

Critical factors supporting Thai firms towards Asean Economic Community: The Case of Thai Rubber Export

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Abstract—Rubber is known as one of significant economic plants of Thailand which is grown mainly in the Southern, and is a major source of country's economic income since Thailand has developed into the world's largest producer and exporter of natural rubber. In 2015, rubber industry will become more competitive regarding the establishment of The ASEAN Economic Community (AEC). Entrepreneurs who want to run their business effectively and successfully need to prepare themselves together with their firms. Therefore, this research aimed to study critical factors and entrepreneurs' attitude towards the growth of Thai rubber export business. The sample group was 56 companies which were selected by the probability sampling method. Questionnaires were used as a research instrument while regression analysis was used as a statistical tool for the hypothesis testing.

The findings showed that all critical factors which were capital and technology, production quality and delivery time as well as brand and product design, had significant influence on the entrepreneurs' attitude towards the growth of export business of rubber after the integration of the ASEAN Economic Community (AEC). In conclusion, it is also found that public and private sector should be integrated and work closely together in order to support Thai rubber export companies in terms of production. Furthermore, to gain more competitive advantage, it is essential for rubber entrepreneurs to have an excellent firms' operational management.

Keywords—Rubber, Critical Success factors, Asean Economic Community

I. INTRODUCTION

HEVERA brasiliensis or rubber tree is an economically valuable Thai plant which generates substantial revenue for the country. In 2009-2013, the ratio of Thailand's exports had been respectively raised to 1.90, 5.14, 3.00, 5.72, and 10.11 percent. The main export product is definitely natural rubbers that were largely produced in the South because the environment was proper for their growth. Songkhla is one of the top four provinces that has produced and exports the rubber, and also has its own harbor for shipping goods. Even though the price of rubber in the world's market is unstable, the demand for rubber has still been rising steadily. Furthermore, there will be a very significant change in 2015 deal to the creation of the ASEAN Economic Community (AEC), Thai rubber entrepreneurs need to prepare

themselves for the upcoming changes by having good consultants, making connections, learning about entrepreneurship and related industries [1]. Therefore, this study focuses on critical success factors which support the growth of Thai rubber export industry after the integration of ASEAN Economic Community (AEC), and results of the study could definitely be used to increase the development of the Thai rubber export industry for global reach.

A. Objectives of the Study

1. To study critical factors which influence the entrepreneurs' attitude towards the growth of Thai rubber export after the integration of the ASEAN Economic Community (AEC).

2. To study entrepreneurs' attitude towards the growth of Thai rubber export after the integration of the ASEAN Economic Community (AEC).

B. Research Framework

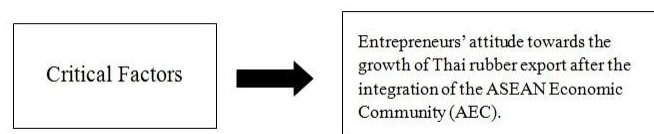


Fig. 1 Research Framework
Source: Critical Factors Concept [2]

II. RELEVANT CONCEPTS AND THEORIES

This research focused on two significant concepts and theories. Firstly, critical success factors (CSFs) concept from Daniel [2] was examined and applied to be variables in this research framework. Daniel has been using his CSF concept as a business tool in order to improve firms' competitiveness. In the similar vein, Boynton and Zmud [3] also contended that critical success factors were those few things that must go well to ensure success for a manager or an organization, and, therefore, they represent those managerial or enterprise area, that must be given special and continual attention to bring about high performance. CSFs included issues vital to an organization's current operating activities and to its future success. At this point, it can be concluded that CSFs could consist of quality, innovation, corporate social responsibility, human capital, financial capital, and etc.

Secondly, the research focused on the creation of Asean Economic Community (AEC) since it was believed that AEC would help country members to develop their economies as

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well as helping their entrepreneurs to have more opportunities in terms of doing their business across the region. To illustrate the point, the Association of Southeast Asian Nations [4] contended that the ASEAN Economic Community (AEC) shall be the goal of regional economic integration by 2015. AEC envisages the following key characteristics: (a) a single market and production base, (b) a highly competitive economic region, (c) a region of equitable economic development, and (d) a region fully integrated into the global economy. Furthermore, the AEC areas of cooperation include human resources development and capacity building; recognition of professional qualifications; closer consultation on macroeconomic and financial policies; trade financing measures; enhanced infrastructure and communications connectivity; development of electronic transactions through e-ASEAN; integrating industries across the region to promote regional sourcing; and enhancing private sector involvement for the building of the AEC. In short, the AEC will transform ASEAN into a region with free movement of goods, services, investment, skilled labor, and freer flow of capital the Association of Southeast Asian Nations [4].

III. METHODOLOGY

This is a survey research on critical factors supporting Thai firms towards Asean Economic Community. Research data came from both primary and secondary sources.

A. Population and Samples

The study population consisted of 65 Thai entrepreneurs who were owners of rubber export firms [5]. The sample group was 56 of them, and probability sampling was done with systematic random sampling techniques [6], [7] through telephone contacts with each exporter or sample unit.

B. Creating Research Tool

The research tool was created in a form of questionnaires following the steps below:

1. Research tools were handed out to 5 specialists to verify the content validity by identifying the Index of Item Objective Congruence (IOC) by choosing questions with the index of higher than 0.50 [8].
2. The reliability analysis was done by determining Cronbach Alpha (a). The value of Cronbach Alpha was 0.8447 for the question concerning the entrepreneurs' attitude towards the growth of Thai rubber export after the integration of the AEC.

IV. DATA ANALYSIS

Descriptive Statistics was a method used for general analysis on respondents, i.e. percentage, measures of central tendency such as mean, measures of dispersion such as standard deviation while simple regression, an inferential statistics was a method used to test the research hypothesis.

V. CONCLUSIONS

The study found that the majority of respondents (37.6 percent) exported concentrated latex to China, and their firms

approximately had production capacity more than 40,001 tons per year (46 percent).

In relation to the critical success factors (CSFs) which influenced the entrepreneurs' attitude towards the growth of the Thai rubber export after the integration of the ASEAN Economic Community (AEC), the results showed that CSFs consisted of 1) capital and technology 2) production quality and delivery time, and 3) brand and product design. Furthermore, entrepreneurs believe that AEC would help them to easily access to new sources of financial capital.

According to entrepreneurs' attitude on the growth of their businesses, they were confident that AEC would stimulate the growth of Thai rubber industry ($\bar{x}=3.98$, S.D. = 0.628). In addition, they also believed that AEC would help them to increase their production capability as well as helping them to increase their production bases ($\bar{x}=3.78$, S.D. = 0.545)

A. Hypothesis Testing Results

Critical factors had significant influence on the entrepreneurs' attitude towards the growth of Thai export rubber after the integration of the ASEAN Economic Community (AEC).

TABLE I
HYPOTHESIS TESTING

Variable	Unstandardized Coefficients (B)	Sig
Constant	1.435	.000*
Critical Success Factors	0.662	.000*

* Significant level at 0.05

From the table I, it was found that critical factors had significant influence on the entrepreneurs' attitude towards the growth of Thai rubber export after the integration of the AEC, and simple linear equation could be created as $Y = 1.435 + 0.662X_1$; supposed X_1 represented the critical factors and the critical factors coefficient (Z) equals to 0.545

VI. DISCUSSION

From the research "Critical factors supporting Thai firms towards Asean Economic Community (AEC): The Case of Thai rubber export", entrepreneurs believed that their companies were able to reach financial sources instantly, and transported their product to customers punctually. Moreover, companies had the trademark which promoted their image, and this conformed to Daniel's idea [2] which defined that critical success factor is the term for an element that is necessary for an organization or project to achieve its mission.

Entrepreneurs' attitude towards the growth of the Thai rubber export industry after joining ASEAN were that the opportunities for higher level of production, the expansion of production base and distribution channels, including the government policies which supported firms to reduce export taxes. Moreover, it would enhance Thai economic growth and entrepreneurs' abilities [9]. This also conformed to Teprapit's [1] research which said that learning and analyzing business, solving problem, and studying related industries would help entrepreneurs to prepare themselves to enter AEC efficiently.

In relation to the hypothesis testing, it was found that critical success factors influenced entrepreneurs' attitude towards the growth of the Thai rubber export industry after joining ASEAN. If entrepreneurs could bring out the distinction from internal and external factors to run their business, their companies would be able to create business opportunities and competitive advantages. Furthermore, determining success indicators of an industry such as capital, quality, service, and promptness, had an effect on the competitive ability and business achievement simultaneously [2]. It also conformed to Weerathamrongsak and Wongsurawat's research [10] which indicated that the success of the Thai rubber industry stemmed from the competitiveness of local firms in the upstream industry and the leadership of foreign firms in the downstream sector. The factors that strengthen this competitiveness were innovation and technology absorption.

VII. SUGGESTIONS FROM THIS RESEARCH

Since the critical success factors influence entrepreneurs' attitudes towards the growth of the Thai rubber export industry after joining AEC, the researcher has suggestions about strategic development and management for rubber export industry as follows:

1. Entrepreneurs gave the first priority to quality products and the amount of production that sufficed for the needs within the country. Therefore, entrepreneurs should develop rubber materials in order to create more value. In addition, related government agencies and the private sector should establish rubber development association to develop and encourage Thai rubber industry to globalize their firms
2. Entrepreneurs had strong opinion about the cost, manufacturing technology, quality of production standard, and brand design; thus, entrepreneurs should add modern and standard manufacturing technology to their production processes in order to support increasing demand of rubber.

VIII. SUGGESTIONS FOR FUTURE RESEARCH

1. A qualitative study could help a research to explore in-depth entrepreneurs' attitude.
2. The conceptual framework of this research can be applied to different types of industries.

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