The Study of Partial Least Squares (PLS) of Social Marketing Responsibility Modeling for Thai Entrepreneurs’ Manufacturing Industry

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Abstract

The research was aimed to study social marketing responsibility modeling for Thai entrepreneurs’ manufacturing industry. The research finding indicated that modeling of social marketing responsibility had 11 indicator comprising of (1) support for social issues, (2) encouraging people in society to participate in fundraising, (3) social support by way of percentage deduction from income, (4) the opportunity for consumers to participate in helping agencies, (5) supporting campaigns to improve the behaviour of people in society, (6) support for social issues through donations, (7) volunteering for the community by encouraging employees to participate, (8) donating to charities to help reduce or solve social problems, (9) doing business on a socially responsible basis, (10) stopping preventive business practices, (11) development and distribution of goods and services. The factors had convergent validity because not only the construct reliability was more than 0.60 but also the factor loading between 0.414-0.918 was more than 0.40.

Keywords: Partial Least Squares Modeling; Social Responsibility Marketing; Manufacturing Industrial Plant

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Introduction

The world society recognizes the importance of encouraging the industrial sector to operate eco-friendly business and have a corporate social responsibility marketing area including good corporate governance to strengthen the image of the organization in order to be accepted and trusted by the community, its society and potential customers for development, sustainably and a happy life together. Moreover, corporations also prepare for the industrial sector (Nonthanatorn, 2010) through the international standards about ISO26000: Social Responsibility so that the industrial sector can maintain economic stability and build a free competitive system that is fair and connects to a network of products and services production. Marketing on intelligence base, innovation, creative thinking and eco-friendly and social responsibility activities can compete with competitors in the world trade market including preparation for entering the ASEAN Economic Community by the end of 2015 through public images (National Institute of Science and Technology, 2009; Sheikh & Beise-Zee, 2011).

The Department of Industrial Works, Ministry of Industry is regarded as an agency that's main mission is monitoring and supervising industrial operations under law by considering safety and the environment. Another important mission is encouraging entrepreneurs to operate business with social responsibility that considers the quality of life of staff, community and resources that have to develop and grow together with the business (Department of Industrial Works, 2015). Therefore, social marketing responsibility (SMR) creates customers’ values (Green & Peloza, 2011), raises corporate images and sales revenues (Moosmayer & Fuljahn, 2010). Overall, SMR is important values for corporation to stabilize economic, social and environmental prosperity (Rupp, 2011; Kim et al., 2011). This research is important study as it is the first SRM study of 11 indicators for Thailand and ASEAN which mostly found in Western research study (Fukukawa & Teramoto, 2009).
Research Objective

To study the relationship between social marketing and social marketing responsibility activities:
(1) support for social issues, (2) encouraging people in society to participate in fundraising, (3) social support by way of percentage deduction from income, (4) the opportunity for consumers to participate in helping agencies, (5) supporting campaigns to improve the behaviour of people in society, (6) support for social issues through donations, (7) volunteering for the community by encouraging employees to participate, (8) donating to charities to help reduce or solve social problems, (9) doing business on a socially responsible basis, (10) stopping preventive business practices, (11) development and distribution of goods and services.

Literature Review

The concepts related to the marketing of social marketing responsibility (SMR) through marketing activities of Thai manufacturing industrial entrepreneurs that impacts on society are caused by decisions and implementation of organizations (Corporate Social Responsibility Institute, 2009) leading to sustainable development, the organization should focus on 7 principles (Department of Industrial Works, 2015) which are (1) accountability (2) transparency (3) code of conduct (4) acceptance to benefits of stakeholders (5) respect the law (6) respect international practices and (7) respect human rights. The activities of social marketing responsibility of organizations have 7 formats (Kotler & Lee, 2005; 2009) that are encouraging awareness of social problems, marketing related to social problems, social marketing of the organization, charitable donations, being volunteers for the community, implementation with social responsibility, development and distribution of worthy and supplying good quality products or services to people in society.

In practice, SMR is used widely for corporation’s strategy (Pharr & Lough, 2012) especially for specific product campaign (Liston-Heyes & Liu, 2010) and digital society at large (Epstein et al., 2011). The product can be sold effectively through marketing activity (Hassan et al., 2013) and ethics and commitment (Rodrigues & Borges, 2015). The corporations’ use SMR in advertising for public inform (Menon & Kahn, 2003) and consumer right exposition (Horne, 2013) but the strategic budget is still the condition to implement any social marketing responsibility (Pharr & Lough, 2012).
Research Hypothesis

There are relation between social marketing responsibility and its activities: (1) support for social issues, (2) encouraging people in society to participate in fundraising, (3) social support by way of percentage deduction from income, (4) the opportunity for consumers to participate in helping agencies, (5) supporting campaigns to improve the behaviour of people in society, (6) support for social issues through donations, (7) volunteering for the community by encouraging employees to participate, (8) donating to charities to help reduce or solve social problems, (9) doing business on a socially responsible basis, (10) stopping preventive business practices, (11) development and distribution of goods and services.

### Social Marketing Responsibility Activities

**11 indicators**

1. support for social issues
2. encouraging people in society to participate in fundraising
3. social support by way of percentage deduction from income
4. the opportunity for consumers to participate in helping agencies
5. supporting campaigns to improve the behavior of people in society
6. support for social issues through donations

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**Figure 1 Conceptual Framework**

[Diagram showing the conceptual framework of social marketing responsibility activities]

The Social Marketing Responsible Activities of Thai industrial entrepreneurs.
Research Methodology

The population used in this research was made up of industrial entrepreneurs in Thailand at the end of 2014, totalling 141,247 entrepreneurs (Department of Industrial Works, 2016). The research samples calculated by Thamson (1992) sample size used in this research is at least 400 samples.

The research tool used was a questionnaire that asked 435 entrepreneurs or authorized persons or at least 400 samples regarded as criteria. The type of inquiry is self-administered questionnaires that consists of 2 major parts that are part 1: basic factor of Thai industries will be check list and fill in the blank, part 2: marketing social responsibility of Thai industrial entrepreneurs will use a 5 rating scale, Likert (score of the least is 1, less is 2, fair is 3, much is 4 and the most is 5). The interpretation on each level will use 0.80 as interval of class interval (Khuharattanachai, 1999).

Assessment of Research Tools

1. Content validity assessment from 3 experts (Department of Industrial Works, Ministry of Commerce and Ministry of Industry) (Rowineli & Hambleton, 1977) by using an index of consistency between the content in question and set objectives (Item Objective Congruence Index: IOC) found that the index of questionnaire conformed to the content in questions and set objectives is between 0.67 – 1.00 that pass criteria of 0.50 up for all questions that can be used for data collection (Tirakanan, 2007).

2. Reliability assessment by try-out for 30 people with no limitation of how many Try-out people as convenience and appropriateness (Suwanwong, 2010) to test Reliability by using alpha coefficient formula of Cronbach. Values of confidence of all parts of the questionnaire are between 0.7253 and 0.8710. Value of confidence of overall questionnaire is 0.9351 which passes the criteria that is over 0.70 (Cronbach, 2003) and values of Item Total Correlation (ITC) are between 0.2321 and 0.8622 that passes criteria of over 0.20 (Thanomsiang, 2007) so this is appropriate to apply for actual data collection.
Results and discussions

Basic factors of Thai industries found that from 435 samples of Thai industrial entrepreneurs, most are garment industries, not shoe industries. To study the importance of marketing social responsibility of marketing entrepreneurs of Thai industry and the test of the relationship between variables used for analysing marketing responsibility found that the dimension of corporate social responsibility activities, relationship between 11 indicators are between 0.304 and 0.670 at statistically significant at 0.05 that is not less than 0.30 (absolute value) complying with the preliminary agreement before analysing data of Viratchai (1999) show that various variables are suitable for truly applying with Confirmatory Factor Analysis (CFA).

The PLS route model, marketing social responsibility of Thai industrial entrepreneurs developed by technique of secondary order confirmatory factor analysis is appropriate and has convergent validity because the value of construct reliability ($\rho_c$) is between 0.463 and 0.656 and the overall value is 0.770 respectively that pass the criteria of over 0.60 (Hair et al., 2010). Even though the overall value of variance of construct reliability that is average of variance extracted ($\rho_v$) is 0.824 while some values are between 0.301 and 0.309 that do not pass criteria of over 0.50.

Development of PLS route model, social responsibility of Thai industrial entrepreneurs by presenting proper developed model consisting of indicators compounded as any number according to the research hypothesis found that all social responsibility indicators have valid factor loading that is over 0.40 (absolute value) (Esteghamati et al., 2010) so developed model consisting of social responsibility activities, indicator no. 1 -11, factor loading is between 0.463 and 0.656 as Table 1 and Figure 2.

Table 1 The result of the Modeling Components of the Social Marketing Responsibility

<table>
<thead>
<tr>
<th>Components of the Social Marketing Responsibility</th>
<th>Standardized Factor Loading ($\lambda$)</th>
<th>Coefficient of determination (R$^2$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Marketing Responsibility Activities (CSRA)</td>
<td>0.770</td>
<td>0.593</td>
</tr>
<tr>
<td></td>
<td>$\rho_c = 0.824$, $\rho_v = 0.301$</td>
<td></td>
</tr>
<tr>
<td>1. Support for social issues.</td>
<td>0.552</td>
<td>0.305</td>
</tr>
<tr>
<td>2. Encouraging people in society to participate in fundraising.</td>
<td>0.523</td>
<td>0.274</td>
</tr>
<tr>
<td>3. Social support by way of percentage deduction from income.</td>
<td>0.521</td>
<td>0.271</td>
</tr>
<tr>
<td>4. The opportunity for consumers to participate in helping agencies.</td>
<td>0.548</td>
<td>0.300</td>
</tr>
</tbody>
</table>
### Components of Social Marketing Responsibility

<table>
<thead>
<tr>
<th>Activity</th>
<th>Standardized Factor Loading ($\lambda$)</th>
<th>Coefficient of determination ($R^2$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Supporting campaigns to improve the behavior of people in society.</td>
<td>0.770</td>
<td>0.593</td>
</tr>
<tr>
<td>6. Support for social issues through donations.</td>
<td>0.486</td>
<td>0.236</td>
</tr>
<tr>
<td>7. Volunteering for the community by encouraging employees to participate.</td>
<td>0.656</td>
<td>0.430</td>
</tr>
<tr>
<td>8. Donating to charities to help reduce or solve social problems.</td>
<td>0.568</td>
<td>0.323</td>
</tr>
<tr>
<td>9. Doing business on a socially responsible basis</td>
<td>0.463</td>
<td>0.214</td>
</tr>
<tr>
<td>10. Stopping preventive business practices.</td>
<td>0.553</td>
<td>0.306</td>
</tr>
<tr>
<td>11. Development and distribution of goods and services.</td>
<td>0.564</td>
<td>0.318</td>
</tr>
</tbody>
</table>

Note: All indicators provide the factor loading criterial up to 0.40 (Absolute Value).

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**Figure 2** The Modeling Components of the Social Marketing Responsible of Thai industrial entrepreneurs
The Modeling Components of the Social Marketing Responsible of Thai industrial entrepreneurs

Recommendations this research has 2 main recommendations as follows:

Practical suggestions guidelines to reinforce marketing social responsibility for Industrial factories in Thailand are as follows:

1. Department of Business Development, Ministry of Commerce and Department of Industrial Works, Ministry of Industry collaborate with the business sector of industrial factories in Thailand by applying marketing social responsibility indicators obtained from this research to push forward the policy of development training of knowledge, skills, business ethics on social responsibility activities by giving the certification mark "Green Marketing" to create a positive image and improve confidence to customers resulting in desirable business standards.

2. Factor Loading of marketing social responsibility in each dimension from secondary order confirmatory factor analysis tells how important the fields of marketing social responsibility are and which indicators can be used as data in selecting and prioritizing the urgent need to determine policies to strengthen the operation of the business sector of Thai industries based on marketing corporate social responsibility for example, promoting attaching labels at products/services or organization showing environmental care (Eco-label), power consumption and characteristics of products and services that are beneficial to society because maximum value of factor loading is 0.781, etc.

References


