

Thailand trade prospective and change management toward ASEAN economic community

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Abstract

The purpose of this research was to examine factors that affecting Thailand and ASEAN social economic on export marketing and change management potential for improvement in competitive competence, economic structure implementation for supporting the future export business in lower northeastern of Thailand toward ASEAN Economic Community (AEC). The populations in this study were 345 authorized entrepreneurs from border of Mekong region listed by the Department of Business Development, Ministry of Commerce the Kingdom of Thailand. The questionnaires were employed as a research instrument with reliability of 0.988 and hypotheses testing by multiple regression analysis. The result showed: 1) the influential factors to improve the competitive competence were technology, marketing promotion, society and culture along with marketplace, 2) the other influential factors affecting economic structure implementation were economy, products, technologies, marketing promotion, and government policies.

Key words: change management, competitive competence, economic structure implementation

Introduction

At the present, due to the variant circumstances that affect entrepreneurs to adjust themselves in order to avoid some losses including capital, products, skills, time, human, and other relevant resources. The entrepreneurs have to ascertain their strategies to learn from those circumstances and tried to create new ideas with flexibility, modern and well-prepared toward to the availability. As a result, the change of management was totally essential for those entrepreneurs since the current trend was considered as the generation of information and technology causing the rapid change beyond their prediction. According to the management concepts, they were included to the management science of human relationship, systems and the circumstances under the social contexts such as economy, politics, environment, technology and so forth. Additionally, these issues were managed through the understanding toward the circumstances and the visions. Moreover, the basic knowledge was analyzed in order to learn and to conceive the changes. By doing this, it would lead to the elimination of weaknesses as well as to strengthen the management toward the changes. The establishment of the ASEAN Economic Community (AEC) in 2015 was the culmination of the ten economies of the ASEAN Member States' regional economic cooperation (Ishikawa, 2021). Because it acts as the hub of ASEAN, Thailand encourages open

and ethical trade. It also took part in developing the ASEAN Free Trade Area in conjunction with signing other bilateral free trade agreements. The AEC's foundation and the shift in Western corporations' priorities to Asia changed the business environment for Thailand's competitive competence. The AEC will make ASEAN a more competitive and vibrant region by uniting its markets and manufacturing facilities. The information management practices used by the Thai construction sector within the AEC and ASEAN frameworks.

Wall et al. (2020) assert that it looks at the business process management techniques now in use and how some businesses are changing their business practices to address upcoming challenges. According to Ishikawa (2021), most Thai builders still have trouble making the adjustments needed for better business process management, economic cooperation, and the AEC's expertise in the ASEAN region. In terms of economic structure implementation and bolstering ASEAN's institutional frameworks, this initiative speeds up labor and worker movement, facilitates talent and business travel, and quickens regional integration in critical industries. According to Suttipun (2018), ASEAN has already taken some of the proposals from the Bali Concord II's High-Level Task Force on ASEAN Economic Integration as a first step toward creating the ASEAN Economic Community. The area the AEC envisions will have a single market and business hub, a fiercely competitive economy, sustained economic growth, and complete interaction with the global economy (Ishikawa, 2021). These are based on those mentioned earlier and consider both the necessity for the ASEAN Community as a whole to maintain an international perspective and the significance of international trade to ASEAN (Wall et al., 2020). As ASEAN Economic Community (AEC) considered to be the market and production based conveying the borderless of products, services, and investment. SMEs entrepreneurs were confined under the capital and manufacturing technologies. Those entrepreneurs had to urgently adapt their business competitive opportunity in the future.

Apart from AEC issue, the Department of International Trade Promotion (DITP) was intermediary connecting government policies to raise competitive abilities between Thai exporters and other nations in AEC. Additionally, technologies were imported to enhance business potential and to promote learning of the competitors' requirements and further market that contributed to expansion of business opportunity (Office of the Cooperative Trade and Investment, 2014). Referring to those important dimensions, this brightened the researchers' interests in the change management patterns to improve the potential of the Thailand export business and other neighboring countries for the AEC expansion.

Objectives of Research

1. To examine the social economic factors of export marketing business influencing the change management patterns for improving the competitive potential of the Thailand export business toward the expansion of AEC.
2. To study social economic factors along with the export business marketing factors that influence the change management patterns in order to adapt in the economic structure for advocating the export business in the future expansion of AEC.

Literatures Review

The current Thailand border trade among neighboring countries, SMEs entrepreneurs have to improve their competitive competence under the six dimensions as follows: 1) to be a good entrepreneurs, 2) to focus on the business growth, 3) to focus on the manufacturing of the international market, 4) to create the new innovation, 5) to improve the manufacturing

effectiveness and 6) to promote the business network and the relevant businesses. Apart from this, only the large specific experts of international companies directly establish their various business networks along with direct connect to the customers. By doing this, it would enable them to deeply access the business intelligence in suitable circumstances and continuously adjust their own business. Therefore, those companies were considered as a high-competitive competence and allow them drive business at lower cost in the international competitive market. Additionally, there were a number of activities enhancing the competitive competence including: 1) to conduct a research, 2) to support the financial liquidity, 3) to find opportunities in the new market, 4) to create opportunities for keeping their own market, 5) to set standard, and 6) to associate with alliances of trade and investment. The economic structure adaptation toward the changes in the future could be achieved through several issues as follows: 1) manufacturing structure, 2) trade structure, 3) financial structure, 4) rules and tax structure, 5) energy using structure and 6) logistic structure (decreasing the logistic cost from 19% to 15% per GDP in 2013). In lower northeastern the border trade promotion between Thailand and Lao PDR aimed to investigate the factors of business performance improvement, the present circumstances, the problems and hindrances and the pathways improve the business strengths between Thai and Laos entrepreneurs. (Verayut T., 2012). According to the findings of quantitative research on the influences affecting the lifestyles of the border society the cultural consistency and government policies (Cheewit S., 2010). The product strategies, competitive circumstances and the impacts of AEC free trade, they affected the purchasing decision making on the corrugated box product a case study of the union paper carton company (Chanita T. and Nopphadol D., 2014). The research on the acceptance of the import-export electronic customs (e-customs), its aim was to study the level of acceptations toward the e-custom, various operation process through the e-custom, problems, threats, and the possible solutions as the e-custom was used in the border-trade area in Tak province (Phatcharamol O.and Orasa T., 2011)

Thailand is one of the export-oriented South Asian countries. Based on observations by Jongwanich (2020), exports in Thailand account for around 66% of the Gross Domestic Product (GDP). Jongwanich (2020) took a close look at Thai's trade structure and noticed that the country had transformed its trade integration and orientation. Kittipanya-Ngam and Tan (2020) agree with Jongwanich (2020) that Thailand has been moving towards ASEAN's emerging economies and, to a particular extent, India, the US, and other traditional trade partners like Japan. The impact of increased links to regional supply chains is that Thailand has been supplying various raw materials to the regional economies that help to produce various goods for the global economy. Thailand's trade patterns have been transforming dramatically. In their findings, Suphannachart and Boonkaew (2019) share that in the 1980s, less than one-third of Thai's export revenues were from manufacturing, and more than two-thirds came from agriculture. In the early 21st century, the exporting business had significantly transformed, with agriculture contributing about one-eighth of export revenues and roughly one-tenth of the country's GDP (Gunasilan et al., 2021; Asada, 2022). Gunasilan et al. (2021) and Asada (2022) add that manufacturing accounted for the rest of the GDP. In a recent study, Ayob et al. (2022) state that Thailand's exports are mainly manufactured goods accounting for 86% of the total shipments. (2022) Amidst an ambivalent world economic environment, regional integration and cooperation remain unprecedented among many regional groupings worldwide, including the Association of Southeast Asian nations. As Aksornjarung (2019) points out, Thailand has been an active member of the ASEAN community since it began. Kliem (2019) finds out that Thailand has dealt with various economic shocks caused by the financial crisis between the year 2008-2009, floods in 2011, and significant political transformations. Despite the above setbacks, Kliem (2019) notes that the country has progressed economically more than many of its ASEAN counterparts. According to Kim (2022), Thailand's economic success can be

attributed to a strong-based middle-class demand, increasing the country's trade potential. Ayob et al. (2022) disagree with Kim (2022) by stating that Thailand's economic success is due to strong supply chains and a large industrial base. The above three factors create a path to successful trade connectivity with other members of the ASEAN community and the world. According to Srisangnam (2019), Thailand is the second largest economy in the ASEAN community after Indonesia. In their research, Gunasilan et al. (2021) share that Thai presents many investment opportunities for international businesses. The country also benefits from growing domestic consumption with a strong-export oriented manufacturing creating an upper-middle income country. Further, Thai's trade potential is increasing more than other ASEAN communities since various Chinese-based companies are relocating part of their supply chain to Thai. In a more recent study Asada (2022) shares that the value of the local and foreign investment in Thai has increased by 60% between 2021-2022 financial years totaling 645 billion baht. Thailand will continue enjoying a more prosperous economy than other members of ASEAN due to its smart economic policies that create an upper-middle income economy.

AEC and China also known as Greater Mekong Sub-region (GMS), played a crucial role in conducting the impact report of trade agreement. The country members of GMS were Cambodia, Lao PDR, Myanmar, Thailand, Vietnam and the Southwestern Yunnan PR China which have encountered the rapid economic and social changes throughout the two decades, especially the trade set by the close economic collaboration (CDRI, 2019). Furthermore, the UK SMEs products as food and beverage, textiles, clothing and wool, computer, and office materials were under the emphasis of technologies and the active innovation in order to prepare for the possible risks (Rasha H., 2003). The empirical study points were to bridge the income, manufacturing, products, and competitive competence for the export business.

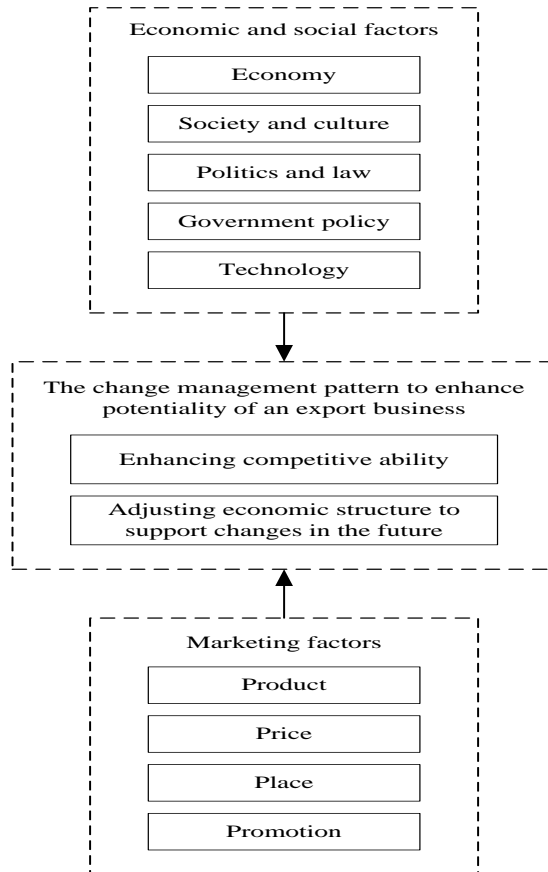


Figure 1 A conceptual framework of the change management patterns for the potential improvement of the Thailand export business toward the AEC expansion

Methodology

The sampling populations were 345 from 2,529 entrepreneurs authorized by the Department of Business Development, Ministry of Commerce, in the lower northeastern provinces, Mekong area of Thailand. This research employed the proportionate satisfied random sample and the samples were under the Taro Yamane's formula. Descriptive statistics and survey research employed the questionnaires for the data collection. The closed-ended questionnaire was tested with a high reliability and validity. Raw data was coded and statistically analyzed to discover the variable relationship and hypotheses tested with multiple regression analysis.

Results

Table 1 *Correlation of each variables*

Variables	2	3	4	5	6	7	8	9	10	11
1. Economy	.75**	.71**	.73**	.66**	.57**	.61**	.61**	.56**	.58**	.65**
2. Society and culture	-	.63**	.73**	.63**	.58**	.65**	.61**	.61**	.62**	.64**
3. Politics and laws		-	.78**	.67**	.57**	.51**	.56**	.43**	.50**	.57**
4. Government policies			-	.67**	.61**	.58**	.55**	.49**	.55**	.62**
5. Technology				-	.62**	.60**	.65**	.53**	.67**	.63**
6. Product					-	.66**	.68**	.60**	.55**	.61**
7. Price						-	.74**	.71**	.59**	.62**
8. Place							-	.76**	.66**	.62**
9. Promotion								-	.62**	.61**
10. Improving competitive competence									-	.74**
11. Adapting the economic structure to support changes in the future										-

According to the table 1, it showed the correlation calculated with the standard errors for each pair of variable was without value of 1. To the maximum upper bound, it was 0.78 (the maximum was under 0.8) as well as the minimum of 0.43. Thus, it showed that each variable was not duplicated and multicollinearity.

Table 2 *The model of linear regression to the impacts of marketing factors, economic and social factors for improving the competitive competence (Stepwise).*

Variable	Unstandardized		Standardized	t-value	Sig.
	Beta	S.E.	Beta		
Technology	0.395	0.059	0.339	6.699**	0.000
Promotion	0.183	0.055	0.191	3.336**	0.001
Society and culture	0.148	0.042	0.179	3.550**	0.000
Place	0.206	0.070	0.182	2.930**	0.004

Remark: N = 345, R² = 0.577, F = 116.375, Sig = 0.000

**Sig. = 0.01

Based on the table 2, it clearly showed that R² = 0.577 (p<0.001) describing change of the dependent variable. This was to improve the competitive competence with the percentage of 57.7. Further, to the result of testing hypotheses, it implied that the technology, promotion, society, culture and place encouraged the competitive competence as p<0.001.

Table 3 *The model of linear regression to the impacts of marketing factors, economic and social factors for applying the economic structure advocating the future changes (Stepwise)*

Variable	Unstandardized		Standardized	t-value	Sig.
	Beta	S.E.	Beta		
Economy	0.258	0.064	0.230	4.056**	0.000
Promotion	0.236	0.047	0.234	4.984**	0.000
Technology	0.226	0.065	0.184	3.454**	0.001
Product	0.207	0.068	0.155	3.017**	0.003
Government policy	0.128	0.062	0.118	2.063*	0.040

Remark: N = 345, R² = 0.582, F = 94.692, Sig. = 0.000

*Sig. = 0.05, **Sig. = 0.01

Referring to the table 3 above, it showed that R² = 0.582 (p < 0.001) which implied that the change of dependent variable could be described as it applied the economic structure for advocating the future changes—with 58.2 percentage. Hypotheses testing showed the economy, promotion, technology and product influenced the implementation of economic structure for supporting the future changes with (p < 0.001). Additionally, the government policies also affected the implementation of economic structure for supporting the future changes as p < 0.01).

Discussion

The dimensions of economic and social factors, it showed that: 1) technology had a positive effect on competition which encouraged entrepreneurs to use more technologies and to obtain more competitive competence. Moreover, the acceptance level influencing the high competitive competence increased to a high level among the import-export entrepreneurs in the border trade area. 2) Social and cultural factors also led to a positive influence on the competitive competence. The feeling and behaviors of consumers are important dimensions for business strengths; were affected by the knowledge and understanding toward the social and cultural issues for each alliance nations.

The marketing factors revealed that: 1) the aims of promotion and several marketing activities are to present the products' characteristics to customer and to advertise the products via a wide range of media as well as to reduce the price has positively affects the competitive competence. Moreover, the target group could directly access the internet which led to a reduced cost. 2) The Place referred to the method for delivering products to customers, and the selling methods and product distribution were considered as the important factors that should be focused according to the appropriate location and products in order to promote more competitive ability.

2. According to the finding on the change management to improve the potential of the Thailand export business by implementing the economic structure for supporting the future changes toward the AEC expansion, it revealed that:

- A free trade was affected by the economy as follows:
 - A competence of the manufacturing on various exported high quality products.
 - A labor quality and the minimum-rate compensation being useful for Thai industry and the international investment.
 - A support of Thai government for the free trade and economy.
 - A policies for trade barriers from the powerful nation leading Thailand to seek new export marketing.

- The expansion of economic from other countries and the need of a various products.
- The international exchange rate is the weakness of Thai baht positively brought about the adjustment on economic structure in many export businesses in order to deal with the future changes in Thailand.

The direct influence from the technology toward the adjustment of economic structure supporting the future changes there were more uses of technology by entrepreneurs. In addition, the study of e-customs acceptance factors for import-export business in the border area revealed that the implementation of new technologies in organizations could lead to the reduced numbers of employees, the prompt working process, yet the employees' expertise and skills had to be developed.

There were four strategies suggested by the government policies to support the AEC expansion for SMEs entrepreneurs as follows:

- enhance more effective governmental processes.
- develop the Thai SMEs' potential.
- improve Thai SMEs in distributing their investment to AEC.
- support Thai SMEs toward the international supply chain.

Furthermore, there should be the emphasis by the government to develop the foreign language skills and the labors' quality that influenced the implementation of economic structure in future change support (SMEs Promotion Office, 2011). Lastly, marketing factors, the finding implied issues such as there was a positive effect of economic structure implementation from promotion, advertisement, public relations, trial products and lower price due to the various selling strategies, rapidity and cost saving as well as the online free ads. And most products presented to the clients were the food and sanitation, industrial products, services, packaging, brands, and these all affected the AEC free trade. The AEC products included with four types: (1) inclusive list, (2) temporary exclusive list, (3) sensitive list, and (4) general list (Dayang Affizzah Marika, 2011). Furthermore, the anticipated quality of industrial products were: (1) product safety, (2) reliability, (3) addition features, (4) perceived quality, (5) product functions, (7) availability, (8) price, and (9) lifestyle consistency.

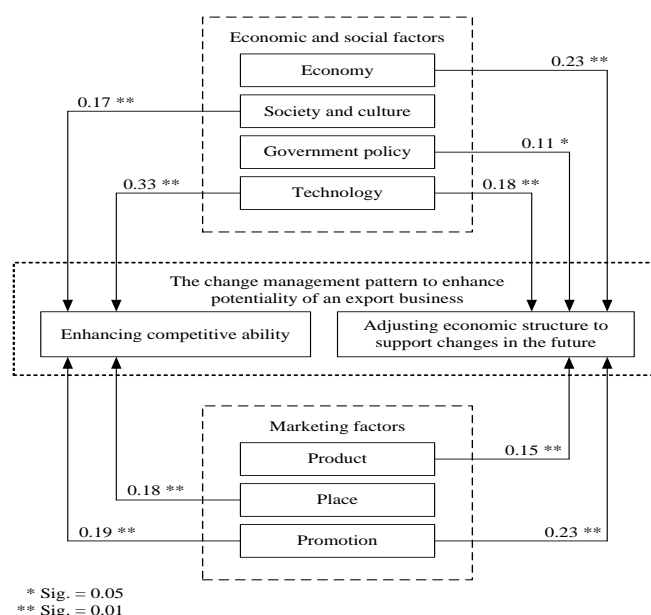


Figure 2 The change management pattern to enhance potentiality of an export business

Conclusion

Thailand has been shifting away from its exports from agricultural products to manufacturing products because the trading environment is changing rapidly, and agricultural products being traditional commodities, are losing comparative advantage. However, food and agricultural exports remain crucial to Thai's economy as the country continues to be a net exporter of agricultural food products. The holistic view, this research was with the aim to study the economic, social and marketing factors affecting the change management strategies for improving the competitive competence and economic structure implementation for the future export business in the lower northeastern provinces of Thailand toward the AEC expansion. Moreover, the significant factors found in this study were: technology, society and culture, promotion, and place. Aside from this, the factors affecting the implementation of economic structure were: economy, technology, government policies, promotion and product.

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