazzarol and Soutar (2002) included factors such as social-cultural, family and friends' recommendations. As a result, their work has made push-pull factors one of the most widely cited concepts when considering the factors influencing international student destination choice (Daily, Farewell, & Kumar, 2010). Moreover, Mazzarol and Soutar (2002) proposed three stages in the decision process of students who engage in international study. In the first stage, push factors play an important role in influencing whether students pursue higher education in a foreign country. In stage two, the selection of the host country is influenced by the six pull factors. Lastly, in the third stage, students select institutions based on pull factors.

Decision Making Process

Intention to purchase relating the push-pull fac-

tors for international education

In this research, the objective is to conduct a study on student choice of international education that is non-retrospective. Therefore, the respondent’s intention is measured by “the likeliness of choosing a country destination” in this study. Few complete models have been proposed in this area of study. One such model in the area of choice of destination for international education was proposed by Lawley (1998) who identified ‘intention’ as a dependent variable. The most significant factors that can influence a student’s intention are the country and course characteristics factor and alternative evaluation. In later research, some authors have also proposed additional variables, such as institution related factors and course evaluation as independent factors which directly affect intention.

THE CONCEPTUAL FRAMEWORK AND HYPOTHESES

Push and pull models are used as a backbone in this study to identify the significant influencing factors and to show how they affect each stage in the decision making process for Thai students’ destination choice. Moreover, the model of choice of destination is adopted to organize and structure the push and pull factors to explain the evaluation

and intention to choose a destination. According to alternative evaluation theory, consumers form attitudes after processing information about alternatives in order to make the final decision (Lawley, 1998). Based on international education literature, prospective students form attitudes toward selected institutions and courses. At this stage, country image as a primary source in the process has a strong influence on alternative evaluation of institutions and courses being considered by prospective students (Papadoulous & Heslop, 1993). After the process of alternative evaluation, a purchase intention is formed by prospective students (Lawley, 1998). Figure 1 below illustrates the conceptual model employed in this study.

Factors influencing students’ decision to study outside their home country (Push factors)

Personal factors

The courses not being available in the home country factor is proposed to have a positive relationship with students’ intention to undertake overseas study. One of the reasons was found to be the lack of development in the domestic education structure (Cumming, 1984; Mazzarol & Soutar, 2002). This may be due to a lack of resources in the home country, such as a lack of specialized professors or laboratories and the lack of seats in prestigious public universities. Therefore, the first

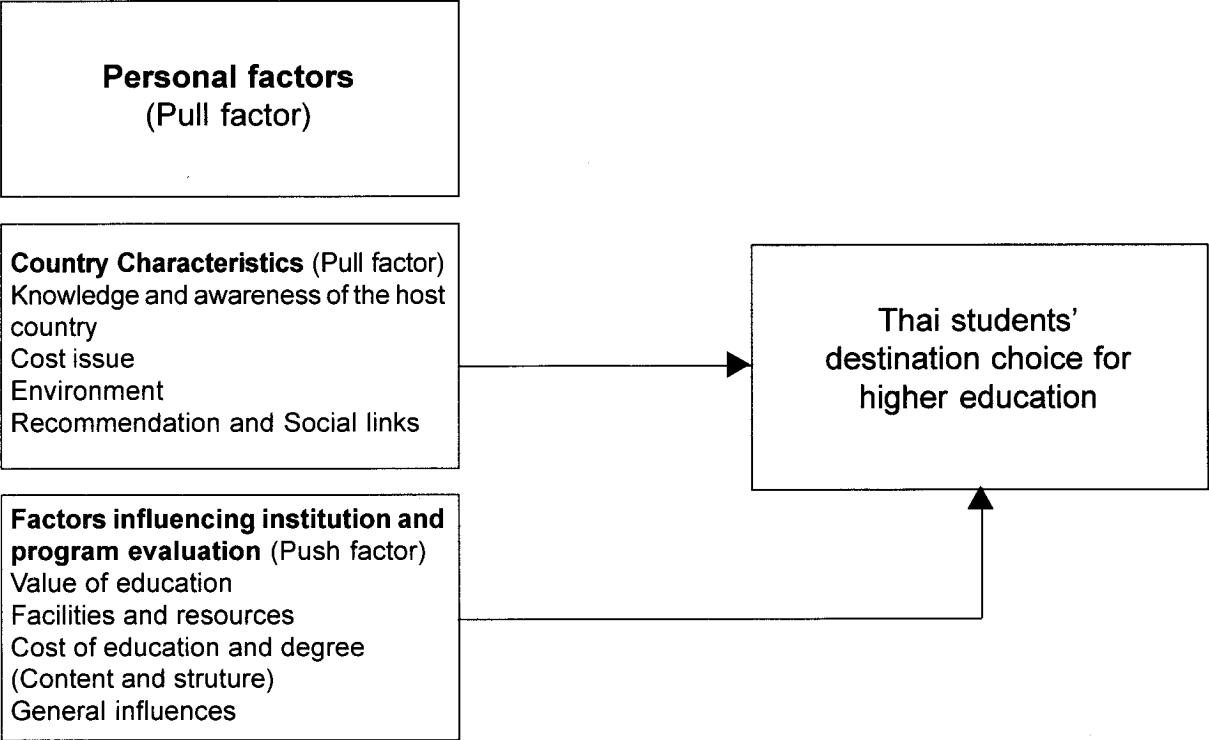


Figure 1: Conceptual model for this study

hypothesis is proposed:

H1: Personal factors are positively related to Thai students' destination choice for higher education.

Factors influencing the choice of host country (Pull factors)

A positive relationship is expected between the country characteristics and the student's intention to choose their study destination (Cubillo, Sanchez, & Cervino, 2006; Lawley, 1998; Srikatanyoo & Gnoth, 2002). This construct is composed of five factors which are the importance of knowledge and awareness of the host country, the importance of the influence of family and friends, the importance of cost issues, the importance of the environment, and the importance of social links and geographic proximity. It is expected that students are likely to choose their country's destination when there is a positive feeling in student's cognitive beliefs about that country's characteristics. Therefore, this leads to the derivation of hypothesis 2:

H2: Country characteristics, which include the importance of knowledge and awareness of the host country, the importance of the influence of family and friends, the importance of cost issues, the importance of the environment and the importance of social links and geographic proximity are positively related to Thai students' destination choice for higher education.

It is expected that the greater the awareness of the host country, more knowledge about the host country, the better the quality of education in the host country and wider recognition of the host qualifications, the stronger the intention of students to choose that particular country for study. The country's image plays an important role in a student's mind when exposed to a country's information (Cubillo, Sanchez, & Cervino, 2006; Lawley, 1998; Srikatanyoo & Gnoth, 2002). This is because the attitude of consumers is affected by the stereotypes of a particular country (Cubillo, Sanchez and Cervino, 2006). Therefore, the more favorable a country image, the more likely that a student will choose to study in that particular country (Cubillo, Sanchez, & Cervino, 2006; Lawley, 1998; Srikatanyoo & Gnoth, 2002). This leads to hypothesis 2.1:

H2.1: The importance of knowledge and awareness about the host country is positively related to Thai students' destination choice for higher education.

Recommendations from family and friends are based on the reputation of an institution and knowledge awareness about the host country (Mazzarol & Soutar, 2002). Parents and friends recommend a destination country to prospective students when they perceive that the institution in the host country has a good reputation, and they have positive beliefs about the host country (Mazzarol & Soutar, 2002). Also, many prospective students select a destination because their friends and family had studied there (Chen & Zimitat, 2006; Lawley, 1998). Furthermore, the perception of students with regard to the geographic proximity of the destination country was expected to have a moderate influence (Mazzarol & Soutar, 2002). A closer destination can make that country relatively attractive to prospective students (Jones, 2006; Mazzarol & Hosie, 1996). Therefore, the following hypothesis is proposed:

H2.2: The importance of recommendations from family and friends, social links and geographic proximity is positively related to Thai students' destination choice for higher education.

In this study, social costs, which include a safe environment, racial discrimination and enhanced job opportunities, are included in addition to general costs. Social costs are factors that many studies have failed to include as a component in the cost issues construct (Cubillo, Sanchez, & Cervino, 2006; Lawley, 1998). It is predicted that the higher the cost issues of a country, the lower the intention of a student to choose that country as their destination. Therefore, this leads to hypothesis 2.3:

H2.3: The importance of cost issues is positively related to Thai students' destination choice for higher education.

The suitability of the environment is important for students to enjoy their life while studying overseas (Duan, 1997; Mazzarol & Hosie, 1996; Mazzarol & Soutar, 2002). A comfortable climate is one of the important reasons for Asian students to choose their destination. The country's image also affects the students' beliefs and attitudes about

the country's environment, such as whether it is boring, relaxing or pleasant (Palacio, Meneses, & Perez Perez, 2002). A quiet-studious environment is also another significant pull factor for a potential destination (Mazzarol & Soutar, 2002). This leads to hypothesis 2.4:

H2.4: The suitability of the environment is positively related to Thai students' destination choice for higher education.

Factors influencing institution and course evaluation (Pull factors).

At this stage, consumers process information of all targeted selections in order to make a final choice (Kotler, 2006). Prospective students determine the criteria and list the importance of attributes of an institution and course to form a belief and attitude toward the targeted selection which then leads to their intention to choose a destination (Lawley, 1998). Therefore, the institution and course characteristic can alter the magnitude of the influence of country characteristics on prospective students' intention to choose a destination country. Therefore, hypothesis 3 is postulated:

H3: The factors influencing institution and course evaluation, which include value of education, physical aspects, facilities and resources, degree (content and structure), general influences and cost of education, are positively related to Thai students' destination choice for higher education.

According to the literature, students are influenced mostly by the recognition and reputation of a university and selected program attributes (Binsardi & Ekwulugo, 2003; Joseph & Joseph, 1998; Mazzarol & Soutar, 2002). This is because the recognition and reputation of university factor can affect their prospective careers as well as their background (Binsardi & Ekwulugo, 2003; Ivy, 2001; Mazzarol & Soutar, 2002). Moreover, the reputation for quality of the university's faculty members is another significant factor for students to choose their destination (Lawley, 1998; Mazzarol & Soutar, 2002). Therefore, this leads to the derivation of hypothesis 3.1:

H3.1: Value of education is positively related to Thai students' destination choice for higher education.

One of the most important concerns for prospective students when choosing their destination is the physical facilities offered by a university (Mazzarol & Soutar, 2002; Price, Matzdorf, Smith & Agahi, 2003). Students who need to live outside the university's campus may need to consider the distance from their accommodations (Joseph & Joseph, 1998; Joseph & Joseph, 2000). Therefore, institutions that are situated in an ideal location can be considered as an advantage (Joseph & Joseph, 2000; Mazzarol & Soutar, 2002). Importantly, many students and their families certainly consider choosing an institution that provides a clean and safe environment as a main priority (Chen & Zimitat, 2006; Mazzarol & Soutar, 2002). Therefore, hypothesis 3.2 is proposed in this study:

H3.2: Physical facilities and resources are positively related to Thai students' destination choice for higher education.

A reasonable cost to study at an institution may not be the main priority for Asian students of a higher social class (Lawley, 1998; Maringe, 2006). However, an institution that offers the most reasonable cost can have a relative advantage over other choices where all other attributes have met the student's requirements (Chen & Zimitat, 2006; Lawley, 1998). It is found that students prefer to choose a university that provides their students with high quality infrastructure and resources that come at a reasonable cost (Binsardi & Ekwulugo, 2003). Moreover, reasonable entry requirements for institutions and programs are other pull factors that can motivate the students to choose their study destination (Bourke, 2000). Another important pull factor is the suitability of the program which is provided by an institution. It is expected that an institution that provides more specialized programs that suit the student's needs, is more likely to be selected (Cubillo, Sanchez, & Cervino, 2006; Soutar & Turner, 2002). This leads to hypothesis 3.3:

H3.3: Cost of education and Degrees (content and structure) are positively related to Thai students' destination choice for higher education.

The general influence consists of family and friends, recognition its student's previous qualification and strong alumni. The influence of family and friends affects every stage of a student's deci-

sion making process (Duan, 1997; Pimpa, 2003). According to the literature, at the stage of evaluating institution and courses, the influence of peers and family is expected to have a moderate effect on a student's decision making (Duan, 1997; Pimpa, 2003). It is reported that international students consider whether an institution is willing to recognize student's previous qualification from their home country as well as whether the host institution has a strong alumni base are the most important issues when selecting institution. Therefore, hypothesis 3.4 is proposed as follows:

H3.4: General influences are positively related to Thai students' destination choice for higher education.

RESEARCH METHODOLOGY

The relevant target population of this study is students who are in the process of pursuing post-graduation level study overseas within the next 12 months. Therefore, data was obtained from the education fair for students interested in studying abroad. In this research, non-probability sampling was adopted. The questionnaire is developed based on measurements from various studies that focused on the choice of destination for international education and exploratory research conducted for this study. Also, the back translation was done for Thai version as the target respondents are all Thai students. Zikmund (2000) defined back translation as "the process of translating a questionnaire from one language to another and then back into the original language by a second, independent translator" (p.331). The process of back translation was done by two professionals who have an excellent command of both English and Thai language. Structural Equation Modeling was employed to test the hypotheses.

DATA ANALYSIS AND RESULTS

A total of 660 self-administered questionnaires were distributed through convenience sampling at OCSC International Education Expo 2013, organized by the Office of Civil Service Commission (OCSC), on 2 November 2013 at the Royal Paragon Hall, Siam Paragon. There were 652 questionnaires returned, however, 12 questionnaires

were invalid due to data missing. Therefore, 640 questionnaires were used in this study.

Demographics Profile of the Respondents

The majority of respondents were female (69.4 percent) compared to 29.5 percent who were male. The age groups 20-25 years old formed the majority group of students interested in studying abroad which accounts for 80% of the total respondents. Also, the majority of respondents were looking to study in the area of Business Administration, which accounted for 49 percent of the total respondents. The majority of the respondents' current university or one they had graduated from was Chulalongkorn University (26.4 percent). This was followed by Thammasat University (20 percent), Kasetsart University (12.3 percent) and Mahidol University (9.8 percent). The three main means of financial support were self, family and a combination of both.

Hypotheses Test Results

For the hypothesis 1, the results in Table 1 indicated that personal factors and Thai students' destination choice for US had a significant positive relationship ($\beta = 0.151$, C.R. = 2.136, $p < 0.05$). However, the structural relationship between personal factors and Thai students' destination choice for both UK and Australia were not significant as indicated by the statistical result shows that ($\beta = -.081$, C.R. = -1.174, $p > 0.05$) for UK, and ($\beta = 0.110$, C.R. = 1.741, $p > 0.05$) for Australia. Therefore, the hypothesis 1 is only supported for Thai students' destination choice for US.

There are four paths to investigate based on the structural relationship between the Country characteristics and Thai students' destination choices. First, hypothesis 2.1, examining the structural relationship between knowledge and awareness of the host country and Thai students' destination choice across three countries was not supported. Also, hypothesis 2.3 proposed that cost issues were positively related to Thai students' destination choice. However, the results show that the structural relationship was insignificant across all destination choices. In addition, hypotheses 2.2 were supported only for Australia as a destination choice. In other words, recommendations from friends and family & social links and geographic

Table 1: A Summary of Hypotheses Test Results on Thai students' destination choice.

No.	Path of Relationship	β	C.R.	Hypotheses Testing
H1	Personal factors → Intention			
	US	0.151*	2.136*	Supported*
	UK	-0.081	-1.174	
	AUS	0.119	1.741	
H2	Country characteristics → Intention			
H2.1	Knowledge and awareness → Intention			
	US	0.076	1.032	
	UK	0.036	0.5	
	AUS	-0.004	-0.057	
H2.2	RSG → Intention			
	US	0.038	0.593	
	UK	0.017	0.272	
	AUS	0.236	3.477	
		***	***	
H2.3	Cost issues → Intention			
	US	0.043	0.893	
	UK	0.027	0.566	
	AUS	0.082	1.731	
H2.4	Environment → Intention			
	US	-0.448	-1.89	
	UK	0.494*	2.093*	Supported*
	AUS	0.269	1.20	
H3	IP → Intention			
H3.1	Value of education → Intention			
	US	0.128	1.793	
	UK	0.011	0.158	
	AUS	-0.17*	-2.47*	Supported*
H3.2	Physical facilities and resources → Intention			
	US	0.230*	2.055*	Supported*
	UK	-0.074	-0.662	
	AUS	0.044	0.416	
H3.3	Cost of education and Degrees (content and structure) → Intention			
	US	0.234*	2.171*	Supported*
	UK	0.027	0.251	
	AUS	-0.019	-0.182	
H3.4	General influences → Intention			
	US	-0.055	-0.797	
	UK	-0.049	-0.708	
	AUS	-0.105	-1.521	

Note: IP= Factors influencing host institution and program evaluation selection, RSG = Recommendations from family and friends & Social links and geographic proximity.
Supported at * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$, NS = not significant.

proximity as one of the pull factor and Thai students' destination choice for Australia were found to have a strong and positive relationship ($\beta = 0.236$, C.R. = 3.477, $P < 0.001$). However, the hypothesis was not supported for the destination choice of US ($\beta = 0.038$, C.R. = 0.593, $P > 0.05$) and UK ($\beta = 0.017$, C.R. = 0.272, $P > 0.05$). Hypothesis 2.4 proposed that the environment situation had a positive relationship with Thai students' destination choice. The results showed that this relationship was supported only for Thai students who were likely to choose UK ($\beta = 0.494$, C.R. = 2.093, $P < 0.05$) as their study destination. In summary, environment situation is not positively related to US and Australia as a destination choice for Thai students.

The second pull factor of this study involved factors influencing institution and program evaluation. There are four factors which include facilities and resources, cost of education, value of education and general influences. This study sought to examine whether the factors influencing institution and program evaluation had a positive relationship with Thai students' destination choice. From the test of hypothesis 3.1, the structural relationship between value of education and Thai students' destination choice, it is found that the value of education was negatively related to Thai students who are likely to choose Australia as their destination ($\beta = -0.17$, C.R. = -2.47, $P < 0.05$). For hypothesis 3.2, facilities and resources had a significant positive relationship with Thai students' destination for US ($\beta = 0.23$, C.R. = 2.055, $P < 0.05$). However, Thai students who plan to study in UK and Australia did not indicate facilities and resources as an important factor. For hypothesis 3.3, the structural path between cost of education and Thai students' destination choice was significant only for the US. The statistical test results of the structural path showed that $\beta = 0.234$, C.R. = 2.171, $P < 0.05$ for the US as a choice. For the last hypothesis which is hypothesis 3.4, it was found that the general influences factor is not positively related to Thai students' decision across all three destinations.

DISCUSSION AND RECOMMENDATIONS

The findings showed that the personal factor (push factor) was positively related to Thai stu-

dents who chose to study in US. This implies that Thai students' choice of the US could be because they perceive that they can improve language skills, understand Western cultures better and enhance their future career prospects. Many Thais perceive that the US is one of the most technological, up-to-date and multi-cultural country (Lawley, 1998). Therefore, it is plausible that Thai students who wish to improve their personal skills would prefer the US as a destination rather than other choices since the US is linked with high quality standards and choices in education.

Positive recommendations from friends and family & social links can motivate Thai students to choose their study destination, especially, to Australia. The relationship is in line with many previous researches which indicated that family and friends' recommendation is one of the most influencing pull factors for students' choice of Australia as a destination (Chen & Zimitat, 2006; Duan, 1997; Lawley, 1998; Mazzarol & Soutar, 2002). One of the reasons could be that many Thai students who wish to study abroad at the post-graduate level need to rely on their parents for financial support (Pimpa, 2003; Terry, 2008). Thailand still remains a high power distance country in which a strong family culture is deeply embedded in society (Tarry, 2008).

Moreover, the result of this study is partially in line with the hypothesized relationship such that the likelihood of Thai students' choice of UK as a study destination increases when the students perceive that the environment of UK is better than other destination choices (Mazzarol & Soutar, 2002; Palacio, Meneses, & Perez Perez, 2002). One of the reasons that the suitable environment factor can attract Thai students to choose UK as a destination over US and Australia is because of the increase in British marketization which emphasizes better job opportunities. A better career with higher financial rewards can attract Thais to select UK as their destination for both study and work after graduation (Tarry, 2008).

The relationship between knowledge and awareness of the host country is not positively related to Thai students' destination choice. This may be explained by the fact that Thai students as well as their parents have long since been familiar with the three destination countries, which are US, UK and Australia; the three countries have been the most popular study destinations of Thai students

at the post-graduate level over the past decades (UNESCO, 2013). Therefore, knowledge and awareness of the host country factor alone do not have enough power to be a decisive factor to motivate Thai students' choice of a particular destination.

Although, cost issues were found to be important for Western and some Asian students, Lawley's (1998) result indicated that cost issues were not related to Thai students' destination choice. In fact, many Thai students rely on financial support from their family (Pimpa, 2005) which may explain the insignificant result between cost issues and Thai students' destination choice.

The statistical analysis reveals that the value of education is a determinant related to Thai students' destination choice. Basically, students tend to evaluate the reputation and recognition of university and program before considering other factors (Binsardi & Ekwulugo, 2003; Ivy, 2001; Mazzarol & Soutar, 2002). Interestingly, the statistical results suggest that the value of education is negatively related to Thai students' destination choice for Australia only. This may be explained by Thai students' perception on value of education of program and institutions in Australia as relatively lower when compared to institutions from US and UK. This is supported by Lawley (1998) who indicated that despite Thai students perceiving the overall standard of universities in Australia as high, they rated them lower than universities in US and UK.

Furthermore, the result showed that facilities and resources were significantly related to Thai students' destination choice. It is argued that students tend to have cognitive and affective emotion attached with physical aspects of the institution such as the building, facilities and the environment (Gutman & Miaoulis, 2003).

Another significant factor influencing host institution and program selection was the cost of education and degree (content and structure) factor. Lawley (1998) found that although Thai students perceived the overall quality of institutions from UK was higher than other host countries, they perceived the study and living cost to be high as well. As a result, some students may need to change their plan by choosing an alternative that offers a lower cost rather than the first choice which has higher cost. This is line with many previous studies which stated that university and living costs

were the major barriers for students to select UK as their destination (Binsardi & Ekwulugo, 2003; Lawley, 1998; Maringe & Carter, 2007).

The result showed that general influence was not positively related to Thai students' destination choice. Duan (1998) and Pimpa (2002) revealed that the influence of family is strong only in terms of motivating students to study abroad and for destination choice, whilst, the effect of family influence on host institution selection of Thai students was found to be weaker compared to decision making process in the earlier stages (Pimpa, 2002). Pimpa's (2002) study also revealed that Thai students were allowed more freedom on institution and program choice. As a result, family and peer influence which is considered to be an important component in general influence factor was not found to have significant relationship to Thai students' destination choice.

The main findings of this study can be used as an input for government policy makers in both home and host countries to formulate as well as develop new strategies in order to attract more students from Thailand. For Australia, it is a vital that universities there maintain or improve their standard of education quality whilst at the same time maintaining costs as well as safety as these are the important factors to attract Thai students, especially those who want to maintain a closer proximity to home. For UK, it is found that environment factor is crucial for motivating Thai students as they perceive the overall quality of UK universities in a positive way. Therefore, it is important that UK policy makers maintain this positive image by advertising and promoting through media. Many Thais, while perceiving that UK institutions offer top class education, still find the living expenses are relatively high when compared to US and Australia. Therefore, the UK government may need to launch some measures that can reduce the cost for Thai and other international students by offering special discounts for public transport, special tax refunds for student visa holders, extend more options for work and working hours for students currently enrolled, and reduce university dormitory fees. For US, which is a popular destination for students from around the world, there is the need to maintain the image as a leader in economics, military, technology and innovation which is the main attraction for students opting to study there. The issue of concern for students and

parents is one of safety, and it is crucial that policymakers maintain an image of safety and freedom from violence and terrorism acts.

LIMITATIONS AND SUGGESTIONS FOR FURTHER RESEARCH

The results of this study may not be used to generalize across countries in Asia. This is because the factors that were examined in this study may be suitable solely for Thai students. One of the obstacles could be the cultural factor that prevents the generalizability of the results. It was discovered that students from different cultures and backgrounds could perceive some factors differently. Therefore, further study could adopt the model proposed in this study as a basis to compare findings across national settings. Moreover, this study investigated only Thai students who had decided to engage in international education by travelling to the host countries. It is recommended that future researchers also consider the distance learning mode for international education. For example, some of the significant factors from this study such as personal values and recommendation from others can be empirically tested to examine the intention of Thai student who opt for the distance learning mode. It will be fruitful for future researchers in the international education to include animosity and ethnocentrism factors while examining student destination choice. It is believed that these two factors could have a significant impact on the country image, institution image as well as the final choice for prospective students. Conducting surveys on students after they have completed their education (post hoc) and returned to their home country would also throw more light on the complexities related to international education choices.

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THE RELATIONSHIP BETWEEN JOB SATISFACTION AND TURNOVER INTENTION OF THAI SOFTWARE PROGRAMMERS IN BANGKOK, THAILAND

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Abstract

The main objective of this study was to investigate job satisfaction variables related to turnover intentions of software programmers employed in the IT industry in Thailand. Samples were selected from programmers working for firms in Software Park, Bangkok. Self-administered questionnaires were sent via hyperlink to 800 software programmers; 400 valid samples were used for analysis in this study. The findings showed that 3 factors, benefits, nature of work and supervision were related to turnover intention in terms of the pull factor. For the push factor, only two factors, nature of work and job conditions were associated with turnover intention. Pull factors were shown to have a stronger impact on turnover intention than push factors.

Keywords: Job Satisfaction, Software Programmers, Push Factors, Pull Factors

บทคัดย่อ

วัตถุประสงค์หลักของการศึกษานี้คือ การตรวจสอบความสัมพันธ์ระหว่าง ตัวแปรความพึงพอใจในงานกับความตั้งใจจะลาออกของนักออกแบบโปรแกรมที่ทำงานในอุตสาหกรรม IT ในประเทศไทย กลุ่มตัวอย่างคือนักออกแบบโปรแกรมที่ทำงานให้กับบริษัทที่ตั้งอยู่ในซอฟต์แวร์พาร์คในกรุงเทพ แบบสอบถามถูกส่งไปทางอินเทอร์เน็ตให้กับนักออกแบบโปรแกรมจำนวน 800 คน ได้รับแบบสอบถามที่ใช้ได้คือ 400 ชุด ผลการวิจัยพบว่า ปัจจัยด้านผลประโยชน์, ลักษณะงาน และการควบคุมงาน มีความสัมพันธ์กับความตั้งใจจะลาออกในแบบปัจจัยดึงดูด ส่วนปัจจัยผลักดันพบว่า ลักษณะงานและสภาพการทำงานมีความสัมพันธ์กับความตั้งใจจะลาออก ปัจจัยดึงดูดมีผลต่อความตั้งใจจะลาออกมากกว่าปัจจัยผลักดัน

คำสำคัญ: ความพึงพอใจในงาน, นักออกแบบโปรแกรม, ปัจจัยผลักดัน, ปัจจัยดึงดูด

INTRODUCTION

The past decade has been the most volatile period for firms that use or deal in information technology (IT) or use IT services. Most of the problems are related to personnel (Agarwal, Prebuddha & Ferratt, 2001), i.e., demand and supply, selection, recruitment, and more specifically, retention. Since the late 1990s, the labour market for IT professionals has been hit by shortages, and IT levels of compensation have skyrocketed by 15-20% annually. Job hopping has become the standard of the industry, and only eight out of ten IT positions can be recruited and filled with qualified candidates (McNee, Morello, Zidar & Smith, 1998). The problems in the IT market will continue for years to

come, and it is expected that the demand of the markets that need IT skills will continue to exceed supply (McNee et al., 1998).

Turnover can be a concern for all sectors but it is more worrying in the IT industry. The turnover of IT professionals can have disastrous effects on organizations due to the loss of business process knowledge along with acquired technical skills. The rationale model of turnover suggests that job dissatisfaction is the first step toward leaving an organization. Rouse (2001) stated that due to the incredible demand for qualified IT professionals “unsolicited job offers are constantly bombarding members of this group. Even though there is nothing dissatisfying about their current position, the new offer may be too good to forgo” (p.285).

Significance of the Study in the Thai context

Driven by the increasing use of technology in all aspects of society, the information technology industry in Thailand has grown rapidly since 2000, as the ever-expanding diversity of products, lower prices, and wider access to knowledge has encouraged demand in the public, private and civil society sectors (Charoen, 2013). Thailand's ICT market accounts for 11 percent of GDP and is the largest in Southeast Asia with growth projected at 12% for 2010-2014 (NECTEC, 2009). The country's value of spending on all ICT products and services is estimated to reach US\$8.7 billion in 2014. Currently, there are more than 24 million Internet users in Thailand (BOI, 2012). The rapid rise in IT usage has resulted in a shortage of programmers working for these companies (Wannasathop, 2007; SIPA, 2012; Baotham, Hongkhuntod & Rattanajun, 2010) and overseas programmers numbering approximately 20% (SIPA, 2012) have had to be recruited to fill the gap.

In recent studies, researchers have regularly studied the effects of intrinsic and extrinsic rewards on job satisfaction and leaving behaviour (Bodla & Naeem, 2010; Dave, Dotson, Cazier, Chawla & Badgett, 2011; Obaid, Khan & Saeed, 2011). In a more recent survey of 7500 IT professionals conducted in the US by Brost (2013) on behalf of Robert Half Technology, more than one-third (35 percent) said they planned to look for another job in the next year, and another 35 percent were unsure whether they will stay in their current firm. The findings also showed that the contributing factors to IT workers' search for greener pastures are the need for new challenges and a lack of career advancement potential. Another recent study by Goodman-Bhyat (2013) showed that IT professionals are the least satisfied with their jobs. This survey of over 3500 people across a wide range of industry sectors in the US, showed that only 1 percent of senior IT professionals were happy with their jobs and 99 percent were willing to consider a competitive career option.

The purpose of this study is to examine the relationship between job satisfaction factors as predictors of Thai software programmers desire to stay (turnover intention) with their current employer.

The study aims to answer the following research question:

“To what extent are job satisfaction variables related to the turnover intention of software programmers in the IT industry in Bangkok, Thailand?”

Precisely, this study has the following research objectives:

- a) To examine the job satisfaction factors related to the turnover intention of software programmers in the IT industry in Bangkok, Thailand
- b) To study each factor and the strength of its relationship with the turnover intention of software programmers in the IT industry in Bangkok, Thailand
- c) To examine whether push or pull factors have a stronger relationship with the turnover intention of software programmers in the IT industry in Bangkok, Thailand.

LITERATURE REVIEW

There is a paucity of research on job satisfaction and turnover specific to Thailand. Noypayak and Speece (1998) have argued that job satisfaction is the main concern in current Asian businesses, and among the few research studies that can be found, there are none related to information technology professionals.

Job Satisfaction

Job satisfaction is the most widely investigated job attitude, as well as one of the most extensively researched subjects in Industrial/Organisational Psychology (Judge & Church, 2000). There are also many studies related to employees' turnover. Among these, there is a subset of research studies that have focused on the factors affecting the IT worker's turnover. The main ideas from these studies show that job satisfaction is inversely related to IT worker's turnover intention (Baroudi & Igbaria, 1995; Igbaria & Guimaraes, 1999; Poggi, 2010; King, 2010).

Job satisfaction is a significantly-researched work attitude and is commonly defined as “a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences” (Locke, 1976, p.1304). According to Kerber and Campbell (1987), measurements of job facet satis-

faction may be helpful in identifying which specific aspects of a job require improvements. The results may aid organizations in improving overall job satisfaction or in explaining organizational issues such as high turnover.

There are numerous factors that must be taken into consideration when determining how satisfied an employee is with his or her job, and it is not always easy to determine which factors are most important to each employee. Spector (1997) argued that job satisfaction measures facets such as appreciation, job conditions, communication, co-workers, fringe benefits, nature of the work, recognition, security, organisation's policies and procedures, pay, personal growth, supervisory and promotion. The current study adapts the updated the job satisfaction model proposed by Spector (2004). The following sections discuss each facet of his model.

Recognition

Recognition is defined as acceptance and respect that employees receive in the IT organisation (Spector, 2004). A significant portion of IT professionals' motivation comes from the recognition they get from their supervisors and the sense that they are an essential part of the organization (Agarwal & Ferrat, 1999; Gomolski, 2000).

Communication

Fisher (2000) proposed communication suggestions for managers that would like to retain IT talent. For example, managers should explain not only what needs to be accomplished but also the reason behind it. Smiths et al. (1993) contended IT professionals should be trained in business communication skills. In addition, a supervisor that has good communication with a subordinate will increase the job performance and job satisfaction of the subordinate as well.

Co-workers

Co-workers are defined as others who work with an employee. Building allies across the organization helps employees accomplish their work goals and their organization's goals. Forming positive relationships at work may make the workplace and work more enjoyable and increase job satis-

faction and engagement. An organization that creates a work environment based on teamwork and mutual respect between workers will improve the commitment, honesty and integrity (Zurier, 2000).

Benefits

Benefits are defined as employees' fringe benefits, medical, housing, education assistance, training, pension, and welfare (Hansen, 2007). Meares and Sargent (1999) found that when an employer has an increase in a benefit based on performance, e.g. house rental, or dental and medical allowance, there will be a significant increase in job satisfaction.

Job conditions

Job conditions are related to employees working in a good atmosphere, with safe and supportive equipment in the IT organization (Spector, 1997; 2004). Igbaria et al., (1991) confirmed the dissatisfaction that stems from a poor fit between work orientation and the work environment. Conversely, firms that have effectively reduced IT turnover have generally been proactive in creating a pleasant working atmosphere and an environment that fosters innovation, challenge, and fun (Zetlin, 2001). Challenging and stimulating assignments are important in many surveys of IT workers. According to these surveys, it was not the salary that took first place, but challenge, responsibility, and the work atmosphere that were important to job satisfaction (Westlund & Hannon, 2008).

Nature of work

The nature of work is defined as the type of work or task that employees are currently doing, including the work-life balance (Spector 1997; 2004). People can be motivated by the intrinsic nature of job tasks; when work is interesting and enjoyable, people will like their jobs, be highly motivated, and perform well. Mobley (1982) has suggested that employee perceptions and evaluation of job content are among the more consistent correlates of turnover. It can be difficult for employees to remain motivated, satisfied and engaged with their jobs if their work is not stimulating. Fisher (2000) and McGee (1996) consider workload pressure as a source of job dissatisfac-

tion for IT professionals.

Operating Procedure

Operating procedure is defined as the procedures, rules, and regulations imposed by the organization (Stewart, 2007). The organizational policies and procedures influence an employee’s attitude toward that organisation. In addition, fair procedures for allocating rewards in the organisation should underpin commitment to a company and thereby bolster participation in the organization. Fairness of organizational policies and procedures regarding pay, rewards, recognition, etc. improve satisfaction, which in turn reduces intention to quit.

Supervision

Supervision is defined as employees’ superiors who are in a reporting relation with the employee based on the chain of command (Spector, 1997; 2004). Hacker (2003) has claimed that IT employees seem to change jobs more quickly when they do not feel comfortable with their supervisors. The relationship employees have with their supervisors is directly connected to their success and growth at work. Supervisors who develop a positive relationship with employees may be more likely to learn their employees’ strengths and weaknesses, making it easier for supervisors to use their employees’ talents for the good of the organization.

Pay

Pay is defined as employee payment or salary for their work (Spector, 1997; 2004). With regard to payment, status and high salary have long attracted IT workers. In 2012, six out of 10 US employees indicated that compensation was very important to their overall job satisfaction, putting it only three percentage points below opportunities to use skills and abilities and only one percentage point below job security. Compensation, along with job security, has consistently remained on the list of the top five job satisfaction factors most important to employees (SHRM Report, 2012).

Promotion

Promotion is defined as employees’ growth and advancement in a career (Framingham, 2001). The

IT professionals who are managerial-oriented in technical jobs and technically-oriented IT professionals in managerial jobs have revealed several kinds of negative work attitudes, including low satisfaction and shortage of commitment to the organization. This study asserts that employees with a managerial orientation react positively to managerial jobs because they understand the opportunities for advancement, money, respect from top management, and power that these jobs offer.

Push and Pull Factors

The “Push” factors relate to the reasons of dissatisfaction that employees use as principal motivators to sever the relations with the company. Push factors are aspects that push the employee towards the exit door. In the literature it is also called controlled factors because these factors are internal and can be controlled by organizations. The “Pull” factors are those reasons that attract the employee to a new place of work. In some studies, pull factors are named as uncontrolled factors because they are out of the control of organizations. Various pull factors derived from literature are: high salary, career advancement, new challenge and interesting work, job security, good location of company, better culture, life-work balance, more freedom/autonomy.

Turnover Intention

Turnover intentions are identified as the immediate predecessor to turnover behaviour. They also refer to the probability that an employee will leave an organization at some point in the near future (Tett & Meyer, 1993). Lee and Mitchell (1994) found that voluntary turnover involves three main components. First, job dissatisfaction initiates leaving the job. Second, the employee searches for new job alternatives prior to leaving the organisation. Third, the employee will “weigh-up” between the existing job and the new job alternative, but then select the better one.

Research Framework

Figure 1 depicts the research framework for the current study.

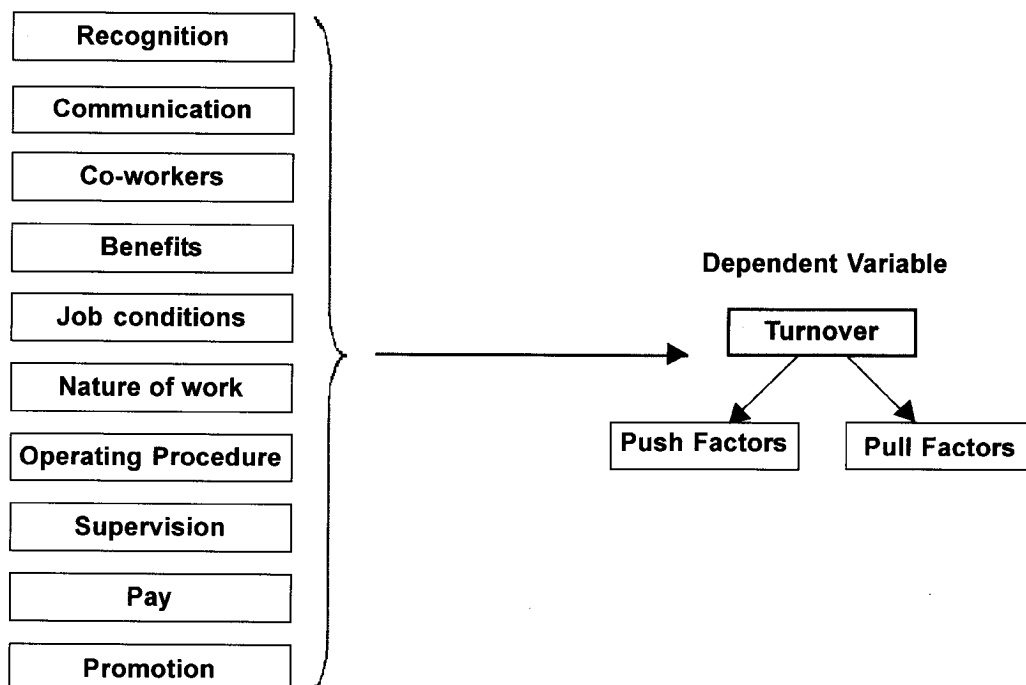


Figure 1: Research Framework

Hypotheses

In order to examine the factors influencing software programmers' turnover in the IT industry in Bangkok, Thailand, the following hypotheses were formulated for the present study:

H1: There is an association between job satisfaction facets (recognition, communication, co-workers, benefits, job conditions, nature of work, operating procedures, supervision, pay and promotion) and software programmers' turnover intention.

H2: Push factors will have a stronger relationship with software programmers' turnover intention than pull factors

RESEARCH METHODOLOGY

The target population was the entire group of software programmers employed in the IT industry in Thailand. According to SIPA (2012) it was found that there are approximately 1200 local IT software organizations in Thailand, with 38,000 programmers. Of these, 30,400 or 80 percent worked in the Bangkok area (SIPA, 2012; Wanasathop, 2007). Therefore, the sample of programmers in Bangkok was chosen as it is the centre of the IT industry in Thailand.

The sample was chosen from among program-

mers working in the IT organizations in Bangkok for Software Park Thailand. Software Park Thailand is a government agency under the National Science and Technology Development Agency founded in 2002 and was established to stimulate the development of Thailand's software industry. At present, 400 firms are members of the Software Park. From the 400 firms which have membership in the Software Park Thailand, the researcher randomly selected a total of 80 firms. The names of all firms were pasted on an EXCEL spreadsheet and the researcher used a sampling fraction of $f = n/N = 80/400 = .20$ or 20%. Based on telephonic interviews with the HR managers in the 80 firms, it was found that the majority of them employed approximately 10-15 programmers. The HR managers were requested to provide a list of software programmers' email addresses so the questionnaire could be sent through hyperlink to the sampled respondents. Once the email addresses were received from HR managers, an email was sent to all software programmers at the selected organizations to complete the survey.

Research Instrument

The questionnaire consisted of 4 sections. The first section contained questions related to respondents' personal data. Section 2 contained 40 questions which measured the 10 facets of job satisfac-

tion as shown in the Research Framework. The questions were adapted from the Job Satisfaction Survey (JSS) by Spector (1994; 2007) and a 7-point Likert scale was used, ranging from 1 to 7, with 1 = Disagree Strongly, 2 = Disagree moderately, 3 = Disagree slightly, 4 = Neither Agree nor Disagree, 5 = Agree slightly, 6 = Agree moderately, 7 = Agree Strongly. Eleven questions were used to measure the Pull and Push Factors in Section 3. These were adapted from the work of Kim, Price, Mueller, and Watson (1996), Igbaria (1993), and Rouse (2001). Three questions were used to assess respondents' turnover intention. These were: *Continue to work until I find a better job*, *Work until retirement*, *Undecided*.

Validity and Reliability

An analysis of validity and reliability was conducted to determine whether the survey questions were generalizable and indicative of what they were intended to measure. Four research experts employed as HR consultants checked the survey tool for content validity. The pilot test was conducted with a sample of 30 respondents in order to assess the reliability of the measures. The researcher distributed 30 sets of questionnaires to the programmers in 3 companies in the Software Park Thailand. Cronbach's coefficient alpha was used in order to test the reliability of the multi-point scaled items. From the results of the test, the alpha scores for all variables were greater than 0.8; this implies that the questionnaire used for the study was reliable (Sekaran, 2000). Multiple regressions were applied for ten factors of job satisfaction which were associated with turnover intention. In addition, a paired-sample t-test was used to find the relationship of the pull and push factors.

FINDINGS

Of the 800 questionnaires sent via hyperlink, 400 questionnaires were valid and used for the analysis of this study. The 50% response rate is not surprising as one major concern is online surveys' typically low response rates (Archer, 2008; Miller & Smith, 1983; Wiseman, 2003). On average, online survey response rates are 11% below mail and phone surveys, and rates as low as 2% have been reported (Petchenik & Watermolen,

2011).

Out of the total sample, 52 percent were male programmers and another 46 percent were female programmers. The majority of programmers were aged from 26 to 30 years (52 %), followed by 20 to 25, and 31 to 35, at 24.5 percent and 18 percent, respectively. The majority of respondents had monthly income between 20,001 to 30,000, and 10,001 to 20,000 Baht, at 34.8 percent and 24 percent, respectively. The largest group of respondents (71.3 percent) had a bachelor degree, 27.5 percent a master's degree, and about 1 percent a diploma. The majority the group were full-time programmers (90%), with experience as programmers mainly from 1 to 3 years (42.3%), 3-5 years 26.8 percent, 5 to 10 years at 26.5 percent, and approximately 4.5 percent of the respondents had experience as programmers for over 10 years. Figures 2 and 3 show the hypotheses test results on push and pull factors based on multiple regression analysis.

DISCUSSION

Extant literature supports the idea that pay and promotion are important factors impacting turnover; however, as per the findings of the current study, the only significant factors are supervision, nature of the work, benefits, and job conditions. Pull factors had a stronger relationship with software programmers' turnover intention than push factors. This finding is surprising because in western studies, reward, recognition, and feedback were mentioned as important strategies for retaining IT talent (Tulgan, 2000; Zemke, 2000; Zetlin, 2001). In the IT industry in Thailand, responding software programmers might not be very concerned about pay as a factor impacting job satisfaction, because they get salaries which are generally higher than other occupations (BOI, 2012).

Despite pay being a factor that was not significantly linked to turnover intention in this study, benefits were significantly related to the participating Thai software programmers' turnover intention. It implies that these Thai software programmers might be satisfied with their current salary but they were looking for benefits that could provide them with better security in the long term. Aiken (2001) suggested that an innovative compensation and benefit package can increase job

Figure 2: Hypotheses Test Results showing Job Satisfaction and Turnover Intention of Software Programmers in the IT Industry in Bangkok, Thailand - Pull Factors

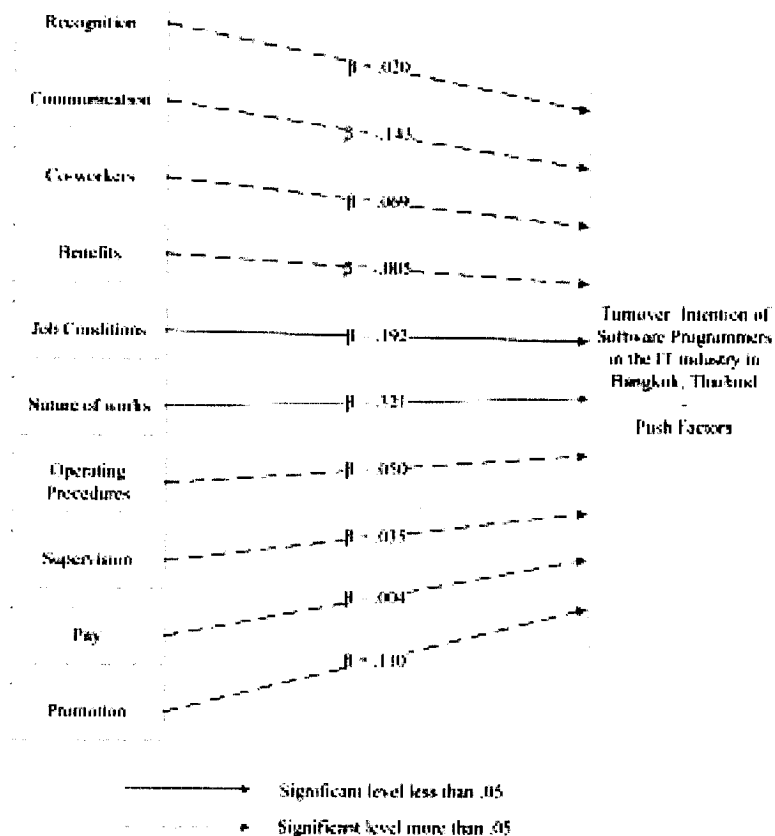
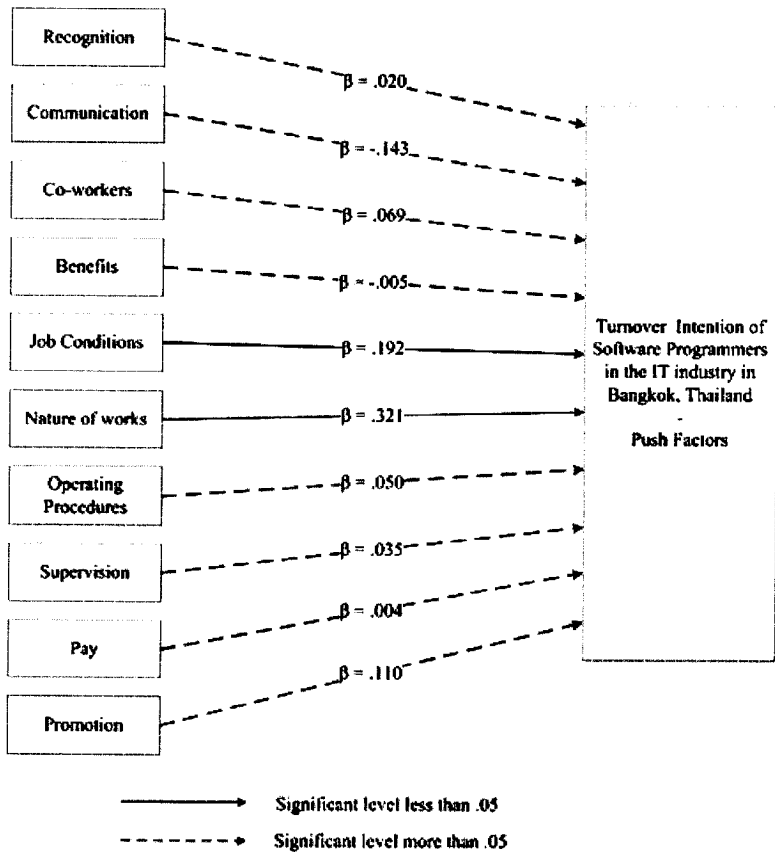


Figure 3: Hypotheses Test Results showing Job Satisfaction and Turnover Intention of Software Programmers in the IT Industry in Bangkok, Thailand - Push Factors



satisfaction and help with retention. In Thailand, social assistance from the government is not sufficient, it is therefore important for Thais to save for old age as a source of income security. The failure of many Thai employers to provide long-term security to their employees encourages neither loyalty nor adequate investment by employers in skills improvement (Beever, 2012).

The findings showed a significant relationship between supervision and respondents' turnover intention. Previous studies on Thai subordinates have found that support from a boss, fairness, and a caring attitude were regarded as crucial for gaining their trust (Kainzbauer, 2013). This is similar to Jiang and Klein's (1999) study which concluded that IT professionals will gain more satisfaction in their job when the supervisor's support is positive and where the organization offers acceptable series of opportunities that satisfy their career requirements.

The nature of work and job condition were both significantly related to turnover intention in the current study. Igbaria et.al (1991) argued in their study that IT employees have a high need for autonomy and independence. Amabile (1997) confirmed this by stating that the most creative IT teams boast autonomy and cohesion. If the job is not well defined, the work that the programmer does may not create any value. For example, an employee who accepts a job as a senior analyst can expect to work on more complex projects and have more responsibility than a junior analyst.

CONCLUSION AND RECOMMENDATIONS

Whilst studies conducted in the west have found significant correlations between many of the job facets and turnover intention, this study has found that only four variables, supervision, benefits, and nature of work, and job condition are related to software programmers' turnover intention. This implies that HR managers in the IT industry in Thailand need to pay special attention to these factors in order to retain their skilled IT personnel.

IT personnel play a vital role in organizations. This highly specialized group of professionals is often charged with bridging the complexities of technology and organizational business processes and procedures. Finding the right talent is a chal-

lenging and costly endeavour. Given the shortage of qualified personnel and the cost of hiring and training new IT personnel in Thailand, it is paramount that organizations learn ways to retain their most qualified IT personnel. The first step in doing so is to delve into the underlying causes of turnover with the goal of developing and refining appropriate job retention strategies. By taking into account this study's findings, organizations may be able to heighten their awareness of an IT professional's career needs and utilize this knowledge to facilitate a more positive work experience, promote work community balance, and establish good career-management practices.

The current study showed that 44.8% of employees were willing to continue with their current company for 3 years whereas 41% were undecided about leaving their current firms. It was not surprising that the younger respondents, those who had worked for only 1-2 years, were the ones with the strongest intention to shift to another company. The fact that organizations of varying sizes and across industry sectors have effectively reduced turnover through strategies that take into account the preferences of IT professionals clearly show that high turnover is not an inevitable consequence of the technology field but rather a problem that can be successfully addressed by understanding the root causes and adopting proven strategies such as work redesign.

FUTURE RESEARCH

The current study has limitations that can serve as recommendations for future research. First, further research is needed to develop a simplified model to measure job satisfaction and turnover of other professional groups, i.e., system analysts, project managers, employed in the IT industry in Thailand. Second, future studies should have a more diverse sample of participants regarding gender, age, nationality and location. These elements should allow the researcher to compare and investigate the findings across several levels at the national level. Third, researchers should use longitudinal design in order to predict changes in the economy, technology, skills, and other issues which can impact job satisfaction. Fourth, because this study was quantitative and correlational, an evaluation of the impact of cause and effect was not

possible. Conducting a phenomenological study using interviews with IT professionals can offer deeper insights into what IT professionals are looking for in their jobs and why they leave organizations.

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STRATEGIC FRAMEWORK FOR FORMULATING THE SMEs PROMOTION PLAN

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Abstract

This research aimed to analyze small and medium enterprises (SMEs) policy in the SMEs promotion plans, evaluate the outcomes of Thai SMEs policy implementation, and propose a strategic framework for formulating the SMEs promotion plan.

The key informants in the public sector were composed of the top and middle administrators from the Office of SMEs Promotion, the Ministry of Industry, the Ministry of Commerce, the SME Bank, and the EXIM Bank, while key informants in the private sector were the SME entrepreneurs who had received the SMEs National Award and general SME entrepreneurs in the food industry. This qualitative research included documentary study, in-depth interviews, and focus groups. The results showed that the public sector recognized the importance of the need for development and promotion of SMEs; however, the main focus was only the manufacturing sector. The SMEs promotion policy thus could not be accomplished due to the limited budget and the lack of promotion direction, and unsystematic coordination and cooperation.

Keywords: policy, evaluation, small and medium enterprises

บทคัดย่อ

การวิจัยเรื่องกรอบยุทธศาสตร์ในการจัดทำแผนการส่งเสริมวิสาหกิจขนาดกลางและขนาดย่อม มีวัตถุประสงค์ของการวิจัย ดังนี้ 1. เพื่อวิเคราะห์สภาพแวดล้อมของนโยบายการส่งเสริมวิสาหกิจขนาดกลางและขนาดย่อมในระยะแผนการส่งเสริมวิสาหกิจขนาดกลางและขนาดย่อม 2. เพื่อประเมินผลลัพธ์จากการดำเนินนโยบายการส่งเสริมวิสาหกิจขนาดกลางและขนาดย่อมของไทย และ 3. เพื่อเสนอกรอบยุทธศาสตร์ในการจัดทำแผนการส่งเสริมวิสาหกิจขนาดกลางและขนาดย่อม

กลุ่มผู้ให้ข้อมูลสำคัญ ดังนี้ ภาครัฐ ได้แก่ ผู้บริหารระดับสูงและระดับกลางของสำนักงานส่งเสริมวิสาหกิจขนาดกลางและขนาดย่อม กระทรวงอุตสาหกรรม กระทรวงพาณิชย์ ธนาคารพัฒนาวิสาหกิจ ขนาดกลางและขนาดย่อมแห่งประเทศไทย และธนาคารเพื่อการส่งออก และนำเข้าแห่งประเทศไทย ภาคเอกชน ได้แก่ ผู้ประกอบการวิสาหกิจขนาดกลางและขนาดย่อม ในกลุ่มอุตสาหกรรมอาหารที่เป็นนิติบุคคล และได้รับรางวัลสุดยอด SMEs แห่งชาติ และผู้ประกอบการวิสาหกิจขนาดกลางและขนาดย่อมทั่วไป การวิจัยใช้ระเบียบวิธีวิจัยเชิงคุณภาพ การศึกษาเอกสารทางวิชาการ การสัมภาษณ์เชิงลึกและการสนทนากลุ่ม ผลการวิจัยพบว่า การส่งเสริมของภาครัฐได้ให้ความสำคัญต่อการพัฒนาและส่งเสริมวิสาหกิจขนาดกลางและขนาดย่อมเพิ่มขึ้น แต่ยังคงกระจุกตัวอยู่ในภาคการผลิตเป็นส่วนใหญ่ มีข้อจำกัด ดังนี้ ด้านงบประมาณ ด้านการกำหนดทิศทางการส่งเสริม และด้านการประสานงานในการทำงานร่วมกันอย่างเป็นระบบอย่างแท้จริง ทำให้นโยบายการส่งเสริมวิสาหกิจขนาดกลางและขนาดย่อมไม่ประสบความสำเร็จ

คำสำคัญ: นโยบาย การประเมิน วิสาหกิจขนาดกลางและขนาดย่อม

INTRODUCTION

SMEs have played a vital role in creating prod-

ucts and generating income and employment. SMEs account for approximately 99% of businesses and are the main production units that gen-

erate income accounting for 39% of the National Gross Domestic Product and employment (77% of employment) and approximately 29% of export value (The Office of SMEs Promotion, 2007).

As SMEs were regarded as a crucial mechanism for sustainable development in both micro and macro-economic levels, the Thai government passed the Small and Medium Enterprises Promotion Act of 2000 and established the Office of SMEs Promotion in the following year. The Office is responsible for promoting SMEs in the country. With the approval of the Cabinet, the SMEs Promotion Committee was established and was assigned to formulate policies and plans to support SMEs. So far, three plans have been proposed: the SMEs Promotion Plan No.1 (2002-2006), SMEs Promotion Plan No.2 (2007-2011), and SMEs Promotion Plan No.3 (2012-2016). Many public and private organizations are also assisting in promoting SMEs in many areas (the Office of SMEs Promotion, 2007).

The dynamic changes in economy, society, population, culture, and environment has resulted in high competition among countries in the world partly due to scarcity of resources, and natural disasters which have affected many nations, and Thailand is no exception. Thailand experienced an economic crisis in 1997, which affected entrepreneurs in terms of rising expenses. The Office of SMEs Promotion reported that the total number of SMEs was 2,924,912 in 2010 and 2,652,854 in 2011, a decrease of 272,058 SMEs or 9.3%. From 2007 to 2011, the GDP of SMEs continued decreasing from 38.7% to 38.1, 37.8, 37.1 and 36.6, respectively (the Office of SMEs Promotion, 2012). However, because of the small business size, the scarcity of funds, and limited access to information, SMEs' ability to adjust to changes was lower than large-sized enterprises (Grimm, Lee & Smith, 2006.) Although the Thai government emphasizes SMEs promotion, it has experienced several challenges such as limited budget, manpower, and providing accessibility to services and helpful information. Many agencies in Thailand, both in the public and the private sectors, are assigned with the responsibility of promoting SMEs in various areas, but they are unable to meet the needs of the vast number of SMEs all over the country.

The official establishment of the ASEAN Economic Community (AEC) in 2015 will allow each ASEAN country to encounter an open economic

environment in which all AEC countries can trade freely. This condition will bring about both advantages and disadvantages to SMEs which will need to adjust themselves to the changes. Therefore, if the Thai government wishes to strengthen SMEs and improve their potential and growth, formulation of SMEs plans is very vital. Also, policy evaluation can be made by studying the roles of key stakeholders in both the public and the private sectors in order to know the outcomes of the SMEs promotion (Guba & Lincoln, 1981). The result of such evaluation will influence SMEs in Thailand. Therefore this research on policy evaluation is significant because its findings will be used for formulating a strategic framework for setting SMEs promotion plans in Thailand.

Objectives of the Study

1. To analyze the macro-environment of the SMEs policy in the SMEs promotion plans.
2. To evaluate the outcomes of Thai SMEs policy implementation.
3. To propose a strategic framework for formulating the SMEs promotion plan.

Research Questions

1. What was the macro-environment of Thailand's SMEs promotion policy during the implementation of the SMEs promotion plans?
2. What were the outcomes of the policies and why were they so?
3. What is a suitable strategic framework for formulating the SMEs promotion plan?

LITERATURE REVIEW

A study by Wennekers (2006) found that SMEs were established in the Middle Ages, or the 5th century. After the 16th century when trade expanded, these new emerging enterprises helped European economies to become successful. Later, after the agricultural and industrial revolution, many innovative products were launched in a short period of time. However, in the 19th century, there was an economic downfall because entrepreneurs at that time lacked creativity, innovation, and ability to adapt to changes in their businesses (Landes, 1969). After the worldwide economic downfall or great

depression in the beginning of the 20th century, many large companies or businesses collapsed. It was only after the 20th century or after the WW II (Wenneker, 2006), that SMEs have been the focus of many governments around the world. Recently, SMEs have been seen as essential to the world and the national economy (the Office of SMEs Promotion, 2007).

The Thai government became more interested in SMEs after the economic crisis in 1997. It passed the Small and Medium Enterprises Promotion Act of 2000, which was an important step in promoting SMEs. Later on, the Office of SMEs Promotion was established in 2001 to set up policies and plans to support SMEs (Ministry of Industry, 2000). So far, Thailand has had 3 SMEs promotion plans: the SMEs Promotion Plan No.1 (2002-2006), SMEs Promotion Plan No.2 (2007-2011), and SMEs Promotion Plan No.3 (2012-2016), in order to promote SMEs in Thailand, in line with the National Economic and Social Development plan and the government policy (the Office of SMEs Promotion, 2011). The SMEs Promotion Plan No.1 focused on the revitalization and strengthening of SMEs, the SMEs Promotion Plan No.2 on enabling SMEs in the area to adjust themselves in terms of business efficiency and responsibility for society and environment, and the SMEs Promotion Plan No.3 on sustainable growth and competitiveness in the changing world.

From 1950 to 1959, studies about public policy focused on the process of policy formulation and behaviors of stakeholders. Behavioral researchers and scholars suggested that the process of formulating a public policy should be elaborated step by step. Dye (1984, pp.23-24) suggested steps in the process of policy formulation starting with Policy Formation, Policy Alternative Development, Policy Decision Making, Policy Implementation, and Policy Evaluation. Dye (1976) followed these steps in his policy system. Dunn (1981 cited in Thamrongthanyawong, 2006, p.39) explained that the relationships between public policy, policy environment, and policy stakeholders impacted various factors in the policy system and these relationships are involved in policy formulation.

Although there are many policy evaluation models, this research evaluated the SMEs promotion and effectiveness of policy implementation based on the North American Stakeholder Model because it can be used for qualitative evaluation of

the policy and for studying the concerns and issues of the major stakeholders in the policy. The North American stakeholders model for policy evaluation follows Guba and Lincoln’s evaluation framework. In the model, the evaluators are invited from outside. They can be advisors, freelance researchers, or the employees of a certain unit. These evaluators will collect the data about concerns and issues from the stakeholders. The evaluators will set up the criteria and standards for measurement. The stakeholders will not be responsible for the last step of the evaluation (Vedung 1991, pp.69-70). The current study interviewed stakeholders of the policy in order to know the results of the policy implementation as well as their concerns and issues which were the starting point of evaluation. Therefore, this research evaluated the outcomes of policy implementation based on stakeholders. The North American Stakeholder Model is deemed a suitable model for qualitative evaluation of SMEs promotion policy.

Because of the importance of SMEs in the national economic and social development, it is essential to formulate SMEs promotion plans to be carried out by the public and the private organizations in order to promote SMEs in the country.

RESEARCH FRAMEWORK

The framework of this research included the concepts and theories related to public policy and SMEs promotion as shown in Figure 1.

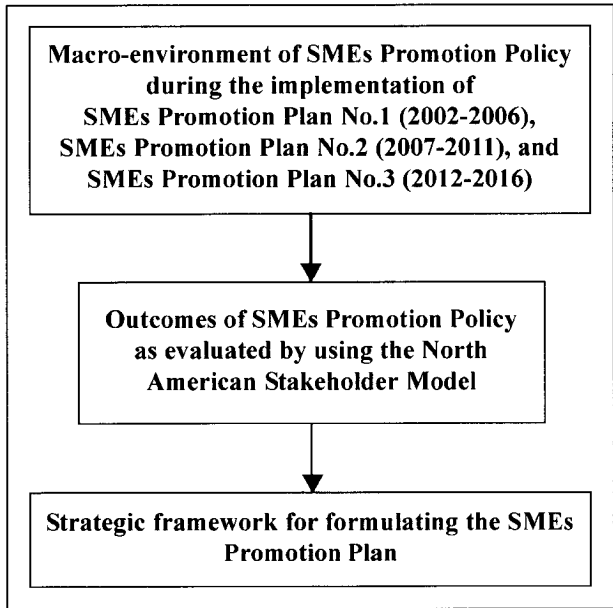


Figure 1: Conceptual Framework

This research began with the analysis of the macro-environment of SMEs promotion policy during the implementation of the SMEs Promotion Plan No.1 (2002-2006), the SMEs Promotion Plan No.2 (2007-2011), and the SMEs Promotion Plan No.3 (2012-2016). After that the outcomes of the implementation were evaluated by using the North American Stakeholder Model. Then the concerns of the stakeholders in the policy, including the relationship between the roles of the stakeholders in the private and the public sectors, were examined. The results were used to formulate the strategic framework for formulating the SMEs promotion plan.

METHODOLOGY

This qualitative research included both the secondary data and the primary data. The secondary data were academic information taken from official documents that the policy formulators put together and other reliable sources related to the study, such as the SMEs Promotion Plan No.1 (2002-2006), the SMEs Promotion Plan No.2 (2007-2011), the SMEs Promotion Plan No.3 (2012-2016), the overview of Strategic Plan of 2012-2016 and the Action Plan of 2013, the SMEs situation reports in 2011 and 2012, and the SMEs situation report in 2013.

The primary data were collected from 37 key informants: 19 from the public sector and 18 from the private sector. The former were top- and middle-level administrators of the Office of SMEs Promotion, the Ministry of Industry, the Ministry of Commerce, the SME Bank, and the EXIM Bank. And the latter were entrepreneurs who received the SMEs National Award and general SMEs entrepreneurs in Thailand's food industry.

The primary data were gathered by conducting in-depth face-to-face interviews and focus groups using open-ended questions. The key informants from the public sector consisted of the deputy director general for the Office of SMEs Promotion; and the deputy director of the Strategic and Policy Department of the Office of SMEs Promotion; the director of strategy and planning of the Department of Industrial Promotion, Ministry of Industry; the deputy director of Food Institute, Ministry of Industry; the director of Trading Standard Office; the trade specialist in the Depart-

ment of Foreign Trade, Ministry of Commerce; the director of International Trade Strategy Office, Department of Export of Ministry of Commerce; the vice president of ICT Department of the SME bank; the manager of the Planning and Budgeting Department of the SME bank; the assistant manager of the Planning and Budgeting Department of the SME Bank, and the director of Business Research Department of the EXIM Bank.

The key informants in the private sector were the Chief Executive Officers of Pornthip (Phuket) Co., Ltd., Siam Southern Food Line Co., Ltd., Tia Ngee Hiang (Chao Sua) Co., Ltd., Sunshine International Co., Ltd., Fruit Tech Co., Ltd., J.M. Food Industry Co., Ltd., Xongdur Thai Organic Food Co., Ltd., and Nithi Foods Co., Ltd.

The key informants for focus group were the Chief Executive Officers of P.T. Foods Processing Co., Ltd., Chaicharoen Marine (2002) Co., Ltd., IBF Halal Foods Co., Ltd., Hitec bio (Thailand) Co., Ltd., and Thai Rich Foods Group Co., Ltd.

Research tools

The tools used to collect data were interview guides and focus groups of stakeholders in the public and the private sectors. The following data were collected for this study:

1. In-depth interview topics for the public sector were the environment of the policy, the stakeholders' roles, issues, problems, obstacles, concerns, and coordination among governmental agencies.
2. In-depth interview topics for the private sector were the environment of the policy, business type and activities, issues, problems, obstacles, concerns, and coordination with government agencies.
3. Focus group topics for the private sector were the environment of the policy, business type and activities, issues, problems, obstacles, concerns, ways to solve them, and coordination with government agencies.

Open-ended questions were used in the interview guide. The questions were different, depending on the roles and relations of the stakeholders in the SMEs promotion policy. Triangulation validation for the study was done by having stakeholders validate the accuracy.

RESEARCH FINDINGS

The research revealed that the contents of the master plan and the action plans in three SMEs promotion plans were very broad and were formulated by the Office of SMEs Promotion officers only. Therefore, when the plans were publicized and distributed to other related agencies in the meetings, these agencies did not care much about the plans since they were not involved in originating them. Although they had different ideas, nothing could be done to change the plans. The plans then were not carried out as efficiently as necessary because of the lack of enthusiasm and coordination among related public agencies.

The following are the outcomes of the SMEs promotion policy in Thailand during all three SMEs Promotion Plans:

It was found from the secondary data that the performance of the SMEs Promotion Plan No.1 (2002-2006) did not reach the set goals of increase in gross domestic product value, productivity, corporate registration and new businesses, even though the goals of more employment, more export, and more business career groups were reached (the Office of SMEs Promotion, 2002). Although some goals were reached, the achievement was lower than expected (Svasti-Xuto, 2013) due to the lack of unity and direction in promotion, development, and integrated implementation (Suwapanich, 2013; Vasinonta, 2013; Siriyanon, 2013; Apimonbut, 2013). Also, there was lack of the continuity in working with the private sector (Piamwiwatkul, 2014; Pholsin, 2014; Khoprasert, 2014), as well as lack of knowledge about business rules and regulations (Rojanasumapong, 2014; Chokesakulnimit, 2014).

The evaluation of the implementation of the SMEs Promotion Plan No.2 (2007-2011) revealed that the goals of GDP, export value growth, and total factor productivity were not achieved. There should have had more support from the government (the Office of SMEs Promotion, 2007); however, the support was mostly given to the manufacturing sector (Svasti-Xuto, 2013; Suwaphanich, 2013). There were several limitations which included the lack of budgets, expertise, understanding about concerns and challenges of SMEs on the part of the government, and a lack of integration among private enterprises (Ahunai, 2013; Srimuangthon, 2013; Kedking, 2013). Moreover,

there was no integrated responsibility for SMEs promotion between private and the public organizations across the country (Udomsilp, 2014; Morin, 2014; Taweelertnithi, 2014). The government also lacked SMEs data at the local level (Subpot, 2014; Subpot, 2014; Ismael, 2014).

The evaluation of the implementation of the SMEs Promotion Plan No.3 (2012-2016) in 2012-2013 showed that exports had declined due to the world economic recession (Susomboon, 2013; Techasanskul, 2013; Kaewprakaisongkul, 2014) and the delay in the recovery in the manufacturing sector (the Office of SMEs Promotion, 2013). In addition, the political crisis in Thailand during 2013 caused a decline in the total revenue of the manufacturing, trading and service sectors (Piamwiwatkul, 2014; Liu, 2014; Jiwattanapaiboon, 2014). All of these have affected SMEs entrepreneurs and the image of the country (Wuttiyakornkul, 2014; Boonritlukana, 2014). The evaluation of the performance against the goals revealed that due to the current situation and crises, especially the political turmoil during 2012-2013, the set goals were not met (Svasti-Xuto, 2013).

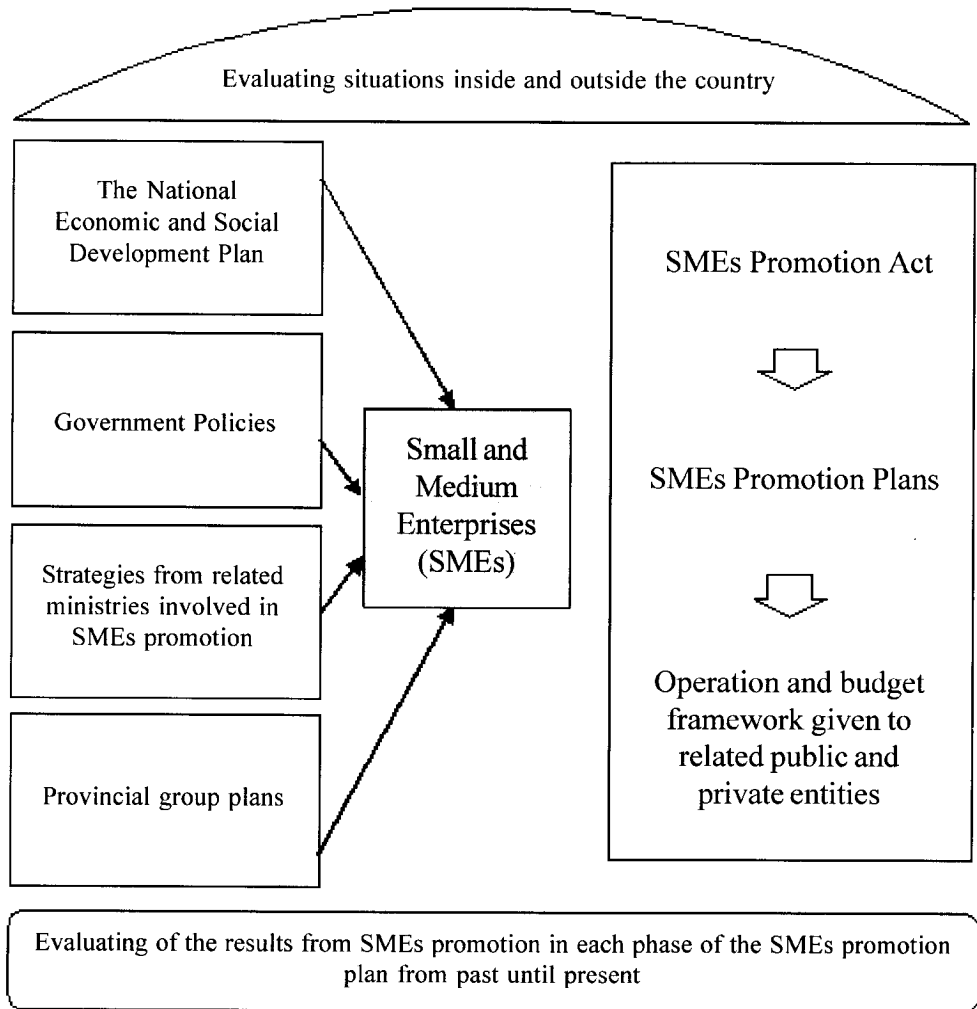
The analysis and evaluation of the outcomes of the SMEs promotion policy implementation in Thailand revealed that the promotion of SMEs by the public sector focused solely on the SMEs development in the manufacturing sector. However, there were limitations in budget, knowledge development, expertise, and the understanding of personnel in the public and private organizations about the needs of SMEs. In addition, management, promotion, and development were not in the same direction. The public and private sectors also lacked systematic coordination and cooperation to support SMEs in all areas, hence the SMEs promotion policy could not be accomplished.

The SMEs promotion plans were set based on the policy formulated by the SME committees and the SMEs Promotion Act. In addition, the needs of the stakeholders in provincial areas need to be considered so that the plan covers all dimensions and all related needs. Therefore, the researcher has outlined a strategic framework for formulating the SMEs promotion plans as shown in Figure 2.

Based on Figure 2, the steps for formulating the SMEs promotion plan are as follows:

1. Consider the development plans at different levels (i.e., the National Economic and Social Development Plan, the government's policies, the

Figure 2: Strategic framework for formulating the SMEs promotion plan



Source: Adapted from the Office of SMEs Promotion, 2011.

strategic plans of each ministry to promote SMEs as well as the Provincial group plan) to ensure the plan is set in accordance with them.

2. Review the results of the implementation of the SMEs promotion plans from the past until present.

3. Evaluate the situation inside and outside the country which can impact the performance of SMEs over the next 5 years, including problems that can occur from SMEs themselves. Thereafter, there should be brainstorming among related parties in the public and private sectors.

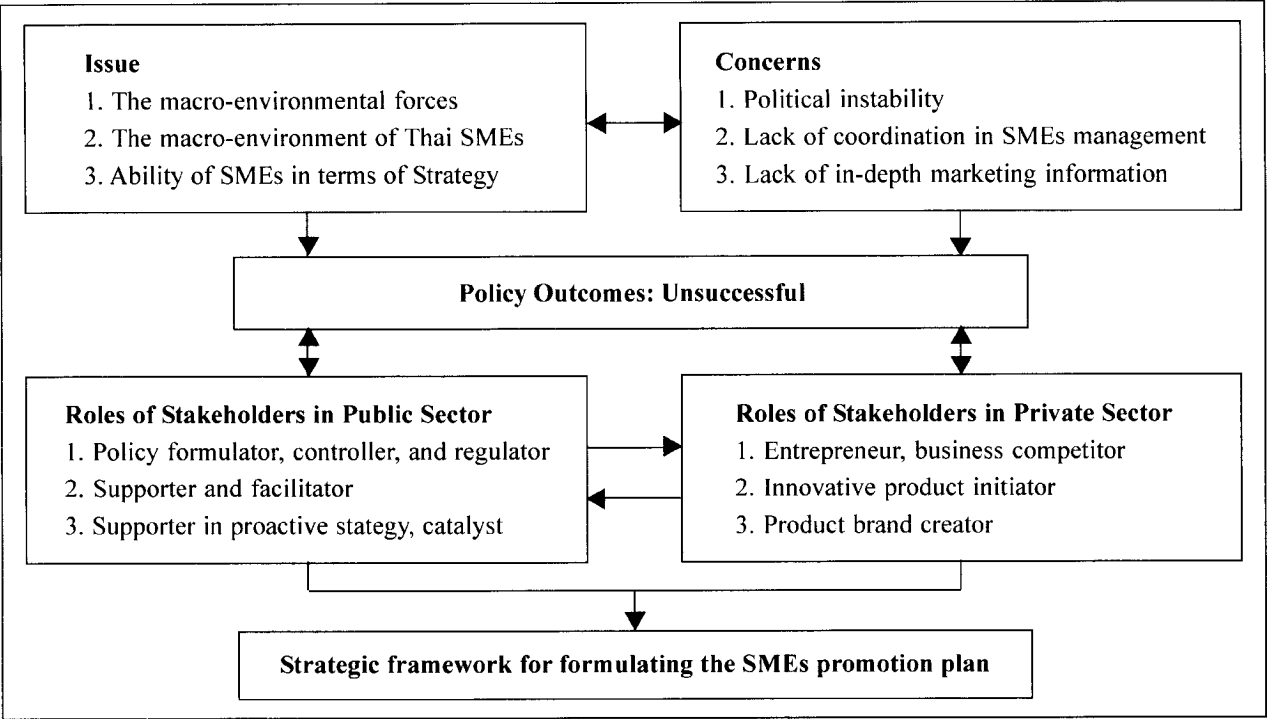
The formulated SMEs promotion plans must abide by the SMEs Promotion Act. The government will allocate a budget and send the operation framework to related public and private entities. Next, the related parties in all areas will implement the plan, ensuring that they work in harmony to develop SMEs in line with the national development plan.

DISCUSSION

The researcher evaluated the outcomes of the SMEs promotion policy in Thailand. The data were collected from the stakeholders in the public and the private sectors who could influence SMEs promotion in Thailand. The North American Stakeholder Model was employed to study issues and concerns of the stakeholders in the SMEs promotion policy as well as the relationships of the roles of stakeholders in both the public and the private sectors in the SMEs promotion policy. The analysis of issues and concerns in the policy outcomes revealed that the policy was not achieved due to the lack of collaboration, coordination, and continued support from the government. No specific agency was assigned to be responsible for management and coordination to support the policy at all levels.

The results of the analysis and evaluation of

Figure 3: Findings from the analysis and evaluation of SMEs promotion policy outcome and potential of Thai SMEs: A summary of the issues and concerns of stakeholders



Source: Adapted from the in-depth interviews and the focus group discussion of the stakeholders between November, 2013 and February, 2014.

the SMEs promotion policy outcomes, issues and concerns of stakeholders in both the public and the private sectors are summarized in Figure 3.

The issues that the stakeholders mentioned can be summarized as follows: 1) the macro-environmental forces, 2) macro-environment of Thai SME’s competition, and 3) ability of SMEs in terms of strategic management. The concerns of the stakeholders in SMEs promotion policy during the implementation of all SMEs promotion plans were as follows: 1) political instability, 2) lack of coordination in SMEs management, and 3) lack of in-depth marketing information. The roles of stakeholders in the public sector in the SMEs promotion policy were 1) policy formulator, controller, and regulator, 2) supporter and facilitator, 3) supporter in proactive strategy, catalyst, challenger, and 4) coordinator among all agencies. The roles of stakeholders in the private sector were 1) entrepreneur, business competitor, 2) innovative product initiator, 3) product brand creator, 4) network creator and 5) coordinator with the public sector.

Therefore, the public and the private sectors whose roles are to promote SMEs can apply the strategic framework as a guideline to formulate

and implement the policy under the SMEs promotion plans. The public and the private sectors must coordinate to improve SMEs in the same direction as the national and social development and to adapt to changing situations.

RECOMMENDATIONS

1. The government should recognize the importance of the macro-environment in terms of economic conditions in running SMEs businesses because it can positively or negatively affect the development of SMEs. It should develop a national SMEs database or centralized SMEs database to serve as the SMEs center. This center will provide data vital to the SMEs promotion policy formulation and will help in setting plans to promote SMEs. The center also serves as the databank for the private sector. It should provide one stop service for all data related to SMEs.

2. To promote SMEs successfully, the government should improve the work of government agencies by having the top administrator of each agency seriously exercise power to urge the personnel to promote SMEs by helping to create policy

network coordination of the strategic partners who have roles in implementing strategies inside and outside the country. It should also set up the main coordinative agency and the coordination committee that consists of those who are representatives from both the public and private sectors. The representatives need to be experts, knowledgeable, experienced, and can be coordinators to promote SMEs in all aspects.

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