

Marketing Ethics Model of SMEs in Thailand's Tourism Industry for ASEAN Community

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ABSTRACT

The research was aimed to study a model development of marketing ethics for small and medium enterprises in tourism industry of Thailand for Asean Community. It was a survey and development research with secondary order confirmatory factor analysis. The research findings indicated that the model of marketing ethics was compatible with the empirical data, ranking from the most important level of marketing ethics to the least one, i.e. marketing ethics towards customers, public sectors, competitors, personnels, society and ethics of personnels towards business, respectively, comprising 34 indicators. Each factor had convergent validity because the construct reliability was more than the statistical criteria of 0.60 and the factor loading was more than 0.40.

Keywords: Business Ethics, Tourism Industry of Thailand, ASEAN community

INTRODUCTION

ASEAN countries are moving into a period of major developments in the integration of the region into a community by the end of December 2015. Thailand is responsible to set the strategic major plan in tourism and aviation from 12 major branches. Which will share responsibility for each other's countries in meeting the skills they need and this will make Thailand focus on the tourism industry and aviation in particular (Ministry of Commerce, 2014).

In the current situation under the severe competition in the free business of world trade each organization needs to manage their business to survive and achieve maximum profits that can act as an oriented transaction (Kasikornthai Research Center, 2017). Entrepreneurs focus mainly on the benefits of organization and operations to overcome competitors. Some entrepreneurs may have believed that business and ethics do not go together. Businesses that do not involve ethics or conduct business ethically can lead to reduced competitiveness, rising costs and finally reduce profits. These beliefs make managers overlook ethics in business practices and that ethics are not beneficial to the organization and do not take into account the impact or damage that occurs with other stakeholders such as competitors, suppliers, customers, consumers

and the environment. This includes employees working in the organization who can be considered as related persons or stakeholders who are directly related to the success and fulfillment of basic business operations and need to interact closely with the customers to achieving a successful outcome (Boonbongkarn, 2010).

This study is to analyze the tourism industry which is in the services sector and are finding the business ethics problems that often occur with the marketing administration: entrepreneur's lack of ethics, misused authority, unclear practices which are usually to be seen or heard frequently. For example: entrepreneur's lack of ethical conduct to employees, discrimination or double standards in the marketing administration and promotion of employees in a way that does not take into account their ability to work (Phadthanadee, 2006) and includes problems that affected customers who complain and sometimes published in the newspapers. Fraudulent scams, customers who purchase packages which include accommodation or airfare and receiving no delivery of products/services. Illegally doing business without a license and registered as a legal entity by a state agency where relevant (Thairath, 2014). The problems mentioned above are all issues that negatively affect the economy of Thailand as well as the confidence

of both local and international tourists and damage Thailand's tourism industry overall .

To raise business ethics and marketing management in the organization it comes down to entrepreneurs. If tour operators, especially small and medium enterprises (SMEs). Ethical confidence by marketing management will rise if guided from the top. When a company or tourism organization is seen as a moral guide in the eyes of employees, customers and general public and employees feel the organization has ethics then these employees will be dedicated workers which lead to increased efficiency and productivity (Shaw, 2014). If the management has no ethics and focus only on profits then employees will behave in the wrong fashion because they feel that ethics is not important (Ventureline, 2011). As such, the business tour companies of Thailand as one of the member countries of the ASEAN group will find it necessary to establish standards for marketing business ethics to reliable standards with trust and acceptance (Association of Southeast Asian Nations, 2013). From the above reasons the researcher is interested in the study a model of marketing ethics for small and medium enterprises in the tourism industry of Thailand for the ASEAN community. To develop a model of marketing ethics that is related to business competition, related government agencies, customers, employees and overall to society that is based on the quantitative research. This research used Confirmatory Factor Analysis (CFA) to find a model of marketing ethics for small and medium enterprises in the tourism industry of Thailand for the ASEAN community.

RESEARCH OBJECTIVE

To develop a model of marketing ethics for small and medium enterprises in the tourism industry of Thailand for the ASEAN community.

LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

This research defined a conceptual framework with two steps as follows:

Step 1, concept and theories that relate to the study of marketing ethics are guidelines for the conducting of marketing business that are defined to be the rules for marketers who should adhere to the discipline and sense of responsibility for their behavior and actions bringing justice to all parties. These are sense of

responsibility for their behavior and actions and fairness to all people who are related and ethics of employees toward marketing, the ethics of marketing toward competitors, the government agencies, customers, employees and society (Adapted from Institute for Management Education for Thailand: IMET, 2014) .The substance was briefly as follows:

First, the employees ethics toward marketing. Employees are very important in the marketing of the business which can be conducted efficiently, fairly and accurately (Buchholtz, 2012).

Secondly, the marketing ethics toward competitors. Competition will spur economic growth and directly benefit consumers. This causes alertness, manufacturing adaptability, offerings and improving the quality of products and services. Reducing costs to compete. The competition is a testament to the competition of talent and creativity and not for destruction. (quez, 2002)

Thirdly, the marketing ethics toward the government agencies. The government is the social unit of the community needing to be in touch as the government of the people. The government is the executive power so that society can live peacefully under the rule of law. These protect the weak from the powerful; prevent the abuse of power by wrongful acts that have been assigned to the executive power. If the authorized management is not to be respected in its practices, marketers usually have issues when dealing with government agencies. Sometimes the problem is due to not understanding each other's behavior and sometimes the marketers do not understand the principles and rationale of the government. Marketers have specialized knowledge in their own subject and do not see the whole picture as official data or statistics available to individual government officials who often misuse their authority. If marketers have correct understanding of the governments methods then they will used the core of marketing ethics in conducting business with the government agencies simpler. They also will not suffer the embarrassment and trouble misunderstandings of this nature will often bring to their businesses (Ferrell, Fraedrich & Ferrell, 2000).

Fourthly, the marketing ethics toward customers. Customers are the most important group of people in business operations. They are buyers of goods and services, therefore,

customers should be treated honestly and fairly and if marketers cannot treat their clients this way then they simply cannot keep their own business as well.

Fifthly, the marketing ethics toward employees. Employees are an important factor in the business and are valuable resources. Having good staff with knowledge in marketing jobs. Honesty and diligence to make the business run more efficiently. Marketers have an obligation to resolve problems allowing more efficient work practices. Good marketers will have to study and know how to manage employees to have more knowledge and work together effectively as long as possible. (Weiss, 2003)

Sixthly, the marketing ethics toward society. Society caused from people live together and each person has responsible, rights and freedoms as citizens equally under the law. Although there are differences in status, occupation, religion, race and faith issues. The fact that all people are different, they can live together in peace and contentment in living conditions, the condition of the tree. The fact that all people are different and can live together in peace and contentment in their living conditions then they requires the cooperation of all members of society helping to create the environment nature, social health development with both physical and mental, received the balance by marketers as a member of society, and society is the base of their business. Thus, social change will impact on the business market; marketers should have a responsibility to participate in society to progress further. (Frederick, Post & Davis, 1992)

For assimilation with members on the opening of ASEAN at the end of 2015, Thailand industry would have made it clear in their image and created a good relationship to make consumers and investors including commercial partners to have trust. Due to competition in the future we will need to create a network to support business operations and focus on the important factors to make organizations successful in creating a featured subject of ethics in business instead of using traditional marketing strategies that do not work. This is because of the social perception of honesty and transparency and importantly, doing business ethically will help with building trade advantages and sustainable business. However, highlighting ethics as a marketing strategy is clear and more substantial. All departments must be aware of the interests of

the public and the country especially in business dealings from the past.

So, businesses should make a difference and stand out in the ASEAN market and need to focus on the management of the organization. Starting with a campaign with everyone who has an interest in business ethics which results in a clear and mutual trust with each other whether they are employees with the company, organizations with jointly own business or producers and consumers. From the past the core issue of corruption was damaging the country's image which cut the trust and the impact of foreign investment. If Thai people and organizations do not use the ethical strategies as part of their business then this will be the major obstacle that affects the trust of trade alliances. Unfair practices will make Thai businesses unfavorable to foreigners especially after the opening of ASEAN. Any investment needs a reliable business partner to conduct business like Thai businesses that are studying the market and investment options in Myanmar, Cambodia, Vietnam and other countries in ASEAN. Apart from the potential benefits of trade with other countries we still want to trade with people who have integrity as well. Clear strategy starts from people on the need to focus on the value of people of both employees and consumers which will generate profits and support and develop the organization. Meanwhile, the value to bring confidence to the consumer will reflect the ethics of the business and eventually be able to build trust with customers and business partners as well (Bangkokbiznews, 2012)

Step 2 The synthesise indicator by leading indicators from the concept, theory involved in steps 1 to be selected by means of in-depth interviews. There were 3 experts from the Association of Domestic Travel, the Council and Institute of Management Education for Thailand Foundation (IMET) and the Office of the National Economic and Social Development Board who specified the strategies for the ASEAN community in 2015. They offered 36 indicators of business ethics from 6 elements in the framework of the research, as Figure 1.

METHODOLOGY

This study was a survey and development research with in-depth interviews and questionnaires. This was to survey and develop a modeling of marketing ethics for small and medium enterprises in tourism industry of Thailand for the ASEAN community with secondary order confirmatory factor analysis technique.

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The population of this research was the 12,321 entrepreneurs who have tourist business licenses in Thailand on the 30th June 2014 till April, 20, 2017. A total of 12,321 cases (Bureau of Tourism Business and Guide Registration, Department of Tourism, 2014). The sample size used in the research was determined by the

appropriate sample size for Confirmatory Factor Analysis (CFA) with Maximum Likelihood Estimation (MLE) and should be at least 20 times the observed variables (Hair, Anderson, Tatham and Black (1998). In this study, there were 36 observed variables and an appropriate sample size should be a minimum of 720.

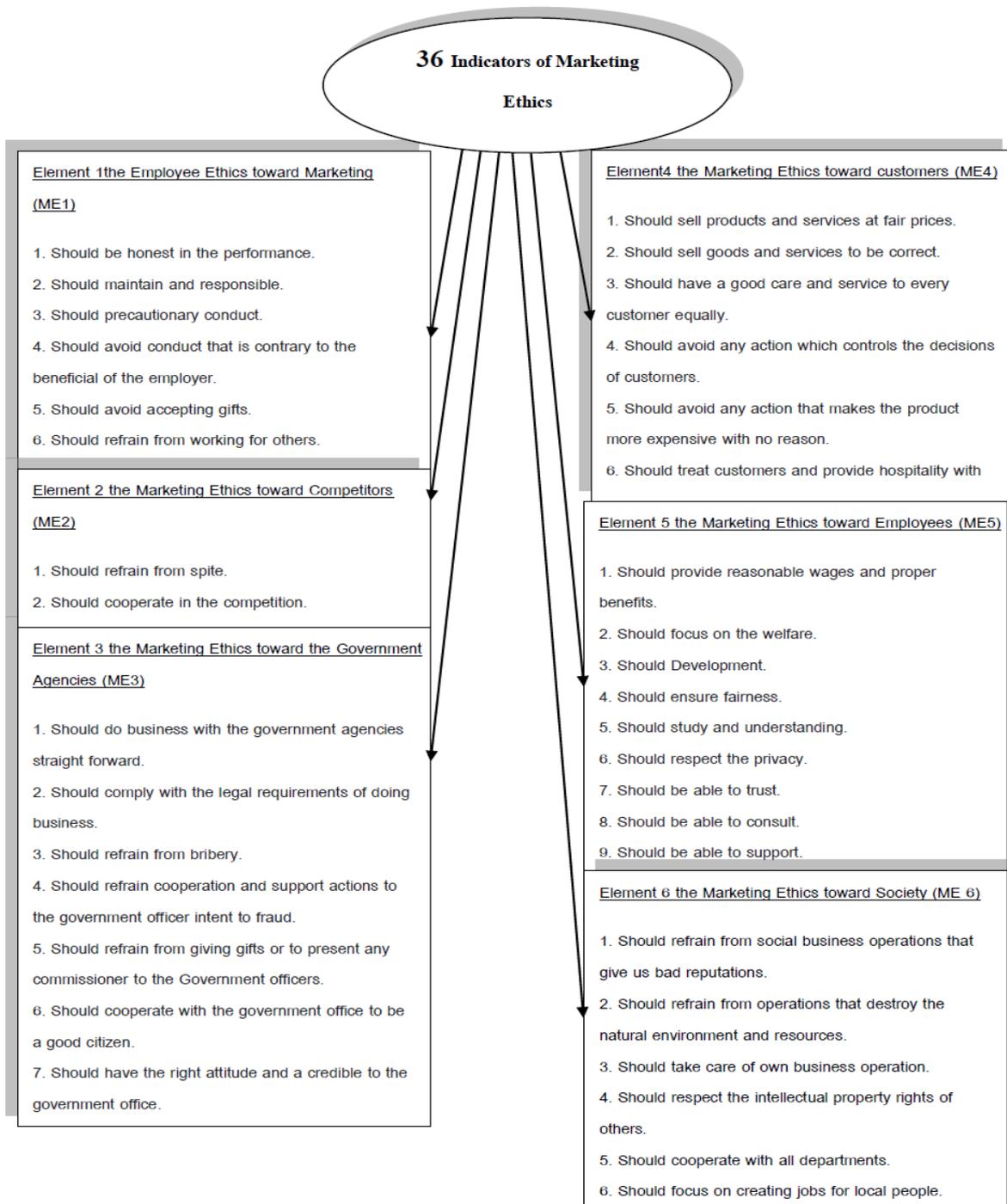


Figure1. Conceptual Framework

This study used a multi-stage sampling (Cochran, 2007) with a stratified random sampling and divided into 4 groups of the tourist business licenses. Each group used the simple

random sampling drawn from a list of account names and chosen from the small and medium entrepreneurs of Thai tourism industry and was conducted with questionnaires. In this research

there were distributed 1,000 questionnaire samples (examples of each enterprise) with a

return of only 774 questionnaires with a 77.4 response rate as shown in table 1.

Table 1. Population and sample group used in the research list from the tourist business license

Tourist Business	Population Size (Each)	Sample Size (Each)
Area tour only	3,243	204
Domestic tour	1,336	84
Outbound by taking Thai tourists travelling abroad	5,379	338
Inbound by taking foreign tourists travelling within Thailand	2,363	148
Total	12,321	774

The instruments used in the research were In-depth Interviews with 3 experts to select indicators that were synthesized from interviewed related experts. The characteristic was a semi-structured interview that used the indicator from the interviewed to see what a suitable/unsuitable indicator is and how to improve on this. Afterwards they created a questionnaire from the 774 small and medium entrepreneurs of Thailand tourism with Self-administered questionnaires that consisted of 3 parts: Part one, details of the Thailand tourism with check list questionnaires. Part two, 36 indicates of marketing ethics with rating scale questionnaires that vary from 1 point (no practice) to 5 points (most frequent practice) and thirdly, guidelines on Marketing Ethics to promote Thailand tourism sector to support the ASEAN community with comment questionnaires.

Establishing and Monitoring the Quality of the Instruments

The researcher constructed the questionnaires according to the academic theory with content validity and reliability: (1) to determine the content validity with Item Objective Congruence Index (IOC) or using 3 experts with index of consistency between question and objectives and (2) reliability with Cronbach's alpha coefficient. The results were used by the IOC value between 0.67 - 1.00 with criteria pass of 0.50 and above (Triraganan, 2000) and reliability value over the research at 0.912 with a pass of the criteria at 0.70 and above (Cronbach,2003). Analysis by applying the PASW statistic version 16.0 and AMOS version 6.0 on Thailand tourism data analysis and marketing ethics with frequency distribution, percentage, mean, standard deviation, skewness and kurtosis. To analysis the modeling of marketing ethics for small and medium enterprises in tourism industry of Thailand for the ASEAN community with secondary order confirmatory factor analysis technique by presenting each indices such as CMIN/DF,GFI,AGFI, NFI, IFI, CFI, RMR and

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CMIN/DF,GFI,AGFI, NFI, IFI, CFI, RMR and RMSEA (Arbuckle, 1995; Bollen, 1989; Brown & Cudeek, 1993).

Summary and Recommendations

Features of 774 questionnaires of Thailand tourism information have found that most of them were small enterprises at 68.3 percent and the remaining 31.7 percent were medium enterprises (51-200 employees and fixed assets of 51-200 million baht). Nature of business owners mostly from business partners with 71.1 percent and the rest were 28.9 percent owned by one person with an average of 8.14 years business operations. Operating results for the current year were an average profit increase of 5.31 percent when compared to a year ago. This is due to small enterprises with independent processes and privately owned. In order to have the ability to compete but depending on business partners which are many in Thailand. This situation is a tourism business under the business services sector with a high value of fixed assets not over 50 million baht, and employing up to 50 people (The Revenue

Table 2. The result analysis of marketing ethics

Marketing Ethics	Mean	SD.	Level
Toward Marketing	3.70	0.59	High
Toward the Government Agencies	3.63	0.61	High
Toward Employees	3.60	0.59	High
Toward Competitors	3.54	0.80	High
Toward Customers	3.38	0.62	Moderate
Toward Societies	3.26	0.64	Moderate

The results of determining the suitability of the marketing ethics information have found 6 indicators of the employees ethics toward marketing, 2 indicators of the marketing ethics toward competitors, 7 indicators of the marketing ethics toward the government agencies, 6 indicators of the marketing ethics toward customers, 9 indicators of the marketing ethics toward employees and 6 indicators of the marketing ethics toward society. In summary, the six variables of marketing ethics have been

Table 3. The results to determine the appropriateness of marketing ethics.

Marketing Ethics	Skewness	Kurtosis	Correlation
Toward Marketing	-0.571 to 0.683	-0.123 to 1.022	0.334 to 0.714
Toward Competitors	-0.324 to 0.690	0.143 to 0.952	0.458
Toward the Government Agencies	-0.166 to 0.703	-0.120 to 0.943	0.313 to 0.709
Toward Customers	-0.244 to 0.687	0.117 to 0.896	0.328 to 0.769
Toward Employees	-0.224 to 0.735	0.168 to 1.099	0.371 to 0.727
Toward Societies	-0.416 to 0.735	0.228 to 0.993	0.414 to 0.760

The analysis model of marketing ethics for small and medium enterprises in the tourism industry of Thailand for the ASEAN community with

Department, 2014). Marketing ethics for small and medium enterprises in tourism industry of Thailand for the ASEAN community found that marketing ethics were at a high level ($3.41 \leq \text{Mean} \leq 4.20$)

The employees ethics toward marketing, the marketing ethics toward the government agencies, the marketing ethics toward employees and the marketing ethics toward competitors respectively have marketing ethics at the moderate level ($2.61 \leq \text{Mean} \leq 3.40$). In marketing ethics toward customers and marketing ethics toward societies respectively. This is because the employee is considered a human resource. Most important to a successful business is drive and persistence in business, entrepreneurs need to focus on marketing employees by reinforcement in areas of both monetary and non-monetary. For the appropriate government agencies regulation of competitive practices and ethics is to be enforced without weakening or compromising the spirit of free enterprise (Chumsupunvaree, 2007) as in table 2.

appropriated to do the Confirmatory Factor Analysis (CFA). This is because skewness with absolute value was not less than 0.75 and kurtosis with absolute value was not less than 1.5 and these made data with normal distribution (West et al., 1995) including the relationship between variables used to measure marketing ethics with absolute value not less than 0.30 unlike a preliminary agreement before the data analysis (Wiratchai, 1999) as in table 3.

secondary order confirmatory factor analysis found that the model of marketing ethics for small and medium enterprises in tourism industry of Thailand

for the ASEAN community is in harmony with the empirical data. The model has an overall fit and measure from the statistics taken from the calculations, the ratio of the chi-square value / level of independence. From the statistics and using the calculation that the ratio of the chi-square value / level of independence (χ^2/df) CMIN/DF is Equal to 2.199, which is less than 3 (Bollen, 1989). When the index is set at levels greater than or equal to 0.90. All indexes were GFI=0.984, AGFI=0.943, NFI=0.923, IFI=0.994 and CFI=0.991 passed the criteria (Arbuckle, 1995). The index defined at the level was less than 0.05 and having the index of RMR=0.038, RMSEA=0.049 and passed the criteria set (Brown & Cudeek, 1993). It could not reject the hypothesis that “a model of marketing ethics for small and medium enterprises in tourism industries of Thailand for the ASEAN community” analysis to consider the component fit measure in the measurement model and found that the composition model of the marketing ethics consisted of: The employees ethics toward marketing, the marketing ethics toward competitors, the marketing ethics toward the government agencies, the marketing ethics toward customers, the marketing ethics towards employees and the marketing ethics towards society have factor loadings ranging from 0.811 to 0.918. These have variations with marketing ethics ranging from 65.8 to 84.3 on the modular model composition as follows.

- The employees ethics toward marketing (ME1) found that the indicator 1-6 (ME1.1-ME1.6) have a factor loading range from 0.324 to 0.682 and have variations with the employees ethics toward marketing ranging from 10.5 to 31.0 percent.
- The marketing ethics toward competitors (ME2) found that the indicator 1-2 (ME2.1-ME2.2) have a factor loading ranging from 0.578 to 0.694 and have variations with marketing ethics toward competitors ranging from 33.4 to 48.2 percent. the marketing ethics toward the government agencies

(ME3) found that the indicator 1-7 (ME3.1-ME3.7) have a factor loading ranging from 0.414 to 0.719 and have variations with marketing ethics toward the government agencies ranging from 17.1 to 51.7 percent.

- The marketing ethics toward customers (ME4) found that the indicator 1-6 (ME4.1-ME4.6) have a factor loading ranging from 0.416 to 0.697 and have variations with marketing ethics toward the government agencies ranging from 17.3 to 48.6 percent.
- The marketing ethics toward employees (ME5) found that the indicator 1-9 (ME5.1-ME5.9) have a factor loading ranging from 0.444 to 0.794 and have variations with marketing ethics toward the government agencies ranging from 19.7 to 63.0 percent.
- The marketing ethics toward society (ME6) found that the indicator 1-6 (ME6.1-ME6.6) have a factor loading ranging from 0.515 to 0.711 and have variations with marketing ethics toward the government agencies ranging from 26.5 to 50.5 percent. It has been seen that the model of marketing ethics for small and medium enterprises in the tourism industry of Thailand for the ASEAN community has developed a convergent validity. This is because the construct reliability (ρ_c) has ranged from 0.617 to 0.841 and is at 0.951 overall respectively, which is more than the 0.60 qualified value. (Hair & Other, 1998). Although the variation of the structural reliability. Which was the average of the variances extracted (ρ_v) ranged from 0.282 to 0.408 with an overall at 0.766. There was some values not passing over 0.50 that Hatcher (1994) often said that the variation of the structural reliability which is the average of the variances of the extract was lower than 0.50. When these occurred then consider the structural reliability that should have a value more than 0.60 and with factor loading starting from 0.40 and above (absolute value) instead. As in table 4.

Table 4. The analysis result of the internal model.

Abbreviation	Elements of Marketing Ethics	λ	C.R.	R ²	ρ_c	ρ_v
ME1	Employees Ethics toward Marketing	0.811	6.728*	0.658	0.687	0.282
ME1.1- ME1.6	Should be honest in the performance – Should refrain from working for others.	0.324- 0.682	0.958*- 7.577*	0.105- 0.310		
ME2	Marketing Ethics toward Competitors	0.857	7.682*	0.735	0.617	0.408
ME2.1- ME2.2	Should refrain from spite Should cooperate in the competition	0.578- 0.694	8.601* -	0.334- 0.482		
ME3	the Marketing Ethics toward the Government Agencies	0.911	7.923*	0.823	0.774	0.335

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ME3.1- ME3.7	Should do business with the government agencies straight forward - Should have the right attitude and a credible to the government office.	0.414- 0.719	6.985*- 11.241*	0.171- 0.517		
ME4	Marketing Ethics toward Customers	0.918	6.192*	0.843	0.736	0.325
ME4.1- ME4.6	Should sell products and services at fair prices- Should treat customers and provide hospitality with friendship.	0.416- 0.697	7.355* -	0.173- 0.486		
ME5	Marketing Ethics toward Employees	0.888	7.656*	0.788	0.841	0.380
ME5.1- ME5.9	Should provide reasonable wages and proper benefits - Should be able to support.	0.444- 0.794	7.338*- 11.805*	0.197- 0.630		
ME6	Marketing Ethics toward societies	0.861		0.741	0.756	0.344
ME6.1- ME6.6	Should refrain from social business operations that give us bad reputations- Should focus on creating jobs for local people.	0.515- 0.711	7.035*- 7.542*	0.265- 0.505		
ME	Marketing Ethics				0.951	0.766

Note: Parameters = 1Last position with no Critical Value (C.R).

* $p < 0.05$ (C.R. > 1.96)

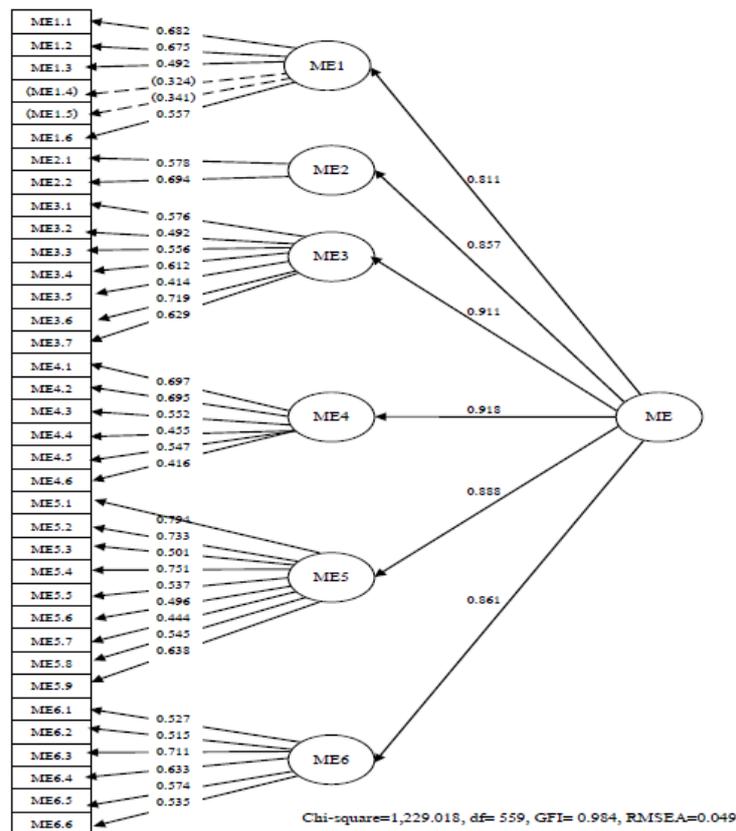


Figure 2. The Model of Marketing Ethics for Small and Medium Enterprises in Tourism Industry of Thailand for the ASEAN Community that is developed and consistent with the empirical data.

Concluding that the model of marketing ethics for small and medium enterprises in tourism industries of Thailand for the ASEAN community which developed having 6 elements. There were 34 indicators out of 36 indicators but the researcher cut the indicator 4 avoiding conduct that is contrary to the benefit of the employer and indicator 5 avoiding accepting gifts from the improved ethics of the employees toward marketing of the company. This is

because the factor loading has not passed the criteria at 0.40 (absolute value) (Esteghamati, Zandieh, Khalilzadeh, Meysamie, & Ashraf, 2010) Therefore, the model developed consisted of element 1: employees ethics toward marketing (indicator 1-3 , 6), element 2: marketing ethics toward competitors (indicator 1-2,3), element 3: marketing ethics toward the government agencies (indicator 1-7),element 4:

marketing ethics toward customers (indicator 1-6), element 5: marketing ethics toward employees (indicator 1-9) and element 6: marketing ethics toward society (indicator 1-6) as shown from figure 2.

RECOMMENDATIONS

Practical suggestions, the researcher has suggested that the guideline to strengthen the marketing ethics for small and medium enterprises in the tourism industry of Thailand for the ASEAN community were: the related government agencies should establish policies and measures to stimulate marketing ethics to businesses. For example: businesses with an ethical approach to management has seen some reduction in costs (taxes, fees and etc.) and will set up a special unit dedicated to promoting careers, centered, supported and approaches to various organizations on Ethics such as the awareness of training in marketing ethics both in theory and practice, supporting and strengthening "Network marketing business with ethics" that is prevalent in society, business, etc.

Determining the penalty for entrepreneurs that lack ethics in marketing processes that cause adverse effects in both civil and criminal spheres. By legal means all entrepreneurs should be required to pass an exam for accreditation and if found guilty of fraudulent or unfair practices they will lose their accreditation and their name(s) will be recorded on a registrar of banned persons and companies. The Department of Business Development and the Department of Tourism, Ministry of Tourism and Sports should cooperate with the tourism business in Thailand. The leading indicator of marketing ethics in this research is used to drive policy development and training of knowledge, skills and code of ethics by giving marketing ethics certification of business including the need to pass an entry permit stamped in their sales promotion in tourism before release to build trust and confidence to customers. As a result, tourism business has the desired standard and can enhance the competitiveness of the tourism market in Thailand to be comparable to the other ASEAN countries. When considering the findings of the standard factor loadings of each side of the marketing ethics with the secondary order confirmatory factor analysis technique keep in mind that any marketing ethics and indicators have more or less importance which can be used as the data to select and prioritize the urgent need to strengthen policies to pursue

the process of the tourism businesses with the main ethics. For example, performing under the sales and services in tourism with neutrally, clearness, not taking advantage, service oriented for impressing and guarantees on customer satisfaction by compensation when customers are disappointed, because of the factor loadings of up to 0.918 and so on. In addition, the modeling of marketing ethics for small and medium enterprises in the tourism industry of Thailand for the ASEAN community that is developed can be used to evaluate the marketing Ethics after the entry into ASEAN in the end of 2015 to recruiting the correct formats, unity and accepted by the international participation of all important sectors.

Recommendations for further research are 1) should develop a model of marketing ethics for entrepreneurs related with Thailand's tourism industry such as hotel and airline industries when joining the ASEAN community in 2015.2) should study the situation of small and medium-sized enterprises in tourism industries of Thailand by analyzing the strengths, weaknesses, opportunities and threats (SWOT Analysis) including Market Structure, and 3) should study Five model Forces that have been affected from the opening of the ASEAN Free Trade Area (AFTA) in Thailand's tourism industry.

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