A Confirmatory Factor Analysis of Domestic Market Environment Affecting to Export Decision of Food Industries in Thailand

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Abstract

Throughout exports, as well as international trade, is one of the factors that are important to economic growth. It is expected that there will be a slow recovery from the continued recovery of the export sector money from government measures and progress in vaccination. This research aims (1) to analyze the confirmatory factor analysis of the domestic environment in the country towards the export of Food industries in Thailand.

Target populations used in this study include the food industry in Thailand using purposive sampling of 316 data collection. Tools used for data collection was a questionnaire developed from the literature review. Statistical analyses are tested using confirmatory factor analysis with structural equation modelling (SEM).

Statistical analysis showed that the domestic market environment in the composition of factor loading between 0.58 to 0.88. It consists of three components: the domestic market condition has the highest weight component level of product demand the factor loading is equal to 0.87. Components of the procedural barriers in the export process showed that export cost is the maximum component of factor loading is equal to 0.84. Furthermore, components of government export assistance indicated that the question in the received information from government agencies is the highest factor loading equal to 0.92.

Recommendations and new findings: develop and promote value creation in products develop product quality to have quality standards in every piece sold to the market, including creating innovations for products or creating added value for products in this industry. New findings show that the domestic market environment is crucial for export planning amid the COVID-19 pandemic. Because if planning good marketing in the country. To reduce obstacles and restrictions and the well-planned health and safety of the food industry will significantly benefit future export planning.

Index Terms— Domestic Market Environment, Export Decision and Confirmatory Factor Analysis

I. INTRODUCTION

Throughout exports, as well as international trade, is one of the factors that are important to economic growth. Expert expects a slow recovery from the continued recovery of the export sector money from government measures and progress in vaccination. Meanwhile, the tourism sector continues to tend to stagnate. Together with the resulting economic scars, it will be a factor that will back the future recovery. The Thai economy in 2021 is projected to expand slowly at 2 percent, but there are still low risks that need to be watched. The third containment wave could be three months longer than previously expected as the number of infections has not improved. As long as a new round of outbreaks may occur as long as there is a low level of vaccination, and 2) the delay in vaccination. Furthermore, the vaccine's efficacy may not be high enough, especially against the new virus [7].

In the first nine months of 2020 (Jan.-Sept.), export situation food products were valued at 743,981.34 million baht, contracting -0.81%. Food products with a contraction in export value were sugar, rice, and cassava products. Significantly, due to the drought, agricultural production decreased and was insufficient for processing for export. However, the overall value of food exports in Thailand declined considerably as many food products expanded. As a result of the epidemic situation of the COVID-19 virus,

trading partners have increased demand for food imports from Thailand in specific categories to maintain food security. Food products with an expanding export value include Frozen food and canned food.

[20] therefore, Thailand attaches great importance to exporting food products which are the basis of Thailand already. To take advantage of the abundance of natural resources on land and in water as a source of raw materials for production and further processing into various food products. Because even though countries around the world are facing economic and financial problems, the food demand of the population has not decreased accordingly. The trend of food development must meet the needs of today's consumers more. The dominant Thai food export is now a fruit group that has seen continuous growth in the Asian market. Because the fruit needs freshness, the distance to be delivered in Asia is easier which if we can maintain freshness to send long distances There are still many opportunities. In 2020, Thailand's food industry exports reduced the world market share to 13th place globally from 11th place in 2019. If we consider the export of Thailand, researchers will find that countries that have moved up, such as Indonesia, Vietnam, India, saw part of agricultural raw material shipments' growth. Therefore, with

the potential to process food products, Thailand can adjust neighboring raw materials to process for export under the free trade area (FTA) agreement. [14]

However, Thai food producers are the leaders in exporting this type of product in the world market. Nevertheless, the current export still has several problems and obstacles that prevent it from being as successful as it should be and unable to expand new export markets whether it is a lack of export planning, lack of severe support and promotion from business and government agencies, or even lack of information and news about international market conditions such as product demand, number of competitors, market channels, business processes in foreign markets, including rules and regulations in foreign markets, etc. Therefore, exporters need to study theories, concepts, and various internal and external factors that affect export decisions to help plan the most effective export operations.

II. RESEARCH OBJECTIVES

To analyze the confirmatory factory analysis of the domestic environment affecting the export decision of the food industry

III. LITURATURE REVIEW

[2] to study the external market environment affecting export decisions. It is an essential factor for export decisions. Moreover, a factor must be considered on the issue of the domestic market environment. This study considers three main components: (1) the domestic market situation (DMC) is one of the factors and drivers of the organization or company to seek new markets abroad. According to the study [12] and [22] found that if the domestic market is strong, these will also support the success of export operations [13], which consists of issues such as the size of the domestic market, domestic competitors, domestic marketing experience, economic growth rate, political situation, and tax measures.

Market size [19] the study found that market size correlated with export interest. For example, studies in Finland [16] and Taiwan [9] found that markets in these countries were too small to support corporate growth. This makes it necessary to export to foreign markets. Conversely, studies [18] and [3] have found that if the domestic market size is large, it may impede an organization's export decisions. Because the domestic market already has much demand for products.

Domestic competitor, the presence of domestic competitors, leads to learning about domestic and international competitors. The factors have directly affected the learning of the operations of those companies, which companies may use this information to help them expand their domestic market.[21] studied Austria and Germany found that having domestic competitors also helped lower prices. Support to increase efficiency in management and the efficiency of product production and found that the trend of business operations. Therefore, business competitors also become good partners in business cooperation.

Marketing experience, for example, corporate executives in the UK [8] and the Netherlands [23], including export experience with knowledge and understanding of regulations and laws on exports in the international market.

The study found that the country's economic growth rate correlates with its exports, especially in India, Japan, South Korea, Thailand, Sri Lanka, Myanmar, Pakistan, and the Philippines; it positively correlated with exports. The researcher concluded that if the economic growth rate of those countries is high, the expansion of exports will also be high. Nevertheless, if the rate of economic growth is low. Exports will also expand at a low level. [6]

The Political situation from the study of [17],[1] is clear that if the country's political situation is unstable, there was political turmoil in the country, or even a crisis of political confidence will have a negative effect on the country's ability to export. For example, the unrest in China's domestic political situation has affected the financial and, as a result of declined exports.

Domestic legal and regulatory measures [17],[1] confirm that standards and quality of national legislation, including having laws that favor exports, will positively affect the ability to increase exports. These factors can also help reduce barriers, and at the same time, it can be a challenge if there are too many obstacles of complexity.

(2) Export Process Barriers (PBAR) [11] found that the most crucial obstacle in exporting goods to foreign countries is the complexity of the documentation work and regulations, such as in the United States, for example. The results of the study [4] found that companies that do not export because they face more obstacles to export than companies that export. These various obstacles to such exports, such as the government's regulations in the country knowledge and understanding of overseas markets and opportunities to sell products in that country, overseas distribution channels, et cetera, and (3) government assistance (GEAS). Both in terms of information or support through policy-making tax measures or even organizing trade shows abroad providing loan services, et cetera. In this research, government assistance of Dutch exporters needed the most information about foreign export markets. Moreover, training and organizing additional special education courses on export in educational institutions [23].

IV. RESEARCH METHODOLOGY

A. Population and Sample Size

The population studied in this research were executives in the agricultural industry in Bangkok and its vicinity. Based on the database of the department of export promotion. It was found that the target population in the agri-industry group was a total of 1,415 companies. The sample size calculation by [10] at the 95% confidence at the 316 operated companies.

B. Statistics Analytical

Exploratory factors analysis (EFA) is an analytical technique to categorize a large number of variables. Moreover, EFA. allows the researcher to classify variables if the researcher does not know how to categorize the variables. Furthermore, the researchers analyzed the variables with confirmatory factor analysis (CFA) to confirm the EFA variable. techniques.

V. RESEARCH RESULTS

Research results on the level of perception of environmental factors in the domestic market found that the

factors of the domestic market questions about competitors had the highest average of 7.33. For the barriers to exports, the highest average of questions on export expenditure was 6.66, and the government assistance factor was the highest. The statistical analysis found that information questions from the government sector had the highest average of 7.49.

The results showed that the confirmatory model of the domestic market environment components met the required criteria and was consistent with the empirical data. In summary, the model fit index revealed that the Chi-squared value was 166.72, the GFI index was 0.87, the AGFI index was 0.82, the CFI index was 0.98, the RMR was 0.34, and the RMSEA was 0.055. In conclusion, the domestic market environment model consistent with the empirical data.

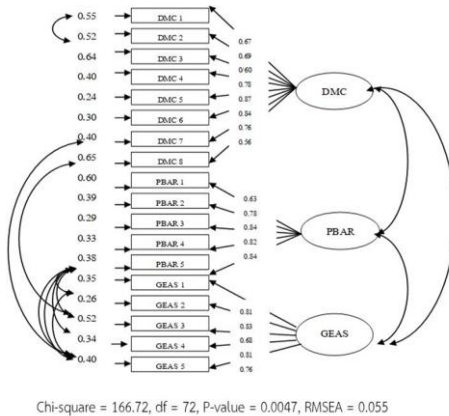Chi-square = 166.72, df = 72, P-value = 0.0047, RMSEA = 0.055

Figure 1: Confirmatory Factor Analysis of the Domestic Market Environment

The confirmatory factor analysis showed three components: the domestic market situation consists of questions at DMC1- DMC8. The second is the domestic economic situation. The elements in the export process are async, including the question at PBAR1-PBAR5 found that the export cost question has a maximum factor loading of 0.84, while the regulatory question for export has a minimal factor loading of 0.64. The last component, the government assistance, includes questions at GEAS1-GEAS5. The analysis results showed that receiving information from government agencies has a maximum factor loading of 0.92, while the export training question has a minimal factor loading of 0.73.

VI. SUMMARY AND DISCUSSION

From the established objectives to analyze the confirmation elements of the domestic environment affecting the export decision of the food industry, results found that the situation of the domestic market with the highest factor loading, the demand level was 0.87, consistent with the study [11] that found that the level of domestic demand or the size of the domestic market affects exports. The reason is a high demand for products sizeable domestic market size, the companies not exporting. On the other hand, low demand for the product in the small market required to export to foreign markets. The constituents of obstacles in the export process found that the question export expenditure had the highest factor loading at 0.84, consistent with the level of awareness analysis of domestic market environment factors. In addition, [23] found that the more rules there are, the more; as a result, the cost of export operations increases accordingly.

The government's support for the government has found that receiving information from government agencies has a maximum factor loading at 0.92, consistent with an analysis of the level of awareness about the environmental factors of the domestic market. According to [23], the study reveals that in the Netherlands, exports were successful because the government supported the data very well and provided new knowledge to the industry.

VII. RECOMMENDETIONS

Develop and promote value creation in products develop product quality to have quality standards in every piece sold to the market. Moreover, creating products or creating added value for products in this industry, such as developing exciting packaging and having a story product development to suit consumers in the elderly easy to eat, does not cause problems to the body. On the other hand, developing products to suit the patient, such as unsweetened or low sugar, does not cause patients' problems. Develop new export models through online, social media, and other digital channels throughout, including establishing safety standards to suit the covid-19 pandemic, such as health check-ups or vaccinations of employees and entrepreneurs to build consumer confidence.

New findings show that the domestic market environment is essential for export planning amid the COVID-19 pandemic. Because if planning good marketing in the country. In order to reduce obstacles and restrictions and the well-planned health and safety of the food industry will significantly benefit future export planning. These will create confidence in food quality and safety measures and epidemic prevention.

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