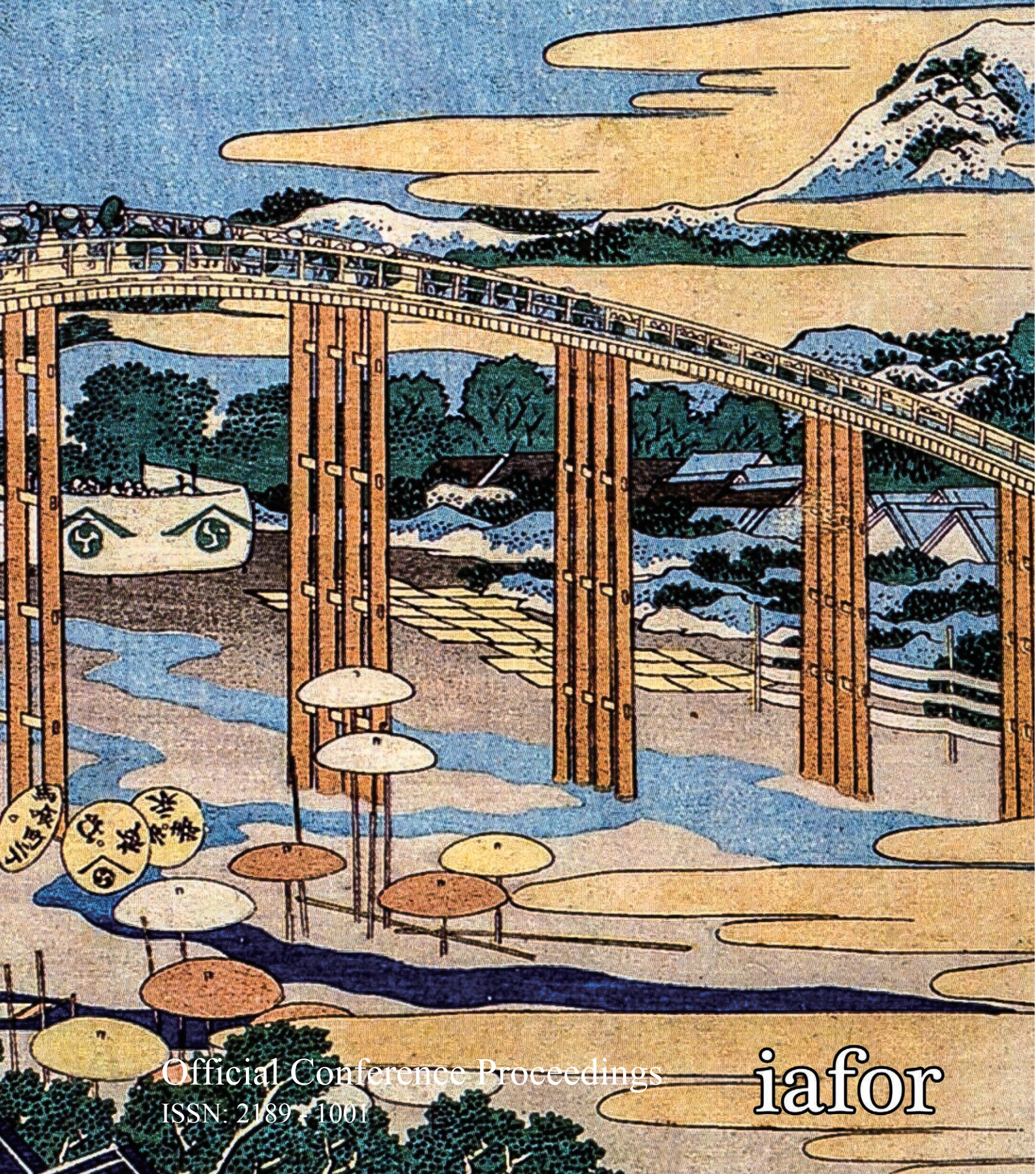


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Official Conference Proceedings

ISSN: 2189-1001

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Official Conference Proceedings

ISSN: 2189 - 1001

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The International Academic Forum (IAFOR)
Sakae 1-16-26-201
Naka Ward, Nagoya, Aichi
Japan 460-0008
www.iafor.org

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Dilemma of Values in Public Policy Accountability: Implementation of the Street Vendors Empowerment Policy Network in Makassar City¹

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The Asian Conference on Business & Public Policy 2015
Official Conference Proceedings

Abstract

Policy network is a container that can combine efficient and democratic values as the classic debate of the public accountability study until today. Community Empowerment Agency (CEA) is a network-based organization that implements street vendors policy in Makassar City. The aim of study is to explain the cognitive, normative, and regulative systems of CEA in implementation of street vendors empowerment policy in Makassar City.

Based on the pairing patterns and making explanation analysis, in which the pattern of theoretical and study of results of cognitive, normative, and regulative systems of CEA showed the sharing resources among stakeholders (efficiency) and togetherness among them (democracy) is not realized in the implementation of the street vendors empowerment policy. Time series analysis showed the number of street vendors in the last 7 years has increased significantly. This is due to the government design the CEA system resembling bureaucratic system is oriented to leaders command and strict rules. Furthermore, the cognitive system of this institution has dominated cadres with the bureaucratic values so that they do not have the creativity in the empowerment of street vendors. Normative system of the institution has not yet have values and norms of the network that can be used of cadres in implementation of the street vendors empowerment policy effectively. Similarly, regulative system should encouraged the members of this institution are autonomous or not hierarchical in the empowerment of street vendors as characteristic of the network.

Keywords: Efficient and Democratic Values, Policy Accountability, and Implementation Network

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¹ The Article Presented on The Sixth Asian Conference on Business & Public Policy 2015 at Art Centre of Kobe, Kobe, Japan, 5 – 7 November 2015.

Background

One of the main tasks of government is to meet the needs and to resolve public problems through the public policy, because it is the main objective of a public policy (Jones, 1984). Accountability of public policy referred to the ability of state officials to meet the needs and to resolve public problems. In this case, indicator of public policy accountability is the realization of the objectives of public policy, of course, through the mechanism of public policy accountability.

Based on the foregoing, that public policy is the allocation of values. Public officials as policy maker and implementer greatly depend on the context and their value preferences. It point out that public accountability is very complex, as stated by Denhardt and Denhardt (2007) "Recognize that accountability is not simple" because the public administrator should be responsible at various institutions and standards are the basis for the policy determination and implementation, including the value preferences in the governance system.

Public officials need to consider the various needs and interests of citizens in determining public policy. Then, in the public policy implementation should also not be separated from the statutory and constitutional law; community values; and situational factors. Therefore, public officials and citizens need to jointly resolve public problems, because together they can accommodate their needs and interests effectively. This is a democratic mechanism to ensure accountability of public policy. In addition, they also need to implement the public policy efficiently. The value of efficiency is one of the values in public accountability, because in implementing public policy and service always utilize public resources. So the accountability of public policy measured on the extent to which they utilize public resources efficiently and accommodate their needs and interests.

One of public policy focuses on the study is the street vendors policy. The main objective of the policy is to empower them, which they are a group of peoples who are engaged in small-scale businesses and vulnerable to poverty. However, they also need to survive in the economic life, as stipulated in the constitution of 1945 article 27, that everyone is entitled to a decent life and work. On the one hand, in carrying out their economic activities protected by the Constitution and on the other hand they are sources of the problem that caused the highway traffic jams in the Metropolitan City of Makassar.

The systematic efforts of the government, such as street vendors empowerment policy covering Presidential Regulation No. 125 of 2012 on the Coordination of Street Vendors' Arrangement and Empowerment. The policy is a top-down model that applies to all levels of government across Indonesia. In addition, much earlier of Makassar City Government has issued the Decree No. 44 of 2002 on the determination of the some places that can and cannot be used by street vendors in the Makassar City.

The Policy implementation has not yet succeeded, as seen in Jalan Tjokroaminoto where chaos still occurred and traffic jams all the time because they have taken the majority of the side of the road. The same problem also occurred in Jalan Hertasing, the communities around it and the road users have felt uneasy in the presence of them,

because they cause the traffic congestion (rakyat sulsel.com, Saturday, 07 / July / 2012). Then, increasing number of them from year to year. In 2011, number of street vendors are 11,592 (14%). In 2012 street vendors totaled 11,592 (15%), and by 2013 street vendors in Makassar City about 14,000 (17%) (www.makassar.go.id).

The phenomena above indicates that the street vendors problems are complex problems and they show also the accountability of public policy are a complex matters. The greater number of them increase more the congestion in Makassar City, but instead evict them increase more unemployment and could lead to social unrest. This condition requires a network container as a policy maker and implementer to eliminate the dilemma of values. Therefore, the purpose of study was a) to explain the cognitive Community Empowerment Agency (CEA) system as a network-based organization in implementation of street vendors policy in Makassar; b) to explain the normative system of CEA as a network-based organization in implementation of street vendors policy in Makassar; and c) to explain the regulatory system of CEA as a network-based organization in implementation of street vendors policy in Makassar.

Literature Review

Previous Research on Accountability of Public Policy

There are several studies conducted by experts associated with the study, namely: 1) Study conducted by Hoek, Monfort, and Vermeer. 2005. Enhancing Public Accountability in the Netherlands. The study showed an increasing in accountability, both internally and externally, in the public services delivery in the Netherlands. The services are done by non-departmental public bodies, which were funded by public spending. 2) Siddiquee, Noor Alam. 2006. Paradoxes of Pubic Accountability in Malaysia: Control Mechanism and Their Limitations. The study demonstrates public accountability has become difficult to ensure there are a variety of factors, often rooted in the politico-bureaucratic institutions that render accountability mechanisms largely ineffective. Then, the Malaysian Government attempted to use new strategies to enforce responsible administrative behavior. 3) Adang Djaha. 2012. Controls and Accountability Bureaucracy in Basic Education Services in the Alor District. The results showed bureaucracy tend not to be transparent in the management of education service fund in the Alor District. 4) Alwi. 2014. Accountability Model of Public Policy: A Case Study of Policy Implementation Network of Street Vendors in Makassar. The study showed an improvement of the accountability of public policy needed by street vendors' stakeholders network in Makassar.

Based on the study mentioned above, this study focuses on the perspective of the values in the accountability of public policy, which has always been a dilemma for policy maker and implementer. The values are always competing and even contradictory in the cases. Therefore, the study uses a network-based organization as a strategy to eliminate the dilemma of values.

Accountability of Public Policy: A Dilemma of Values

Public problems and meeting the public needs are complex problems, because public officials need to accommodate the interests of citizens who are very diverse in policymaking and implementation. Accommodating their interests are allocation of values, so that accountability of public policy can be implied to the extent to which

public officials realize the values to the citizens as the target group. Because of public policy is designed to provide great benefits to them by using the minimum resources as possible. It also shows that public policy itself is the allocation and distribution of values.

As a tool of the allocation and distribution of values, policy maker need to understand well the interests of citizens. In order to understand well, public officials and citizens are involved in the public policy process and it means the implementation of democratic values. However, the policy process is indispensable also using efficient resource. In this case, the value of efficiency is one of the important values in the allocation and distribution of values in the public policy process.

Both of these values are important for policy makers, for which the values are always contradictory in the public policy process. Instead, in the public administration the values resemble a zero-sum game (Frederickson, 1984). In this case, they are a dilemma for policy makers, because the increasing efficiency leads to the decreasing of democratic values and vice versa. In democratic values do not consider how many resources are used in the public policy process, but rather focuses on the extent to which the needs and interests of citizens to be accommodated in the process. In contrast, the value of efficiency has always focused on the utilization of minimum resources by achieving maximum results.

Efficiency and democracy are the value that is being classic debate in the study of public accountability. According to Frederick (Denhardt & Denhardt, 2007), the public officials are accountable when the implementers become professional and possessed specialized knowledge and technical expertise. This is based on the idea that the policy formulation process completely separate from the implementation. Therefore, accountability of the public officials is largely determined by their ability to achieve an efficient policy goal based on their professional knowledge and behavioral norms.

Instead, according to Finer (Denhardt & Denhardt, 2007), public officials will be accountable when they controlled by elected officials (external control) in policy implementation process. They represent the citizens, with their main task is to control the state apparatus in order they deliver public services in accordance with the needs and interests of citizens. External control showed democratic values in the public service. It shows that the public Officials should be subordinate from the elected officials, so they should hear the command to meet the needs and interests of the public.

According to Erkkilla (2007), there is a new alternative in the study of public accountability, namely performance and deliberative accountability. The public officials will be accountable when they are able to be responsive to the output-oriented. It shows it is more focused on the performance and it means efficiency. Later, another alternative offer is deliberative accountability. Public officials will be accountable if they are able to engage stakeholders in the process of the public service and policy. Once again, the study still showed contradictory values in the process of public services and policies.

The development of the study seems more directed to the perspective of governance, especially in democratic governance, as proposed Erkkila (2007) and Bovens (2005). Then, Bovens (2005) describe the concept of accountability as a social relation, who defined this concept as a relationship between an actor and a forum, in which the actor has an obligation to explain and justify his or her conduct, the forum can pose questions and pass judgment, and the actor may face consequences. Based on the definition, the actor can be either an individual or organization. Then, accountability forums, can be a specific person, such as a superior, a minister, or journalist, or it can be an agency, such as parliament, a court, or the audit office, but it can also be a more virtual entity, such as, in the case of public accountability, the general public.

Based on the perspective of values, the study of public accountability has always been the dilemma of values, especially in the determination of public policy, so that there is no general consensus about the standards for accountable behavior, and they differ from role to role, time to time, place to place, and speakers to speakers (Fisher, 2004). It shows that public accountability is a concept that is very complex so it is always competing and contradictory values. Therefore, this study offers a new alternative for accountability of public policy that can combine these values into a network-based organization.

Public Policy Implementation Network

One stage of the public policy process is implementation stage. The stage shows the realization of the needs and interests of citizens as the target group of the public policy. Policy implementation involves several organizations, so that the success of a public policy is determined by cooperation among organizations and by coordination with the organization (O'Toole, Jr. 2005; Manzel, 1987). It shows the implementation of public policy is also a complex matter, because to realize the objectives of a public policy can not be separated from the organization or other institutions. In this regard, cooperation inter-organizations in the implementation of public policy, in the study called public policy implementation network.

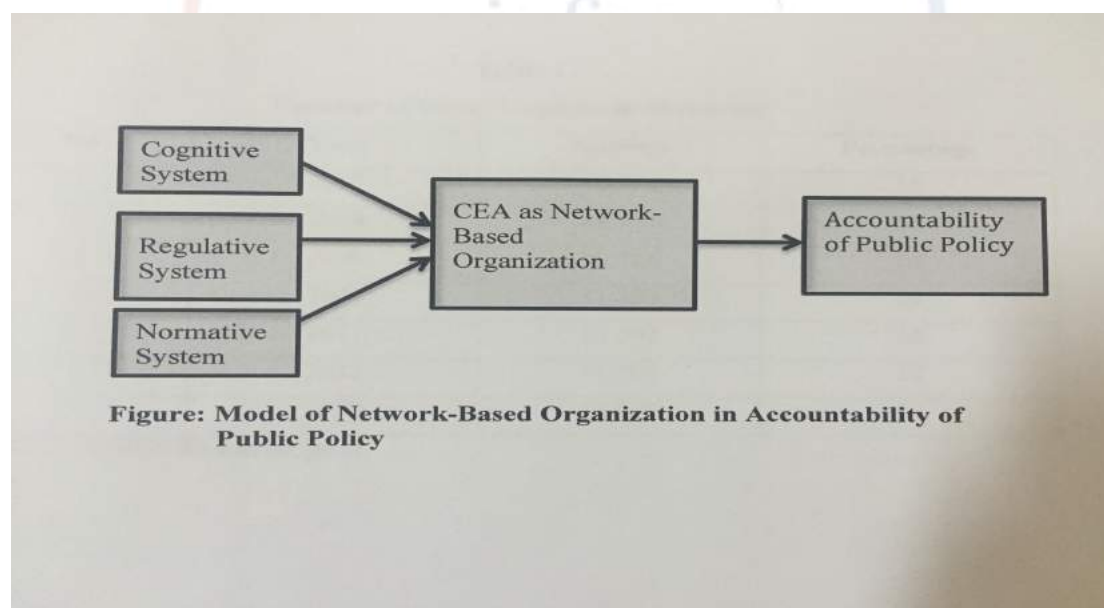
According to O'Toole, Jr. & Montjoy (1984) there are three fundamental reasons to understand the public policy implementation network, namely: 1) the fact that the impediments to intra-organizational implementation continue to apply and are multiplied by the number of organizations whose contribution are required; 2) the organization must not only act, but they frequently must act in a coordinated fashion. The number of organizations and the need for coordination across organizations make the situation much more complex, *ceteris paribus*, than in the single agency case; 3) the increased complexity decreases the chances that mandates can specify in detail the required action and interaction of the participation of the organizations.

Public policy implementation network is in a network-based organization as an implementer of public policy. The organization is a container that can unify the stakeholders who have the same interests in order to achieve public policy goals. They unite to solve complex problem, such as poverty, which is the main characteristic of the street vendors. The organization that can eliminates dilemma of values in public policy, including the policy implementation process.

Network-based organization has values, norms, and culture that support the network activities relate to public policy implementation, as explained by the theory of institutions. The theory explains “institutions are composed of cultured-cognitive, normative, and regulative element that, together with associated activities and resources, provide stability and meaning to social live. Institutions are transmitted by various type of carriers, including symbolic systems, relational systems, routines, and artifacts. Institutions operate at multiple levels of jurisdiction, from the world system to localized interpersonal relationships” (Scott, 2001).

In the study, the organization identified as the institution where values and norms become adhesive for the stakeholders in the determination and implementation of public policy. The institution, as institution theory, covers regulatory, normative, and cognitive systems (Scott, 2001). The value systems of network-based organization as implementer of public policy will restrict and control the stakeholders’ behavior to achieve the objectives of policy. Togetherness in the organization shows democratic values in the determination and implementation of public policy. Similarly, resources sharing demonstrate value of efficiency in the policy implementation. So the institution as an policy implementer can unify the values of competing and conflicting become a power in the implementation of public policy.

Based on the explanation above, the authors visualize the model of network-based organization that can eliminate the dilemma of accountability values in public policy, as in the figure below.



Research Method

Research Design and Strategy

The research design used in the study is qualitative. The design is used to uncover and explain the implementation of the street vendors empowerment policy and the involvement of their stakeholders. The research strategy used is a case study with explanative type.

Informants

To understand the policy implementation, it would require in-depth information from the informants, as follows: a) the cadres of Community Empowerment Agency in three sub districts sample; b) heads and employees of the Department of Trade and Industry of Makassar; c) heads and employees of the Community Development Agency; d) the street vendors in three sub districts sample; and e) NGO related to street vendors.

Data Collection Techniques

Data collection techniques used are observations, interviews, and documentations. Observations focused on the economic activities and wares of theirs. Then, in-depth interviews addressed to all informants mentioned above. Furthermore, various documents were collected, such as regulations, laws, institutions activity reports related to the implementation of the street vendors empowerment policy in Makassar.

Techniques of Data Processing and Analysis

The analysis techniques used in the study are the pairing patterns technique, making explanations technique, and time series analysis. In the study, three techniques are used together to complement one another.

Results and Discussions

Cognitive System of Community Empowerment Agency (CEA) as Network-Based Organizations in the Implementation of Street Vendor Empowerment Policy in Makassar

Cognitive pillar is one of the essential components of an institution. The pillar shows the ability of an organization's systems adapt to its environment. These pillars include symbols, beliefs, and social identity. Cognitive components can be shown on the common beliefs and shared logic of actions of CEA.

CEA as a network-based organization and as an implementer of the policy in Makassar has not had common beliefs. It can be shown, CEA does not have a vision as a value, which can be a driving force for the empowerment of their cadres. It does not have empowerment programs and activities, so that they sell merchandise based on their own efforts and choose the places selling on the roadside (sidewalk) and in other public places. Although almost of all the side of roads in Makassar are prohibited to selling or running the economic activities. The prohibition based on the Decision of the Mayor of Makassar No. 44 of 2002 on Appointment of the Some

Courts that allowed and not allowed to be used by Street Vendors in Makassar. It shows that the institution does not have the value of empowerment that can support the vision of Makassar as a World City.

The institution was designed to empower the poor, especially street vendors. It is a partner of the lower level of government (village) in empowering them. As a network-based institution of community empowerment, the cadres should have a vision of empowerment. Unfortunately they do not have the experiences of community empowerment, especially street vendor, so that the institution is not able to empower them in Makassar. It happens, because the CEA has a membership composition determined by the government through the rigid rule. The membership of the CEA shows that it is not a community empowerment institution but it is a representative body of the citizens in the village.

Furthermore, the institution does not also have a shared logic of actions, because it does not have a vision and empowerment programs of them. It does not have programs and activities designed and conducted jointly by the stakeholders. Moreover, the institution also does not have decent places to discuss and implement the programs.

Based on the explanation above, that a network-based organization, - CEA, as implementers of street vendors empowerment policy was not concerned with implementing the policy. This is caused by the CEA members are not community empowerment cadres or activists. They do not have sufficient knowledge and experiences about it, because they are only public figure to be appointed to become CEA members. The designation is based on the rules that have been determined by the Government of Makassar City No. 41 of 2001 as a guidelines or terms of reference for the establishment of management CEA in Makassar.

The phenomenon above shows that the problems of them are getting worse in Makassar, because the CEA as a pioneer of empowerment in villages are not able to do so. The result is the number of them is increasing from year to year. This can be demonstrated through the time series data of the last seven years in Table 1 below. Based on the table below, in 2013 occurred a sharp increase the number of street vendors. It means that the problem of them is more increasing and complex, because They are running economic activities in the public spaces, the side main street and city parks are causing traffic jams.

Table 1
Number of Street Vendors in Makassar

No	Year	Number	Percentage
1	2007	10.426	13
2	2008	11.234	13
3	2009	10.426	14
4	2010	11.328	14
5	2011	11.592	14
6	2012	11.592	15
7	2013	14.000	17

Sumber : WWW.Makassar.go.id

The Street vendors empowerment policy is evidently not able to solve their problems in Makassar even if implemented by the CEA as a network-based organization. It means that public officials have not been accountable, because the policy is not able to empower them. The increasing number of them so that their problems are more complex.

Furthermore, based on the pattern of pairing technique, in which a pattern that is meant is the policy network approach can solve complex problems. The street vendors problems are the complex problems, but CEA as network-based institution is not able to solve their problems. It is caused by CEA only resembles a network-based organization but its management in fact is a bureaucratic organization who prefer hierarchical and rule-based. The bureaucratic values restrict their behavior to empower them. In this case, the bureaucracy is not capable to empower the poor, including street vendors (Alwi and Kasmad, R, 2014 b), so that accountability of public policy difficult to achieved.

CEA as implementers of the street vendors empowerment policy in Makassar is not able to develop the value of togetherness as a binder for its cadres to support the Makassar Vision as the world city. It should develop the values that supports the values of democracy and efficiency, because theoretically it able to combine the competing and contradictory values (Alwi and Kasmad, R, 2014 a).

Normative System of Community Empowerment Agency (CEA) as Network-Based Organizations in the Implementation of Street Vendor Empowerment Policy in Makassar

One of important component of institutional theory is normative pillar. The pillar is a system that includes obligations, norms and social values that can be shown through certification and accreditation. The ability of an institution can be seen in its ability to carry out all the obligations and comply with all the norms that exist within the organization. Furthermore, the environment will recognize the organization.

CEA as implementer of the street vendors empowerment policy should run its activities based on the Local Government Regulation of Makassar City No. 41 Year 2001 on Guidelines for Establishment of Community Development in the Area of

Makassar City. The Regulation is a frame of reference for the establishment of CEA management in the village level. Based on the regulation, CEA has the tasks: a) to prepare participatory development plans; b) to direct mutual aid society; and c) to implement and control of development.

To carry out the tasks, CEA should use the power of the network by involving all the same vision of stakeholders, namely the cadres of community empowerment that have the capability of it. Unfortunately, the institution has been designed like a bureaucratic organization, in which the structure, organization and management has been designed based on the strict rules.

Based on the table 2 below, the stakeholders of street vendors empowerment especially CEA as implementers has not had the experience and expertise about the community empowerment especially street vendor. The result, they are very difficult to run their tasks and functions. The cadres of CEA just trained as debt collector about the technical guidance by Community Development Agency of Makassar. The assistance is soft loans granted by the Government of Makassar City to the street vendors. The training has not increased their capacity in empowering them, so that they are not able run their tasks as implementer of empowerment of them

Table 2
Conditions of Human Resources Development of Stakeholders' Street Vendors
Empowerment Policy in Makassar City

KECAMATAN	KELURAHAN	LPM	PKL
Ujung Pandang: ▪ <i>Never</i>	Mangkura: ▪ <i>Never</i>	▪ Customer service ▪ Technical guidance	Partially: ▪ Customer service
	Losari: ▪ <i>Never</i>	Technical guidance	Partially: ▪ Customer service
	Lae-Lae: ▪ <i>Never</i>	Technical guidance	<i>Never</i>
Makassar: ▪ <i>Never</i>	Lariang Bangi: ▪ <i>Never</i>	Technical guidance	<i>Never</i>
	Maradekaya Utara: ▪ <i>Never</i>	Technical guidance	<i>Never</i>
	Bara-Baraya: ▪ <i>Never</i>	Technical guidance	<i>Never</i>
Bontoala: ▪ <i>Never</i>	Timungan Lompoa: ▪ <i>Never</i>	Technical guidance	<i>Never</i>
	Malimongan Baru: ▪ <i>Never</i>	Technical guidance	Partially: ▪ Appropriate technology
	Baraya: ▪ <i>Never</i>	Technical guidance	<i>Never</i>

Source: Data Reduction, 2014

In addition to the above, Government of Makassar City does not provide incentives for CEA cadres so that they also do not have the motivation for implementing their tasks. Based on the organizational perspective, CEA only resembles a network-based organization but it does not support devices to the run its programs. Human resource development of the cadres was never done, the incentives is not provided, the office is

not available, and the working conditions are not conducive cause it is not capable to carry out the strategic tasks.

It is designed as an organization that adheres to the norms of the bureaucracy and then it does not allow running the program (Alwi and Kasmad, R 2014 b). It occurred because a network-based organization has a flat structure, in which the leader should not perform the command function as in the bureaucracy but run a coordination function. All the members in the organization have the same position, in which its existence solely bound by the same vision and interests, so that the programs and activities built are the togetherness.

Therefore, the CEA should carry out network's activities for empowering them, instead of running the organization's activities that has been patterned from the top. Such organization, on the one hand can increase togetherness of stakeholders from different levels and fields, because their cadres have same interests and vision to empower them. It shows democratic values. However, on the other hand CEA can also use the resources jointly and it shows efficient value. Both of these values in public administration study are conflicting values. Nevertheless a network-based organization can be a power for the successful implementation of public policy. In this case, both the value will be able to increase the accountability of public policy when they are in a network-based organization.

Regulative system of CEA as Network-based Organization in Implementation of the Street Vendors Empowerment Policy in Makassar City

Regulative pillar is one of the essential components of an institution. This pillar includes the rules, laws, and sanctions for members of the organization in carrying out its activities. CEA as an institution covers a set of rules, laws and sanctions, but as a network-based organization sanctions is not an orientation. It prefers equality and togetherness in designing and implementing public policy rather than the imposition of sanctions for those who violate.

Regulative system of CEA adopts the bureaucratic regulations systems that indeed prefer the application of the rules and laws in performing routine and various programs. It is caused by which was originated from the Village Community Resilience Institute (LKMD), which was designed by government for community empowerment in the village level and then replaced by CEA with his position as a government partner in empowering community in the same level.

It can be shown that the membership of CEA cover requirements as in the bureaucracy, such as the physically and mentally healthy, loyal and obedient to the Pancasila as national principle and the Constitution of 1945, however, the experiences and skills of empowerment are not required by members and officials of CEA. Whereas they should be the main requirements to becomes members and managers of CEA. (Regulation of Makassar City No. 41 of 2001).

The bureaucratic regulatory system that causes the CEA is not able to empower them, because it run the activities and programs oriented to the rules. Whereas the community empowerment is more prioritized to giving power to them, so they can

organize their own future (Alwi and Kasmad, R, 2014 b). The orientation of rules and leadership so that CEA identify himself more as bureaucracy than as a public servant (Kuntowijoyo, 1994).

Since 2001, which was the birth of CEA of Makassar, no street vendors who to become entrepreneurs. Even on the one hand they have paid the levy, but on the other hand they were always under pressure by the Civil Service Police Unit of Makassar City to be relocated in a place that is not strategic places.

Based on the presumption of the Government of Makassar, from the top to the lower levels of the government, relocation of street vendors is the main solution of congestion and chaos of the city. However, the perspective of street vendors will keep running their economic activities in the fringes of the main streets and other public places, because it is the places where they can sell their goods. They do it to survive. Eviction, according to them, is a misery for them.

The situation is a dilemma for the determinants and implementers of street vendors empowerment policy. The eviction and relocation are not really an alternative solution for them because they are citizens where every citizen has the right to work and a decent living for humanity (Article 27 paragraph 2 of the 1945 Constitution). Therefore, the government needs to create a container where they can discuss with stakeholders so that they find best solution for all. Unfortunately, CEA that is formed by the government can not be a container together with them, because it cannot run its functions as a network-based organization that can eliminate the tension between the government and street vendors, and can combine the values of democracy and efficiency.

Conclusions

Based on the explanations above, the cognitive system of CEA does not have the vision and the programs to empower them in the Makassar City, because the institution has been designed as a bureaucracy. As well, normative system of the institution has not yet have values and norms of the network that can motivate the cadres to implementation of the street vendors empowerment policy. Regulative system of the institution is not developed by the cadres but has been set by the government. Therefore, it seems as a network-based organization, but it does not have its characteristics, such as share vision and resources. The values of the bureaucracy become a reference in the implementation of the street vendors empowerment policy, so that the value of democracy and efficiency still become a dilemma for determining and implementing the policy.

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A Study of Relocation Factors of Production Base and Investment of Japanese Investors from Thailand to CLMV+I Countries

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The Asian Conference on Business & Public Policy 2015
Official Conference Proceedings

Abstract

This study aims to examine the relocation factors of production base and investment of Japanese investors from Thailand to CLMV+I countries. The samples were executives of Japanese companies or organizations in Thailand. Purposive sampling was used to select the samples. One short case study was used to collect the data. The research instrument was a 5-point rating scale questionnaire. The data were analyzed by a statistical analysis software program for percentage, mean, standard deviation, and factor analysis. The results showed that there were 13 relocation factors of production base and investment of Japanese investors. All 13 factors had the cumulative variance at 68.44%. Regarding to their factor loading, the results were reported from the highest loading to the lowest loading, respectively. The 13 relocation factors included 1) infrastructure systems; 2) government management in preparation for natural disasters; 3) production cost; 4) raw materials; 5) political situation; 6) communication and land transportation systems; 7) transportation systems accessing; 8) production factors; 9) government's laws and policies; 10) political trust; 11) environment and labor; 12) labor skills; and 13) operation obstacles. Moreover, it also found that Japanese investors mostly tended to relocate their production and investment in Indonesia, Vietnam, Myanmar, Cambodia, and Laos, respectively.

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Introduction

The industrial sector has an important role in economic development of Thailand. Many foreign investors have invested in the industrial sector and building their production bases in Thailand such as auto and auto-parts industry, electronic industry, fashion industry, and jewelry industry. Thailand Board of Investment (2014) reports the net total of investment from foreign investors in 2012, and 2013 which was 334,012.5 million baht, and 390,088 million baht, respectively. In these two years, the main foreign investor was Japan. The reasons that attract the foreign investors were the effective infrastructure system, cheap and skilled labor. Moreover, product contribution is easy because Thailand provides ports and roads connecting to many countries such as Myanmar, Laos, and Cambodia.

According to Industrial Location Theory created by Alfred Weber, the factors affecting the selection of production bases consists of three factors including transportation cost, agglomerative force, and labor cost (Reid, 1968). Labor is one of the most important factors of production base selection because labor force drives the industrial sector. Even though technology is used for production, labor force is still necessary, especially the housing industry. Therefore, Thailand provides this advantage to foreign investors since Thai labors are cheap and skillful.

Moon-chuen (2000) studied the impact of relocation of manufacturing activity across the border of Hong Kong. He found that the manufacturing relocation could promote economic by providing companies with investment and gaining more profits. As a result, Hong Kong has tried to develop itself to attract the foreign companies. In addition, Lee, Kuse, and Castro (2005), from their study, address that production base relocation aims to decrease production cost and logistics cost as well as to distribute produces and selling.

Nowadays, one major problem of the industrial sector is the new policy that raises the minimum labor wage rate to 300 baht/day. Since companies have to pay more for the labor force, production cost is higher, but profits are less. Thailand Development Research Institute (2014) reports according to Bank of Thailand, the increasing of the labor wage has increased the production cost. The higher production cost also affects the sell price. The Thai Chamber of Commerce (n.d.) addressed that the minimum daily wage at 300 baht increased the labor cost of industrial sector up to 22.29% which raised the production cost up to 3.34%. Normally, before products come to consumers' hands, they must pass through around 10 production processes starting from upstream, midstream, and downstream. With this situation, the higher labor cost affects each supply chain of each production process and pushes the production cost higher. Consumers would spend money up to 10-15% higher. The hiring rate of small, medium, and large enterprises decreased 19.7%, 20.54%, and 27.33%, respectively. With this situation, foreign investors are considering of relocation their production base to a country with cheap labor.

Furthermore, Thailand is also facing with political crisis and the flooding in 2011. These situations are factors that foreign investors use for their consideration of production base relocation.

Consequently, the researcher was interested in study more insightful on factors that affect the decision making of foreign investors in relocation manufacturing bases and investment from Thailand to the countries in CLMV+I group.

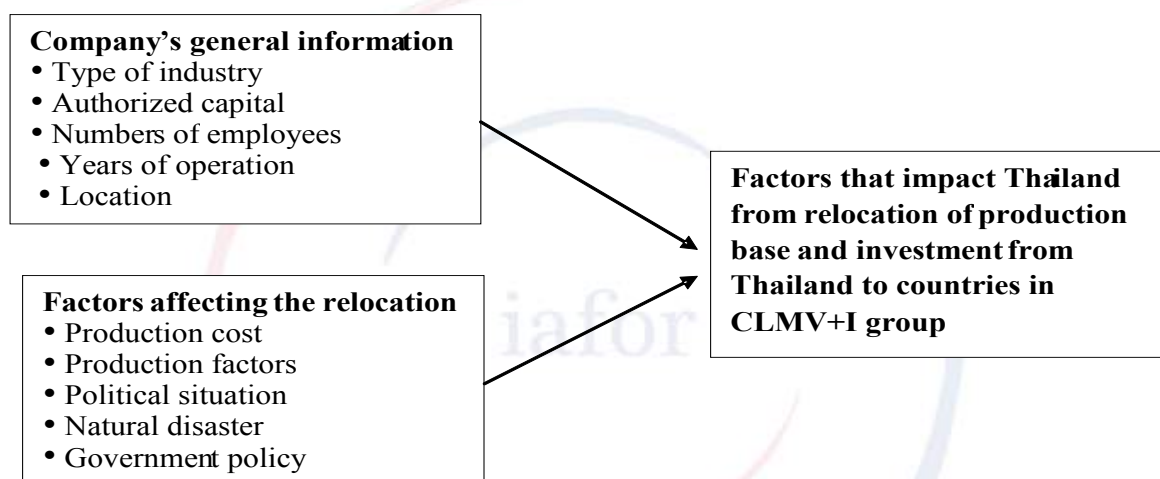
Research objectives

To study the factors affecting the relocation of production base and investment from Thailand to the countries in CLMV+I group.

Significance of the study

The study would help identify the factors that affect foreign investors in making their decision to relocate production bases and investment in countries in CLMV+I group instead of Thailand.

Framework of the study



The participants were executives from 400 Japanese companies or organization in Bangkok and Eastern Thailand. 145 questionnaires were returned to the researcher which was 36.25% of all.

2. Research instrument

The research instrument was a 5-point Likert scales questionnaire containing two separated parts. The first part was the companies' general information. The second part was on the factors affecting the relocation of production base and investment from Thailand to countries in CLMV+I group. 44 items included; production cost 7 items, factors of production 19 items, political situation 9 items, natural disaster 4 items, and government policy 5 items.

The instrument was examined for its content validity by three experts. Then it was revised before tried out with the auto-parts manufacturing industry for its reliability. The instrument was revised again before using it with the main study.

Data collection and data analysis

Simple random sampling was used to select the samples. The questionnaire was distributed to each company and organization via e-mail. The time of study was in June – September 2014. The data were analyzed using an instant program for descriptive analysis (percent, mean, and standard deviation) and factor analysis.

Results

From the data analysis, the results are the following:

Table 1 shows the general information of selected companies and organization.



Table 1: Companies and organizations' general information

General information		Numbers of companies	Percent (%)
Types of industry	Automotive and auto-parts	21	14.5
	Chemical	11	7.6
	Electrical appliances and electronics	25	17.2
	Machinery and equipment	18	12.4
	Rubber and plastics	19	13.1
	Food and beverages	19	13.1
	Paper	10	6.9
	Energy	3	2.1
	Furniture and house decoration	12	8.3
	Textile	7	4.8
Authorized capital (million baht)	Less than 50	96	66.2
	50-200	47	32.4
	More than 200	2	1.4
Numbers of employees	Less than 50	80	55.2
	50-200	58	40.0
	More than 200	7	4.8
Years of operation in Thailand	Less than 10 years	61	42.1
	10-20 years	75	51.7
	More than 20 years	9	6.2
Main export markets	North America	24	16.6
	South America	20	13.8
	Europe	28	19.3
	Africa	10	6.9
	Middle East	20	13.8
	Asia	86	59.3
	Japan	84	57.9
Company's location	Bangkok and outskirts	54	37.2
	Central	34	23.4
	Northern	8	5.5
	Southern	10	6.9
	Eastern	22	15.2
	Western	14	9.7
	North-eastern	3	2.1
Interesting countries for relocation and investment	Myanmar	50	34.5
	Laos	24	16.6
	Cambodia	34	23.4
	Vietnam	75	51.7
	Indonesia	78	53.8
Types of relocation	Expand the production base	67	46.2
	Move the entire production base off	76	52.4

Table 2 demonstrates the descriptive analysis of factors that affect foreign investors on investment and production base relocation in countries of CLMV+I groups instead of Thailand.

Table 2: The result of factors affecting investment and production base relocation in CLMV+I countries instead of Thailand

Factors	N	Mean	Std.deviation
Production Cost	145	3.6621	0.54289
Production Factors	145	4.6897	6.65782
Political situation	145	3.6276	0.52632
Natural Disaster	145	3.6414	0.69398
Government Policy	145	3.5724	0.54956
Overall	145	3.6966	0.46134
Valid N (listwise)	145		

From Table 2, the result shows that factors of productions have the highest mean (4.6897) and standard deviation (6.65782). It means that factors of productions have highest impact to Thailand on foreign investment and production base relocation in CLVM+I countries. Then each factor was analyzed for its effect to different types of industries.



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Table 2.1: The effect of factors on chemical industry and automotive and auto-parts industry

Industrial Types	Factors	N	Mean	Std. Deviation
Automotive and Auto-parts	Production Cost	21	3.7143	.46291
	Production Factors	21	3.6190	.49761
	Political Situation	21	3.9048	.30079
	Natural Disaster	21	3.7143	.56061
	Government Policy	21	3.8095	.51177
	Overall	21	3.7619	.43644
	Valid N (listwise)	21		
Chemical	Production Cost	11	3.4545	.52223
	Production Factors	11	3.4545	.52223
	Political Situation	11	3.4545	.52223
	Natural Disaster	11	4.0000	.77460
	Government Policy	11	3.5455	.52223
	Overall	11	3.5455	.52223
	Valid N (listwise)	11		

Table 2.2: The effect of factors on electrical appliances and electronics industry and machinery and equipment industry

Types of Industries	Factors	N	Mean	Std. Deviation
Electrical Appliances and Electronics	Production Cost	25	3.6800	.47610
	Production Factors	25	3.6800	.47610
	Political Situation	25	3.7200	.45826
	Natural Disaster	25	3.8000	.57735
	Government Policy	25	3.8400	.47258
	Overall	25	3.8400	.37417
	Valid N (listwise)	25		
Machinery and Equipment	Production Cost	18	3.7222	.66911
	Production Factors	18	3.7222	.46089
	Political Situation	18	3.5556	.51131
	Natural Disaster	18	3.5556	.61570
	Government Policy	18	3.4444	.61570
	Overall	18	3.8333	.38348
	Valid N (listwise)	18		

Table 2.3: The effect of factors on rubber and plastic industry and food and beverage industry

Types of Industries	Factors	N	Mean	Std. Deviation
Rubber and Plastics	Production Cost	19	3.6842	.47757
	Production Factors	19	3.4211	.60698
	Political Situation	19	3.5789	.50726
	Natural Disaster	19	3.3684	.83070
	Government Policy	19	3.6316	.49559
	Overall	19	3.5789	.50726
	Valid N (listwise)	19		
Food and Beverage	Production Cost	19	3.6842	.47757
	Production Factors	19	3.6316	.59726
	Political Situations	19	3.6316	.49559
	Natural Disaster	19	3.6842	.74927
	Government Policy	19	3.4211	.60698
	Overall	19	3.6316	.49559
	Valid N (listwise)	19		

Table 2.4: The effect of factors on paper and energy industry

Types of Industries	Factors	N	Mean	Std. Deviation
Paper	Production Cost	10	3.4000	.84327
	Production Factors	10	3.4000	.51640
	Political Situation	10	3.7000	.67495
	Natural Disaster	10	3.5000	.52705
	Government Policy	10	3.3000	.48305
	Overall	10	3.5000	.52705
	Valid N (listwise)	10		
Energy	Production Cost	3	3.6667	.57735
	Production Factors	3	4.0000	0.00000
	Political Situation	3	3.3333	.57735
	Natural Disaster	3	3.3333	.57735
	Government Policy	3	3.3333	.57735
	Overall	3	4.0000	0.00000
	Valid N (listwise)	3		

Table 2.5: The effect of factors on furniture and house decoration industry and textile industry

Types of Industries	Factors	N	Mean	Std. Deviation
Furniture and House Decoration	Production Cost	12	3.9167	.51493
	Production Factors	12	3.7500	.45227
	Political Situation	12	3.6667	.49237
	Natural Disaster	12	3.5833	.79296
	Government Policy	12	3.4167	.51493
	Overall	12	3.8333	.38925
	Valid N (listwise)	12		
Textile	Production Cost	7	3.4286	.53452
	Production Factors	7	3.2857	.48795
	Political Situation	7	3.0000	.81650
	Natural Disaster	7	3.5714	.97590
	Government Policy	7	3.2857	.48795
	Overall	7	3.2857	.48795
	Valid N (listwise)	7		

Table 2.1- Table 2.5 demonstrate the effect of factors on different types of industries regarding investment and production base relocation. The result reveals that automotive and auto-parts industry has the highest mean on political situation (3.9048). Chemical industry has the highest mean on natural disaster (4.0000). Electrical appliances and electronics industries have the highest mean on government policy (3.8400). Machinery and equipment industry has the highest mean on production cost and production factors which has equal means (3.7222). Rubber and plastics industry has the highest mean on production cost (3.6842). Food and beverage industry has the highest mean on production cost and natural disaster (3.6842). Paper industry has the highest mean on political situation (3.7000). Energy industry has the highest mean on production factors (4.0000). Furniture and house decoration has the highest mean on production cost (3.9167). Textile industry has the highest mean on natural disaster (3.5714).

The data were also analyzed with factor analysis. There were thirteen factors that had the eigenvalues higher than 1.00 and the sum of cumulative variance was 68.448%. The result is on Table 3.

Table 3: Numbers of Factors, Eigenvalues, Variance, and Cumulative Variance

Factors	Eigenvalues	% of Variance	% of Cumulative Variance
1	3.590	8.160	8.160
2	3.279	7.452	15.611
3	3.011	6.842	22.453
4	2.648	6.019	28.472
5	2.402	5.459	33.931
6	2.382	5.414	39.345
7	2.237	5.084	44.430
8	2.171	4.934	49.364
9	1.992	4.528	53.892
10	1.737	3.947	57.839
11	1.724	3.918	61.757
12	1.476	3.354	65.111
13	1.468	3.336	68.448

In order to interpret the meaning of the results clearly, the orthogonal rotation was used with Varimax to find the association between variables and factors. The result revealed thirteen factors that had factor loading of more than 0.30. Table 4 – Table 15 demonstrate each factor and its variables.

Table 4: Factor 1: Infrastructure

Item No.	Variables	Factor Loading
24	Inconvenient waterworks system	.852
25	Insufficient electricity system	.808
26	Inconvenient electricity system	.734
23	Insufficient waterworks system	.632
22	Ineffective communication system (especially telephone and Internet)	.482
Eigenvalue = 3.590, % of Variance = 8.160		

The first factor is infrastructure consisting of five variables. The factor loading is between .482 - .852 with the eigenvalue at 3.590. This factor involves mainly with waterworks, electricity, and communication system. From the result, the inconvenient waterworks system seems to be the most important variable that needs more attention.

Table 5: Factor 2: Government Management in Preparation for Natural Disaster

Item No.	Variables	Factor Loading
36	Lack of concrete planning to encounter with natural disaster	.818
38	Lack of communication for natural disaster warning	.771
37	Don't follow the plan in coping with natural disaster situations	.728
39	Insufficient help after natural disaster situations	.599
28	When the government could not serve a full term, it could badly affect your business.	.449
Eigenvalue = 3.279, % of Variance = 7.452		

Factor 2 is government management in preparation for natural disaster including five variables. The factor loading is between .449 - .818 with the eigenvalue at 3.379. The highest factor loading is on "Lack of concrete planning to encounter with natural disaster" (.818). That may imply that foreign investors are concerning if the government has provided any plan to help coping with the natural disaster situations.

Table 6: Factor 3: Production Cost

Item No.	Variables	Factor Loading
2	Unreasonable costs for raw-material procurement	.713
1	Unreasonable raw-material costs	.685
7	Unreasonable expense for land rental	.540
3	Unreasonable labor costs	.521
Eigenvalue = 3.011, % of Variance = 6.842		

Factor 3 is production cost including four variables. The factor loading is between .521 - .713 with the eigenvalue at 3.011. The highest factor loading is on "Unreasonable costs for raw-material procurement (.713).

Table 7: Factor 4: Raw Materials

Item No.	Variables	Factor Loading
8	Insufficiency of raw materials	.736
30	The taking over of National Council for Peace and Order has a negative effect on your business.	.695
9	The quality of raw materials is not good enough.	.590
10	The difficulty of raw material procurement	.530
29	Protest has a negative effect on your business.	.368
Eigenvalue = 2.648, % of Variance = 6.019		

Factor 4 is raw materials consisting of five variables. The factor loading is between .368 - .736 with the eigenvalue at 2.648. The highest factor loading is on "Insufficiency of raw materials" (.736).

Table 8: Factor 5: Political Situation

Item No.	Variables	Factor Loading
34	Political situations have negative effects on sale volumes and advance orders.	.720
35	Political situations have negative effects on customers.	.716
32	Political situations have negative effects on transportation of products and raw materials.	.618
25	Political situations have negative effects on overall image of your business.	.448
Eigenvalue = 2.402, % of Variance = 5.459		

Factor 5 is political situation including four variables. The factor loading is between .448 - .720 with the eigenvalue at 2.402. The highest factor loading is on “Political situations have negative effects on sale volume and advance orders” (.720).

Table 9: Factor 6: Communication and Land Transportation Systems

Item No.	Variables	Factor Loading
20	Communication systems (telephone and Internet) lack of wide coverage areas.	.692
19	Communication systems (telephone and Internet) are difficult to access.	.564
15	Land transportation systems are not good enough.	.544
Eigenvalue = 2.382, % of Variance = 5.414		

Factor 6 is communication and land transportation systems including three variables. The factor loading is between .544 - .692 with the eigenvalue at 2.382. The highest factor loading is on “Communication systems (telephone and Internet) lack of wide coverage areas” (.692).

Table 10: Factor 7: Transportation Systems Accessing

Item No.	Variables	Factor Loading
19	Water transportation systems are difficult to access.	.768
18	Air transportation systems are difficult to access.	.697
17	Water transportation systems could not provide a good support for product or raw material transportation.	.491
Eigenvalue = 2.237, % of Variance = 5.084		

Factor 7 is transportation systems accessing including three variables. The factor loading is between .491 - .768 with the eigenvalue at 2.237. The highest factor loading is on “Water transportation systems are difficult to access” (.768).

Table 11: Factor 8: Production factors

Item No.	Variables	Factor Loading
12	Personnel lack of language skills.	.685
14	The difficulty of labor recruitment	.662
5	Unreasonable expenses of electricity energy	.525
16	An air transportation system could not provide a good support for product or raw material transportation.	.523
Eigenvalue = 2.171, % of Variance = 4.934		

Factor 8 is production factors including four variables. The factor loading is between .523 - .685 with the eigenvalue at 2.171. The highest factor loading is on “Personnel lack of language skills” (.768).

Table 12: Factor 9: Government’s Laws and Policies

Item No.	Variables	Factor Loading
40	Government lacks of policies that support your business.	.824
41	Laws could not provide a good support to your business.	.752
Eigenvalue = 1.992, % of Variance = 4.528		

Factor 9 is government laws and policies including two variables. The factor loading is .824 and .752 with the eigenvalue at 1.992. The highest factor loading is on “Government lacks of policies that support your business” (.824).

Table 13: Factor 10: Political Trust

Item No.	Variables	Factor Loading
31	Political situations have negative effect on your trust for business investment.	.787
Eigenvalue = 1.737, % of Variance = 3.947		

Factor 10 is political trust containing one variable. The factor loading is .787 with the eigenvalue at 1.737.

Table 14: Factor 11: Environment and Labor

Item No.	Variables	Factor Loading
44	Environment laws and regulations are an obstacle for your business operation.	.703
13	Numbers of labor are not enough.	.454
4	Unreasonable expense for labor recruitment.	.417
Eigenvalue = 1.724, % of Variance = 3.918		

Factor 11 is environment and labor including three variables. The factor loading is between .417 - .703 with the eigenvalue at 1.724. The highest factor loading is on “Environment laws and regulations are an obstacle for your business operation” (.703).

Table 15: Factor 12: Labor Skills

Item No.	Variables	Factor Loading
11	Personnel lack of working skills.	.756
Eigenvalue = 1.476, % of Variance = 3.354		

Factor 12 is labor skills containing one variable. The factor loading is .756 with the eigenvalue at 1.476.

Table 16: Factor 13: Operation Obstacles

Item No.	Variables	Factor Loading
33	Political situations have a negative effect on production planning and business expanding.	.562
43	Tax is an obstacle to business operation.	.524
6	Waterworks system expense is not reasonable.	.504
42	Policies of CLMV+I countries provide a better support than Thailand's.	.494
Eigenvalue = 1.468, % of Variance = 3.336		

Factor 13 is operation obstacles containing four variables. The factor loading is between .494 - .562 with the eigenvalue at 1.468. The highest factor loading is on “Political situations have a negative effect on production planning and business expanding” (.562).

Conclusion and Discussion

From the result, it could be concluded that the factors affecting the investment and production base relocation of foreign investors in CLMV+I countries instead of Thailand are the following:

Infrastructure includes waterworks systems and communication systems. Waterworks systems are not enough to fulfill the need. The communication systems including telephone and Internet are ineffective. There are many areas in Thailand that the infrastructure systems could not reach or be difficult to reach. In fact, there are a few developed areas that provide effective infrastructure system such as Bangkok and Chonburi. This problem has made it hard for investors even though Thailand, comparing to CLMV+I countries, has better infrastructure systems. However, while other countries are trying to develop their infrastructure systems to attract the investors, Thailand seems to stop developing. From Central Intelligence Agency (2015), it shows that CLMV+I countries have quick developed on the infrastructure systems. For example, Vietnam has already constructed the road up to 195.468 kilos,

ranked as #24th. Indonesia has constructed the road up to 496, 607 kilos, ranked as #14th. Thailand has constructed the road for 180,053 kilos, ranked as #28th. Therefore, in order to solve the problem, Thailand could determine business areas for each region including Northern, Southern, Eastern, Western, North-Eastern and Central. Each province that is determined as an economic province for that region should provide a good infrastructure system for investors.

Government management in preparation for natural disaster: Thai government seems to lack of concrete preparation plans to encounter with the natural disasters. Although there were the plans, when facing with the real situation, the plans could not be followed. Besides, people could not be aware of the natural disaster because of the lack of communication. These situations have been holding the foreign investors back since Thailand was attacked from many natural disasters such as flooding and earthquakes. With the lack of natural disaster prevention, many damages had happened to many industries. Chotiphongphut (2013) studied the influences of factors on production base relocation of companies in industrial estates that experienced the 2011 flooding. The result showed that the perception of natural disasters had high influence on decision of production base relocation. As a result, in order to gain trust from investors, government should provide policies to prevent natural disasters and to support industrial investors.

Production cost: The new minimum daily labor wage of 300 baht/day seems to have effect on production cost. Chalamwong et al. (2012) conducted research on the influences of minimum wages on national economic. The government new policy has set the minimum labor wage at 300 baht/day and the minimum salary of bachelor's degree employees at 15,000/month. This new policy has made the labor cost higher. It slows down Thailand's economy so much that it put some production industries at a high risk. Those industries need to increase selling price to cope with the higher production cost. The present research result showed that the labor wage rate has strong effect on the decision of moving the production bases to the AEC countries with have a lower labor wage rate. For example, textile industry was facing with the labor cost because it needed a high number of labors. Therefore, the textile industry had moved to Thailand's nearby countries that offered a lower minimum labor wage rate. Cambodia has a minimum labor wage at 75 baht/day. Laos has a minimum wage at 80 baht/day. Myanmar has a minimum wage at 110 baht/day. Indonesia has minimum wage at 230 baht/day. Vietnam has a minimum wage at 95 baht/day. Consequently, Thai government needs a well planning to solve the labor-wage problem in order to prevent the relocation of production bases and investment.

Raw Materials: The major problem of raw materials is the insufficient number of raw materials or expensive raw materials, especially the companies that need to order import raw materials. The price of import raw materials is high because the import taxes are high. ASTVManager (2012) reports that in other ASEAN countries, entrepreneurs could buy cheaper raw materials due to their import taxes have been revoked. On the other hand, Thai entrepreneurs still have to pay for the import taxes that raise the production cost higher. Going to AEC could not help Thailand solving the anti-dumping problem because Thai government has a policy to protect the upstream industries. Moreover, entrepreneurs also have to face with the high competition with other countries, especially the products from Singapore and Malaysia. These countries have high potential in production of industrial machines.

They could produce a product with lower cost to compete with Thailand. These factors are important impacts that affect investment and relocation of production bases.

Political Situation: The political situation has negative effects on sale volumes and advance orders as well as customers and transportation of products and raw materials. This factor is difficult to deal with because it could not be predicted. Thailand's political situation is not stable comparing to other nearby countries. The frequent change of government has decreased trust of Japanese investors. Many of them have turned to other countries with a stable political situation and offering laws that give better support to investment. Kasikorn Research Center (2012) studied the political situation of Myanmar. The result showed that Myanmar's political situation had been accepted more from international. The sign of the abatement of boycott has appeared since 2012 and made Myanmar's economic activities better. After many countries have revoked the boycott from Myanmar, the relationship on trading and investment between Myanmar and other countries has been developed. This research finding supports the result of the present study revealing that foreign investors tend to invest in Myanmar and countries that have a stable political situation.

Communication and Land Transportation Systems: Problems relating to communication systems, including telephone and Internet, are the lack of wide coverage areas and the difficulty to access. The land transportation systems are also not good enough. The investors have considered these two factors as important elements of product shipping because they need to be able to follow their products' status all the time. Moreover, the land transportation should have a system that allows manufacturers to contact the drivers and follow their products so that they could be able to send products to customers on time and at need. Nowadays, the nearby countries, especially CLMV+I countries, have rapidly developed their communication systems. Central Intelligence Agency (2015) reports the information of telephone users and mobile phone accessing. Indonesia had 29.64 million numbers for home phones which came to the eleventh of the world ranking. The mobile phone accessing was 319 million numbers which was the fourth of the world ranking. Vietnam had 5.56 million numbers of home phones which came to the twenty-eighth of the world ranking. The mobile phone accessing was 136.1 million numbers which was the tenth of the world ranking. For Thailand, there were 5.69 million numbers of home phones and 97.1 million numbers of mobile phones which was the twenty-seventh and sixteenth of the world ranking, respectively. From this information, Thailand needs to urgently develop the communication systems in order to compete with the nearby countries.

For the land transportation systems, the Japanese investors in Thailand have been facing with problems of old-fashioned transportation of all kinds. The land transportation is outdated and has been controlled only by Thai government. Thailand does not have a high-speed rail to commute between each region. Other nearby countries have been considered to construct the high-speed rail. For example, Indonesia had planned to loan fourteen billion baht for rail transportation development to solve the traffic and product transportation problems.

Ongkittikul (2013) studied the effect of high-speed rail and reported that the high-speed rail had many advantages to a country. In Germany, after the high-speed rail

opened for service, the number of tourists in four cities increased which made the land prices increased. An employment rate in one city also increased.

In France, the high-speed rail had affected the increasing of population, mostly the cities that the high-speed rail could reach. It increased the employment rate in two cities and the number of tourists in four cities. It also affected the number of school students and university students in one city due to the convenient commute.

In Japan, the high-speed rail affected the increasing of population in four cities and affected the economic in four cities. It also affected the increasing number of school students and university students in three cities.

It could be seen that the high-speed rail provides many benefits to a country. Therefore, Thailand should give the high-speed rail in consideration. Not only the high-speed rail gives many benefits to Thai people, but it also helps Thailand to compete with other nearby countries. Moreover, to provide more alternatives for Thai people and investors, it would be a good solution if Thai government allows private sectors to cooperate in giving service on rail transportation.

Production Factors: In order to compete with other countries, CLMV+I countries have tried to develop themselves in many aspects to become a better choice for foreign investors. Personnel, labors, electricity energy, and air transportation system are one of the most important elements for production factors. In order to attract the investors and prevent production base relocation, Thailand needs to develop personnel's skills, especially language skills. Government needs to give more consideration on the new minimum labor wage rate and electricity charge in order to help investors lower the production cost. Furthermore, the air transportation system needs to be developed to make product and raw material transportation more convenient.

Government's Laws and Policies: Some companies have still had problems with laws and policies of Thai government. In fact, the problems happen from unclear laws and from slow and unclear processes. The investors also experienced with inconvenience and side-taking. They have lost their trust in investment in Thailand and turned to other countries as a new choice. Jangseebeer (2015) addressed that Thailand's labor laws were more an obstacle of international trading than a supporter. Even though Thailand had many laws, the control of laws was not good. The laws should support and protect the entrepreneurs in many ways. Some laws should be reconsidered, especially tax laws that are overlapped and become a main obstacle for current foreign investors.

Political Trust: Every time that Thailand had political protests, the vast damage always happened with companies and organizations. The situations have been holding the foreign investors back. Thailand has lost its trust to the investors. Thus, they tend to look for a country with more stable politic. Yueh (2014) reported that the announcement of Thailand's martial law affected investors' decision; however, it did not affect much on Thai baht. The stock market in Thailand was down to about 2%. The Asian market still grew even though Thailand had the coup. In fact, this was the 12th coup of Thailand after becoming a democracy country in 1930. Thus, the taking over of military seemed to be a normal incident in Thailand. Nevertheless, it has shaken the foreign investors' trust. Some of them withdrew their capital from

Thailand which put Thailand in economic recession. In fact, the Thailand's economy had declined for six months before the coup due to the long period of the political protest. Consequently, in order to help Thailand's economy to grow, the political stability is necessary to gain trust from foreign investors.

Environment and Labor: Labor force and environment policies have been important factors for production and services. Many countries compete with each other with the minimum labor wage rate. Government has paid more attention on environment and issued some laws and policies to preserve the environment. For example, Myanmar required foreign investors to submit their development plans to Foreign Investment Management Committee for consideration first. Post Today (2015) reported that the settlement of ASEAN affected the production factors such as labor force and production capital, and increased the growth of industries. However, if those production activities created a bad effect on environment such as air pollution or water pollution, it would affect people's welfare in a long term. Therefore, environment laws and policies are necessary to help control the production activities such as environment taxes and the emission trading schemes. Nevertheless, government needs to find a middle path that provides the most advantages to foreign investors and preserves environment of the nation.

Labor Skills: The result reveals that the lack of skills is an important factor that affects decision of foreign investors. With the higher labor wage of Thailand and lower labor wage of nearby countries, labor skills have come to the consideration. Chalamwong et al. (2012) addressed that unreasonable labor wage rate had negative effects on national economy. It put Thailand's economy in deceleration. Some industries, which had high production cost due to the higher labor wage, needed to increase their sell prices. Labor skills seem to be less important when comparing to the labor wage rate. Therefore, many investors have decided to invest and move their production bases to a country with a lower labor wage even though their labor skills may not be as good as Thai labors.

Operation Obstacles: From the result, the major operation obstacles are political situations, taxes, waterworks system expense, and the policies that support the operation. Political situations are the most important obstacle that affects planning and expanding. For taxes, the foreign investors have seen them as an obstacle to business operation. Moreover, they concern about the unreasonable waterworks expense. Finally, CLMV+I countries have provided policies that give a better support for their investment than Thailand. As a result, CLMT+I countries seems to be a better place for investment and production base relocation.

For the future research, more time should be provided in data collection so that more data could be collected. The study could be done with investors from different countries, not only Japanese. Then the result may be different and show more insightful of this issue.

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An Empirical Study of Cloud Maturity Across Industries

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The Asian Conference on Business & Public Policy 2015
Official Conference Proceedings

Abstract

The cloud adoption can be regarded as a paragon shift of business transaction, which will accompany with business process reengineering. How do cloud systems be implemented to enhance the business processes across industries? By conducting an empirical survey, this study focuses on the comparison of the cloud adoption across industries in Taiwan. This research project was conducted by two research institutes (i.e. IDC and III). A cloud maturity matrix is composed of four dimensions (i.e., familiarity, process, change management, and performance). Through investigating the cloud maturity of seven industries, including finance, public/education, retail, manufacturing, ICT, healthcare, and transportation, the contributions of this work are: (1) to compare the status quo of cloud adoption across industries, (2) to understand the possible factors of difference toward industrial cloud adoption, and (3) to discuss the strategy foci for industries. A cluster-random sampling method was utilized to chosen 724 qualified firms from the IDC survey database. One hundred and seventy one valid response were received. The findings reveal that the significant different across industries in cloud maturity. Both public/education and healthcare reveal highest cloud maturity. The public/education industry is more mature in familiarity, process, and change management. The ICT industry performs better in change management, while the healthcare industry shows higher performance. The findings provide valuable insights for managers and policy makers to develop effective cloud development policies and procedures.

Keywords: Cloud Computing, System Adoption, Cloud Maturity, Industrial Survey.

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Introduction

With the evolution of information and communication technologies, cloud computing has been regarded as a new paradigm for hosting IT infrastructure (Zhang et al., 2010). Cloud computing is a virtualized resource pooling technology which can be accessed through network and has several conspicuous characteristics for managers, such as on-demand delivery, elasticity, and measured service (Vaquero et al., 2009). According to IDC's forecast, with 27% growth rate, the worldwide public cloud services spending will over \$55 billion in 2014 (IDC, 2010). The concept of network-based, on-demand software delivery model was introduced since late 1990s, which was named as Application Service Provider (ASP) (Smith and Kumar, 2004). However, cloud computing provides a more mature environment for Software-as-a-Service (SaaS) which offers web-based applications as well as supports service-oriented multi-tenancy under a shared IT infrastructure (Benlian et al., 2009; Weiss, 2007).

Companies need to adjust business processes, organizational procedures, and even organizational structure to leverage their ICT investments. Cloud-based systems adoption infers organizations should partially or fully replace their incumbent system landscapes toward cloud environment. Moving legacy systems into a public cloud implies that firms may take the risk of running critical business transactions under the control of external providers. To construct a private or hybrid cloud also has a myriad of technical and organizational difficulties. Although cloud-based systems demonstrate several charming change forces, organizations may be shackled to existing systems by the inertia, such as the investment and embeddedness of existing systems (Furneaux and Wade, 2011). The research purpose of this study is to find the status quo of cloud adoption across industries.

The cloud adoption can be regarded as a paragon shift of business transaction, which will accompany with business process reengineering. How do cloud systems be implemented to enhance the transaction processes across industries? By conducting an empirical survey, this study focuses on the comparison of the cloud adoption across industries in Taiwan. This research project was conducted by two research institutes (i.e. IDC and III). Through investigating the cloud maturity of seven industries, the contributions of this work are: (1) to compare the status quo of cloud adoption across industries, (2) to understand the possible factors of difference in cloud adoption, and (3) to discuss the strategy foci for industries.

This paper is organized as follows. In the next section, we present the theoretical background and review the theory of system adoption. The research procedure of this work is described in the third section. Then, the progress of e-invoice policies, the evolution of e-invoice platform, and the strategic shift are presented in the fourth section. In the discussion and conclusions section, the implications for academy and management will be discussed.

Research Background

The development of cloud computing

Building on the existing techniques including virtualization, distributed computing, utility computing, and networking techniques, individual and organizational users can lease computing resources through network with the pay-as-you-go pricing model (Weinhardt et al., 2009). According to the definition of National Institute of Standards and Technology (NIST),

cloud computing refers to a network-accessed computing resources pooling, including network, storage, application, and other computing service (Mell & Grance, 2011). The service models of cloud computing can be distinguished into Software as a Service (SaaS), Platform as a Service (PaaS), and Infrastructure as a Service (IaaS), which have five essential characteristics, including on-demand self-service, broad network access, resource pooling, rapid elasticity, and measured service.

The governments around the world have regarded cloud computing as an important IT infrastructure for the development of a country (Chandrasekaran & Kapoor, 2010). The US proposed the Federal Cloud Computing Initiative (FCCI) in 2009 and also initiated several projects for enhancing the cloud implementation of federal institutions. The standards proposed by NIST also become the foundation for cloud computing development. The UK government initiated the Digital Britain Project in 2009 and constructed a platform (i.e., CloudStore) of cloud service procurement for the public sectors, which now has 257 providers and more than 1,700 services. About 50% of the ICT expenditure of UK government in 2011, about 0.9 billion in GBP, was enabled by CloudStore. As to Asia countries, Singapore announced the iN2015 (Intelligent Nation 2015) in 2006. China's 12th Five-Year Plan had listed cloud computing as one of the seven strategic emerging industries. Japan approved the Digital Japan Creation Project in 2009 to establish cloud-based ICT infrastructure for sharing resources and increasing efficiency. To improve the service quality of public sectors, South Korea implemented cloud-based IT environment and deployed a government cloud computing platform in 2011. Table 1 presents the strategic foci of worldwide governments.

Table 1. Summary of the cloud computing strategies of worldwide government

Strategic Foci	Country (Time-Initiated)						
	US (2009)	UK (2009)	AU (2011)	CN (2010)	SIN (2006)	JA (2009)	SK (2009)
Standard Development	✓	✓	✓	✓		✓	
Industrial Development		✓	✓			✓	✓
Techniques Development	✓					✓	✓
Setting Regulations				✓			
Common Procurement	✓	✓	✓				
Open Data	✓			✓	✓	✓	
Big Data	✓		✓		✓		
Proof of Concepts				✓	✓		✓

Note: US = United States; UK = United Kingdom; AU = Australia; CN = China; SIN = Singapore; JA = Japan; SK = South Korea

The Taiwan government had listed cloud computing as the important developing industry and initiated the Cloud Computing Development Project in early 2009. Through 15 cloud-related application projects, cloud computing provides transformation opportunities for ICT firms in Taiwan. Furthermore, an evaluation policy for the government cloud computing project is provided, for "Value to citizens" and "Economy to the industry" as the planning and implementation target guidelines. After three years of effort, by the end of 2012, the Cloud Computing Development Project has been revised to become the Cloud Computing Application and Development Project. The main purposes are to accommodate the diversity of domestic demand and technological competition from international industries. The cloud applications by the government shall be transparent to the general public and shall lead the way for the cloud computing industry's development in Taiwan.

The Cloud Open Platform is offered as a supply-demand channel in between governmental agencies and the hardware/software vendors in cloud computing applications.

With the cloud computing development in Taiwan, it provides opportunities of exploring new markets for vendors including cloud server, storage, terminal device, and other cloud solutions. The experience of ICT manufacturing also provides foundations for becoming cloud service providers (Fan et al., 2013). The government and firms continuously infuse resources for developing cloud-based techniques and solutions. The increasing cooperation among firms and research institutions had released some fruitful cloud platforms. The development of cloud industry, environment construction, and the positioning in the international cloud market will increase the needs for cloud-related human resources.

Theoretical foundations for system adoption

Firms are inclined to adopt a innovation which can enable them to address the encountering organizational or technological challenges (Kraatz & Zajac, 1996). There are various theoretical perspectives have been proposed to provide complementary viewpoints on the IT innovation adoption (Lee & Xia, 2006). The common theoretical perspectives are diffusion of innovation theory (DOI), technology-organization-environment (TOE) framework, institutional theory, resource-based view (RBV), and transaction cost economics (TCE). In the following section, we briefly introduce the essence and arguments of each theoretical foundation as well as provide the findings on system adoption.

The diffusion of innovation (DOI) theory is introduced to explain the process of a new idea or technology spread out in a social system. An innovation is communicated, over time, among the members of a social system through particular channels (Rogers, 2003). Tornatzky and Fleischer (1990) argue that the contextual factors of adopting an IT innovation are threefold, including technological context, organizational context, and external environment context. Institutional theory examines why firms tend to react to comply with institutional legitimacy (Liang et al., 2007). The basic argument of resource-based view (RBV) is that the heterogeneous resources of firms enable them to compete against with others (Barney, 1991; Wernerfelt, 1984). That is, in RBV, an organization is viewed as a bundle of resources and capabilities. The adoption of IT can help to reduce the transaction costs. For example, with SCM system or EDI, the coordination between business partners can be enhanced as well as enable the business integration (Subramani, 2004). The following section will further develop the theoretical concepts of the status quo bias theory.

Research Method

The research was conducted through two research institutes, including IDC and III. Following the worldwide methodology, this study adopted the instrument of cloud maturity form IDC. Cloud maturity is composed by four main sub-concepts, including familiarity, process, change management, and performance. The survey was conduct during October 2014. The IDC survey database was chosen as our sample frame. In order to compare the difference across industries, a cluster-random sampling method was conducted. 724 qualified firms from seven industries were chosen as target respondents. Informants should know about the organizational IT utilization and deployment. One hundred and seventy one valid responses were received within a month, with a response rate of 23.6%. The respondents reveal a wide spectrum of industry types (see Table 2).

Data Analysis

By conducting several ANOVA tests, the results suggest that the significant difference across industries in cloud maturity, especially in familiarity and performance. The findings also suggest that different IT resources can influence the familiarity and performance of cloud adoption. Large companies have better change management of cloud adoption. Public sector and Healthcare reveal the highest maturity of cloud adoption. However, ICT industry reveals well change management during adopting cloud computing. The findings also suggest that Healthcare provide better performance after adopting cloud systems. The findings are shown in Table 2.



Table 2. Summary of the cloud computing strategies of worldwide government

Industry	N	Familiarity		Process		Change Management.		Performance		Cloud Maturity	
		Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD
Finance	20	2.84	0.54	2.78	0.75	2.63	0.63	2.07	0.60	2.58	0.32
Public	20	3.19	0.50	2.87	0.68	2.85	0.60	2.39	0.52	2.82	0.39
Retail	55	2.90	0.63	2.72	0.72	2.77	0.65	2.31	0.59	2.67	0.36
Manufacturing	41	2.77	0.48	2.74	0.73	2.74	0.62	2.00	0.51	2.56	0.39
ICT	11	2.86	0.65	2.79	0.62	2.85	0.40	2.31	0.62	2.70	0.28
Healthcare	12	3.16	0.72	2.72	0.68	2.83	0.75	2.57	0.50	2.82	0.45
Transportation	12	2.64	0.58	2.75	0.71	2.50	0.56	2.12	0.47	2.50	0.36
Total	171	2.89	0.59	2.75	0.70	2.75	0.62	2.22	0.57	2.65	0.38
F_{industry}		2.07		0.13		0.62		2.82		2.06	
		0.06		0.99		0.72		0.01		0.06	
$F_{\text{IT Employee}}$		3.29		0.43		1.79		2.25		1.51	
		0.01		0.83		0.12		0.05		0.19	
$F_{\text{Organizational Size}}$		1.49		0.21		2.07		1.03		1.23	
		0.19		0.97		0.06		0.41		0.30	

Discussion and Conclusions

System adoption often accompanies with the adjustment organizational processes and structures. Cloud computing adoption refers to partially or fully replace current system with a cloud-based landscape. Our survey revealed the current status quo of cloud adoption across industries. The findings provide a foundation to understand the difference of cloud adoption among different industries. The status quo bias will exert its effects through commitment to environmental pressures and cost-benefit assessment by using incumbent systems as the anchor. Institutional pressures have profound effects on an organization's reaction to external competition without mindfulness thinking. Institutional forces enable to reinforce the legitimacy of norms and practices toward adopting cloud ERP as new IT hosting paradigm. As to evaluate possible risk of cloud adoption, rational decision making is remarkable aspect of three status quo bias sources. In comparison with in-house, on-premise system, cloud computing provides benefits like scalability, pay-per-use, and no up-front investments. However, it also accompanies transition and uncertainty costs, such as data security and service reliability. According to our findings, switching benefits can diminish the perceived risk while switching costs lead organization to remain current situation by enlarging risk perception.

Future research directions

Our finding can provide some implications for IT and business managers. First, the findings reveal the importance of considering possible status quo bias in cloud adoption decision making. As to vendors, in order to provide suitable cloud-based solution, they should take the firms' incumbent situation into consideration. Second, organizational managers can use cost-benefit analysis and emphasize possible gains of adoption, in contrast with existing system, to decrease possible resistance reaction. Third, cloud computing vendors can promote their application by cooperate with some leading firms. By construct breakthrough success stories, both vender and adopters can reap what they have sowed.

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***Demand on Commodities Contributor of Poverty in Aceh Province-Indonesia:
Analyses on Urban Households***

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The Asian Conference on Business & Public Policy 2015
Official Conference Proceedings

Abstract:

This study analyzed the demand of urban household for commodities contributor of poverty in Aceh Province by using Almost Ideal Demand System (AIDS) model. Further, this research examines how is the influence of changes in prices and incomes on demand of commodities that cause the increase of poverty, particularly urban poverty. The data used is data collected from Susenas (National Socioeconomic Survey) in 2013, covering 710 urban households Aceh Province. From the calculation of elasticity AIDS models, it shows that the rising price of the commodity contributor of poverty is very influential to decrease the household welfare. Electricity and LPG has a value of elastic price elasticity, which shows that rising commodity prices would be devastating to lower household welfare in urban areas. Commodity price elasticity of cigarettes has a positive value. This situation shows that the increasing price of cigarettes has no effect on the demand for cigarettes, even the demand is increasing. From these results, it is suggested to the government to be able to maintain the price stability of the basic needs commodities, especially electricity and LPG. This is mostly because such these commodities contribute a lot to the poverty and decrease in the prosperity of Acehnese.

Keywords: Demand, Commodities contributor of poverty, Elasticity, AIDS Model

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Introduction

Poverty reflects the low level of welfare. The rising prices of commodities contributor of poverty will further decrease the level of welfare and cause of poverty. See from the comparisons between regions, Aceh Province is included as one of the provinces that have high rates of poverty in Indonesia. This problem can be seen in the Table 1, in which the number of poverty in Aceh Province is above the average of national poverty rate.

Table 1. Aceh Province and the National Poverty 2008-2013 (In Percent)

Years	Aceh Poverty Rate		National Poverty Rate
	Urban	Total	Total
2010	14,65	20,98	13,33
2011	13,69	19,57	12,36
March 2012	13,07	19,46	11,96
September 2012	12,47	18,58	11,66
March 2013	11,59	17,60	11,37
September 2013	11,55	17,72	11,47

Source : www.bps.go.id, 2010-2013.

Commodities contributor of poverty is mostly the household basic needs commodities that have consumptive nature. The rising prices on commodities contribute the poverty caused the decline of real income and household loss income that caused poverty. Commodities contributor of poverty are dominated by food commodities. Based on data from the national socioeconomic survey (SUSENAS) in 2012-2013 provided on the Table 2, rice and cigarette filter are commodities that mostly contributed to poverty in Aceh Province. Other commodities that dominated the number of poverty is cigarette filter, in which the cigarette caused large of poverty rate in rural and urban area.

**Table 2: Commodities Contributor Of Poverty
The period of 2012-2013 in Aceh Province**

Group	Commodities	Year 2012		Year 2013	
		Urban	Rural	Urban	Rural
Food commodities	Rice	32,16	40,74	35,81	39,92
	Cigarette Filter	12,99	11,39	9,81	12,52
	Tuna Fish	7,49	5,85	7,18	5,95
	Sugar	4,63	5,19	5,06	4,86
Non-food	Housing	35,75	28,50	22,26	21,31
	Gasoline	7,31	11,93	10,96	11,24
	Clothing	8,15	8,56	7,73	6,77

Sources : www.bps.go.id, 2012-2013.

According to wood et.al (2012) the rising prices of food commodities will decrease household economic welfare that has low income, either in rural or urban, where the percentage of household spending to food will increase. The rising price will cause

income loss on household. In line with that, Skoufias (2003) argued that rising prices will directly impact on the rise of poverty. In the short-run the rising price will be a serious issue where the poor society will spend more money to buy food. The rising prices will decline their real income, therefore they become poorer. On the other hand, the producer doesn't have time to increase their production as the response from changing prices. In the long-run, the rising price will decline the welfare of middle-class households.

Literature Study

Many empirical studies in many developing countries, as can be seen through the elasticity describe by Pons (2011), who observed the welfare level in India using AIDS (Almost Ideal Demand System) approach model. Not all households can survive with the severe decline of welfare in which the prices moving up. In urban households, the spending to food needed wasn't influenced by rising prices. These conditions are seen by the elasticity that shows a negative value and tend to inelastic. Income elasticity also appears to be very elastic and positive for fruit commodities, non-food commodities, and meat. While food such rice, wheat, and corn become an inferior commodity that have negative income elasticity.

The same thing occurs in Africa, where Koch and Bosch (2009) observed of how the effects of inflation on the cost of the welfare of the poor and the rich in Africa by using a model of AIDS. Generally inflation comes due to the lower purchasing power because the households will spend more money to buy necessary commodities. Only inflation in food causes more negative effects on the poor than on the rich. This situation shows that the trend of rising food commodity prices will decline the welfare of poor households with low income, but not influence the rich households that have high income.

The prosperity gap can also be seen in Indonesia. Kahar (2010) observed the pattern of consumption of urban and rural areas in the province of Banten Indonesia. Commodities studied include commodities contributor of poverty. The raising prices greatly affect the decline of demand of the education and healthcare in urban and rural areas. Price elasticity of rise tends to be inelastic, which means that the rising price was not affecting the demand for this commodity. From the income elasticity, revenue expenditure for rice is still quite large as shown by the elasticity that comes closer to one. Education has an inelastic income. Inelastic nature shows the low public response against education as shown from the small income allocation for this commodity. Generally it can be concluded that in the province of Banten, household expenditures is still preferred in need of food and it implies the welfare that still relatively low in this province.

Tash et.al. (2012) see the demand of rural households on food and non-food commodities in Iran with a model of AIDS. Commodities observed are; clothing, furniture, health, housing, and transportation. Generally, price elasticity looks slightly elastic which means household responses to price changes are not so big. Only on commodity of transportation services are greatly influenced by changes in prices as seen by the elastic value of the price elasticity. For the income elasticity, housing classified as normal goods, food classified as inferior, and other items classified as the luxury goods would increase demand when the incomes rise.

There is a shift in the consumption of food commodities to non food commodities, it indicates a fairly good level of welfare in Iran.

Data and Model Analysis

The data used are secondary data in the form of a cross sectional data of 2013. Data taken from the sample of the activities of the household survey conducted by Susenas (National Socioeconomic Survey) in the province of Aceh, which is the data of urban households. Household data sample taken randomly (random sampling) and consists of 785 households that consume five main commodities contributors of poverty, namely; rice, cigarettes, fish, electricity and LPG.

To examine the variables demand on commodities contributor of poverty, the AIDS demand model is used (Almost Ideal Demand System). This model was developed by Deaton and Muellbauer (1980). AIDS estimation models using a SUR (Seemingly Unrelated Regression) model approach.

Demand model in AIDS is as follows:

$$w_{ij} = \alpha_i + \sum_j \gamma_{ij} \log P_j + \beta_i \log(x/p^*) + \mu_i \dots \dots \dots (1)$$

With P* is the Stone price index (Index Stone)

$$\log p = \sum w_i \log p_i \dots \dots \dots (2)$$

Where:

- w_{ij} : share expenses commodity i to total expenses commodity j
- i = j : 1,2 ... 5 (5 commodities contributor to poverty)
- logP_j : The price of commodity j (where j = 1,2 ... 5)
- log (x/ p*): log total income deflated by the index stone.
- μ_i : error term.

To ensure the maximum satisfaction of assumptions, three restrictions must be met, the model which additivity constraint (adding-up), homogeneity, and symmetric.

$\sum \alpha_i = 1 ; \sum \beta_i = 0 ; \sum \gamma_{ij} = 0$	adding-up
$\sum \gamma_{ij} = 0$	homogeneity
$\gamma_{ij} = \gamma_{ji}$	symmetric

The elasticity calculation formula is based on the estimation of AIDS models used are (Aliasuddin, 2003):

$$\eta^i = 1 + \beta_i W_i \dots \dots \dots (3)$$

Price (Marshallian) $\epsilon_{ii} = -1 + \frac{\gamma_{ii}}{w_i} - \beta_i \dots \dots \dots (4)$

Price (Hicksian) $\delta_{ii} = -1 + \frac{\gamma_{ii}}{w_i} + W_i \dots \dots \dots (5)$

Cross (Marshallian) $\epsilon_{ij} = \frac{\gamma_{ij}}{w_i} - \beta_i (\frac{w_j}{w_i}) \dots \dots \dots (6)$

Cross (Hicksian) $\delta_{ij} = \frac{\gamma_{ij}}{w_i} + W_j \dots \dots \dots (7)$

Results and Discussion

From the estimation of the equation (1) we get the value of the coefficient of price and income coefficients are then used to calculate the value of its own price elasticity, income elasticity and cross-price elasticity in equation (3) to (6). Table 3 shows the value of the income elasticity and price elasticity itself. In general, price elasticity of Marshallian and price Hicksian has a negative value that shows rising prices of commodity contributor of poverty will reduce household demand. This further decline in demand led to the decline in the level of welfare of households in urban areas due to rising prices. The inelastic of fish and rice shows that fish and rice are the basic needs that does not have bigger decline despite the increase in the price of this commodity. For example, rice commodities, the rising price of rice by 10 percent would reduce demand for rice by 5.8 percent. The values of inelastic in both commodities are normal considering these commodities are the primary food needs consumed almost all people in Indonesia.

Commodity of cigarettes has a positive price elasticity value and close to unity. This situation shows that the demand for cigarettes is not influenced by changes in prices. This condition is accordance with the cultural conditions in Aceh, consider Aceh is very famous for its culture of smoking and drinking coffee in coffee shops. This culture has been quite strong, so that cigarette consumption in the province is high.

Table 3
Income Elasticity and Own-Price Elasticity

Commodities	Price Elasticity of Marshallian	Price Elasticity of Hicksian	Income Elasticity
Rice	-0,58	-0,34	0,89
Fish	-0,59	-0,53	0,97
Cigarette	0,92	0,93	0,13
Electricity	-1,09	-0,83	0,89
LPG	-1,10	-1,03	0,67

Sources: Estimation Result of AIDS Model

Electrical commodities and LPG classified as negative and elastic, it shows that LPG and electricity highly affect the household demand. Further, rising prices of this commodity greatly decline the welfare of urban households. Electricity and LPG is a commodity produced by the government, including their price. In addition to highly effect the level of welfare of households, the rising price of electricity and LPG also increases the cost of production. This is because the industrial sector in Aceh and Indonesia in general is still highly depends on both these energy commodities.

Looking at the value of the income elasticity, the elasticity values generally have a positive value but tend to be inelastic. Fish commodities have the highest income elasticity value closer to unity. This situation shows that fish commodities are normal goods, in which in the case of increase in income, the demand for fish commodities will increase proportionally. Other commodities relatively inelastic, which showed that commodity classified as basic needs that has limited demand in nature. Rice and electricity also has a high value and closer to unity. This shows that these commodities remain a basic commodity that must be met by urban households in

Aceh. The lowest value of income elasticity is cigarettes. The elasticity of cigarettes is highly inelastic that is 0.13. This situation shows that cigarettes are basic goods where rising incomes are not overly influence the demand for these commodities.

Table. 4
Cross Price Elasticity of Marshallian

Commodities	Rice Demand	Fish Demand	Cigarette demand	Electricity Demand	LPG demand
Rice	-	-0,029	0,452	-0,025	1,038
Fish	0,002	-	0,055	-1,016	0,004
Cigarette	-0,044	-0,108	-	-0,025	-0,111
Electricity	-0,577	-0,444	-0,058	-	-1,432
LPG	-0,042	-0,089	0,007	0,298	-

Sources: Estimation Result of AIDS Model.

While looking at the cross-price elasticity values, in general the value of cross-price elasticity has a negative influence and the average tends to be inelastic. This situation shows that the increase in prices of other goods does not have a great influence on the demand for a commodity contributor of poverty. Negative and positive elasticity values of various commodities cannot be simply interpreted as a complement or substitute relationship. Further, positive cross elasticity value shows that both commodities are equally important for households. So that although the price of another commodity increases, the demand for a commodity studied increase steadily. Conversely, when the value of the cross elasticity is negative, then the increase in prices of other goods will reduce the demand for commodities studied. This condition means that other goods is far more important than the commodity studied.

Conclusions and suggestions

The rising prices of commodity contributor of poverty greatly cause the declining demand for urban households in Aceh Province. A continuous decline in demand reflects a decrease in the level of welfare of households in urban areas. The rising prices also influence the income elasticity, in which the value of the income elasticity for food commodities such as fish and rice are quite high, as well as the electricity commodity. It shows that the rising prices caused the proportion of expenditure on these commodities become higher. This condition causes the allocation of income to other commodities other than that of basic needs will decrease.

Electricity and LPG is a commodity controlled by the government either for the production or the price levels. The rise of commodity prices has a great influence on household welfare level, so the government must be careful in their policy of commodity prices regarding the energy source. The role of regions in this investment sector is required to increase energy supply, especially for the electricity commodity whose demand is increasing. In the long term, the Indonesian government should start thinking to liberalize the electricity and other energy, considering commodity is increasingly difficult to be controlled by the government. Meanwhile, the issue of the price of LPG is also greatly influenced by the scarcity itself. The role of local government is required in maintaining the distribution and availability of goods in the market.

Food commodities such as rice, fish and cigarettes are often the highest contributor to poverty. In the regional context, the government should maintain the supply of agricultural commodities and fishery by increasing the development of this sector. Aceh Province is an agricultural area with a great potential, it is supported by the fisheries sector and the maritime nature. The Government has been duly directing future development of this leading sector. The development of agriculture and fisheries sector can reduce poverty and increase employment in this province.

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Guidelines for Improving Productivity, Inventory, Turnover Rate, and Level of Defects in Plastic Industry

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The Asian Conference on Business & Public Policy 2015
Official Conference Proceedings

Abstract

The purposes of this study are to study the current situations, opportunities, and obstacles in manufacturing industry, and to create a model for improving the efficiency while reducing levels of inventory, turnover, and level of defect. This study used snowball sampling from 20 companies from plastic industry in Thailand. The results found that 2 companies were large, 10 companies were medium, and 8 companies were small. The results further showed that 19 companies were original equipment manufacturer while only one produced its own brand. Employees who operated machines had performance at 80-90%. In contrast, other departments which were not concerning with injection machine, such as finishing, assembling and packing, did not have their performance measured. All companies operated 7 days with 24 hours, especially injection machine department, with 2 or 3 shifts per day. Considering inventory, raw material was a small amount due to the plastic resin prices, which had changed frequently depending on market prices. Purchasing in bulk raw materials resulted in a risk of loss from the price difference. Most companies would assign employees, who controlled the injection molding machine, to finish pieces during the injection molding machine was running; therefore, the work in process inventory was small volume between 1-3 days. Meanwhile, finished goods inventory was 3-30 days. Customers would give the annual forecasting but they would split orders gradually on a weekly basis. Defect rate was controlled by customer at 2-3%. Turnover rate was 5-10%. The company should measure the performance in all departments to know strengths and weaknesses; and then create a project to improve productivity with suppliers, employees, and customers involvement such as 5S, QCC, Kaizen, TPM, TQM, ISO, SPC, and lean manufacturing system. The company should create work instructions both in Thai and Burmese or Cambodian or Laos to reduce communication issues. Since small but frequent orders were not worthwhile to set up frequently manufacture, the companies determined to produce high volume at one time, leading to high level of inventory. Thus, the company should focus more on forecast and negotiation to avoid dead stock. The company should understand its employees to maintain current employees and at the same time create attractive welfare to attract prospect employees. Company qualified for quality, cost, and delivery will survive in fierce competition. According to the establishment of AEC, there are opportunities to create its own brand, and relocate to border areas of AEC

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Introduction

Currently, plastic has a huge role in our day life. Most of appliances are made of plastic or plastic components such as packaging, electronic appliance, auto-parts, construction, safety, housewares, medicals, agriculture, recreation, safety, filament (non-textile), and foot-wares. Thus, the plastic industry is an important industry which many factories scattered across the country, a total of 3,850 plants which 85 percent as the SMEs. The number of workers in this industry accounted for 290,270. Thailand imported plastic about 0.227 trillion tons of plastic per annum which ranked 11th in the world. Meanwhile, exported about 0.198 trillion tons per year accounted as 4% of GDP (Nanthawat, 2013).

Labor productivity is critical to the competition. In addition, it can also increase sustainability revenue. Company with higher costs will result in lower competitiveness which leads to loss and finally has to withdraw from the business. Thailand labor productivity has increased by 2% per year which is very low when compared with other countries such as Vietnam and China with 4% and 10% of increase, respectively (Tansakul & Sutthiwatanaruputh, 2014). The unit labor costs of Thailand increased by 3% while Indonesia fell by 12% (Tansakul & Sutthiwatanaruputh, 2014). According to both low level of productivity and high level of unit labor costs, the competitiveness of Thailand is reduced.

Inventory is one of the most expensive assets of many company which representing as much as 50% of total invested capital. Managers have long recognized that good inventory management is crucial. In addition, a company can reduce costs by reducing inventory. On the other hand, production may stop and customers become dissatisfied when an item is out of stock (Heizer & Render, 2014).

To sum up, according to a low level in production, a high level of labor unit costs, and high level of inventory, employers need to create the improving program to improve productivity, reduce inventory, turnover rate, and level of defects which will enhance company's competitive advantage.

Literature Review

Performance

Performance analysis is a process used to evaluate the cost efficiency, reliability, and timeliness of corporate management and design. The purpose of performance analysis is to identify areas of improvement in company's activities as well as to aid strategic decision making. This study is mainly concerned with performance, especially operational performance.

Operational performance is related to organization's internal operation such as productivity, quality of product, and customer satisfaction (Feng et al., 2007). It is typically assessed along with the dimension of percent returns (Frohlich & Westbrook, 2001; Poirier & Quinn, 2004; Rosenzweig et al., 2003), percent defects (Frohlich & Westbrook, 2001; Rosenzweig et al., 2003), delivery speed (Buzzell & Ortmeier, 1995; Frohlich & Westbrook, 2001; Chen & Paulraj, 2004), production costs (Frohlich & Westbrook, 2001; Poirier & Quinn, 2004; Rosenzweig et al., 2003;

Chen & Paulraj, 2004), production lead time (Buzzell & Ortmeier, 1995; Frohlich & Westbrook, 2001; Rosenzweig et al., 2003), inventory turns (Frohlich & Westbrook, 2001; Zhu & Karemer, 2002; Ranganathan et al., 2004), and flexibility (Chen & Paulraj, 2004; Rosenzweig et al., 2003).

Productivity and Firm Performance

Productivity is the ratio of outputs (goods and services) divided by the inputs (resources, such as labor and capital). The manager's responsibility is to enhance the productivity because improving productivity means improving efficiency (Heizer & Render, 2014).

Based on the microeconomic theory, the efficiency of production or economic performance is divided into two categories, i.e. technical performance and efficiency of resource allocation. Technical performance refers to a possible maximum output from the processing of minimal inputs. Meanwhile, the efficiency of resource allocation means a maximum of producing in which the manufacturers are satisfied with the matching of resources and objectives. In other words, the efficiency of resource allocation can be explained as the yield derived from using the lowest cost.

Conventionally, a firm performance has been observed and measured in accounting words (Conant et al., 1990; Jennings & Seaman, 1994). However, the literature concerning with measurement of business performance (Kaplan & Norton, 1992; Lynch & Cross, 1991; Otley, 1999) proposed that managers prefer to locate relatively less importance on traditional financial performance's measures, e.g. return on investment or net profits. It is consistent with Baross and Santos (2006), who proposed that firm performance be an outcome from the ability to use resources and CEO care for overall result of both finance and non-finance performance. In general, the word performance results in the leading position of measurements such as profit, cost and market share (Laitinen, 2002). Sink and Tuttle (1989) asserted that performance should not be dealt barely as a financial perspective. In addition, Li and Olorunniwo (2008) suggested that performance can be evaluated by non-financial performance such as efficiency, growth, and profit.

The firm performance serves as a major link among the strategies, implementation and evaluation operations (Emmanuel et al., 1990; Haktanir & Harris, 2005). This is corresponding with Melia and Robinson (2010), who proposed that evaluating the firm performance is related to the strategy of the organization. Therefore, organizations need to set clear goals and rules to improve efficiency and move towards the achievement of the goals. In addition, many organizations believe that the performance evaluation can be conducted based on the implementation of any strategies. The reported performance will take place at all levels of the organization similar to financial report (Neely et al., 2002).

Organizations, especially in the private sectors, must cope with tough competition and the need to survive and grow. While the external business environment comprises competitive forces, internal competency relies on limited resources. Recently, business executives and researchers have focused on investigating the relationship between competitive priorities and firm performance. Operational measures which are usually used as firm performance measures include productivity, quality, cost,

timeliness, and accuracy (White et al., 1999; Ahmad & Schroeder, 2003; Hallgren, 2007; Kathuria et al., 2010).

Inventory

Managers around the globe have long recognized that good inventory management is crucial. The objective of inventory management is to strike a balance between inventory investment and customer service. Inventory can serve several functions that add flexibility to firm's operations. There are four functions of inventory, i.e. separating various parts of the production process, decoupling the company from fluctuations in demand and providing a stock of goods that will provide a selection for customers, taking advantage of quantity discounts, and hedging against inflation and upwards price changes (Heizer & Render, 2014).

To accommodate the functions of inventory, companies maintain four types of the following inventories. First, it is raw material inventory which has been purchased but not processed. The second type is work in process (WIP) inventory which refers to the components of raw materials that have undergone some change but are not completed. Third, maintenance-repair-operating (MROs) inventory is often a function of maintenance schedules, repair schedules, and other schedules. Finally, it is finished goods inventory which is the completed products awaiting for shipment or future customer demands (Heizer & Render, 2014).

The number of works in process from overproduction affected the manufacturing process and production cost. Traditional concept focused on the overproduction or pre-production for a long time in order to get the lowest cost per unit regardless of thinking whether there will be a lot of work in process or not. The problems of overproduction include the loss of time and labor in unnecessary production, storage space, costs of moving, waste not being resolved immediately, sunk costs, and hidden production problems.

Turnover Rate

Turnover refers to the amount of movement of employees in and out of an organization, normally presented in terms of the turnover rate (Chruden & Sherman, 1972). Meanwhile, Mobley (1982) defined the meaning of employee turnover as the discontinuance of membership in an organization by the person who received monetary compensation from the organization. In addition, Tanke (2001) has defined turnover as the movement of employees out of the organization. All of the aforementioned turnover definitions by different scholars helped the researcher in concluding that the movements of employees, who received monetary compensation from the organization, by rotating around the labor market, between organizations, jobs and careers, are normally present in terms of the turnover rate.

Level of Defects

Product defects refer to anything that makes the product unsafe while using (Robinson, 2009) which may occur from many reasons. The first defect is a result of poorly designed or tested products, not enough or too little. The product does not function as it was designed. The second flaw is a result of production that is not

correct, such as the wrong use of materials. Consequently, the production does not meet product specifications. The last one is incomplete guidelines on the practice, and inappropriate or incorrect warnings of the dangers.

Defect rate refers to the ratio between the number of product defects, errors or defects which are harmful to total output. In some cases, it may be calculated as a percentage of the waste. If the waste is very small, the defect rate will be calculated on the amount of parts per million pieces (PPM). Meanwhile, as the service cannot be taken apart, it will count the number of defect per million opportunities (DPMO).

Plastic Industry

The plastics industry was defined as an industry that manufactures polymer materials and offers services in plastics important to a range of industries, including aerospace, building and construction, electronics, packaging, and transportation (Wikipedia, 2014). Two primary business models that dominate the plastic industry are commodity products and specialty products. Commodity products manufacturers are typically large, multinational player, led by chemical and oil and gas exploration firms that use crude oil and chemical additives to produce raw plastics. In contrast, the typical specialty products manufacturer is a private company which has a single plant and employs fewer than 100 employees (Kema Inc., 2012).

Considering the cost structure, the study founded that it is similar for both the commodity and specialty business models. Raw materials are the major manufacturing expense, often costing up to 50% or more of revenue. Crude oil or natural gas is the primary inputs used to manufacturer resin. On the other hand, plastics product manufacturers use resin or recycle plastic as the key input. Some but not all plastics can be recycled which can be used instead of resin to decrease input costs. Meanwhile, the employee wages are the second highest cost at approximately 10-20% (Kema Inc., 2012).

Research Methodology

Samples and Procedures

The design of this study is a qualitative approach which was done by using in depth interview by means of snowball sampling from 20 participants working as managing directors, executives, production, and sale managers from 20 companies. The data collection was made from April to June, 2015. The data analysis was done by means of content analysis by 3 professionals working for industrial management and industrial engineer.

Results

The results found that 2 companies were large, 10 companies were medium, and 8 companies were small. The results further showed that 19 companies were original equipment manufacturer while only one produced its own brand. All companies operated 7 days with 24 hours, especially injection machine department, with 2 or 3 shifts per day.

Productivity

Considering medium and large companies, employees who operated machines had their performance at 80-90% based on the measurement by using cycle or takt time received from customers, or set standard time by using time and motion study. In contrast, the performance of other departments, such as finishing, assembling and packing, which were not concerning with machine, were not measured. Most of them were ISO 9001 qualified, guaranteeing the productivity control for all processes by using work instructions. On the other hand, small companies operating in fierce competition with small number of employees did not have enough resources to set and control performance measurement system; therefore, most of their performance was measured by using their owner or supervisor's experiences.

Inventory

Regarding plastic industry, raw material inventory was a small amount due to the plastic resin prices, which had been changing frequently depending on market prices. Purchasing in bulk raw materials resulted in a risk of loss from the price difference. Moreover, the plastic resin had to be ordered from suppliers which were determined by customers, and the work in process was between 1-3 days. Most companies would assign employees, who controlled the injection molding machine, to finish pieces during the injection molding machine was running. Therefore, the WIP was small volume. Meanwhile, finished goods inventory was 3-30 days. Customers would give the annual forecasting but they would split orders into small ones on a weekly basis. Small but frequent order was not worthwhile to set up manufacture frequently; therefore, the companies determined to produce high volume at once, leading to high level of inventory.

Level of Defects

Defect rate for all industry was controlled by customer at 2-3% using 3 stations of quality control points, i.e. incoming point, in-process point, and outgoing point. The majority problems occurred from human mistakes, e.g not following the work instruction, low skill, misunderstanding, and the employment of foreign workers who might not understand and dedicate to work.

Turnover Rate

Turnover rate was 5-10%, which was acceptable. Most of the turnover rate occurred in operation or daily-wage employees while the turnover rate from staff or salary employees were very low. Most companies were located in an area with many factories; thus, employees had an opportunity to compare the compensation, welfare, and benefits offered in the companies nearby. Consequently, the staff turnover rate is relatively high, almost the same for all companies.

Discussions and Conclusions

The company should use time and motion study to set standard time, which is needed to measure performance in all departments. In addition, the companies need to calculate the actual capacity which will result in accurate resource planning, such as

number of workers, materials, machines, capacity, and working hours. Moreover, employees will sense equality. It is also advisable to create a project to improve productivity with suppliers, employees, and customers involvement such as 5S, QCC, Kaizen, TPM, TQM, ISO, SPC, and lean manufacturing system. The company should create work instructions in Thai, Burmese, Cambodian or Laos to reduce communication issues. Small but frequent order is not worthwhile to set up manufacture frequently; therefore, the companies always determine to produce high volume at once which will lead to high level of inventory. Thus, the company should focus more on forecasting and negotiation to avoid dead stock. The company should also understand their employees to maintain current employees and create attractive welfare to attract prospect employees too. Companies qualified in terms of quality, cost, and delivery will survive in fierce competition. According to the establishment of AEC, there are opportunities to create their own brands, and relocate to border area or AEC countries in order to get new customers.

Acknowledgements

This study was supported by New Researcher Grant funding in the fiscal year 2015 of Rajamangala University of Technology Thanyaburi, Thailand. The author also would like to express appreciation to all participants from 20 organizations for their permissions that enabled the author to successfully carry out this research. Moreover, the author would like to say thanks to every respondent who provided priceless information for this study.

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List of Companies

Bk Plastic Product Co. Ltd.	Super Production Co. Ltd.
Act Ishihara (Thailand) Co. Ltd.	Thai Evolution Industry Co., Ltd.
Ukkarit Rungrueng (2000) Co. Ltd	P.E.I. Plastic Co., Ltd.
Vithit Factory Group Co., Ltd.	C.E.S. Systems Co., Ltd.
Fischer Tech (Thailand) Co., Ltd.	Smartrac Technology Co., Ltd.
Millennium Polymer Co., Ltd.	Chokthawee Plastic Co., Ltd
M And N Manufacturing Co., Ltd	Engineer Plastic Products Co., Ltd
Focus Plastic Industry Co., Ltd	Hi-Q Plas Co., Ltd
P.V. E. Engineering Ltd., Part	CRV Packaging Co., Ltd.
Pholvas Packaging Co., Ltd.	A.K.P. Technology Co., Ltd.

Health Care Policy in Thailand: Hurting or Giving Hopes? Human Resources and Collaboration Perspectives

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The Asian Conference on Business & Public Policy 2015
Official Conference Proceedings

Abstract

In the past decade, amidst the criticisms of health care policy of a developed and powerful country like the United States, Thailand's public health care policy has been praised internationally. The country's policy has been admired for its justice in providing the public health care services at a low and affordable cost and eventually free of charge. Unlike in many countries that their populations pay and rely on private health insurance coverage, most Thai people are covered by the Universal Coverage Scheme (UCS). The scheme has evolved over time since 2002. Despite the benefits the public can gain from the implementation of the health care policy, the public hospitals public management side accumulates some issues such as high staff workload, demotivation, brain draining to the private sector, and gaps in collaboration. This study will explore these issues primarily from documentary research and qualitative interviews of doctors in public hospitals. The output of the study will be the explanation of causes of issues in the implementation of the UCS, particularly in human resource management and collaboration perspectives, and policy direction recommendations. Moreover, the outcome of the study will post as a learning case for other countries and help assist the development of Thailand's health care policy which 67 million Thai people and beyond can be impacted

Keywords: Thai health care, Universal Coverage Scheme (UCS), universal health care, human resource in public health service, health care policy

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Introduction

Thailand's public health care policy, especially the Universal Coverage Scheme has been studied by scholars and mentioned by international media about its wide accessibility and affordability particularly for the poor and mid-level income population (Gruber, Hendren, & Townsend, 2012; the World Bank, 2012; Page, 2015). The Universal Coverage Scheme or UCS in Thailand is known amongst Thai people to be free of access. Low income Thais are provided with public health care free of charge and able to maintain their good health or improve their health condition (The World Bank, 2012). Since its introduction, piloting, and full implementation in 2002, the UCS has evolved from the 30 Baht Health Care Scheme to the present day free-of-charge medical care. The next section will give readers a brief introduction about health care in Thailand, its current policy schemes particularly the UCS, the UCS benefits to Thai people, and the human resource and collaboration issues health professionals in the public hospitals are experiencing.*

Health Care in Thailand

Health care services in Thailand are provided through both public and private sectors. That offer in-patient and out-patient services. Public health facilities in the country have around 116,300 beds. Most of these beds are in hospital level care. Up to 2014, there were around 1,060 public hospitals in the country that vary in sizes. This includes university medical school hospitals, specialized hospitals, provincial and district hospitals in Bangkok and other provinces (National Statistical Office of Thailand, 2014). There are also smaller public health care centers in community levels such as

1. Public Health Promotion Centers in the sub-district levels: these centers provide health promotional services and basic health care in the sub-district level (conglomeration of communities, but smaller than districts). Activities that they carry out in the community are disease control and prevention, basic treatment and rehabilitation on individuals, families, communities and sub-district levels such as
 - Home physical therapy and rehabilitation by health professionals that are not necessary doctors
 - Visit chronic patients such as people living with diabetes and high blood pressure to help prevent incurrent illness
 - Pregnancy survey and make sure pregnant women are registered for antenatal care
 - Referral and patient transfers
 - Symptoms observation at the center but no overnight admission and coordinate with Emergency Medical center, primary care before transferring

* The related information in this paper is mostly available in Thai language from the media and government organization's publications cited in the reference section. Some information in regard to issues experiencing by human resource in the public health sector is sparsely available in print and publication, so it had been acquired from interviews. This paper is not a part of an academic research or affiliated with any institution, it is developed independently based on the author's interest in the topic. Names and positions of the persons interviewed are not disclosed but are available upon request.

- Participatory health promotional campaigns for individual to be able to sustainably take care of self, family and community (National Statistical Office of Thailand, 2014).
- 2. Community health service centers: there are around 151 Community Health Service Centers country-wide. They are located in remoted areas such as on the borders. At this type of centers, basic health services are provided by health professionals (National Statistical Office of Thailand, 2014).
- 3. Rural and Urban Community Basic Health Centers: There are 51,157 Rural and Urban Community Basic Health Centers throughout the country. These centers are primary health care centers that also provide basic health education about nutrition, family planning, community first aids and basic medicines funds, HIV/AIDS education. All the activities are carried out by trained community based volunteers (2014).

In addition, there are around 316 private hospitals nationwide. Together, the private hospitals have around 32,870 beds. There are also private clinics that are mostly owned and operated after hospital hours by public physicians and many are specialized clinics (National Statistical Office of Thailand, 2014). These private clinics do not have admission beds, they offer diagnoses, treatments, medications, and following-ups with outpatient only.

Prior to the Universal Coverage Scheme Policy (2002)

The Universal Coverage Scheme (UCS) was first piloted in 21 provinces in 2001-2002 and it was implemented nationwide in 2002 (Phannarunothai, 2002). Prior to the pilot of the UCS, the two third of the Thai population were not covered by any type of health insurance. They paid out of pocket or purchased private life insurance with health care packages (Tangcharoensathien et.al, 2012). Public health care coverage was not thoroughly established, only 13% of the population not covered by any type of health insurance prior to the UCS were provided with public health welfare coverage. The coverage was in the form of exemption or waive of fee due to the patient's limited income or classified as poor cases (2012). Moreover, prior to the implementation of the UCS, two percent of the population employed in the private sector received health insurance benefit from their employer. However, the employer health insurance benefit did not extend to the employees' family members. A public health insurance program that was available prior to the UCS implementation required the participants to co-pay with the government similar to the Social Security Scheme (SSS) today. Though, participants in this co-pay program were only almost 6% of the populations (2012). Those who did not have health insurance, especially low-income populations had to pay for health care out of their pockets.

Since the year 2002, public health care has been categorized in three schemes supported by three separate funds. These funds ease the access to public health care and subsidize health care cost for different group of populations. They also require different criteria in application and utilization (Tangcharoensathien et.al, 2012; Thailand Development Research Institute, 2014).

1. Social Security Scheme (SSS):

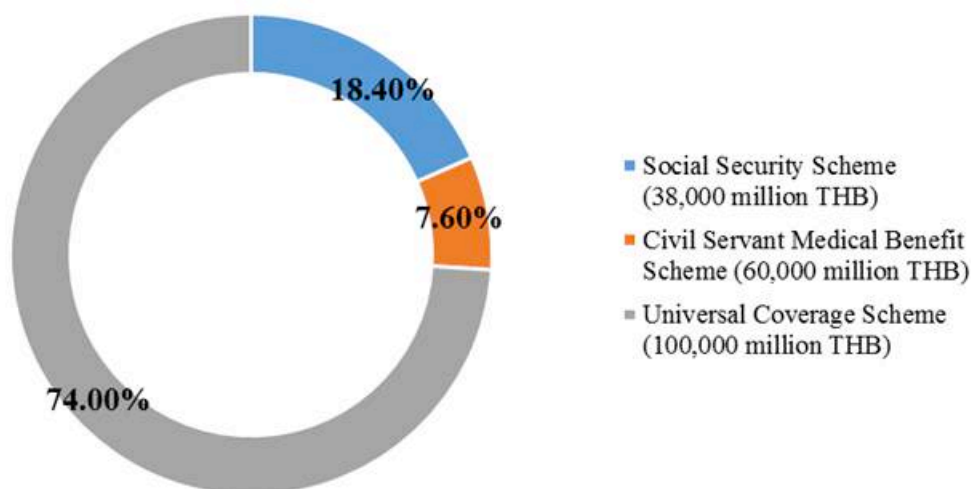
This scheme is optional for the private sector employees. The company copays an amount of money and the employee has an amount deducted from their salary. The monthly contribution is 750 Baht. This scheme can be continued even though a person is no longer employed. They can contribute to the fund on their own around at 432 Baht each month, until

they have a new employment. Retirees that are previously employed can also continue using this scheme. 38,000 million Baht is in this scheme covering 18.4% of the Thai populations.

2. **Civil Servant Medical Benefit Scheme:**
The scheme covers all government employees, retirees, and dependents including their parents. Population covered in this scheme can receive service at public health facilities nation-wide. 60,000 million Baht is under this scheme and it covers 7.6% of the Thai populations who are employed by government agencies.
3. **Universal Coverage Scheme (UCS):**
The scheme originated in 2001 as the 30-Baht Health Care Scheme or 30-Baht to cure every disease program. Until now, the scheme covers 74% of Thai population that are not covered by the first two schemes with 100,000 million Baht in the fund. Currently, patients registered under this scheme can receive health care services free of charge.

The chart below shows number of the Thai populations in percentage and the budget under each health care scheme currently implemented in the country.

Population Under the Three Public Health Funds in Thailand and Budget



The majority of the country's population are covered by the UCS, most of the health care budget is also spent to support this scheme. 50% of national public health care budget is used to support the UCS alone. With the co-pay systems, the Social Security Scheme require the least amount of national public health care budget.

The Universal Coverage Scheme

This paper focuses on the Universal Coverage Scheme (UCS), this section will explain how the scheme operates in term of regulations for public health care utilization of the scheme participants. To be able to participate the UCS scheme, an

individual has to register at a Public Health Promotion Center, the provincial office of Ministry of Public Health or at a public hospital in their registered residential area. They will be able to receive medical treatment and health care services in the nearest public hospital to their registered address. Regulations vary by the type of health care service utilization or type of visit as the followings (Faculty of Medicine, Siriraj Hospital, n.d.; National Health Security Office, n.d.).

General Public Hospital Visit

In a general hospital visit, not an emergency or an accident, an individual can go to see a doctor at their registered hospital for a diagnosis, treatments, and medications. If a referral is needed, the registered hospital will provide a referral document for another public health center. If a patient goes to another public hospital without a referral document from their registered hospital his or her name is listed, he or she will be charged out of pocket (National Health Security Office, n.d.).

Emergency Visit

An emergency visit includes illnesses that are determined under these categories

- Life threatening or threatening to others such as cardiac arrest, airway obstruction, severe respiratory distress, and others
- Severe and required an immediate medical treatment such as having an alteration of consciousness, pain scale ≥ 7 , and others
- Illnesses that require an urgent operational or a surgery

An individual can visit the nearest public or private health center/ hospital that participate in the UCS, after emergency treatment, the patient will be transferred from the hospital they have originally admitted to the public hospital they are registered with. The expense during their initial treatments will be reimbursed by their registered hospital (National Health Security Office, n.d.).

Accident Cases

An individual can visit/ be taken to the nearest public or private health center/ hospital that participate in the UCS, after emergency treatment, the patient will be transferred to the public hospital they are registered with, if they need further care (National Health Security Office, n.d.).

Continuous Medical Treatment

For patients that need continuous treatments for their illness they can visit the public hospital they are registered with to follow-up and receive continuous treatment. If the symptoms exceed the ability of the health personals or more complicated than the local hospital can accommodate, the patients will be referred to a bigger facility (National Health Security Office, n.d.).

Benefits of the Universal Coverage Scheme to Thai People

The Universal Coverage Scheme provides these benefits to the Thai people (Srisukho, 2014).

- Underserved and low-income Thais receive medical treatment free of charge, preventing bankruptcy from medical bills
- Basic care centers reached out to all level of populations with health promotions activities and campaigns
- Health care facilities have been developed, monitoring and evaluation systems have been done periodically
- Health care access for all

While Thai people can enjoy the benefits of affordable health care that is easy to access. The overutilization the health care services is becoming an issues for health professionals in the hospital and hurting the health care budget. The issues post some impacts on collaborations and human resource management in this industry, especially on the government side. The next section will explain further how the collaboration and human resources are affected.

Impact of Universal Coverage Scheme on Health Care Collaboration and Human Resources

Impact on Collaboration

In 2011, there were 200 million public hospital visits. As health care has become a free access for Thai people, more people go to see a doctor even for a minor illness like a cold. Due to the increasing numbers of patients, cases are delayed in the process. Patient transfer and budget allocations are also ones of major problems.

Patient Transfer: Hospitals collaborate in patient transfer. Cases that need a transfer are such as ones that patients' condition require advance medical technology in treatments or care from specialized experts that rural or district hospitals cannot provide. When a small hospital's beds are all occupied, the hospital also needs to transfer patients elsewhere. In some big provinces such as Chiang Mai and Nakhon Ratchasima, there are a number of small hospitals but limited number of big hospitals with advance medical technology. The big hospitals that are already have too many patients sometimes has to be a resource for smaller hospitals as well. At times, bigger hospitals are not able to accommodate all of the smaller hospital requests. This affects treatments of patients as well as quality of care that can be compromised due to delays in transfer (personal communication, October 20, 2015).

Budget Allocation: The budget for UCS is allocated to hospitals by the National Health Security Office (NHSO). The distribution is based on the number of residence registration in the hospital's responsible area. In some areas, there are more patients that require treatments with higher cost such as cancer treatment and dialysis, hence a hospital may have higher cost than their budget quota. Moreover, in some cases, patients prefer to visit a big public hospital further away rather than a smaller one in their residential areas, so they claim their right where it does not belong. In many cases, the hospital cannot deny receiving the patients due to their urgent needs of care (personal communication, November 21, 2015).

The overall collaboration of patient transfers and receiving patients registered at another hospital became a scenario of “an excess of patient from a hospital is a burden of the other”.

Impact on Human Resources

The increasing number of patients does not only effect on the collaboration between hospitals, it also causes burnout for health professionals. Moreover, public hospitals have to handle other human resources issues that relate to the implementation of the UCS.

Increasing Workload: When health care is accessible and free of charge, many people visit a hospital for a cold or other minor illnesses. Workload falls on doctors, nurses, and other employees at the hospital because they have to see more patients each day. Moreover, in most public hospitals, doctors and nurses’ responsibilities are not limited to medical treatment alone but also includes management duties as well. Increasing workload also has a great impact on doctors and nurses’ spirits in collaborating projects with different departments within the hospital and with external organization or government agencies (personal communication, November 25, 2015).

Balance of Payment Compared to Private Sector: Balance of payment for health professionals has been a long debate. Especially when doctors have increasing workload, they feel that they are very much underpaid compared to in private hospitals where doctors receive less patients but have higher much higher salary and more holidays (personal communication, November 25, 2015).

Performance: Performance of doctors and nurses are compromised based on limited time they have with each patient. As public hospitals have more patients, doctor’s time per patient drops to three to four minutes or less rather than longer for much more through rough diagnosis. Pressure of quantity of patients having to be seen by a doctor result in misdiagnosis or patient complaints (personal communication, November 26, 2015).

Brain Draining to Private Sector: Due to other the aforementioned issues, the public health sectors is experiencing its human resource brain draining to the private sector where the compensation is higher and less workload and pressure (personal communication, November 26, 2015).

Policy Directions

From primary study, it has been suggested that the budget allocation system should be readjusted based on real patient visits in the previous year of a hospital. Also, while focusing on research and development for medical treatment and technology, policy makers, related health organizations and local governments should focus more on health promotion and prevention care. This will help foster good health of the people which will result in less hospital visits and a healthier society. Although the Ministry of Public Health and affiliated health agencies have started the campaigns in the past years, new methodologies can be used to promote the success of the campaigns.

Moreover, doctors interviewed in this study also voiced their opinions that an accident case involves recklessness such as drinking as a reason of the patient's injury or illness should be made a co-pay case. This may help decrease the accident rates especially during celebrating seasons such as New Years and Songkran Festival (three-day Thai New Year). In addition, people will be more careful and responsible for their health and rely less on the free health care services. They also believe that if Thai people are healthier with the success of health promotion and prevention campaigns, there will be less hospital visits. As a result, doctors will be able to provide better quality care, spend longer time with patients, and have higher spirits in collaborating projects (personal communication, November 21, 2015).

Workload seems to be the major cause of burnout, low spirits, and brain draining. With the burnout, health professionals in public hospitals feel their payment is unjust. The success of the health promotional and prevention campaigns will be keys to promote a healthier society. Basic knowledge regarding first-aid and how to take care of self or where to seek professional help from local health centers will relieve the daily workload of health professionals in public hospitals.

While the UCS itself is giving much hope for the country's health care in term of its coverage and justice for underserved and low-income Thais, human resources serving in the scheme are hurting due to the amount of work, pressure, and low spirits. These policy directions need further study and piloting projects in the future to determine if they help ameliorate the human resources and collaboration issues in practice.

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***Twenty-Five Years after the Fall of Communism:
Toward a Symbolic Interactionist Approach to the Study of Corruption in Central and
Eastern Europe***

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The Asian Conference on Business & Public Policy 2015
Official Conference Proceedings

Abstract

Even when the domestic political system has undergone reform, it sometimes seems unlikely that any outside force can introduce enough of a “carrot and stick” approach to persuade a country to maintain momentum. This article is concerned with understanding the cultural peculiarities of fighting corruption and building civil society in Romania, where despite the tough EU monitoring and domestic anti-sleaze efforts, corruption and low trust remain significant problems. Many of the theorists in the post-communist literature argue that socioeconomic factors and the communist legacy have weakened post-communist civil society in the region. This article explores the question whether corruption has replaced the legacy of communism as a factor undermining trust in others and government in Romania and presents an examination of the association between corruption and post-communist civil society. The article argues that future research needs to switch focus from discussing Romanian social, political, and cultural behaviors from a longue durée perspective to evaluating the impact of political corruption on trust and, hence, civil society in Romania. In doing so, the article also argues that future research should move from the rational-choice model of corruption and draw on social psychology to study the interactions that shape people’s decisions to engage in corruption, as this approach would likely yield more accurate and culturally sensitive conclusions for Romania and more generally, for Central and Eastern Europe.

Keywords: corruption, civil society, social capital, trust

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Introduction

The year 2014 marked the 25th anniversary of the fall of communism in Eastern Europe. This may be a short period of time in the overall arc of history, but it doesn't feel this way for the Romanian people, who have been yearning for a "return to Europe" and a similar quality of life for almost 70 years now. Romania joined the European Union (EU) on January 1, 2007, having come a long way from Nicolae Ceausescu's dictatorship. Its evolution is even more remarkable considering that it was the only Eastern European country with a bloody revolution that was followed by a transition dominated by former communists. Nonetheless, in 2007 Romania continued to be regarded as the poorhouse of Europe and was rated as the most corrupt EU member state by Transparency International¹. While the European Commission reports after accession have acknowledged the vital steps taken in developing its institutional capabilities to deal with corruption, the Anticorruption Report from 2014 indicates that both petty and political corruption remains a significant problem in Romania. "Although some positive results have been observed when it comes to prosecution of high level corruption cases, political will to address corruption and promote high standards of integrity in Romania has been inconsistent."²

The regular *Nations in Transit* survey of Freedom House International has established since 1999 a well-recognized indicator of corruption, among other indicators of democracy in post-Communist Europe. A closer look at Table 1 tells us that Romania's corruption score deteriorated gradually from 1999 until 2002; then it recorded a small positive evolution in 2003 due to the passage of an anticorruption bill and the adjacent strategy; after that, it has improved only slightly and up until Romania joined the EU; since 2007, it has stagnated. Greece is now the most corrupt country in the EU³; Bulgaria - the most corrupt of the *new* EU members⁴, and while some of the other new members have scores closer to Romania's (e.g. Hungary, Slovakia) this is not so much an indication of Romania's progress, but more likely due to the regress made by the other states in this arena (e.g. Bulgaria, the Czech Republic, Slovenia, Hungary and Poland had all seen downgrades to their corruption ratings amid public protests and high-level corruption cases).

The existing literature on civil society attributes the weakening of civil society in Central and Eastern Europe to a lack of trust in government, due to the legacy of communism as well as to socioeconomic failures. This article builds on the existing literature by focusing on the following questions. What role does corruption play in civil society in Romania? Has a culture of corruption replaced the legacy of communism as a factor weakening civil society in Romania? Does corruption reduce trust in others and in government, in turn pushing individuals away from civil societies? Is there a generational difference? Are post-communist generations less inclined to take part in civil society in Romania?

Post-Communist Civil Society

While many observers were optimistic that post-communist civil society would develop remarkably, most of the recent literature acknowledges its slow pace of development (Badescu et al. 2004). Communist inheritances are to blame, which left an atomized society and crushed civil society whenever possible (Linz and Stepan 1996; Jowitt 1992). Scholars have credited the

weakening of post-communist civil society to the nature of the communist system and its socialization effects on individuals. Most people during communism were socialized into distrusting institutions (Badescu et al., 2004; Howard, 2002; Mishler and Rose, 1997, 2001). Howard (2002) contends that citizens in this region have a peculiar apathy toward joining civic associations which is partially rooted in the communist legacy of distrust of organizations. This environment of distrust stems from the communist era, when participation in state-controlled organizations was mandatory and lacked the true essence of what civil society is supposed to represent (Zakaria 2012). Wheaton and Kavan (1992) suggest that the legacies of communism have led individuals to withdraw from the public sphere and, instead, to turn to 'inner emigration.' Owing to their negative experiences of organizations during the communist era, citizens have continued to distrust any sort of organization.

Moreover, democratic institutions have failed to live up to citizen expectations, resulting in a retreat from public life for many post-communist citizens (Rose et al. 1998). Tismaneanu (1995) notes that the post-communist political culture in Romania is still not fully compatible with democratic institutions that demand citizen engagement. Badescu et al. (2004) maintain that distrust is generally the main factor preventing individuals from participating in civic associations in Romania. For example, Romanians distrust each other as well as political authorities, and this stems from their decades-long negative experiences under communist rule. The *National Integrity System Assessment* undertaken by Transparency International Romania in 2012 confirms these claims, arguing that "the foundations of the integrity system, the political, social, economic and cultural profile of the country are shaped by the Communist heritage and moreover by the difficult and slow transition of the country."⁵ Furthermore, "the socio-cultural tradition and low involvement of the people in civic movements represent vulnerabilities in the Romanian context."⁶

Mishler and Rose (1997) question the effect of the communist legacy on civil society, and instead suggest that the declining macroeconomic conditions of the region, such as the declining standard of living, have been the primary factors contributing to distrust in civic organizations and political institutions. Badescu et al. (2004: 324) additionally claim that a lack of resources and skills has contributed to the weakening of civil society since 1991; the authors argue that 'the more wealth a country has, the higher its share of group members.'

Smolar (1996: 26) raised another interesting argument for the weakening of civil society by arguing that civil society's "activists moved en masse into government and business, leaving a plethora of associations, human rights groups, independent publishing concerns, and informal educational institutions without enough people to keep them going." Thus, following the revolution, civil society failed to institutionalize, and this condition can partially explain the low levels of civic activity in the post-transition period (Zakaria 2012).

In addition to the legacies of communism and economic decline, Howard (2002) claims that citizens of the post-communist world show deep distrust of formal institutions. Moreover, the persistence of close networks of friendship has had the significant effect of social disengagement and has thereby prevented true civic association from thriving in the region. Howard (2002) notes that in Central and Eastern Europe the public sphere is highly politicized, and such an environment acts as a roadblock to civic participation: essentially, the lack of trust in political

institutions as a result of communism has pushed citizens to engage more in close networks of friendship, as opposed to large organized groups. On a similar note, Badescu et al. (2004) claim that the communist regime discouraged and fiercely controlled any form of collective action in the region, thereby conditioning individuals to turn to family and close friendships for association, rather than to civil society. Building on the concept of distrust, the authors also suggest that individuals refrain from taking part in civil society because of their lack of trust in others. In Romania, for example, the authors argue that the lack of trust in others, especially in minority counterparts, has contributed to a lack of engagement in civic activities (Badescu et al. 2004).

However, this literature does not take into account the fact that it has been more than two decades since the fall of the communist regime in Romania. A new, post-communist generation, which does not have the same legacy and experience of communism as its predecessors, is now active in civil society. It is expected that this post-communist generation will behave differently toward civil society, since it lacks a formative experience with the legacy of communism (Zakaria 2012). However, it seems that the post-communist generation in Romania is also apathetic toward civil society. What contributes to such behavior if the legacy of communism no longer applies?

I argue that research on the civil society in Romania needs to take into account social capital theories of corruption. In this literature, corruption is viewed as a departure from the cultural norm of social trust, where citizens naturally expect the government (and each other) to be honest. In such societies, the vast majority of citizens do not even consider offering bribes, nor do they tolerate bribe-taking, favoritism, or other forms of corruption. If most citizens perceive honesty to be widespread, honesty in fact becomes widespread – a self-reinforcing mechanism.

Social Capital and Corruption

Social capital is broadly defined as the set of rules, norms, reciprocity and trust embedded in social relations, social structures, and society's institutional arrangements, which enables its members to achieve their mutual goals (Woolcock and Narayan 2000). Social capital is created from the horizontal networks and relations between individuals, groups and organizations in civil society. Social capital is embedded in primary social institutions that provide people with basic values, such as high levels of social trust, cohesion and participation. Social capital provides "trust" as a "public good" (Del Monte and Papagni 2007). The classical study by Almond and Verba (1963) on civic culture gave empirical evidence to the Toquevillian intuition that social trust, cohesion and participation increase the quality of democracy. Putnam (1993) computed the level of civiness of each of Italy's twenty regions and found a remarkable concordance between the performance of regional governments and the degree to which social and political life in those regions approximated the ideal of civic community. In creating trust between members of their organizations, individuals are providing a public good to other members of society who are not part of their organizations – in this way, trust becomes a positive externality. Not only does social capital create a "public good" but "most forms of social capital such as trust, are 'moral resources' - that is, resources whose supply increases, rather than decreases through use and which become depleted if not used" (Putnam 1993: 169). Low economic development and low social capital would lead a community into a "vicious cycle," draining its social capital even

more and transforming it into a less civic community. The opposite is also true and a community with high economic development and high social capital will enter a virtuous cycle, which leads to a productive community (Putnam 1993).

Research specifically on corruption shows that trust matters. In order to be able to set mutual goals, and cooperate for achieving them, people have to trust each other and their governmental institutions, which in turn have to ensure the environment, favorable for such cooperation (Jankauskas and Šeputienė 2007). The literature on government regulation has argued that the higher the level of trust in government, the more likely the people will comply with government demands and regulations (Levi and Stoker 2000; Scholz and Lubell 1998a, 1998b; Tyler 1990, 1998). This literature approaches trust from a rational perspective - trust reflects beliefs about risk, and trust is a result of encapsulated interest (Levi and Stoker 2000, Scholz 1998). This rational approach argues that in cases involving social dilemmas, both sides cooperate as long as the other is perceived to be trustworthy. To the extent that people are able to make such a generalization, trust should be related to higher probabilities of compliance (Scholz and Lubell 1998a; 1998b). Applying this argument to corruption, one would expect that the extent to which people trust the government to be fair and trust other people to behave fairly, it is rational for them to reciprocate and also behave fairly. Trust becomes the basis on which non-corrupt exchange is sustained (Tavits 2005).

Other authors have claimed a strong relationship between both trust in government and trust in other people on the one hand, and the level of corruption on the other, both across countries and at the individual level (Camp, Coleman and Davis 2000, 2004; della Porta 2000; Morris 1991; Rothstein 2000; Uslaner and Badescu 2003, 2004a, 2004b). However, this literature argues that trust has a positive consequence in terms of reducing corruption via social bonds rather than via rational calculation of utility - "trust leads to empathy with others - and thus a respect for the law" (Uslaner 2004:10). Seligson (2002) used individual level data to argue that corruption influences the level of trust in other people and trust in the fairness of the political system. Uslaner (2004) on the other hand, relying on aggregate country level data, demonstrated the relationship between high trust and lower corruption, while Uslaner and Badescu (2004b) established several reciprocal relationships between political and social trust on the one hand, and the perception of and actual encounters with corruption on the other.

Positive Versus Negative Social Capital

Positive social capital assumes that monitoring of officials is carried out by the clients (perhaps through complaints to their political representatives), rather than by the state itself directly. Kingston (2005) used a simple linked-games model to show how positive social capital reduces corruption. Social capital can enable citizens to engage in collective action against corruption. Paying bribes often creates a negative externality⁷ among the potential bribe-payers. By paying a bribe in exchange for preferential treatment, an individual reduces the benefits available to everyone else. Likewise, by accepting a bribe in exchange for preferential treatment, a public servant reduces the benefits available to everyone else. As a result, bribe-payers face a collective action problem: they would all be better off if they could all mutually commit not to pay bribes. Social capital can enable them to enforce agreements not to pay bribes (or informal "norms" against bribery) and thereby reduce the level of corruption. In this way, in states with high levels

of positive social capital, people are less likely to act corruptly, and more likely to be punished if they do so (Kingston 2005).

However, social capital theory also points to the possibility of a close relationship between networks, associations, and corruption. For example, della Porta and Vannucci's detailed portrait of corruption in Italy highlighted that businessmen, politicians, and public servants might view corrupt dealings not as "right," but as inevitable and beyond any individual to change. Under a negative social capital framework, if one is going to do business in the public sector, then one has to play by the rules (della Porta and Vannucci 2012). The aura of inevitability not only creates incentives for corruption, but also justifies it as natural - the way things are done. Individuals' perception that they cannot change the system tends to level moral standards down, reducing the moral costs of corruption to individuals.

Warren (2006) claimed that when people lose confidence that public decisions are made for reasons that are publicly available and justifiable, they often become cynical about public speech and deliberation. People come to expect duplicity in public speech, and the expectation tarnishes all public servants, whether or not they are corrupt. When people are mistrustful of government, they are also cynical about their own capacities to act on public goods and purposes, and will prefer to attend to narrow domains of self-interest that they can control. In this way, corruption diminishes the horizons of collective action (Warren 2006) and social capital enables the collective processes of corruption - collective in the sense that they solve collective action problems for those involved in corruption, even if they are not public goods.

Del Monte and Papagni (2007) found using econometric results that the spread of corruption in Italy weakened the sense of loyalty to civil and organized society and the climate of corruption created further incentives for corruption, due to the belief that known offenders could continue their corrupt practices with little risk of punishment. Čábelková and Hanousek (2004) claimed that high perceptions of widespread corruption in Ukraine can increase corruption in government by encouraging people to believe that they must pay bribes, and by enticing public servants to think that accepting bribes is natural and widely accepted. They found empirical results that perceptions of widespread corruption among the Ukrainian population are correlated to actual encounters of corruption. In this way, perceptions of corruption facilitate actual corruption levels (Čábelková and Hanousek 2004). Tavits (2005) argued that the decision to engage in corrupt behavior is primarily influenced by a personal definition of corruption and individual perceptions of how widespread corrupt activities are (imitation). This explanation borrows from social learning theory - if people perceive that a behavior is widespread and that there is an approval of the problem behavior, they will be more likely to engage in such behavior. Tavits showed that somebody who thinks that corrupt activities are very common in the country is about ten times more likely to be corruptible than somebody who thinks that corrupt activities are not at all common (Tavits 2005).

Newton (2001) argues that social capital and a developed civil society help to make good government possible, and good government helps to sustain social capital and the conditions of civil society - a bottom-up and top-down concomitant process. In our case, while the pre-accession years brought about the development of an impressive arsenal of legal instruments of transparency and accountability in Romania, progress is not straightforward, so that advances in

one area can be constrained or negated by setbacks elsewhere. For example, when Romania was campaigning for admission in the European Union, in 2003, it launched an anticorruption drive, and appointed Monica Macovei, a tough justice minister who spurred a series of corruption cases against senior officials. The data in Table 1 confirm a decrease in corruption in Romania around that time. However, as soon as Romania joined the EU in 2007, the campaign dissolved, the justice minister was fired, and the cases were dropped.

Romania had barely entered the EU when its political class started to undo the anticorruption commitments undertaken to allow the country's accession. Matters worsened to the point that two deputy prime ministers resigned in one year, and most of the political class mobilized to change the legislation to decrease the power of prosecutors. The government even attempted to close down the National Anticorruption Department (DNA), Romania's independent anticorruption agency. A vicious fight erupted between the president and the Parliament, culminating in an attempt to impeach President Traian Basescu. A severe split between representatives and voters emerged when two-thirds of Parliament voted to have Basescu deposed and two-thirds of the voters reinstated him in a referendum on May 19, 2007.

In July 2012, the Romanian President Traian Basescu survived another referendum on his impeachment, after turnout fell below the 50% needed to validate the vote, raising again questions about the rule of law and the independence of the judiciary in Romania. The referendum was part of the ongoing power struggle between the President and his arch-rival, center-left Prime Minister Victor Ponta, who has been the driving force behind efforts to unseat the President. The center-left government had accused the center-right President of exceeding his authority and of meddling in government affairs, and President Basescu was suspended by Parliament. The row caused by the impeachment vote had paralyzed political decision-making in Romania at a time when it was finalizing agreements on an IMF-backed aid package.

In December 2013, decisions in the Romanian Parliament served as a reminder that the core principles and objectives of anticorruption reform are still being challenged. The Romanian Parliament voted to amend the Criminal Code to exempt top politicians and lawyers from corruption crimes. The snap amendments, voted without parliamentary debate, said that the country's President, senators, members of the lower chamber, as well as lawyers, were no longer to be considered "public officials." This in turn meant they could no longer be held accountable for abuse of office, bribery, conflicts of interest and other corruption crimes. This was happening at a time when 28 of the MPs had been convicted or were on trial for corruption, and over 100 mayors and vice-mayors were on trial for awarding public contracts to family and friends or for similar abuses. The Constitutional Court showed checks and balances at work in ruling this unconstitutional. Events like these make it particularly difficult to assess the sustainability of reform and to judge how much domestic momentum exists to ensure that a broadly positive trend is assured. They also offer an explanation for why Romania's corruption score has stagnated since 2007 (see Table 1). Additionally, setbacks like these may explain the persistent low social trust in Romania, which I discuss next.

Implications for Social Trust

While Romania's corruption score has been the same since 2007, the European Values Survey and World Values Survey data suggest a gradual deterioration of social trust among Romanians from 19.3% who think most people can be trusted in 2005, to 17.6% in 2008, and 7.7% in 2012. While counterintuitive at first, let's go back to social capital theories of corruption where social trust is a positive manifestation of social capital, while corruption is the negative form. Unlike forced cooperation enforced by a third party (i.e., formal institution), social trust is self-enforcing (as an informal institution).

Considering social trust as a response of individuals to the changing external world around them (Newton 2001), these data are telling of how Romanians evaluate the trustworthiness of their environment (see Table 2 and Table 3). The problem with repeated setbacks in the political arena is that they have long-term consequences on social trust and hence, civil society and collective action. As Hardin (1993) observes, trust involves the continual accumulation and updating of experience. Štulhofer (2004) showed that the decrease of social capital in Croatia in the 1995-2003 period could not be exclusively attributed to the situational effect of the 1991-1995 war. In fact, the strongest and most consistent factor contributing to negative dynamics of social capital through fragmentation of trust in institutions was found to be the increasing public perception of corruption among public officials. In other words, perception of widespread corruption causes a deficit of (positive) social capital or a deficit of social trust. Decreasing social trust and trust in institutions are adaptive reactions to the social environment that is perceived as unpredictable, risky and full of frauds (Štulhofer 2004). Data released by the European Commission in 2014⁸ reveal that an astonishing 93% of Romanians think that corruption is widespread in the country⁹ and 65% think that the level of corruption has increased in the past three years; no wonder, then, that Romanians exhibit decreasing levels of social trust.

Conclusion

Much of the literature has argued that Central and Eastern Europe is predisposed to distrust political and social institutions because of the long history of communism and its end product. This line of argument would have been plausible immediately following the collapse of communism; however, the legacy of communism fails to account for the weakening of civil society in the years since the first transition. In essence, the legacy of communism, which produced distrust in institutions, cannot be applied as the causal factor leading to the weakening of civil society in Central and Eastern Europe. If the legacy of communism fails to account for the weakening of civil society, then what other factor can explain this situation? This article has argued that research needs to shift focus to investigate the factors that sustain corruption and affect trust in society and, in turn, impact civil society. Future research about civil society in Romania should instead examine longitudinal data on perceptions of corruption in order to evaluate the long term effects on social trust and collective action.

Moreover, social psychology can bring a lot to the discussion of global differences in corruption if we give up the assumptions of ‘amoral calculus’ and instrumental rationality behind corruption and instead focus on contextual determinants of corruption and interactional processes whereby people come to develop and share corruption-favorable logics. This way, we may be able to offer an effective alternative that does not involve attempts to change centuries-old national cultures. Since this approach focuses on situational determinants of emergence and transmission of corruption-favorable beliefs, it can help scholars and policy-makers identify the contextual characteristics of interactional moments that promote corruption. These characteristics are likely to be much easier to access and alter than corrupt behaviors themselves.

Table 1: Nations in Transit Corruption Ratings

	1999-2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
New EU Members*															
Bulgaria	4.75	4.75	4.50	4.25	4.25	4.00	3.75	3.75	3.50	4.00	4.00	4.00	4.00	4.00	4.25
Czech Republic	3.25	3.75	3.75	3.50	3.50	3.50	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.50
Estonia	3.25	2.75	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.25	2.25	2.50	2.50
Hungary	2.50	3.00	3.00	2.75	2.75	2.75	3.00	3.00	3.00	3.25	3.50	3.50	3.50	3.50	3.75
Latvia	3.50	3.50	3.75	3.50	3.50	3.50	3.25	3.00	3.00	3.25	3.25	3.50	3.25	3.00	3.00
Lithuania	3.75	3.75	3.75	3.50	3.50	3.75	4.00	4.00	3.75	3.75	3.50	3.50	3.50	3.50	3.50
Poland	2.25	2.25	2.25	2.50	2.50	3.00	3.25	3.00	3.00	2.75	3.25	3.25	3.25	3.25	3.50
Romania	4.25	4.50	4.75	4.50	4.50	4.25	4.25	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Slovakia	3.75	3.75	3.25	3.25	3.25	3.00	3.00	3.25	3.25	3.25	3.75	3.50	3.50	3.75	3.75
Slovenia	2.00	2.00	2.00	2.00	2.00	2.00	2.25	2.25	2.25	2.50	2.50	2.50	2.25	2.25	2.50
Average	3.33	3.40	3.35	3.23	3.23	3.23	3.28	3.23	3.15	3.25	3.35	3.33	3.28	3.30	3.43
Median	3.38	3.63	3.50	3.38	3.38	3.25	3.25	3.13	3.13	3.25	3.38	3.50	3.38	3.38	3.50
The Balkans															
Albania	6.00	5.50	5.25	5.00	5.25	5.25	5.25	5.00	5.00	5.00	5.00	5.00	5.00	5.25	5.25
Bosnia-Herzegovina	6.00	5.75	5.50	5.00	4.75	4.50	4.25	4.25	4.25	4.50	4.50	4.50	4.50	4.75	4.75
Croatia	5.25	4.50	4.50	4.75	4.75	4.75	4.75	4.75	4.50	4.50	4.50	4.25	4.00	4.00	4.00
Kosovo	n/a	n/a	n/a	n/a	6.00	6.00	6.00	6.00	5.75	5.75	5.75	5.75	5.75	6.00	6.00
Macedonia	5.00	5.00	5.50	5.50	5.00	5.00	4.75	4.75	4.50	4.25	4.00	4.00	4.00	4.00	4.25
Montenegro	n/a	n/a	n/a	n/a	5.25	5.25	5.25	5.50	5.25	5.00	5.00	5.00	5.00	5.00	5.00
Serbia	n/a	n/a	n/a	n/a	5.00	5.00	4.75	4.50	4.50	4.50	4.50	4.25	4.25	4.25	4.25
Average	5.70	5.40	5.20	5.05	5.14	5.11	5.00	4.96	4.82	4.79	4.75	4.68	4.64	4.75	4.79
Median	6.00	5.50	5.25	5.00	5.00	5.00	4.75	4.75	4.50	4.50	4.50	4.50	4.50	4.75	4.75

* Includes 2004 and 2007 entrants; excludes Croatia which joined mid-2013.

Source: *Nations in Transit 2008 and 2014*, Freedom House. The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest.

Table 2: Social Trust in Romania 1999/2000 and 2008

Generally speaking, would you say that most people can be trusted or that you can't be too careful in dealing with people?	1999/2000	2008
Most people can be trusted (%)	10.1	17.6
Cannot be too careful (%)	89.9	82.4
Valid cases (N)	1115	1362
Missing (N)	31	127

Source: European Values Study ZACAT - GESIS Online Study Catalogue ZA3798 and ZA4773

Table 3: Social Trust in Romania 2005 and 2012

Generally speaking, would you say that most people can be trusted or that you need to be very careful in dealing with people?	2005	2012
Most people can be trusted (%)	19.3	7.7
Need to be very careful (%)	75.6	91.4
N	1776	1503
Missing (N)	91	15

* Romania was not part of Wave 4: 1999-2004

Source: World Values Survey Wave 5: 2005-2009 and Wave 6: 2010-2014

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NOTES

¹ Transparency International Scores 2007. Accessed at http://www.transparency.org/research/cpi/cpi_2007

² MEMO/14/67: 9.

³ Transparency International Scores 2013. Accessed at <http://www.transparency.org/cpi2013/results>

⁴ Ibid.

⁵ Page 10.

⁶ Ibid.

⁷ Negative externalities are the negative by-product of the processes taking place in society, negative in the sense that they add cost to these processes at the expense of everyone else.

⁸ Special Eurobarometer 397, 2014. Accessed at http://ec.europa.eu/public_opinion/archives/ebs/ebs_397_en.pdf

⁹ 54% Romanians think corruption is widespread, and 39% think it is fairly widespread. It is important to mention that perceptions of widespread corruption are lower in Romania (93%) than Greece (99%), Italy (97%), Lithuania, Spain and the Czech Republic (all 95%), and Croatia (94%).

The logo for 'iafor' is centered on the page. It consists of the lowercase letters 'iafor' in a light blue, sans-serif font. The text is enclosed within a circular graphic composed of several overlapping, semi-transparent arcs in shades of blue and red, creating a sense of motion or a stylized globe.



Governing the International Commercial Contract Law: The Framework of Implementation to Establish the ASEAN Economy Community 2015

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The Asian Conference on Business and Public Policy 2015
Official Conference Proceedings

Abstract

The Head of the State Association of South East Asian Nations (ASEAN) in Summit of Association of South East Asian Nations (ASEAN) in 2007 on Cebu, Manila agreed to accelerate the implementation of ASEAN Economy Community (AEC), which was originally 2020 to 2015. This means that within the next seven months, the people of Indonesia and ASEAN member countries more integrated into one large house named AEC.

This in turn will further encourage increased volume of international trade, both by the domestic consumers to foreign businesses, among foreign consumers by domestic businesses, as well as between foreign entrepreneurs with domestic businesses. As a result, the potential for legal disputes between the parties in international trade transactions can not be avoided. Therefore, the existence of the contract law of international commercial law in order to provide maximum protection for the parties to a transaction are indispensable. The existence of this legal regime will provide great benefit to all parties to a transaction to minimize disputes.

This study aims to assess the significance of the governing of International Commercial Contract Law for Indonesia in the framework of the implementation of establishing the AEC 2015 and also to find legal principles underlying governing the International Commercial Contracts Law for Indonesia in the framework of the implementation of establishing the AEC 2015 so as to provide a valuable contribution to the development of Indonesian national law.

The theory is used to analyze in this research is the theory of "utility" and theory of "integral". While research method used in a normative juridical research, namely through library research to assess the positive legal rules and principles of law. The approach used is a statute approach, a conceptual approach and a historical approach.

Keywords: governing, international commercial contract, economy community

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Introduction

The Heads of State of Association of South-East Asia Nations (ASEAN) in the 12th ASEAN Summit held in Cebu, Manila of 2007 agreed to accelerate the implementation of the establishment of ASEAN Economy Community (AEC) which was originally 2020 to 2015. It means that Indonesian people and people from the other States of ASEAN will be more integrated into one large house freely (Taufiqurrahman, 2014: 22-23).

AEC is a form of economic integration more tangible and meaningful in the ASEAN region. Its establishing is oriented to improve the overall competitiveness of the region on the world market, boost economic growth, reduce poverty and improve the living standard of the States of ASEAN.

To be more effective in its implementation, the Leaders of ASEAN States in the 13th ASEAN Summit on November 2007 in Singapore have agreed Declaration of the AEC Blueprint as a reference for ASEAN States in realizing the AEC 2015. The AEC Blueprint load schedule for each strategic pillar with a target time in four phases, namely between the years 2008-2009, 2010-2011, 2012-2013 and 2014-2015.

There are four pillars which are accommodated in the AEC Blueprint. One of them is ASEAN as a single market and a single production base that is supported by elements of the free flow of goods, services, investment, educated workforce and capital flows more freely. This means that in the framework of establishing the AEC, all ASEAN states should liberalize trade in goods, services, investment and skilled manpower freely and freer flow of capital.

In accordance with the AEC Blueprint, a component of trade flow in goods include a reducing and eliminating of tariffs and non-tariff barriers significantly in accordance with ASEAN Free Trade Agreement (AFTA) scheme. In addition, the facilities in order to smooth the flow of free trade in goods also improved, including the implementation of the ASEAN Single Window (ASW), the scheme of the Common Effective Preferential Tariff (CEPT), Rules of Origin (ROR) and the harmonization of standards and conformance. To realize the free trade flow in goods, the member of ASEAN States agreed to ASEAN Trade in Goods Agreement (ATIGA) at the ASEAN Summit 14 dated February 27, 2009 in Chaam, Thailand.

Regardless of the advantages and disadvantages for Indonesia, establishing the AEC itself in turn will encourage an increase in the volume of international commercial. As a result, the potential for legal disputes between the parties in international commercial transactions can not be avoided. Therefore, the existence of international commercial contract law (ICCL) in order to provide maximum legal protection for the parties to a transaction is needed. The existence of this legal regime it will provide great benefit to all parties to a transaction to minimize disputes.

This paper aims to assess the significance of governing the ICCL for Indonesia in order to implement the establishing of the AEC and to find the legal principle underlying of the governing it ?

Theoretical Framework

In his work entitled *“Introduction to the Principles of Morals and Legislation”* (1780), Jeremy Bentham (1748-1832) introduced a theory about the purpose of the law (Taufiqurrahman, 2010: 32). According to him, the aims of the law to realize what is beneficial or in accordance with the order. The final goal of the legislation is to serve the greatest happiness of the greatest number of people (Hilaire McCoubrey and Nigel D. White, 1996: 240).

Axiological values developed by Bentham is the usefulness of law in society. The law should provide a great benefit to many people. Law is not solely oriented to achieve *a justice* by ignoring *a certainty* or otherwise it is oriented to achieve *a certainty* by ignoring *a justice*, but must consider both the contradictory aspects (Taufiqurrahman, 2014: 26).

According to the understanding from utilitarian, the "utility" is a criteria for people to comply with the law. This is reflected in the following statement: *"... and the test of what laws there ought to be, and what laws ought to be obeyed, was utility"*. (John Stuart Mill, 1962: 14)

According to Bentham, humans are subject to the law are because subject to the law they feel the need or benefit (utility). People follow the law not because the laws of nature. This view is evident in the following statement (John Stuart Mill, 1962: 14) :

Rejecting natural law, then Bentham defined laws as commands backed up by sanctions, some of which would and some of which would not conform to the dictates of morality, the test here being the test of utility. Rejecting the original contract, he saw both the origin of the laws and the obligation to obey them as derivable from the principle of utility.

In relation to the existing of law in perspective of Indonesian law reform, it is an interesting to study an legal thought on Law of Development Theory. This theory is the concept of legal thought developed by Mochtar Kusumaatmadja in response to the development of law in Indonesia.

The concept of legal thought developed by Mochtar Kusumaatmadja is actually motivated by the objective conditions in which the legal positivism has a dominant influence in the legal mindset carrier in Indonesia. Therefore, the role of the establishment of the law (legislation) to be the main pedestal.

He was highly influenced by the thought of Roscoe Pound and Eugen Ehrlich to incorporate pragmatic goals for development (Taufiqurrahman, 2014: 28). In relation to the formation of law in perspective of Indonesian law reform, it is a relevant and interesting thing to study an legal thought on Law of Development Theory. This theory is the concept of legal thought developed by Mochtar Kusumaatmadja in response to the development of law in Indonesia.

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influenced by the thought of Roscoe Pound and Eugen Ehrlich to incorporate pragmatic goals for development. According to him, the law not merely as a means (tool) as proposed by Roscoe Pound, but as a means (instrument) to build the community. Mochtar Kusumaatmadja views that law and order in business development and legal reform is needed. Law in the sense of the norm of human activity is expected to lead to the desired direction by development and integration. It required a means of written laws and unwritten laws that have to live in harmony with the laws of society.

He understand the law as a means of understanding broader than the law as a tool. This is because: (1) in Indonesian statutory role in the process of legal reform is more prominent than the United States that put the jurisprudence on higher ground, (2) the concept of law as a "tool" will lead to results that are not much different from the application "legisme" as held at the time of the Dutch East Indies. In Indonesia, there is the attitude of the people who show sensitivity to reject the application of the concept, (3) if the "law" here as well as international law, the concept of law as a means of society reform already applied long before this concept was formally accepted as the basis of national law policy. (Mochtar Kusumaatmadja, 1976: 9)

Mochtar Kusumaatmadja view that the best way out for Indonesia to build its national law is a priority to the principles of native law or customary law are still valid and relevant to modern life. Colonial-policies style that preserve the original law which he considered as a policy does not bring any progress. Similarly, the introduction of Western law with these limited purposes in reality only a small impact on the process of modernization. Based on this, Mochtar Kusumaatmadja proposed that the development of national laws in Indonesia shall not make a hasty decision between continuing course of colonial legal tradition based on the patterns of Western thought or a priori to develop customary law as national law. (Soetandyo Wignjosebroto, 1994: 232-233). According to him, the law not merely as a means (tool) as proposed by Roscoe Pound, but as a means (instrument) to build the community.

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The Significance of Governing the ICCL

Up to the present, Indonesia does not have had a law that specifically regulates international commercial contracts (ILCC). It does not mean that Indonesia did not have rules relating to international commercial contracts. The rules are that in fact still show a national character scattered in several places. The rules of a procedural nature set in the *Bepalingen Van Wetgeving voor Indonesie* (General Provisions concerning Legislation to Indonesia / *Afgekondigd bij Publicatie van 30 April 1847*, S. 23), hereinafter GP. While the rules are substantially arranged in Book III of *Burgerlijk Wetboek* or the Civil Code, hereinafter CC, which entered into force in the Netherlands in 1838.

Article 18 GP expressly states as follows: "De Vorm van elke handeling wordt berordeeld naar de wettten van het land of de plaats, alwaar die handeling is verrigt (the shape of each action is determined by the laws of the country or the place where the act was have been done). Under these provisions, the determination of the law applicable to international sales contracts based on the place where the contract was made (*lex loci contractus*). This provision is very important for the judge to determine the applicable law in the settlement of disputes arising in international trade transactions.

Relating to the substance of ICCL, the parties to a transaction have to pay attention to the general provisions contained in Chapter I-II of Book III CC. This is in accordance with the provisions of Article 1319 BW, which reads: "All agreements, both of which have a specific name, or who do not have a particular name (in this case, including ICCL), subject to the general rules, contained in in this chapter and the last chapter". The provision is reiterated that any contract, named or not named, subject to the general provisions of the Chapter I-II, Book III of CC.

Procedural rules as set out in Article 18 GP and substantial rules as set forth in Book III of the CC and other legal substance applicable in the Netherlands was be applied in the Dutch East Indies (read Indonesia) in 1848 based on the principles of Concordance. Dutch law enforcement (both procedural and substantial) is closely linked to the political laws of the Netherlands who want to impose its laws in the Dutch East Indies as the colonies.

Applicability of procedural and substantial law rules are based on Article II of the Transitional Provisions of the 1945 Constitution which enforces all laws and regulations that apply for before the new changes in the Constitution of 1945. Along with the changes in the 1945 Constitution itself, the legal basis for the application of Article 18 GP and Book III of the CC is based on the Transitional Provisions of Article I of the Fourth Amendment of the Constitution of the Republic of Indonesia which was decided in the Plenary Session of the Assembly of the Republic of Indonesia to the 6th (continued) on August 10, 2002 Annual Session of the Assembly of the Republic of Indonesia. Article I of the Transitional Provisions of the states as follows: "Any legislation that is still valid for the new one has not been held in accordance with this Constitution".

Procedural and substantial law rules as set out in Article 18 GP and Book III of the CC in force since 1848 until today has not changed at all. This means that the age of the rules has reached 167 years. Like humans, these rules are already elderly, so goes limped to reconcile with the demands and global interests more complex today. Therefore, national law reform in the field of international commercial contracts for Indonesia is a necessity that can not be avoided.

Effort to reform national laws in the field of contract law of international trade is not solely based on the age of legal rules which are already elderly, but more substantially based on the objective fact that the rules which apply to international dispute settlement does not have international character. In other words, the rules of law which the national character as stated in Article 18 GP and Book III of the CC apply in the case of international dispute resolution. From the perspective of justice, this fact is certainly less reflects the values of justice.

As described previously that procedurally, Article 18 GP accommodate the principle of *lex loci contractus* meaning that the law applicable in the event the parties do not expressly impose their choice of law, it will apply the law of the country in which the contract was made. In the event that the parties expressly specify the choice of law in his contract, the applicable law is the law chosen. It is based on the principle of *party autonomy* as accommodated in national legislation Indonesia.

National character inherent rules of procedural and substantial is reasonable because in the current modern legal perspective, it is the state as the only organ authorized to establish the law. Though the laws established set of international transactions remain oriented to express the national interests of the countries concerned. Rules of procedural law that national character is always led to the enactment of domestic laws of the countries referred to in principle reflects the national interests of the country. This in turn raises the diversity of laws in the field of international commercial contracts.

Characteristics of the diversity of the rules in the field of ICCL is clearly less favorable to the parties to a transaction, or at least one of the parties. Parties that do not benefit from a diverse legal arrangements are foreign parties who did not know the rules of national law which designated them. The parties to the transaction may be foreign to the rules of substantive law chosen when the law designated to manage the contract is the national law of the State party III. Foreign party shall only apply to one of the parties to a transaction when the rules of the selected substance refers to the application of national law one of the contracting parties.

Both sides or one of the parties to a foreign party to the substantive law chosen either by the parties or by the judge / arbitrator does not know or can not predict in advance exactly rights and obligations assumed by each party. This situation is clearly not profitable for them.

Based on this phenomenon, it is logical once the contracting parties turned his attention to the rules of law which can accommodate the interests of all parties, not the interests of one side or not the interests of third parties. Legal rules that are able to accommodate the interests of the parties in international transactions of course the rules of international law character anyway. Legal rules do not reflect the national interests of one particular country, but rather reflect the common interests of all countries.

Rules containing international character in the field of international commercial contracts are generally found in many conventions produced by international organizations in the field of international trade law. Some of the works of international organizations that have an international character is the United Nations Convention on Contracts for the International Sales of Good (CISG) and the UNIDROIT Principles of International Commercial Contracts (UPICCs). CISG is produced by the United Nations Commission on International Trade Law (UNCITRAL) in 1980, while UPICCs produced by the International Institute for the Unification of International Private Law (UNIDROIT).

The existence of an international character in the CISG and UPICCs is demonstrated by the diversity of the state convention participants representing various legal systems, economic, social, cultural and ideological. Factually, the legal regime of international character in the field of international trade contracts more and more in demand by the parties to a transaction. This can be demonstrated by the increasing number of countries are subjecting themselves to the CISG and or UPICCs.

Until now, the number of countries that have bowed to the CISG as many as 83 countries, namely: Australia, France, Germany, Japan, Republic of Korea, Singapore, United States of America, etc. (www.uncitral.org). While the number of countries that have participated UNDRIT until now there are 63 countries, namely: Australia, France, Germany, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Japan, Republic of Korea, The Republic Kingdom, United States of America, etc. (www.unidroit.org).

Along with the increasing volume of international trade Indonesia last few years, as shown in Figure 3.1., The existence of rules of ICCL for Indonesia is a necessity that can not be avoided. Potential disputes between the parties in international commercial transactions can not be avoided, especially with the establishment of the AEC that will be implemented.

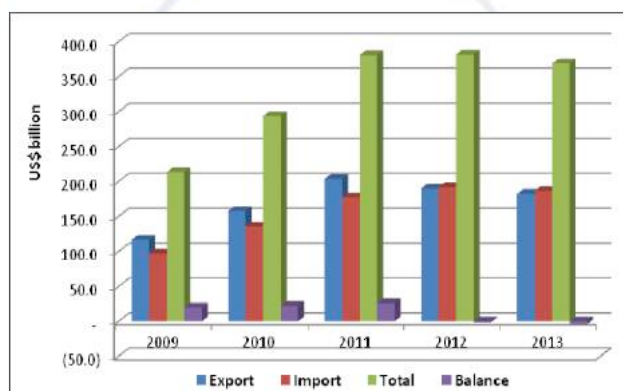


Figure 1: Indonesia Trade Balance of 2009-2013

The parties to the dispute in international commercial transactions are generally less likely that Indonesian law enacted to resolve the dispute. Such phenomenon is expressly recognized by Erman Radjagukguk stating: "Not all the foreigners feel" comfortable "that his contract despite concerns Indonesia governed by and construed in accordance with the Law of Indonesia" (Taufiqurrahman, 2010: 330). They are not interested when their contract be governed and construed in accordance with the Law of Indonesia is not because the quality of the substantive law of Indonesia that bad, but because the characters are attached to the Indonesian law in the field of international trade exhibits more national character. Foreign parties can not predict in advance the rights and obligations that should be borne in execution of the contract.

Inevitability to govern the ICCL in Indonesia can not be separated from its existence in the midst of economic and international trade globalization today. As a logical consequence of the signing of the General Agreement on Tariff and Trade (GATT)/World Trade Organization (WTO), Indonesia must harmonize the domestic law against the principles of the GATT/WTO (Taufiqurrahman, 2012: 63).

The Legal Principle of Governing

Governing the ICCL as a national law reform efforts should get serious attention to the Parliament or the Government. It is based on the argumentation that field of international commercial contract include neutral areas to do the settings in a codification. This argumentation is in tune with a view of Mochtar Kusumaatmadja known as the originator of "Theory of Development Law".

He expressly recommended that studies conducted beforehand to determine what area of law needs to be updated. He stated that laws are not neutral, pursued its development as closely as possible related to the cultural and spiritual life of the nation. While other areas of law - such as contracts, business entities and trade system - can be arranged through the law of national legislation. For those areas of law which is more neutral - such as communications, shipping, postal and telecommunications - a model which has been developed in foreign law system can also be imitated.

Mochtar Kusumaatmadja's view of the above implies that the codification and unification of national laws should be limited, that is directed at law that are not touching the realm of cultural and spiritual life of the people. The national legal reform focused on the development of the less sensitive areas of the law, which does not contain much nuance primordial. It means that the top priority is related areas of law which is more neutral, in that it is a legal contract. Governing the ICCL as a partial renewal of national law should be a priority in the National Legislation Program.

The significance of governing the ICCL for Indonesia is also recognized explicitly by CFG Sunaryati Hartono which states:

This contract law should not only regulate the contracts concluded between Indonesian businessmen but also regulate contracts which took place between parties Indonesia with foreign parties; whether made in Indonesia and held abroad. Due to the internationalization of the Indonesian economy and the globalization of the world economy, the elements of foreign and international inevitably must be considered by the Indonesian businessman.

Along with globalization that touches all areas of public life, renewal of national contract law governing international trade could not be dismissed. It is based on the fact that Indonesia can not be separated or disengage from external developments. In this era of globalization, shut down regardless of the existence of legal instruments born from badang-body international organization is not the best solution in the implementation of the national legal reform.

Attempts to make contract law arrangements in the field of international trade has actually been started initiated since long. The idea was proposed by Wirjono Prodjodikoro in the First National Congress of Science organized by the Science Council of Indonesia from the date of 3-9 August 1958 (Wirjono Prodjodikoro, 2000: 160).

In subsequent developments, the Working Team Academic Preparation of Legislation on Contracts in the Field of Trade for the first time established by the Government by

virtue of Decree of the Minister of Justice No. G-63.PR.09.03 1992 dated April 30, 1992. Formulation Team, headed by CFG This Hartono Sunaryati responsibility to formulate academic texts in order to give some scientific rationale for the preparation of draft legislation that will come, to give ideas a material adjustment of legislation that are reviewed systemically, the urgency, the foundation and principles used and the idea of legal norms that should be regulated (Taufiqurrahman, 2010: 357).

In its operation, the Drafting Team has succeeded in formulating the basic thoughts twenty crucial in the preparation of academic texts of legislation on contracts in the field of trade. Some items of essential basic thoughts clearly implies recognition of the influence of the law of foreign countries on the development of Indonesian contract law regarding both aspects of substantive and procedural.

Relating to the substantive aspects in the regulation of contract law in the field of trade, some principles of contract law which should be considered are: principle of consensual, principle of fairness, principle of confidentiality, principle of good faith, etc.

While procedural rules in the field of trade contracts, Sudargo Gautama offers a proposal that approaches the most characteristic connection is used as a foothold in determining the law applicable to international contracts. This approach is considered more legal certainty compared to the old approaches in determining the applicable law, including: *lex loci contractus*, *lex loci solutionis*, *the proper law of the contract*.

In his paper, Gautama Sudargo insists that principle of *party autonomy* should be retained in the national legislation to be made, particularly with regard to international contracts. Laws have been handpicked by the parties must be respected by anyone, including judges Indonesia. Even if the law chosen by the parties is a foreign law, the judge Indonesia should respect the choice of foreign law.

In this context, so that Indonesian law more acceptable in international trade traffic, then the rule of law in the field of international trade contracts must accommodate all parties concerned. This legal regime should be able to provide benefits to all parties associated in international trade transactions. For the parties, this legal regime should be able to provide legal certainty and give justice in the transaction. For a judge or arbitrator, this legal regime should be able to provide legal certainty and provide fairness in the resolution of the dispute. Legal regime that can provide legal certainty and fairness to the parties and the judge or arbitrator can only be achieved if the legal regime of international character. Even if this is the status of a national legal regime, but which accommodates the interests are mutual interests, international interests.

Thus, the legal principles that serve as the foundation for a set of international trade contract law in accordance with international character is the principle of expediency. Orientation legislators not only directed to provide legal protection to citizens, but at the same time also provide legal protection to foreign nationals as a business partner in international trade transactions.

Closing

Based on the previous description, it can be concluded that the significance of governing the ICCL are in order to foster the trust of the international (business actor) community in ASEAN region to the quality of Indonesian law in which in turn will boost the Indonesia economic growth. Legal principle rationally accommodated in governing the ICCL is utility.

It is recommended that the House of Representatives immediately prepare the Draft of ICCL and inserted it in list of priority scale of the National Legislation Program. The drafted bill that should have an international character, either in relation to both procedural and substantial aspects.



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***Research on Factors Influencing Job Satisfaction in Labor Relations of
New Generation of Migrant Workers in China:
The Sample from Tianjin Binhai Development Zone of China***

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The Asian Conference on Business and Public Policy 2015
Official Conference Proceedings

Abstract

New generation of migrant workers (NGMW) refers to the ones who were born in the countryside from 1980s to 1990s, adults become the labor force in manufacturing or services. NGMW with their individual characteristics is an important component of labor market in China. This paper serves as an exploratory effort to discover the influencing factors of labor relations by taking the NGMW from Tianjin Binhai Development Zone of China as a sample. By the way of literature reviews and interviews, the rating scale of job satisfaction in labor relations is defined, which includes six dimensions and their associated factors. According to the rating scale, questionnaire is designed. 450 questionnaires were issued and 432 were withdrawn, in which 418 were valid. Applying the statistics software of SPSS19.0, reliability, validity and relativity are analyzed, and factors influencing job satisfaction in labor relations of NGMW are discriminated and ranked according to the significance. At the end of the paper, the policies to improve the job satisfaction in labor relations of NGMW are discussed. The paper possibly contributes to ease the traditional adversary relationships between the rural migrant workers and management, and as signifying a “harmonious labor relations”.

Keywords: New Generation of Migrant Workers, Job Satisfaction in Labor Relations, Factors, Policy.

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Introduction

New Generation of migrant workers (NGMW) refers to the rural-urban labor population who were born from 1980s to 1990s. Since the reform and open policy in 1970s, the surplus labor population in countryside have moved to the cities as workers or severs, and become the crucial parts in urban labor market in China. Nowadays, as an important force in national economic development, the quality of NGMW would directly affect the national economic growth, and job satisfaction of migrant workers will significantly influence the harmony of China's labor relations and society. It was shown in the 2014 Investigation Report of National Migrant Workers (National Bureau of Statistics, 2014) that the number of rural-urban migrant workers reached 273,950,000 in 2014, which increased by 1.9% compared with that in 2013, and in which NGMW accounted for more than 45%.

Labor relations can make a potential effect on the labor's attitude to the society and the company s' performance as well. It is discovered that, in the process of urbanization, if the government could not find the solution to the problems caused by rural migrant workers, China might catch the "Latin American Disease" characterized by a polarized urban society with great differences in wealth and social resources (Xu, 2004). However, NGMW's demand for harmonious labor relations is growing daily. Since the grievance of labor relations among NGMW have always evolved into collective protests recently, it is imperative to do the research on the job satisfaction in labor relations of NGMW, which has not arisen the scholars' adequate attention yet. Most of the previous researches focus on the characteristics of NGMW, and their migrant purpose and willing of going home town compared with elder generations as well, but seldom study the mechanism and influencing factors of building harmonious labor relations of NGMW.

This paper is organized into three major sections. Firstly, we review the existing researches on the evaluation system of job satisfaction in labor relations. Secondly, based on the six dimensions of harmonious labor relations through literature reviews, we do the empirical study on the factors influencing the satisfaction with labor relation of NGMW by the way of interviews and questionnaires. Finally, we discuss how to improve the labor relations of NGMW.

Literature Reviews

New Generation of Migrant Workers (NGMW)

Wang (2001) firstly put forward the concept of New Generation Rural Floating Population, which evolved into the notion of New Generation of Migrant Workers (NGMW). He pointed out that such new group of migrant workers is inexperienced in agriculture. They moved to the cities immediately after graduation in order to achieve opportunities for future development, rather than just to make a living as former

migrant workers. The new generation desired to get rid of the name of “farmer”, and enjoy the modern civilization as normal city people. *Several View Points on Boosting the Coordinative Development between Rural and Urban, and Consolidating the Basis of Agricultural and Rural Development*, the No.1 document of the central government issued by the State Council, is the first document that mentioned the NGMW, which means that Chinese leaders have begun to pay attention to such special group of labor population.

NGMW refers to the rural migrant worker population, who were born from 1980s to 1990s. With rural residence status, they attempt to move to the cities to seek employment opportunities. This group includes the youth working in the cities who grew up in countryside, and the workers who grew up in metropolis but born in villages. Compared with predecessors, NGMW have their own unique thoughts and ideas. Firstly, regarding the social identity, NGMW prefer the urban status much more to the rural one, and thus reject the name of “rural migrant workers”. (Tang & Liang, 2012) Secondly, they have a higher expectation of work and life. With better education background than the elder generation, NGMW tend to choose the job with higher social position and salary, and desire to achieve a good career development by staff training. (Zhang & Li, 2012) Thirdly, NGMW have a strong will to be in harmony with city life. Zhang (2013) discovered that more than 50% of NGMW hope to stay in the metropolises through their whole lives.

Harmonious Labor Relations

In western countries, labor relations are also known as “Industrial Relations”. Dunlop (1958), an American labor scholar, defined labor relations as a system that consists of three interacted agents – organizations, workers and government agencies. Mills (1978) suggested that labor relations refer to the interaction between employees and their organizations that setting up the conditions of employment at working place or society. In *Dictionary of Western Economics* (Hu, 2000), industrial relations are a series of activities that dealing with the interaction between employees and employers at different levels, i.e. national level, industrial level and firm level. Cheng (2011a) argued that labor relations indicate the economic social relationship between the skilled staff and companies in the labor processes.

“Harmonious (*he xie*) labor relations”, in China, is a concept closed related with harmonious society. “*He*” means peaceful, calm and gentle; “*xie*” indicates tacit cooperation. Therefore, harmonious labor relations is a kind of perfect labor-capital relationship that both two parties strive together in a relaxed, friendly and happy condition, and reach agreement on sharing the profits (Shi, 2013).

Evaluation and Regulation of Harmonious Labor Relations

Evaluation System

In western countries, researches on labor relations started very early and various kinds of evaluation systems developed. This relationship, in early stage, has been described by the factors of complaint rate, valid period and quantity of contracts, disciplinary action rate, absenteeism rate, trade union and evaluations of industrial relation by management (Katz, Koehan & Gobeille, 1983). The indicators of the decentralization of decision making, employee participation, proportion of supervisors to workers, disposal of disputes and pay structure have also been used to assess the labor relations (Arthur, 1993). However, it has been found that the relation factors of conflict and workplace are more significant in performance than the structural factors of unionization, shared governance and pay level (Gittel, Nordenflycht & Koehan, 2004). In manufacturing, extra work hours, overtime pay rate and unionization and some other factors have been used to establish the labor relations evaluation system especially for such industry (Maganani & Prentice, 2006). From a conflict perspective, some indicators are discovered for assessing the relations between employees and employers, such as attitudes toward conflict, conflict avoidance, conflict resolution and conflict style – relation-based or task-based (Bendersky, 2007).

From the reviews above, it is the collective-based labor relations that most western researchers focus their attentions on, and thus labor unions, negotiations and strikes are taken as the main factors when evaluate the labor relations. As yet, however, labor relations are still individual-based in China, and the consultation mechanism among the three parties – government, companies and employees, is not perfect, which results in the lack of collective negotiations. Obviously, it is unwise to copy the evaluation system for labor relations from western countries, which is not applicable for Chinese companies. Therefore, in this study, when determine the influencing factors of labor relations performance, we paid more attention to the personal feeling on job satisfaction, and the measures were evaluated from a subjective view.

In China, two kinds of criteria are commonly used for evaluating labor relations. One is *The Activity of Establishing Enterprises with Harmonious Labor Relations*, a document raised by All-China Federation of Trade Union (2006). In this paper, standards for harmonious labor relations include: legal contracts, collective bargaining and group contract system, employee benefits, democratic management, effective resolution of disputes, protection of female and under-age workers, and union representation. The other is the Chinese scholars' research result, which are provided in Table 2.1.

Table 2.1 Reviews of evaluation criteria for Harmonious labor relations

Scholars	Evaluation Criteria for Harmonious Labor relations
He (2005)	Contract administration, training, salary, working conditions, work hours, social security, unionization, grievance rate, economic benefits and culture, etc.
Zhan (2006)	Income, management, union, job evaluation, contract administration, democratic participation.
Jiang (2006)	Labor contract system, collective contract system, labor standard system, labor discipline and rules, democratic management system, grievance handling system.
Qing (2009)	Labor contract – Content and form of contract, signing and implementation of contract, grievance handling; Employee benefits – Salary, bonus, welfare and social security; Democratic management – Trade union, workers' conference, Party and Youth League organizations and collective contracts; Working environment and workload – Working conditions, rest and vacations, and occupational disease prevention.
Zhang X. (2012)	Salary satisfaction, labor conditions and security, grievance handling, contract administration, democratic participation and staff confidence.
Zhang C. (2012)	Labor employment, labor contract, social security, salary, training, working conditions, rights safeguarding and tripartite mechanism, and business reputation.
Yuan & Xu (2012)	Training and working environment, salary system, contract administration, unionization and grievance handling, and social security.
He & Cheng (2012)	Physical fitness, human-centered system and atmosphere, and pooling of interest.
He (2013)	Working place – Labor environment, labor disputes, democratic participation, enterprise management and performance. Employee demand – Employee benefits and development.
Guo & Chen (2015)	Labor rights and interests protection, Government regulation of labor relations, labor dispute, Labor relationship satisfaction

Regulation and Control

Scientific regulation and control mechanism is very important to harmonious labor relations, since harmonious labor relation in organization is dynamic and relative that could be promoted by effective regulation.

Since harmonious labor relations should be a kind of relative harmonious relationship (Qu & Yu, 2014), which indicates that the target of regulation is to achieve the relative harmony between employees and employers. Cheng (2011b) suggested that government legislation adjustment, collective negotiation between labor and management, and prompt and fair dispute resolving system should be taken as important mechanisms to build and develop harmonious labor relations and protect labors' rights and interests. Therefore, coordinating company-employee benefit relations is a dominating and effective way to regulate harmonious labor relations (Wang, 2013). As the rights claims switching to the benefits ones with the collectivization of labor relations, employees' vital interests should be taken into consideration when building the scale of harmonious labor relations. (Chang, 2013)

Method

Rating scale

By studying the previous index system for assessing the labor relations performance in last section, we find that most of them focus on the contract, working condition, salary, pension, union and disposal of labor disputes, but merely involve work time, occupation training, democratic participation, economic benefit, culture, and so on.

Six interrelated dimensions of labor relations are analyzed in this paper, which not only include the indicators adopted by most researchers, but also takes into consideration the social security law, labor economics and welfare economics. Therefore, these 6 dimensions and their associated factors are: (1) contract administration and negotiation, measured by the contract terms and its valid period; (2) employees' workload, measured by working hours, the intensity of overtime work, and the company's shift system; (3) reward management, measured by salary, pay for the overtime, pay structure (i.e. the choice of hour wage, piece rate, incentive pay, performance pay or commission), and the payment of salary that whether the firm pays in time or deduct the wages irrationally; (4) working condition, measured by the safety of the job and workplace, and the influence of job on the employees' health; (5) union and grievance, measured by the voice effect of the union and the performance of grievance handling; (6) social security and welfare, measured by coverage of social security, the categories of employee benefits, and staff training for the skills and career development. In this analysis, these influencing factors of labor relations are viewed as interrelated, and thus a simple cause-effect relationship is established.

Through the interviews with the new generation, we find that most of them talked about the training. This topic indicates that NGMW work in the cities not only for the money; they also have their own career plans and desires to achieve the career objectives by effort. But training is merely mentioned in previous study, which originally included in our index for estimating the harmonious labor relations. The following Table 3.1 presents the scale.

Table 3.1 The Measures For Evaluating the NGMW's Job Satisfaction.

Dimension	Factor
Contract	Contract terms
	Valid period
Workload	Working hours
	Overtime
	Shifts system
Reward management	Salary
	Overtime pay
	Pay structure
	Payoff
Working condition	Safety
	Health
Union and grievance	Grievance handling
	Voice effects of union
Social security and welfare	Social security
	Employee benefits
	Training

Questionnaire and Sample

Based on the six dimensions and the factors presented in Table 3.1, we design the questionnaire including 27 closed-questions and 3 opened-questions, which inquire associated NGMW's subjective feeling for each factors in their recent labor relations. Here, a five-point Likert scale is used to measure the personal response:

- 1-Strongly dissatisfied
- 2-Dissatisfied
- 3-Neither satisfied nor dissatisfied
- 4-Satisfied
- 5-Strongly satisfied

Samples for the current analysis were collected from the NGMW employed in Tianjin Binhai Development Zone, which cover pharmacy, electronics, aircraft, IT, estate, and other industries. A total of 450 questionnaires were distributed randomly to the migrant workers; 432 of them were returned and 418 were valid, which yield a

response rate of 96% and a valid rate of 93%.

The structure of sample is presented in the following Table 3.2:

Table 3.2 Sample Structure (n=418)

		Sample	Percentage
Gender	Male	289	69%
	Female	129	31%
Age	18-25 years' old	266	63%
	25-35 years' old	155	37%
Marriage	Married	172	41%
	Unmarried	246	59%
Education	Middle school and below	160	38%
	High school	197	47%
	Vocational school	61	15%

Reliability and Validity Test

Reliability refers to the stability and consistency of scale. In this paper, we use the Cronbach's α (alpha) to test the reliability of scale. The common accepted rule of thumb for describing reliability is as follows:

Table 3.3 Cronbach's α

Cronbach's alpha	Reliability
$\alpha \geq 0.7$	Good
$0.7 > \alpha \geq 0.35$	Acceptable
$0.35 > \alpha$	Unacceptable

SPSS19.0 is used in this study for data analysis. The reliability test result $\alpha=0.826$, which indicates that the questionnaire is highly reliable.

In this case, factor analysis is applied to test the validity of variables. For each measure, the fitted value should be:

- (1) Chi-square/degree of freedom (χ^2/df) – This measure should vary between 1 and 3.
- (2) Normal fit index (NFI) – For this measure, a value of 0.9 is an acceptable minimum.
- (3) Incremental fit index (IFI) – The value of IFI should be more than 0.9.
- (4) Comparative fit index (CFI) – It is accepted that the value of CFI should be more than 0.9.
- (5) Root mean square error approximation (RMSEA) – A value of 0.05 is a suggested maximum of RMSEA.

Theoretically, the closer NFI, IFI, CFI are to 1, the more valid the variables are. The results of factor analysis are as following Table 3.3, which indicate that each of dimensions reaches an acceptable level.

Table 3.3 Results of Factor Analysis

Index	χ^2/df	NFI	IFI	CFI	RMSEA
Contract	2.119	0.901	0.962	0.913	0.037
Workload	2.136	0.961	0.958	0.921	0.039
Reward management	2.261	0.917	0.919	0.918	0.042
Working condition	2.476	0.909	0.951	0.917	0.039
Union and grievance	2.457	0.939	0.969	0.931	0.043
Social security and welfare	2.192	0.918	0.921	0.929	0.037

Results

Finally, according to the answers of the multiple-choice question, we simplify the scale with top 10 factors in approval ratio. The statistical analysis of these factors is presented in the following Table 4.1.

Table 4.1 Approval Ratios of Influencing Factors

Factors	Approval ratio
Salary	95.12%
Employee benefits	27.13%
Social security	76.65%
Workload	56.52%
Safety	23.95%
Health	21.45%
Training	68.75%
Pay structure	27.13%
Contract terms	10.05%
Grievance handling	65.74%

Note: Approval ratio is calculated by results of the multiple-choice question “Which are the most important factors that influence the job satisfaction?”

As presented in Table 4.2, correlation coefficient r illustrates the interrelations between various factors and job satisfaction. According to the data in Table 4.2, factors of salary, social security and training are significantly correlated with job satisfaction positively; and factors of contract terms, employee benefits and salary structure are moderately correlated with the job satisfaction positively.

Table 4.2 Descriptive Statistics and Estimates of Relations Between Variables

	Ave.	Std. Error	r											
			SL	EB	SS	WL	SF	HL	TR	PS	CT	GH		
Salary (SL)	2.981	0.1143												
Employee benefits (EB)	2.093	0.1025	0.465											
Social security (SS)	2.223	0.1352	0.241	0.521										
Workload (WL)	2.007	0.0985	0.543	0.436	0.498									
Safety (SF)	1.453	0.0969	0.432	0.329	0.275	0.477								
Health (HL)	1.367	0.1033	0.543	0.496	0.384	0.273	0.519							
Training (TR)	2.680	0.1104	0.497	0.398	0.468	0.317	0.513	0.491						
Pay structure (PS)	2.147	0.0979	0.398	0.448	0.516	0.513	0.382	0.157	0.459					
Contract terms (CT)	2.049	0.1001	0.379	0.385	0.624	0.528	0.471	0.398	0.513	0.242				
Grievance handling (GH)	1.239	0.1142	0.487	0.267	0.414	0.318	0.268	0.491	0.467	0.513	0.308			
Job satisfaction	3.109	0.1013	0.719	0.671	0.707	0.389	0.272	0.287	0.701	0.623	0.686	0.332		

From the analysis above, we come to the conclusion that salary is the most significant factor that influence the NGMW's satisfaction in labor relations, and the other factors in a descending order are as follows: social security, training, salary structure, employee benefit, contract terms, workload, security, safety and grievance handling. Factors of salary, social security and training have great influence over the NGMW's satisfaction in labor relations, with the values of r 0.719, 0.707, and 0.701 respectively. From the data presented in Table 4.1, salary, social security and training are the biggest concerns of NGMW, with approval ratio of 95%, 76%, and 69%. It means that the efficient way to make the NGMW satisfied for their job is to increase the payment, improve the coverage of social issuance and establish the training system.

Discussions

From the data analysis above, factors that affecting NGMW's job satisfaction are recognized and ranked by the significance (Table 5.1). According to Table 5.1, the top 3 notable factors are salary, social security and training, which lead us to the effective policy for improving the NGMW's job satisfaction, i.e. increasing the migrant worker's income, enlarging the coverage of social issuance and perfecting the training system.

Table 5.1 Rank of Influencing Factors by Significan

Factor	Correlation Coefficient r	Rank
Salary	0.719	1
Social security	0.707	2
Training	0.701	3
Contract terms	0.686	4
Employee benefits	0.671	5
Pay structure	0.623	6
Workload	0.389	7
Grievance handling	0.332	8
Health	0.287	9
Safety	0.272	10

As NGMW's wages have been on a reasonable increase, the companies should match the migrant workers' payments with their workload well. In reward management, it is important for the managers to focus their attention on holding the principle of fair play and design reasonable compensation & benefits policy, especially on the problem that rural migrant workers and urban ones should enjoy equal pay for equal work.

Expanding the coverage of social security could enhance the migrant workers' loyalty and sense of belonging, and partly reduce the staff's outflow, which would help relieve the crisis of recruitment and effectively improve NGMW's job satisfaction.

Most of NGMW care about the personal career development. As a result, in human resources management, a complete series of training would fuel NGMW's upgrade in skill and fulfill the objective of their personal career planning.

Future Study

As one of the most essential work force in China, NGMW have been playing an important role in boosting the national economy. Research on the factors influencing the NGMW's job satisfaction for labor relation is a precursor to the improvement of their performance. However, this article provides a foundation for further application and researches on the NGMW's job satisfaction. Given the skills required by various industries vary differently, in future study, we should take into consideration the characteristics of diverse industries and compare the different industrial factors that influencing the NGMW's job satisfaction.

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*Assessing Tourism Destination Image and Spatial Pattern
using Opinion Mining Analysis*

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The Asian Conference on Business & Public Policy 2015

Official Conference Proceedings

Abstract

Footprints of tourism activities from tourists are significantly increased in social medias with its maturity in recent years. More tourists use the platform of social media to present their travel records. Thus, the content of travel records include tourists' mood during journey, comments of scenic spots visited, spatio-temporal information and other important information about tourists themselves. The data has accumulated a very large amount of information in the network environment for researchers to assess tourism destination image and spatial tourist pattern in specific tourist destinations. In this study, we used tourists' opinions on the popular social media using opinion mining analysis to explore tourism destination image and spatial pattern of tourist behavior in the Yehliu Geopark in northern Taiwan. The results are helpful for park management to improve tourism marketing and management spatially.

Keywords: Tourism destination image, Spatial pattern, Opinion mining, Geopark.

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1. Introduction

With the maturing of social platform in the internet environment and the wider acceptance of browsing the reputations of travel notes among the people (Serna, Marchiori, Gerrikagoitia, Alzua-Sorzabal, & Cantoni, 2015; Xiang, Schwartz, Gerdes Jr, & Uysal, 2015). The reputation data from tourists has accumulated a very large amount of information in the network environment for researchers to assess tourism destination image and spatial tourist pattern in specific tourist destinations (Choi, Lehto, & Morrison, 2007; Li, Lin, Tsai, & Wang, 2015; Serna et al., 2015; Stepchenkova & Zhan, 2013; Sun, Ryan, & Pan, 2014). More specifically, the user-generated content (UGC) from social platform has become an important source for the public to acquire information of tourism destination. And these information may not be only contains travel records of tourist, because these incidental tourist thoughts and feelings, so researchers could collect tourist evaluation and tourism destination image through opinion mining, and even the spatial information. There are many previous studies have demonstrated the importance of network public opinion to the management practice (Chiu, Chiu, Sung, & Hsieh, 2013; Li et al., 2015). The purpose of this study is to explore and access tourism destination image and spatial pattern through opinion mining analysis to better understand important management issues of tourist behavior.

2. Methodology

2.1 Study area

The Yehliu Geopark with unique geological landscape is an important destination in the north coast of Taiwan. In recent years, the Geopark successfully attracted more than three million tourists in the year 2014. On the other hand, the numbers of tourism reputation of Yehliu Geopark on internet are enough to execute opinion mining analysis. Therefore, we choose Yehliu Geopark to be the study area.

2.2 Data collection

This study adopted opinion mining analysis to explore and access tourism destination image and spatial pattern of tourist activities of Yehliu Geopark. The reputation data of tourists using Chinese language (including both Traditional Chinese and Simplified Chinese) were gathered from tripadvisor.com.tw (Cong, Wu, Morrison, Shu, & Wang, 2014) on August 31, 2015 using an automated Web crawler by R.

2.3 Opinion mining analysis

In order to establish the tourism destination image and spatial pattern of tourist behavior of Yehliu Geopark, this study used the packages of tm, tmcn, Rwordseg with

R (Feinerer, 2014; Guan, Yao, Xu, & Zhang, 2014; Junfeng, Jingye, & Zhong, 2014). Thus, the opinion mining is executed through the process of data cleanup, word segmentation and establish corpus. Finally, we used the analytic results of word frequency from Noun (N), Adjective (Adj.), Place name (PN) to achieve the purpose of this study.

3. Data Analysis and Results

The reputation data was gathered from the website of Tripadvisor. 80 verified tourist reputations were selected for opinion mining finally. Then, the results of opinion mining analysis are as follows:

3.1 Tourism destination image

The tourism destination image of Yehliu Geopark is analyzed through opinion mining analysis with N and Adj. in this study. The word clouds of N and Adj. of Yehliu Geopark show in the Figure 1. As the result of opinion mining analysis, the top 10 nouns of word frequency are "Queen", "Geology", "Park", "Stone", "Scenic spots", "Weathering", "Nature", "Place", "Coast", "Landscape". In the result of Adj., the top 10 adjectives include "Good", "Special", "Beautiful", "Strange", "Convenient", "Pretty", "Famous", "Comfortable", "Interesting", "Unique" (Table 1). In summary, the tourism destination image of Yehliu Geopark is mainly composed of positive words in the results of adjectives.

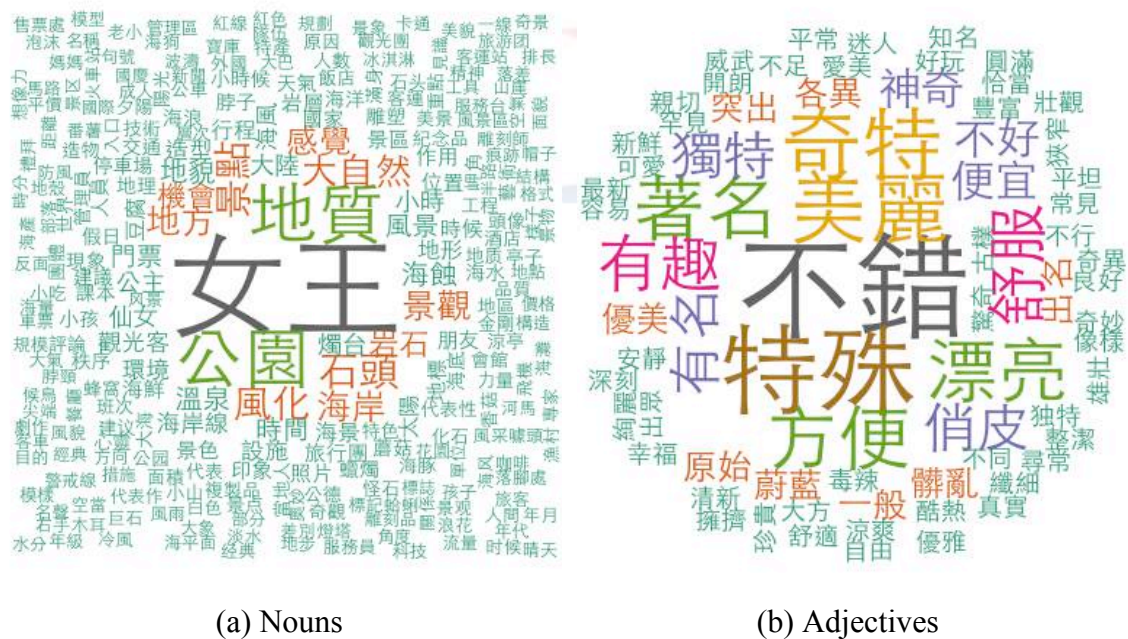


Figure 1: The graphs show word clouds of N and Adj. of the Yehliu Geopark

Table 1: The top 10 ranking of N and Adj. of the Yehliu Geopark

Rank	Noun (N.)	Original text	Frequency	Adjective (Adj.)	Original text	Frequency
1	Queen	女王	76	Good	不錯	11
2	Geology	地質	39	Special	特殊	9
3	Park	公園	39	Beautiful	美麗	7
4	Stone	石頭	19	Strange	奇特	7
5	Scenic spots	景點	18	Convenient	方便	6
6	Weathering	風化	17	Pretty	漂亮	6
7	Nature	大自然	16	Famous	著名	6
8	Place	地方	14	Comfortable	舒服	5
9	Coast	海岸	14	Interesting	有趣	5
10	Landscape	景觀	14	Unique	獨特	4

3.2 Spatial pattern of tourist reputations

The results of spatial pattern should be presented using two different spatial scales. Firstly, the result of PN shows the spatial pattern of tourist reputations in the Yehliu Geopark (Table 2). The frequency ranking sequence is Queen's Head (70), Fairy's Shoe (7), Candle Shaped Rock (6), Cute Princess (4), Bean Curd Rock (2) etc. at local scale. The frequency ranking sequence is Yehliu (55), Yehliu Geopark (16), Taiwan (14), North Coast (9), Taipei (5) etc. at regional scale. In the Figure 2 and 3, we attempt to show the spatial patterns of tourist reputations on maps.

In the result, the places with higher frequency not only contain the tourism destinations close to the Yehliu Geopark (such as Yehliu, North Coast, Jishan Old Street...etc.), but also include the tourism destinations far from the Yehliu Geopark (such as Taipei station, National Taiwan University, Taipei City...etc.), even including countries (such as Taiwan, South Korea, China, Japan).

Table 2: The ranking of PN at local and regional scales

Rank	Local Scale			Rank	Regional Scale		
	Place name (P.)	Original text	Frequency		Place name (P.)	Original text	Frequency
1	Queen's Head	女王頭	70	1	Yehliu	野柳	55
2	Fairy's Shoe	仙女鞋	7	2	Yehliu Geopark	野柳地質公園	16
3	Candle Shaped Rock	燭台石	6	3	Taiwan	台灣	14
4	Cute Princess	俏皮公主	4	4	North Coast	北海岸	9
5	Bean Curd Rock	豆腐岩	2	5	Taipei	台北	5
6	Ocean Erosion Pothole	海蝕壺穴	2	6	Keelung	基隆	5
7	Ice Cream Rock	冰淇淋石	1	7	Jishan Old Street	金山老街	3
8	The Statue of Lin Tianzhen	林添禎	1	8	Yehliu Ocean World	野柳海洋世界	3
9	Sea Groove	海蝕溝	1	9	Taipei City	台北市	2
10	Yehliu Lighthouse	野柳燈塔	1	10	Store Street	商店街	2
11	Elephant Rock	象石	1	11	South Korea	韓國	2
				12	Wanli Dist.	萬里區	1
				13	China	中國	1
				14	The Pacific Ocean	太平洋	1
				15	Japan	日本	1
				16	Taipei station	台北車站	1
				17	National Taiwan University	台灣大學	1
				18	Gui Hou	龜吼	1

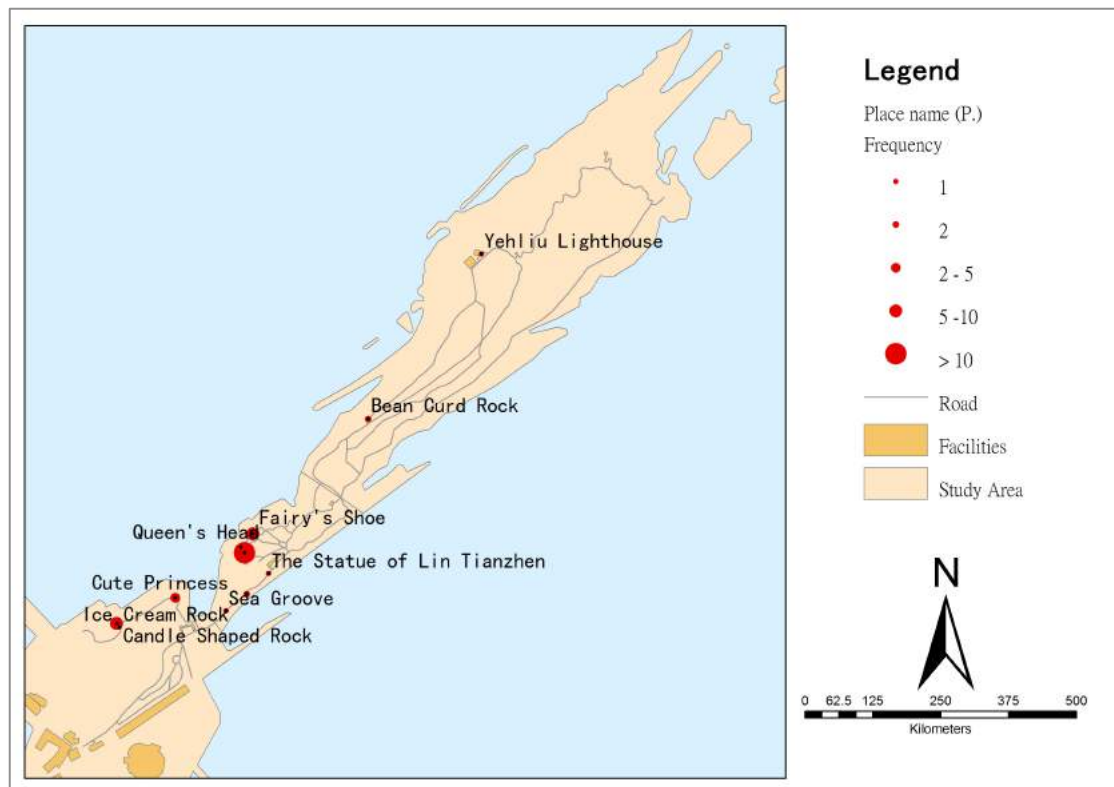


Figure 2: spatial pattern (Inside) of tourist behavior from analysis results of (P.)

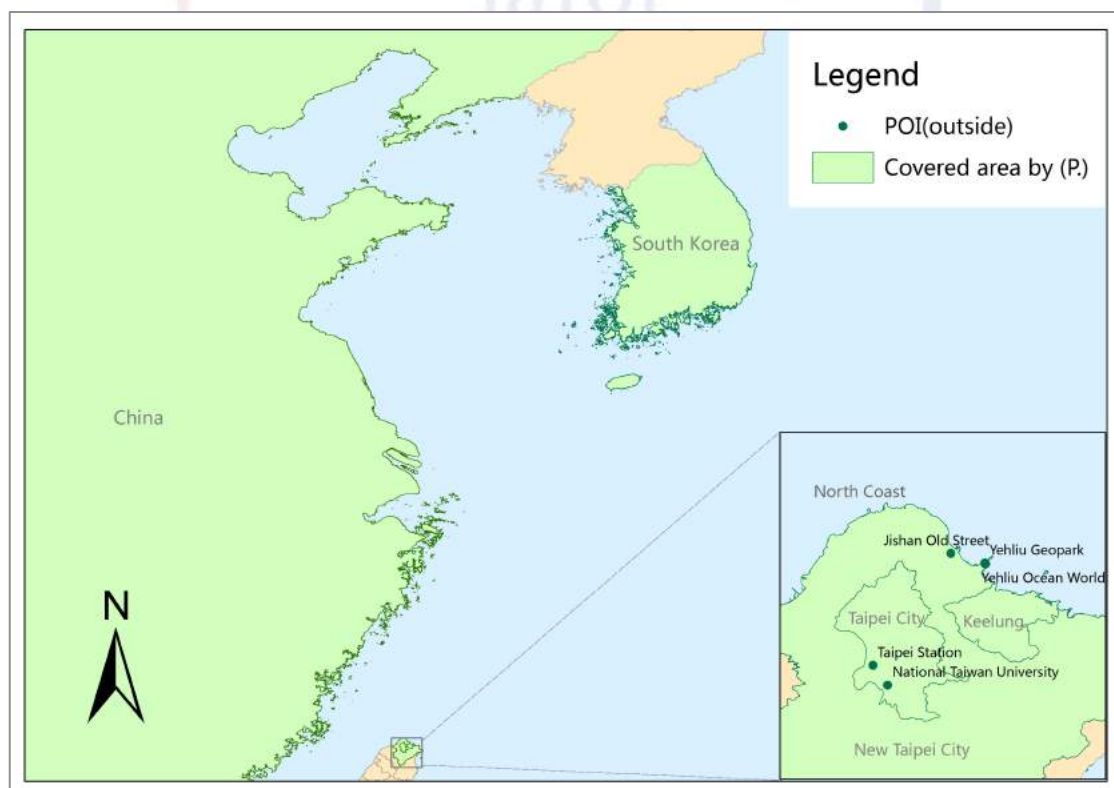


Figure 3: spatial pattern of tourist reputation in the Yehliu Geopark

4. Implications and Conclusion

Social networks become an important information source to acquire insights about tourism destination image. Certainly, the reputation data from social media contains comments, space, and other information is worth for further digging. Then, the information form opinion mining could produce valuable knowledge. To better understand tourist behavior, we attempt to explore and access tourism destination image and spatial pattern of tourist reputations through opinion mining analysis in this study.

Based on the results of opinion mining analysis by N and (Adj.), the top 3 nouns are Queen, Geology and Park. This result shows the actual tourism destination image of the Yehliu Geopark. And the top 3 of Adj. shows positive terms (Good, Special, Beautiful). It is also suggested that the Yehliu Geopark is under good management and operation status. The service quality of the Yehliu Geopark is also well during the study period. We also explore spatial pattern of tourist reputations through opinion mining analysis by PN. The result of PN is useful for tourism planning and management to consider planning and management strategies spatially.

5. Acknowledgement

The authors would like to thank the Ministry Science and Technology of the Republic of China, Taiwan, for their financial support of this research under contract nos. MOST 103-2410-H-156-013-MY3 and MOST 101-2410-H-156-018-MY3. The authors also thank two anonymous reviewers and the editors for their comments that led to the improvement of the paper.

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Exploring Local Movie Market as the Field of Cultural Democracy and Social Media Practice

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The Asian Conference on Business & Public Policy 2015
Official Conference Proceedings

Abstract

U.S. Hollywood industries not only earn enormous profits globally but also present soft power of the United States. The Ministry of Culture in Taiwan (R.O.C.) plans to promote Taiwan's movie industries as flagship business to promote the nation's economy but this plan encounters setbacks. This implies that movies promoted and produced by public policy to develop cultural economy fail to attract enough local movie viewers' attention to go to movie theaters. In contrast, Hollywood movies enjoy a huge success in Taiwan. However, after *Cape No. 7* rewrote the history of Taiwan's local movie box office in 2008, some local movies turn popular in Taiwan. This paper analyzes most popular comments on 11 popular movies collected from social media PTT, the most popular Bulletin Board System in Taiwan, to explore how the Internet users might make some local movies salient to explain a possible missing puzzle between local movie industries and Taiwan's film policy. Applying the concept that box office as the market of cultural democracy, this author explores how discussion in PTT can be a breakthrough against Taiwanese traditional ideology in local film.

Keywords: Movie box office, cultural democracy, film industries, public policy

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Introduction

Taiwan's Ministry of Culture, a governmental branch responsible for the development of film industry, aims to foster an environment suitable for the development of internationally competitive film and TV industries, as well as cultivating innovation in production and marketing¹. However news shows a different story that the Ministry of Culture faces a loss of its investment in movie and TV creative industries². In contrast, some local movie production turns profitable and especially Taiwanese Movie Box Office shows that movies with good quality which represent Taiwanese daily lives, collective memories, community issues, dreams or shared social emotions of majority Taiwanese can beat Hollywood movies in Annual Taiwanese Top 10 Movie Box Office from 2010 to 2014 after the popularity of the movie *Cape No.7*. As the development of Taiwanese film industries is concerned, it seems that there are something missing between public policy and business management. The popularity of *Cape No. 7* is highly discussed about how it opens the Taiwanese movie market for local movies in 2008 and how it reflects the consciousness of Taiwan.

One of reasons for the success of *Cape No.7* is the users of PPT, the most popular Bulletin Board System in Taiwan, which pushed the first Taiwanese craze for watching local movies in 2008 after Taiwan viewers' long-term disappointment in local movies. This study explores whether PTT users still mobilize movie viewers to support Taiwanese popular movies. When local movie market is still weak to compete with Hollywood movies, produced with high concepts and high cost, would these local movies beat Hollywood movies with the support of PTT users? This study explores whether and how Taiwanese first choose some movies and later mobilize Taiwanese to support Taiwan movies by studying users' postings of Movie Bulletin Board of PTT.

Literature Review

After *Cape No. 7* rewrote the history of Taiwan's local movie box office in 2008, more local movies turn popular in Taiwan. Film awards and professional film reviews are commonly criticized as not friendly to some local movie production. However, movies appraised by officials and experts in this field promote movies that Taiwanese generally are not interested. *Cape No. 7* as an extremely case shows that in the information society citizens can promote and push a movie to become the best box office in Taiwan. Based on the model in the information society in Finland, at heart information society is a dynamic relationship between business and society, mediated by the state (Castells, Himanen, 2002). Media content reproduces signs in a nation that convey cultural order which is followed, conducted, and challenged by their nationals. However, one of the Taiwanese film phenomena is that meanings conveyed by signs in the movie generally cannot attract Taiwanese for reasons. It is common to see officials and professional

¹ Retrieved from the Web site of the R.O.C. Ministry of Culture in 11/1/2015
<http://english.moc.gov.tw/article/index.php?sn=2736>

²文化部委外 立委踢爆 近 7 成文創投資失利，中時電子報 Retrieved on 10/16/2015 from
<http://www.chinatimes.com/newspapers/20151014000465-260102>

experts blame local movie viewers as with low tastes. However, it may contain myth waiting for scholars, enterprisers and policy makers to solve and explain why the government's movie policy to develop economy encounter setbacks. Castells and Himanen (2002) uses a model to explain four sources of legitimacy: political legitimacy in which the political system is the mediator between citizens and state; social legitimacy as the welfare state; cultural legitimacy coming from the nationalist project underlying this nation; economic legitimacy coming from economic growth and wealth distribution from business(p.148). National identity, social homogeneity and xenophobia are factors from them to explore the idea of citizens in a market society. The three are key factors this study will use to explore the missing puzzle between business and public policy to explain why not enough Taiwanese choose to support local movies produced by Taiwanese government's movie policy.

Cultural plurality and diversity are supported by the government and society in Taiwan; however, representativeness of collective national identity is a heatedly debated issue for Taiwanese who have different experience, history, memory, and tradition. After the director Wei Te-Sheng of *Cape No. 7* produced two more Taiwanese local stories, *Seediq Bale* and *Kano*, more Taiwanese learn about the history of Japanese colonial time period in Taiwan and they wonder why similar local knowledge during that time is missing. The subjectivity of Taiwan is highly discussed by viewers of these two movies about how some knowledge Taiwanese they might never think about³. In contrast, when Japanese government and business plan to design products for their nationals' consumption, they are very successful to promote Japanese national identity and further develop their national culture (吉野耕作, 2004, p.229) and the author emphasizes that scholars focus too much before about how nation and business successfully educate and communicate these messages about cultural nationalists to Japanese but they pay less attention to how Japanese are willing to consume there products and develop their cultural nationalism. Political system is the mediator between citizens and state through democratic representation and the sharing of information (Castells and Himanen, 2002, p.148). Media is an alternative source of information sharing. Shieu-chi Weng (2010) applies theories of collective memory and identity by using the "Kao-Hsion Incident" as an example to reveal different concepts and processes of mainstream newspapers and main social actors in the incident. This study explores whether the state policy discussed here fails to respond to the needs of citizens for similar information sharing for different ideology or social class and is not able to offer a collective national identity through public sphere. Is it possible that local social media redefine tradition, new perspectives of history, and collective memory of Taiwanese and further challenges ideology of Taiwan's movie policy and movie industries?

Once the movie content is able to stimulate Taiwanese viewers to go to theaters, another factor comes up and that is how the process of media consumption can possibly stimulate their social homogeneity. PPT can be used to discuss its members' norms, values and expectancies they observed in the movies based on the sanctions regulated by the PTT.

³ 臺灣歷史的十個轉捩點, 自由評論網, retrieved on 10/11/2015 from <http://talk.ltn.com.tw/keyword/%E6%AD%B7%E5%8F%B2%E8%BD%89%E6%8D%A9%E9%BB%9E>。

David Halpern treats three elements of social capital: network; norms, values, and expectancies; sanctions (p.9). Lin (2001) discusses the three elements of homogeneity principle as resources, action/interaction, and affection. He lists "...four elements—positions, authority, rules, and agents—collectively define the social macrostructure as a system of coordination for the maintenance and/or acquisition of one or more types of valued resources for the collectivity." (p.34) However, resources may be controlled by the state and business but the audience can show their affection and take action to the movies they like.

One typical critical point about grass roots in Taiwanese movies is that grass roots fail to widen their vision and satisfy themselves by "low taste" for entertainment. This idea is to blame some local movies that they lack international competitiveness. This concept explored in this studied here is "blind spots" of new vision of grass roots by connecting international competitiveness can be compared to what Castells and Himanen (2002) called "Xenophobia." One thing missing here about "Xenophobia" is that whether grass roots lack international competitiveness if they stick to their old professions? This deserves two dimension of exploration. First, in which way, grass roots should be presented in movies. Should images of grass roots be defined by grass roots or social elites? Second, in the public sphere, will discussion of grass roots imply those who support this kind of movies fail to accept the idea of progressivism?

This paper analyzes most popular comments collected from social media PTT, the most popular Bulletin Board System in Taiwan, to explore how the Internet users might make local movies salient when ecology of Taiwan official movie awards and traditional film critics usually do not consider the issue of Taiwan's subjectivity as important as local movie viewers. Considering the concept that box office as the market of cultural democracy, this author explores how discussion in PTT can be a breakthrough against Taiwanese tradition ideology of local film. RQ: How discussion in PTT can be a breakthrough against traditional ideology of Taiwanese local film?

Method

This research chooses 11 popular movies defined by Chen's study (Chen, 2014) as either listed in annual Taiwanese top 10 movie box office or listed in top one weekly movie box office in Lunar New Year's film schedules when they were released from 2008 to 2014. These movies analyzed in this studies are *Cape No. 7*, *Monga*, *Night Market Hero*, *Sediq Bale*, *You Are the Apple of My Eye*, *Din Tao : Leader of the Parade*, *David Loman*, *Zone Pro Site*, *Twa-Tiu-Tiann*, *Kano*, and *Café·Waiting·Love*.

R language program is used to collect data by crawling Movie Bulletin Board in PTT from January 2004 to May 2015. The data are saved as Excel files and text mining is used to identify related discussions in this study. If a member of Movie Bulletin Board likes a posting, the user can choose to "push" this posting as he or she support this posting or "hush" this posting as he or she disagrees or dislikes it. If a posting gets the number 100 calculated by the following formula: the totality of pushes minus the totality of hushes, it is defined as an "explosive" posting and the total of that is about 4 percent of the total

postings. To a certain degree, an explosive posing might suggest that it may contain key messages that will related to interaction among member users.

Results

The number of posting in Movie Bulletin Board in PPT from 2005 to May 2015 went down from 2008 to 2012 but rose high sharply in 2013 (1500) and 2014 (over 2000) See Figure 1. These results may be related to postings deletion. However, if we compare 11 popular local movies listed in Table1. Three movies in 2014 *Twa-Tiu-Tiann*, *KANO*, *Café-Waiting-Love* have a total number of 1251 postings. Two movies *David Loman* and *Zone Pro Site* in 2013 have a total number of postings 126. *Din Tao* released in 2012 has only 5 postings. In 2011, a big harvest in local movie market, *Night Market Hero*, *Seediq Bale*, *You Are the Apple of My Eye* have a total number of 118 postings. *Monga* in 2010 has 16 postings and *Cape No. 7* in 2008 has 70 postings (See Table 1). Postings are most during movie theater release in 8 movies (See Table 2). *Cape No. 7* has even number of postings between during and after movie theater release and the reason is that the postings were old and might be deleted and members compare this important movie often with other movies. Only two movies, *You are the Apple of My Eye* and *David Loman* show that the numbers of postings after movie release are greater than those of during and before movie release. *You Are the Apple of My Eye* has even number of postings between before movie release and during movie release and the reason might be related to its disputed successful marketing strategies. *David Loman* as an extreme case that the most postings are after movie release and the reason might be that the director's criticism of Taiwanese official film awards draws PTT members' criticism and its premiere of local movie channel.

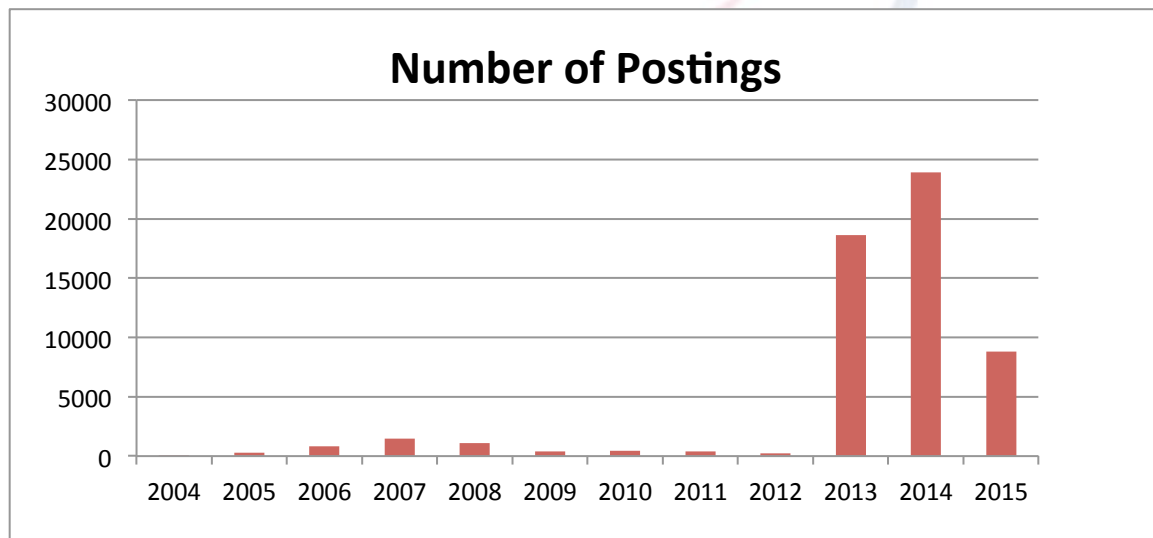


Figure 1: Number of Members' Postings in Movie Bulletin Board in PPT from 2005 to May 2015

The ranking of posting numbers before movie release in order are *KANO*, *Twa-Tiu-Tian*, *You are the Apple of My Eye*, *Sedic Bale*, *Cape No.7*, *Zone Pro Site*, *Monga*; *Night Market Hero*, *Din Tao : Leader of the Parade*, and *Café-Waiting-Love* with only one posting and *David Loman* with 0 posting⁴. The ranking of posting numbers during movie release in order are *KANO*, *Twa-Tiu-Tian*, *Zone Pro Site*, *Cape No.7*, *Sedic Bale*, *You are the Apple of My Eye*, , *Monga*; *Café-Waiting-Love*; *Night Market Hero* with only 2 posting and *Din Tao: Leader of the Parade* with only 1 posting; again, *David Loman* with 0 posting in this category. The ranking of posting numbers after movie release in order are *Kano*, *David Loman*, *Cape No. 7*, *You are the Apple of My Eyes*, *Zone Pro Site*, *Sedic Bale*, *Twa-Tiu-Tian*, *Monga*; *Din Tao : Leader of the Parade*, *Café-Waiting-Love* and *Night Market Hero*.

In short, *KANO* won the most attention in all three categories: before, during or after movie release. *Cape No. 7* has little attention before its release. The least attention gained here is *Night Market Hero* with a number of four. The same director's another movie *Twa-Tiu-Tiann* gained the second highest attention in total postings. Another movie gained very few attention here is *Din Tao : Leader of the Parade* with a number of five. *Café-Waiting-Love* has also gained few attention only 10 postings. The same director's another movie *You are the Apple of My Eye* won the fifth attention. *Zone Pro Site* ranks Top three most attention in Table 1. *David Loman* has a different development when it gets no attention with 0 posting before and during movie release; however, after the theater stops showing it, it has 40 postings, the second highest among the 11 movies.

Table 1: Number of Members' Postings in Movie Bulletin Board in PPT for 11 popular movies in Taiwan from 2005 to May 2015

Movies	Number of postings before movie release	Number of postings during movie release	Number of postings after movie release	Postings won pushes between 51 to 100	Explosive Postings (reaching 100)	Total Postings
<i>Cape No. 7</i>	6	32	32	6	2	70
<i>Monga</i>	2	9	5	1	0	16
<i>Night Market Hero</i>	1	2	1	0	0	4
<i>Seediq Bale</i>	7	26	16	11	11	49
<i>You Are the Apple of My Eye</i>	19	19	27	8	9	65
<i>Din Tao : Leader of</i>	1	1	3	0	0	5

⁴ The last dates of movie releases on theaters are hard to be confirmed when re-run movie theaters are considered; therefore the result of *David Loman* should be carefully explained.

<i>the Parade</i>						
<i>David Loman</i>	0	0	40	2	1	40
<i>Zone Pro Site</i>	3	64	19	5	1	86
<i>Twa-Tiu-Tiann</i>	21	103	7	4	0	131
<i>KANO</i>	94	869	147	86	24	1110
<i>Café-Waiting Love</i>	1	7	2	0	0	10

The ranking of Explosive Postings in order are *Kano*, *Seediq Bale*, *You are the Apple of My Eye*, *Cape No. 7*, *David Loman* and *Zone Pro Site*; *Monga*, *Night Market Hero*, *Din Tao: Leader of the Parade*, *Café-Waiting-Love* with no explosive post. In contrast, Ranking of total postings in order are *Kano*, *Twa-Tiu-Tann*, *Zone Pro Site*, *Cape No. 7*, *You Are the Apple of My Eye*, *Seediq Bale*, *David Loman*, *Monga*, *Café-Waiting-Love*, *Din Tao: Leader of the Parade*, *Night Market Hero*.


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Table 2: Rankings of Number of Members' Postings and Explosive Postings in Movie Bulletin Board in PPT for 11 popular movie in Taiwan from 2005 to May 2015

Movies	Explosive Postings (reaching 100)	Ranking of Explosive Postings	Total Postings	Ranking of Postings
<i>Cape No. 7</i>	2	4	70	4
<i>Monga</i>	0	x	16	8
<i>Night Market Hero</i>	0	x	4	11
<i>Seediq Bale</i>	11	2	49	6
<i>You Are the Apple of My Eye</i>	9	3	65	5
<i>Din Tao : Leader of the Parade</i>	0	x	5	10
<i>David Loman</i>	1	5	40	7
<i>Zone Pro Site</i>	1	5	86	3
<i>Twa-Tiu-Tiann</i>	0	x	131	2
<i>KANO</i>	24	1	1110	1
<i>Café·Waiting·Love</i>	0	x	10	9

It is obvious that *Kano* is the most popular one in this analysis because it touches the issue of subjectivity of Taiwan with the same reason as why *Cape No. 7* is popular in 2008. Members of PPT Bulletin Board discuss postings and share their emotions as the sense of Taiwan consciousness is awoken. As one of post shows,

Taiwanese culture has a high level of low self-esteem for Taiwanese who adulate the West and consider western culture is better than ours. If people study abroad and get degrees from the West, Taiwanese consider them higher class. Taiwanese theme is hard to be appreciated as fine pieces in movies to Taiwanese like me. After I saw *Cape No. 7*, this shame about my low self-esteem about Taiwan is tumbling, I despise my low self-esteem and redefine what a good movie is after I watch *Cape No. 7*.

Kano's postings show members' support and a strong identification for its director's efforts to discover new facts during Japanese colonial time in Taiwan. Detail facts about the background of the movie and disputes about the languages used in the movies show the conflict ideas of members' national identity. In fact, it is the disputes that makes this movie special and it will be common to see disputes like this since cultural pluralism in Taiwan is encouraged by the local market to explore movie viewers' interest as the *Cape No. 7* opened Taiwanese interest to create their symbols by exploring and discovering their history, collective history, and tradition.

In terms of social homogeneity, explosive postings in Movie Bulletin Board in PPT show higher interest in local movies with aesthetic views and less emphasis on entertainment. Except disputes about discussions in national identity, it is common to see members criticize about low tastes and too many not serious plots about local grass roots. Whether more images of grass root for entertaining values shown in Taiwanese local movies is a good phenomenon is debatable as a PTT member criticizes:

...movie themes about similar plots like grass roots' bitterness or jokes with low tastes are everywhere in Taiwan movies but only few production are taking movie seriously...the mind of movie viewers will build up the vision of movie production in the future...

In fact, this study finds that local movies about grass roots with emphasis on entertainment values are not popular in explosive postings analyzed in this study. However, number of postings of two movies *Twa-Tiu-Tiann* (103) and *Zone Pro Site* (64) and still rank high as the second and the third when number of postings for each movie is counted. In contrast, these two movies rank low in the ranking list of explosive postings. It seems that explosive postings of Movie Bulletin Board in PTT has different views on movie selection of discussion. Schudson discusses U.S. values of egalitarianism and market society when he explores how a revolution of newspaper started in 19th century (1978). He cites Nevins and Commager's description as the proof of its age of egalitarianism: "faith in the common man; belief in political equality; belief in equal economic opportunity; hatred of monopoly, special privilege, and the intricacies of capitalistic finance" (p.25). Schudson describes that a democratic wave swept the country when cheap media content (newspaper) are available and informal manners are common. As Miller and Yudice (2002) cite Tocqueville to describe the idea as against artistic transcendence. They describe, "An egalitarian philosophy, in keeping with upwardly mobile immigrants, supposedly flattened tastes through cultural relativism, denying in the process the age-old route to artistic distinction provide by a socially hierarchical rank order."(p.36) How to define visions of movies and which directors are serious about movies turn issues of discussions on the postings studied here. However, in terms of social homogeneity, members discuss about values, norms, expectation, and sanctions are encouraged by members for they are against some members whose values disagrees with the director Wei Te-Sheng of *Cape No. 7* about local identity.

Six popular movies appear no significant explosive postings are *Monga*, *Night Market Hero*, *Din Tao : Leader of the Parade*, *David Loma*, *Zone Pro Site*, *Twa-Tiu-Tiann*, *Café-Waiting-Love*. Only in the last movie, the major plots of which is not about grass roots. For other five movies, their major plots center grass roots such as gangs, night market, traditional cooks, and leaders of religious parades or grass roots' dialect. Robertson (1992) identifies four major components of the conception of globality as national societies, selves, world system of societies, and humankind. He emphasizes that there is a heightening of “civilizational, societal, ethnic, regional and, indeed individual, self-consciousness” in an increasingly globalized world (p.27). See Figure 2.

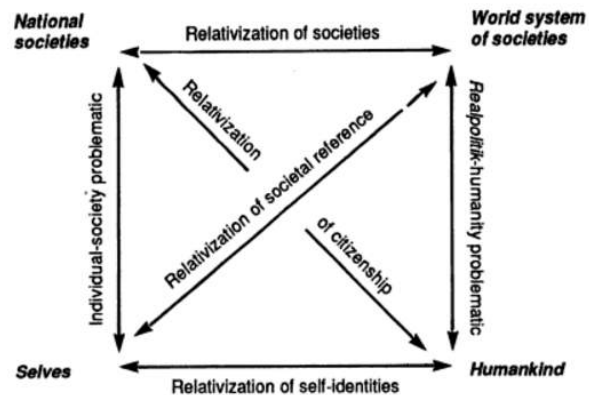


Figure 2: Global Field by Roland Robertson *Globalization: Social Theory and Global Culture*, sage publications, p.27, 1992

This study suggests that the characteristics of these postings in PTT Movie Bulletin Board reflects two meanings. First, its users reflect values more likely those of people living in northern part of Taiwan. Second, its users are more likely movie fans with a higher artistic standard than other Internet users. When half-explosive postings in PPT for 11 popular movies in Taiwan from 2005 to May 2015 are counted, *Din Tao : Leader of the Parade*, *Night Market Hero* only has single digit posting. The movie characteristics are grass roots and presented in a less artsy style. In contrast, *David Loman* shows the negative images of grass roots gains no attention but get lots of negative postings after movie release. In contrast, *Twa-Tiu-Tiann* gets the second highest number of half-explosive postings but without any explosive posting and that deserves to explore the reason of it. *You are the Apple of My Eye* gains less attention in this comparison; however, the director's another movie gains much less attention when the love theme of his novel seems no longer attracts members' discussion.

Table 3: The Number of Members' Postings Counted as "Half-Explosive" Postings in Movie Bulletin Board in PPT for 11 popular movies in Taiwan from 2005 to May 2015

Movie Titles	"Half-Explosive" Postings
<i>Cape No. 7</i>	6
<i>Monga</i>	2
<i>Night Market Hero</i>	1
<i>Seediq Bale</i>	7
<i>You Are the Apple of My Eye</i>	19
<i>Din Tao : Leader of the Parade</i>	1
<i>David Loman</i>	0
<i>Zone Pro Site</i>	3
<i>Twa-Tiu-Tiann</i>	21
<i>KANO</i>	94
<i>Café·Waiting·Love</i>	1

Discussion:

This paper finds that explosive postings collected from Movie Bulletin Board in PTT focus on the movie of *Kano* but pay less attention to movies emphasizing on entertaining values when 11 local popular movies are analyzed. *Twa-Tiu-Tiann* gets the second highest number of half-explosive postings and the total postings but without any explosive posting. *Twa-Tiu-Tiann* might imply more cultural interpretation in Taiwan's local market. Although members may want to make some local movies salient; six local popular movies with higher entertaining values are not highly discussed when explosive postings are analyzed. Further studies can explore how possibly the idea of egalitarianism may help Taiwan to improve local movie markets and connect local movie viewers with local movie industries.

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Willingness to Pay for Ecotourism Management with Community Participation in Lipe Island, Satun Province

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The Asian Conference on Business & Public Policy 2015
Official Conference Proceedings

Abstract

Lipe island, specially the most popular tourist destinations in the southern island, Satun province Thailand. A part of beautiful beaches, crystal clear sea water, deep blue sky various kinds of corals and aquatics animals, there is a group of fishermen who have their own culture local language and identity which are the settle point and attract the tourist to learn their culture and way of living in Lipe island. This paper aims to examine factor which affected to the willingness pay for ecotourism management using a contingent valuation method (CVM) to maintain and conserved to the environment in their culture and communities whereas having to the increasing number of tourist and social development in Lipe island. The research instrument used a typical contingent valuation method by using a dichotomous choice CVM was applied with objectives and conceptual framework a questionnaires. The choice of sample size in a CVM study determines the precision of the sample statistics used as estimates of population parameters, also deployed to the samples were 560 tourists who arrival as tourist attraction during high season (November – March). The statistics used in data analysis were percentage, mean, standard deviation and logistic regression analysis. The results are that the average of the values of the willingness to pay for ecotourism was \$5.28 per tourist-trip. Various factors such as tourist attraction, nationality, age and education background were found to have significant impacts on individuals' willingness to pay

Keywords: willingness to pay, ecotourism, tourist attraction, community participation

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Introduction

Ecotourism has been identified as a form of sustainable tourism expected to contribute to both conservation and development, In addition also meaning as “travelling to relatively undisturbed or uncontaminated areas with the specific objective of studying, admiring and enjoying the scenery and its wild plants and animals, as well as any existing cultural manifestations (both past and present) found in these areas” (Orams, 1995), ecotourism becomes tourist attraction in the natural sites as well, is growing at a rate almost three times faster than general tourism. Consequently, it is one strategy for supporting conservation and providing income for communities in and around protected areas. Actually, it can contribute to economic development and conservation of protected areas by generating revenues that can be used to sustainably manage protected areas and providing financial benefits and empowerment for local people. Small island tourism has become a very significant part of the ecotourism industry. Small island comprises islands which have size below 10,000 km² with a population equivalent or less than half a million (Ramdas & Mohamed, 2014). It has a variety of activities that can afford to tourist ranging from beach tourism, diving, recreational boating, cruises, snorkeling, recreational and deep sea fishing. The importance of island tourism is overwhelming that it is considered to extent that it is considered to the leading contributor in generating income of certain country's economy. However, ecotourism development without careful planning and management that balance ecological, social, and economic objectives, it may lead to environmental damage. Furthermore, envisioned as a positive approach towards sustainable development, unplanned or poorly planned and implemented tourism can have serious negative effects, can lead to environmental damage to the abundance natural area. Therefore, an understanding of the local residents' attitudes and perceptions toward tourism development, awareness, admission fee were using as a procedure protocol to conserve and maintain an ecotourist attraction.

Lipe Island is one of the most wonder places and most popular tourist destinations in Satun province, the southern of Thailand. Apart from beautiful beaches, white sands, crystal clear sea water, deep blue sky, and various kinds of corals and aquatic animals, there is a group of fishermen who are settled down since the reign of King Rama V. They have their own culture, local language and identity which are the selling point and attract the tourists to learn their culture and way of living in this island. Day trips to the surrounding islands are popular and highly recommend as they are the best way to explore the marine park. This cluster of islands is part of the much larger Tarutao National Marine Park, a nature reserve established in 1974 as Thailand's second National Park. It consists of about 50 islands and covers 1500 km². Nowadays, there are more than 4,000 people living within 2 square kilometers. Lipe island has seen a large increase in visitors in the last decade and has now become an all year destination. The island can be reached year around from Pak Bara. In high season boats also connect to Langkawi, Koh Lanta, Koh Phi Phi, Phuket and several small islands in the Andaman Sea.

Department of Tourism, Ministry of Tourism & Sports (2014) reported the information concerned to an internal tourism in Satun province. The focus points also have a number of tourist, average length of stay and average expenditure from local and foreign visitors which elicited the economic value from tourists' willing to pay

were associate to conserved an ecotourist attraction, environmental sustainability while an increasing of tourist and services in Lipe island.

Table 1 Internal tourism in Satun province

	2013	2014
Tourist	629428	642655
Thai	579333	592727
Foreigners	50095	49928
Average Length of Stay (Day)	2.94	2.89
Thai	2.96	2.92
Foreigners	2.67	2.57
Average Expenditure (Baht/Person/Day)		
Tourist	2124.11	2173.49
Thai	2126.97	2174.28
Foreigners	2029.68	2101.13
Revenue (Million Baht)		
Visitor	4759.58	4891.60
Thai	4451.96	4583.77
Foreigners	307.62	307.83
Accommodation Establishments		
Rooms	2900	3032
Occupancy Rate (%)	46.73	50.91
Number of Guest Arrivals	145387	153679
Thai	129836	137916
Foreigners	15550	15764

Source : Department of Tourism, Ministry of Tourism & Sports, Thailand 2014.

The main objective of this study is to investigate use value of the ecotourist attractions through the contingent valuation method (CVM). More specially, this study aims to identify the willingness to pay (WTP) determinants from the dichotomous model to access the economic values that tourists placed for the purpose of conservation. Especially, this research obtain the amount of respondents were willing to pay to conserve the ecotourist attraction in Lipe island, Satun province which one of the most popular tourist destinations, beautiful beaches, white sands, crystal clear sea water, deep blue sky, and various kinds of corals and aquatic animals. This research also determined the variables which might be used to model this economic valuation.

Literatures

Admission fee have utilized as effective visitor management tools and generally can change visitor' behavior by; controlling overall visitor or diverting a particular recreation activities to specific area or encouraging visitor to reduce individual per capita impact during particular activity. However, admission fee has been considered an effective visitor management tool in coping with social and/or environmental impacts (e.g. crowding, poor quality of facilities, or environmental concerns) on protected areas. Moreover, a visitor fee policy suggests that individuals are responsible for paying the appropriate price for using the resources and services providing at the tourist field. It seems that admission fee is reasonable only visitors who incur costs should pay the price without of non-visitor subsidies and affect to decrease the number of tourist, which in turn can positive mitigation congestion and crowding in tourist attraction and maintain an environmental sustainability in the ecotourism fields.

Willingness to Pay (WTP) basically can be perceived as an amount or cost that an individual intends to commit for a designated improvement or compensation. WTP can also be considered a measurement that indicates the tendency to act in monetary terms by an individual for the intended change or quality improvement. WTP is considered a constantly evolving measurement as it may change with the accumulation of new information. The willingness to pay for the conservation of the environmental attributes of the tourist represents their behavioral intention. The variables that would influence this behavioral intention would be the knowledge, attitude and motivation of the tourist. Ramdas & Mohamed (2014) reported that the relationship between environmental literacy with willingness to pay for environmental attributes. Also will be useful in giving an idea of what level willingness to pay that can be imposed on for environmental conservation of the attributes. It is believed that the application of WTP is also able to alter the behavior of tourist towards environmental attributes protection and conservation. The value of WTP refers not only to the financial values to enjoy the current benefits of the destination but also preserving it for future generation. WTP, perception of environmental awareness are important in enhancing environmentally significant behavior such as willingness to pay. Environmental education should be included formally into education systems of a country so that the citizens as tourists would display environmentally responsible behavior.

The contingent valuation method (CVM) has widely been applied in a variety of fields such as numerous studies using the CVM as an approach have been published in a variety of fields such as environment, land conservation, pollution management, energy system, culture heritage site, forestry and ecotourism as well.

Generally, there are three common methods of eliciting WTP within a CVM scenario:

1. Open-ended questioning. The respondent simply proposes the bid. However, this suffers from the problem that the respondent may need some reference point or indication to get the bid started.
2. Payment card. Identical to open-ended questioning except that the respondent is presented with a series of bids to choose from.

3. Dichotomous choice. This approach is split into different bid values, e.g. \$1, \$5, \$10 as well. During the survey all the bid values will be used equally among the respondents, but each individual respondent is offered just a single bid which is selected at random. The respondent is then asked whether they would be willing to pay that amount for the service or improvement in support of the fee. If the response is negative, further questions may be asked to determine the reason and to eliminate protest and zero bids. In a single-bounded dichotomous choice, the bid is either accepted or rejected and no further bid is offered. In double-bounded, negative responses are followed with the offer of a lower bid, and positive ones with a higher option. This method improves the accuracy as reflected in a tighter confidence interval to the statistics.

A study of Beltran and Rojas (1996) CVM study, two WTP value for consumption types of entrance fee and donation in Mexico were estimated. A study of Chambers et al., (1998) estimate one time donation for a historic site by asking respondents to pick up one time of seven payment card. The result shown that female respondents who were the higher income earned tended to be more concerned about the historic site and were the higher WTP. Kim et al.,(2007) applied the CVM a directed questionnaires approach to estimate for use-value and non-use value of culture heritage site in Korea using CVM with dichotomous choice. The logistic regression models in both linear and logarithmic forms were employed to identify determinants from the dichotomous question, the mean WTP value were \$5.70 and \$6.00 in a log-linear model and a log-logit model, respectively. As a result, cumulative use value from the log-linear model was estimated as of approximately 1.93 million dollar only the number of domestic visitor was considered as this study did not include a survey of foreign visitor.

Methodology

This research aims to study the tourism situation in general, examine factor which affected to the willingness pay for ecotourism management using a contingent valuation method (CVM). Individuals CVM are asked what amount of money they would be willing to pay for public good, their response may depend on their perception of fairness. They also observed that perceived fairness significantly predicted WPT, and that equity-based fairness led to higher WTP that equality-base, to maintain and conserved to the environment in their culture and communities, obstacles and opportunity in order to manage tourist destinations. In-depth interview, also approach to the stakeholders toward the sustainable development by using the cooperation of local people, tourists and every part of stakeholders to create sense of awareness and focusing on the planning system and good management.

Assessment of CVM studies which have estimated the economic value of goods and services which attempted to identified the value of preserving grazing traditions and environmental preservation. In a typical contingent valuation method respondent are asked to consider a hypothetical scenario, where a potential market exists for the benefits of a public program being evaluated. In this study the hypothetical situation is “ecotourism in Lipe island” and the service is “willingness to pay for tourist attraction” There are various format for CVM survey, including open-ended, payment cards, bidding games, and dichotomous choice. (Asgery, A., 2001) For the purposes of this study a dichotomous choice CVM was applied. The dichotomous choice asks

respondents a simple yes or no question regarding whether they would pay a specific amount, that is, ‘if the fee amount were \$XX, would you be willing to pay that amount?’ Distribution of WTP in the sample may be gained from yes/no answers with the mean WTP value being estimated using non-parametric or parametric methods such as logit or probit regression (Loureiro et al., 2004)

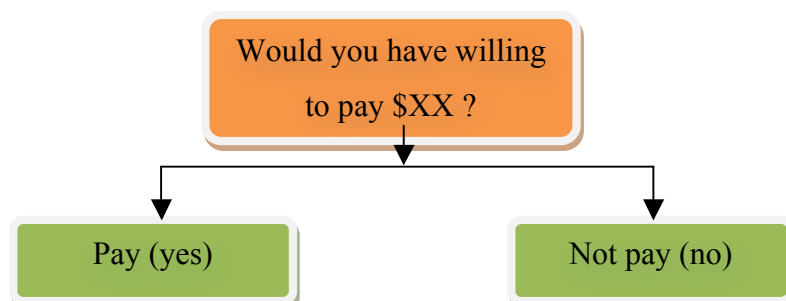


Figure 1 single bound dichotomous choice

The closed-ended format is also termed a dichotomous choice and is further divided into a single bounded dichotomous choice and a double bounded dichotomous choice. Tsui (2011) studies indicated that statistical efficiency of the parameter estimate of the double bounded dichotomous choice is more significant than that of the single bound dichotomous choice and the variance and covariance of the parameter estimate of the double bounded dichotomous choice are also lower than the single bounded dichotomous choice (Hanemann, L. et al., 1991).

Actually, this paper also determine WTP using the closed ended double bounded. The estimation of WTP also includes the random-utility approach. In the price inquiry process, the double-bounded dichotomous choice successively questions respondents' WTP for the targeted product two times in the questionnaire. The price of the second price inquiry depends on the first price. Specifically, when respondents are willing to pay the first time, the second price would be higher than the first one, and is typically twice as much as the first one; when respondents are not willing to pay for the first price, the second price would be less than the first one and the second price is half of the first one. However, when respondents are willing or not willing to pay for two prices, the study could only realize that the respondents' WTP was more than or less than the second price. Thus, the double-bounded dichotomous choice may not result in the upper limit or lower limit of respondents' WTP. The price inquiry of the CVM of the double-bounded dichotomous choice is shown in Figure 2.

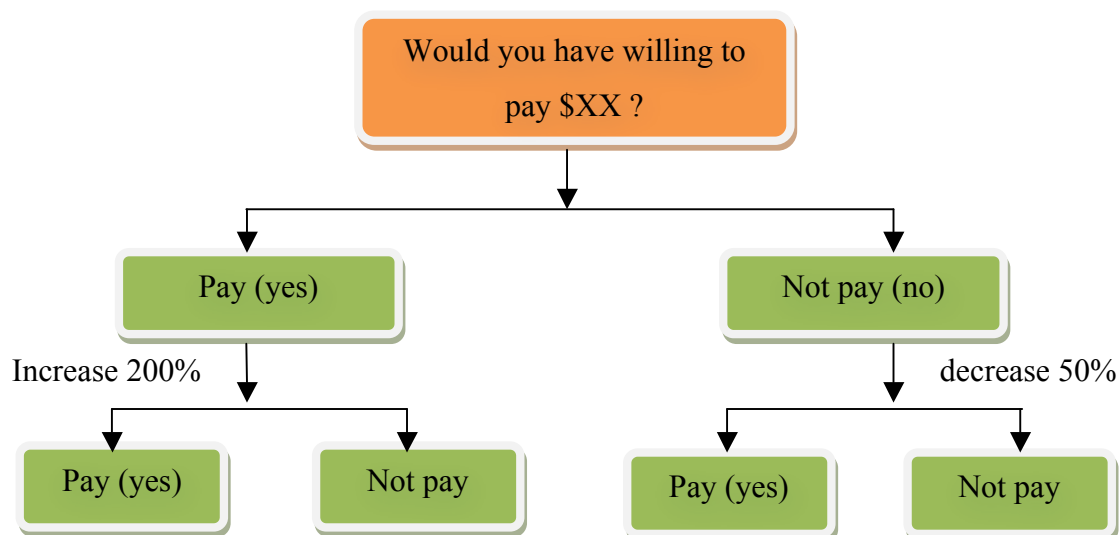


Figure 2 double bound dichotomous choices

Generally, the larger the sample the smaller the variation on the mean WTP as measured by the standard error and described in confidence intervals. In CVM studies, a sample size of 200 – 2000 respondents is generally required to achieve reasonable reliability from a sampling (confidence interval) perspective. Using Mitchell and Carson's recommended sample size for CVM studies under various procession level.

This research was based on a random survey of 560 respondents, consisting of 408 (72.86%) Thai visitors and 152 (27.14%) foreign visitors. All of these respondents showed the willingness to pay (WTP) for conserve and maintain the ecotourist sites to sustainability. This would mean that the estimate WTP would be allowed to deviate by only 10% from the true WTP approximately 95% of the time. The sampling method chosen for this study was a convenience cluster sampling from the tourists who arrival Lipe island during December 2014 – February 2015. The data used are derived from surveys conducted at Lipe island Satun province, eight hundred questionnaires were distributed and 560 questionnaires were collected from the end of December 2014 to the middle of February 2015.

A detailed survey questionnaire was developed to generate respondents' WTP on conservation of non-marketed goods and services in GGNP. The questionnaire consisted of four sections: Section A, B, C and D.

Section A, visitors were asked about their personal backgrounds. **Section B** covered on expenditure, activities, service and also satisfaction of paying such fee to the activities that they had gone through. The most crucial feedback required was in **Section C**. This was on their willingness to pay by a certain amount of conservation fee. For this, they Yes or No Next, question was to discover the WTP for conservation fee. The final **Section D** was simply asking them whether to visit in the future. In addition, accepting any comment and suggestion for improvement to the ecotourist attraction in Lipe island. The data derived from the questionnaires were analyzed by using SPSS software. Forms of data analysis that will be performed are descriptive analysis, coefficient correlation test and multiple linear regression analysis.

The equation of the multiple logistic regression given in terms of design variables is given below

$$prob(yes) = 1 - \{1 + \exp[\beta_0 - \beta_1(\$X)]\}^{-1} \quad (1)$$

$$MeanWTP = \left\{ \frac{\beta_0}{\beta_1} \right\} \quad (2)$$

Where β_0 and β_1 denotes a coefficient of design variable and $\$X$ denote the amount of money the tourist was asked to pay. The logit specification when $prob(yes)$ is specified as the cumulative distribution function of a standard logistic variation

Meanwhile, an in-depth interview, formal participant observation and informal participant observation also approach to the stakeholders toward the sustainable development by using the cooperation of local people, tourists and every part of stakeholders to create sense of awareness and focusing on the planning system and good management

Results & Discussion

The summarized of visitors' profile elicited, the majority of visitors were male (53.62%). More than 42.19% were between 25 – 40 years old, 23.12%, 16.23%, and 18.46 % were between 41 – 55 year old, 55 – 65 year old and lower than 25 year old, respectively. According to the educational background, More than half of visitor had had achieved a university undergraduate degree, 19% of visitors had completed diploma/high school and 12.5% had attained master degree. In term of occupation, most visitors were private employee and self-employee (76.13%) and government servant (18.29%). In term of income, the majority of visitors earned an annual income of more than \$10,000 (74.57%) and lower than \$10,000 which was 25.43%

Table 2 demographics of visitors

Demographics of visitor	N	%
Gender (n=560)		
Male	300	53.62
Female	260	46.38
Age (mean=34.6, S.D.=11.82)		
lower than 25 year old	103	18.46
25 - 40 year old	236	42.19
41 - 55 year old	129	23.12
55 - 65 year old	91	16.23
Nationality		
Thai	408	72.86
Foreign	152	27.14
Education Background		
diploma/high school	384	68.5
a university undergraduate	106	19
a master degree	70	12.5
Occupation		
public services	102	18.29
private services	273	48.76
self-employee	75	13.37
unemployment	110	19.58
Annual incomes		
lower than \$10000	142	25.43
\$10000-15000	337	60.16
\$15000-25000	63	11.26
\$25000	18	3.15

Table 3 characteristics of visits

Characteristics of visits	N	%
Frequency		
the first time	368	65.67
1 - 2 times	158	28.25
more than 2 times	34	6.08
Type of tourists' activities		
natural trail	30	5.33
trekking	10	1.83
hiking/climbing	22	3.96
bird watching	22	3.84
flora observation	4	0.75
camping	61	10.86
canoeing-kayaking	42	7.49
boat sightseeing	23	4.05
snorkel skin diving	109	19.51
scuba diving	98	17.54
relaxing	139	24.84

Table 3 outlines the characteristics of visits. The results shows that more than half visitors (65.67%) first time visited Lipe island whereas 28.25% and 6.08% visited second time and more than second time, respectively.

A logistic regression was used to determine the response given to the dichotomous CVM question as the dependent variable and a number of the tourist behavioral, attitudinal, knowledge and perception for environmental sustainability in ecotourist's sites and demographic factor as explanatory variable.

The willingness to pay showed negative sign as expected with strong significant level. It seems that more visitors are likely to accept the lower bids for paying as opposed to higher bids. In depth interview found that the most respondents who accept the lower bids pay anymore, because it should be covered with an accommodation and service charge in ecotourist sites. Whereas, a demographic variable; age, gender, occupation and income were not found to have any significant impact on respondent's decision. Educational background, tourist behavioral, attitudinal, perception concerned about to an ecotourism and environmental sustainability contribute significantly to respondents' decision to accept the WTP.

Table 4 Yes and No response to various willing to pay as an admission fee

WTP bids	number of respondent who rejected the bids	number of respondent who accepted the bids	total
\$0.38	18	30	48
\$0.76	27	65	92
\$1.52	10	48	58
\$3.03	71	192	263
\$6.06	13	18	31
\$12.12	6	22	28
\$24.24	14	26	40
Total	159	401	560

Table 5 Logistic regression results

Independent Variable	B	S.E.	Sig
Gender	0.183	0.105	0.008
Age	0.206	0.119	0.017
Education	0.313	0.127	0.182
Annual income	-0.275	0.079	0.010
Frequency to visit	0.013	0.228	0.125
Bids for admission fee (\$3.03)	-0.119	0.103	0.000

On the overall, all visitors pointed out their WTP for conservation fee in different level of price. There are few reasons why the visitors wanting to pay some amount to conserve this park. The payment should be charged to protect the environment. It is necessary for people to be aware and care about the protection of natural resources, ecosystem, services and municipal waste management in response to the price of admission fee. This research found that visitors' mean WTP for conservation fee was \$4.41. The findings also revealed that international visitors were willing to pay \$5.26

for conservation fee compared to local visitors at only \$1.52. From these value of visitors' surplus or the WTP for conservation of ecotourism in Lipe island, the additional net benefit of Lipe island community can be computed as shown in Table 6. The estimated additional revenue from conservation fee is the additional benefit that Lipe island committee would gain besides the current admission fee charges. At the time of this survey, the entrance fee charge was \$0.6 per entry per visitor.

Table 6 value of annual willingness to pay

willingness to pay (mean \$4.41)	
Thai	\$1.52
Foreign	\$5.26
number of tourists (as of December 2014)	
Thai	592,727
Foreign	49,928
total willingness to pay (TWTP)	
Thai	\$900,945
Foreign	\$262,621
average total willingness to pay (TWTP)	
	\$2,834,109

An analysis of the WTP provided an opportunity to study the content and context validity of this survey. An ordinary least squares regression was used to analyze WTP. The regression revealed that the list of variables attained the expected signs as presented in table 5 and total willingness to pay for admission fee shown in table 6. As expected, an increase in the monthly gross income would increase the WTP: 1% increase in visitors' income would increase WTP by an average of 0.742%. The positive sign of education means that an increase in number of years of education would increase their WTP. More specifically, 1% increase in years of education; it would increase WTP by an average of 0.953%. Income and education are among the most applied variable to describe the profile of any research sample. This model has discovered that these two variables have a significant relationship with respondents' willingness to pay. It was found that an increase in income will result in a relatively low increase in WTP. On the other hand, an increase in education level relates to a higher increase in WTP. Meanwhile, an in-depth interview, formal participant observation and informal participant observation also approach to the tourists toward the sustainable development. However, when we asked about income, visitors have to consider other expenses such as accommodation, services, food, transportation fee and others. The effect of education on a visitor is lasting. As such, it will increase their perception concerned about an environmental sustainability and may ultimately have an impact on the awareness's tourist. This normally will shape perception and attitude in a more qualified manner. Since what they learn is embedded in them as individual, the effect of education on their respondents WTP. In this study, both income and educational level were found to be significant variables in influencing the WTP behavior is typically quite strong, especially, if it is consistent with their perception such as the WTP. From the study, there is a possibility that the education of respondents had a strong contribution to this research also found that nationality of visitors had an insignificant effect towards WTP. Local visitors are lesser in their WTP for admission fee compared to international visitors. On the other hand, gender of visitors was found to be insignificant in influencing WTP. Female visitors are

willing to pay more for conservation fee. The reason was they want experiencing what they were enjoying such as scenic beauty of the beaches, white sands, crystal clear sea water, deep blue sky, and various kinds of corals and aquatic animals and other tourist attraction. In conclusion of their depth-interview, they were more willing to pay to conserve the ecotourist places for future generation.

Conclusions

The study using contingent valuation method (CVM) has widely been applied in the use value and non use value market which also is a promising approach to obtain the willingness to pay (WTP) as they include a wide range of societal concerns about environmental management. This study was designed to identify the economic value of ecotourism and tourism attraction in Lipe island, Satun province. The mean values from logistic regression models were \$4.41 and were higher than admission fees which launch from municipal committee. Mean WTP per visitor per visit was higher for international visitors compared to local visitors. This inferred to the attributes of higher income and general awareness that international visitors have. The management authority could also implement education programmes that can increase the level of awareness among visitors. It is believed that visitors, who have environmental conservation and awareness, are more positive in their perception and decision especially those involving payment. In addition, tourist attraction development, accommodation and services should contain some educational elements, contributing to knowledge and experience of the visitors. The management can use this to justify any changes such as increase in fees to the authorities. Therefore, the result of this study using CVM could be a useful tool in providing relevant information for decision makers and policy purposes in ecotourist attraction and conserved area management and development. Information on issues such as factors influenced visitors WTP and socio-demographic and economic characteristics of visitors will provide a guideline managerial sustainability in Lipe island, Satun province for an ecotourist places. There also contribute to the long-term sustainable development with the community participation which had a responsibility of conserving nature resources and beautiful scenic for future generation as well.

Acknowledgements

The author gratefully acknowledge the funding support from the annual government statement of expenditure for Srinakharinwirot University, fiscal year of 2015. Thanks also to Department of Tourism, Ministry of Tourism and Sports for providing data information and supporting in this work.

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Impact of Financial Reward on Employees' Commitment in College of Education, Ikere-Ekiti, Ekiti State, Nigeria

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The Asian Conference on Business & Public Policy 2015
Official Conference Proceedings

Abstract

The need for increased efficiency has become extremely important in educational institutions like the College of Education, Ikere-Ekiti. In order to bring about staff efficiency, managers must put in place strategies to help workers achieve maximum efficiency on the job. One of such strategies is financial reward. This study therefore examines the impact of financial reward on workforce efficiency in College of Education, Ikere-Ekiti. Three (3) Research Questions and hypotheses were generated and tested respectively. Survey method was adopted and one hundred and fifty (150) academic members of staff were selected for the study. A well-constructed questionnaire was developed for the study. The questionnaire was validated by expert in Business Education department. The reliability coefficient of 0.98 was obtained which implies high reliability on the instrument. The descriptive statistics method of standard deviation was used to provide answer to the research questions and Chi-Square (X^2) statistics was used to analyze the hypotheses at 0.05 level of significance. The findings revealed that financial rewards in form of salary and benefits enhance effectiveness and commitment. However, it was revealed that financial reward does not result in sustained motivation for retention. It was therefore suggested that management should provide timely and fair compensation and benefits to members of staff.

Keywords: Financial Reward, Efficiency, Commitment, Retention.

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Introduction

An organization is likely to achieve its objectives if an effective reward system is included as an important part of human resource management. Human resource management is concerned with procurement, development, compensation, interaction and maintenance of the personnel of an organization for the purpose of contributing towards accomplishment of the organization major goals and objectives. Human resource management improves not only employees' turnover but also employees' productivity and long-term company performance (Adenaike, Ajayi, & Olowoye, 2014).

Almost all effective organizations have become careful for the development and utilization of their human resources in order to achieve the goals of the organizations and one of such strategies of achieving the required goal of the organization is to motivate the workforce. A number of theories have tried to explain the factors that motivate people to work. Some of these theories, according to Dave, Rob and Carol (2008) stresses that money is the most important factor. The scientific approach in particular, argues that workers respond to financial rewards. It is argued that such rewards are necessary to motivate a reluctant workforce and to keep them on the job. Employees see work as a means to an end. As a result, they are more likely to be interested in financial reward.

A reward is defined as something given in return for good done, reward in the workplace are often used as an extrinsic motivator to meet an employee's need for more money or services, rewards are usually monetary but do not have to be. Rewards are usually more meaningful and provide greater incentive for employee. It has been observed that staff matters are so sensitive that only wrong personnel policy or delay in meeting employees' demands especially where such demands are related to financial reward could cause a low level of moral among workers. Employees will result to grumbling and performance level will be low without any easily traceable cause which may eventually lead to high rate of staff turnover (Cole, 2005).

This study is concerned with the impact of financial reward on workforce efficiency in the College of Education, Ikere-Ekiti. It focuses on pay and benefits - these represent transactional rewards. These are financial in nature and are essential to recruit and retain staff (Armstrong, 2012). Therefore the term financial compensation, reward and benefit would be used interchangeably and be regarded as same. The question that arises is whether there are financial policies to encourage workers to stay on the job and perform effectively to achieve the goals of the organization.

Statement of the problem

Study has shown that while most workers today feel they are contributing to their companies' success, they are increasingly skeptical that their hard work is being fully recognized. Some companies are finding it difficult to keep good workers because employee trust has been destroyed. It is important to note that devising the best model of recruiting and retaining competent and capable employees who would carry the mandate of the institution is a big challenge.

As a staff of College of Education, Ikere-Ekiti, it is observed that the place has over the years various personnel problems that could be associated with reward; low rate of staff development programmes, delay in the payment of salary and other fringe benefits like work overload and car loans have been stopped. The situation described above could cause a low level of morale among

workers. In responding to these developments, a critical analysis of the reward system is vital. Therefore, the problem of the study sought to examine whether financial reward enhances the efficiency and commitment of staff in College of Education, Ikere-Ekiti.

The objective of the study

The main objective of this study is to investigate into how effective is financial reward in bringing about staff commitment in the College of Education, Ikere-Ekiti. Other specific objectives are as follows:

1. To examine the impact of financial reward on efficiency.
2. To examine the impact of financial reward on commitment.
3. To ascertain whether financial reward result in sustained motivation for retention

Research Question

Research questions were raised in line with the specific objectives of the study as follows:

1. What is the impact of financial reward on efficiency?
2. What is the impact of financial reward on commitment?
3. Does financial reward result in sustained motivation for retention?

Research Hypotheses

H₀₁: There is no significant impact of financial reward on employees' efficiency in the institution.

H₀₂: There is no significant impact of financial reward on employees' commitment in the institution.

H₀₃: Financial reward does not significantly sustained motivation for retention.

Concept of Financial Reward

Cole (2005), defined reward as “what employees receive in exchange for their contribution to the organization” he went further to say that when reward is well managed, it helps the organization to achieve its objectives, and retain a productive workforce. Without adequate reward, current employees are likely to leave and replacement will be difficult to recruit. To them, pay dissatisfaction could lead to low productivity and affect the quality of work life. It could also lead to lower performance, cause strikes increase grievances, and lead to forms of physical or psychological withdrawal ranging from absenteeism and turnover to increase visits to the hospitals etc.

Armstrong (2012) stated that rewards aims to support the achievement of business goals by helping to ensure that organization has the talented and engaged people it needs, promote high performance by ensuring that the reward system recognizes and encourages it, and also helps to attract and retain high quality people by providing competitive pay. He further said that the reward system covers all forms of financial rewards or remuneration (pay, benefits and allowances provided to employees). According to him, coupling financial rewards with non-financial rewards produces total rewards. Non-financial rewards are rewards that do not involve the payment of salaries, wages or cash. They include extrinsic rewards such as recognition and praise, opportunities to develop new skills, and the work environment, and intrinsic reward arising from the work itself (the ways in which jobs are designed).

Financial rewards are monetary incentives that an employee earns as a result of good performance. These rewards are aligned with organizational goals. When an employee helps an

organization in the achievement of its goals, a reward often follows. All financial rewards are extrinsic. Extrinsic motivation is based on tangible rewards, such as pay raises, bonuses and paid time off. Non-financial or Intrinsic rewards refer to psychological enjoyment and the satisfaction of challenge, sometimes called 'psychic income', that a worker derives from her or his paid work, and satisfy 'higher-level' needs for self-esteem and personal development (Bratton & Gold, 2003).

Reward and commitment

Commitment is an overall attitude about the work and the organization, a number of facets or dimensions influence it, including job conditions, supervision, nature of the work, co-workers, pay and benefits and personal characteristics. Employee commitment to the organization is a result of job satisfaction. He defined job satisfaction as the extent to which employees like their work. Job satisfaction has been found to be an important area of research because one of the top reasons individuals give for leaving a job is dissatisfaction (Diane, 2014).

In his own contribution, Joe (2011) stated that organizational commitment is, in a general sense, the employee's psychological attachment to the organization and the organizational objectives. It can be contrasted with other work – related attitudes, such as job satisfaction, defined as an employee's feeling about their job and organizational identification, defined as the degree to which an employee experiences a 'sense of oneness' with their organization. He further stated that Organizational effectiveness reflects the actual output or results of an organization as measured against intended outputs (or goals and organizational objectives).

According to Nujjoo & Meyer (2012) Organisational commitment can be categorised into normative, continuance and affective commitment. Normative commitment refers to employees' perceived obligation to stay with an organisation whilst employees with continuance commitment choose to stay with an organisation because they have no choice. In contrast, affective commitment is conceptualised as an emotional attachment and loyalty displayed towards the organisation as a result of rewards obtained. Affective commitment is the commitment dimension which has been found to be most strongly related to positive occupational and organisational outcomes such as job satisfaction, motivation and employee retention. Affective commitment is defined as an employee's emotional attachment, identification and involvement with the organisation as a result of favourable perceptions of tangible and non-tangible benefits.

In order to improve on the level of commitment and reduce the level of inefficiency in an organization, managers must put in place strategies to keep workers for a long time on the job. If financial reward is not clearly defined and given priority it deserves, it will lead to inefficiency and high labour turnover. An effective and comprehensive financial reward will inevitably result in effectiveness and retention of the workforce in the college.

Impact of Financial Reward System

There are individual differences in response to reward type. Some employees will be more motivated by social rewards (e.g. praise and recognition) than cash rewards. It is therefore important to understand the motivational factors of each individual employee and distribute rewards based on employee preference and their resulting degree of motivation. Research on individual differences can shed light on employee preferences for reward types. The majority of employees prefer cash rewards; however, many employees will perform better in pursuit of non-

cash rewards of similar value. Thus, balancing cash rewards with non-cash rewards can be an effective workplace reward system strategy.

Pay inequality can lead to frustration, jealousy, envy, disappointment and resentment. This is because compensation does not only enable us to support ourselves and families; it is also a signal of our value and status in an organization. Other studies have shown that executives are more likely to leave companies with high pay inequality. The bottom line here is that financial incentives, by definition, create inequalities in pay that often undermine performance, collaboration and retention (Jim, 2012). Aina (1993) identifies some key factors involved in monitoring employees for higher productivity. They are: Salaries and wages, Incentives system, Work ethic and social values, Morale, Social and psychological condition of workers. Others are quality and style of supervision, knowledge and skills of workers and the reward system management.

It can be concluded that the role played by sound financial reward system in efficient maintenance of the workforce cannot be underestimated. Financial rewards are monetary incentives that an employee earns as a result of good performance. When an employee helps an organization in the achievement of its goals, a reward often follows. Hiring employees is just a start to creating a strong workforce, organizations have to keep them. High employee turnover costs organizations time and productivity. Since workers are motivated by money, it is important that organizations should link pay with efficiency because employees care about pay.

Methodology

The study adopted the descriptive survey research design. The advantage of this method is that the results obtained through this procedure can be statistically analyzed. The population consisted of all staff of the College of Education, Ikere-Ekiti. The workforce in the college consists of the administrative, technical and academic staff. The sample size for this research is limited to the academic staff. The academic staff represents a sub-group within the research population. They are chosen based on homogeneous variables of academic qualification and profession. This group was considered because the researcher believes that they are entitled to relatively similar salary and benefits (COUNTIS). There are altogether five schools of study in the college and with a total population of 297 members of staff. A total of one hundred and fifty (150) academic staff was randomly selected from the five schools of study which represent 50% of the population. Questionnaire Impact of financial reward on workforce commitment in the College of Education, Ikere-Ekiti was constructed by the researcher. The questionnaire was first subjected to validity test by colleagues. It was amended on the basis of suggestions given by them. The descriptive statistics of standard deviation method was used to provide answer to the research questions and Chi-Square (X^2) statistics was used to analyze the hypotheses at 0.05 level of significance.

Data presentation and Analysis of Data

Table 1: Respondents' Bio-data

S/N	Variables	Categories	Frequency	Percentage
1.	Sex	Male	82	54.67
		Female	68	45.33
2.	Age	Below 30 yrs	24	16.00
		31-40 yrs	44	29.34
		41-50 yrs	50	33.33
		50 and above	32	21.33

Source: Field survey, 2015.

Table 1 indicated that 54.67% of the respondents were male while 45.33 were female. The respondents whose age were below 30 years represent 16%, while 29.34% were between 31-40 years, also 33.33.% aged between 41 -50 while 21.33% aged 50years and above.

Table 2: The Impact of Financial Reward on Efficiency

S/N	ITEMS	SA	A	D	SD	Mean	Standard Deviation	Decision
1.	Financial reward can bring out the best in workers.	60 (40%)	42 (28%)	20 (13.3%)	28 (18.7%)	2.89	1.13	Agreed
2.	Employees' efficiency is due to financial reward received.	72 (48%)	41 (27.3%)	25 (16.7%)	12 (8%)	3.15	0.97	Agreed
3.	Financial reward can bring out the best in workers.	45 (30%)	56 (37.3%)	22 (14.7%)	27 (18%)	2.79	1.06	Agreed

Source: Field survey 2015

In response to the Research question 1, table 2 showed that 68% of the respondents expressed that financial reward bring out the best in them while 32% disagreed. Similarly, 75.3% of the respondents also agreed that the rate of employees' efficiency is due to financial reward given to them while 24.7% of the respondents disagreed. However, 67.3% of the respondents agreed that regular payment of salary enhances workers efficiency in the college, while 32.7% disagreed.

Table 3: The Impact of Financial Reward on Commitment.

S/N	ITEMS	SA	A	D	SD	Mean	Standard Deviation	Decision
1.	Financial reward help to improve the quality of work	72 (48%)	41 (27.3%)	25 (16.7%)	12 (8%)	3.15	0.97	Agreed
2.	It enhances workers willingness to take part in college activities.	64 (42.7%)	52 (34.7%)	24 (16%)	10 (6.6%)	3.13	0.91	Agreed
3.	Hardworking staff is regularly promoted.	20 (13.3%)	26 (17.3%)	64 (42.7%)	40 (26.7%)	2.17	0.98	Disagreed
4.	It ensures job security.	41 (27.3%)	75 (50%)	16 (10.7%)	18 (12%)	2.93	0.93	Agreed

Source: Field survey 2015

In response to Research question 2, Table 3 revealed that 75.3% of the academic staff agreed that the financial reward given enhances the quality of their work while 24.7% of the respondents disagreed. The table also showed that 77.4% of the respondents agreed that financial reward given enhances workers willingness to take part in college activities while only 22.6% disagreed. On the other hand, 30.6% of the respondents believed that hardworking staff is regularly rewarded by promotion, while 69.4% disagreed. The table also revealed that 77.3% of the respondents agreed that the financial reward given to workers ensures job security, while 22.7% of the respondents disagreed. The mean values in item 1, 2 and 4 are greater than 2.5 while the mean value of question in item 3 was less than 2.5. This further indicated that there is impact of financial reward on employee commitment in the college.

Table 4: Financial Reward and Motivation for Retention.

S/N	ITEMS	SA	A	D	SD	Mean	Standard Deviation	Decision
1.	Workers future expectation and aspiration can be met.	18 (12%)	24 (16%)	66 (44%)	42 (28%)	2.12	0.95	Disagreed
2.	The salary is comparable to other Colleges of Education.	25 (16.7%)	76 (50.6%)	19 (12.7%)	30 (20%)	2.64	0.98	Agreed
3.	I will leave this job at the slightest opportunity.	38 (25.3%)	43 (28.7%)	40 (26.7%)	29 (19.3%)	2.60	1.06	Agreed

Source: field survey 2015

In response to Research question 3, table 4 revealed that only 28% of the respondents opined that workers future expectation and aspiration can be met in this employment, while 72%% of the respondents felt that workers future expectation and aspiration cannot be met in this employment. The table also revealed that 67.3% of the respondents agreed that the salary given to workers is comparable to other Colleges of Education, while 32.7% disagreed. On the other hand, 54% of the respondents agreed that they will not leave their present job at the slightest opportunity, while 46% were of the opinion that they will leave their present job at the slightest opportunity.

Test of Hypotheses

H₀₁: There is no significant impact of financial reward on employees' efficiency in the institution.

Table 5: Chi-Square (χ^2) statistics for financial reward and employees' efficiency

Variables		Employees' Efficiency				Total	df	χ^2 -cal	χ^2 - tab	Decision
		SD	D	A	SA					
							9	361.16	3.33	Sig.
Financial reward	SD	27	1	0	0	28				
	D	0	20	0	0	20				
	A	0	1	41	0	42				
	SA	0	0	15	45	60				
	Total	27	22	56	45	150				

P<0.05

The result presented in table 5 showed that χ^2 -calculated (361.16) was greater than χ^2 -table (3.33) at 0.05 level of significance. This led to the rejection of null hypothesis one. This means that there is significant impact of financial reward on employees' efficiency in the institution. Financial reward makes employees to be efficient in their job in the institution.

H₀₂: There is no significant impact of financial reward on employees' commitment in the institution.

Table 6: Chi-Square (χ^2) statistics for financial reward and employees' efficiency

Variables		Employees' Commitment				Total	df	χ^2 -cal	χ^2 -tab	Decision
		SD	D	A	SA					
						1	9	353.29	3.33	Sig.
Financial reward	SD	10	2	0	0	12				
	D	0	22	3	0	25				
	A	0	0	41	0	41				
	SA	0	0	8	64	72				
	Total	10	24	52	64	150				

The result presented in table 6 showed that χ^2 -calculated (353.29) was greater than χ^2 -table (3.33) at 0.05 level of significance. This led to the rejection of null hypothesis two. This means that there is significant impact of financial reward on employees' commitment in the institution. Financial reward makes employees to be committed in the institution.

H₀₃: Financial reward does not significantly sustained motivation for retention.

Table 7: Chi-Square (χ^2) statistics for financial reward and employees' efficiency

Variables		Motivation for retention				Total	df	χ^2 -cal	χ^2 -tab	Decision
		SD	D	A	SA					
Financial reward	SD	0	0	13	29	42	9	1.89	3.33	Not Sig.
	D	0	39	27	0	66				
	A	20	4	0	0	24				
	SA	18	0	0	0	18				
	Total	38	43	40	29	150				

$P < 0.05$

The result presented in table 6 showed that χ^2 -calculated (1.89) was less than χ^2 -table (3.33) at 0.05 level of significance. This led to non-rejection of null hypothesis three. This means that financial reward does not significantly sustained motivation for retention in the institution.

Discussion of Findings

The finding shows financial reward has a positive impact on workers efficiency. Table 3 showed that 82.67% of the respondents expressed that financial reward bring out the best in them while 17.33% disagreed. Similarly, 60% of the respondents also agreed that the rate of employees' efficiency is due to financial reward given to them. However, 66.67% of the respondents agreed that regular payment of salary enhances workers efficiency in the college. In view of this, it can be inferred that financial reward enhances effectiveness among academic staff in the college of education, Ikere-Ekiti. This is in line with the submission of Dan, (2013) that benefits as motivators can boost job performance. Pay raises, bonuses, stock options and profit sharing are examples of positive motivators. These motivators reward employees for not only doing their job, but doing it well and with enthusiasm.

The study also revealed that financial reward has positive impact on workers commitment. Table 4 revealed that 56% of the academic staff agreed that the financial reward given enhances the quality of their work. The table also showed that 73.33% of the respondents agreed that financial reward given enhances workers willingness to take part in college activities. On the other hand, 68% of the respondents believed that hardworking staff is not regularly rewarded by promotion. The table also revealed that 66.67% of the respondents agreed that the financial reward given to workers ensures job security, while 33.33% of the respondents disagreed. Considering this finding, it was obvious that financial reward has positive impact on worker commitment on the job. This is also in line with Jim (2012) finding that a business relies on its workforce to keep it competitive and fulfill the tasks needed to stay in operation. Keeping that workforce happy is a goal of managers, supervisors and human resources personnel who oversee not only wages and

benefits but also financial rewards and incentives constructed to improve individual performance and enhance commitment to the organization.

However, the study revealed that financial reward does not sustain workers motivation for retention. Table 5 revealed that 53.33% of the respondents felt that workers future expectation and aspiration cannot be met in this employment. The table also revealed that 80% of the respondents agreed that the salary given to workers is comparable to other Colleges of Education, while 20% disagreed. On the other hand, 50.67% of the respondents agreed that they will not leave their present job at the slightest opportunity, while 49.33% were of the opinion that they will leave their present job at the slightest opportunity. In view of the findings, it was obvious that financial reward will not guarantee sustained motivation for retention among academic staff.

Commenting on the effect of reward, Armstrong (2012) believed that early-career employees (30 years old and under) career advancement is significant. For mid-career employees (31 -50) the ability to manage their careers and satisfaction from their work are important. Late-career employees aged over 50) will be more interested in security. It is also the case that a younger workforce will change jobs and employers more often than an older workforce, and workforces with a lot of part-timers are less stable than those with predominantly full-time staff. This might also be due to the fact that the cost of living is high in Nigeria and this is compounded due to the unemployment rate in the country. Nigeria has a government – mandated minimum wage of N18, 000 per month signed into law in 2011. Minimum wage is the lowest amount a worker can be legally paid for his work. The plight of a worker becomes clearer when unemployment is factor in. The dependency ratio has become very burdensome and every earner's income is overstretched.

Though there are many reasons why people work for a living, it is undeniable that money, or other financial rewards, play a key role in motivating people in the workplace. Jim (2012) stated that it is widely accepted that poor or low pay acts as a de-motivator. Someone who feels undervalued or under-paid may soon leave to find better-paid employment. However, it is less clear that paying people more results in better motivation. He further stated that for most people, motivation (the will to work) comes from “within”. More money can help us feel better about out work, but it is unlikely to encourage us to work harder or to a higher standard.

Conclusion and Recommendation

In conclusion, this paper has attempted to appraise the impact of financial reward on workforce efficiency in the college of Education, Ikere-Ekiti. The study has found that financial reward has a positive impact on workers efficiency and commitment. However, the study found that financial reward does not result in sustained motivation for retention among academic staff of the college of Education, Ikere-Ekiti. This revelation from the study is expected to serve as a guiding principle for management in the way and manner in which salary and benefits are being handled.

Based on the findings of this study, it was therefore recommended that:

- The management of College of Education Ikere-Ekiti should make sure that members of staff are promoted as at when due since this have correlation with increase in salary.
- Management should implement policies and procedures that are fair and impartial and provide timely, objective performance feedback and fair compensation and benefits.



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