

**AN INVESTIGATION OF RELATIONSHIPS AMONG SERVICE
QUALITY, CUSTOMER SATISFACTION, AND CUSTOMER
LOYALTY IN BANKING SECTOR IN VIENTIANE, LAOS**

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Abstract

In business world, customers are the source of profit and revenue for the service organizations and improvements in service quality leads to customer loyalty. The main objective of this research is to investigate the relationship among service quality, customer satisfaction and customer loyalty in Vientiane, Laos. A review of literature was conducted to find out the relationship among service quality, customer satisfaction and customer loyalty. The literature review confirms this relationship. Structural Equation Model (SEM) and factor analysis was used to test whether the model is fit or not and there were close relationship between independent variables and dependent variables. Thus, 400 qualified returned questionnaires were received. The result shows that all service quality attributes are positively correlated to customer satisfaction and customer satisfaction is positively related to customer loyalty in the banking sector in Vientiane. Reliability shows the highest positive correlation with customer satisfaction and tangibility demonstrates the least positive correlation with customer satisfaction. However, the result also indicated that there is no significant relation between service quality to customer loyalty. This study suggests that SERQUAL is a suitable instrument for measuring the bank service quality in Vientiane. The results of this research offer several implications for instant business leaders and managers of Lao banks, and academic.

Keywords: Customer satisfaction, Customer loyalty, Service quality

1. Introduction

“The trend of world markets has changed noticeably from agricultural to service markets” (Asian Development Outlook, 2007). All the businesses in service sector try their best to satisfy their customers by providing quality service and banking industry also one of them. In the business today, the most valuable asset is the strength of the relationships of the organization with its customers. The goal to enhance profit of the company is long term relations. The relationship between the firm and consumer will occur when consumer can perceive the benefits of service quality of the firm. Elearn (2005) indicated that “Quality links directly to customer, what customer suggest is the dimension of the quality”. Davies et al.,

(1995) indicated that “Banks are more likely to earn higher profits if they are able to position themselves in a superior way to their competitors in a particular market”

According to Titko and Lace (2010), customers’ satisfaction levels can be increased as a result of the competitive power of the bank and the survival of bank also rely on satisfaction of the customers. Banks can achieve a competitive advantage if they can provide high quality services. Providing high quality services can contribute for gaining large market shares, more profits, and higher customer retention (Bowen and Hedges 1993). The bank is one of many services that satisfy the customers with an ever-growing importance of research similar. This is resulting from the bank is becoming more and more aggressive in its marketing approach. “Retail banks are pursuing this approach, in part, because of the complexity in differentiating based on the service offering”.

The attitude of the organization service can be employed as a yardstick for the customers to measure the quality of services offered to customers. A receptive attitude, a key ingredient, of the bank can be helpful in creating a good image of the bank and its services in customers’ mind. Customers consider about the physical environment such as infrastructure, the design and the general atmosphere in assessing the quality of banks services. Impression of the customers both in positive and negative way depends on the duration of service delivery. For instance, a good impression regarding high quality can be earned with a short waiting time in delivering banking services (Owusu-Frimpong, 1999).

Specifically, Nasir (2005) stated that in increasing competitive markets, building strong relationships with customers, that is, developing the loyalty of consumers is seen as the key factor in winning market share and developing a sustainable competitive advantage. As the banks in Laos offered a diversity of banking system, each bank has to regard to the satisfaction of the customer by determining and estimating their opinions and use this information to improve the system’s quality. “This will help to bring clients back repeatedly to the bank’s site and by implication increase the number of financial transaction with it” (Gronroos, 1982).

The Lao government has created a huge incentive for supporting investors, both domestic and abroad to run business in the country in order to maintain the growth of the Lao economy. Many new entities are encouraged to be established in Laos, especially in the banking sector (Bank of Lao PDR, 2011). As a result, the commercial banks in Laos have recently increased. According to the 2013 report from the Bank Supervision Department at the Bank of the Lao PDR, there are currently 33 commercial banks – increasing from 26 banks at the end in 2011.

Moreover, according to ASEAN Secretariat (2012), AEC (ASEAN Economic Community) is going to transform ASEAN countries into a region with free movement of services, skilled labors, goods, investments, and free flow of capital in 2015. So, it is sure that there will be a highly competitive environment among local and foreign banks within the banking industry. Therefore, it is necessary for the banks to pay attention on how to sustain their competitive advantage through their service quality.

It is found out that there are so many factors affecting on customer satisfaction and customer loyalty, and there are different factors presented by various scholars, based on different locations, industries, and aspects. The relationship among service quality, customer satisfaction, and customer loyalty in banking sector in Laos are not paid attention by scholars yet. This calls for an empirical investigation of these relationships to broaden the existing body of knowledge in a specific context of Laos banking sector.

2. Literature review

2.1 Customer satisfaction

Customer satisfaction is “an emotional reaction to the difference between what customers anticipate and what they receive” (Zineldin, 2000), regarding the fulfillment of some need, goal or desire (Oliver, 1999). A related explanation was provided by Gerpott et al. (2001) who proposed that customers’ satisfaction depended on whether the fulfillment service provider met their expectation or not. “Customer satisfaction is an overall attitude formed based on the experience after customers purchase a product or use a service” (Fornell, 1992). Stauss et al. (2001) indicated that customers’ satisfaction could increase customer retention and vice versa.

In addition, according to Kotler (2000), “a person’s feelings of pleasure or disappointment resulting from comparing a product are perceived performance in relation to their expectation”. Customer will be dissatisfied if the performance falls short of expectations, and customer will be satisfied if it met their expectation. Most of the firms’ preferred to have a high level of customer satisfaction, customer who was just touch satisfied, they are still easy to switch to another provider, when a better provider comes out. Crosby et al., (1990) indicated that satisfaction could be reflected in content of service; it was the evaluation of the interacting experience with a provider of service, and customer could use it to estimate the experience in the future.

2.2 Service quality

In financial service, Howcroft, (1991) indicated that the importance for improving the quality of service has been noted in relation to the weakness’ of price competition. Thus, the firm had to understand and enhance the service quality in order to satisfy their customers.

From the definition, service quality depended on how the perceived performance meets customer needs (Edvardsson 1998). Gronroos (1982) was the first to state service quality as “the outcome of an evaluation process where the consumer compares his expectations with the service he perceived he has received.” Likewise, service quality was the level of service required compared to the level of service obtained (Parasuraman et al., 1991). According to Lewis and Mitchell (1990), academics and practitioners had become more interested in the service quality since it could be used to fulfill customers’ needs as well as to enhance the performance of the firm. The service quality was the comparison of the perceived performance and the level of expectation (Parasuraman et al., 1988; Cronin and Taylor, 1992; and Bolton and Drew, 1992). The general definition of service quality was that the service should satisfy customer’s expectations and fulfill their requirements (Ueltschy and Krampf 2001).

Based on Yavas and Benkenstein (2007), the company will get more chance to differentiate themselves in competitive market. Caruana (2002) indicated that “service quality seems to lead to positive word-of-mouth, lessening of complaint tendencies and continuity in bank-customer relationship”. In addition, Levesque and McDougall (1996) illustrated that “high service quality results in customer satisfaction and loyalty, greater willingness to recommend to someone else, reduction in complaints and improved customer retention rates.

2.3 SERVQUAL model (PZB)

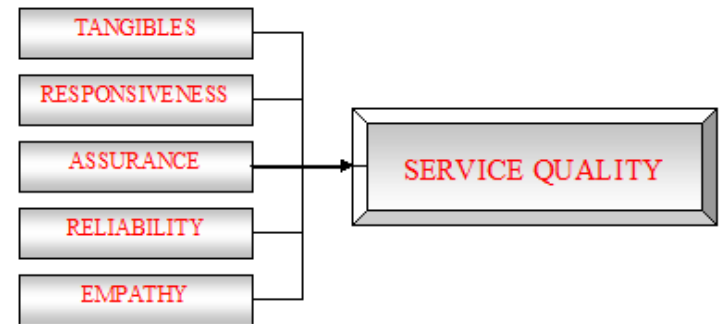
Normally, the typical research of service quality from the American view has been ground on the PZB service model, best-known as SERVQUAL model (Brady and Cronin,

2001). Based on the concept of “disconfirmation paradigm”, in which service quality was defined as the result of perceived and expected performance of service, SERVQUAL model was developed by Parasuraman et al. (1985). This model inspects the gap between the level of service performances and customers’ expectations. “SERVQUAL model has been widely used to measure the service quality”. It is, therefore, has been cited in many research in marketing publications (Brown et al., 1993).

According to Parasuraman et al. (1985), service quality was one of the commonly used and cited components in the literature of service quality (Othman and Owen, 2001). Also, he conceptualized the model of service quality by exploring “the concept of service quality in four group of service”, first suggested by Lovelock (1980). According to Buttle (1996), one of the tools used in measuring the service quality was SERVQUAL. It purposed to know how customer perceives the service quality.

Parasuraman et al., (1998) stated that “An instrument (a survey questionnaire) was used to compare what they feel the service firm should offer (expectation) and their perceptions of the performance of the actual service”. The SERVQUAL model had been developed and clarified into a multiple-item scale for evaluating the perception of customer of service quality. Moreover, it had been recently used a lot in industry. In SERVQUAL model, service quality was determined by 5 factors: tangibility, reliability, responsiveness, assurance, and empathy.

Figure 1: SERVQUAL model (Parasuraman et al., 1998)



Tangibility: refers to the physical components of the facility such as equipment, staffs, their uniforms and attitudes. Conclusively, tangibility is anything that customer can easily observe.

Reliability: is the effort of the firm to keep its promise.

Responsiveness: means the punctuality and promptitude of the service as well as the eager and readiness to serve the customers when they need.

Assurance: Are the staffs’ skill and courtesy, and abilities to serve the customer.

Empathy: caring, the company’s ability to provide individual attention and convenience.

Several researchers have used SERVQUAL to assess service quality including tourism by Kvist and Khafsjo (2006), library service (Kiran, 2010), public services (Wisniewski, 2001; Brysland and Curry, 2001; Agus et al., 2007), mobile telecommunication (Negi, 2009; Van der Wal et al., 2002), healthcare (Kilbourne et al., 2004), electricity utility services (Jannadi and Al -Saggaf, 2000), and Banking (Herington and Weaven, 2009; Rahim et al., 2010). These studies confirmed “the demonstrative value of SERVQUAL in that it identified service shortfalls irrespective of the industry, consequently, enabling service managers to appropriately allocate resources to improve service quality” (Carrillat and Jaramillo, 2007).

The SERVQUAL model was the measurement of perceptions of the customers of service quality, at the same time as it didn’t point out the result dimension (Baker and Lamb, 1993). Moreover, some scholars claimed that this model could use only functional service quality, errors may be specified, and the prediction accuracy was low (Richard and Allway, 1993). Besides, Powpaka (1996) agreed that “SERVQUAL might not be sufficiently comprehensive to capture the overall service quality construct, since it focused mainly on the process quality attributes”.

However, many authors criticized the weaknesses of SERVQUAL model. One of the main weaknesses of this tool was: the five dimensions of service quality were not worldwide. Thus, it could not be practical in all industries of service. (Saurina& Canals 1997, Robinson 1999, Ladhari 2009, and Buttle 1996). They argued that “it depends on the context in which the dimensions were applied since the definitions and the number differ”. For example, Babakus and Boller (1992) used SERVQUAL model on gas utility and electronic company, indicated that out of five dimensions, only one dimension were found. Also, Melts et al. (1997) confirmed that the result of their case could use only two dimensions.

2.4 The relationship between service quality and customer satisfaction

The priority of customer satisfaction would be service quality, the first suggestion by Oliver (1993). Until now, there were so many researchers who had found supported empirical for what Oliver investigated (Anderson and Fornel, 1994; Brown and Swartz, 1989; Spreng and Mackoy, 1996). Fornell et al. (1996) pointed out that raising expectation could be improved quality of service and also could be positively correlated to customer satisfaction. In the recent decade, many studies also had established that service quality strongly drives satisfaction (Cronin and Taylor, 1992; Kotler and Keller, 2006; Oliver, 1980; Wang and Hing-Po Lo, 2002).

It would not lead to improved customer satisfaction if the improvements of quality were not based on the needs of customer. The core difference between customer satisfaction and service quality: quality associated to managerial delivery of the service, and satisfaction reflects the experience of the customers with that service (Iacobucci et al., 1995). According to Rust and Oliver (1994), the satisfaction or dissatisfaction of the customer is “affective reaction or cognitive”. As a response to a set of service quality was one dimension on which satisfaction is based (Dick and Basu, 1994). Besides, improving the quality of service would result in customer satisfaction (Anderson et al., 1994).

“The relationship between service quality and customer satisfaction was becoming crucial with the increased level of awareness among bank customers”. Sureshchander et al. (2002) observed that “the relationship between service quality and customer satisfaction had received considerable academic attention in the past few years, but the nature of the exact relationship between service quality and customer satisfaction was still shrouded in uncertainty”.

Some studies had examined the relationship between service quality and customer satisfaction stemming from the debate that service quality and customer satisfaction were the same concept, on one hand, and that “they were different but related concepts on the other. Customer satisfaction was perceived as a broader concept, whereas service quality was perceived as a component of customer satisfaction (Kiran, 2010)”.

2.5 The relationship between service quality and customer loyalty

Certainly, there were many scholars studied the relationship between quality of service, behavioral intention and satisfaction. Thus, in the banking sector, Rust and Zahorik (1993) related service quality perceptions to consumer loyalty. Crosby and Stephens (1987) investigated “loyalty in the insurance industry and with regard to retailing”, and “customer patronage was investigated in relation to service encounter failures” Kelley et al., (1993).

If the firm can offer higher level of service quality, the firm might achieve more favorable customers’ behavioral intentions. “The positive behavioral intentions include saying positive thing about the company to others, recommending the company to others, encouraging others to do business with the company, doing more business with the company, and considering the company the first choice” (Choudhury , 2013). “The relationship between perceived service quality and customer loyalty had been theoretically and empirically confirmed in the literature on the services industry, including banks” (Al-hawari et al., 2009). Renaweera and Neely (2003) indicated that service quality was an essential element in building and maintaining customers. Al-hawari et al. (2009) mentioned that it was different views in the literature on the way that the quality of service could impact the loyalty of customer. Karatepe et al. (2005) found “a direct as well as an indirect (via satisfaction) influence of quality on customer loyalty within the banking industry”. Some scholars had specified that the influencing of service quality to customer loyalty was only indirectly through satisfaction (Caruana, 2002).

Other authors argued for a direct effect (Renaweera and Neely, 2003; Alexandris et al, 2002). Choudhury (2013) found “a direct link between the services quality different dimensions and customers’ purchase intentions in the Indian banking industry”. Al-hawari et al. (2009) also found “a direct link between quality and loyalty within the context of Australian banking”.

2.6 Customer loyalty

Oliver (1999) defined customer loyalty as a deeply held commitment to rebuy preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior. Edvardsson et al. (2000), loyalty was an intention of customer or predisposition to buy from the same service provider again.

Besides, the review also found that, consumer loyalty had been considered as an essential point, in order to achieve company success and sustainability over time (Keating, Rugimbana, and Quazi, 2003). Luis and Casalo (2008) indicated that loyalty could improve the higher future purchase intention. Loyalty behaviors were explained by the value received from one provider is greater than other alternatives (Hallowell, 1996). Loyalty regarding the banking sector was defined as the customer’s repeated patronage of a certain bank over a long period of time (Ladhari et al., 2011). Loyal customers were characterized by repetitive purchasing of products and services, recommending the company to others, defending it against bad comments by strongly supporting their choices (Akhter et al., 2011).

2.7 The relationship between customer satisfaction and customer loyalty.

Customer loyalty was determined to a large extent by customer satisfaction (Anderson and Fornell, 1994). Although satisfactory alternatives exist, customer also could give the preference to a particular product or service provider (Luarn and Lin, 2003) Jones and Sasser (1995) indicated a very intuitive classification of an individual’s link between satisfaction and loyalty.

Table 1: Individual’s link between satisfaction and loyalty (Jones and Sasser ,1995)

	High satisfaction	Low satisfaction
High loyalty	Loyalist	Hostage
Low loyalty	Mercenary	Defector

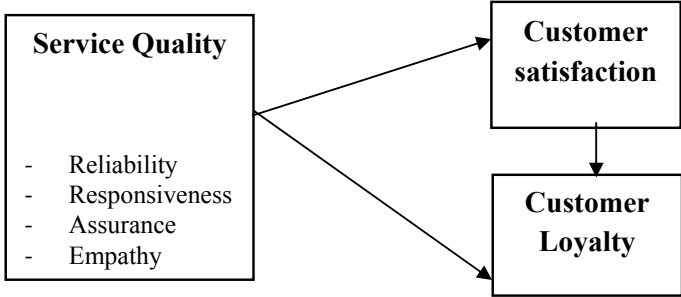
Fornell, (1992) indicated that “There is increasing recognition that the ultimate objective of customer satisfaction measurement should be customer loyalty”. In the research area of information management, one of the important research topics was customer satisfaction (Au, Ngai& Cheng, 2008). In review of studies, satisfaction positively affected the customer loyalty; satisfaction was one antecedent of customer loyalty (Deng et al 2009, Dick &Basu, 1994). Cristobal et al. (2007) reported that: satisfaction had a positive significant effect on loyalty satisfied by customer.

In general, previous researches on loyal customer were highlighted on effort to analyze factors that influenced the satisfaction of the customers (Botton&Bramlett, 2000; Fornell&Wernerfelt, 2002). Those researches revealed that “the higher level of customer satisfaction toward the company, the higher level of loyalty”. However, some other researches indicated that “customer satisfaction did not always relate to customer loyalty (Fornell&Wernerfelt, 2002). In other words, a high satisfaction level did not usually guarantees the customers to stay loyal. Reichheld (2001) stated that even if there are very high satisfactions, 65 - 85 percentage of customers will switch. Other researchers like Henning - Thurán& Alexander (2002) also revealed that “dissatisfaction does not always result in the customers becoming un-loyal.

2.8 Research conceptual framework

After literature review, the conceptual framework of this research was developed and illustrated as figured 2. There were three pairs of independent variable and dependent variables. First pair, the independent variable was Service Quality, and dependent variable was Customer satisfaction. Second pair, the independent variable was Service Quality, and dependent variable was Customer loyalty. And the last pair, the independent variable was Customer satisfaction, and dependent variable was customer loyalty.

Figure 2: Adopted conceptual framework of this study



3. Research Methodology

Considering the research designed, five main steps were conducted. First, the researcher conducted literature review on related field of study from academic journals, official publications, and book. Second, an applicable quantitative method was chosen. Third, primary data was collected by designing questionnaire for survey to collect data from Lao people in Vientiane who had bank account. Fourth, the pretest of research instrument about the validity and reliability was carried out. Finally, the collected data was analyzed through descriptive statistics analysis, SEM analysis. The questionnaires structure was based on the conceptual framework of this study, and most of the questions were revised from previous studies done by other scholars.

In this research, data is collected through questionnaire. Therefore, the questionnaires had 35 questions and will distribute for 450 questionnaires and collected at 8 places in the table below:

Table2: Places to collect data

Lao Telecom Company Ltd.	100 copies
Ministry of science and technology	80 copies
Government Office	50 copies
Ministry of Energy and Mines	50 copies
Unitel Company Ltd.	50 copies
National Assembly of Laos	50 copies
Lao-American College	50 copies
Tonymoly shop	20 copies

Therefore, the questionnaires were distributed and collected in these six places by use accidental sampling to choose the respondents. Most of the data collected ranging from the 18th July to 31 August in 2015. The total sample size in this research consisted of 450 respondents distributed in Vientiane. Finally, the researcher collected the 400 available questionnaires for this research.

3.1 Research Instrument

Five-point Likert scale was used to measure all indicators where “1” indicated the least favorable response alternative (Strongly disagree) and “5” the most favorable response alternative (Strongly agree).The pre-test was conducted to assess the reliability and validity of the questionnaire. Basically, pre-test was to find out whether the questionnaires were simple and understandable to respondents and at the same time to make it a comprehensive tool to collect required information and data for pre-analyzing. On the advice of experts and the results obtained from the pre-test, the questionnaire will be modified. The study has chosen 30 samples to do the pretest. The pretest for the reliability test was collected by 30 bank account users in Vientiane. The Cronbach’s alpha coefficient was used to measure the reliability of this research. The score of 0.70 or higher is accepted as reliable construct (Hair et al., 2006). After the data test, all the Cronbach’s alpha value was greater than 0.70, all the factor reliable enough to use in the data collection. The value shows as Table 3 below.

Table 3: Reliability test

Factor	Cronbach’s alpha 30 copies
Tangibility	0.813
Responsiveness	0.822
Empathy	0.795
Reliability	0.845
Assurance	0.737
Customer satisfaction	0.905
Customer loyalty	0.891

Besides reliability testing, the validity test was conducted. There are three steps to test the validity of questionnaires: First of all, the professionals of English and Lao language were invited to evaluate the quality of the translation between two versions. Then, the 30 people who has the bank account were asked to fill out the questionnaires and to give suggestion about any item that could be hard to understand or difficult to answer. Finally, some items in the questionnaires were modified based on comments and suggestions from each step of validity test.

3.2 Data Analysis

This research used descriptive statistics analysis to evaluate the demographic data, and the information was shown into frequency and proportion respectively, and using Descriptive to evaluate level of agreement of service quality, customer satisfaction, and customer loyalty. Furthermore, Structural Equation Model (SEM) and factor analysis were used to test whether the model is fit or not and there were close relationship between independent variables and dependent variables. Thus, SEM also used to analyze the relationship between service quality and customer satisfaction, the relationship between service quality and customer loyalty, and the relationship between customer satisfaction and customer loyalty.

4. Results

The total sample size in this study consisted of 450 respondents distributed in Vientiane. The return rate was 89%. Thus, 400 questionnaires are used for data analysis based on the conceptual framework that the researcher mentioned in the previous chapters.

The majority of the respondents who are age of 21-30 for 284 respondents which equal to 71% and the second largest group which is the respondents who are 31-40 years old that have 90 respondents which equals to 22.5% for this research, 20 respondents which equals to 5% of the respondents had the age between 41-50 years. The sample consisted of 227 male and 173 female which equals to 56.8% for male and 43.3% for female. The majority group of the respondents got a bachelor degree for 323 persons or 80.8%, 73persons or 18.3% got a master degree, 2 people got under bachelor (0.5%), and 2 people got P.H.D (0.5%).

In the income group shows that the majority group of the respondents has income around \$401-\$600 per month for 49.8% and the second largest group was \$200-\$400 per month for 111persons or 27.8%. Besides that, the income between \$601-\$800 per month had 52 respondents’ equals to 13% of all the respondents, and the income more than \$800 had 38 persons equals to 9.5%.

In this research, the respondents mostly used the bank of BCEL counted for 197 persons equals to 49 per cent of all the respondents. The second majority bank was Lao-Viet Bank Co.Ltd, counted for 62 persons or 15.5%, and the majority bank was Phongsavanh Bank Ltd, counted for 44 persons or 11% of the total respondents. Thus, Lao Development Bank, counted for 39 persons or 9.8 per cent, followed by Agriculture Promotion Bank and Join Development Bank counted for 27 persons per each bank or around 27 per cent, and there are four people equals 1 per cent chooses Banque Franco-Lao.

According to the table below, the respondents ‘attitude toward customer satisfaction overall (Mean=3.54, S.D =0.62) which consisted in level of Agree. This implied that the respondents have quite satisfied on service attributes offered by the bank. Besides, the respondents ‘attitude toward customer loyalty overall (Mean = 3.47, S.D = 0.73) which consisted in level of Agree.

Table 4: The level of agreement

Characteristics (N=400)			
	Mean	Std. Deviation	Level of agreement
Customer Satisfaction	3.54	0.62	Agree
Customer Loyalty	3.47	0.73	Agree
Tangibility	3.45	0.64	Agree
Responsiveness	3.47	0.66	Agree
Empathy	3.46	0.65	Agree
Reliability	3.58	0.68	Agree
Assurance	3.69	0.66	Agree

The correlation matrix showed that all the variables were related at significant with each other as the table below:

Table 5: Correlation matrix

	CL	T	Res	E	Re	A	CS	SQ
CL	1							
T	0.554**	1						
Res	0.568**	0.579**	1					
E	0.652**	0.561**	0.718**	1				
Re	0.614**	0.531**	0.642**	0.728**	1			
A	0.564**	0.535**	0.531**	0.589**	0.657**	1		
CS	0.740**	0.640**	0.663**	0.724**	0.708**	0.682**	1	
SQ	0.698**	0.755**	0.819**	0.855**	0.858**	0.789**	0.819**	1

Note1: **. Correlation is significant at the 0.01 level (2-tailed).

Note2: CL = Customer Loyalty; T = Tangibility; Res = Responsiveness;

E = Empathy; Re = Reliability; A = Assurance; CS = Customer Satisfaction

Factor analysis was a significant method of statistic used to study the variability among all the observed variables. The extraction of communalities, in which presented how much the variances in terms explained. The communality was the sum of the squared factor loading for all factors as following:

Table 6: summarized the data of extraction of communalities

Variables	Components	Initial	Extraction
Service Quality (SQ)	Tangibility	1.000	0.554
	Responsiveness	1.000	0.626
	Empathy	1.000	0.724
	Reliability	1.000	0.702
	Assurance	1.000	0.597
Customer Satisfaction	-	1.000	0.800
Customer Loyalty	-	1.000	0.648

In this study after extraction, the communalities ‘values of the component were among 0.554 to 0.800, which were greater than 0.3. So, it means that all items fit well with other item in the components.

AMOS text output of specified path analysis model of the conceptual framework of the study provided absolute goodness-of-fit measures: The p-value of the Chi-square is at 0 .000 meaning that it is statistically significant. Moreover, the goodness-of-fit index (GFI), adjusted goodness-of-fit index (AGFI) and the comparative fit index (CFI) stand at 0.921, 0.887 and 0.805, which are acceptable. Besides, the root mean square of approximation (RMSEA) is 0.025, which provides evidence of close fit of the model in relation to the degrees of freedom because RMSEA is less than 0.05. The Tucker Lewis Index (TLI) is 0.919; their values are well above the recommended threshold level of 0.90.

Table 7: Goodness-of-fit measures

FIT Index	Acceptable threshold levels	value
X ²	x ² relative to df with p-value (<0.05)	Chi-square = 1.375 p-value= 0.000
GFI	GFI is less than or equal to 1. A value of 1 indicates a perfect fit.	0.921
AGFI	AGFI Values is less than or equal to 1. A value of 1 indicates a perfect fit.	0.887
CFI	CFI is truncated to fall in the range from 0 to 1. CFI values close to 1 indicate a very good fit.	0.805
RMSEA	Values < 0.05	0.025
TLI	range for TLI lies between zero and one	0.919

According to the table below, it showed that all five dimension has a positive effect on service quality and the table also showed that service quality has a significant positive effect on customer satisfaction as $\beta = 0.938$ (S.E. = 0.03; C.R. = 14.170), which mean that customer satisfaction could be influenced by service quality. Besides, According to the Standardized Regression Weight table, it showed that service quality has no positive significance on customer loyalty (0.667) which is more than the significant level 0.01. Moreover, based on the Standardized Regression Weight table, it showed that customer satisfaction has a significant positive effect on customer loyalty as $\beta = 0.766$ (S.E. = 0.272; C.R. = 12.205), which mean that customer loyalty could be influenced by customer satisfaction.

Table 8: Standardized regression weight

StandardizedRegression Weight			β	S.E.	C.R.	P
Customer Satisfaction	<---	Service Quality	0.938	0.033	14.170	***
Service Quality	<---	Tangibility	0.767	0.036	12.294	***
Service Quality	<---	Responsiveness	0.905	0.037	13.548	***
Service Quality	<---	Empathy	0.894	0.033	16.005	***
Service Quality	<---	Reliability	0.791	0.035	12.873	***
Service Quality	<---	Assurance	0.825	0.040	12.984	***
Customer Loyalty	<---	Service Quality	0.283	0.132	3.559	0.667
Customer Loyalty	<---	Customer Satisfaction	0.766	0.272	12.205	***

*** is significant at the 0.01 level (2-tailed)
Note: S.E = standard error; C.R =β / S.E.; P = Significant

5. Summary and discussion

5.1 Service quality

Based on the literature review, service quality is an essential in high-customer involvement industries involved services of financial institution. It could be considered as a crucial strategy, which can help the firm to sustain their competitive advantage, also firm can increase the profit in the long-term (Howcroft, 1991). From the definition, service quality depends on how the perceived performance meets customer needs (Edvardsson 1998). Also, Caruana (2002) indicated that “service quality seems to lead to positive word-of-mouth, lessening of complaint tendencies and continuity in bank-customer relationship”.

Tangibility is one of the main dimensions of service quality which refers to the physical components of the facility such as equipment, staffs, their uniforms and attitudes. From the analysis result, the tangibility factor has been proven to be positive affect which had β= 0.767. Many empirical researches supported this finding(Levesque and McDougal, 1996; Jamal and Naser, 2002; Sohail and andShaikh, 2008; Jamal and Ananstasiadou, 2009; Hossain and Leo, 2009; Jabnoun&Altamimi, 2003). In addition, Wakefield and Blodgett (1999) have found that “tangibility have an impact on the affective responses of customers, which include the sense of pleasure and relaxation and the feeling of excitement”. In this study, it showed that the facility and design was highly affected in making customer feel comfortable as factor loading equal to 0.86.

Reliability is the effort of the firm to keep its promise. In this study, the Reliability factor has been proven to be a positive effect (β = 0.791), which is also in one factor with the studies carried out by Kumar et al (2009), Jamal and Anastasiadou (2009), Lopez et al. (2007), and Ravichandran et al. (2010) that stated that Reliability have the lowest gap because the perception of the respondents are satisfied and close to expectation. However, there is some researcher like Wong et al. (2008) mentioned that Reliability, have the largest gap. It means that the performance of the banks is quite poor in providing prompt service, individualized attention and accuracy and dependability. The outcome of the research indicated that Employees are knowledgeable to answer customers’ questions, was highly affected in increasing customers ‘confident and trust in quality service as factor loading equal to 0.82.

Responsiveness measured the punctuality and promptitude of the service as well as the eager and readiness to serve the customers when they need. In the outcome of this research, Responsiveness factor, through the value of standardized coefficients (beta value) was explained that, the Responsiveness factor has the most significant positive effect on service quality, which β = 0.905. It is also in one factor with the studies carried out by Lopez et al. (2007), Carrillat and Jaramillo (2007), Negi (2009), Van der Wal et al. (2002) and Yavas&Benkenstein (2007) indicated that Responsiveness came out as having the most satisfy dimension. The result of this research explained that giving a prompt service to the customer and Employees are always willing to help the customers were the highly effective in increasing customers ‘confident and trust in quality service as factor loading equal to 0.83 and 0.80 respectively.

Empathy measured thecaring, the company’s ability to provide individual attention. From the analysis result, the Empathy factor has been proven to be a positively affect which had β= 0.894. It is also in one factor with the studies carried out byKvist and Khefsjo (2006), (Kiran, 2010), Wisniewski (2001), Brysland and Curry (2001), Agus et al. (2007), Jamal and Anaastasiadou (2009) indicated that Empathy could have a strong effect on good service quality. The outcome of the research indicated that Employees are willing to serve customers and have the enthusiasm to understand customer needs, were the highly affected in increasing satisfaction and trust of the customer as factor loading equal to 0.83 and 0.82.

Assuranceis the staffs’ skill and courtesy, and abilities to serve the customer. In this study, the Assurance factor has been proven to be a positive effect (β = 0.825). Many empirical researches supported this finding (Levesque and McDougal, 1996; Jamal and Naser, 2002; Sohail and andShaikh, 2008; Jamal and Ananstasiadou, 2009; Hossain and Leo, 2009; Jabnoun&Altamimi, 2003). The result of this research explained that the bank can provide accurate service to customers, has highly effected on service quality as well as customer feel safe in the transactions with the bank, which had a factor loading as 0.88 and 0.75.

5.2 Service quality with customer satisfaction

According to the literature review, customer satisfaction is an “overall customer attitude toward a service provider” (Levesque and McDougall, 1996), or “an emotional reaction to the difference between what customers anticipate and what they receive” (Zineldin, 2000), regarding the fulfillment of some need, goal or desire (Oliver, 1999). Customer satisfaction is an overall attitude formed based on the experience after customers purchase a product or use a service (Fornell, 1992). Customer will be dissatisfied if the performance falls short of expectations, and customer will be satisfied if it met their expectation. Most of the firms prefer to have a high level of customer satisfaction, customer who are just touch satisfied, they are still easy to switch to another provider, when a better provider comes out.

The outcome of the customer satisfaction in this research, through the value of standardized estimate (beta value =0.938) was explained that: a good service quality had high effect on customer satisfaction. Until now, there are so many researchers who have supported empirical (Anderson and Fornel, 1994; Brown and Swartz, 1989; Spreng and Mackoy, 1996). Fornell et al. (1996) pointed out that raising expectation can improve quality of service and also can be positively correlated to customer satisfaction. Also, many studies also have established that service quality strongly drives satisfaction (Cronin and Taylor, 1992; Kotler and Keller, 2006; Oliver 1980; Wang and Hing-Po Lo, 2002).

The researcher found out that it will not lead to improved customer satisfaction if the improvements of quality are not based on the needs of customer. The core difference between customer satisfaction and service quality: quality associated to managerial delivery of the service, and satisfaction reflects the experience of the customers with that service.

5.3 Customer satisfaction and customer loyalty

Based on the literature review, Oliver (1999) defined customer loyalty as a deeply held commitment to rebuy preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior. Edvardsson et al. (2000), loyalty is an intention of customer or predisposition to buy from the same service provider again. Customer loyalty has been considered as an essential point, in order to achieve company success and sustainability over time (Keating, Rugimbana, and Quazi, 2003). Customer loyalty is determined to a large extent by customer satisfaction (Anderson and Fornell, 1994). Although satisfactory alternatives exist, customer also can give the preference to a particular product or service provider (Luarn and Lin, 2003).

In this study, customer satisfaction was found to have a strong effect on customer loyalty as beta value equals to 0.766. As Yi (1990) indicated that if a bank repeated to satisfied a customer, this customer will continue to realize his or her transactions in this particular bank. Previous researches on customer loyalty were highlighted on effort to analyze factors that influenced the satisfaction of the customers (Botton&Bramlett, 2000; Fornell&Wernerfelt, 2002). Those researches revealed that “the higher level of customer satisfaction toward the company, the higher level of loyalty”.

In this study, the researcher found that if the customers get the exceeded expectation value, the customer will be highly satisfied with the value provider and not easy to switch to the other. Once customers get high satisfaction and delight, it will create an emotional affinity with the brand and the result is the service provider received the customer loyalty.

5.4 Service quality with customer loyalty

Certainly, many scholars studied the relationship between quality of service, behavioral intention and satisfaction. The relationship between perceived service quality and customer loyalty has been theoretically and empirically confirmed in the literature on the services industry, including banks (Al-hawari et al., 2009). Thus, in the banking sector, Rust and Zahorik (1993) related service quality perceptions to customer loyalty.

In this study, it was found out that service quality has no direct effect on customer loyalty which had beta value equals to 0.283 and the p-value was equal to 0.667 (higher than the significant level 0.05) same as in Cronin and Taylor’s studies, he point out that the quality of service didn’t show to have a positive effect on customer loyalty. However, Boulding et al. (1993) stated that there is “a relationship between service quality and repurchase intentions and willingness to recommend”. The researcher in this study founded out that customer of the bank in Laos might be satisfied with the service of the bank, but they are not preferred to be loyal with one bank. If other bank can offer more choices, they can switch it to that bank.

6. Contributions and limitation

This research is an important for business leaders and managers of Lao banks. One of the challenging tasks is that the leaders and managers of banks will face is how to enhance customer satisfaction and customer loyalty through service quality. As suggested by this research model, customer loyalty will develop if the formation of five dimensions of service quality (Tangibility, Responsiveness, Empathy, Reliability, Assurance) and customer satisfaction is well managed. Therefore, banks might be more fruitful through focusing on these variables. It is important for business leaders and managers of Lao banks to be a satisfying brand to increase customer loyalty.

The banks must be concerned about the quality of their service especially the Reliability and Responsiveness dimensions. For Reliability dimension, the company should be more focusing on training the employees to be knowledgeable enough to answer all of the questions of the customers in order to increase customers’ confidence and trust in service quality of the company. In adding, Responsiveness dimension is also one of the important dimensions to be more concentrating on, by always giving a prompt service to the customers and make sure that employees are always willing to help the customer by heart. Besides, for the Empathy dimension, customers need consistently courteous and friendly employees, and they need employees who have the enthusiasm to understand customers need. So, having a good and knowledgeable staffs is the key factor to gain more customer satisfaction and customer loyalty as well as to improve the business performance and get the double win between their company and customers.

In addition, Assurance dimension is also one factor that the banks have to carry out. If the bank always can provide accurate service to the customers, it will lead to make customers feel safer in any transaction. Moreover, banks also need to be concerned about Tangibility dimension. Users not only need bank facilities to be sufficient and visible for usage, but also ask for facilities and design that can make customer feel comfortable as well as materials associated with the service should be visually appealing at the bank. Bank managers can use this information to better serve their customers and increase satisfaction in areas that need some attention. The link between service quality and customer satisfaction is visible in the study results, and financial institutions and bank managers, as a whole, should continue to find effective ways to systematically measure and manage customer sustainable satisfaction and retention.

The empirical of this research confirm that service quality, customer satisfaction, and customer loyalty are fitted for testing the relationship of these three variables. The model can be well used in context across wide variety of banks. The empirical of this research suggest that there is no significant relationship between service quality and customer loyalty in the banking sector in Vientiane because its standardized regression weight was very low.

One limitation of the study involves constraints of time in this study which are important factors for research. The study was only carried out in 8 locations (Lao-American College, Ministry of science and technology, Government Office, Lao Telecom Company Ltd., Ministry of Energy and Mines, Unitel Company Ltd., Tonymoly shop, and National Assembly of Laos) from the 18th July to 31th August in 2015. Furthermore, the respondents were made to choose one bank which constitutes an additional limitation. Some of the respondents may have transactions in more than one bank.

7. Recommendation for the future research

First, the researcher can recommend with some confidence the SERVQUAL scale as starting point for assessing service quality. The five dimensions of service quality showed impressive reliability and were surprisingly robust. Besides, the results of this study only provide results of the relationship among service quality, customer satisfaction, and customer loyalty in banking sector in Vientiane. Future research can consider extending it with other areas in Laos or other countries. In addition, the study only focused on relationship of service quality, satisfaction, and loyalty, but it did not relate to successful relationship, that is strategic or profitability growth. Future research can address whether success results from high quality of relationship generated.

It is considered essential to extend this research to multiple bank users in order to have a clearer view of the notions of the respondents who have financial products in more than one institution. The future research could use more variable to measure customer satisfaction and customer loyalty. So that it will make the content more extensive and make the results more meaningful. Also, future research could be enlarging the number of respondents, which can make the results of the research more accurate. Future research could explore the differences in response towards the investigated variables among different groups of people of varied backgrounds and demographics. Also, the new researcher could investigate the effect of demographic part to service quality or customer satisfaction.

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**FACTORS AFFECTING BRAND LOYALTY OF ESSENCE OF
CHICKEN BRAND TOWARDS CONSUMERS IN BANGKOK**

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Abstract

The objective of this research is to find the association or relation among factors that has an effect on the brand loyalty of chicken essence brand in Bangkok, including demographics, brand awareness, brand association, perceived quality and brand image which are the major factors that involved with brand loyalty. The sampling of 400 people was collected who has age over 15 years old and drink chicken essence as usual. The result indicated that there is no impact on demographic factors towards the brand loyalty in this study. Also, the finding from the multiple linear regression indicated that only brand association and perceived quality positively affected on the brand loyalty of chicken essence brands while the brand awareness and brand image have no relationship with brand loyalty.

Keywords:Demographics, Brand awareness, Brand association, Perceived quality, Brand image, Brand loyalty, Factors, Chicken Essence

1. Introduction

At present, the social in Thailand has economic prosperity, social and progress of communications. This communication channel could allow consumers to change their demands to a greater variety and also change their expending habits. In addition, Thai consumer behavior has been attracted by the health care flows which have gained widespread popularity such as eating chemical-free food, doing exercise, healthy eating lifestyle and nurture brain including various health products either in the form of tablets, capsules, powder and drinks. As a result, healthy drinks are becoming popularity nowadays. According to Richard Staack, he supposes “A functional beverage is a more convenient way to maintain a healthy lifestyle” (Kvidahl, 2014) and provides great taste. The chicken essence is classified as the brain functional drink, which is an alternative choice to consumers.

According to the result of Brand’s Essence of Chicken research, they found that the essence of chicken had a lot of benefits and the main benefits are to help people recover their physical and mental fatigues, especially it helped decrease levels of stress. Additionally, the essence of chicken actually helps people improve their concentration and memory (Wen, et al., 2014).

As a result, people start to consume the essence of chicken much more that compared to the past. However, Both Brand and Scotch companies, want to gain more percentage in the

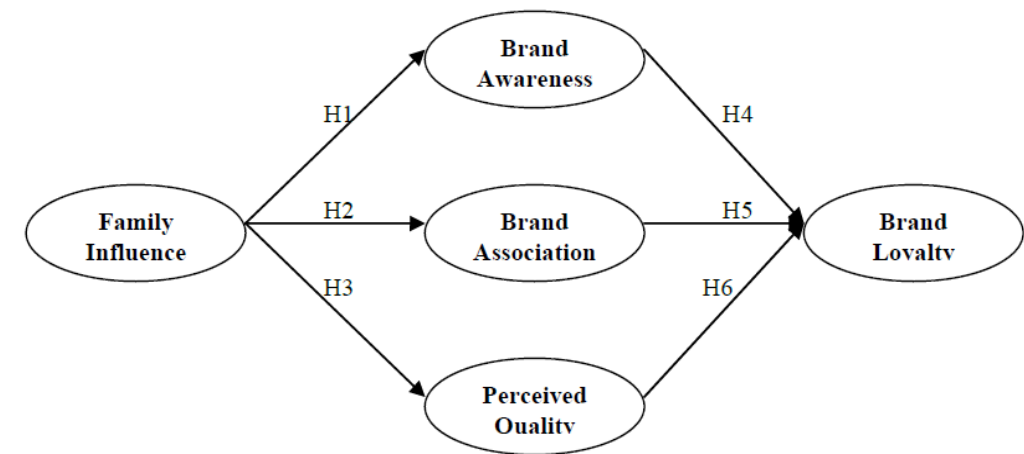
market share. Thus they have modified their strategy by improving their advertisement to modify their looks as well as using superstars who are knowledgeable and capable to present their image in order to convince the consumers to trust and need their brand and products. As a consequence, the action makes consumers concern about their health, loyal to their brand and have good attitude on purchasing decision.

Therefore, the researcher has seen the importance and been interested in doing the research on the topic of factors affecting brand loyalty of chicken essence brand towards consumers in Bangkok. Previous researchers have found the important variable such demographics, brand awareness, brand association, perceived quality, and brand image, all these variables have been identified as factors influencing brand loyalty. So these variables that researcher applied to brand loyalty of chicken essence consumers.

2. Literature Review

This research emphasizes on some variables that have an effect towards brand loyalty. This study is conducted by the researcher applying the research model from Charoenphan (2009). In previous study, the researcher had considered the factors of brand awareness, brand associations and perceived quality affecting to brand loyalty.

Figure 1: Factors Affecting Brand Loyalty towards Fermented Milk in Bangkok, Thailand

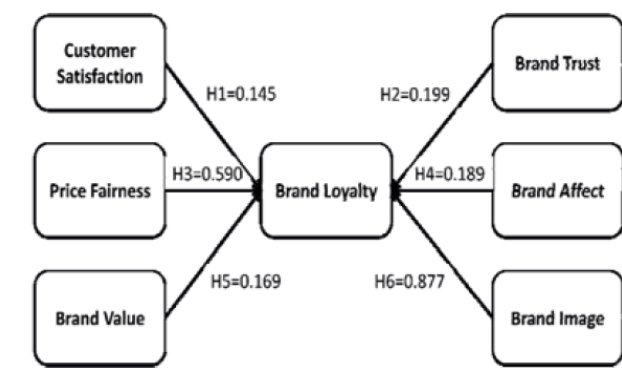


Source: CharoenphanOrnprapa (2009). “Factors Affecting Brand Loyalty towards Fermented Milk in Bangkok, Thailand,” International Journal of Business and Economic, pp.79-91.

From Figure 1, framework has been considered the relationship between the family influence and brand awareness, brand association, perceived quality. It also has been considered the relationship among brand awareness, brand association, perceived quality and brand loyalty. These variables are the sources of consumers perceived. In addition Charoenphan (2009) stated “The relationships between all variables in the model, Relations were all positive”.

Another model from Li &Chaipoopirutana (2014) emphasized on some variables that had an effect towards brand loyalty, which considered the factors of brand image affecting to brand loyalty.

Figure 2:The Important Factors that Influence on Building Brand Loyalty TowardsChang’An Car Brand in Xi’An City, Shaanxi, China

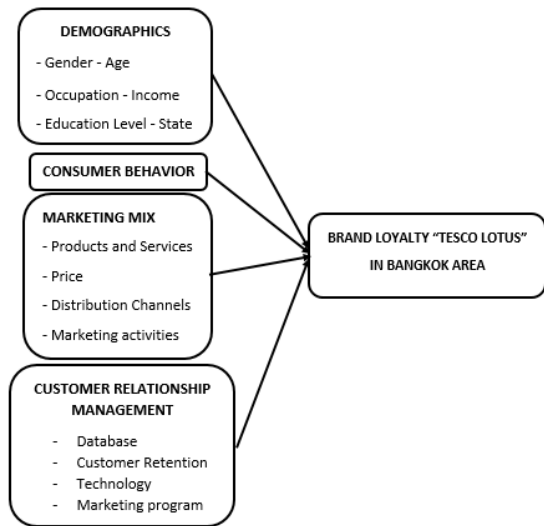


Source: Li Zhaoyang&ChaipoopirutanaSirion (2014) “The Important Factors that Influence on Building Brand Loyalty towards Chang’An Car Brand in Xi’An City, Shaanxi, China,” International Journal of Business and Economics, Vol. 6 No. 2, 2014, pp. 119-132.

From Figure 2, framework has been considered the relationship among the customer satisfaction, price fairness, brand value, brand trust, brand affect, brand image and brand loyalty. The results of this study showed, a low positive relationship between customer satisfaction and brand loyalty, brand trust and brand loyalty, brand effect and brand loyalty, and brand value and brand loyalty. Another one illustrated a medium positive relationship between price fairness and brand loyalty. Besides, brand image had high positive relationship with brand loyalty (Li &Chaipoopirutana, 2014).

Last model from Buapetch (2013).The researcher considered the variable of demographics which had an effect to brand loyalty.

Figure 3: Managerial factors that influence on customer loyalty in brand “Tesco Lotus” of Consumer in Bangkok.



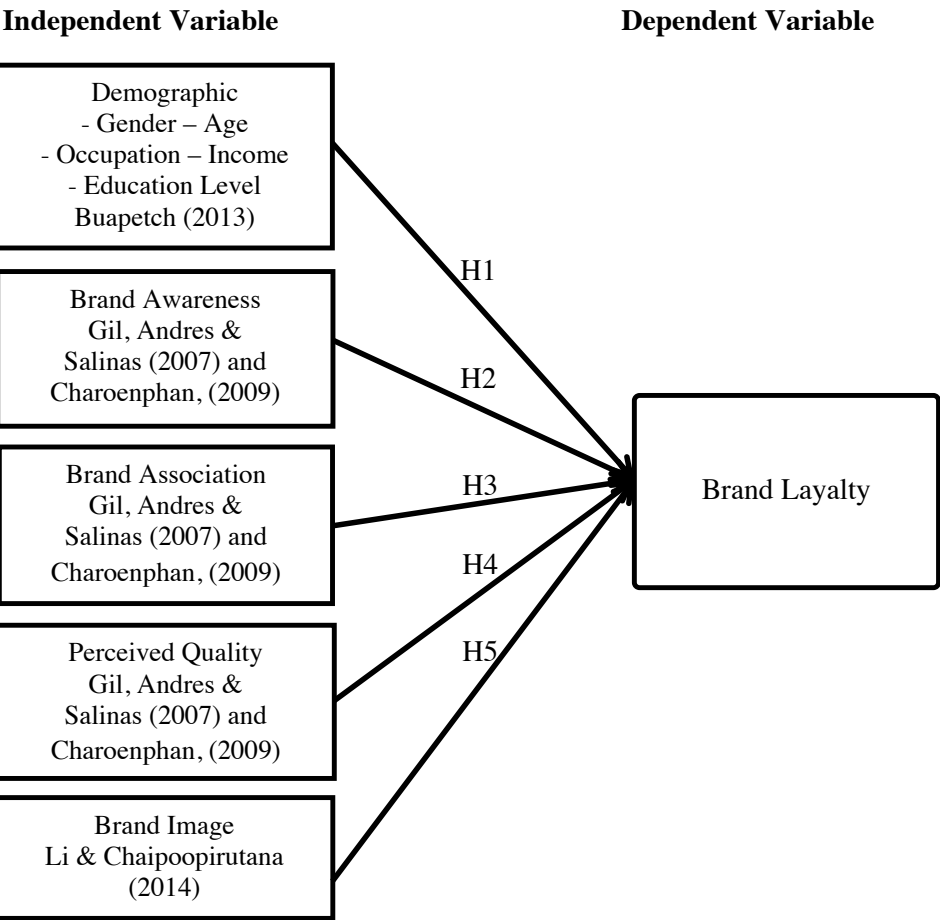
Source: BuapetchVimolmas (2013) “Management Factors that Influence Customer Loyalty in Brand “Tesco Lotus” of Consumer in Bangkok” Journal of Marketing and Communication, Vol. 1 No. 1, 2013, pp. 65-80.

According to Figure 3, framework has been considered the relationship between the demographics, consumer behavior, marketing mix, customer relationship management and brand loyalty. The results of this study in part of demographics showed that demographics has the different status impact on loyalty to the brand “Tesco Lotus” which was different while sex, age, education, occupation and income differences affecting brand loyalty to brand “Tesco Lotus” was no different (Buapetch, 2013).

The research framework of this study was adapted from the research model of Charoenphan (2009), Li & Chaipoo Pirutana (2014), Buapetch (2013). This research used some variables that had been already studied in the previous literatures.

As the previous mention, the researcher studied the topic of factors affecting brand loyalty of chicken essence brand towards consumers in Bangkok. The model was developed as follows.

Figure 4: Conceptual Framework of the research



Source: Developed from the other authors for this study

It can be seen that Figure 4 was the conceptual framework of this study which illustrated the relationship between demographics and brand loyalty, brand awareness and brand loyalty, brand association and brand loyalty, perceived quality and brand loyalty, and brand image and brand loyalty.

In this theoretical model, the literature review of relevant issues was explored from the secondary data in seven issues that are related to this study, which are;

Demographics

People are normally differentiated by their physical, mental, socio cultural and emotional status, which would make each person has each unique individual special task. According to Defleur & Ball-Rokeach (1982), people have different personality and psychological conditions, which are caused by learning different cultural from different environment. Thus, this would eventually lead to different believes, attitudes, values and personalities.

The theory of Defleur & Ball-Rokeach (1975) claimed that the personality of each person was related to the characteristics of that person or the demographic. It could be described people who have similar personality would be more likely to gather in the same society. Hanna & Wozniak (2001), Shiffman & Kanuk (1997) described the characteristics of demographic in similar way. They stated that the demographic characteristics mean the information associated with each person, such as age, gender, education, profession, income, religion and nationality that influence the personality of consumers. These factors were usually used as the basic standard that marketers would consider to apply in the market segmentation by associating with the demand and the rate of consumers.

The demographic characteristic is the one factor that influences the brand loyalty. These factors such as age, gender, profession, education and income are aimed to make customers consume different kinds of products and services (Laroche et al., 2001 and Syed, 2003). In conclusion, a person with different demographic characteristics would have different ideas and decisions in consumption.

Brand

Aaker (1991) stated that “A brand is a distinguishing name and/or symbol (such as logo, trademark, or package design) intended to identify the goods or services of seller or a group, and to differentiate those goods or services from those competitors. A brand could be signals to the customer the source of the product, and protects both the customer and the producer from competitors who would attempt to provide products that appear to be identical”. According to Kotler (2003), brand can be the name, term, symbol, design or the combination of all these together, which would determine the product and the service of a company or a group of companies. It is used to differentiate the product of one company from the others competitive companies. Brand name and the trademark are the useful tool for creating the brand.

Brand is overall feeling or impression to brand which is created within the minds of consumers by advertising, experiencing the use of the product, cooperating image and personnel from goods and services as well as any experience about goods and services of that brand.

Brand Awareness

Aaker (1991) & Keller (2003) stated that brand awareness was the memories of those consumers about the brand or the ability of customers to recall and recognize the brand. Thus, brand awareness played an important role in generating the brand. According to Sovina & Collins (2003), having brand awareness was an advantage for the brand as it helped consumers to remember the brand easier, which helped them to identify the brand under different conditions.

In addition, Alba & Hutchinson (1987) mentioned that brand awareness was an exposure to a brand which could be measured from consumers’ recognition. It could be then rate the mindset of the consumers, such as recognition, recall, top of mind and brand dominance (the only brand recalled) (Aaker, 1996). However, awareness is not the only important part of product’s brand, but also the perception and attitude of the brand, which all of these will produce the brand loyalty inside the customer’s mind (Aaker, 1991). Thus, it is important to make the brand win the consumers’ heart.

It can be concluded that these factors namely brand name, logo, symbol, sale promotion, and so forth to certain associations in memory, are needed as the ability to make consumers to recall or recognize the brand (Keller, 2003).

Brand Association

Brand association is what the marketers create, such as characteristic, features and benefits, involved with the brand in order to create some mindset about the brand to the consumers. Through the thought processes, it is the belief of consumers to the brand (Aaker, 1991). However, consumers might have some positive or negative feeling to the brand, depending on their experiences of how incredible, memorable, or consistency of the brand.

Furthermore, Aakar's theory had been supported by other academicians, such as Biel (1992), Keller (1993), Alba & Hutchinson (1987) and Park & Srinivasan (1994) which, had been reported that brand association had been created due to the feelings and experiences of consumers towards the brand. Arising from the experience, it was able to distinguish the difference of the product feature and can help consumers to make decision easier when consider whether they will purchase the products or not because it is the scope of the search for information on purchasing decisions (Osselaer & Alba, 2000). Also, this helps to reflect the features of the product (Chen, 2001).

Perceived Quality

Na et al. (1999), Boulding et al. (1993), Zeithaml (1988) and Steenkamp (1997) stated that consumers perceive quality from intrinsic and extrinsic attributes. The intrinsic attributes are related to the physical aspects of product (such as colour, flavour, form and appearance). On the other hand, extrinsic attributes are related to the product, not in the physical part of this one (such as brand name, stamp of quality, price, store, packaging and production information (Bernue's et al., 2003).

This corresponds to the theory of Gronroos (1984) & Yoo et al. (2000) mentioning that the quality of the brand would be noticed through the communication by some marketing advertisement. Thus, the consumers could acknowledge the quality of the brand from direct experience and information received from environmental factors. However, the meanings of the perceived quality were included in the person that had never been used the product before or never had direct experience, while overheard and awareness something through the media allow mentioned above.

Furthermore, the perceived quality is created; it can make a difference of the product position, as the quality of the product could identify the level of the product. The product with high quality could attract more consumers; it would be likely the reason to buy the product (Morton, 1994). Also, it is a good basis to set the brand extension (Aaker, 1991).

Brand Image

Brand image, means the feelings of the customers when they are looking or talking about the brand. Temporal (2000) stated that the brand image was the reflection of the products and brand name, which showed how customers look or think about products.

Randazzo (1993) claimed that the brand image and the brand identity had the same meaning. He also stated that the brand image was a component of brand in the part of product components and perceptual components, which formed various factors such as the advertisement, packaging, labeling, trademark and the experience of using that product.

Thus, the brand image means the overall reflection of thoughts and feelings of consumers to the brand. The brand image usually comes from the advertisement or other marketing communication activities of the brand, which influences on the consumers to believe and perceive it and increase the relationship between customers and the brand. Thus, it would cause the brand image to have a significant effect on customer's decision as the consumers do not only want the physical benefits, but also want the mental benefits.

Brand Loyalty

According to Dick & Basu (1994) & Taylor et al. (2004), brand loyalty was created by two factors, which were attitudinal and behavioral. The attitudinal factor was formed by the positive feelings of the consumers towards the brand, or created by the connection of the brand attitudes and the consumer's preferences. Besides, behavior was the way that the consumers behave which results in a certain purchase habit. So it can be said that brand loyalty has an influence on the consumers' experience, which is accumulated until it becomes familiar and brand loyalty (Kotler & Keller, 2006).

Aaker (1991) also mentioned that brand loyalty was the important factor for building up the brand equity. It was important to measure the consumers' perspective of the brand loyalty for management interest in the value of brand equity (Keller, 2000). Also, brand loyalty could measure the relationship between the consumers and the brand by observing the amount of the products which had been sold (Keller, 1998).

In addition, Aaker (1992) stated that when consumers were loyal to the particular brand, it gave the benefits to those brands by reducing the marketing costs, trade leverage, attracting more consumers and competitor's threats.

3. Research Methodology

In this research, questionnaire technique was used for data collection. It was collected from consumers who have drunk the essence of chicken both men and women over 15 years old. The time to collect questionnaires, started from 4 July, 2015 to 16 August, 2015. The amount of the data was 400 samples calculated by the quota sampling technique used for acquiring equally the number of respondents from each area. The respondents were recruited by using Convenience random from Bangkok area. The researcher focused on respondents who have studied in university 134 respondents, consisting of Kasetsart University and University of the Thai Chamber of Commerce; people who have worked in Sathon and Silom areas account for 133 respondents, including Silom Complex Tower and Empire Tower; and the rest of 133 respondents was collected from supermarkets, comprising of Big C Don Mueang and Tesco Lotus LatPrao.

The questionnaire was divided into six parts: the first part is included the study of the demographics of the respondents including gender, age, education, occupation, income, with five items; the second part is consisted of six items relating to brand awareness; the third part is comprised of eight items relating to brand association; the forth part is consisted of eight items relating to perceived quality; the fifth part is included of eight items relating to brand image; the final part is consisted of eight items relating to brand loyalty. Also, this study is set a different statement for each of those dimensions using Likert scale questions. Each question has a statement followed by a five-point Likert scale ranging from "strongly disagree" to "strongly agree" in the second part to the last part.

Then, SPSS software was used to analyze the data from the questionnaire; test reliability (Cronbach's Alpha), the Cronbach's alpha value with greater than 0.7 represents high internal consistency reliability (Nunnally, 1978), descriptive statistics, T-test, One-way ANOVA, and multiple regression.

4. Results

4.1 Descriptive Analysis

Based on descriptive analysis, the majorities of all respondents were females, aged between 16 and 30 years old, holding bachelors' degree, being student, and earning below 15,000 baht to 30,000 baht per month.

In addition, the brand of chicken essence that was consumed by respondents mostly are Brand's at 77.8%, Scotch's at 22%, and other brand at 0.3% as the result in Table 1.

Table 1:FrequencyandPercentageofrespondentsabout demographic factors (n = 400)

Items	Frequency	Percentage (%)
Consumed Brands:		
Brand's	311	77.8
Scotch's	88	22
Others	1	0.3
Gender:		
Male	138	34.5
Female	262	65.5
Age:		
15 and below	5	1.3
16-20	78	19.5
21-25	156	39
26-30	84	21
31-35	38	9.5
36-40	10	2.5
41-45	7	1.8
46-50	7	1.8
51-55	9	2.3
56 and above	6	1.5
Education Level:		
Elementary school	15	3.8
Secondary School / High School	32	8
Bachelor's degree	290	72.5
Master's degree	59	14.8
Doctor's degree	4	1
Occupation:		
Student	159	39.8
Government officer/State enterprise official	27	6.8
Company employee	119	29.8
Business owner	45	11.3
Freelance	29	7.2
Others	21	5.3
Income Per Month:		
Less than 15,000 Baht	173	43.3
15,001-30,000 Baht	146	36.5
30,001-45,000 Baht	54	13.5
45,001-60,000 Baht	16	4
60,001-75,000 Baht	3	0.8
75,001 Baht and above	8	2

The descriptive results including mean, and standard deviation that all variable were “agree”. The result in Table 2 had shown that, brand awareness (mean = 4.17), brand association (mean = 3.65), perceived quality (mean = 3.87), brand image (mean = 4.02), and brand loyalty (mean = 3.50). For each variable, are summarized as below.

Table 2: Mean and standard deviation of Variables (n = 400)

Variable	Mean	Std. Deviation	Level of Agreement
Brand Awareness	4.17	0.497	Agree
Brand Association	3.65	0.53	Agree
Perceived Quality	3.87	0.496	Agree
Brand Image	4.02	0.523	Agree
Brand Loyalty	3.5	0.637	Agree

4.2 Inferential Statistics Analysis

The hypothesis testing was performed by using inferential statistics to accept or reject the null hypothesis. The independent sample t-test, one-way ANOVA, and multiple linear regression were used as a statistical analysis techniques.

Independent sample t-test

H1.1₀: There is no difference in brand loyalty between male and female

Table 3:The results of independent sample t-test

	Gender	N	Mean	Std. Deviation	P-value
Brand Loyalty	Male	138	3.4909	.63803	0.798
	Female	262	3.5081	.63765	

From Table 3, the results demonstrated the p-value of 0.798 which is greater than the significant value of 0.05, and thus the null hypothesis H1.10 is accepted.

One-way ANOVA

H1.2₀: There is no difference in brand loyalty between age groups

H1.3₀: There is no difference in brand loyalty between education groups

H1.4₀: There is no difference in brand loyalty between occupation groups

H1.5₀: There is no difference in brand loyalty between income groups

Table 4:The results of one-way ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Ages					
Between Groups	6.260	9	.696	1.743	.078
Within Groups	155.660	390	.399		
Total	161.920	399			
Education Levels					
Between Groups	.968	4	.242	.594	.667
Within Groups	160.951	395	.407		
Total	161.920	399			
Occupations					
Between Groups	1.406	5	.281	.690	.631
Within Groups	160.514	394	.407		
Total	161.920	399			
Income Levels					
Between Groups	3.287	5	.657	1.633	.150
Within Groups	158.633	394	.403		
Total	161.920	399			

AccordingtoTable4hadshowntheresultsofthep-valueofages(Sig.=0.078),education levels (Sig. = 0.667), occupations (Sig. = 0.631), and income levels (Sig. = 0.150)

which were greater than the significant value of 0.05. Thus the null hypothesis H1.20-H1.50 are accepted.

Multiple Linear Regression

- H2₀: There is no relationship between brand awareness and brand loyalty
- H3₀: There is no relationship between brand association and brand loyalty
- H4₀: There is no relationship between perceived quality and brand loyalty
- H5₀: There is no relationship between brand image and brand loyalty

Table 5: The results of Multiple Linear Regression

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.142	.241		.590	.556
Brand Awareness	-.100	.053	-.078	-1.871	.062
Brand Association	.396	.056	.329	7.105	.000
Perceived Quality	.516	.075	.402	6.886	.000
Brand Image	.083	.070	.068	1.191	.234

Adjusted R square = 0.447, F-test = 81.48, P-value = 0.00

Table 5 demonstrated the p-value of 0.00 and the Adjusted R square of 0.447. It suggested that this model can be used to explained brand loyalty by 44.7%. The finding suggested that only brand association and perceived quality can be used to predict brand loyalty of chicken essence through the equation as below.

Brand Loyalty = 0.142 + (0.396) Brand Association + (0.516) Perceived Quality

The correlation coefficient (r) of perceived quality and brand association is equal to 0.402 and 0.329 respectively, indicating that there is a moderate positive relationship between perceived quality and brand association towards brand loyalty. These two variables move in the same direction with brand loyalty. Also, the strength of association (R²) is equal to 0.162 and 0.108, which means if perceived quality increases (decrease), it will increase the brand loyalty (decrease) by 16.2%; while brand association increases (decrease), it will increase in the brand loyalty (decrease) by 10.8%.

5. Conclusion

The research result, based on descriptive analysis, showed that the majorities of all respondents were females, aged between 16 and 30 years old, holding bachelors’ degree, being student, and earning about 15,000 baht to 30,000 baht per month. In addition, the brand of chicken essence which was consumed by respondents mostly was Brand’s at 77.8%.

In this study, author used multiple regression, T-test, and one-way ANOVA as the analysis method in order to do the hypothesis testing. From the hypothesis testing, there was no difference in brand loyalty between male and female consumers, as well as those between different age groups, different groups of education, different groups of occupation and different groups of income level, in which their loyalty were considered as high. In other words, it can be said that there was no impact of demographic factors towards the brand loyalty in this study. Also, the finding from the multiple linear regression indicated that only brand association and perceived quality positively affected the brand loyalty of chicken essence brands as showing below:

Table 6: The summary of hypothesis testing

Null Hypothesis	Results
H1.1 ₀ : There is no difference in brand loyalty between male and female	Accepted Ho
H1.2 ₀ : There is no difference in brand loyalty between age groups	Accepted Ho
H1.3 ₀ : There is no difference in brand loyalty between education groups	Accepted Ho
H1.4 ₀ : There is no difference in brand loyalty between occupation groups	Accepted Ho
H1.5 ₀ : There is no difference in brand loyalty between income groups	Accepted Ho
H2 ₀ : There is no relationship between brand awareness and brand loyalty	Accepted Ho
H3 ₀ : There is no relationship between brand association and brand loyalty	Rejected Ho
H4 ₀ : There is no relationship between perceived quality and brand loyalty	Rejected Ho
H5 ₀ : There is no relationship between brand image and brand loyalty	Accepted Ho

6. Recommendations

6.1 Implication and Recommendations for business

According to the present situation, people have concerned more health conscious and would like to approach the highest education in order to have high standard of life in the high competitive society. Knowledge and high performance are required. Therefore, the needs of improving the brain functioning and restoring are increasing through the consumption of health products. The result of this research can help the entrepreneurs involve stimulation in the appropriate marketing activities and build the goods for driving force of consumers' brand loyalty. There are five recommendations from the finding as follows:

1. People are normally differentiated by their physical, mental, socio cultural and emotional status, which would make each person have different beliefs, attitudes, values and personalities, and thus these lead to different behaviors. However, the finding indicated that the demographics had no significant impact on brand loyalty of chicken essence among consumers in Bangkok. As suggested by the previous study, it meant that the existing consumers of chicken essence shared the similar beliefs, attitudes, and values towards the brand of chicken essence in the market. However, it would be better if the market was divided into the psychographic factors or usage purpose such as for a gift or someone they care about, and for self-consumption. The information about the benefits of chicken essence should be promoted more in order to stimulate demand for the product amid the health consciousness trend in the market.

2. The finding suggested that there was a strong positive relationship between perceived quality and brand loyalty. In this regard, marketers and producers of chicken essence should try to further enhance the quality of product as it is a key strategy for customer retention. It is asserted that superior quality can make a difference of the product position. In other words, the product with high quality could attract more consumers who would provide them a reason to buy. In the case of chicken essence, the quality of products offered by both leading brands in the market comprising Brand’s and Scotch’s were perceived as high and thus this led to relatively high brand loyalty of their customers. However, the level of quality as compared to its price should be further enhance, or even increase the quantity of the product to adjust their perception.

3. With the strong brand loyalty of both Brand's and Scotch's chicken essence, it provides both brands a good opportunities for brand extension. Also, the strong brand loyalty provides them with the high price setting for their products. According to Keller (1993), Brand's and Scotch's are able to increase the number of consumers that will accept the image and/or information function of the extension, in which most brand extensions are implied under line extensions, which use the existing brand names and products and extend them into new sizes, flavors, ingredients, or more in the existing product category. This strategy involves with low risk to both companies and consumers due to low introduction cost and the target market's product familiarity and those consumers often welcome the increased variety as it provides them with various choices and flavor, as suggested by Kahn (1998).

4. While the finding indicated that higher perceived quality would lead to higher brand loyalty, marketers and producers of chicken essence should try to avoid over advertising about the product benefits as it would increase the customer's expectation as well as their judgment of overall product quality. The dissatisfaction might occur if the expectation is greater than the actual experience.

5. The finding concluded that brand association significantly affected brand loyalty, as a result, the relationship between them were positive. In this sense, marketer and producers of chicken essence should develop effective marketing communication strategies in order to create brand personalities and characteristics, as it will help to strengthen the overall brand loyalty through the campaign through advertising, sales promotion, public relation, and personal selling.

6.2 Suggestions for Future Study

This research involves with some limitations which should be developed for future study. Firstly, this research focused on four independent variables that affected the brand loyalty, including brand awareness, brand association, perceived quality, and brand image, as it is suggested in the brand equity model that it has been applied in a lot of branding researches. However, there were many factors affected on the brand loyalty such as customer satisfaction, word of mouth, and perceived value which was not focused on this research. The researcher suggests that these factors should be investigated to have a broader understanding of the brand loyalty in the marketing context.

Moreover, different product categories should be examined in future studies for better explanation of why consumers make the repurchasing for a particular brand. For a broader understanding of the brand loyalty, future research should also relate to brand switching so as to explore why consumers decided to switch to purchase another brand. Then, a sample of 400 respondents who have ever consumed chicken essence made it difficultly apply to non-experience consumers of chicken essence. Therefore, the future research should explore the purchasing intention of non-experience consumers in order to understand consumer behaviors for this type of product.

In addition, there was only quantitative method used in this research, which made some valuable and interesting results without the deep detail.

Finally, this study was investigated only in Bangkok. For the future, further studies should be conducted in the other provinces. By doing this, an overview of the country and the results can be applied to develop a marketing strategy which could be a comprehensive.

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**KNOWLEDGE MANAGEMENT PRACTICES AND ORGANIZATIONAL
PERFORMANCE IN HOSPITALITY SMESIN THAILAND**

by

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Abstract

The current paper highlighted the impact of knowledge management practices, together with other organizational factors, on organizational performance. The questionnaires were applied to collect the data and sample size of the study was 516. The informants of the survey included the owners or managers of small and medium sized hospitality companies. Multiple regression analysis was used to test the research hypotheses. Research findings based on survey data showed that many organizational factors had positive effects on the performance. For example, regarding knowledge management practices, knowledge conversion indicated the highest influence on organizational performance, followed by knowledge application and knowledge acquisition. Additionally, teamwork demonstrated no impact on organizational performance. Discussions of finding and research implications were included.

1. Introduction

Knowledge is considered the main source of competitive advantage in modern management (Martín-de Castro, 2015; Anand et al. 2010). There are new and old or existing knowledge and in order for the organizations to improve their operating, focusing on development knowledge management practices appears to be one of the very important instruments. Hospitality industry is known as one of the fast-growing industries in the past decade (Falk, 2016). The emergence of new hotels, airlines, and restaurants are significantly high in almost all categories, including luxuries, midscale, budget and others. Thailand has been relying on the tourism and hospitality industry in order to support the growth of the overall economy. In 2016, Tourism and hospitality industry contributed more than 10% for the gross domestic products of Thailand, after only for the export sectors. Similar to other industries, more than 90% of tourism and hospitality sectors were fueled by small and medium-sized companies, such as hotels and restaurants (Kontogeorgopoulos, 2016).). The general research question for the current study was “What types of knowledge management practices will have the significant influence on organizational performance of hospitality SMEs?”. This research is aimed to test for the empirical evidence on the relationship between the efforts of the small and medium-sized hospitality companies in managing their knowledge resources and the organizational performance or organizational outcomes, in many dimensions including financial and non-financial aspects.

The objectives of this study were developed, firstly to identify the characteristics of knowledge management practices in Thai SMEs in hospitality industry, secondly to identify the level of organizational performance of Thai SMEs in hospitality industry and lastly to test the relationship between knowledge management practices and organizational performance of Thai SMEs in hospitality industry.

Regarding the context of research study, Thai small and medium-sized companies in the hospitality industry were targeted to be further tested and the results from the study can be analyzed to develop the implications for practitioners.

This study aims to provide clearer evidence regarding the relationship between the practices of knowledge management for the SMEs and how such practices helped the enterprises to achieve their goals. Few studies have explored the relationship in this context of hospitality industry. The highly importance of tourism and hospitality industry in Thailand makes the contributions of the current research obviously valuable, because knowledge is the key resources in each organization and understanding the relationship between knowledge management and firm performance can directly lead to the useful guidelines for other companies to further develop their operations. Furthermore, the expected benefits of the study are to help the managers of hospitality SMEs to develop the guidelines to improve knowledge management practices. In addition, the findings are expected to show the most influential factors to affect organizational performance. Therefore, the managers of hospitality SMEs could refocus their resources to create direct impacts on the firm performance.

2. Literature Review

2.1 Resource-based view theory

Based on resource-based view theory in strategic management, Sirmon et al. (2010) noted that having valuable, rare, inimitable, and non-substitutable resources was necessary to achieve a competitive advantage. Firms must manage those resources effectively in order to gain sustainable competitive advantage, including managing the resource portfolio, collecting resources to generate capabilities, and leveraging those capabilities with the suitable strategies. In planning the firm's resources, managers must also select, develop, and bundle both tangible and intangible resources to create capabilities. Barney & Hesterly (2006) suggested that resources that could provide a firm with competitive advantage should have following four qualities, valuable, rare, imperfectly imitable, and non-substitutable. The resource-based view theory has proved to be useful means to analyze how organizations become successful and achieve competitive advantage by focusing on various forms of resources within organizations (Cragg, 2008).

2.2 Knowledge

Anand et al. (2010) suggested that knowledge can be classified into two types, namely explicit knowledge and tacit knowledge. Explicit knowledge is distinguished by information that is relatively easy to communicate precisely and formally, found in sources, such as books and manuals. Blackler (1995) suggested that tacit knowledge in firms may be embodied (e.g. individual know-how), embedded (e.g. rooted in a firm's routines, culture, or top management schemes) or embrained (e.g. possessed by a person, who is not able to articulate it). Markus (2001) stated that the two dimensions of knowledge that are widely accepted are explicit knowledge and tacit knowledge. Explicit knowledge is referred to knowledge that has at least been captured and articulated before being ideally codified, documented, structured and disseminated. In contrast, tacit knowledge is referred to knowledge that exists only in people's memory and is difficult to be documented.

2.3 Knowledge management

Knowledge management is a process that helps organizations find, select, organize, disseminate, and transfer important information and expertise necessary for activities (Gupta

et al., 2000). Bhatt further (2011) defined knowledge management as a process of knowledge creation, validation, presentation, distribution and application. While Nielsen (2006) said that knowledge management is getting the right information to the right people at the right time, helping people create knowledge and sharing and acting information. In addition, knowledge management is the creation, extraction, transformation and storage of the correct knowledge and information in order to design better policy, modify action and deliver results (Horwitch&Armacost, 2002).

Wang (2007) concluded that knowledge management is to create and use new knowledge improving productivity and generating wealth. Syed & Xiaoyan (2013) further explored the linkage between knowledge management practices and company performance and found a positive relationship between these two variables as well.

2.4 Knowledge management practices at the organizational level

According to Tseng (2016) and Brahma & Mishra (2015), knowledge management practices have been steadily gaining importance as a decisive factor to affect the firms' ability to achieve competitive advantage globally in the last couple of decades. Prado-Gasco et al. (2015) summarized the outcome of knowledge management as greater productivity and efficiency as well as reduction in costs and increase in revenues. In other words, these have been achieved since knowledge management provides faster and more efficient ways of solving problems, reduces errors or defects in products or processes, and provides more efficient ways to achieve a certain goal. Other benefits that are difficult to quantify are such as increased innovation, superior customer service, increased staff motivation and involvement, promoting, reduction in drop-out rates and staff rotation, better learning capacity of employees, improved teamwork and quality on organization. Based on the study of Supyuenyong et al. (2009) on the influence of Small and Medium-Sized Enterprises (SMEs) characteristics on knowledge management processes, they found that ownership and management structure as well as culture and behavior characteristics of SMEs have a more positive effect than other SME characteristics on knowledge management processes. Meanwhile, system, process and procedure, customer and market characteristics resulted with a more moderate effect and human capital management obstruct rather than facilitate knowledge management processes.

Furthermore, Knowledge management is a means of more actively leveraging the knowledge and expertise to create value and enhance organizational effectiveness which provides the firm a new way to achieve explicit and tacit knowledge sharing (Gold et al., 2001). Desouza&Awazu (2005) suggested that an organization can maintain its capability in knowledge management if it can implement their activities with rigor, clarity, effectiveness, and efficiency. Organizations that show signs of a greater level of knowledge management capacity experience a learning effect that can enhance their capabilities in reducing redundancy, responding rapidly to change, and developing creative ideas and innovation. Gold et al. (2001) proposed organizational capability theory, which approaches knowledge management effectiveness from the perspective of organizational capability. They indicated that the tendency to effectiveness of knowledge management of a firm is based on knowledge management infrastructure and process capabilities. The knowledge management infrastructure capabilities comprise of three key capabilities cultural capability (organization's vision and values, and its attitudes toward learning and knowledge transfer), structural capability (formal operation and command structure and the existence of norms and trust mechanisms), and technological capability (basic information technology structure of the organization such as hardware and software, internal and external system networks, and

internal and external databases). On the other hand, the knowledge management process capabilities comprise of knowledge acquisition, conversion, application and protection. Nielsen (2006) identified that knowledge management into eight main activities (knowledge creation, knowledge acquisition, knowledge capture, knowledge assembly, knowledge sharing, knowledge integration, knowledge leverage, and knowledge exploitation) where these activities are combined into three dynamic capabilities of knowledge development, knowledge (re)combination, and knowledge use. He concluded that the dynamic capabilities and the related knowledge management activities generate flows to and from the firm's stock of knowledge while they also encourage the formation and use of organizational capabilities. Gharakhani&Mousakhani (2012) examined the relationship between knowledge management capabilities and SMEs' organizational performance in Iran and found that knowledge management capabilities are positively related to SMEs' sales growth, quality improvement, and customer satisfaction. In other words, three factors of knowledge management capabilities have positive and significant effects on SMEs' organizational performance. According to the study of Maguire et al. (2007) on knowledge management in SMEs in the UK, they suggested that the main limitation for small firms in terms of e-business and knowledge management may be their incapability to make the necessary investment to take advantage of the new concepts and ICT as they may have to depend on external consultants; meanwhile, larger enterprises tend to have a greater capability to make use of e-business and knowledge management due to their access to the required skills and resources. Furthermore, Maguire et al. (2007) concluded that knowledge management is a relatively new concept for SMEs.

In this study, the knowledge management practices, based on knowledge management capabilities, included knowledge acquisition, knowledge conversion and knowledge application (Nielsen, 2006; Gharakhani&Mousakhani, 2012).

2.5 Organizational Performance

Organizational performance in the current study focuses on the impact of managing knowledge resources within the organization. Implementing knowledge management leads to improvement in organizations. Gooijer (2000) has suggested that the results of knowledge management can be resulted in organizational performance. Several scholars have discussed that measures of organizational performance can result in many dimensions, including employee performance, business performance, market performance, and intellectual capital (Bontis& Fitz-Enz, 2002; Bresnahan et al., 2002; Sabherwal& Becerra-Fernandez, 2003; Anantatmula&Kanungo, 2006).

2.6 Teamwork

Sapsed et al. (2002) referred teamwork as teams that develop a collective mind. Vivas-López et al. (2015) considered teamworking to cover team-to-team co-ordination and integration. Sapsed et al. (2002) mentioned that most organizational behavior theory tends to overstress the interpersonal dynamics or strong group factor in teamwork. In addition, interpersonal dynamics and attraction to colleagues is not a requirement for successful teamwork. Homogeneity can be the basis for interpersonal attraction in teams; however, diversity among team members tends to improves creativity and project performance even though the cohesion is lower. Chuang et al. (2016) and Totterdill (1997) indicated benefits of teamwork as enhanced ability to respond to market demand, improved quality, lower overhead costs, reduced work-in-progress, fewer recruitment, retention and absenteeism problems, simplification of planning, and improvement throughout the company. In conclusion, effective teamwork leads to successful performance.

2.7 Organization communication

Jacobs et al. (2016) defined organizational communication as the exchange of information and ideas among employees or members of a firm to build trusting and open relationships as well as to create understanding. Organizational communication is primarily concerned with the association between social actors which are the organization and its employees using social structures that include a range of formal and informal means of communication between individual employees, teams, project groups, and between staff and line management (Welch, 2012; Jacobs et al., 2016). O'Sullivan (2007) suggested organizational communication plan to be used for knowledge management systems deployments as it will allow the organization to recognize what messages need to be communicated and when to communicate them to achieve the maximum knowledge worker acceptance and to avoid the negative reaction to change that individuals experience when new systems are implemented. In relation to the aspect of knowledge management and organizational communication, Sarka (2014) explained that although the optimum tool for knowledge transfer is face-to-face communication, this means of organizational communication is not always possible. The level of knowledge is believed to grow each time when a knowledge transfer takes place since knowledge does not leave the organization (Tsai, 2001). In addition, mutual learning and inter-departmental cooperation have also been encouraged among different departmental groups. According to Yuan et al. (2011) on leveraging internal knowledge to achieve endogenous innovation goals in small and medium-sized enterprises, individuals and working units inside SMEs tend to have greater opportunities to exchange ideas and communicate with each other internally.

2.8 Social Networking

It is believed that by integrating the social networking tools into an organization's knowledge management and e-learning practices, peer-to-peer collaboration and knowledge sharing will be fostered (Kane et al., 2010). Since distance, among related organizations in collaborative projects, has been minimized through social networks, communication and interaction has become more rapid among employees and organizations (Heidemann et al., 2012). Social networks offer a platform for employees to involve in activities such as posting questions and answers, discussing, messaging, story-telling, as and sharing experiences; therefore, social networks play an essential role in the emergence of knowledge transmission activities, both explicit knowledge and tacit knowledge, in today's world (Lai & Chen, 2014). Zhu et al. (2016) regarded online social networks as a new transmission route of tacit knowledge to communicate, which has just emerged and becomes more dominant today.

2.9 Information technology

Information Technology (IT) resources encompass the infrastructure for information technology and systems, human skills in working with IT, and organization's ability to manipulate IT, combining to form the IT capability (Bharadwaj, 2000). According to Ross et al. (1996), IT capability is the ability to manage these three IT resources. The combination of these resources is a better resource to compete, or better say, is a competitive advantage. Bassellier et al. (2001) defined IT competence in business managers as the set of IT-related explicit and tacit knowledge, or "know-how", that a business manager possesses which enables him or her to exhibit IT leadership in his or her area of business. Porter & Sölvell (1998) claimed that competitiveness of workers is closely related to level of technology usage. Sophisticated technology requires high level of education and training among workers that eventually help to categorize their level of competitiveness.

Lam et al. (2007) studied the hotel employee behavioral intentions towards adoption of information technology. Results showed that attitude, self-efficacy, and subjective norm are positively related to behavioral intention. Therefore, the role of information technology can have an influence on the overall organizational performance.

As the key factors were defined and discussed in the previous section, seven research hypotheses were proposed as follows;

- H1: Information technology is positively associated with organizational performance.
- H2: Knowledge acquisition is positively associated with organizational performance.
- H3: Knowledge conversion is positively associated with organizational performance.
- H4: Knowledge application is positively associated with organizational performance.
- H5: Social Networking is positively associated with organizational performance.
- H6: Teamwork is positively associated with organizational performance.
- H7: Organizational communication is positively associated with organizational performance.

3. Research Methodology

Since the study was focused on the organizational level, the questionnaire was created to measure the overall performance of hospitality firms. This set of questionnaire can only be distributed and collected from the top executives of the hospitality SMEs. The sample size was 516 small and medium sized companies in major destinations of Thailand, including Bangkok. For the measurements, the author reviewed the past literature on knowledge management and other factors. Then, the factors were tested for its reliability before the actual fieldwork. Questionnaires were distributed to the respondents and data collection was around three months.

4. Results

For the characteristics of organizations in the current study, about 22% of the SMEs have been in operations for more than ten years. 30% had operated for five to ten years. The rest of the SMEs provided service less than five years. In addition, 30% of the respondents were actual owners, while 70% were managers in charge of the operations. Out of 516 SMEs, 47% were in accommodation, 33% in food and beverage, 15% in spa and wellness and 5% in other hospitality businesses, such as catering and events.

Table 1: Descriptive Statistics and Reliability Test

Factors	Mean	Std. Deviation	Cronbach's alpha
Organizational Performance	5.8837	0.93583	0.86
Information Technology	6	1.056	0.88
Knowledge Acquisition	5.81	0.842	0.83
Knowledge Conversion	5.87	0.941	0.84
Knowledge Application	5.87	0.854	0.91
Social Networking	5.71	1.037	0.85
Teamwork	6.11	0.754	0.87
Organizational Communication	6.23	0.772	0.8

According to Table 1, Descriptive statistics shows that organizational communication had the highest mean average of 6.23 out of 7-likert scale, suggesting that most enterprises concerned about the importance of communication to support the workflow within the organizations. Furthermore, teamwork had the second highest mean level, followed by information technology. Cronbach's alpha of all factors indicated acceptable level of reliability with the lowest value of 0.8 and the highest alpha of 0.91.

According to the overall model testing, R-square value is 43.2% and Durbin-Watson is 1.898. Multicollinearity does not exist in the model and VIFs of all factors were below the cutoff point of 10 and the highest value of VIFs was merely 2.135. In addition, ANOVA test of the regression model showed that the model is acceptable with Sig. of .000 and F-value of 55.296. This outputs confirmed the empirical test to be further interpreted in the next step of data analysis.

Table 2: Multiple Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t-value	Sig.
	B	Std. Error	Beta		
(Constant)	0.409	0.308		1.328	0.185
Information Technology	0.169	0.035	0.191	4.898	0
Knowledge Acquisition	0.14	0.054	0.126	2.575	0.01
Knowledge Conversion	0.169	0.049	0.169	3.47	1
Knowledge Application	0.161	0.051	0.147	3.141	0.002
Social Networking	0.098	0.039	0.109	2.512	0.012
Teamwork	0.043	0.058	0.035	0.751	0.453
Organizational Communication	0.143	0.052	0.118	2.758	0.006

Remark: Dependent Variable: Organizational Performance

From the results in Table 2, all factors had positive association with organization performance, except for teamwork. Information technology showed the strongest relationship, followed by knowledge conversion and knowledge application, respectively. These findings provided the crucial practical knowledge for the practitioners and their priority can be rearranged to enhance to higher degree of organizational performance.

5. Discussion

Most of the factors demonstrated significantly influences on organizational performance and the most influential factor was information technology. H1 was supported by the findings. It is well-known about the impact of information technology on the organizational performance (Bharadwaj, 2000; Bassellier et al., 2001). Furthermore, one of the main highlights of this study was on testing the impact of knowledge management practices, including knowledge acquisition, knowledge conversion and knowledge application (e.g. H2, H3, and H4) and the analysis found that all these practices had positive effects on organizational performance. Interestingly, knowledge conversion showed the strongest influence among these three practices, followed by knowledge application and knowledge acquisition, respectively. This is crucial finding, because it highlighted the crucial role of how to convert the existing knowledge and new knowledge before the further application of knowledge. Some companies may fail to pay close attention to the process of

knowledge conversion and therefore the companies, which can effectively convert the knowledge, will have greater opportunity to achieve higher performance (Brahma & Mishra, 2015; Tseng, 2016; Wang, 2007; Syed & Xiaoyan, 2013).

Regarding H5, social networking is found to have influence on organizational performance. This is supported by Lia & Chen (2014) and Zhu et al. (2016). For teamwork, past research noted the importance of teamwork on firm performance (e.g. Sapsed et al., 2002), in this study, teamwork had no influence on the organizational performance, while information technology indicated the highest influence on the dependent variable. This may suggest that with the effective workflow of data, information and knowledge. The process of teamwork traditionally had been implied into the context of virtual teamwork as a part of information technology management. Lastly for H7, organizational communication has a positive effect on the performance. This finding was confirmed by the previous works of O'Sullivan (2007), Welch (2012) and Yuan et al. (2011).

6. Conclusions

The important aim of the study is to contribute to the empirically tested understanding of the association among knowledge management practices (e.g. knowledge acquisition, knowledge conversion and knowledge application) and organizational performance in the hospitality small and medium sized firms. Several other factors were also tested their influences on organizational performance. Therefore, the outputs of the research provided new insights for the academic communities in many folds. Firstly, knowledge management practices had different degrees of influence on organizational performance. Secondly, the output reconfirms the crucial role of information technology on the firms' performance. Thirdly, in the context of teamwork, as it is known in the past research that teamwork has influences on the performance, however, due to the analysis, when the effect of teamwork was tested in comparison to other factors, its influence became insignificant on the performance. This implied that many factors (such as organizational communication and information technology) combined could replace the impact of teamwork towards how the organizations operate.

7. Research Contributions

Highlighting the effect of information technology, knowledge conversion and knowledge application, which are the three most influential factors influencing organizational performance. Hospitality managers should pay attention to the effectiveness of their current information technology process in terms of updated version of the technology and widespread usage of the technology across the firms. Additionally, knowledge management initiatives, especially about how to integrate old and new knowledge, should be carefully monitored and supported throughout the firms. Basically, new knowledge has been created regularly and the managers will decide to embrace the new knowledge resources and apply such knowledge into their operations. This can make a difference between successful and unsuccessful organization. Moreover, social networking with stakeholders should be considered one of the crucial tasks to do for success. Additionally, for knowledge management practices, organizational communication should be regarded as the key source of information flow within the firms. Effective communication allows successful companies to ensure that every one has received and understood the message and information in a timely and accurate fashion.

8. Directions for Future Research

The research on knowledge management practices must be continued to investigate the other dimensions, such as human capital and social capital. The impact of knowledge management practice clearly deserves further empirical study to find the more insights for the relationship among these factors. Knowledge is the key source of competitive advantage and the more effective approach to improve in the more detailed levels are needed in terms of how knowledge acquisition can be developed. Researchers may study how the knowledge conversion can fit with different types of organizations. Moreover, knowledge application at different levels of organization (e.g. staff or executives) may be conducted differently and how such a difference can have the effect on organizational performance. Lastly, this research achieved its objectives, but it is not without a limitation. By the nature of cross-sectional study, the findings may not be appropriate to imply the benefits of the findings for the long-term strategic organizational performance. To explain the strategic performance for five to ten years, longitudinal study should be adopted to explain the phenomenon.

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**EXAMINING CSR DISCLOSURE IN VIETNAM:
TOO LITTLE, TOO LATE!**

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Abstract

This study explores the corporate social responsibility disclosure in an important but under-research economy – Vietnam. With accounting reports traditionally used for central planning purposes, disclosure to broader stakeholders is still alien concept. By collecting data from the annual reports of Vietnamese listed firms in 2013, this study analyses the potential impacts of corporate governance and key ownership identities (state ownership, managerial ownership and foreign ownership) on the level of corporate social responsibility reporting. The findings indicate the level of corporate social communication in Vietnam is still low (18.03%). All three ownership structure measures (state ownership, managerial ownership and foreign ownership) are statistically significantly negatively related to the extent of social reporting disclosure. Yet the proportion of independent directors on the board is not found to be an effective monitoring mechanisms to induce managers to disclose more social information. The results also suggest that Vietnamese regulators should focus on strengthening their regulatory framework for non-financial information disclosure to strengthen the transparency of the market.

Keywords: Emerging market, CSR disclosure, Voluntary disclosure, State ownership

1. Introduction

Following upon the heels of the financial crisis and the global corporate collapses that the crisis entailed, the importance of voluntary disclosure has been widely emphasised in both developed and emerging markets. Within the context of voluntary disclosure, there is an increasing recognition on the importance of corporate social responsibility (CSR) disclosure among regulators, stakeholders and the society in general (Wilmshurst and Frost, 2000). CSR disclosure practices include the reporting of any information that concerns the moral obligations or ethical activities in which firms have engaged to minimise the negative impacts to the community, environment, employees, and consumers (Gray, Javad, Power and Sinclair, 2001, Said, Zainuddin and Haron, 2009). According to Jaggi and Zhao (1996), changes in the attitudes towards global living conditions resulting in an increased in the demand for

corporate disclosure to extend beyond mere financially focused information. The need for CSR disclosure is arguably more pronounced in developing countries, in which rapid economic growth and intensive industrialisation can result in large-scale social and environmental damage. Consequently, CSR disclosure in emerging markets has become an important research area (see, for example, Williams, 1999, Haniffa and Cooke, 2005, Belal and Owen, 2007, Ratanajongkol, Davey and Low, 2006, Said et al., 2009, Mahadeo, Oogarah-Hanuman and Soobaroyen, 2011, Cahaya, Porter and Tower, 2012, Elijido-Ten, 2011, Belal and Cooper, 2011, Beddewela and Herzig, 2013). Despite the growing research on social and environmental accounting, research in emerging markets is still limited (Islam and Deegan, 2008). Due to the distinctive socio-economic and business structures, it is essential to gain more understanding on social and environmental accounting in emerging markets (Belal et al., 2013). Also with the unique transition from a tradition of secrecy in a centrally planned economy towards a more 'transparent' market-driven economy, a study of CSR disclosures in Vietnam adds to an evolving research body of CSR in emerging markets.

Hence, the aim of this study is twofold. First, the paper assesses the extent of voluntary CSR disclosure in Vietnam. Second, it examines whether voluntary disclosure practices are influenced by the quality of its corporate governance. The structure of the paper is as follows. Section 2 presents the theoretical framework and the development of hypotheses. Section 3 describes the methodology, including the data sample and the measurements of key variables. In Section 4, an analysis of the data and relevant findings are outlined in the results sections, whereas Section 5 offers the discussion and concluding remarks.

2. Theoretical framework and hypothesis development

There are many reasons why firms should voluntarily provide additional information that exceeds mandated requirements. Although prior studies have applied different theoretical approaches to explain corporate social reporting, Cormier et al. (2005) argue that no single theory is able to explain this complex phenomenon completely. Following Ness and Mirza (1991), this study employs agency theory to explore variations in voluntary disclosure practices of corporate social responsibility information among listed firms in Vietnam. Furthermore, this study argues that the demand for additional information, including social and environmental reporting, originates in agency conflicts and information asymmetry due to the separation of ownership and control between the manager (agent) and the owners/shareholders (principals) (Standish, 1997).

Agency theory posits that appropriate actions taken by shareholders, i.e., maintaining a good internal corporate governance mechanism, can strengthen the monitoring and control of managers and thereby reduce opportunistic behaviours and minimise the problem of information asymmetry (Fama and Jensen, 1983). Corporate governance is considered to be important in an emerging capital market such as Vietnam. An effective corporate governance framework will help to protect the vulnerability of emerging capital markets, avoid financial crises, reinforcing property rights, and reducing the transaction costs and cost of capital, which, taken together, lead to stronger capital market development (World Bank, 2006). Furthermore, previous studies indicate that the ownership structure of a firm is a related aspect of corporate governance and potentially influences the level of voluntary disclosure (Eng and Mak, 2003, Xiao and Yuan, 2007, Ho, Tower and Taylor, 2008). Therefore, this study explores the impact of corporate governance and the three common types of ownership structure (state, managerial and foreign ownership) in Vietnam on the voluntary disclosure of CSR information.

There is no definitive meaning of corporate governance. Shleifer and Vishny (1997) define it as an institutional arrangement by the finance providers of the firm (shareholders) in order to ensure the proper return of their investment. Denis and McConnell (2003) state that corporate governance is a set of mechanisms employed to reduce agency conflicts arising from agency relationships of managers and shareholders. In Vietnam, the Code of Corporate Governance for Listed Companies in the Stock Exchange and Securities Trading Centers defines the term corporate governance as the systemic principles implemented to ensure a listed firm is managed in a way that shareholders and other stakeholders' rights are protected. An effective corporate governance does not only maximize values of shareholders, but also protects the interests of other stakeholders (Welford, 2007).

According to Cooper and Owen (2007), a firm corporate governance provides the framework to enhance its socially responsible behaviour. The predicted significant and generally positive relationship between corporate governance and disclosure practices is reported extensively in the literature. For instance, Ibrahim et al. (2003) posit that the expectations of society (i.e. practitioners, researchers and regulators) for independent directors to be more socially responsible than inside directors create pressures on the firm's independent directors to be more responsive to social needs. Webb et al. (2008) report that socially responsible firms have more independent directors compared with non-socially responsible firms. Empirically, Chau and Gray (2010) report that the proportion of independent directors on boards has an influence on the voluntary disclosure of strategic and non-financial information by the firms. Hannifa and Cooke (2005) find a significant and positive relationship between voluntary disclosure and the proportion of independent non-executive directors among Malaysian listed firms. Therefore, it can be hypothesised that:

H₁ - There is a positive association between stronger corporate governance and the level of voluntary corporate social responsibility disclosure in the annual reports of Vietnamese listed firms.

Jiang and Habib (2009) note that the concentration of state ownership results in no real separation of ownership and control; thus, there is no real incentive to monitor the activities of managers. Furthermore, it is argued that the state generally has better access to a firm's internal information (Naser, Al-Khatib and Karbhari, 2002, Xiao and Yuan, 2007); thus, there might be less dependence on information disclosure with state ownership. Empirically, Luo et al. (2006) report that the presence of state ownership consistently weakens the voluntary disclosure of information among Singaporean firms. Xiao et al. (2004) explain that privileged access to information may contribute to the low level of voluntary disclosure. Given the high state ownership concentration that characterises Vietnamese firms, the following hypothesis is proposed based on the agency theory:

H₂- There is a negative association between the extent of state ownership and the level of voluntary corporate social responsibility disclosure in the annual reports of Vietnamese listed firms.

When managers own a substantial amount of shares in a firm, Luo et al. (2006) argue that effective control and concentrated ownership will potentially lead to an 'entrenchment effect'. Fan and Wong (2002) note that, in such situations, the relationship is no longer among manager(s)-shareholders but among controlling shareholders and minority shareholders. As with any controlling shareholders, managers with shares may have incentives to expropriate minority shareholders, including limiting the information that is disclosed. A number of prior empirical studies support this view. For instance, Leung and Horwitz (2004) reveal that when there is a low level of managerial ownership, information

disclosure appears to be high and vice versa. Luo et al. (2006) also find a negative association between managerial ownership and earning informativeness. Thus, this study posits the following hypothesis:

H₃- There is a negative association between the extent of managerial ownership and the level of voluntary corporate social responsibility disclosure in the annual reports of Vietnamese listed firms.

Previous research asserts that foreign shareholders face significantly higher risks than local shareholders. La Porta et al. (2000) identify the potential risks associated with trading foreign shares, including political risk, information asymmetry and inadequate legal protection. Xiao and Yuan (2007) posit that the information asymmetry problem is even greater in emerging capital markets such as China because of difficulties in accessing hard copy annual reports. Empirically, Barako (2007) finds that foreign ownership influences the firm's decision to provide additional social reporting and board member information. In Malaysia, Haniffa and Cooke (2005) report a significant relationship between foreign ownership and CSR disclosure. These positive associations support the arguments that firms use social disclosure as a strategy to secure foreign investors. Within the context of Vietnam, the majority of foreign owners originate from developed countries with stronger financial regulatory systems. These foreign investors are likely to be more aware of the importance of financial reporting and social reporting than local investors. Therefore, higher levels of foreign ownership may pressure firms to increase the extent of their information disclosure. The preceding discussion results in the following hypothesis:

H₄ - There is a positive association between the extent of foreign ownership and the level of voluntary corporate social responsibility disclosure in the annual reports of Vietnamese listed firms.

3. Research Methodology

This study uses the random sample of 200 firms listed on the Vietnamese stock exchanges in Hanoi and Ho Chi Minh City in the financial year that ended 31 December 2013. The benefit of using random sample is that it effectively yield a sample that is representative of the population. Random sample is a suitable method for quantitative study as it provides the best opportunity to generalize the results to the population (Marshall, 1996). The sample excludes newly listed firms as it is assumed that disclosure practices cannot be assessed realistically when firms have been listed on the stock exchange for less than one year (Owusu-Ansah, 1998). The sample size is presented in Table 1.

Table 1: Sample-Selection Procedures

Description	Number of listed firms in 2013
Firms listed on the two Vietnamese stock exchange in 2013	661
Less: Newly listed firms in 2013	-250
Number of firms that meet sampling criteria	411
Number of firms in final sample	200
Percentage of firms from available population	48.66%

The dependent variable in this study is the voluntary social disclosure is measured using a checklist (Appendix A). As there is no general theory that offers guidance on the selection of items to measure the extent of voluntary disclosure (Marston and Shrides, 1991), the following steps are carried out in selecting the disclosure items. As a starting point, disclosure items are selected from commonalities of past studies in both developed and emerging markets, including Meek et al. (1995), Ferguson et al. (2002), Hannifa and Cooke (2002), Xiao and Yuan (2007), Ho (2009), Akhtaruddin et al. (2009) and Wang et al. (2008). This first step results in an initial list of 28 items. Then, this list is screened by Vietnamese accounting experts to remove any item that is deemed inappropriate or irrelevant from the standpoint of the national reporting environment. This detailed process results in a final list of 24 items for the Vietnamese corporate responsibility disclosure index (VnCSRDI).

In constructing the measurement of the disclosure index, the unweighted average approach will be employed. Each item is equally weighted and expressed in a dichotomous form in which a firm is given a one (1) for a disclosed item and a zero (0) otherwise (Haniffa and Cooke, 2005, Barako, 2007, Da Silva Monteiro and Aibar-Guzmán, 2010). The use of a weighted approach introduces a high level of subjective bias into the analysis (Marston and Shrides, 1991, Chow and Wong-Boren, 1987). Additionally, prior studies on voluntary disclosures in emerging capital markets (Chow and Wong-Boren, 1987, Barako, 2004) that apply both weighted and unweighted methods find no significant difference between the two approaches. The disclosure index is subsequently expressed as a percentage below:

$$VnCSRDI_i = \sum_{j=1}^e e_j / E$$

where:
VnCSRDI_i = Corporate social responsibility disclosure score of firm i.
e_j = Social reporting item j. The dummy variable takes on the value of 1 if the firm discloses information on this item, and the dummy variable takes on the value of 0 if the firm does not disclose.
E = Total possible maximum number of items (24)

As briefly discussed in the prior sections, the four predictors (independent) variables use in this study are corporate governance, state ownership, managerial ownership and foreign ownership. Past studies of voluntary disclosure examine the corporate governance aspects in many ways but the proportion of independent directors on corporate boards (as measured in this study) by far has been the most common measurement for corporate governance (Lim, Matolcsy and Chow, 2007, Akhtaruddin, Hossain, Hossain and Yao, 2009, Cheng and Courtenay, 2006, Barako, Hancock and Izan, 2006). As in previous studies (Naser et al., 2002, Eng and Mak, 2003, Xiao and Yuan, 2007, Xiao et al., 2004, Wang et al., 2008), state ownership is determined as the percentage of shares owned by the state. Managerial ownership is defined as the percentage of shares held by managers (Eng and Mak, 2003, Leung and Horwitz, 2004, Xiao and Yuan, 2007). Consistent with previous studies (Haniffa and Cooke, 2002, Barako et al., 2006, Wang et al., 2008), foreign ownership is determined as the percentage of shares held by foreign investors (Appendix B).

Apart from the four predictors, number of number of control variables reported in the literature on voluntary disclosure are also added. These are size, leverage, industry, profitability and audit type. As the control variables, size is measured by the natural logarithm of the total assets of a firm. Profitability is proxy by the return on assets (ROA) (Ho, 2009, Camfferman and Cooke, 2002, Chau and Gray, 2002) and is calculated as the ratio of net profit to total assets. The firm's leverage is measured as the ratio of a firm's total

liabilities divided by its total assets (Eng and Mak, 2003, Leung and Horwitz, 2004, Ho et al., 2008). Gao et al. (2005) indicate that the business sector influences the corporate social disclosure policy, and an industry variable is thus included. This study classifies industry sectors into low-profile and high-profile industries. Low-profile industries include building construction, electrical, finance and banks, food, investment, medical supplies, meat and by-products, miscellaneous services, property, retailers, and textiles and apparel. High-profile industries include agricultural and associated sectors, chemicals, energy and fuel, engineering, forestry, liquor and tobacco, media and communications, mining, transport and tourism (Hackston and Milne, 1996). The audit firms are classified into two types: Big Four and non-Big Four (Alsaeed, 2005, Patton and Zelenka, 1997).

Multiple regression model will be used to test the relationship between the dependent and independent variables, hence, the following regression equation is estimated.

$$VnCSRDI_i = \lambda_i + \beta_1 CorpGov_i + \beta_2 State_i + \beta_3 Managerial_j + \beta_4 Foreign_j + \gamma_1 Size_j + \gamma_2 Leverage_j + \sum_{j=1} \delta_j Industry_j + \gamma_3 Profit_j + \sum_{k=1} \delta_k Audit_k + \eta_j Findings$$

4. Results

4.1 Descriptive Statistics

Table 2 provides the descriptive statistical results for the dependent (Vietnamese corporate social responsibility disclosure), independent (corporate governance, state ownership, managerial ownership and foreign ownership) and control (size, profit and leverage) variables. The overall score¹ is relatively low with a mean of 18.03% (see Appendix A’s list of items in the index). This finding is consistent with earlier studies, which suggest that CSR disclosure is low in emerging countries (Momin and Parker, 2013, Hegde, Bloom and Fuglister, 1997).

Table 2: Descriptive Statistics for Dependent variables, Independent Variables and Control Variables

Variable	Mean	Median	Standard deviation	Min	Max
Vietnamese Voluntary Corporate Social Responsibility Disclosure Index (DV)	18.03%	14.58%	14.03%	0.00%	62.50%
Corporate governance <i>H</i> ₁	55.50%	58.57%	22.58%	0.00%	100.00%
State ownership <i>H</i> ₂	24.40%	18.60%	23.81%	0.00%	78.00%
Managerial ownership <i>H</i> ₃	12.21%	5.39%	16.11%	0.00%	71.74%
Foreign ownership <i>H</i> ₄	15.17%	10.84%	14.24%	0.00%	48.87%
Size - Log of Total assets (CV)	13.7	14.43	1.25	10.66	18.46
Profit - ROA (CV)	8.95%	7.36%	10.21%	-22.68%	50.1
Leverage (CV)	47.83%	48.57%	23.10%	8.02%	98.23%

¹ A further reliability check of the scoring sheet conducted with another researcher is requested for scoring the annual reports of 20 sample firms (representing 18.2% of the total sample size). The results of this voluntary CSR disclosure index are subsequently compared with those of the researcher to ascertain any statistically significant differences. A t-test for differences reveals two comparable means of 24.79 and 25.00, which are virtually the same (p = 0.967).

The proportion of independent directors on the board has a moderate mean of 55.50%. The average percentage of state ownership in this study is 24.40%. State ownership in Vietnam remains highly concentrated because the country is still in the early stages of privatisation compared with other emerging economies, such as China. Managerial ownership shows a mean of 12.21% while foreign ownership shows a relatively low mean of 15.17%.

Table 3 provides further descriptive statistics for the firms’ CSR disclosure practices, classified by type of industry and auditing firm. Firms within the classification of a high-profile industry disclose slightly more (mean = 18.67%) than firms within the low-profile industry category (mean = 17.50%). However, this difference is not statistically significant (p = 0.333). Similarly, a t-test is conducted to test the differences between the voluntary disclosure levels of firms audited by Big Four and by non-Big Four auditors. Surprisingly, firms audited by Big Four auditors disclose less social information (mean = 14.01%) than firms audited by non-Big Four auditors (mean = 13.09%). Again, these two means are not statistically significantly different (p = 0.067).

Table 3: Descriptive Statistics for Control variables (Industry and Audit)

Industry (CV)	No. of firms	Mean	Standard deviation	Standard error	df	t-value	p-value
Low-profile industry	80	17.50%	14.31%	1.85	108	-0.433	0.333
High -profile industry	120	18.67%	13.815	1.95			
Audit (CV)							
Big Four	44	14.01%	13.90%	1.48	108	1.509	0.067*

Legend: Associations *, ** and *** are significant at the 0.1, 0.05 and 0.01 level respectively (1-tailed).

The Pearson correlation coefficient is also presented in Appendix C. The result of the correlation matrix shows that multi-collinearity is not a serious problem for the independent variables as none of the coefficients exceed the threshold value of 0.80 (the correlations in this study range from 0.000 to 0.494, with the maximum correlation observed between managerial ownership and profitability).

4.2 Multiple Regression Results

Table 4: Multiple Regression Results

Variables	Expected Sign	Beta	t	p-value
Constant			0.563	0.287
CORPGOV	+	-0.038	-0.375	0.646
STATE	-	-0.289	-2.471	0.008***
MANAGERIAL	-	-0.217	-1.957	0.027**
FOREIGN	+	-0.149	-1.364	0.912
SIZE	+	0.132	0.944	0.174
PROFIT	+	-0.07	-0.612	0.729
LEVERAGE	-	-0.04	-0.311	0.378
AUDIT	+	-0.168	-1.379	0.085*
INDUSTRY	+	0.018	0.182	0.428

Adjusted *R*² = 0.28, *F* = 1.346, *N* = 200

Legend: the table shows standardized coefficients and t-statistics in multiple regressions for the respective independent variables and control variables in the model. Associations *, ** and *** are significant at the 0.1, 0.05 and 0.01 level respectively (1-tailed).

Table 4 presents the result for the multiple regression of this study. The empirical evidence suggests that corporate governance ($p = 0.646$) is not significantly related to the extent of voluntary disclosure in the annual reports of Vietnamese firms. Therefore, H_1 is not supported, which indicates that the proportion independent directors on the board is not an effective monitoring mechanism in Vietnam.

State ownership is found to be negatively associated with voluntary CSR disclosure ($p = 0.008$), which supports H_2 . This finding is consistent with the results of an earlier study by Xiao et al. (2004). However, in Singapore, Eng and Mak (2003) detect a significant positive association, whereas in other studies, there is no clear evidence of a significant relationship (Naser et al., 2002, MohdGhazali and Weetman, 2006). Thus, it is thus argued that in Vietnamese listed firms, higher state ownership discourages firms from providing extra information beyond that which is mandatory. This finding illustrates the distinctive reporting practices of Vietnamese listed firms and thus contributes to the literature on voluntary disclosure.

The results also reveals that managerial ownership is related to the level of voluntary CSR disclosure ($p = 0.027$). Thus, H_3 is supported. The finding in this study is consistent with the earlier results of Eng and Mak (2003) and Ghazali and Weetman (2006), who note that managerial ownership has a negative impact on voluntary disclosure practices of Singaporean and Malaysian listed firms, respectively.

Foreign ownership is not associated with the level of voluntary CSR disclosure ($p = 0.912$), and H_4 is not supported. Amran and Devi (2008) also find that foreign ownership has no influence on CSR reporting practices of Malaysian listed firms. In regards to control variable, Vietnamese firms associated with Big Four auditors disclose lesser CSR information than others ($p = 0.085$).

5. Discussion and Conclusion

As prior literature indicates that CRS disclosure practices are different across countries (Imam, 2000). This study is among the first to examine the CSR reporting practices in a growing emerging economy. The study of CSR disclosure in Vietnam is still limited, therefore it necessary to provide a different perspective to the extant literature. The benefit of this study provides significant contributions to the literatures in several ways. Firstly, Sarikas, Vu and Djatej (2009) recommend for more studies of contemporary Vietnamese accounting, due to lack of evidence about communication and the adequacy of corporate disclosure. This study provides an extension to the existing literature by providing insights into the status of the Vietnamese social reporting environment. Secondly, the high concentrated state ownership aspect amongst Vietnamese listed firms supplements the literature of corporate voluntary disclosure by adding another perspective to the existing debate of state ownership and corporate disclosure. Thirdly, within the Vietnamese context, this study will assist policy makers by helping them better understand corporate disclosure behaviours and strategies to facilitate them in the development of mandatory disclosure requirements.

The results from the study also suggest that the extent of CSR disclosure is relatively low comparing with other emerging markets. To maintain the development and sustainability of Vietnamese market, listed firms are urged to incorporate key social reporting items into their corporate disclosure practices. For instance, they should provide stand-alone reports, such as sustainability reports, as an extra disclosure channel in addition to their traditional annual reports. The finding also enhances the argument of earlier studies that there are less social reporting disclosure in emerging/developing countries than in wealthier/developed countries (Dobers and Halme, 2009). One possible explanation for such low level is due to the fact that social reporting disclosure practices are relatively new in Vietnam.

By engaging in more CSR advocated activities and disclosure, it allows company to obtain more external finance at a lower cost of capital (Barako, 2004, Khurana, Pereira and Martin, 2006). Thus, in order to raise additional funds to facilitate the process of privatization, listed firms in Vietnam should be encouraged to provide higher levels of CSR disclosures. The results of the study also reveals that corporate governance is not significantly associated with social reporting disclosure. This implies that although there is high level of compliance (in form), the presence of independent directors may not itself be an effective monitoring mechanism (in substance). Hence, this study recommends that Vietnamese authorities should consider the regulations of corporate governance mechanism. State ownership and managerial ownership are found to be negatively with CSR disclosure. This supports the view of agency theory. According to the agency theory, strong legal and financial infrastructure will results in higher information disclosure. In Vietnam the financial market and the market infrastructure is not well-developed, hence, resulting in a lower level of disclosure comparing with other emerging countries. In Vietnam, there is also a weak legal infrastructure environment and the high level concentrated ownership, therefore, lesser information is disclosure.

Although the study provides significant contribution to the study of disclosure in emerging market, the limitation of this study must be considered. As it is a cross-sectional research that focuses solely on 2013 annual reports, the results generated from this study could be biased as disclosures can change over time. Future research could expand to a longitudinal study in order to examine the pattern of social reporting and voluntary disclosures over time under differing economic conditions.

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Appendices

Appendix A: Vietnamese Corporate Social Responsibility Disclosure Index

Employee/human resources dimension (15 items)	<i>n</i>
Employee appreciation	58
Nature of training	35
Discussion of workplace safety (costs and measurement)	34
General retrenchment or redundancy information	23
Categories of employees by gender	18
Effects of Employment Contract Act	15
Employees by line of business	13
Number of employees trained	8
Statements concerned with wealth created (eg., value added statement)	7
Equal opportunity policy statement	6
Amount spent on training	5
Reasons for changes in employee numbers or categories	5
Geographical distribution of employees	4
Data on accidents	4
Employee welfare	3
Community involvement (5 items)	
Company awards	55
Community programs (health and education) implemented	36
General philanthropy	24
Participation in government social campaigns	18
Charitable donations	13
Environmental dimension (3 items)	
Statement of firm's environmental policies	17
Environmental protection programs (qualitative)	8
Environmental protection programs (quantitative)	2
Product relation dimension (1 item)	
Safety of the products	21
Vietnamese Social Reporting Voluntary Disclosure (24 items)	

Legend: *n* represents number of firms engage in CSD of an individual item.

Appendix B: Measurements of Independent and Control Variables

Independent variables	Measurements	Type of variable
Corporate governance (<i>CG</i>)	Number of independent directors divided by the total number of all directors	Continuous
State ownership (<i>STATE</i>)	Number of shares held by the Vietnamese government divided by the total number of shares	Continuous
Managerial ownership (<i>MAN</i>)	Number of shares held by managers on corporate boards divided by the total number shares	Continuous
Foreign ownership (<i>FOREIGN</i>)	Number of shares held by foreign owners divided by the total number of shares	Continuous

Control variables	Measurements	Type of variable
Firm size (<i>SIZE</i>)	Natural logarithm total assets	Continuous
Profitability (<i>PROFIT</i>)	Ratio of net profit to total assets	Continuous
Leverage (<i>LEV</i>)	Ratio of total liabilities to total assets	Continuous
Industry (<i>IND</i>)	One for firms in the High-profile industries category and zero for otherwise.	Categorical
Auditing firm (<i>AUDIT</i>)	One for firms audited by Big Four and zero for otherwise.	Categorical

Appendix C: Pearson and Spearman Correlation Matrices

	VnCSRDI	CORPGOV	STATE	MANAGERIAL	FOREIGN	ASSET	PROFIT	LEVERAGE	AUDIT	INDUSTRY
VnCSRDI	1	-.043	-.182**	-.073	-.083	-.050	-.101	-.004	-.144	.042
		.328	.029	.223	.194	.303	.146	.485	.067	.333
CORPGOV	-.025	1	-.066	-.015	.154	.150*	-.062	-.146*	.198**	-.056
	.398		.245	.436	.054	.059	.260	.063	.019	.279
STATE	-.124*	-.065	1	-.473***	-.230***	.054	.089	.160**	.163**	.035
	.099	.249		.000	.008	.287	.177	.048	.044	.358
MANAGERIAL	.022	-.201**	-.588***	1	.034	.043	-.001	.022	-.059	-.171**
	.410	.018	.000		.361	.327	.494	.408	.270	.037
FOREIGN	-.078	.122	-.237***	.036	1	.244***	.244***	-.234***	.067	-.006
	.210	.102	.006	.356		.005	.005	.007	.242	.477
ASSET	-.040	.064	.032	-.022	.248***	1	.009	.395***	.592***	.101
	.339	.252	.369	.408	.005		.464	.000	.000	.146
PROFIT	-.088	-.029	.028	-.016	.328***	-.042	1	-.430***	-.061	-.042
	.180	.383	.386	.435	.000	.331		.000	.265	.330
LEVERAGE	-.015	-.101	.132*	.066	-.235***	.387***	-.548***	1	.206**	-.011
	.437	.148	.084	.245	.007	.000	.000		.015	.456
AUDIT	-.174**	.184**	.115	-.155*	.119	.517***	-.092	.210**	1	.137*
	.034	.027	.116	.053	.108	.000	.171	.014		.077
INDUSTRY	.065	-.079	.015	-.157*	.006	.045	-.082	-.029	.137*	1
	.250	.205	.437	.051	.475	.321	.198	.381	.077	

Legend: Associations *, ** and *** are significant at the 0.1, 0.05 and 0.01 level respectively (1-tailed).

**SEARCHING THE EFFECTIVE TECHNIQUES TO MANAGE CHILD
LABOR AT RESTAURANTS AND TEA STALLS
IN SYIHET CITY, BANGLADESH**

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Abstract

This paper dissertates the present situation in the workplace of the labors who are child. It has been attempted to cover the children who are giving services to restaurants and tea stall in Sylhet, a small but very important city in respect of the national economy of Bangladesh. It tends to establish with some statistical phenomena how they provide them with skills and experience that help them to be productive members of the society. The systematic investigation regarding child labor in this paper shows how the activities of the children, virtually from low income families with educational and other shortcomings contribute development and welfare of their families along with the owners of the shops they work for. The identification of the problems associated with the work they do is one of the main purposes of the study. Finally the research culminates some recommendations with a proposal of building a model to manage the working children in a way that the violation of the act regarding child labor might be minified through creating a work environment not only a work place but also a learning center concerning the fact that, in the present context in a low economy country like Bangladesh, child labor is a reality.

Keywords: Child Labor, Restaurant and Tea Stall, Management, Social Needs, Low Economic Country, Statistical Data.

1. Introduction

There are 6 crore and 77 lakh children in Bangladesh under 18 years (BBS 2008) 35 lakh children of Bangladesh are in work excluding the domestic labor. 13 lakh of them is in very risky. The number of child labors is increased by 10 lakh from 2008 to 2012. (The Daily ProthomAlo, Nov. 6, 2012). 94% of them are doing work more than 10 hours a day. 36% of them are getting lessened than \$10 (The Daily IttefaqAug. 5. 2013). The employers are punishing and torturing them to get the job done by then in expected manner. As per the survey of Bangladesh Statistical Bureau and International Labor Organization (ILO), among a total of 45 risky jobs children are involved in 41. Child Labor Principle 2010, prohibited to engage children of below 14 age in any job and below 18 in Risky job (The daily Janakantha, 12 Oct, 2010). But there are child labors in formal and informal sector to support their family and to reduce cost to operate the enterprise.

The parents are compelled to send their kids to work for survival (Basu& Van 1998), for credit constraints (Ranjan, 1999), opportunity cost for substandard quality of education (Rathore,2013), socialization of children through work (Khair,2005) failure in teaching practical subjects such as agricultural science by schools (Sodev Consult, 2006b). In fact it is an agricultural phenomenon (Christopher Udry 2003). Other trade skills are to be transferred to children in a suitable environment. It can be minimized through international, super national and extra-national intervention (Basu, 1999). The social returns of education is to be proved as more higher than the primary return of job to the parents by government (Grootaert and kanbur, 1995), benefits to parents by subsidy for sending the child to school can encourage to minimize the child labor (Ranjan ,1999). Specially the poverty alleviation can eliminate or at least minimize child labor (BBS, 1996b) as it is proved that the parents are sending their children to work mainly for increasing family income (BBS, 2003).To ban the children from work without adjusting social structure can harm the vulnerable children by depriving them from earning (Michael 2006). It will increase more misery (Ahmed and Quaseem, 1991). This is also true that employers are taking advantage of getting the works done by children at a lower wage rate (Majumdar, 2001). They are exploiting 82% of the children by lower wages for same job of adults (BBS, 2003).

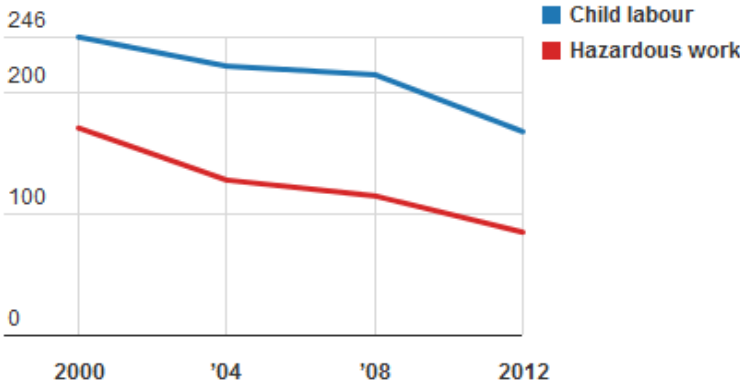
So our viewpoints is to study the managing techniques of working children in the restaurants and recommending some effective tools to converting the working places as a learning center of trade in a homely atmosphere as we are unable to eliminate the children from working places in the present socio-economic condition.

Children working at various industrial, repairing and trading centers are very common in Bangladesh. They are also working in agricultural sectors. These children at their tender age have to support their parents in the villages and slums who are fighting with poverty. They have to work at different factories, printing press, hotel and restaurants.

Whilst child labor takes many different forms, a priority is to eliminate without delay the worst forms of child labor as defined by Article 3 of ILO Convention No. 182:

- (a) All forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labor, including forced or compulsory recruitment of children for use in armed conflict;
- (b) The use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances;
- (c) The use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties;
- (d) Work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.

Figure 1: Child labor and hazardous work trends, 5-17 years old (millions)



Labor that jeopardizes the physical, mental or moral well-being of a child, either because of its nature or because of the conditions in which it is carried out, is known as “hazardous work” [5].

As no special skill is required for working in the tea stall, restaurants, hotel, sweetshop the children select such places as their workplace by the guidance of their guardians. The children find food and shelter in the restaurants with minimum wages for supporting their parents. They have to responsible for dishwashing, waiter, cleaning, cooking, shopping, counter service and any other works required in the restaurants. The children have to start their work from the early morning by cutting vegetables with dangerous tools, cooking in unhygienic kitchen, lighting kerosene/wood/gas stoves or bringing water from distant taps. They have to work till night and take shelter in the dirty floor of the restaurants and again start work from the next morning. Without any weekday they have to take physical and mental pressure beyond their capacity. The owner punish them by physical and verbal abuse and even cutting wages for any kind of misdeeds in the form of breaking glass, dish, mishandling the foods.

The managerial problems of home sickness, quarreling, theft, inattentiveness etc. are created by the child labor of the restaurants and hotels. The owner/managers of such restaurants and hotels are using traditional methods of rebuking, physical and monetary punishment to solve the problems. In their opinion, different methods of managing are proved as fruitful in different types of problems. The researchers searched for the different methods used by them in different managerial problems. As it is quite illegal to appoint child labor for such cruel works, the researchers abstained themselves from suggesting any effective method to manage them.

The researchers selected restaurants and tea-stalls to search the effective child labor management tools as these sectors are comparatively convenient for child labor as child labors are unavoidable in the developing economy where poor families are struggling. Sylhet is a divisional city of Bangladesh where restaurant and tea-stalls are established more to fulfill the demand of travelling and busy people of that city. So restaurants and tea stalls of Sylhet city is selected as sample of the research to know the actual scenarios of child labor management.

2. Objectives

Specific objectives of the research are as follows:

1. Examining the socio-economic position of child labor at the restaurants and tea-stalls of Sylhet City.
2. Study the management problems of child labor at the studied restaurants and tea-stalls.
3. Examining the techniques adopted by the owner/ managers of restaurants, tea-stalls to manage the problems created by the child labor
4. Suggesting ways to create homely environment for proper management of children in the restaurants and tea-stalls.

3. Research methodology

1 Collection of Data

Questionnaire is prepared on the basis of fulfillment of research objectives of searching the child labor problems in the restaurants and tea-stalls and the ways to handling the child labor problem by the managers and owners.

- Primary sources by taking interview of child labor, manager and owners of different types of restaurants on the basis of a questionnaire prepared earlier.
- Secondary data was unavailable in the hand of authors.
- The sample was taken on the basis of Judgmental non probabilistic sampling from different categories as most of the respondents declined to answer in the issue of unlawful child labor employment in the shop. In this research 31 restaurants are questioned from different types of restaurants to ensure the representation of all the types of it. 9 managers and 22 owners were participated in the interview that was taken by designed questions consistent with the objectives of research. A total of 64 child labors are interviewed to know the actual scenarios of child labor management from the 31 restaurants and tea- stalls. Data was collected in the time period of August 2011 to October 2011 in the time period of evening everyday as all the stalls are opened at that time and it is the comparative rush hours of restaurants.

2. The researchers also used observation on the conditions of child labor in the shops.

3. All the data are processed by Microsoft Excess 2010 to get the correct interpretations from the research

4. The researchers used their judgment and logic in interpreting the output of the data processed by spreadsheet.

4. Respondents’ profile

The following table shows the profile of the respondents in manager and/or owner class. The number, types, experience and educational qualification of the respondents are shown in the table 1.

Roadside mobile/fixed tea stalls are leading in the statistics (frequency 10 out of 31 respondents) while Thai/Chinese restaurants lag the list. In the table the respondents are classified into owner and manager categories. Roadside restaurants got all owner respondents as there are usually no manager in such kind of restaurants while Thai/Chinese restaurants show the opposite scenario and the respondents are selected accordingly. There are no significant deviations in the experience of the respondents but in educational qualification. In this case most of the respondents are of below class 10 category (24 out of 31).

The respondent child labors profile is given in the following table that holds three fields: Number, experience and education qualification of the respondents.

Table 2 shows that a total of 64 respondents were selected for the purpose of survey and out of this, the highest number of children were taken from hotel and restaurant (22), where the lowest figure is from Thai and Chinese restaurant (1) category. For experience category, it has been found that most of the respondents are of below three years’ experience. This is due to the dropout students of primary school level at the age of 12/13 years mostly join in such kind of jobs. So the educational qualification of the respondents reflects the picture shown in the experience field. The table shows that the 43 out of 64 child labors are of below class 5 level.

5. Findings

The first objective of the research is to find out the present status of child labors working at the different types of restaurants. The researchers take roadside mobile/ fixed tea stalls, tea stall in fixed location, restaurants, hotel and restaurants and expensive restaurant to search the status of workers of those stalls. The roadside mobile tea stalls are the stalls that sell tea and light and cheap snacks and move from place to place with the shop on the van cart. Another version of it is fixed at specific place on the roadside near schools, hospitals and places of mass public gatherings. Tea stalls refer to the stalls with fixed legal location selling tea and cheap snacks. Restaurants’ menus are large. They sell tea, snacks and food for breakfast, lunch and dinner. The term hotel and restaurants is used to indicate such shop with residential facilities for travelling persons and supply food to them and other customers from outsides. The expensive restaurants are to satisfy the high profile customers with good purchasing capacity to buy the different tasty items to eat in a good ambient environment. The researchers enquired the status of their work in respect of salary, food, snacks, shelter, break time, duty time, weekday and such major items. The report of their status is given in table 3.

This table shows that the labors working at the roadside tea stall get a very meager amount of salary. That of Thai/Chinese restaurant worker are much better than roadside tea stall labors, but still it is such a poor amount for their livelihood. Without roadside or tea stall type, the other labors get two-time meals (food category) a day. In the contrary, the child working at roadside or tea stall restaurants get snacks for two-times a day, while labors working restaurants and hotel (with restaurant) get one time snacks a day. In this field, it has been seen that the labors working at Thai/Chinese restaurants get no such snacks. The research shows that the child working at the restaurants and hotel (with restaurants) are sheltered to pass the night that hotel floor or labor room while the others don’t have such. During the working hour (usually 8 hours), only the child labor of the Roadside or permanent tea stalls get a one hour break, but the others don’t. it has been noticed that the labors working at roadside tea stalls, tea stall are to work from opening till closing of the shop which usually lasts 15 to 18 hours a day. Both expensive and Thai/Chinese restaurants generally open at the noon and close at mid night. The labors are to work full time without any break in both the restaurants. The workers have to work without any weekday at the roadside and tea stalls, and the labors working in the other type of restaurants get a one day week leave.

The child labors are naturally emotional and are not fit to carry out any serious job. At the restaurants they have to serve the hungry people. At the time of serving they may create some problems as reported by the owners/managers. The problems includes mistakes in serving items, deny to work, quarreling with coworkers and even sometimes with customers, not prompt in serving the customers, misunderstanding with customers or kitchen men, homesickness at the time of work, frequent turnover and theft of customers or owners valuables and from the bill paid to them etc.

The table (Table 4) shows that problems created by the child labors as reported by the owners and managers. According to their report, the most frequent problem found in that type of labor is, they are not prompt in serving the customers as expected. This is followed by the problem of theft (12 cases), turnover of job (10 cases), homesickness (9 cases), deny to do work (6 cases), mistakes (4 cases) and the least problem created if quarrelling (2 cases). Out of 66 cases, the highest 20 is found both in restaurants and hotel (with restaurant) category as they employ the highest number of children. This is followed by roadside mobile and fixed tea stall (13). The least problems mentioned by the owner and manager are in Thai/Chinese restaurants (1 case)

6. Managing Mistakes

Mistakes are defined as the work incorrectly done or the result that is not expected. Child age is the age of correcting a person. From trial and error they must learn the proper way of doing a job. But if they are placed at any position to provide service, mistakes is very common. To correct the mistakes guardians teach their kids in many techniques. The restaurants and tea stall owner/managers are also used to adopt techniques to correct them by threatening, rebuking, counseling, physical punishment and even retrenchments. The following table provides managers practice to solve the problems of mistakes by the child labor at restaurants.

From table 5, it is visible that most of the employers use rebuking technique (11 cases) to correct the mistakes of child labor. Least of the employers use only positive approach, counseling other than negative approaches like rebuking (5 cases) threatening (7 cases) and physical punishment (8 cases) to minimize the mistakes. If the job is not attractive, the matured men can deny to work. This is very natural, but, in case of children, the employers are found as most cruel as they use most negative approach to manage this problem. The other techniques as used by the employers are shown at table 6.

The table 6 reflects the cruelty of the employers to the children as most of them (11 out of 31) use rebuking and 8 of them use physical punishment and only 6 of them use the only positive approach; counseling to compel them to do the unattractive job. 10 of them use the ultimate weapon, i.e. retrenchment and take away the security of food and shelter from these children.

7. Quarrelling

Quarrel is an angry argument between two or more persons. Child labors are emotional in nature. When things go beyond their expectation, they engage in quarrel with coworkers, even sometimes with their customers. Some customers are very habitual to hit the child labor of the restaurants. The children have to tolerate it or to make angry arguments to protest it. As such quarreling brings adverse effect to the business, the owner has to tackle it by using various techniques as it shown in Table 7.

Rebuking placed in the first position as a technique to handle quarrel as most of the employers use it (11 out of 32). Rebuking is followed by another negative approach; physical punishment (9 out of 31) and finally retrenchment if the employers failed to handle it by cruel approach of rebuking and physical punishment. Though, only 2 of the employers are in favor of counseling to solve the problem.

8. Not prompt in work

Hungry men need their food in no time. But no food is available as 100% ready in restaurants or tea stalls. Some procedures have to done before serving it. So the situation needs the serving men have to be quick in serving the food. A small delay in serving the product creates dissatisfaction among customers and eventually, the owners have to interfere in solving the problem. In most of the cases all faults are imposed to the child labor. To minimize the genuine cause of slackness, the owners adopt many techniques as given in Table 8.

Rebuking is the major techniques of all the employers interviewed to solve the problems of slackness as created by the child labors. It is followed by retrenchment if other

ways became failed to solve the problem. Other positive ways like counseling (7 out of 31) and encouraging (3 out of 31) is used by the employers. Though 5 of them replied that they use Physical punishment and 4 of them use threatening as the technique to manage the problem of slackness.

9. Managing Misunderstandings

Misunderstanding means to fail to understand correctly. The order of hungry people and the service of child labor have many options of misunderstanding. Besides the regular customers and the server have the perception that they can understand each other may become the cause of misunderstanding. In interpretations of new customer’s pronunciations and mentioning the name of the stuffs, misunderstanding may occur. The emotional background of the child labor became the cause of misunderstanding. The techniques used by the authority to manage the problem of misunderstanding are shown in Table 9. The table shows that the authority adopts rebuking the most as a method of removing misunderstanding. Physical punishment follows it, where the case is 8. It is then followed by threatening (7 cases). Only positive approach adopted by the authority is counseling (only 5 cases).

10. Homesickness

Homesickness is being depressed by longing for own home during long absence from it. Children are independent at their home environment. All have the highest affection for them. They enjoy their time in their home with affectionate guardians, lovely friends and known environment. If they have to be detached from it, it is natural that they feel depressed. By studying their leave rule, it is apparent that they have to be depressed during long absence from their home. So homesickness is must. It destroys the attention to their work. They employers use different techniques to manage the problem of homesickness as in the table 10: Hopefully this is the only problem the authority adopts to mend. Though not significantly, a total of case 9 have been followed by other negative approaches, respectively, rebuking (8 cases), retrenchment (8 cases), if no other way possible, threatening (7 cases).

11. Job Turnover

The job turnover refers to entering and leaving job. Due to job dissatisfaction for different reasons, turnover is happened. In the case of children, as the reasons of turnover are very prevalent, it may happen. To prevent turnover, employers adopt different measures (Table 11).

In this case, positive approaches are used more. Counseling and encouraging, the two positive approaches are used by 23 of 31 respondents. It is apparent that, when the children attempt to leave the shop, the employers attempt to keep them in positive ways. Though, some of them (8 of 31) become cruel in that case also. They use threatening (7 of 31) and rebuking (1 of 31) to keep them at the organization and became successful according to their response. The most important positive approach is pay raise, is used by 8 of the 31 respondents. It is proved by the positive approaches of the employers in the case of turnover that the contribution of children to the shop is very significant.

12. Theft

The act of stealing is found among some of the poverty driven children of restaurants and tea shops. The various form of theft is keeping the valuables left by the customers in the restaurants, valuables of the employers, keeping a part of food bill of customers illegally, stealing from the cash box of the employers etc. The employers become extreme cruel in these cases as the opponents are very weak. The managing techniques are mostly negatives. The table 12 shows all of them.

Only 3 of 31 are in favor of counseling. 16 of them like to dismiss them in case of stealing; 10 of them rebuke and 9 of them punish physically though, the amount of theft is very insignificant in most of the cases.

13. Summary

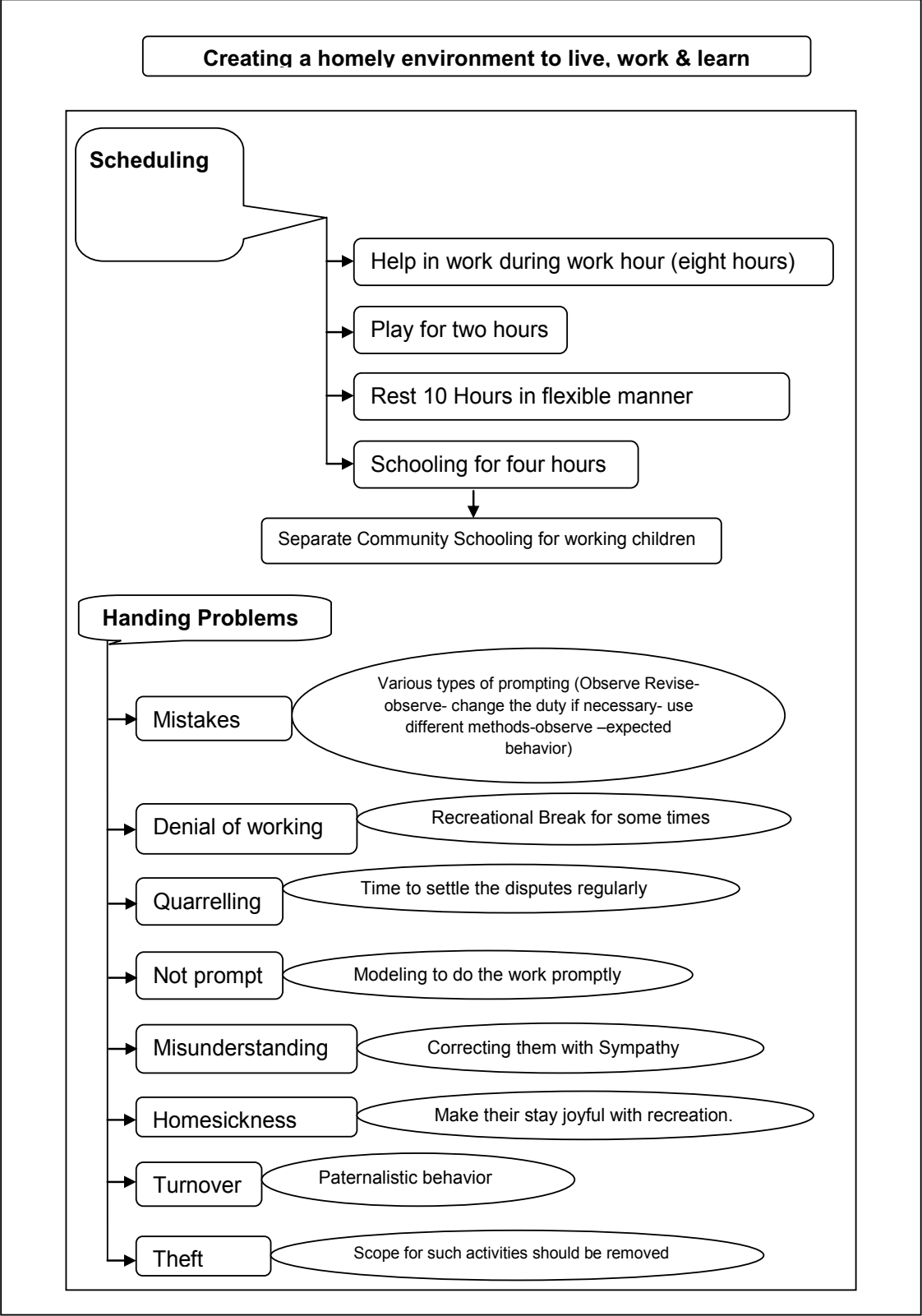
The six types of tea stalls and restaurants, the temporary roadside, permanent tea stalls, restaurants, Hotel and Restaurants, Expensive Restaurants, Chinese and Thai restaurants are using child labor in different portions. The researchers searched the problems created by them as mistakes, denial to work, quarreling, lack of promptness, misunderstandings, homesickness, job turnover and theft. The managing techniques as identified by the researchers are: Threatening, Rebuking, Encouraging, Counseling, Physical Punishment, Cutting Salaries, & Retrenchments. The uses of different techniques by the portion of employers to manage different problems irrespective of shop type are shown in table 13.

This table shows that the negative approach rebuking is used most frequently to solve the problem of mistakes, denial, quarrelling, slowness, misunderstanding and theft case. On the contrary, positive approach namely, counseling is used most frequently to solve the problems of job turnover and homesickness. Note that another positive approach, encouraging is also used much frequently to mend the problem of job turnover (35 percent). The majorities of the techniques adopted are negative and are used frequently by the employers.

14. Policy Recommendation

Using child labor is strictly prohibited in law but in our country children are working to survive themselves and their family. So the owner and managers of the restaurants are to ensure congenial work environment for them to make the homely feelings. A model may be adopted to manage the child labor effectively as follows:

Figure 2: Proposed Model of Effective Child Labor Management



The following steps may be taken:

1. Ensure total homely environment where children are living and discharging some responsibilities.
2. Using all positive approaches to make them done by them. The negative approaches to make correct the mistakes is to be completely abandoned
3. Besides work, the learning and skill development tasks of children must be carried on. Make scope for learning at the school of working children. The arrangement may be made by the state or country.
4. Ensure better housing and nutritional facilities for the children. As the capacities of the owner are limited, the government may expand helping held by Social Welfare ministry to provide such facilities for such working children.

Children below 18 must not assign any hazardous work as per the national and international law. But it is beyond the capacity of our society to ensure their livelihood. So they must work for survival of themselves and to support their poor parents. Working at hotel and restaurants cannot be classified as most risky and hazardous job. But the conditions and environment should be improved. It is needless to mention that employing child labor is contributing more in reducing the cost of operation in those restaurants. But they must ensure the congenial atmosphere for better feeling of the children. Besides they should use the positive approaches to make necessary correction in their behavior and improve the living conditions of them and make the arrangement for their learning and skill development program for their better future.

Benefits of the research: This research is done on unlawful child labor and its effective management techniques as child labor is prevailing in the developing economy like Bangladesh. As children are most emotional and the authority has the responsibility to develop their mental and physical skill for future career, so the model derived from this research can be used to handle the child labor problem and fit them for their future career. This model also can be used to any underdeveloped section of the society to develop them in them in their working period.

Limitation of the research: Child labor is prohibited by international and domestic law but it is prevailing. So the data on child labor management is not available as the owners and management declined to provide data. So the sample size is small and sampling is designed on non-probabilistic method. The literature on child labor management is not available. So it is not reviewed.

Further Research: The management of child labor is different from the management of matured person. That type of research can be conducted by expanding the sample size and sampling area in developing countries where child labor is unlawfully prevailing. The management of child labor is an underdone topic in research arena. So, different aspects of child labor management can be done by different researchers in future.

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Appendices

Table 1: Profile of Respondents-the Managers and or Owners of the Restaurants under Survey

Types of Restaurants	No. of units	Respondent		Experience		Educational Qualification of managers/ owners		
		Manager	Owner	Below 5 years	Above 5 years	Below class 10	Below Class 12	Above graduation
Roadside mobile/ fixed stall	10		10	6	4	10		
Tea stall	7		7	3	4	7		
Restaurants	6	3	3	3	3	5	1	
Hotel & restaurant	4	2	2	1	3	2	2	
Expensive Restaurant	2	2	0	2	0	0		2
Thai/ Chinese Restaurant	2	2	0	1	1	0		2
Total	31	9	22	16	15	24	3	4

Source: Field Survey conducted on August 2011 to October 2011

Table 2: The respondent Child Labors profile

Types of Restaurants	No of Child labor interviewed	Experience		Educational Qualification of managers/ owners		
		Below 3 years	Above 3 years	Below class 5	Below Class 8	Above Class 8
Roadside mobile/fixed tea stall	11	8	3	11	0	
Tea stall	10	5	5	10	0	
Restaurants	17	12	5	11	5	
Hotel & restaurant	22	14	8	10	10	
Expensive Restaurant	3	2	1	1	2	2
Thai/Chinese Restaurant	1	1	0	0	1	1
Total	64	42	22	43	18	3

Source: Field Survey conducted on August 2011 to October 2011

Table 3: Working conditions of the labors

Types of Restaurants	Salary range	Food	Snacks	Shelter	Break time	Duty	Weekday
	Monthly (In Tk.)	Times in a day		Room	Hour		
Roadside mobile/fixed tea stall	500-900	No	2	No	one	Full	No
Tea stall	600-900	No	2	No	one	Full	No
Restaurants	800-1400	2	1	hotel	No	8	One
Hotel & restaurant	800-1500	2	1	labor	No	8	One
Expensive Restaurant	1400-2000	2	No	No	No	Full	One
Thai/Chinese Restaurant	1500-2000	2	No	No	No	Full	One

Table 4: Problems Created by Child labor as reported by owners/ Mangers

Types	Mistakes	Deny to do work	Quarreling	Not prompt	Misunder Standing	Home sick	Turn over	Theft
Roadside mobile/fixed tea stall				3		4	2	4
Tea stall		1	1	3	1	2	2	
Restaurants	2	2	1	5	2	2	3	3
Hotel & restaurant	1	3		5	3	1	2	5
Expensive Restaurant	1				1		1	
Thai/Chinese Restaurant					1			
Total								

Source: Field Survey conducted on August 2011 to October 2011

Table 5: Most effective techniques of managing Mistakes as mentioned by the respondent Managers/owners

Techniques	Roadside (10)	Tea stall (7)	Restaurant (6)	Hotel & restaurant (4)	Expensive Restaurant (2)	Thai or Chinese (2)	Total
Threatening	2	2	2	1			7
Rebuking	3	2	2	2	1	1	11
Encouraging							0
Counseling	1	1	1	1 (if intelligent)	1	1	5,1 (intelligent)
Physical Punishment	4	2	1	1			8
Cutting Salary							0
Total	10	7	6	4	2	2	31

Source: Field Survey conducted on August 2011 to October 2011

Table 6: Techniques to correct the problem of deny to work as mentioned by the owners/managers

Techniques	Roadside (10)	Tea stall (7)	Restaurant (6)	Hotel & restaurant (4)	Expensive Restaurant (2)	Thai or Chinese (2)	Total
Threatening	1	2	2	1			6
Rebuking	3	2	2	2	1	1	11
Encouraging							0
Counseling	1	1	1	1 (if intelligent)	1	1	6
Physical Punishment	4	2	1	1			8
Cutting Salary							0
Retrenchment	1 (if no other way)	1(if no other way)	2 (if no other way)	2 (if no other way)	2 (if no other way)	2 (if no other way)	10
Other							

Source: Field Survey conducted on August 2011 to October 2011

Table 7: Techniques to handle the problem of quarrelling as mentioned by the owner/manager

Techniques	Roadside (10)	Tea stall (7)	Restaurant (6)	Hotel & restaurant (4)	Expensive Restaurant (2)	Thai or Chinese (2)	Total
Threatening			1	1	1	1	4
Rebuking	3	2	2	2	1	1	11
Encouraging							0
Counseling	1	1	1 (if Intelligent)	1 (if intelligent)			2,2
Physical Punishment	4	2	2	1			9
Cutting Salary	2	2	1				5
Retrenchment	1(if no other way)	1(if no other way)	1(if no other way)	1(if no other way)	2 (if no other way)	2(if no other way)	8
Other							

Source: Field Survey conducted on August 2011 to October 2011

Table 8: Techniques to handle the problem of not prompt in work as mentioned by the owner/manager

Techniques	Roadside(10)	Tea stall (7)	Restaurant (6)	Hotel & restaurant (4)	Expensive Restaurant (2)	Thai or Chinese (2)	Total
Threatening	1	1	1	1			4
Rebuking	3	2	3	2	1	1	12
Encouraging	2	1					3
Counseling	2	1	1	1	1	1	7
Physical Punishment	2	2	1				5
Cutting Salary							0
Retrenchment	1(if no other way)	1(if no other way)	1(if no other way)	1(if no other way)	2 (if no other way)	2(if no other way)	8
Other							

Source: Field Survey conducted on August 2011 to October 2011

Table 9: Techniques to manage the problem of misunderstandings as reported by the owners/managers

Techniques	Roadside (10)	Tea stall (7)	Restaurant (6)	Hotel & restaurant (4)	Expensive Restaurant (2)	Thai or Chinese (2)	Total
Rebuking	3	2	2	2	1	1	11
Encouraging							0
Counseling	1	1	1	1 (if intelligent)	1	1	5
Physical Punishment	4	2	1	1			8
Cutting Salary							
Retrenchment			1 (if incorrigible)				1
Other							

Source: Field Survey conducted on August 2011 to October 2011

Table 10: Technique to manage the problem of homesickness by the managers/owners

	Roadside (10)	Tea stall (7)	Restaurant(6)	Hotel & restaurant (4)	Expensive Restau (2)	Thai or Chinese (2)	Total
Threatening	2	2	2	1			7
Rebuking	3	2	2	1			8
Encouraging	1	2	1	1	1	1	7
Counseling	4	1	1	1	1	1	9
Physical Punishment							
Cutting Salary							
Retrenchment if no other way	1	1	2	2	1	1	8
Other							

Source: Field Survey conducted on August 2011 to October 2011

Table 11: Approaches to control the problem of turnover as mentioned by the owners/managers

Techniques	Roadside (10)	Tea stall (7)	Restaurant (6)	Hotel & restaurant (4)	Expensive Restaurant (2)	Thai or Chinese (2)	Total
Threatening	2	2	2	1			7
Rebuking	1						1
Encouraging	3	3	2	1	1	1	11
Counseling	4	2	2	2	1	1	12
Physical Punishment							
Cutting Salary							
Retrenchment							
Other (Salary raise)	1(if no other way)	1(if no other way)	2(if no other way)	2 (if no other way)	1 (if no other way)	1(if no other way)	8

Source: Field Survey conducted on August 2011 to October 2011

Table 12: Approaches to control the problem of theft as mentioned by the owners/managers

Techniques	Roadside (10)	Tea stall (7)	Restaurant (6)	Hotel & restaurant (4)	Expensive Restaurant (2)	Thai or Chinese (2)	Total
Threatening	2	1	1	1	1	1	7
Rebuking	3	2	2	1	1	1	10
Encouraging							0
Counseling		1	1	1			3
Physical Punishment	4	2	2	1			9
Cutting Salary	1	1					2
Retrenchment	4 (if no other way)	3(if no other way)	3(if no other way)	2 (if no other way)	2(if no other way)	2(if no other way)	16
Other							

Source: Field Survey conducted on August 2011 to October 2011

Table 13: Summary of appropriate techniques as seemed by employers in solving problems

Techniques	Mistakes	Denial	Quarreling	Slowness	Misunderstanding	Homesickness	Job turnover	Theft
Threatening	0.23	0.19	0.13	0.13	0.23	0.23	0.23	0.23
Rebuking	0.35	0.35	0.35	0.39	0.35	0.26	0.03	0.32
Encouraging	0	0	0	0.1	0	0.23	0.35	0
Counseling	0.19	0.19	0.06	0.23	0.16	0.29	0.39	0.1
Punishment	0.26	0.26	0.29	0.16	0.26	0	0	0.29
Cutting salary	0	0	0.16	0	0	0	0	0.06
Retrenchment	0.16	0.32	0.26	0.26	0.03	0.26	0.26	0.52

Source: Field Survey conducted on August 2011 to October 2011

**FACTORS AFFECTING CUSTOMER SATISFACTION AND
LOYALTY AND SERVICE QUALITY OF CHINESE RESTAURANTS
IN BANGKOK CHINATOWN**

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Abstract

Purpose - The purpose of this study is to analyze the factors affecting customer satisfaction, customer loyalty and service quality in Bangkok's Chinatown in the building of these strong relationship.

Design/methodology/approach - This research was conducted using primary data. The questionnaire was based on dimensions of expectations and perception scales of the modified DINESER model. A total of 400 questionnaires were analyzed by the Independent Sample t-test, ANOVA, Multiple Regression, Chi-square and Paired Sample t-test.

Findings - According to the findings, there is a difference of customer's satisfaction based on demographic characteristics, the difference between customer perception and customer expectation. Moreover, there is no different of service quality based on demographic characteristic, and service quality that have influence to customers' satisfaction. The customer satisfaction has a positive relation on customs loyalty.

Practical implications - The restaurant managers learn more about demographic characteristics that can affect the customer satisfaction and use this information to create better service performance and increase the customer satisfaction. Finally, they can be able to strengthen their customer loyalty to promote and recommendation the good reputation of the restaurant in Bangkok Chinatown. This can also guide the restaurant managers how to retain old customers and develop more potential customers.

Keywords: Bangkok Chinatown, customer satisfaction, customer loyalty, service quality, Chinese restaurant

1. Introduction

The establishment of the ASEAN (Association of Southeast Asian Nations) community means that labor, capital and other factors of production of 10 ASEAN countries will be available for the free flow of trade. Integration, reducing transportation cost, goods, and capital from China will be more convenient and flow smoothly into the ASEAN countries, according to the market demand for resources. This will deepen the trade between China and other ASEAN countries.

In Thailand, more and more Chinese businessmen and Chinese students are studying abroad. This is also increasing Chinese food consumption and market demand. The Chinese food industry has become a large part of the basis for much of the overseas Chinese survival and development. Local residents also have a great enthusiasm for the mysterious Chinese food. Local residents try Chinese food out of honor and to further promote the rapid development of Chinese food. Restaurant managers bring the cultural influence of Chinese restaurants from abroad. It helps foreign customers to understand Chinese culture from multiple levels and helps Thai people feel the charm of Chinese food and culture. Chinese restaurants have had a pattern of rapid expansion in Bangkok (wiki, 2015). So, this is an interesting point to investigate and to find the main factors that influence a customer's satisfaction in Chinese restaurants. The better the understanding of customer's preferences and attitudes toward Chinese restaurants.

In order to maintain good and long-term customer relationships with customers to achieve a good customer base (Aaker and Jacobson, 1994). Chinese restaurants need to pay more attention to their service quality and the evaluation of customers' satisfaction to sustain their core competencies and continuously improve their service quality to meet the higher satisfaction and re-patronage Chinese restaurant or willingness to recommend to others.

The objective of this study is to see if there are any customer satisfaction differences among demographic characteristics of Chinese restaurants in Bangkok Chinatown, to study the customer perception, customer expectation of service quality also to analyze the influence of demographic characteristics, service quality, analyze the influence between service quality and customer satisfaction and to analyze the influence between customer satisfaction and customer loyalty of Chinese restaurant in Bangkok Chinatown.

The research questions of this study are 1. Is there a difference in customer satisfaction among the demographic characteristics of Chinese restaurants in Bangkok's Chinatown. 2. What are the customers' perceptions and customers' expectations of service quality of Chinese restaurants in Bangkok's Chinatown? 3. How demographic characteristics influence service quality of Chinese restaurants in Bangkok's Chinatown? 4. How do the service quality dimensions of restaurants influence customers satisfaction in Chinese restaurants in Bangkok's Chinatown? 5. How does customer satisfaction influence customer loyalty in Chinese restaurants in Bangkok's Chinatown? Information in this study can be useful for the improvement of restaurant service quality and increase customer satisfaction. Restaurant managers can use this information to promote and recommend the good reputation of their restaurant in Bangkok's Chinatown, retain existing customers and develop more potential customers.

2. Literature reviews and hypotheses

2.1 Demographics and customer satisfaction

2.1.1 Gender and customer satisfaction

Gradey and Fisk (2003) found that women were less satisfied than men when the employee display negative emotions. Men are easier to be satisfied and give less attention to cleanliness, comfort and restaurant design (Bruni, 2008).

2.1.2 Age and customer satisfaction

American Customer Satisfaction Survey Index which proves that the satisfaction of older consumer is higher than young consumers (Siddiqui, 2011). Rad Nawaz Lodhi and Naureen Afzal (2013) proposed that the crucial factors that have an impact on the satisfaction level of customers are age levels.

2.1.3 Income and customer satisfaction

Higher level income of consumers' perceives differently from lower-income consumers (Lim, Bennett & Dagger, 2008). Kassim (2006) found that income is considered one of the most powerful factors in customer perception and satisfaction.

2.1.4 Occupation and customer satisfaction

The different types occupation affect perception and expectations of customers when they have a meal in a restaurant (Wilson & Gilligan, 2005).

Hypothesis 1: There is a difference in a customer's satisfaction based on demographic characteristics.

2.2 Service Quality Dimensions

In service quality literature the first model to measure service quality was presented by Gronroos (1984). Gronroos identified two service quality dimensions-The first dimension was 'technical-quality' ("what service" is provided) by what a customer receives as the outcome of service. The second dimension was 'functional-quality' of how ("the service is provided), 'functional-quality' concerns how service is delivered, the customers' perception of the interaction with service providers. Service quality was categorized into "what" (i.e. Service evaluated after performance) and "how" (i.e. Service evaluated during performance) categories (Swartz and Brown, 1989).

A more recent service quality proposed a three-component model that was based on the customer-employee interaction (i.e. Functional or process quality), the service environment, and the outcome (i.e. Technical quality). Rust and Oliver (1994) mainly attempted to study the elements of the service environment as components of the functional dimension based on research by Bitner (1992), Spangenberg et al. (1996), Brady and Cronin (2001). Lehtinen and Lehtinen's (1982) identified three service quality dimensions-interactive (where the dimension of quality originates in the interaction between the customer and the service organization), physical quality (i.e. Product or support) and corporate (image) quality.

The service quality measurement model was recognized by the academic community in 1990 by Zeithaml, L. L. Berry, and Parasuraman. These are the three academics who measured results. The SERVQUAL scale is the service quality measurement method and is the most widely used. The SERVQUAL model is used to measure the service quality through the difference in the measure of customer service expectation and the perception of service when the customer service perception is more than the service expected, the customers will be satisfied with the service quality of the restaurant and vice versa. SERVQUAL of service quality is divided into five dimensions: Tangibles, Reliability, Responsiveness, Assurance, and Empathy.

Hypothesis 2: There can be a difference between a customer's perception and customer's expectation.

2.3 Demographics and service quality

2.3.1 Gender and service quality

Gender differences can affect customers who purchase goods or services final decision. Different gender customers vary in the way they make a decision. Spathis et al. (2004) studied that the gender of consumers was different and perception of service quality was also different on the perception of service quality and on the importance attached to its various dimensions. Sanchez-Hernandez et al. (2010) found that there were differences between men and women in the association of service quality with customer evaluation.

2.3.2 Age and service quality

The restaurant industry in today's competitive market needs to provide a high quality food and a high service quality. Higher food value and a good repeat environment are needed to ensure the improvement of the competitive ability of the restaurant in the market. The restaurants need to do more customers sampling research in order to better meet the demands of the different age groups of customers (Morgan and Rao, 2000). The young customers food quality is not the most important attribute determining the perception of service quality (Soriano, 2002).

2.3.3 Income and service quality

In addition to gender and age, other demographics will affect a customer's restaurant of choice. The study found that income is also an important influencing factor of a customer choice of a restaurant. For example, the elderly will choose a cheap restaurant. Because the income level of the elderly is low. So in the choice of restaurant, the elderly will be focused on price first (Atkin et al., 1998). Suzanah (2013) identified that to customers with a lower income, convenience is one of the important factors determining their choice of food. Results showed that as the monthly income increases, weight control and familiarity did not become main factors in food selection. Compared to low-income consumers, the high-income consumers expect a higher quality of service outcomes. The high-income consumers in order to receive a higher quality of interaction from service firms are more likely to pay higher rates (Whittle, 1984). The consumers with high-income levels have a different perception of service quality than the consumers with lower income level.

2.3.4 Occupation and service quality

In the literature, very few studies have been undertaken on service quality perceptions and occupations. Some researchers also find that consumers' perceptions of service quality in hotels, does not vary with different occupations. That hotel consumers are mostly professional, such as Tsang and Qu (2000). In China, Nadiri, and Hussain (2005) in Cyprus. Consumers' perceptions of service quality in hotels do not vary with occupations (Lee and Chen, 2009).

Hypothesis 3: There is a difference of service quality based on demographic characteristics.

2.4 Service quality and customer satisfaction

Service quality and customer satisfaction issues are directly linked to the restaurant industry profits. A growing number of managers are paying more attention to their service quality and the evaluation of customer satisfaction. (Gilbert and Veloutsou, 2006). To maintain a good and long-term customer relationship with customers, the organization needs to provide a high level of service to customers to achieve better results of customer satisfaction. When the company provides a high-quality service for the customer the company will have a good customer base (Aaker and Jacobson, 1994).

2.4.1 The existence of extensive literature records of customer satisfaction and service quality.

Researchers in different industries have investigated the relationship between service quality dimensions and customer satisfaction, including the restaurant industry (Gilbert et al., 2004).

2.4.2 Service quality as a variable to achieve customer satisfaction of the antecedent constructs.

In the past, the marketing literature in the study found a positive relationship between service quality and customer satisfaction (Anderson and Sullivan, 1993). Most restaurant owners want to improve customer loyalty and increase the number of customers to patronize again. This most dramatically increases the income of the restaurant. In order to achieve customer satisfaction, the premise of the five service quality dimensions needs to be studied and understood. Any one of the five service quality dimensions, on the basis of the original study, was shown to provide customers with additional increases in the value of the service quality, will be made to enhance the quality of service. Customers will receive a unique experience and satisfactory service. Researchers have been using SERVQUAL for research of restaurant industry. Knutson and Patton (1993) created an instrument called DINESERV to assess customers' perceptions of restaurant service quality. DINESERV was adapted from SERVQUAL and proposed a reliable, easier way for assessing how customers view restaurant quality (Markovic et al., 2010). Service quality is defined as the customer's expectation and the customers perceived view of a restaurant's service quality, the difference between customer expectation and customer perception. The original DINESERV instrument included 40 service quality items. After the final modification DINESERV (Stevens et al., 1995) contained 29 items, measured on a seven-point scale. DINESERV is divided into five service quality dimensions. The researchers found that reliability is the most important service quality dimension; secondly, there are tangibles, assurance, responsiveness, and empathy. Tangibles dimension measures all the physical facilities in the restaurant, such as the parking area, the restaurant decoration, etc. Responsiveness and dimensions are used to measure whether the employees have the ability and willingness to meet the customer's needs. Assurance that the dimension is used to measure the performance of the restaurant's staff and solves all the problems in the restaurant. Make sure the customers of the restaurant feel safe and confident of service quality. Empathy is used to measure the restaurant staff whether they have the ability and willingness to meet the special needs of customers. Let customers feel special and enjoy a pleasant meal experience and receive personal attention. DINESERV Model is the measure of five dimensions of service. Quality to help the service organizations to understand and to measure the service quality, by using the perceptions and expectations from groups of customers. Organization, with strict control and reducing any gaps between customer expectations and perceptions of the service.

Hypothesis 4: Service quality will have an influence on customer satisfaction.

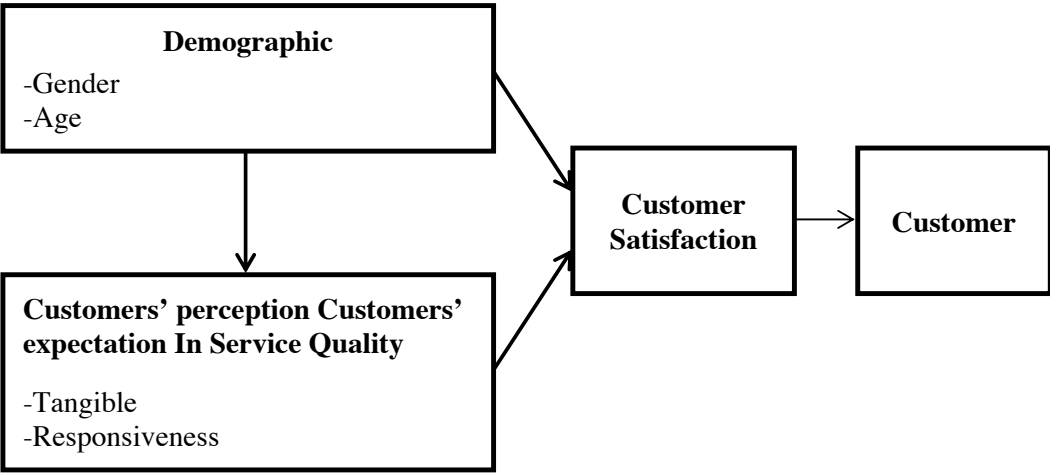
2.5 Relationship between customer satisfaction and loyalty

The customer response to food, beverage, room services and prices directly influence customer satisfaction and their decision to recommend to other customers. The relationship between customer satisfaction and customer loyalty have a positive contact (Taylor and Baker, 1994). Frédéric Bielen Nathalie Demoulin, (2007) investigate the effect of waiting time satisfaction on the relationship between customer satisfaction and customer loyalty. When the satisfaction is up to a certain level loyalty will increase greatly at the same time.

When the Satisfaction dropped dramatically loyalty dropped sharply(Oliva et al.,1992). A small increase in customer satisfaction boosted customer loyalty dramatically. Customer satisfaction is an important index to judge customer loyalty. Customer satisfaction can be evaluated for the employee and the company through customer attitude (Reynolds and Arnold, 2000). A high degree of satisfied customers are more likely to repurchase the product or service and are willing to recommend to other people (Liu and Jang, 2009).

Hypothesis 5: Customer satisfaction has a relationship to a customer’s loyalty.

Figure 1: Conceptual Framework



3. Methodology

3.1. Sampling

Due to lack of statistics of Chinese restaurant customer numbers in Thailand, the formula of Cochran, W.G.1953 is used. According to the unknown population sampling formula of Cochran, W.G. 1953, and the population of sample size:

$$n = \frac{P(1 - P)Z^2}{d^2}$$

When:

n= Size of sampling population.

p= Proportion of population that the researcher requires.

z= Confidence of the researcher to define the level of statistical significance.

d= Proportion of error that is allowed

$$n = \frac{0.5(1 - 0.5)1.96^2}{0.05^2}$$

Consequently, the sample size comes to 400 respondents.

3.2 Research Instrument

Part 1 General background information about gender, age, income, occupation and the information of customers having dined in Chinese restaurants. Part 2 The customers' of

Chinese restaurants expectations and perception with the five service quality dimensions applied 29 items attributed from DINESERV Model. Part 3 The customer satisfaction. There is 1 question applied from Lacobucci et al.,(1995) to measure customer satisfaction who have dining experience of Chinese restaurants in Bangkok Chinatown. Part 4 The customer loyalty. There are 3 questions applied from Raman (1999), Ganesh et al., (2000), Stank et al., (1990) to measure customer loyalty who have dining experience of Chinese restaurants in Bangkok Chinatown.

3.3. Data Collection

The data collection was separate 2 steps as follow: 1) The pretest will assess the questionnaires were they simple to understand for respondents and reliable. The number of pretests should consist of at least 30 respondents. 2) The data of the study is collected through around 400 questionnaires to Chinese restaurants' customers in Bangkok Chinatown.

3.4 Data analysis

Analysis of, is there a difference of customer's satisfaction based on demographic characteristics and the influence of demographic and service quality by independent sample t-test and ANOVA. Multiple comparisons are commonly used in the analysis of is there a difference between customer's satisfaction based on demographic characteristic and the influence between demographic and service quality obtaining a significant omnibus test result. Analyze the difference between customer perception and customer expectation by Paired Sample t-test. Analysis of influence between service quality and customer satisfaction by Multiple Regression. Analysis of influence between customer satisfaction and customer loyalty by Chi-square.

4. Results

In the describe statistic, the result show the demographic of respondent which was male was 41.8% and female was 58.3%, the major age between 21-31 years old (36.3%), the major range of monthly income was 10,001-20,000 baht (35.5%), major occupation of respondents was company's employee (32.0%), the most number of sample before have been to Chinese restaurant (83.0%), the most number of sample dinner (60.3%), the most number of sample on time per many month (37.0%), the most number of sample purpose for friend party (36.0%).

In the reliability test, Table 1 showed the reliability test using Cronbach's alpha and the result was more than 0.7, thus, the questionnaires for this research is valid.

Table 1: Reliability of the variable (Cronbach's Alpha)

Variable	Service Quality Dimensions	NO. Of items	Alpha
Expectation	Tangible	10	0.864
	Reliability	5	0.859
	Responsiveness	4	0.825
	Assurance	3	0.789
	Empathy	4	0.802
Perception	Tangible	10	0.785
	Reliability	5	0.873
	Responsiveness	4	0.867
	Assurance	3	0.802
	Empathy	4	0.757

Hypothesis testing

Hypothesis 1: There is a difference of customer’s satisfaction based on demographic characteristics.

Table 2: The results of One-Way ANOVA on the relationship between demographic and customer satisfaction

Customer satisfaction	Demographic							
	Gender		Age		Income		occupation	
	Sig.	Result	Sig.	Result	Sig.	Result	Sig	Result
Overall Satisfaction	0.083	Rejected	0.032	Accepted	0.183	Rejected	0.049	Accepted

*Significant level at 0.05

Table 2 shows that genders have no differences with Chinese restaurant’s customer satisfaction, which Sig. Equal .83; ages have differences with Chinese restaurant’s customer satisfaction, which Sig. Equal .032; incomes have no differences with Chinese restaurant’s customer satisfaction, which Sig. Equal .183; occupations have differences with Chinese restaurant’s customer’s satisfaction, which Sig. Equal .049.

Hypothesis 2: The difference between customer perception and customer expectation.

Table 3: The results of Paired Sample T-Test between customer perception and customer expectation

Service quality dimensions	Perception	Expectation	SERQUAL	Result
Tangible dimensions	3.43	3.96	-0.53	Dissatisfied
Responsiveness dimensions	3.43	3.88	-0.45	Dissatisfied
Reliability dimensions	3.52	3.91	-0.39	Dissatisfied
Assurance dimensions	3.66	4.04	-0.38	Dissatisfied
Empathy dimensions	3.21	3.81	-0.6	Dissatisfied

According to Table 3 it indicated that SERQUAL of service quality 5 dimensions(tangible dimension, responsiveness dimension, reliability dimension, assurance dimension, empathy dimension), are dissatisfied as follows: tangible dimensions at -0.53, responsiveness dimensions at -0.45, reliability dimensions at -0.39, assurance dimensions at -0.38, and empathy dimensions at -0.60.

Hypothesis 3: There is a difference of service quality based on demographic characteristics.

Table 4: The results of One-Way ANOVA on relationship between demographic and service quality dimensions

Service quality dimensions	Demographic							
	Gender		Age		Income		Occupation	
	Sig.	Result	Sig.	Result	Sig.	Result	Sig.	Result
S.Q. Tang.	0.646	Rejected	0.746	Rejected	0.491	Rejected	0.372	Rejected
S.Q. Res.	0.651	Rejected	0.439	Rejected	0.291	Rejected	0.608	Rejected
S.Q. Rel.	0.121	Rejected	0.579	Rejected	0.197	Rejected	0.265	Rejected
S.Q. A.	0.688	Rejected	0.692	Rejected	0.209	Rejected	0.955	Rejected
S.Q. Em.	0.605	Rejected	0.742	Rejected	0.315	Rejected	0.770	Rejected

*Significant level at 0.05

From table 4, hypothesis 3 states there is a difference of service quality based on demographic. According to table 4, it shows the results of One- Way ANOVA on the difference between demographic and service quality dimensions. There is no difference of 5 service quality based on gender, age, income, occupation, which two-tailed significance of 5 service quality based on gender, age, income, occupation are more than 0.05.

Hypothesis 4: There is an influence between service quality and customers’ satisfaction.

Table 5: The results of multiple regression on relationship between service quality and customer satisfaction

R	Adjusted R Square	Sig. F Change
.560 ^a	0.296	0

*Significant level at 0.05

a. Predictors:(Constant),service quality (Tangible, Responsiveness, Reliability, Assurance, Empathy)

Multiple regression analysis regarding the Table 5, it means that the result of Adjusted R Square is 0.296. It means that between the service quality and customer satisfaction has a relationship of 29.6%. And a significant equal 0.000 which is less than the significant level($\alpha=0.05$), it implied that service quality has an influence on customer satisfaction.

Table 6: Coefficients of Service Quality items

Model	Beta	t	Sig.
(Constant)		3.57	0
Expectation Tangible	0.106	1.66	0.098
Expectation Reliability	0.044	0.637	0.525
Expectation Responsiveness	0.008	0.124	0.902
Expectation Assurance	0.001	0.023	0.982
Expectation Empathy	-0.038	-0.695	0.487
Perception Tangible	0.16	2.44	0.015
Perception Reliability	0.151	2.19	0.029
Perception Responsiveness	0.194	3.13	0.002
Perception Assurance	0.007	0.109	0.914
Perception Empathy	0.124	2.53	0.012

*Significant level = 0.05

a. Dependent Variable: customer satisfaction

Table 4.39 shows that t -value of perception tangible is 2.44 and significant value is 0.015, t -value of perception reliability is 2.19 and significant value is 0.029, t-value of perception responsiveness is 3.13 and significant value is 0.002, t-value of perception empathy is 2.53 and significant value is 0.012, these are less than the significant level of 0.05 for the hypothesis test. The perception responsiveness is the strongest in relation to customer satisfaction. The Beta of perception responsiveness is 0.194 in relation to customer satisfaction of 19.4%. The second is perception tangible. The Beta of perception tangible is 0.160 in relation to customer satisfaction of 16.0%. The third is perception reliability. The Beta of perception reliability is 0.151, it means that perception reliability is relative with customer satisfaction 15.1%. The Beta of perception empathy is 0.124 in relation to customer

satisfaction 12.4%. The significant level of expectation tangible, expectation reliability, expectation responsiveness, expectation assurance, expectation empathy and perception assurance are more than the significant level of 0.05, which means that there is no relationship with customers' satisfaction.

Hypothesis 5: Customer satisfaction has a relation to customers' loyalty.

Table 7: The results of Chi-square association between customer satisfaction and customer loyalty

The satisfaction of overall service quality	Introduce other friends	Re-patronage	Against negative word
	Sig.	Sig.	Sig.
	0	0	0

*Significant level = 0.05

From table 7, According to table 7, it shows the results of Chi-square tests of the satisfaction of overall service quality and customer loyalty. Customer satisfaction has a relationship to introduce other friends, re-patronage, against negative word, which Asymp. Sig(2-sided) introduce other friends, re-patronage, against negative word are less than 0.05.

5. Discussion

5.1 There is difference customer satisfaction between demographic.

This research studied that there is a difference of customer's satisfaction based on demographic characteristics; (gender, age, monthly income, occupation, before having been to a Chinese restaurant, which meal, how often and purpose). It related to the previous research of NaureenAfzal and Sahiwal Pakistan.(2013) proposed that the demographic factors of customers have some impact on customer satisfaction. This result showed that demographic (age, occupation) has an impact on custom satisfaction. The demographic (gender, monthly income) have no impact on custom satisfaction. For the age factor of this research, age between 43-53 years old has the strongest customer satisfaction; the age between 10-20 years old has the lowest customer satisfaction. The customers in the age range of 43-53 years old do not pay attention to details anymore or argue with restaurant employees about small things. The customers in the age range of 10-20 years old are still very young, the customers at this age always give attention to detail and judge everything in detail. This research supports American Customer Satisfaction Survey Index which proves that the satisfaction of older consumers is higher than the young consumers (Siddiqui, 2011). Haddad, Al-Dmour and Al-Zu'bi(2012) that there are different needs for each generation, in addition to the different priorities and lifestyles which each age group leads. Rashid Saeed; Rad Nawaz Lodhi and NaureenAfzal.(2013) proposed that the crucial factors that have an impact on the satisfaction level of customers are age levels.

The different types of occupation affect perception and expectations of customers when they have a meal in a restaurant (Wilson&Gilligan, 2005).

There are some types of occupations that have significant satisfaction differences toward service quality in restaurants in Bangkok Chinatown. Students have significant satisfaction differences with business owners. Company employees have significant satisfaction differences with business owners.

However, students have no significant satisfaction differences with company employees, retired people and other kinds of jobs; neither do business owners or company. Retired people have no significant satisfaction differences with other kinds of jobs. All these people have the same satisfaction level of service quality in restaurants in Bangkok Chinatown.

This study proved that there are no significant satisfaction differences between customers of a different gender. It could be that due to the score of perceived value of comfortable, clean and restaurant designs were relatively high. Women choose comfortable and clean restaurants and give more attention to restaurant design. Men are easier to be satisfied and give less attention to cleanliness, comfort and restaurant design (Bruni, 2008).

There are no significant satisfaction differences between customers in each level of income in this study. Customers in all levels of income have the same satisfaction level toward restaurants 'service quality.

Higher level income of consumers' perceives differently from lower-income consumers (Lim, Bennett & Dagger, 2008). Kassim (2006) found that income is considered one of the most powerful factors in customer perception and satisfaction.

5.2There are differences of service quality based on demographic characteristic.

Research in service quality of restaurants is an important concern for restaurant consumers. The inflow of the guests depends on the quality of service they get from the restaurant. Service quality perceptions of restaurant consumers may be influenced by demographic characteristics. Perceptions of service in restaurants may also vary among the consumers based on the differences in nationality, gender, age, education, occupation, etc.

From the results of this, research indicated that age, occupation and income had similar results with the previous research, the discussion as follows: Siu and Mou(2005) observed that consumers' perceptions of service quality do not vary with the age difference. Lee and Chen(2009) also found that consumers' perception of service quality in the restaurants do not vary with the occupation. Eudora Hagan(2015) observed that staying in a restaurant does not really require a certain threshold of income. In this study, the discussion of the difference of service quality based on demographic characteristics (age, occupation, income) showed that the demographic characteristic there is no differences in service quality. This result supports the previous research.

From the results of this, research indicated that gender had dissimilar results with the previous literature, the discussion as follows: Sanchez-Hernandez et al.(2010) found differences between men and women in association with service quality with customer evaluation. Rahman and Jahan(2012)found significant differences between the ranking of male and female guests with the tangibles, reliability, responsiveness, assurance and empathy dimensions of service quality in restaurants. In this study, this finding was refused prior to the research, with gender there are no differences in service quality. This is because there are different category restaurants.

5.3 The service quality influence to customer satisfaction.

The relationship between customer satisfaction and service quality, Oliver (1993) first suggested that service quality would be antecedent to customer satisfaction regardless of whether these were cumulative or transaction-specific. Some researchers have found empirical supports for the view of the point mentioned above (Anderson & Sullivan, 1993) where customer satisfaction came as a result of service quality.

The results of this research that service quality has an influence on customers' satisfaction; this finding supports the previous research. Russt and Zahorik(1993) and Storbacka et al. (1994) found service quality to be correlated with satisfaction.

5.4 Customer satisfaction has a positive relation on customs loyalty.

From the table 4.7.5.1 to table 4.7.5.6, this research found that the relationship between customer satisfaction and customer loyalty has a positive connection. This is supported by W.G et. Al. (2006) they proposed that satisfied customers exhibit loyalty and provide positive word of mouth. Therefore, a small increase in customer satisfaction boosted customer loyalty dramatically, customer satisfaction is an important index to decide customer loyalty (Reynolds and Arnold, 2000).

6. Conclusion

This result showed that demographic (age, occupation) has impact on custom satisfaction. The demographic (gender, monthly income) have no impact on custom satisfaction. Different age have different of customer's satisfaction, for the age factor of this research, age between 43-53 years old have strongest customer customer satisfaction, the age between 10-20 years old have lowest customer satisfaction. There are some types of occupation that have significant satisfaction differences toward service quality in restaurant in Bangkok Chinatown. Students have significant satisfaction differences with business owner. Company's employees have significant satisfaction differences with business owner. This study found that there are differences of service quality based on demographic characteristic. From the result of this research indicated that service quality perceptions of restaurant consumers may be influenced by demographic characteristics. Perceptions of service quality in restaurant may also vary among the consumers based on the differences in age, occupation, and income. The relationship between customer satisfaction and service quality, the results that service quality have influence to customers' satisfaction. The relationship between customer satisfaction and customer loyalty have a contact. In commercial activities, enterprise to meet customer needs and enhance customer service satisfaction, while maintaining the existing customer base and attract more potential customers.

7. Implication for Business

This study focused on four aspects to recommend the Chinese restaurant managers in Chinatown, Bangkok to improve the restaurant service quality, increase the customer satisfaction and attract more customers as follows:

7.1 Based on the demographic of consumers, The Chinese restaurant should focus on significant consumer groups of company's employees. The consumers of the age between 21 to 31 years old care more about tangible dimension items (Johnny Sue Reynolds & Jaesun Hwang, 2005). Chinese restaurant managers should improve the environment to be comfortable and clean especially in dining the area, music, soft lighting, etc. And Chinese restaurant managers should try to improve their staff to be neatly groomed, well-trained employees.

7.2 Based on expectation items of customers, research suggests Chinese restaurant managers to continue improving tangible dimension items "Seating availability" and assurance dimension items "Employees make you feel welcome and are consistently courteous" and "Employees give a clear understanding of food and service.

7.3 Base on the perception of customers, Chinese restaurant managers should improve on empathy dimension items, "specifically for children" and "Provide vegetarian food".

7.4 Based on service quality gap, the researcher suggests that the Chinese restaurant managers should focus on different service quality dimension items. Some improvements are needed to be made for responsiveness dimension items such as "provide prompt service at all times" and "during busy times, employees be available to respond promptly". Assurance dimension items: "Employees ability to inspire customers' trust" and Employees of Chinese restaurants have sufficient knowledge, such as food, ingredients and so on. Tangible dimension items "The Staff of Chinese restaurants in Bangkok Chinatown need to dress neatly", interior exterior, needs to be maintained, along with decorations, parking areas, and exterior buildings". Reliability dimension items "Providing service as promised" and "Staff can quickly solve the problems". And empathy dimension items "specifically for children regarding' nutritional meals" and "Provide vegetarian food".

8. Limitation of research

First, the restaurant number is limited to Bangkok's Chinatown. The questionnaires could not be distributed to other restaurants.

Second, the questionnaire is quite substantial. Therefore, the sampling group took a long time to fill out the questionnaires. Some respondents did not have much patience or were in a hurry and didn't show their real feelings when they filled out the questionnaires, the answers lacked credibility and the answers were not completed according to the actual situation.

9. Further Research

First, this study researches the expectation and perception of service quality in the restaurant, the future research should be studied on expectation and perception of service quality compared with other branches.

Second, this study only focused on the customers in Bangkok Chinatown and does not include the customers in other provinces, a more comprehensive study.

Third, the future research should be studied about external factors which could have a significant effect on customers' satisfaction this should be considered. For example, culture, physical environment, tradition.

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**FACTORS AFFECTING THE MOTIVATION & RETENTION
OF PROFESSIONAL ACCOUNTANTS IN THAI ORGANIZATIONS**

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Abstract

For an organizational workplace in Thailand, motivating and retaining staff workers who have a critical role in documenting the figures and records are highly imperative as the financial health of the organization's business operation has to be deemed as legitimate for the future. The aim of this study seeks to examine the factors that motivate and retain the professional accountants who are employed in Thai organizations. The work was conducted through an Accountants Accounting Office survey which entails the information on the personal information, motivational factors, and retention factors in maintaining the workers in Thailand. It's critical to know that such issues that have an impact on task performance, working relationship, career expectations, and workplace climate are real time information for HRM to analyze and coming up with a concept that will keep the accountant staff workers heavily satisfied to be a part of the organization. Therefore, the approach towards developing a strategy, designing the system, and determining how organizational branding ought to be in parallel with the interests and values of the individuals who take on their roles as an accountant.

Keywords: Accountant, Motivation, Opportunity, Retention, Trust, Work and Life Balance

1. Introduction

In moving forward and making sure that there is financial progress, the Thai organizations' human resource management must ensure that the accounting staff members who play a key role in supporting the vision and the mission are dedicated to fulfill their tasks on a continuous basis so that stakeholders are confident that the business operation is on a long term basis (Holtom, Mitchell, Lee, and Eberly, 2008). However, this utopia could truly come about if human resource management can grasp the critical value points as the criteria in implementing the proper practice for motivation and retention of the employees. Motivation sets itself on the course when the virtues that are deemed as important by the workers are met with impact and honest enough to gain a sense of trust and respect from those who have the

power and authority to make it happen (Muhammad, 2007). Retention is manifested from the initiation of maintaining a working climate and culture that creates a positive experience for employees to perform, and being able to connect with the objectives that are amicable to achieve (Masibigiri and Nienaber, 2011). The numerous literature on practice, research, and experimentation in motivating and retaining accounting employees have shown hope and promise for better application but at the same time the message is always calling for a need in improvement because employees can never truly be satisfied in the workplace (MacLean, 2013). Therefore, the focus for the motivation and retention of accounting employees is to resolve through the challenges in making them be committed to the Thai organization in a longer period of time rather than being mentally occupied in looking for a quick fix solution to prevent these type of workers in wanting to leave (Shakeel and Butt, 2015)

2. Rationale of the Study

The process of auditing requires specialized knowledge and specific skills from individuals who hold a degree in accounting in order to produce an honest and healthy financial balance sheet statement. For an organizational workplace in Thailand, motivating and retaining staff workers who have a critical role in documenting the figures and records are highly imperative as the financial health of the organization's business operation has to be deemed as legitimate for the future. An unexpected or unwanted disruption could cause a great deal of concern whereas auditing becomes exposed to lower standard of quality, categorized to the stakeholders as an investment risk, and labeled as an unprofessional organization (Accaglobal, 2015). Being faced with a high turnover number of accountants in a Thai organization would lead to a consequence of an increased *cost of recruiting and training of new employees as well as the loss of expertise of experienced accounting professionals* (Moyes & Redd, 2008).

3. Research Objectives and Questions

The aim of this study is to examine the factors that motivate and retain the professional accountants who are employed in Thai organizations. To achieve this aim the work proposes the following questions:

1. What are the motivating factors maintaining the Thai accounting professional workers to stay with their organizations?
2. What are the retention factors for employees remaining as an accountant in Thai organizations?
3. Based on the motivating and retention factors, what are the ideal human resource management practices for sustaining motivation and retention in a Thai organization?

4. Literature Review

4.1 Motivational Factors in the Accounting Workplace

Motivation is part of a process for supporting the organization's goal and objectives; since achieving them is very important, management has to allow a platform for workers to feel that they are engaged and playing a key role in making a contribution towards success (Phattaro and Pejkla, 2015). Literary work on motivation presumes that if there is an opportunity for the individual worker to learn and develop one's skill there would be a great sense of appreciation, which would lead to a great satisfaction in the workplace (Preecha, 2014). While acquiring and gaining knowledge is essential for accountant professionals, there is still the need for most of them to have a career advancement from their current position so that there is a feeling of achievement within the workplace (Nouri and Parker, 2012). Upon performing in the workplace people need to have some self-assurance as well as being respected from fellow

colleagues that there is trust in one's capabilities (Wahaba, et al. 2016), otherwise there would be tons of pressure and a lack of confidence. Keeping the profession as an accountant requires a constant review for ways of upgrading the knowledge required to carry out the tasks, therefore these workers would like to see the opportunity present itself for furthering one's education or receiving training for development (Patanakul, Pinto, and Pinto, 2016). With the know-how and ability in tact individuals doing this type of occupation are also looking at the opportunity to be assigned to an important task as the means to measure their own capacity and where the improvements can be (Tabiu, Pangil, & Othman, 2016). The task itself has to be significant and challenging so that it is worthwhile for workers in utilizing their knowledge and skills that can be refined (Seibert, Kraimer, and Heslin, 2016), while at the same time the work inspires them to fulfill the demand (Singh, and Singh, 2016). When accountants are recognized by their peers, superiors, and the organization, as well as being provided the freedom to carry out the process they gain an uplifting sensation that enables to perform at their best (Budd and Spencer, 2015).

4.2 Retention Factors in the Accounting Workplace

Retention is effective when the shared values are in corresponding with the employees who define what the best ideas are for making them want to be with their organizations in the long term. First and foremost, accountant professionals in Thailand are living in a collective society whereas family and community is important in their eyes, therefore having security at work allows them to hold their heads up high knowing that they feel confident in helping out with their family's financial matter and to be seen as a hard working responsible person in their community (Yiengprugsawan, et al., 2015). The issue and meaning of family is a critical factor to be seriously taken into consideration on part of human resource management; the former calls for an organization to support the balance between the demands of family life and work, while the latter is about working in a family like environment (Napasri and Yukongdi, 2015). In between the working events and schedule, there is a tendency to assess how others will respond should mistakes and errors occur unintentionally. These workers will make a psychological note to measure the leaders' credibility and having confidence on them (Nguyen, et al., 2015), as well as the intentions of colleagues and office managers fostering good working relationships (Ractham and Thompson, 2015). The work as a professional accountant in Thailand carries a status that defines itself different from other laboring positions so that the jobholder can say, with pride, what they work as that leaves an impression to their fellow Thai national: it is the importance of the work that provides the support in the retention (Schreier and Kainzbauer, 2016). The conditions for making retention even stronger when human resources management develops the opportunity for the accountants to make progress and develop growth in the future (Kuchinke, 2015), as well as implementing a payment rate where the salaries are higher, the wages are fair, and are appropriate to the task at hand (Holumyong, et al., 2015).

4.3 Practices on Motivation and Retention in the Accounting Working Environment

The motivation and retention of accounting professionals are not a phenomenon that occur on their own, these practical acts are part of a strategy and system within the cross-functional working environment that enables the initiative to meet the desired objectives, especially in promoting a fair job evaluation, a working atmosphere that encourages employees to complete the task, and a system for learning and development (Yunlu and Clapp-Smith, 2014). Human resource management, in representing the organization as an employer has to be aware of the organization's brand reputation and image that is in place, whereas employees are willing to procure the necessary assignments and tasks because there is strong credibility for ensuring that the operation allows for some flexibility and the tasks assigned are appropriate for completion (Phoemphian, 2015). Therefore, the idea of motivating the accountant staff has to be within the content of strategy so that other critical sources or

information can be integrated into a purpose instead of a function (Donovan, Doyle and Garvey, 2016). Retaining the accountants is much more effective when proactive measures are taken by conducting a study to determine where the values, such as a policy that supports life and telecommuting to work, flexible working hours, and procedures for managing stress and establishing harmony, and opportunities for travelling abroad, are truly embedded in their mind (Sundarapandiyam, 2015), so that there is no redundancy with rewards or incentives being procured. For human resources management, it's not about the policy and rules that are going to make people agree on what is best for worker to perform effectively the criteria is heavily on a forged partnership that puts the workers in the driver's seat for deciding what is best for them in terms of training and development, career growth, and the important issues that they believe will help them accomplish the organization's goal and objectives in the long term (van Rijn, Yang and Sanders, 2013).

5. Research Methodology

This study was conducted through an Accountants Accounting Office survey which entails the information on the personal information, motivational factors, and retention factors in maintaining the workers in Thailand. The format of the survey required for the participants to fill out their personal information first and then directed them to fill out a Likert scale rating which pertains to the synthetic factor for motivating and retaining the accounting officers working in a Thai organization. The study targeted for 350 individuals of this profession. The data collection method was arranged at a training workshop in a hotel located in Chiang Mai that was organized by the accounting profession; of which 94% or 330 participants took part in the survey (n = 330). The research collected primary data by using questionnaires that had a rating scale where the information was tested for its reliability. The reliability in the questionnaire with regards to retention was in reference based on the research model of Matthew (Matthew et. al., 1991) and in retention reviews. The work used purposive sampling from the accounting profession of Thailand which arranged the training and development for individuals working in this line of work. According to the hours of the Federation of Accounting Professional Nationals that was held in Bangkok, Chiang Mai and Phuket (the three major cities that have the FAP branch office and providing hourly training for the accounting profession throughout the year) accountants are required to attend twelve hours of training in a year; individuals holding a CPA must have eighteen hours of training, these are the requirements to be met in order to be considered as an accountant. A sample of 330 participants who attended the FAP workshop were collected, with a method of analyzing the factors that influence the persistence of the accounting profession in Thailand. The Binary Logit Model (Greene W., 1997) was applied to analyze the trends for workers to remain in their jobs or resigned. The data collection was made possible through the arrangements with the Federation of Accounting Professions, under the Royal Patronage of his Majesty the King as registered accountants.

$Y_i = X_i\beta + \mu_i$
If $y_i = 1$ then have experience in Accounting profession
If $y_i = 0$ then haven't experience in Accounting profession
from Likelihood function:

$$prob(y_1 = \gamma_1, y_2 = \gamma_2, \dots, y_n = \gamma_n) = \prod_{y_i=0} [1 - F(X_i\beta)] \prod_{y_i=1} F(X_i\beta)$$

The formula for the regression is:

$$L = \prod_{y_i=0}^n [F(X_i\beta)]^{y_i} [1 - F(X_i\beta)]^{1-y_i}$$

Which is:

$$F(X_i\beta) = \frac{1}{1 + e^{-x_i\beta}}$$

- X_1 = Marital status
- X_2 = Education
- X_3 = Position level
- X_4 = Importance and challenge of the job
- X_5 = Opportunity for growth
- X_6 = Recognition within the organization
- X_7 = Fair salary/wage
- X_8 = Support in telecommuting
- X_9 = System for personal development and achieving results
- X_{10} = Job stability
- X_{11} = Good working relations with colleagues and office head

6. Results & Analysis
6.1 Survey Results on Personal Information of Thai Accountant

The figure below displays the number and percentage of personal information by gender, age, marital status, educational level, working experience, and current position.

Personal Information	Total	Percentage
Gender		
Male	32	9.7
Female	298	90.3
Age		
Below 25	18	5.5
25 – 30	64	19.4
31 – 35	78	23.6
36 – 40	59	17.9
41 – 45	51	15.5
45 and over	60	18.2
Marital Status		
Single	182	55.2
Married	136	41.2
Widowed/Divorced	12	3.6
Educational Level		
Bachelor's degree or equivalent	256	77.6
Postgraduate	74	22.4
Working Experience		
Less than 5 years	73	22.1
6 – 10 years	88	26.7
11 – 15 years	61	18.5
More than 15 years	108	32.7
Job Position		
Independent Accountant	30	9.1
Accountant Employee	164	49.7
Accounting Manager / Accountant	82	24.8
Head Account / Owner Accounting Office	22	6.7
Other	32	9.7

Figure 1. Personal Information

According to the figure above, the number of applicants were mostly female; 90.3 percent took part in the survey. In addition, 23.6 percent of them were at the average age ranging 31-35 years. Also, 55.2 percent of the participants are living a single life, while 77.6 graduated with a bachelor's degree or the equivalent. Furthermore, 32.7 percent have working experience of more than 15 years, and 49.7 percent hold a job position that is an accountant employee.

6.1 Survey Results on Motivating Factors & Assessment on the Level of Awareness, Understanding and Action of Management on the Accounting Profession in Thailand

The researchers collected the data through a survey which asked them to provide a rating criteria whereas 5 is highly important, 4 is moderately important, 3 is average, 2 is less than average, and 1 is the least concern. The survey inquired about their viewpoints on the following issue: “being part of a success on the job, having the opportunity to learn and develop skills in the workplace, having growth opportunities for career advancement as an accountant, gaining the trust of the staff where one is responsible for work, having the opportunity to further one’s education, having the opportunity to be assigned to an important task, seeing the job as being significant and challenging, viewing the work as being inspirational for the employees to fulfill the demand, being recognized by peers and supervisors, being recognized by within the organization, and having some freedom to do the job”. The average and standard deviation were processed to obtain their respective scores, and the data was assessed through concept of the level of awareness, understanding and action of management on the accounting profession in Thailand. The figure below provides the details on the variables studied with regards to the score on the average and standard deviation, as well as on the level of awareness, understanding and action.

Figure 2. Motivational Factors of the Accounting Workplace in Thai Organizations

The Variables Studied on the Motivational Factors of the Accounting Workplace in Thai Organizations	Average \bar{X}	Standard Deviation (S.D.)	Level of awareness, understanding and action.
- Being part of a success on the job.	4.01	0.70	High
- Opportunity to learn and develop skills in the workplace.	3.99	0.70	High
- Growth opportunities for career advancement as an accountant.	3.99	0.78	High
- Gaining the trust of the staff where one is responsible for the work.	3.97	0.65	High
- Opportunity to further one’s education or obtain training.	3.95	0.73	High
- The opportunity to be assigned to an important task.	3.90	0.69	High
- The job is significant and challenging.	3.86	0.69	High
- Working inspires the employees to fulfill the demand.	3.86	0.74	High
- Being recognized by peers and supervisors.	3.84	0.77	High
- Being recognized within the organization.	3.76	0.79	High
- Having some freedom to do the job.	3.77	0.75	High
The total score for the motivational factors of the accounting workplace in Thai organizations.	3.90	0.56	High

The total score for the average is 3.90. The standard deviation is at .56. These scores contribute in making the assessment level of awareness, understanding, and action to be relatively high. Overall, the motivational factors that are ultimately high comes from the issue of “being part of a success on the job, having the opportunity to learn and develop skills in the workplace, having growth opportunities for career advancement, gaining the trust of the staff, having the opportunity to further ones’ education or obtain training, and being provided the opportunity to be assigned to an important task”. The other factors having a moderately high impact in motivating the accountant employees are the issues of “the job being significant and challenging, working that inspires the employees to fulfill the demand, being recognized within the organization, and having some freedom to do the job”.

6.2 Survey Results on Retention Factors & Assessment on the Level of Awareness, Understanding and Action of Management on the Accounting Profession in Thailand

In this section, as similar to the previous in the method of gathering data, the participants were asked to provide a rating criteria whereas 5 is highly important, 4 is moderately important, 3 is average, 2 is less than average, and 1 is the least concern. The survey inquired about their viewpoints on the following issue: “Having job stability, seeing the credibility and having confidence in leaders, having a good working relationship with colleagues and head of the office, having the organization support the balance between the demands of family life and work, working in a family like environment, having the importance of work in the organization, having opportunity for making progress and growth in the future, and having higher salaries and wages that are fair and appropriate to the task at hand”. The average and standard deviation were processed to obtain their respective score, and the data was assessed through concept of the level of awareness, understanding and action of management on the accounting profession in Thailand. The figure below provides the details on the variables studied with regards to the score on the average and standard deviation, as well as on the level of awareness, understanding and action.

The Variables Studied for Employee Retention Factors for Remaining as an Accountant in Thai Organizations	Average \bar{X}	Standard Deviation (S.D.)	Level of awareness, understanding and action.
- Job stability.	3.99	0.84	High
- Leaders’ credibility and having confidence on them.	3.98	0.79	High
- Good working relationship with colleagues and head of the office.	3.93	0.80	High
- An organization that supports the balance between the demands of family life and work.	3.89	0.85	High
- Working in a family like environment.	3.85	0.87	High
- The importance of the work in the organization.	3.84	0.84	High
- Having the opportunity for making progress and growth in the future.	3.84	0.85	High
- Having higher salaries and wages that are fair and appropriate to the task at hand.	3.84	0.91	High
The total score for employee retention factors for remaining as an accountant in Thai organizations.	3.81	0.68	High

Figure 3. Employee Retention Factors for Remaining as an Accountant in Thai Organizations

The figure above illustrates that the retention factors are ultimately high when the categories are based on “job stability, the leaders’ credibility and having confidence on them, and having a good working relationship with colleagues and head of the office”. The moderate impact factors for retention are issues that deal with “an organization that supports the balance between the demands of family life and work, working in a family like environment, the importance of the work in the organization, having the opportunity for making progress and growth in the future, and having higher salaries and wages that are fair and appropriate to the task at hand”. The total score for the factors in employee retention is 3.81, whereas the standard deviation is .68, hence making the level of awareness, understanding, and action high just like in the factors for motivation.

6.3 Survey Results on Practical Issues for Motivating and Retention & Assessment on the Level of Awareness, Understanding and Action of Management on the Accounting Profession in Thailand

The Variables Studied	Average \bar{X}	Standard Deviation (S.D.)	Level of awareness, understanding and action.
- Being flexible and appropriate to the task at hand.	3.82	0.85	High
- The organization is part of a well-known brand image.	3.82	0.84	High
- A fair job evaluation system.	3.80	0.85	High
- An atmosphere that encourages workers to complete the task	3.79	0.82	High
- A learning system and job development, eg., coach/mentor, an operation manual.	3.75	0.87	High
- A policy that supports life and telecommuting to work.	3.71	0.79	High
- Flexible working hours.	3.68	0.82	High
- Procedures for managing stress in the workplace and establishing harmony.	3.68	0.89	High
- Opportunities for travelling abroad.	3.51	1.03	High
Total	3.84	0.56	High

Figure 4. Practical Issue in Motivation and Retention for Remaining as an Accountant in Thai Organizations

Figure 4 depicts a slight drop off in the numbers for measuring the factors that have some implication on the practical side of motivating and retaining accountants in the Thai organization. The work finds that there is an average impact for the issues of “being flexible and appropriate to the task at hand, organization is part of a well-known brand, and having a fair job evaluation system”. The factors that are less than the average is on having “an

atmosphere that encourages workers to complete the task, a learning system and job development, a policy supporting life and telecommuting to work, flexible working hours, and procedures for managing stress in the workplace”. The factor of “opportunities for travelling abroad” rates quite low when compared with the other previous factors. In total score, the average is 3.84, and the standard deviation is .56, thus making the level of awareness, understanding, and action high.

6.4 Using the Logit Model for Testing the Motivation & Retention of Professional Accountants in Thai Organizations

Figure 4 Maximum Likelihood Estimation for Logit Model of Retention

Variables	Mean	Maximum Likelihood Estimation		
		Coefficient	Standard Error	Z-Statistic
Constant	-	-0.82	0.25	-3.26
X_1	-	0.29	0.06	4.89***
X_2	-	0.29	0.08	3.54***
X_3	-	0.08	0.03	2.66***
X_4	3.86	-0.15	0.06	-2.48*
X_5	3.99	-0.02	0.06	-0.40
X_6	3.76	0.14	0.06	2.35*
X_7	3.84	0.12	0.05	2.35*
X_8	3.71	0.05	0.06	0.91
X_9	3.75	-0.06	0.06	-1.08
X_{10}	3.99	0.05	0.06	0.93
X_{11}	3.93	-0.16	0.06	-2.78**

Number of observations	330
Log likelihood function	-190.0141
McFadden Pseudo R-squared	0.1691
Chi squared	77.34***
Degrees of freedom	11
Correct prediction	70.909%

Source: Calculated.
Note: *, ** and *** denote .05 .01 and .001 significance levels, respectively.

Based on the results from the application of the binary logit model, the variables on marital status (X_1), education (X_2), position level (X_3), importance and challenge of the job (X_4), recognition within the organization (X_6), fair salary/wage (X_7), and good working relations with colleagues and office head (X_{11}) have a significant impact for these individuals’ career who are working in the accounting profession field. From the statistic regression the study provides a theoretical viewpoint for each of the variables mentioned. First is marital status

(X_1) which plays a key social-relationship setting in the workplace as it indicates one’s lifestyle or social orientation; such a status raises the structure for a proper and specific communication session between fellow workers to address issues that preserve positive working relations while trying to ensure that there are no inconsiderate feelings towards family time or other concerned matters when working together. Second is education (X_2) which provides the ground for being accepted among peers, having a sense of self-esteem to be confident in carrying out the tasks, and being aware of one’s potential for continuous improvement. Education is highly valued in Thailand and individuals will find the right channels for upgrading one’s knowledge, skills and abilities. The position level (X_3) is one’s identity and status that reveal who they are in life and within their social circle; having a certain job position that is recognized by others, such as accountant related, sets off a radiance of influence with their fellow peers inside the organization as well as outside their place of work; the greater the influence the more power that one has. The issue for the importance and challenge of the job (X_4) highly retain the workers and encourages them to fulfill their tasks. However, at the same when the workers’ age is higher it could result in a pressure to perform and unfortunately lead to a decision to resign from the job. Recognition within the organization (X_6) is a way for accountant workers to be praised as an important person and an expression of gratitude for their contribution, thus radiating a psychological feeling of self-esteem and actualization. The accountants expect to gain salary, wages and promotion are fair and appropriate (X_7) to compare with colleagues and dedication to work. Last but not the least, having working relations (X_{11}) can help one to become productive in the accounting field. Positive working relationship promotes confidence and trust in each other in the workplace whereas a negative working relationship would destroy the morale of the working environment. When there are more good things that promote a positive working relationship workers will stay longer with the organization.

7. Ideal Practices for Human Resource Management in Sustaining Motivation and Retention in a Thai Organization

7.1 Practicing on Strategy

The vision and mission of the organization can be truly fulfilled when the accountants’ role and performance are part of the philosophy that embraces the collective values that lead towards development (Shamsuzzoha, Kekale and Helo, 2010). The role of human resource management is to see how the planning and policies for the accounting staff contribute to the business objectives that are outlined in the strategy. The knowledge, abilities, skills and talents of individuals should be directed towards making a unique contribution for assisting fellow colleagues reaching their aims while ensuring that the organization is making steady progress through the aligned effort of others. Because of unexpected changes along the journey towards reaching the business goal there will be some factors for human resource management to keep in mind which could affect strategy: organizational restructuring, job redesigning, training and development, and performance management. For organizational restructuring, power and authority for decision making doesn’t always have to be 100% accurate but do need to demonstrate honesty and credibility so that the workers know that there won’t be any blame thrown around during tumultuous time (Khosla and Sawhney, 2012). As accountants work on a system to produce facts and figures they will need to be updated on new information and procedures that could have an impact on their working style; redesigning jobs with relevance towards the changes would provide confidence and assured competence for workers to carry out their tasks (Pentland, 2012). With regards to training and development, human resource management will have to make the necessary measurements to

see which skills and abilities that the accountants most likely need for the purpose of maintaining the capabilities in providing full support in the organization's strategy (Divakaran, Mani and Post, 2012). Finally, the accountants will need to know the extent of their effort and contribution towards the strategy. HRM needs to examine the areas where the working performance is doing all of the good things right while helping the individuals acknowledging the things that can be improved, and to agree on the approach for development (Hendrickson, 2012).

7.2 Practicing on the System

Within the system, HRM should evaluate the internal and external conditions that either support the ability and motivation of the individual accountant trying to perform and then configure the job design and the working elements to ensure a system for performance achievement. The system must also be a feedback tool for HRM to improve ways of motivating and retaining the accountant staff, thus giving the HRM team a chance to examine the current system and relearn for the appropriate methods that will reinforce workers' motivation and retention (O'Dell and Hubert, 2011). Such a tool looks at the issue on the characteristics of the employer to make an analysis on the organization's culture and values, management style, and job security for further review. It also looks at the subject of employee relationships to see how the workers are being treated by their supervisors or managers, and whether they are receiving the proper support to achieve the results (Adler, Heckscher and Prusak, 2011). Furthermore, the tool should address the design of the job and work for the purpose of how much benefit there is in promoting work/life balance. Moreover, HRM can gauge at the working system to gather the necessary data and information in drawing up a career opportunities for training, development and mentoring, as well as for career planning and advancement for the accountants (Marquardt, 2011).

7.3 Practicing on Organizational Branding

Just like the organizational culture, where the values and beliefs are the suggested hallmark for carrying out the work human resource management needs to reinforce the message of how things are accomplished and the rationale behind the performance. Branding is to be recognized as the norms for expected working behaviors, whereas HRM reminds people about the history of the organization (Ozcelik and Findikli, 2014). For coping with the changes and raising the competitive level of the organization, branding can be utilized for adhering to the policies that are set but at the same time be flexible enough for the accounting staff to learn for better methods around the rules and regulations without exactly going against them. People can be asked to take some risks and challenges for the sake of attaining the objectives when time and resources are limited (Ahmad, and Daud, 2016). Branding for HRM should be applied as the climate of the organization whereas the accountant workers are able to integrate with other fellow colleagues from other working department to share their knowledge and capabilities with each other (Lin and Ryan, 2016) so that people have a better awareness of what the situation is asking for in terms of trying to achieve the goal.

8. Discussion

This work examined the factors that have an affect on the motivation and retention of professional accountants in Thai organizations. It's critical to know that such issues that have an impact on task performance, working relationship, career expectations, and workplace climate are real time information for HRM to analyze and coming up with a concept that will keep the accountant staff workers heavily satisfied to be a part of the organization. With regards to motivation, accountants have to recognize that they have an access to opportunities and truly feel the encouraging support from others. Also, the work that they're doing needs to be clarified with a sense of purpose so that their performance does not become another

boring work routine; they'll need to be updated on the latest issues that are critical for documenting the balance sheet. Retention factors are evaluated by the extent of the organization's benevolence in developing the credibility and confidence in leadership, balancing family life, providing work progress, and receiving a fair pay rate; when the organization makes a commitment to these aspects then the chances of accountants remaining longer in their position becomes higher. Integrating the factors for motivating and retaining the accountant workers have to be aligned with practices of human resource management as the profession also acts upon to support the organization's goal. Therefore, the approach towards developing a strategy, designing the system, and determining how organizational branding ought to be in parallel with the interests and values of the individuals who take on their roles as an accountant. Human resource management's role in the organization plays a critical factor in bridging the objectives to be obtained with the ideal executing performance for accountants for the desired results. When work is designed in a way that is flexible, fair, encouraging, developing, and reducing stress for achievement to be possible then the influences that triggers motivation and retention should help reinforce a positive outlook on the organization's brand as an exemplar workplace for accountants.

9. Conclusion

In conclusion, in order for HRM to uphold the practice of motivating and retaining the accountant workers the profession needs to look at every angle in the organizational workplace for issues that are either supporting or lacking support to make these specialized employees perform at their best. Each and every elemental issues in motivation, retention, and practice that have been rated high should be analyzed for the best fitting situation for that organization's strategy and goal so that the accountants can take part in the mission with great satisfaction. The limitation of this work was the chosen concentrated theories applied and on choosing just the accounting profession to carry out the study. However, the authors feel that the practical implications provide an insight for the human resource management profession to recognize the issues that motivate and retain accountants, and to lay out the basis for application in developing the organization's brand in the workplace. With this completed working paper the next direction for further research would be finding another specific profession (engineer, nurse, teacher, etc.,) in Thailand and make some comparison with the current work for developing the human resource managers' practice in motivating and retaining employees with specialized skills, abilities and knowledge.

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IMPACT OF ACCOUNTING INFORMATION SYSTEMS AND INTERNAL CONTROL

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Abstract

In the response of several financial scandals and corporation collapses, corporate governance, particularly internal control, comes to an attention of public. This research findings show that with effective internal control within the organizational boundary, management has reasonable assurance that it can enable businesses to achieve the objectives in accordance with compliance. It can be said that proper designed and functioning internal control mechanism can reduce the likelihood errors or fraud and hence organizations would perform as expected. Moreover, AIS provides financial information that is essential to monitor and manage organizational resources together with conventional accounting controls. Furthermore AIS provide reasonable assurance regarding the reliability of financial reporting, and the preparation of financial statement in accordance with international financial reporting standards. This study has built the internal control framework as the organization boundary in order to facilitate organization to design effective internal control. Moreover, this study found association between the impacts of AIS on the effectiveness of internal control.

1. Introduction

Corporate governance has been in attention of public for many decades due to its importance for economic development and society. In fact corporate governance has been addressed interestingly by Shleifer and Vishny (1997, p 737) that “corporate governance which deals with the way in which suppliers of finance to corporations assure themselves of getting a return on their investment”. However, it is difficult to write such perfect contract which can specify all possible future decisions on how the firm’s resources and assets will be allocated by managers effectively. That means there is no guarantee that managers will run the firms in the best interest of the shareholders. This situation will makes it difficult for shareholders to ensure that their funds are appropriately managed in attractive or even profitable projects which will bring appropriate return to them (Fama and Jensen, 1983). Corporate governance has attracted a good deal of public again in the response of several collapse of large size entities such as Enron and WorldCom. The US government issued the Sarbanes-Oxley Act (SOX) in 2002. In particular, section 404 of SOX requires the public companies to report the effectiveness of their internal control systems and required auditors to verify management’s reports. McKay (2006) suggests that manger is responsible for the design, implementation, and monitoring of internal controls. It can be seen that internal control is an important factor that protect the entity from fraud, waste, abuse, and

misstatements in the financial statements. Effective internal control must be carefully designed, thoroughly documented, appropriated implemented, and regularly monitored (Ge and McVay, 2005; Hermanson 2005; Janvrin, 2008). In fact, internal control is heavily enhanced by information systems in particular XBRL GL¹ standard. The systems can be integrated to safeguard assets by maintaining electronic approvals of business transactions which can be audited automatically. This can enable users avoid fraud by allowing internal auditors to check standardized rules and operate audit test. Brizarro and Garcia (2011) address that XBRL GL can be used to maintain accurate information as well as aid in manual audits by storing information regarding the location of source documents whether they are in electronic form or paper form. Jones and Rama (2005) suggest that Accounting Information System (AIS) provides controlling functions that necessary to monitor and manage organizational resources together with conventional accounting controls: inputs, process and outputs. AIS is still growing continuously also it plays an important role in most corporations in facilitating day-to-day business operations as well as in gaining competitive advantages. AIS uses modern Information Technology (IT) to perform more business functions from the input devices to sophisticated financial management planning and processing systems or Enterprise Resource Planning or ERP (Turban et al, 2011).

As SOX Act mandates a statement of management's responsibility to establish and maintain adequate internal controls over financial reporting (COSO, 1992; Gauthier, 2006). Management is expected to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement in accordance with international financial reporting standards (Hermanson, 2005; Gauthier, 2006; McKay, 2006). Managers need to understand how these technologies emerge to protect the integrity of enterprise systems. The impact of AIS on the effectiveness of internal control has become a critical concern amongst academics, directors, accountants, auditors and related persons. Not many studies have examine the internal control and AIS Therefore, this study will investigate issues associated with effectiveness of internal control and AIS and will develop the framework of AIS and effectiveness of internal control. In particular, this study will firstly, review key debates in the field of study. Secondly, methods of analysis and synthesis are used to synthesize interconnections of the impact of the AIS on effectiveness of internal controls over financial reporting and then formulated regularities for research findings. Conclusion of research findings will be conducted in the final section.

2. Literature Review

This section attempts to lead to an understating of internal control which includes control environment, process of risk assessment, control activities, information and communication and monitoring.

2.1 Understanding Internal Control

Committee of Sponsoring Organizations of the Treadway Commission or COSO (1992) suggests that internal control can provide reasonable assurance that management achieves effectiveness and efficiency of operation, produce reliability of financial reporting, and compliance with applicable laws and regulations. Effective internal control is considered as one of several factors that significantly importance to quality of financial reporting. Quality of financial reporting is an essential factor to fulfill the firm obligation to its investors who must rely of the financial information reports (Public Company Accounting Oversight

Board or PCAOB, 2004). Auditing Standards No.2 (PCAOB, 2004, para 7. AS no. 2) defines internal control over financial reporting that as "a process designed by..., the company's principal executive and effected by the company's board of directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures...". Generally, it can be said that effective internal control can reduce the likelihood of significant errors or fraud (Doyle et al., 2007). Internal control has five essential elements framework including control environment, risk assessment, control activities, information and communication and monitoring.

2.1.1. Control Environment

COSO (1992) states that control environment can set the condition of an entity as it influences the control of people's consciousness in the organization. The sound control environment depends on management's informed and the support from management. Therefore, it is essential that the management must understand the environment of the organization in order to design the effective internal control. High quality control environment enable firms to access causes of financial misstatements as to control activity. The reason is high quality control environment is designed appropriated and put in the place that can reduce the risk of errors (Ashbaugh-Kaife et al., 2008; McNally, 2014).

2.1.2. Process of Risk Assessment

Every company has to face a variety of risks from both external and internal sources. Business risk includes the ability to survive of businesses in terms of financial situation, public image as well as overall quality of product and/or services (COSO, 1992). This is the reason that the companies are required to do risk assessment. The purpose of risk assessment is to identify the events, conditions or risks that can significantly affect the achievement of the efficient business's operation. Morris (2011) states that internal control is one of several factors that can reduce the agency problem. Moreover, Gauthier (2006) suggests that risk is a factor that changes all the time and the factors that cause risk changes are the changes in operating environment, the changes of information systems and technology, for instance.

¹ XBRL International's Global Ledger Taxonomy Framework.

2.1.5. Monitoring

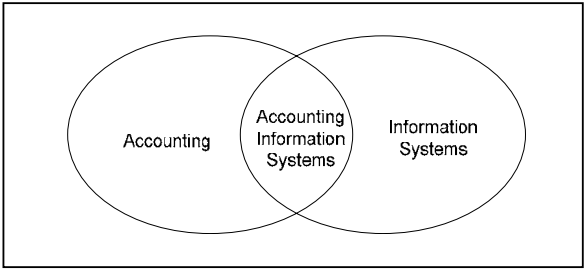
Monitoring determines whether policies and procedures designed and implemented by management are being conducted effectively by employee (COSO, 1992). Monitoring consists of three elements. Firstly, a risk register which contains outputs of the business processes including identified internal and external risks, risk response, trigger, and warning signs of risk. Secondly, an approved change request which includes changes of existing plan and method of work. The change request may require new risk and new corresponding responses. Thirdly, a risk register-update which includes outcomes of risk assessment, audits, corrective actions and recommended preventive action (Glover et al., 1995). Ashbaugh-Skaife et al. (2008) suggest that misappropriation of company's assets can be caused by ineffective internal control. Most of the time, ineffective internal control cannot be detected unless the company has a strong monitoring system. Lu et al. (2011) suggest that existing of monitoring can ensure that significant control deficiencies are identified timely. In addition, efficiency monitoring can help to identify the new risk or any changes and need for new control procedures.

2.2 Understanding Accounting Information Systems

After recognizing the internal control mechanism, this research carried out the impact to the way corporation prepares their financial statements. And that SOX Act's primary objective is to improve the accuracy as well as reliability of corporate disclosures. Specifically, under SOX section 404, refers to management assessment of internal controls that related to the preparation of financial statement for external purposes that must be fairly presented in conformity with GAAP and IFRS (Nickolett, 2005). Recent years, IT has become increasingly important as most corporations embrace information technology (IT) to facilitate their business operations. Also all businesses must involve with accounting and hence accounting information systems (Nickolett, 2005). Managers have to ensure that the existing information systems and procedures for financial reporting are effectively maintained along with an assessment of the company's internal control structure (Hunton et al., 2006 and Ashbaugh-Skaife et al. 2008).

Accounting Information System (AIS) are computerized systems that transform financial and other related data into useful (Bodnar and Hopwood, 2010; Bagranoff et al., 2007; Beard and Wen, 2007; Gelinas and Dull, 2008; Sajady, 2008). AIS exists at the intersection of two important disciplines which are accounting and information system (see Figure 1).

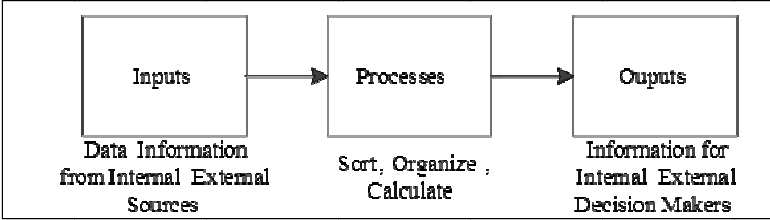
Figure 1: Accounting Information Systems



Source: Bagranoff et al., 2005, p.5

From Figure 1, in accounting field, it includes take perform by AIS to create information for accounting process such as accounts receivable and accounting payable. AIS performs integrated tasks for instance maintain general ledger, financial planning. Information System refers to computer system that involve with collect accounting data, store it, and process it for end users (Boockholdt, 1999; Kulruchakorn, 2007; Hurt, 2008). Bonsón at al. (2009) suggests that facilitates the rapid sharing of information in an organization's information system from several information sources. AIS is a vital factor to generate information needs for operation processes, managerial reports, budgeting and control within organization to gain competitive advantages and maintain sustainable development in growing hostile business environment (Spathis and Constantin, 2004; Soudani, 2012). With achieving this expectation, the companies still need to concern on maintain privacy and security of their company's information assets (Li et al., 2007). Sonde (2008) suggests that several accounting and finance systems have not met expectations of many organizations because information is not easily accessible. Moreover, the changes effected by SOX Act 2002 requires board of directors, management and other personnel to provide reasonable assurance in the efficient and effective operations, reliable reporting and compliance with applicable laws and regulations ever make it more challenging use of computerized systems in accounting. In producing such quality accounting information, managers need to pay attention to internal control. In particular, AIS uses modern Information Technology (IT) with traditional accounting controls: input, process, and output (See Figure 2)

Figure 2: AIS Components



Source: Bagranoff et al. 2005, p.7

From Figure 2, the inputs include standardized data entry, Electronic Data Interchange (EDI²), and electronic commerce (e-commerce) via the Web enabled technology (Bierstaker at al., 2001; Bagranoff et al., 2005). EDI can be a set of interchanges between two parties: a buyer and a seller in general retail business. Messages from the buyer to the seller will include request for quotation (RFQ), purchase order, receiving and payment instructions. Messages from seller to buyer could include bid in response to RFQ, purchase order acknowledge, shipping notice and invoice. These messages may simply provide data of receiving instruction or purchase order. By using EDI, the processing of message is processed by computer as such it eliminating costly and error-prone paper works because human intervention. Bonsón at al. (2009) suggest that business needs to obtain detailed and specified data, and quickly to process it and still maintain its accuracy. Therefore, XBRL³ is introduced as it can solve the inconsistency problem by describing financial information in the standardized format for public and private companies and other organizations. Hurt

² EDI is the direct computer-to-computer exchange of data via a communications network (Bierstaker at al, 2001; Bagranoff et al., 2005).

³ XBRL (eXtensible Business Representation Language) is a language for the electronic communication for business and financial data based on XBRL taxonomies (Bonsón at al.,2009)

(2008, p.307) suggest that the XBRL taxonomies define the tags that present accounting and financial terms used in XBRL documents and it is widely adapted for Generally Accepted Accounting Principles (GAAP). IASCF (2008) addresses that little evidence of existing use of XBRL for reporting by listed companies even though XBRL had been promoted as a tool for financial reporting. The reason for the lack of use of XBRL reports are incapable accounting software and information systems, and difficult in exploiting XBRL outputs according to international and local GAAP.

3. Objective

This study aims to build the internal control framework as the organization boundary in order to facilitate organization to design effective internal control. In addition, operators’ perspective on AIS related to the internal control is examined in this study.

4. Methodology

The study use secondary data to develop the framework of AIS and internal control. The survey study is also included in this study to examine the impact of AIS on internal control by using Likert’s scale. This study attempts do the survey by using sample of employees from one educational institution in Chiang Mai in accounting and finance and accounting department and internal control department. There are 10 out of 12 employees from finance and accounting department and 1 out of 3 from internal control department response to the survey.

This research uses Likert’s Scale method by divided the level of measurement into 5 levels according to Likert’s Scale. The five levels is shown as follows:

Table 1

Level	Scores
Strongly agree	5
Agree	4
Undecided	3
Disagree	2
Strongly disagree	1

Likert’s Scale width interval class is calculated as follow

Width interval class =
$$\frac{(\text{Maximum score} - \text{Minimum score})}{\text{Number of interval class}}$$
$$= \frac{(5-1)}{5}$$
$$= 0.8$$

Average score for each level

Table 2

Scores	Level
$4.21 \leq \bar{x} \leq 5.00$	Strongly agree
$3.41 \leq \bar{x} \leq 4.20$	Agree
$2.61 \leq \bar{x} \leq 3.40$	Undecided
$1.81 \leq \bar{x} \leq 2.60$	Disagree
$1.00 \leq \bar{x} \leq 1.80$	Strongly disagree

$$\bar{x} = \frac{X_1W_1 + X_2W_2 + X_3W_3 + \cdots + X_nW_n}{N}$$

\bar{X} = Average score of level of consumers percept on e-banking
 $X_1, X_2, X_3...X_n$ = Score of each interval level
 $W_1, W_2, W_3...W_n$ = Number of respondents response to each level of interval level
 N = Number of respondents to questionnaires

5. Result

5.1 Framework Development AIS and Internal Control

This study investigates the impact of AIS on the effectiveness of internal control and the conceptual framework of AIS will be developed. This section will firstly discussed on the impact of AIS on internal control in two areas. Secondly, it will discuss on the conceptual framework development which included adapted information from COSO, internal control-integrated framework, SOX and other related search findings.

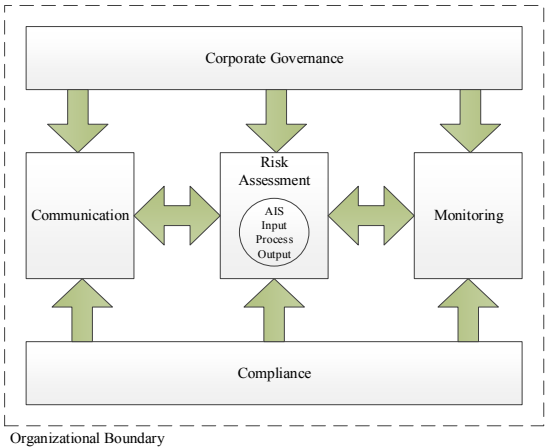
1) Impact of AIS on Internal Control

This study attempts to examine the impact of AIS and on the effectiveness of the internal control. From the literature, it can be firstly seen that most corporations do not adequately restrict access to accounting and financial data to only those computer support staff. When acorporations do not adequately monitor the activities of thousands of employees who are authorized to access accounting files, the organizations do not have reasonable assurance in its outcomes. In this case, the data might be manipulated to generate unauthorized access or changes might be made to AIS. As a result, essential operations could not be continued due to above unexpected interruptions. Secondly, as businesses’ operation vary according to their owned operations, in particular, the internal control is treated according to established rules that depend on the structure of the businesses which constitutes them for the purpose of accounting and reporting. Imperfection of internal control is associated with the severity of the international control weaknesses, and poor quality of financial reporting and statements (Kinney, 2000).

2) Framework Development

This study has developed conceptual internal control framework which can be considered in three approaches (see Figure 3). Firstly, an upstream approach provides roles of management which is focused on troll of governance influence on communication, risk assessment, and monitoring. Secondly, a downstream approach illustrates reasonable compliance in the effective operations that provides accurate, visible and timely accounting information. Finally, the organization boundary approach illustrates limits of the people and information involved in the internal control.

Figure 3: Internal control framework



This study also illustrates the internal framework in six elements which include governance, communication, risk assessment, monitoring, compliance and organizational boundary.

1. Corporate governance

A role of corporate governance is related to accountability that embraces the need to ensure the quality of the businesses' operations. It is naïve to assume that accountability in the process of disclosing relevant information or known as transparency to the public in particular shareholders. In this study's framework, information disclosure and transparency are understood as a mechanism of accountability. That means information disclosure as a mechanism of visibility, and transparency as the degree of information accessibility to the public. In this regard, it has been suggested that good corporate governance and its mechanisms can ease accountability problems.

2. Communication

This study suggests that a role of communication is to capture, process, and provide information to all stakeholders who have need of it. A communication system must allow information to flow in and out of all directions within the organization to weaken the chance of misunderstanding. In addition, quality information must be identified, captured and communicated in a form and timeframe that enables people to carry out their responsibilities.

3. Risk Assessment

Risk assessment plays an importance role identifying the events, conditions or risks that could significantly affect the achievement of the efficient operation of AIS, and other activities of a business. Risk assessment should begin from the top of the organization and reach down to the department level. The events of authorization may involve limiting access authorizations. It may include reviewing these authorization for individual employee to only perform their duties and ensure their authorizations. It may include reviewing these authorizations periodically. Moreover, there should be established procedures for reviewing the access activities of employees. Any modification requests of AIS should only be considered via independent quality assurance review. To enhance system and data integrity, AIS must meet requirement with regards to the security, reliability, availability and relevance of accounting and financial information.

4. Monitoring

Monitoring is an essential factor to determine whether or not policies and procedures designed and implemented by management are being conducted effectively in its organizational compliance. For this purpose, management must ensure that significant control deficiencies are identified timely and help to identify the new risks or any changes as well as the need for new control procedures. Moreover, the managers must ensure that an internal control system is designed to provide adequate quality assurance of the efficient use of organizational resources in order to maintain the accuracy of information. In particular, an appropriate process is established to meet the reliability requirements for published accounting and financial information.

5. Compliance

A role of compliance is to comply with the policies and procedures which ensure that the organization's objectives and goals are not negatively affect by both internal and external risk. Regulatory agencies may interest in timely, accurate, and complete disclosure of information designed to maintain orderly and fair market.

6. Organizational Boundaries

Organizational boundaries is to determine the legitimate of illegitimate, the acceptable or unacceptable, the controllable or uncontrollable to address certain functional prerequisites within the internal environment, and to interact with their external environment. The organizational boundary approach is to provide limits of the people and information involved in the internal control.

5.2 Impact of AIS on internal control

This study conducts the survey and the results in Table 1 show that AIS plays important roles in entities' operations and helps transactions to be recorded faster than manual. In additional, the results show that AIS provides control environment as it allows only authorized person to access information and keeps the record of document sent-out. In addition, AIS can reduce errors in recording transactions and that would make financial reports are more reliable. AIS also can keep information confidential and it makes transferring information faster and secured. In adopting AIS, it helps operating of task more transparent as it can clarify the duty segregation and therefore increase control of environment. However, AIS still cannot reduce the risk of fraud.

Table 3

AIS and Internal Control			Strongly Agree	Agree	Un- Decided	Dis- Agree	Strongly Disagree	Total	\bar{X}
			5	4	3	2	1		
1	AIS has important roles in entities' operations	Number (%)	8 73	3 27				11 100	4.73 Strongly Agree
2	AIS helps recording transactions faster than manual	Number (%)	5 45	4 36	2 18			11 100	4.27 Strongly Agree
3	AIS can reduce errors in recording transactions	Number (%)	2 18	4 36	2 18	3 27		11 100	3.45 Agree
4	AIS makes financial reports more reliable	Number (%)	1 9	3 27	7 64			11 100	3.45 Agree
5	AIS keeps information confidential	Number (%)	1 9	6 55	3 27		1	11 91	3.55 Agree
6	AIS allows only authorized person to access information	Number (%)	5 45	5 45	1 9			11 100	4.36 Strongly Agree
7	AIS keeps the records of documents sent-out	Number (%)	4 36	6 55	1 9			11 100	4.27 Strongly Agree
8	AIS can transfer information faster and secured.	Number (%)	1 9	8 73	1 9	1 9		11 100	3.82 Agree
9	AIS reduces a likelihood of risk in fraud	Number (%)	2 18	4 36	1 9	4 36		11 100	3.36 Undecided
10	AIS helps operating of task transparent	Number (%)	3 27	1 9	5 45	2 18		11 100	3.45 Agree
11	AIS increases control environment	Number (%)	1 9	6 55	1 9	3 27		11 100	3.45 Agree
12	AIS helps to clarify duty segregation	Number (%)	3 27	7 64		1 9		11 100	4.09 Agree

6. Conclusion

This research investigated issues of association between the impacts of AIS on the effectiveness of internal control. This study suggests that AIS as a risk assessment component, the related components of the traditional accounting control are working together for the purpose of governance, communication, monitoring, and compliance within organizational boundary. The effectiveness of internal control can provide quality information to decision makers to manage corporations successfully. The usefulness of AIS leverages business strategies are in the way of increasing the organizational performance, the achievement stronger and more flexible decision making processing. The main impact of AIS on the effective internal control concerns the usefulness of AIS with organizational requirements for collecting, entering, and processing data and storing, managing, controlling and reporting information so that the corporations can achieve its objectives. In addition, this study confirms that an optional use of AIS in an organization leads to better adaption to a

changing business control environment which make financial statement more reliable. As a result the effective of decision making, a high degree of competitiveness, and improve external relationships for the corporations can be achieved.

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**THE EFFECT OF CUSTOMER LOYALTY PROGRAM AND
SERVICE QUALITY ON CUSTOMER LOYALTY:
HYPERMARKET IN BANGKOK**

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Abstract

Purpose - The purpose of this study is to research the effect of customer loyalty program and service quality on customer loyalty and research whether commitment, trust and satisfaction as the role of mediators between customer loyalty program, service quality and customer loyalty in Bangkok hypermarket industry.

Design/methodology/approach - A quantitative research method was conducted in the this research, data were obtained from 400 available questionnaires, and the questionnaires were filled by the customers of hypermarket from an intercept survey by face to face, the main location is Big C and Tesco Lotus in Bangkok downtown. The structural equation model was used in the data analysis.

Findings - This study was found the customer loyalty program and service quality have the indirect impact on customer loyalty through the mediators of commitment, trust and satisfaction.

Practical implications - Manager of hypermarket should attach importance to their customer loyalty program and service quality, and then improve the commitment, trust and satisfaction, finally strengthen their customer loyalty and enhance the hypermarket's competitive powers.

Originality/value - This study suggested that customer loyalty program, satisfaction and trust act the role of mediators between customer loyalty program, service quality and customer loyalty, and it is the first time to apply this model in Bangkok hypermarket industry.

Keywords - Bangkok, hypermarket, customer loyalty, commitment, trust, satisfaction, loyalty program, service quality.

Paper type - Research paper

1. Introduction

In the recent years, Thailand hypermarket is rapidly develop, especially in Bangkok which the capital city of Thailand, since hypermarket can provide a large variety of product such as food, meat and non-food products, customers can fulfill their variety needs in the hypermarket, many hypermarkets launch various marketing activities such as price promotion, coupon, reward in order to attract customer and occupy market share, so the competition among hypermarkets become very intense (Narathip, 2009). With the increasing competition of environment, customer loyalty becomes a popular research for researchers and scholars.

The description of hypermarket is a shopping mall combined supermarket and discount department store occupying 75,000-150,000 square feet in size and stocking more than 50,000 items, such as Wal-Mart, Tesco, Big C, and Carrefour (Berman and Evans, 2007; Watchravesringkan and Punyapiroje, 2011). These hypermarkets tend to develop similar strategies that attempt to improve customers' shopping experiences, such strategies have been conducted through diversified marketing activities, which include offering assortments of merchandise, providing quality products and services at relatively low prices, and developing retail promotional campaigns (Watchravesringkan and Punyapiroje, 2011).

With the increasing competition of hypermarkets, Customer loyalty becomes more and more important. Kaur and Soch (2013) believed that the loyal customers tend to purchase more goods than other people, and willing to spend more and are less sensitive to price increases. Moreover, loyal customers not only boost the value of the organization, but they also help to maintain a low cost compare with attracting new customers (Beerli, Martin and Quintana, 2004). Reichheld and Sasser (1990) indicated that companies can increase their profit almost 100 percent when they retain just 5 percent more of its customers. Therefore, research customer loyalty is very helpful to companies' competitiveness, especially for the hypermarket business which have many customer flow in everyday, managing customer loyalty properly is very important for companies' continuous development.

In the earlier research of customer loyalty, many researches focus on the relationship among the customer loyalty program, service quality and the customer loyalty. Such as Omar and Musa (2009) researched the effects of loyalty program's benefits in Malaysia's superstore, and found that the benefit provide from customer loyalty program which have a greatly helpful to the satisfaction, which in turn influenced customer loyalty. Bakti and Sumaedi (2013) investigated whether service quality influence customer loyalty directly and indirectly through satisfaction in the library industry of Indonesia, and the study result show that service quality had a direct effect on satisfaction, and indirectly influence library customer loyalty. Moreover, Ou, Shih, Chen, and Wang, (2011) also researched the relationship among customer loyalty program, service quality and customer loyalty in Taiwan department store, the result indicated the customer loyalty program partially supports a positive influence on customer loyalty, and service quality can affected the customer loyalty through the relationship quality and relationship commitment.

Linking these various researches, there have a powerful relevance among the customer loyalty program, service quality and customer loyalty in the different industries and counties. However, there are very few studies research on customer loyalty program and service quality's impact on customer loyalty in Bangkok hypermarket industry. Consequently, the study hopes to research what's the effect of customer loyalty program and service quality on customer loyalty in the industry of hypermarket in Bangkok.

2. Literature review and hypotheses

2.1 Customer loyalty

Customer loyalty is described as a rebuy behavior toward a some brand consistently in the future, whatever the situation effect and marketing effort may cause the switching behavior, and even recommending the services and products to friends and associates (Oliver, 1999; McIlroy and Barnett, 2000). Customer loyalty increases the rebuy or repatronizes behavior because the loyal customers display a greater resistance to counter persuasion and negative word of mouth (Ou et al. 2011). Generally, there are primarily three different perspectives on customer loyalty: behavioral dimension, attitudinal dimension and composite dimension (Bowen and Chen, 2001; Gounaris and Stathakopoulos, 2004).

The behavioral loyalty refers to the behavior of customer who are repeat purchase the service or goods of the firm and maintain the relationships with the firm (Kaur and Soch, 2013), the existing literature pointed out the behavior of repeat purchase is an indicator of customer loyalty (Bowen and Chen 2001). However, Dick and Basu (1994) indicated that behavioral definitions are inadequate to explain the development and modification of loyalty, because high repurchase behavior may affect by situational constraints, such as inventory of store, and low repurchase behavior may easily affect by different usage scenarios, variety requirement, or lack of brand preferences within a buying unit. Attitudinal loyalty emphasized the loyalty level on the aspect of customer's psychological, it reflects emotional attachment inherent in loyalty, customer displays the attitudinal loyalty by recommend the firm or brand to other people in willingness, and engage in positive word-of-mouth communications (Kaur and Soch 2013; Bowen and Chen 2001; Kaur and Soch 2012). Attitudinal component is the antecedent to the repeat purchasing behavior and positive attitude are ensures the previous purchase behavior will continue (Odin, Odin and Valette-Florence, 2001; Bandyopadhay and Martell, 2007). And a high attitudinal loyalty has a significantly helpful for maintenance of loyalty in the long-term (Dick and Basu, 1994). However, attitudinal scales are no longer based on the opposition of loyalty or disloyalty, but more tend to the degree of loyalty, it can't clearly distinguish the absolutely loyalty or not, just to know the intensity of loyalty (Odin et al., 2001).

Thus, it's necessary combined the behavioral dimension and attitudinal dimension as customer loyalty. Dick and Basu (1994) emphasized than when research customer loyalty both attitudinal and behavioral dimensions are indispensable. And the composite dimensions on customer loyalty can be considered as customer's positive attitudes, intentions and repurchase behavior, all of them can be useful to measure the real loyalty (Shoemaker and Lewis, 1999; Rundle-Thiele, 2005). Similar to other scholars, this study proposed the definition of customer loyalty combines the behavioral dimension and attitudinal dimension (Kaur and Soch 2013; Dick and Basu 1994; Kaur and Soch 2012).

2.2 The direct antecedents of customer loyalty

2.2.1 Commitment

The research of commitment have been appear long time ago, Dwyer, Schurr and Oh (1987) defined the commitment as "implicit or explicit pledge of relational continuity between exchange partners", and they indicated that commitment is the most advanced phase of the interdependence between buyer and seller, in this phase the exchange partner have achieved a level of satisfaction from the process of exchange, and mostly precludes other

primary exchange partners who could provide the similar benefits. Furthermore, Morgan and Hunt (1994) defined the commitment as one exchange partner believe the relationship with another partner is very important and they will strive to maintain this relationship, moreover, this relationship commitment only exists when the committed parties consider their relationship is important.

Commitment can be recognized as an emotional link between the individual and the organization (Akehurst, Comeche and Galindo, 2009). It is an essential ingredient for successful long-term relationships (Dwyer et al., 1987; Morgan and Hunt, 1994). In the analyses of Evanschitzky, Iyer, Plassmann, Niessing and Meffert (2006), the result shows that there is a powerful relationship between commitment and loyalty. Moreover, some research result also show that the higher customer's relationship commitment the higher the customer loyalty (Ou et al. 2011). In addition, Kaur and Soch (2012) suggested that commitment has a significant relationship on attitudinal loyalty. In the study of Miller, Skudiene and Reardon (2013), the commitment considered as one element that influence customer loyalty. Furthermore, Ranganathan, Madupu, Sen and Brooks (2013) also confirmed that the affective commitment has a direct positive relationship with affective loyalty. Linking the various literatures, the hypothesis is in the following:

- H0₁: Commitment has no direct impact on customer loyalty.
- H1: Commitment has a direct impact on customer loyalty.

2.2.2 Satisfaction

Satisfaction was defined by some researchers as a positive emotional state after the evaluation of overall aspects of a party's working relationship with another (Van Der Wiele, Boselie and Hesselink, 2002). Furthermore, Oliver (1999) was defined satisfaction was a pleasurable fulfillment. Specially, it was customer perceived that the consumption meets their expectations or requirements, and customer was fulfilled and pleasurable with this consumption. Therefore, Oliver (1999) considered satisfaction was the customer perceived pleasure or displeasure towards the outcomes that consumption provided. Moreover, according to Forneil (1992), the definition of satisfaction in his research described as an overall evaluation of perceived product or service performance based on customer's total purchase and consumption experience.

Many existing literatures described the relationship between satisfaction and customer loyalty. Such as Yap, Ramayah and Shahidan (2012), suggested the satisfaction has a direct and positive effect on loyalty; Thomas (2013), considered that higher the satisfaction, higher customer loyalty; Moreover, Miller et al. (2013) indicated the customer loyalty is one of element influence customer loyalty. Therefore, this study believes that there has a great association between satisfaction and customer loyalty. The hypothesis is in the following:

- H0₂: Satisfaction has no direct impact on customer loyalty.
- H2: Satisfaction has a direct impact on customer loyalty.

2.2.3 Trust

In former research, trust can be defined as "a willingness to rely on an exchange partner in whom one has confidence" (Moorman, Zaltman and Deshpande, 1992). Which means trust is customer's voluntary and positive emotion that rely on his/her partner, and customer want to believe his/her partner. Morgan and Hunt, (1994), considered that trust as

existing when one party has confidence in an exchange partner's reliability and integrity, and trust is one of the key factors to affect the relationship between customer and firm. Furthermore, Delgado-Ballester and Munuera-Alema (2001) indicated that trust is a person believe that his or her behavior is lead and driven by favorable and positive intentions towards the well-being and benefit of his/her partner, then generated a security perception in mind. In the resent years, trust defined as a customer believe the service provider will deliver a promise and doing the best benefit for the customer, and believe service provider will doing the honest in their relationship (Yap et al., 2012).

In the research of trust relationship, Chaudhuri and Holbrook (2001), found that trust can drive customer purchased more often and it can help generate a high degree of attitudinal loyalty, as a support, Kaur and Soch (2012) agreed that statement and indicated trust is one of the antecedents of customer loyalty. Yap et al. (2012) conceded that trust has a positive effect on customer loyalty and they think when customer generated a trust with selling organization, they should not only focus the present positive outcomes but also believe these positive outcomes will continue in the future. In addition, Miller et al. (2013) also indicated that trust is one of the direct factors that influence customer loyalty. Linking these literatures, the hypothesis is in the following:

- H0₃: Trust has no direct impact on customer loyalty.
- H3: Trust has a direct impact on customer loyalty.

2.3 The indirect antecedents of customer loyalty.

2.3.1 Customer loyalty program

Customer loyalty program described as a coordinated and membership based marketing activity, which was designed to strengthen the establishing of continued marketing exchanges between customer and firm (Lacey and Sneath, 2006). In other word, a loyalty program is a marketing program that is aim to build customer loyalty by providing motivation to profitable customers (Yi and Jeon, 2003). Many retailers implicitly suggested that the aim of their loyalty program is to reward repeat purchasing (O'Malley, 1998). According to Wright and Sparks (1999), they considered that the biggest attraction for customer to join loyalty card program was the free rewards and benefits, such as money off coupons and accumulation of points.

According to the research of Omar and Musa (2009), the result indicated that the benefit provided in loyalty program was a driver of program satisfaction judgments, and that holds an important role in the formation of store loyalty, the satisfaction of loyalty program can prompt the loyalty card member become more loyal to the store. Furthermore, some researchers considered that customer loyalty program partly and positive affect the satisfaction and trust (Ou et al. 2011). On the other hand, the loyalty programmers membership has a significant impact on customer repeat purchase behavior (Meyer-Waarden, 2008). In addition, some researchers pointed out that some loyalty program such as through providing deep discounts may not directly or relatively less impact on long-term customer loyalty, but the loyalty program can help building the commitment (Evanschitzky et al., 2006). In the research of Gomez, Arranz and Cillan (2006), the result indicated that customer participated in loyalty programs displays higher levels of positive attitude, satisfaction, trust and commitment than customer who doesn't participated. Linking these various voices and base on the previous hypothesis, this study hypothesizes that:

H0₄: Customer loyalty program has no direct impact on satisfaction.
H4: Customer loyalty program has a direct impact on satisfaction.
H0₅: Customer loyalty program has no direct impact on trust.
H5: Customer loyalty program has a direct impact on trust.
H0₆: Customer loyalty program has no direct impact on commitment.
H6: Customer loyalty program has a direct impact on commitment.
H0₇: Commitment is not the mediator between customer loyalty program and customer loyalty.
H7: Commitment as the mediator between customer loyalty program and customer loyalty.
H0₈: Satisfaction is not the mediator between customer loyalty program and customer loyalty.
H8: Satisfaction as the mediator between customer loyalty program and customer loyalty.
H0₉: Trust is not the mediator between customer loyalty program and customer loyalty.
H9: Trust as the mediator between customer loyalty program and customer loyalty.

2.4 Service quality

In the recent years, service quality has become a main object of attention among practitioners, managers and researchers, because it displays a significant impact on business performance, cost saving, customer's satisfaction, customer loyalty and profitability (Seth, Deshmukh and Vrat, 2005). In certain research, service quality can be defined as the evaluation of relational service (or customer service) and enabling service characteristic, such as convenient branch locations, operating hours and range of services (Yap et al., 2012). However, it is widely acceptable that service quality is a form of customer attitude, it depends on the function of the discrepancy between service performance and expectation, and it also related to a focused evaluation that reflects the customer appraisal concerning the element of service (Bakti and Sumaedi, 2013).

Jang and Namkung (2009) considered that customer perception of service quality has a positive impact on customer's emotion, because the tangible and intangible characteristic of service quality plays a role as a motivation to affect customer's emotional state. Moreover, some researchers demonstrated that service quality has a direct positive relationship with satisfaction (Ranganathan et al., 2013). However the other literatures suggested that service quality was positively impact the degree of customer's satisfaction and trust (Ou et al. 2011). In addition, Yap et al. (2012) indicated that service quality has a direct and positive effect on satisfaction. Linking these existing views and base on the previous hypothesis, the hypothesis is in the following:

H0₁₀: Service quality has no direct impact on satisfaction.
H10: Service quality has a direct impact on satisfaction.
H0₁₁: Service quality has no direct impact on trust.
H11: Service quality has a direct impact on trust.
H0₁₂: Satisfaction is not the mediator between service quality and customer loyalty.
H12: Satisfaction as the mediator between service quality and customer loyalty.
H0₁₃: Trust is not the mediator between service quality and customer loyalty.
H13: Trust as the mediator between service quality and customer loyalty.

Figure 1: Conceptual Framework

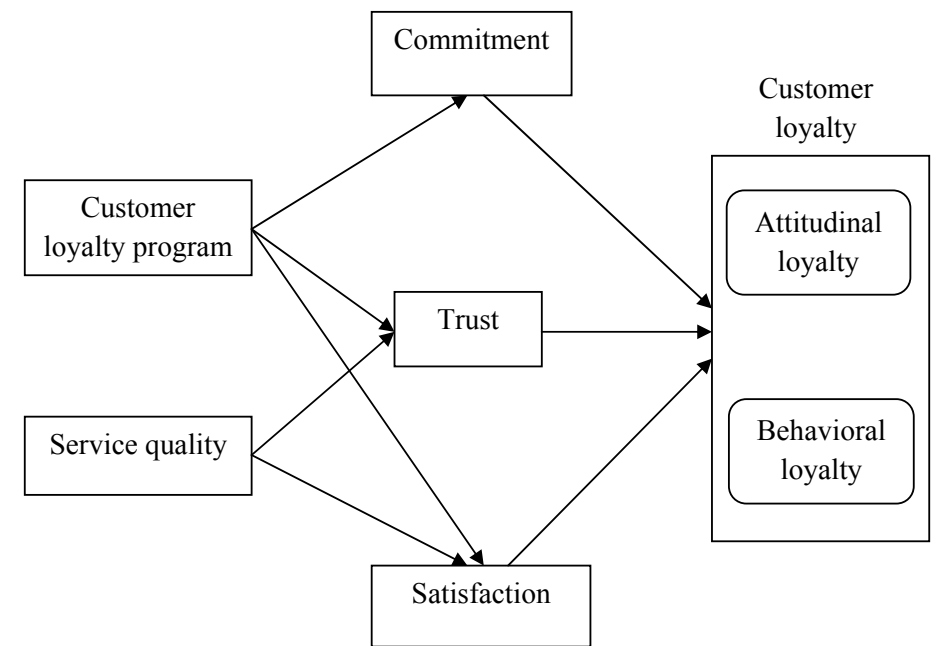


Figure 1 was the conceptual framework of this study, it show the relationship of customer loyalty and its direct and indirect antecedents. This study was selected the factors of commitment, satisfaction, trust, customer loyalty program and service quality, and research their impact on customer loyalty. Moreover, this study combined these relationships and proposed a framework to apply in the Thailand hypermarket industry.

3. Population and Sample

In this study, the research objects is the customer of hypermarket in Bangkok, every person who live in Bangkok have the potential to be the customer of Bangkok hypermarket, moreover, the adults have more opportunity to be customer of hypermarket. Therefore, the population in this study is the adult in Bangkok. The sample in this study was selected the customers of Big C and Tesco Lotus in Bangkok.

The sample's selection was used convenience sampling, because the population in this study was very big, and the customer has a high liquidity, this kind of sampling technique was suitable for large populations, and the scope includes the major district in Bangkok. According to Thailand demographics profile 2013 from index mundi website, Thailand total population is 67,448,120, and the adults account for 71% of the total population, therefore, the adults number in Thailand is approximately: 47,888,165. In addition, from the world population review "Thailand population 2013" indicated that Bangkok has a population close to 13% of the country's population. Therefore, the adults number in Bangkok is approximately: 6,225,461. According to the formula of Yamane (1967), the calculation of sample size in this study is following:

$$n = \frac{N}{1 + Ne^2}$$

n = numbers of sample

N = proportion of population (in this study who are the adults in Bangkok.)

e² = probability of error that is 0.05 or 5% (at 95% confidence level)

So
$$n = \frac{6,225,461}{1+(6,225,461 \times (0.05^2))} = 399.97 \text{ samplings}$$

After calculated for this formula the sample size is approximately equal to 400 samplings. Therefore, this study was collected 400 valid samplings in order to complete theresearch.

4. Research Instrument

In order to achieve the purpose of the study, a quantitative research method was conducted in the process of research, so questionnaire is necessary. Therefore, this study established a questionnaire base on former literatures' questionnaire, and then modifies it in order to fit this research. The questionnaire in this study has two sections: Section 1 was about demographics and the section 2 was the question about the seven measurement items in this study: customer loyalty program, service quality, commitment, trust, satisfaction, attitudinal loyalty and behavioral loyalty. The section 2 of questionnaire was used method of summated ratings: Likert scale. The scales from 1 to 5 represent the attitude of strongly disagree, disagree, uncertain, agree and strongly agree respectively. For the reliability, this study was used the coefficient alpha (Cronbach, 1951) to measure the consistency, the value of coefficient alpha should exceed 0.7.

5. DataCollection

The data collection in this study was survey respondents through questionnaire method, the main location of the collection is Big C and Tesco Lotus hypermarket in the downtown of Bangkok, it includes the districts of Phaya Thai, Din Daeng, HuaiKhwang, Chatuchak, Wang Thonglang, Pathum Wan, KhlongTorei. The questionnaire was fill by the customers in hypermarket from an intercept survey by face to face, this method can make sure the respondents are the customer of Big C or Tesco Lotus hypermarket, and during the interview with respondents, researcher can clearly explain the meaning of each question and let respondents more understand the topic, then filling the questionnaire with earnest.

6. Data Analysis

In this study, the data analysis was used structural equation model (SEM). SEM is used to test ‘complex’ relationships between observed and unobserved variables and also relationships between two or more latent variables (Anglim, 2007). Base on the framework proposed from charter 2, the study used SEM to testing the relationship among the item of framework, included customer loyalty program, service quality, satisfaction, trust, commitment and customer loyalty. In the other hand, use the descriptive statistics to analysis the characteristics of samples, such as the item of gender, age, income, occupation, family members numbers, etc. The descriptive statistics was used the index of mean, standard deviation and percentage distribution, to testing the data's central tendency and discrete degree.

In addition, follow the hypothesis which proposed from charter 2, use chi-square, root means square error of approximation index, goodness of fit index and other indexes to test the goodness-of-fit of the observed and the expected values. In a statistical model, the goodness-of-fit is describes how well it fits into a set of observations. Goodness-of-fit indices summarize the discrepancy between the observed values and the values expected under a statistical model (Maydeu-Olivares and Garcia-Forero, 2010).

7. Results

After the data collection, this study collected total of 421 questionnaires, and there were 400 valid questionnaires, which have 200 questionnaires from hypermarket of Big C and another 200 questionnaires from hypermarket of Tesco Lotus, the valid response rate is 95.01%.

In the describe statistic, the result show the demographic of respondent which was male occupied 40% and female was 60%, the major age range was 18-25 years old (40%), the major range of income per month was 10,000-30,000 baht (48%), major occupation of respondents was company employee (32.3%), most respondents had 3-5 family members (69.5%), the major education level was bachelor degree (58.8%), most respondents hold the hypermarket membership card (63%), most respondents visit Tesco Lotus more often (55.3%), and most respondents visit to hypermarket 2-4 times per month (45.5%).

In the reliability test, this study used Cronbach's alpha to test the reliability, alpha's value range is 0 to 1, the value more close to 1, which means the question is more reliable, the value higher than 0.7 can be seen as good reliable (Nunnally, 1978). In the table 1, which was show the reliability of pre-test and actual test, the pre-test included 30 questionnaires, and actual test included 400 questionnaires. The result shows all of the Cronbach's alpha value in the above is higher than 0.7, thus the question of these variable in questionnaire is good reliable.

Table 1: Reliability of Variables

Variables	No. of item	Pre-test	Actual
Customer loyalty program	3	0.723	0.723
Service quality	3	0.872	0.875
Satisfaction	3	0.784	0.708
Trust	5	0.895	0.876
Commitment	3	0.849	0.75
Customer loyalty	6	0.862	0.866

About the correlation analysis, The range of correlation's values is between -1 to +1, the values more close +1, means more stronger positive correlation, which indicated that when one variable grow up the other variable also grow up; the values more close -1, means more strong negative correlation, which indicated that when one variable grow up but the other variable go down; the values at 0 which means there have no relationship between two variable. In this study, the correlation result was show in table 2, all the value was positive, and the range of the value was form 0.244 to 0.645, which means that all the variables in this study were positive correlated.

Table 2: Correlation of Variables

Variable	CLP	SQ	SAT	TRUST	COM	CL
CLP	1					
SQ	0.259**	1				
SAT	0.350**	0.541**	1			
TRUST	0.247**	0.542**	0.621**	1		
COM	0.244**	0.312**	0.383**	0.447**	1	
CL	0.283**	0.436**	0.550**	0.571**	0.645**	1

Note: **. Correlation is significant at the 0.01 level.

About the validity analysis, this study was used the Multitrait-Multimethod Matrix to test the convergent and discriminant validity, in the Multitrait- Multimethod Matrix of this study, the value within the monovariable was higher than the value between the heterovariable, such as the value of 2.1.2-2.1.3 (0.580) higher than the value of 2.1.2-2.2.1 (0.214) , which can be seem that this study has the convergent and discriminant validity, the table below was show the detail of Multitrait-Multimethod Matrix.

Table 3: Convergent and discriminant validity

	Customer loyalty program			Service quality			Satisfaction			Trust			Commitment			Attitudinal loyalty			Behavioral loyalty				
	2.1.1	2.1.2	2.1.3	2.2.1	2.2.2	2.2.3	2.3.1	2.3.2	2.3.3	2.4.1	2.4.2	2.4.3	2.4.4	2.4.5	2.5.1	2.5.2	2.5.3	2.6.1	2.6.2	2.6.3	2.7.1	2.7.2	2.7.3
Customer loyalty program	2.1.1	1																					
	2.1.2	.393	1																				
	2.1.3	.423	.580	1																			
Service quality	2.2.1	.207	.214	.299	1																		
	2.2.2	.136	.113	.256	.684	1																	
	2.2.3	.091	.138	.236	.647	.766	1																
Satisfaction	2.3.1	.249	.166	.251	.443	.449	.441	1															
	2.3.2	.114	.280	.243	.296	.334	.336	.390	1														
	2.3.3	.150	.242	.304	.389	.401	.392	.446	.510	1													
Trust	2.4.1	.045	.162	.178	.402	.406	.470	.362	.339	.398	1												
	2.4.2	.113	.135	.214	.394	.406	.423	.416	.360	.392	.545	1											
	2.4.3	.120	.188	.244	.417	.407	.446	.390	.431	.445	.567	.661	1										
	2.4.4	.128	.194	.231	.330	.387	.363	.456	.398	.489	.558	.520	.681	1									
	2.4.5	.098	.158	.194	.307	.388	.386	.428	.365	.433	.570	.526	.587	.684	1								
Commitment	2.5.1	.165	.190	.203	.171	.182	.215	.319	.247	.264	.249	.317	.312	.301	.399	1							
	2.5.2	.159	.233	.210	.278	.280	.276	.274	.315	.272	.340	.329	.351	.347	.394	.640	1						
	2.5.3	.080	.157	.086	.224	.189	.253	.160	.209	.242	.230	.226	.285	.268	.255	.424	.504	1					
Attitudinal loyalty	2.6.1	.208	.168	.209	.324	.260	.276	.338	.276	.292	.276	.291	.325	.333	.332	.463	.467	.407	1				
	2.6.2	.163	.139	.132	.314	.253	.285	.346	.318	.324	.269	.300	.318	.336	.358	.438	.492	.363	.753	1			
	2.6.3	.170	.224	.220	.363	.336	.341	.326	.453	.357	.387	.389	.449	.407	.412	.377	.489	.392	.560	.605	1		
Behavioral loyalty	2.7.1	.235	.231	.262	.336	.304	.313	.475	.311	.350	.317	.368	.436	.491	.480	.474	.459	.338	.561	.581	.598	1	
	2.7.2	.015	.202	.157	.258	.280	.307	.265	.299	.325	.353	.249	.317	.371	.388	.329	.435	.370	.405	.356	.440	.461	1
	2.7.3	.052	.212	.192	.307	.301	.320	.350	.372	.379	.365	.338	.403	.471	.493	.352	.493	.364	.414	.440	.558	.566	.623

In the goodness-of-fit test, the result show the GFI is 0.948, RMR is 0.0443, SRMR is 0.0333, RMSEA is 0.0191, these indexes all within the acceptable level, moreover, the other goodness-of-fit indexes such as AGFI, NFI, NNFI,CFI also greater than threshold of 0.9, the detail was show in following table:

Table 4: Goodness-of-Fit Result

Absolute Fit Measure		Threshold
Degree of Freedom (df)	221	
Minimum Fit Function Chi-Square (χ^2)	260.990 (P = 0.0337)	
Normal Theory Weighted Least Squares Chi-Square	253.017 (P = 0.0686)	
Goodness of Fit Index (GFI)	0.948	>0.9
Root Mean Square Residual (RMR)	0.0443	<0.05
Standardized RMR	0.0333	<0.05
Root Mean Square Error of Approximation (RMSEA)	0.0191	<0.06
Incremental Fit Measure		Threshold
Adjusted Goodness of Fit Index (AGFI)	0.936	>0.9
Normed Fit Index (NFI)	0.985	>0.9
Non-Normed Fit Index (NNFI)	0.997	>0.9
Comparative Fit Index (CFI)	0.998	>0.9

In the hypothesis testing, the result was supported all hypothesis of this study: Commitment has a direct effect on customer loyalty (H1: DE=0.59), satisfaction has a direct effect on customer loyalty (H2: DE=0.17), trust has a direct effect on customer loyalty (H3: DE=0.22), customer loyalty program has a direct impact on satisfaction (H4: DE=0.27), customer loyalty program has a direct impact on trust (H5: DE=0.14), customer loyalty

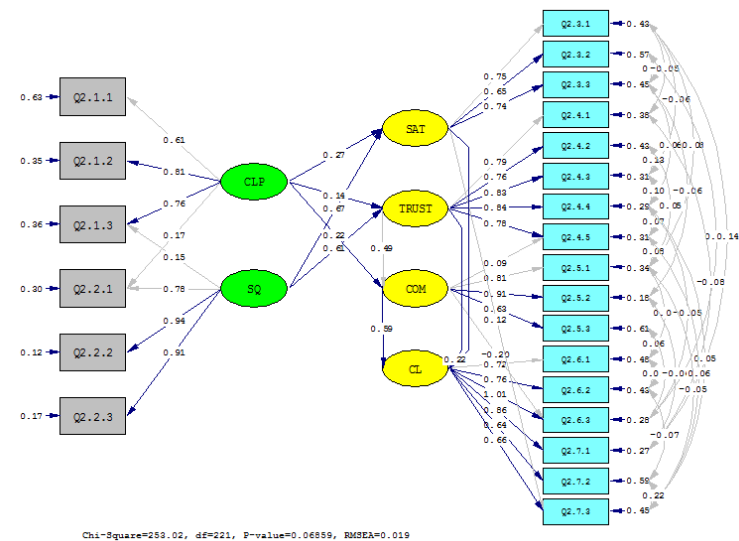
program has a direct impact on commitment (H6: DE=0.22) commitment as the mediator between customer loyalty program and customer loyalty (H7: base on H1 and H6), satisfaction as the mediator between customer loyalty program and customer loyalty (H8: base on H2 and H4), trust as the mediator between customer loyalty program and customer loyalty (H9: base on H3 and H5), service quality has a direct impact on satisfaction (H10: DE=0.67), service quality has a direct impact on trust (H11: DE=0.61), satisfaction as the mediator between service quality and customer loyalty (H12: base on H2 and H10), trust as the mediator between service quality and customer loyalty (H13: base on H3 and H11). The data was show in follow:

Table 5: Standardized Total, Indirect and Direct Effects

Effect	SAT			TRUST			COM			CL		
	TE	IE	DE	TE	IE	DE	TE	IE	DE	TE	IE	DE
CLP	0.27	0	0.27	0.14	0	0.14	0.29	0.07	0.22	0.25	0.25	0
SQ	0.67	0	0.67	0.61	0	0.61	--	--	--	0.43	0.43	0
SAT	--	--	--	--	--	--	--	--	--	0.17	0	0.17
TRUST	--	--	--	--	--	--	--	--	--	0.51	0.29	0.22
COM	--	--	--	--	--	--	--	--	--	0.59	0	0.59

Figure 2 was present the standardized path coefficient among the observed variables (Q2.2.2- Q2.7.3) and latent variables, such as customer loyalty program(CLP), service quality (SQ), satisfaction(SAT), trust, commitment(COM) and customer loyalty (CL). All the paths are significant in Chi-square = 253.02, p-value= 0.06859.

Figure 2: SEM: standardized solution



8. Conclusion

This study was found the commitment, trust and satisfaction have a direct impact on customer loyalty, and the commitment have the biggest impact on customer loyalty, it's the major driving factors of customer loyalty. Customer loyalty program has a direct impact on commitment, trust and satisfaction, and customer loyalty program has a respectively high impact on satisfaction. Service quality has a direct impact on trust and satisfaction, and its

impact on satisfaction is respectively high. Service quality is the major driving factors of satisfaction and trust. The customer loyalty program and service quality have no direct impact on customer loyalty, they were indirect impact on customer loyalty through the mediators of commitment, trust and satisfaction.

9. Discussion

In this study, the purpose was focus on the relationship among customer loyalty program, service quality, satisfaction, trust, commitment and customer loyalty, and research whether the satisfaction, trust and commitment can be seem as the mediate between customer loyalty program, service quality and customer loyalty. The research result can be proved all the hypothesis of this study.

According to the hypothesis 1, hypothesis 4, hypothesis 5, hypothesis 10 and hypothesis 11, the result of this study show the commitment has a direct impact on customer loyalty, customer loyalty program directly impact on satisfaction, customer loyalty program directly impact on trust, service quality directly impact on satisfaction, service quality directly related with trust, these results were similar with the research of Ou et al. (2011).

For the hypothesis 2, the result of this study proved the satisfaction directly impact on customer loyalty, this was similar with the existing research of Yap et al., (2012) and Thomas, (2013); About the hypothesis 3, the result indicated that trust was directly and positive impact on customer loyalty in Bangkok hypermarket. This result was similar with the study of Miller et al. (2013) and Yap et al. (2012). In the hypothesis 6, which suggested the customer loyalty program has a direct impact on commitment, and the result of this study was similar with the research of Evanschitzky et al. (2006).

The hypothesis 7, hypothesis 8, hypothesis 9, hypothesis 12 and hypothesis 13 were base on the existing hypothesis of this study, they suggested that commitment, satisfaction, trust was the mediator between customer loyalty program, service quality and customer loyalty, these results were the contribution and consolidation of the existing knowledge.

10. Implication for Business

This study was found the customer loyalty program have a directly and positively impact on satisfaction, trust and commitment, it means that if company pay more attention on customer loyalty program, it can help the company get more customer's satisfaction, trust and commitment. Moreover, this study found the service quality have a directly and positively impact on satisfaction and trust, it means that if the company more focus on the service quality to customer, that will get more satisfaction and trust from customers. In addition, the result of this study was indicated the satisfaction, trust and commitment have a direct and positive influence on customer loyalty, it means that if the company enhances the satisfaction, trust, and commitment of their customer, which can improve the customer loyalty of company, and then help to get more profit and market share. In the business competition of hypermarket, the managers who attempt to increase the hypermarket' competitiveness and taken a dominated market share through manage their customer loyalty, the suggestion below can be helpful for them.

First, if hypermarket wants to improve customer loyalty, they can provide more marketing activities, such as discount and promotion, and let customers feel the value they get. Meanwhile, provide high quality service also can help improve customer loyalty, such as:

focus on employee's service attitude and make the service timely and effective, enhance the training of employees, increase their service efficiency in order to improve the overall service quality of hypermarket, and let customer feel positive towards the service of hypermarket. Second, if manager want to improve the customer loyalty of hypermarket, just focus the customer loyalty and service quality is no enough, because in this study customer loyalty program and service quality have not direct effect on customer loyalty, the hypermarket must also focus on satisfaction, trust and commitment, such as be honest and keep promise to customer, pay more attention to customer's benefit, provide a comfortable shopping environment, improve customers' shopping experiences, focus on customers' suggestion, and try to improve them, do the best to let customer feel satisfy with hypermarket, try to improve the relationship between customer and hypermarket, then hypermarket can achieve the objective of improve trust, satisfaction and commitment. Finally, strengthen the customer loyalty towards hypermarket.

11. Limitations & Further Research

The limitations of this study include the research scope, research method and language.

In the research scope, the research just cover the major district of Bangkok, so this study just can represent the situation of hypermarket in Bangkok, for other district in Bangkok or other countries, the situation may changed by the difference of environment, culture and lifestyle.

In the research method, this study just used quantitative method to develop the model, and the influence factors of customer loyalty just involved satisfaction, trust, commitment, customer loyalty program and service quality, if this study can combine qualitative method, it may develop more influence factors of customer loyalty.

This study was used English to research, but in Bangkok most people were speak Thai language, so the questionnaire was collected by Thai language, thus, there have some translate problem cause of the different language.

In the further research, researchers can combine more literature and qualitative method to improve this model, and find more influence factors on customer loyalty, on the other hand, researchers can try to apply this model in other countries or industries.

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Appendices

Questionnaire for customer research in Bangkok hypermarket

Section 1: basic information

Please fill (√) in□to make your answer with your personal information. Each question has only one option.

1. Gender
- ☐ Male☐ Female
2. Age
- ☐ 18-25☐ 26-35☐ 36-45☐ 46-65
3. Income per month
- ☐ < 10,000 baht☐ 10,000 - 30,000 baht
- ☐ 30,001 - 50,000 baht☐ > 50,000 baht
4. Occupation
- ☐ Student☐ Housewife☐ Teacher☐ Companu employee
- ☐ Engineer☐ Freelancers☐ Doctor☐ Government official
- ☐ Worker☐ Businessman☐ Other _____
5. How many members in your family?
- ☐ 1-2☐ 3-5☐ 6-10☐ More than 10

6. What's your education level?
- ☐Below the junior school☐Junior school
- ☐Senior school☐Bachelor degree
- ☐Master degree☐Higher than Master degree
7. Do you have Big C or Tesco Lotus's membership card?
- ☐Yes☐ No
8. Which hypermarket you visit in Bangkok more often?
- ☐ Big C☐ Tesco Lotus
9. Base on the question 8, what's the frequency you visit to this hypermarket?
- ☐Lower than Once per month☐Once per month
- ☐2-4 times per month☐5-10 times per month
- ☐More than 10 times per month

Section 2: basic information

Base on the question of section 1 Q8, please fill (√) to make your answer for the following question, the scales from 1 to 5 represent the attitude of strongly disagree, disagree, uncertain, agree and strongly agree respectively.

2.1 Customer loyalty program	Disagree ←→ Agree				
	1	2	3	4	5
2.1.1 I often focus the promotion activities such as discount or buy one get one free.					
2.1.2 I often participate the activities of collect stamp for exchange gift.					
2.1.3 I satisfy with the reward or discount from the membershipcard of hypermarket					
2.2 Service quality	Disagree ←→ Agree				
	1	2	3	4	5
2.2.1 The employees at this hypermarket are polite to me					
2.2.2 It is easy to get a help or service in this hypermarket					
2.2.3 Staff provide customer with timely and appropriate assistance					
2.3 Satisfaction	Disagree ←→ Agree				
	1	2	3	4	5
2.3.1 I feel comfortable when I shopping in this hypermarket					
2.3.2 I talk positively about this hypermarket to others					
2.3.3 I am satisfied with the hypermarket compared with an ideal one					
2.4 Trust	Disagree ←→ Agree				
	1	2	3	4	5
2.4.1 The hypermarket is honest with their customers, it does what it promises					
2.4.2 The hypermarket has a great deal of integrity.					
2.4.3 The hypermarket is concerned with my welfare, not only with obtaining profit					
2.4.4 I have a great confidence in the hypermarket					
2.4.5 I trust this hypermarket provide me with consistent quality goods and services.					

2.5 Commitment	Disagree ← → Agree				
	1	2	3	4	5
2.5.1 My relationship with hypermarket is very important to me					
2.5.2 I am emotionally attached to the hypermarket					
2.5.3 If this hypermarket were no longer in business, it would be a significant loss for me.					
2.6 Attitudinal loyalty	Disagree ← → Agree				
	1	2	3	4	5
2.6.1 Visiting this hypermarket is one of my favorite activities.					
2.6.2 This hypermarket is fun to visit.					
2.6.3 I encourage friends and relatives to shopping in this hypermarket.					
2.7 Behavioral loyalty	Disagree ← → Agree				
	1	2	3	4	5
2.7.1 I intend to continue visit this hypermarket in future					
2.7.2 I would not switch to a competitor, even if I had a problem with the products/services of this hypermarket					
2.7.3I will always continue to choose this hypermarket before others.					

FACTORS AFFCTING CHINESE CONSUMERS’ PURCHASE INTENTION ON FACIAL MAKE-UP COSMETICS

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Abstract

With the development of economy growth rapidly in nowadays of China, the progress of the society, the increase of people's consumption level and people's consumption concept has been changed a lot as before. The demand of facial make-up cosmetics has continued rapid growth which brings new markets, new challenges and opportunities to the cosmetics industry. China's facial make-up cosmetics market share is still far insufficient. Thus the research on factors affecting Chinese consumers purchase intention becomes an important determinant of cosmetics enterprises to improve the product market competitiveness. This research thorough examine the influence of demographic, marketing mix (4Ps) and promotion mix towards Chinese consumers purchase intention on facial make-up cosmetics. To make cosmetics enterprise enable to capitalize on these factors to optimizing their appropriate marketing strategies for better communication with their consumers and to achieve a better development.

This research divided into 5 parts: Part 1 is the introducing the research details including problem statement, objectives, significance, research questions, scope, expected benefit and the operating definition. Part 2 is the review of the literature which including related research, conceptual framework and research hypothesis. Part 3 is the methodology of the research which including research design, research tools, research survey, data collection and data analysis. Part 4 is the result of the study. Part 5 is the conclusion and discussion of the research.

Keywords: Facial make-up cosmetics, Demographic, Marketing mix, Promotion mix, Consumer purchase intention

1. Introduction

Facial make-up cosmetics in China have a long history. It can be tracing back to thousands of years ago. According to the records, women have begun to use facial make-up cosmetics to beautify their appearance as early as in the Qin Dynasty. Nowadays, with the development of economy, the progress of the society and the increase of people's consumption level, household consumption expenditure in China increase rapidly, and people's consumption concept has been changed a lot as before. In the past time, most of the people regarded Facial make-up cosmetics as luxury products, but it is now widely accepted

by more and more people, and become more and more important of people's daily life. A growing number of Chinese people began to consider make-up as a basic etiquette, and the demand for facial make-up cosmetics has continued rapid growth. This brings new markets, new challenges and opportunities to the cosmetics industry.

It is natural for women want to be beauty and they never ceased to chase after it. But in nowadays, as men's consciousness of beauty awakening, focus on appearance is no longer only for women, more and more men began to pay more attention on their appearance. Thus men are not only bought facial make-up cosmetics for women as the identity of a boyfriend, a husband or a son, but some of them also buy facial make-up cosmetics for themselves. From the facial make-up cosmetics in the market, the facial make-up cosmetics of women occupy the absolute superiority, while market share of the facial make-up cosmetics of men are relatively small.

People of different gender, age, occupation, education and monthly income have different consumer intention on purchase facial make-up cosmetics. Then will affect them to make a decision which product they will choose to purchase. In order to be an invincible position in the cosmetics market, cosmetics enterprises are try to use all strategies to attract more consumers with the variety of consumers' different psychology. Therefore, study the factors affect Chinese consumers purchase intention has a great significance for the development of market economy.

China's facial make-up cosmetics market growth rapidly in recently years, but compared with other foreign markets, especially in Japan and South Korea market, China's facial make-up cosmetics market share is still far insufficient. This indicated that China's facial make-up cosmetics market in the future will have huge potential and large development of space. Thus the research on factors affect Chinese consumers purchase intention becomes an important determinant of cosmetics enterprises to improve the product market competitiveness.

2. Literature review and hypothesis

Hypothesis 1:

Ho1: Demographic factor cannot influence Chinese consumers purchase intention on facial make-up cosmetics.

Ha1: Demographic factor can influence Chinese consumers purchase intention on facial make-up cosmetics.

2.1 4Ps of marketing mix

Marketing mix originated from the micro economic theory of single P (Price) (Chong, 2003). The 4Ps theory was first appeared as the marketing mix theory in 1960s in American. Jerome McCarthy (1960) was first classification these factors into 4 categories: products, price, place and promotion. Neil Borden (1953) was created the term of "Marketing mix" on the American marketing association's inauguration speech. The meaning is refers to the market demand is more or less affect by the "marketing variable" or "marketing elements". Enterprises should combine these factors effectively in order to seek the market reaction, to meet the market demand and maximize the profits. The main job of marketing department is to make a series marketing decisions for these four elements, to launch the most effective marketing mix strategy to meet specific customers, at the same time it also can bring profits for the enterprise itself. Each parts of the 4PS of marketing mix are equally important, the lack any one of them could mean failure (Kellerman, Gordon and Hekmat, 1995).

Hypothesis 2:

Ho2: Marketing mix cannot influence Chinese consumers purchase intention on facial make-up cosmetics.

Ha2: Marketing mix can influence Chinese consumers purchase intention on facial make-up cosmetics.

2.2 Promotion Mix

Promotion mix is a kind of organization strategy for promotion of ideas. According to Kimmel (2005), promotion mix refers to the activities that the companies try to persuade and remind the customer about the information of their new products or services in directly ways or indirectly ways. Chris Fill (2009) argues that companies use advertising, personal selling, sales promotion, public relations and direct marketing 5 basic promotional methods combined into a strategy system, make all promotional activities of the enterprises to cooperate and coordinated with each other, to maximize the overall effect, thereby achieving business goals successfully.

Hypothesis 3:

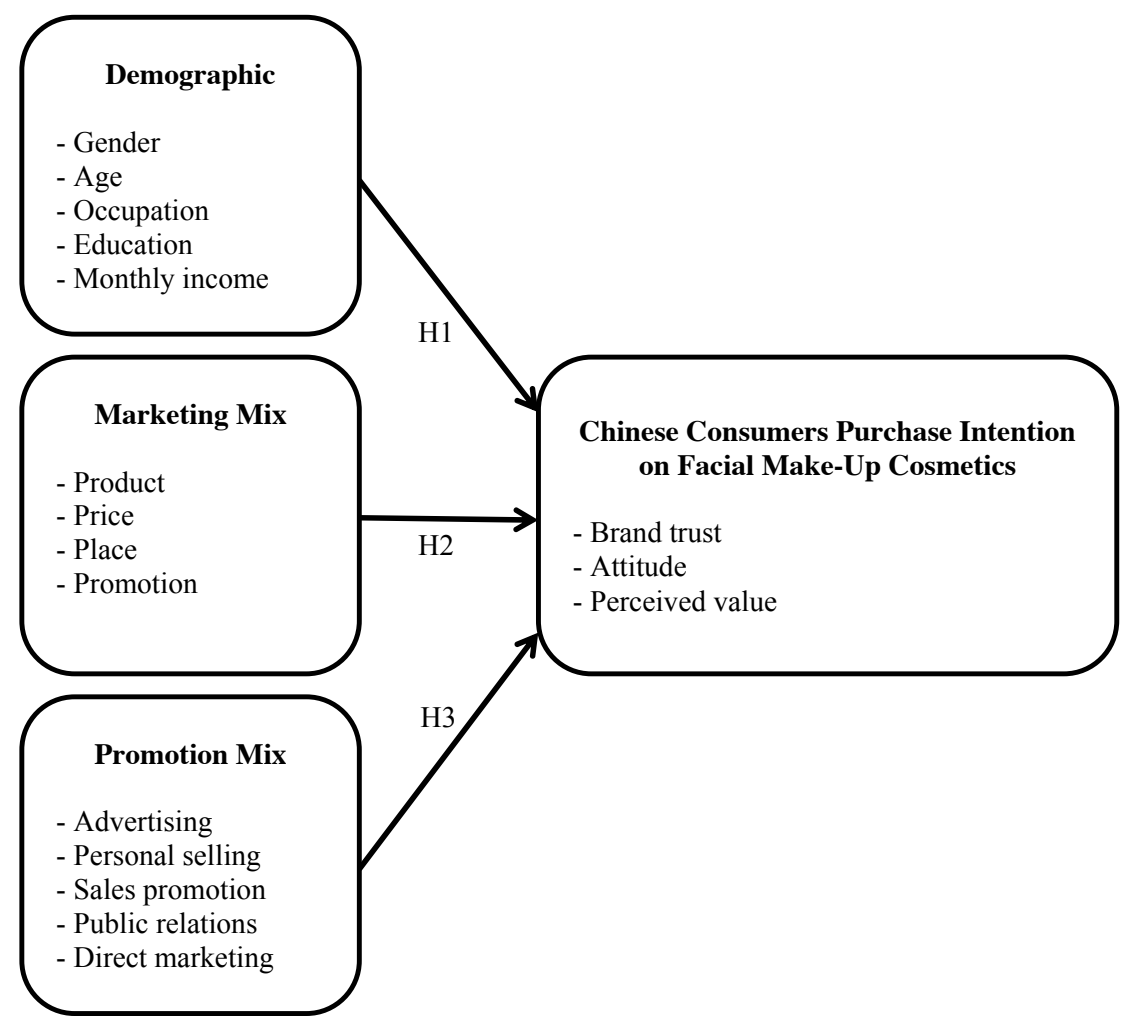
Ho3: Promotion mix cannot influence Chinese consumers purchase intention on facial make-up cosmetics.

Ha3: Promotion mix can influence Chinese consumers purchase intention on facial make-up cosmetics.

2.3 Consumers purchase intention

It can be regarded as the subjective probability that consumer choose of a product or service, purchase intention is the degree that consumer consider purchasing a product. (Dodds, Monroe and Grewal, 1991; Schiffman and Kanuk, 2000).Fishbein (1975) suggest that specific behavior intention is a person's subjective probability, and purchase intention is the subjective tendency of a product or a brand, which can be used as an important index to predict consumers' behavior. Gary M. Mullet and Marvin Karson (1985) think that purchase intention is consumers' attitude toward a product or service under the influence of external factors. According to Swinyard's (1993) measuring scale, purchase intention can be divided into: 1) Purchase propensity: "I'm would like to spend more time to get the relevant product information." 2) Product trial tendency: "I'm would like to try the product if I'm not satisfied with it that I can get a refundable." 3) Purchase intention: "I like the product," "I believe the product is worth to purchase." 4) Purchase behavior: "I'm would like to purchase the product."

Figure 1:



3. Population and Sample

The population size cannot determine exactly number, there are no official record. The sample size calculates according to the way of population is unknown (Suzie sangren, 1999) determined standardized score is 95% and level of acceptable error is 5%.

$$n = Z^2 / 4e^2$$

n = sample size
Z = standardized score (descriptive statistics) or Z-statistic 95%
e = level of acceptable error±5%

After conclude this formula the sample size is approximately equal to 400 samples. Therefore, this study was collected 400 valid samples in order to complete the research.

3.1 Data Collection

The research used the largest free online survey program “WENJUANWANG” (<http://www.wenjuan.com/>) to distribute the questionnaire and also shared on the social networking sites (QQ and WEIBO) to the respondents directly within different cities of China. And then, the system of this online survey program had been collected and records the data automatically.

3.2 Data Measurement

Section 1 used nominal scale and ordinal scale to measure the demographic data. Section 2 to Section 4 used the Likert scale (five-point) to measure the data.

4. Results

This chapter presented the analysis results of the primary data collected from 400 qualified questionnaires which based on the conceptual framework of the research.

One-way ANOVA test was used to test hypothesis 1 - demographic factors. According to the sig Value to consider the hypothesis: If sig value is larger than 0.05, then accept the Ho; otherwise if the sig value is less than 0.05, then reject Ho. The details were show in following:

Table 1: One-Way ANOVA Test Result for Demographic and Consumers Purchase Intention

	Gender		Age		Occupation		Education		Monthly Income	
	Sig.	Result	Sig.	Result	Sig.	Result	Sig.	Result	Sig.	Result
Chinese Brands	0.432	Accept	0.213	Accept	0.004	Reject	0.001	Reject	0	Reject
European & American Brands	0.056	Accept	0.705	Accept	0.203	Accept	0.344	Accept	0.004	Reject
Japanese & Korean Brands	0.059	Accept	0.164	Accept	0.001	Reject	0.349	Accept	0.721	Accept
Buy Product to be Recommended	0.154	Accept	0.104	Accept	0.12	Accept	0.115	Accept	0.932	Accept
Buy Product Follow Consumers Own Feeling	0.008	Reject	0.047	Reject	0.002	Reject	0.054	Accept	0.033	Reject
Quality Guaranteed	0.412	Accept	0	Reject	0.477	Accept	0.556	Accept	0.001	Reject
Reasonable Price	0.031	Reject	0	Reject	0.494	Accept	0.847	Accept	0.001	Reject
Excellent Quality & Reasonable Price	0.195	Accept	0	Reject	0.163	Accept	0.554	Accept	0	Reject

Correlation test was used to test hypotheses 2 and hypothesis 3 regarding the relationship between marketing mix with consumer purchase intention, promotion mix with consumer purchase intention.

Table 2:Correlations Result for Product and Consumers Purchase Intention

	Quality		Brand		Package design		Product Effectiveness	
	Sig.	Result	Sig.	Result	Sig.	Result	Sig.	Result
Chinese Brands	0.053	Reject	0.674	Accept	0.565	Accept	0.142	Accept
European & American Brands	0	Reject	0	Reject	0.004	Reject	0	Reject
Japanese & Korean Brands	0.127	Accept	0.002	Reject	0.134	Accept	0.29	Accept
Buy Product to be Recommended	0	Reject	0.624	Accept	0.026	Reject	0.007	Reject
Buy Product Follow Consumers Own Feeling	0.104	Accept	0.01	Reject	0.001	Reject	0.016	Reject
Quality Guaranteed	0	Reject	0.257	Accept	0.001	Reject	0	Reject
Reasonable Price	0.119	Accept	0.049	Reject	0	Reject	0.175	Accept
Excellent Quality & Reasonable Price	0.446	Accept	0.001	Reject	0	Reject	0.928	Accept

Table 3: Correlations Result for Price / Place and Consumers Purchase Intention

	Low price		Medium price		High price		Online		Offline		Telephone order		Mail order	
	Sig.	Result	Sig.	Result	Sig.	Result	Sig.	Result	Sig.	Result	Sig.	Result	Sig.	Result
Chinese Brands	0.053	Reject	0.674	Accept	0.565	Accept	0.095	Accept	0.189	Accept	0.046	Reject	0.082	Accept
European & American Brands	0	Reject	0	Reject	0.004	Reject	0.175	Accept	0	Accept	0.193	Accept	0.105	Accept
Japanese & Korean Brands	0.127	Accept	0.002	Reject	0.134	Accept	0.009	Reject	0.134	Reject	0.116	Accept	0.342	Accept
Buy Product to be Recommended	0	Reject	0.624	Accept	0.026	Reject	0.001	Reject	0	Reject	0.665	Accept	0.155	Accept
Buy Product Follow Consumers Own Feeling	0.104	Accept	0.01	Reject	0.001	Reject	0.085	Accept	0.004	Reject	0	Reject	0.051	Accept
Quality Guaranteed	0	Reject	0.257	Accept	0.001	Reject	0.683	Accept	0	Reject	0.454	Accept	0.095	Accept
Reasonable Price	0.119	Accept	0.049	Reject	0	Reject	0.436	Accept	0	Reject	0.324	Accept	0.172	Accept
Excellent Quality & Reasonable Price	0.446	Accept	0.001	Reject	0	Reject	0.109	Accept	0	Reject	0.481	Accept	0.178	Accept

Table 4:Correlations Result for Promotion and Consumers Purchase Intention

	Discount		Special package send gift		Cash rebate		Membership card discount	
	Sig.	Result	Sig.	Result	Sig.	Result	Sig.	Result
Chinese Brands	0.003	Reject	0	Reject	0	Reject	0.124	Accept
European & American Brands	0.032	Reject	0.065	Accept	0.434	Accept	0.252	Accept
Japanese & Korean Brands	0.083	Accept	0.234	Accept	0.018	Reject	0.003	Reject
Buy Product to be Recommended	0	Reject	0	Reject	0.015	Reject	0.007	Reject
Buy Product Follow Consumers Own Feeling	0.315	Accept	0.012	Reject	0.001	Reject	0	Reject
Quality Guaranteed	0	Reject	0.17	Accept	0.152	Accept	0.036	Reject
Reasonable Price	0.081	Accept	0.496	Accept	0.42	Accept	0.066	Accept
Excellent Quality & Reasonable Price	0.413	Accept	0.795	Accept	0.41	Accept	0.021	Reject

Table 5: Correlations Result for Advertising and Consumers Purchase Intention

	Internet		TV		Radio		Magazines & Newspapers		Leaflets	
	Sig.	Result	Sig.	Result	Sig.	Result	Sig.	Result	Sig.	Result
Chinese Brands	0.042	Reject	0.013	Reject	0.001	Reject	0.383	Accept	0.004	Reject
European & American Brands	0.004	Reject	0	Reject	0.564	Accept	0.001	Reject	0.469	Accept
Japanese & Korean Brands	0	Reject	188	Accept	0.332	Accept	0.01	Reject	0.001	Reject
Buy Product to be Recommended	0	Reject	0	Reject	0.178	Accept	0	Reject	0.001	Reject
Buy Product Follow ConsumersOwn Feeling	0.004	Reject	0.175	Accept	0	Reject	0	Reject	0	Reject
Quality Guaranteed	0.02	Reject	0.013	Reject	0.458	Accept	0.013	Reject	0.056	Accept
Reasonable Price	0.5	Accept	0.282	Accept	0.019	Reject	0.006	Reject	0.004	Reject
Excellent Quality &Reasonable Price	0.682	Accept	0.912	Accept	0.026	Reject	0.096	Accept	0.01	Reject

Table 6: Correlations Result for Personal Selling / Sales Promotion and Consumers Purchase Intention

	Door-to-door selling		Counter selling		Exhibition selling		Store demonstration		Free samples		Gift certificate, coupons		Premium sales	
	Sig.	Result	Sig.	Result	Sig.	Result	Sig.	Result	Sig.	Result	Sig.	Result	Sig.	Result
Chinese Brands	0	Reject	0.073	Accept	0.062	Accept	0	Reject	0.007	Reject	0.001	Reject	0.02	Reject
European & American Brands	0.093	Accept	0.003	Reject	0.136	Accept	0.372	Accept	0.084	Accept	0.001	Reject	0.001	Reject
Japanese & Korean Brands	0.223	Accept	0.069	Accept	0.138	Accept	0.016	Reject	0.069	Accept	0.141	Accept	0.138	Accept
Buy Product to be Recommended	0.453	Accept	0	Reject	0	Reject	0.006	Reject	0	Reject	0	Reject	0.02	Reject
Buy Product Follow Consumers Own Feeling	0.001	Reject	0.002	Reject	0.164	Accept	0	Reject	0.059	Accept	0.003	Reject	0.002	Reject
Quality Guaranteed	0.009	Reject	0	Reject	0.002	Reject	0.001	Reject	0	Reject	0.034	Reject	0.038	Reject
Reasonable Price	0.606	Accept	0	Reject	0.002	Reject	0	Reject	0.001	Reject	0.102	Accept	0.929	Accept
Excellent Quality & Reasonable Price	0.482	Accept	0	Reject	0.003	Reject	0.016	Reject	0.039	Reject	0.038	Reject	0.532	Accept

Table 7: Correlations Result for Public Relations / Direct Marketing and Consumers Purchase Intention

	Charitable contribution		Presentation		Large-scale promotion activity		E-mail marketing		Online marketing		Telemarketing	
	Sig.	Result	Sig.	Result	Sig.	Result	Sig.	Result	Sig.	Result	Sig.	Result
Chinese Brands	0	Reject	0	Reject	0.004	Reject	0	Reject	0.076	Accept	0	Reject
European & American Brands	0.054	Accept	0.286	Accept	0.016	Accept	0.867	Accept	0.004	Reject	0.842	Accept
Japanese & Korean Brands	0.343	Accept	0.001	Reject	0.023	Reject	0.204	Accept	0	Reject	0.123	Accept
Buy Product to be Recommended	0.252	Accept	0.095	Accept	0	Reject	0.393	Accept	0	Reject	0.28	Accept
Buy Product Follow Consumers Own Feeling	0.004	Reject	0	Reject	0	Reject	0.004	Reject	0.371	Accept	0.043	Reject
Quality Guaranteed	0.053	Accept	0.012	Reject	0.001	Reject	0.891	Accept	0.025	Reject	0.418	Accept
Reasonable Price	0.201	Accept	0	Reject	0	Reject	0.099	Accept	0.148	Accept	0.263	Accept
Excellent Quality & Reasonable Price	0.145	Accept	0.009	Reject	0	Reject	0.002	Reject	0.133	Accept	0.093	Accept

5. Discussion

5.1 Demographic

In this research, the researcher found that gender can influence the attitude of buy product to follow consumers own feeling of purchase intention, the perceived value of reasonable price of purchase intention. Age can influence the attitude of buy product to follow consumers own feeling of purchase intention, the perceived value of purchase intention. Occupation can influence the brand trust of Chinese brands, Japanese & Korean

brands of purchase intention, the attitude of buy product to follow consumers own feeling of purchase intention. Education can influence the brand trust of Chinese brands of purchase intention. Monthly income can influence the brand trust of Chinese brands, European & American brands of purchase intention, the attitude of buy product to follow consumers own feeling of purchase intention, the perceived value of purchase intention.

While in previous studies, demographic is one of the most important factor to influence purchase intention. According to Putrevu (2001), due to the differences of physiological composition and differences of social experience, the purchase motivation, purchase behavior and personality between men and women are different. Liang Jin Long (2013) said that gender did not show a significant moderating effect on purchase intention. Different ages consumer have different behavior. Nabil and Imed (2010) found that some young consumers are more concerned on the labeled products than other young consumers. According to Solomon (1999), people with a better education can get a good occupation and get a good income that has impact on their purchase intention.

5.2 Marketing mix

In this research, the researcher found that quality of “product” can influence the brand trust of Chinese brands, European & American brands of purchase intention, the attitude of buy product to be recommended of purchase intention, the perceived value of quality guaranteed of purchase intention. Brand of “product” can influence the brand trust of European & American brands and Japanese & Korean brands of purchase intention, the attitude of buy product to follow consumers own feeling of purchase intention, the perceived value of reasonable price and excellent quality & reasonable price of purchase intention. Package design of “product” can influence the brand trust of European & American brands of purchase intention, the attitude of purchase intention, the perceived value of purchase intention. Product effectiveness of “product” can influence the brand trust of European & American brands of purchase intention, the attitude of purchase intention, the perceived value of quality guaranteed of purchase intention. Low price of “price” can influence the brand trust of Chinese brands, European & American brands of purchase intention. Medium price of “price” can influence the brand trust of European & American brands of purchase intention, the attitude of buy product to be recommended of purchase intention, the perceived value of purchase intention. High price of “price” can influence the brand trust of European & American brands and Japanese & Korean brands of purchase intention, the attitude of buy product to follow consumers own feeling of purchase intention. Online of “place” can influence the brand trust of Japanese & Korean brands of purchase intention, the attitude of buy product to be recommended of purchase intention. Offline of “place” can influence the brand trust of Japanese & Korean brands of purchase intention, the attitude of purchase intention, and the perceived value of purchase intention. Telephone order of “place” can influence the brand trust of Chinese brands, and attitude of buy product to follow consumers own feeling of purchase intention. Mail order of “place” cannot influence consumers purchase intention. Discount of “promotion” can influence the brand trust of Chinese brands, European & American brands of purchase intention, the attitude of buy product to be recommended of purchase intention, the perceived value of quality guaranteed of purchase intention. Special package and send gift of “promotion” can influence the brand trust of Chinese brands of purchase intention, and attitude of purchase intention. Cash rebate of “promotion” can influence the brand trust of Chinese brands, Japanese & Korean brands of purchase intention, attitude of purchase intention. Membership card discount of “promotion” can influence the brand trust of Japanese & Korean brands of purchase intention, attitude of purchase intention, the perceived value of quality guaranteed, excellent quality & reasonable price of purchase intention.

While in previous studies, product, price, place, and promotion are the most important marketing mix factors to affect consumers purchase intention. Price and product are two of the strongest predictors in the marketing mix. According to Satit, Tat, Rasli, Chin and Sukati (2012), high product quality and high customer satisfaction will lead to consumers high levels of purchase intention and repeat buying. Muzondo and Mutandwa (2011) found product can significant influence consumer choice of store for main grocery shopping. Ahmetoglu, Fried, Dawes and Furnham (2010) found price has a significance influence on consumers purchase intention. Lolo (2011) and Fadhillah (2013) found place has a significant influence on consumers purchase intention on buying decision making. Gupta and Cooper (2013) found discounts promotion of a brand name has great impact on consumers purchase intention.

5.3 Promotion mix

In this research, the researcher found that Internet of “advertising” can influence the brand trust of purchase intention, the attitude of purchase intention, the perceived value of quality guaranteed of purchase intention. TV of “advertising” can influence the brand trust of Chinese brands, European & American brands of purchase intention, the attitude of buy product to be recommended of purchase intention, the perceived value of quality guaranteed of purchase intention. Radio of “advertising” can influence the brand trust of Chinese brands of purchase intention, the attitude of buy product to follow consumers own feeling of purchase intention, the perceived value of reasonable price, excellent quality & reasonable price of purchase intention. Magazines & newspapers of “advertising” can influence the brand trust of European & American brands and Japanese & Korean brands of purchase intention, the attitude of purchase intention, the perceived value of quality guaranteed and reasonable price of purchase intention. Leaflets of “advertising” can influence the brand trust of Chinese brands and Japanese & Korean brands of purchase intention, the attitude of purchase intention, the perceived value of reasonable price and excellent quality & reasonable price of purchase intention. Door-to-door selling of “personal selling” can influence the brand trust of Chinese brands of purchase intention, the attitude of buy product to follow consumers own feeling of purchase intention, the perceived value of quality guaranteed of purchase intention. Counter selling of “personal selling” can influence the brand trust of European & American brands of purchase intention, the attitude of purchase intention, the perceived value of purchase intention. Exhibition selling of “personal selling” can influence the attitude of buy product to be recommended of purchase intention, the perceived value of purchase intention.

Store demonstration selling of “sales promotion” can influence the brand trust of Chinese brands and Japanese & Korean brands of purchase intention, the attitude of purchase intention, and the perceived value of purchase intention. Free samples of “sales promotion” can influence the brand trust of Chinese brands of purchase intention, the attitude of buy product to be recommended of purchase intention, the perceived value of purchase intention. Gift certificate / coupons of “sales promotion” can influence the brand trust of Chinese brands, European & American brands of purchase intention, the attitude of purchase intention, the perceived value of quality guaranteed, excellent quality & reasonable price of purchase intention. Premium sales of “sales promotion” can influence the brand trust of Chinese brands, European & American brands of purchase intention, the attitude of purchase intention, the perceived value of quality guaranteed of purchase intention. Charitable contribution of “public relations” can influence the brand trust of Chinese brands of purchase intention, the attitude of buy product to follow consumers own feeling of purchase intention. Presentation of “public relations” can influence the brand trust of Chinese brands and Japanese & Korean brands of purchase intention, the attitude of buy product to follow

consumers own feeling of purchase intention, the perceived value of purchase intention. Large-scale promotion activity of “public relations” can influence the brand trust of Chinese brands and Japanese & Korean brands of purchase intention, the attitude of purchase intention, the perceived value of purchase intention. E-mail marketing of “direct marketing” can influence the brand trust of Chinese brands of purchase intention, the attitude of buy product to follow consumers own feeling of purchase intention, the perceived value of excellent quality & reasonable price of purchase intention. Online marketing of “direct marketing” can influence the brand trust of European & American brands and Japanese & Korean brands of purchase intention, the attitude of buy product to be recommended of purchase intention, the perceived value of quality guaranteed of purchase intention. Telemarketing of “direct marketing” can influence the brand trust of Chinese brands of purchase intention, the attitude of buy product to follow consumers own feeling of purchase intention.

While in previous studies, Hemamalini and Shree (2014) found advertising attractiveness can appeal consumers’ eyes in a short time and increase their purchase intention at the same time. Anthony and Roberto (2014) found personal selling plays an important role in affecting consumers purchase intention. Sameen, Muhammad and Shufa (2014) found sales promotion has a positively significant relationship with consumers purchase intention. Akhter, Syed and Srinivas (1991) found direct marketing plays an important role in influence on consumers purchase behavior.

6. Conclusion

According to the 400 qualified questionnaires to this research, the researcher found that young Chinese females to be well educated are the main consumer to purchase on facial make-up cosmetics.

Quality and product effectiveness were most important in the “product” part, and product effectiveness was more important to them than quality. In the “price” part, consumers were most willing to purchase medium price product, they were more willing to purchase high price product than low price product. In the “place” part, consumers often purchased the product by the way of offline, and followed was purchase online. Most of them never purchased the product through mail order and telephone order. While in the “promotion” part, the impact of discount and was greatest to the Chinese consumers to purchase the products, and followed was special package send gift promotion activity. The impact of cash rebate was greater than membership card discount.

Product advertising spread via the Internet was more attractive to the Chinese consumers than spread via TV and magazines & newspapers in the “advertising” part. While spread via radio and leaflets were little attractive to them. In the “personal selling” part, Chinese consumers felt more interested in counter selling than exhibition selling. Most of them felt little interested in door-to-door selling. In the “sales promotion” part, Chinese consumers felt more interested in free samples than gift certificate / coupons, premium sales and store demonstrations. In the “public relations” part, Chinese consumers though that charitable contribution could more improve the enterprise image in their mind than large-scale promotion activity. In the “direct marketing” part, online marketing was moderately interested to the Chinese consumers. E-mail marketing was little attractive and telemarketing was not attractive to them.

7. Implication for Business

In China's facial make-up cosmetics market, female consumers are the leading force to purchase on facial make-up cosmetics, thus enterprise should focus on female consumers and make suitable marketing strategy to improve their purchase intention. Relative to the female consumers, male consumers are lack of related knowledge of facial make-up cosmetics. Therefore, with the facial make-up cosmetics market competition environment, enterprises are not only need to build its brand trust, but also need to attract more male consumers with launch a series of promotion activities to make the male consumers can gain more knowledge about facial make-up cosmetics. Therefore improve their purchase intention in order to develop the male facial make-up cosmetics market. This can not only help the enterprise to distinguish the characteristics of different consumers and to better serve the target consumers, but also can be more convenient to all the consumers.

For a long time, the overall image of Chinese products in the international market is low price with the low quality. It is has a great relationship with the Chinese enterprises lag behind the concept of quality and quality management system. Base on the result of this research, the researcher found that “product” is the most important element to Chinese consumers in marketing mix, especially the product effectiveness and product quality. Product quality and effectiveness are related to the survival and development of the enterprise. So enterprises should improve the product quality and effectiveness.

To obtain the success in the market, enterprises not only requires to develop marketable products, to develop a reasonable competitive price, to select the appropriate distribution channels, but also need to take effective marketing strategies to promote the final sales of the products. Base on the result of this research, the researcher found that the attractiveness of advertising to Chinese consumers is not enough. Enterprises should improve the deficiency of the advertising communication channel and increase the attractiveness level of consumer interest in advertising, to increase their purchase intention. Almost consumers are not interested in personal selling especially door-to-door selling. Because consumers cannot confirm the identity of the person to sell and their company’s information, if there is any problem it will difficult to solve. As a result, most consumers are often wary and distrust for door-to-door selling. The researcher found that, Chinese consumers are not very interested in direct marketing especially telemarketing. Enterprises should understand the negative impact of direct marketing, so that can solve the disadvantages of each direct marketing method to find the most suitable direct marketing method for their own. In addition, enterprises should to establish good public relations to get a better development. Thus, it can create a good corporate image in consumers mind to improve their purchase intention of the products.

8. Research Recommendation and Limitations & Further Research

Due to China's vast territory, therefore cannot guarantee that the range of this research involves all the cities in China. This research only focused on Chinese consumers, further research should also consider other nations and regions consumers. Though the questionnaires of this research were use the largest free online survey program to distribute to the respondents directly within different cities of China, and shared on the social networking sites also. But for some middle-aged and old-aged consumers who are not familiar with the computer and smart phone, it is need to spend a lot of time to fill out the questionnaire. Thus the further research should consider this limitation to develop a better way to distribute the questionnaire. This research only focused on demographic factors, marketing mix and

promotion mix affecting Chinese consumers purchase intention on facial make-up cosmetics. But there still many other factors could influence the consumers purchase intention, not only these three factors in this research, thus in the further research should focus on more other factors also. This research only focused on the facial make-up products, there are a lot of cosmetics products in the market, and thus the further research should investigate several of cosmetics products also.

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Appendices

Section 1:Demographics

Please fill (√) in□to make your answer with your personal information. Each question has only one option.

1. Your Gender?

☐ Male

☐ Female
2. Your Age?

☐ Below 20

☐ 21-30

☐ 31-40

☐ Over 40
3. Your occupation ?

☐ Student

☐Employee

☐ Employer

☐ Government Officer

☐ Other _____ (Please specify)

4. Your education level?

☐High school or below

☐College Degree

☐Bachelor degree

☐Master degree
- ☐Doctoral degree

5. How much money do you earn per month?

☐Less than 1,000 RMB

☐1,000 – 3,000 RMB

☐ 3,001 – 5,000 RMB

☐ Over than 5,000 RMB

Section 2:Marketing Mix

For the following statements, please follow your real feeling to choose the number that best reflects your opinion.

6. Product: The degree of importance to the following factors on product?

	Unimportant ← → Most important				
	1	2	3	4	5
Quality					
Brand					
Package design					
Product effectiveness					

7. Price: The degree of willingness to purchase on the following price facial make-up cosmetics?

	Unwilling ← → Most willing				
	1	2	3	4	5
Low Price					
Medium Price					
High Price					

- 8.Place:The frequency to purchase on the facial make-up cosmetics of the following channel?

	Never ← → Always				
	1	2	3	4	5
Online					
Offline					
Telephone order					
Mail order					

9. Promotion: The degree of influence to the following types promotion?

	Not influence ← → Most influence				
	1	2	3	4	5
Discount					
Special package send gift					
Cash rebate					
Membership card discount					

Section 3:Promotion Mix

For the following statements, please follow your real feeling to choose the number that best reflects your opinion.

10. Advertising: The degree of attractiveness for the following advertising platform?

	Not attractive <—————> Most attractive				
	1	2	3	4	5
Internet					
TV					
Radio					
Magazines and newspapers					
Leaflets					

11. Personal selling:The degree of interest to the following types of personal selling?

	Not interested <—————> Most interested				
	1	2	3	4	5
Door-to-door selling					
Counter selling					
Exhibition selling					

12. Sales promotion: The degree of interest to the following sales promotion

	Not interested <—————> Most interested				
	1	2	3	4	5
Store demonstrations					
Free samples					
Gift certificate, coupons					
Premium sales					

13. Public relations: The degree of following public relation activities can improve the enterprise image

	Not improve <—————> Most improve				
	1	2	3	4	5
Charitable contribution					
Presentation					
Large-scale promotion activity					

14. Direct marketing: The degree of attractiveness of the following direct marketing?

	Not attractive <—————> Most attractive				
	1	2	3	4	5
Charitable contribution					
Presentation					
Large-scale promotion activity					

Section 4:Consumers purchase intention

For the following statements, please follow your real feeling to choose the number that best reflects your opinion.

15. Brand trust: The degree of trust to following regions facial make-up cosmetics brands?

	Not trust <—————> Most trust				
	1	2	3	4	5
Chinese brands					
European and American brands					
Japanese and Korean brands					

16. Attitude: The agreement to the following attitude on purchase facial make-up cosmetics?

	Disagree <—————> Most agree				
	1	2	3	4	5
Buy the product to be recommended					
Buy the product follow your own feeling					

17. Perceived value: The agreement to the brand you would mostly like to buy?

	Disagree <—————> Most agree				
	1	2	3	4	5
Quality guaranteed					
Reasonable price					
Excellent quality and reasonable price					