

Consulting Services Needed for Chinese Investors to Develop Business in Rayong Province, Thailand

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Abstract: *The author of this study investigated the needs for consulting services by Chinese investment in Rayong province, Thailand. The two research questions were: What are the perceptions of Chinese investors in Rayong province regarding four of consulting services needed for business development specifically: 1) Cultural Relations, 2) Future Business Development, 3) Creative Economy Business, and 4) System Development? Second, what is the scope of consulting services needed for Chinese investors to develop Chinese business in Rayong Province? The quantitative aspect of study sampled 36 Chinese investors from Bangkok, Chonburi and Rayong. Structured interviews were also assigned to 8 Thai and Chinese business experts in order to answer the research questions and respond to the objectives. Of the consulting services needed for business development. System Development rank highest, followed by Creative Economy Business and Future Business Development. Cultural Relations ranked least important. The respondents also felt they needed consulting service about business law, language services, policy of investment of the Thai government, local environment and the trend of future policy of the Thai government. Most think that IT management and logistic services have good development potential.*

Keywords: Chinese Investment, Consulting Services, Cultural Relation, Future Business Development

Introduction

China and Thailand have a long history of intercultural relations, encouraged by advantages of geographical proximity, cultural similarity, economic complementarity and so on. In recent years China and Thailand trade has increased significantly. So there are many Chinese business investments in Thailand.

As verified by Shen (2012, pp. 52), the last decade has witnessed fast expansion of Sino-Thai economic relations which is unprecedented in the history of economic exchanges between the two countries ascribing to the signing of China-ASEAN Free Trade Agreement (CAFTA). The three agreements signed attaching to CAFTA have been the driving forces to the expansion of the two countries' economic exchanges, namely, the Agreements on Trade in Goods, the Agreement on Trade in Services, and ASEAN China Investment Agreement which were signed on 2004, 2007 and 2009 separately.

In addition to the booming trade, mutual investment of both sides is growing in a fast space, especially with the increasing flow of Chinese investment into Thailand, the model of "two way" investment is coming into being. Some other types of economic cooperation, such as tourist cooperation and trade in service as well as financial cooperation (or coordination) are also vital to Sino-Thai bilateral economic growth and development (Shen, 2012, pp.52).

Many Chinese investors have been doing business in other countries, although they may not understand local culture, language and law. For example, many Chinese come to invest in Thailand. But they do not know the law regarding what foreigners can or cannot do. So it is easy to be in trouble. If some agencies can provide relevant consulting services, it can reduce the chance that similar events do not happen again. Consulting services can help Chinese investors in Thailand for convenience to do business. The Chinese and the Thai

governments have to cooperate for business development, as many Chinese companies invest in Thailand and Thai business also plans investment in China. Some Chinese cannot communicate in Thai language. They need some agencies or personnel who can provide consulting service to help them understand the business information and investment in Thailand. It is clear that consulting services will be needed toward the year 2020. Tsui (2016, pp.3) stated that “it is a good policy of the Board of Investment (BOI) to launch its 2015-2021 Investment Promotion Strategy with the aim to enhance national competitiveness by promoting high value-added industries, investment clusters, development in the southern provinces, special economic zones (SEZs) in border areas and Thai overseas investment. Under the new strategy, tax incentives and non-tax incentives (e.g. guarantees or protection measures) are granted to investors. Priorities are given to investment in high-tech and creative industries, service industries that support the development of a digital economy and industries that utilize local resources.” Creative economy businesses are the first step for many new investors, including Chinese. It is also hoped that more and more Chinese investment will be developed in Chonburi and Rayong provinces. Therefore, consulting services business is an interesting area for investigation. It is necessary to create an eastern system of consulting services. Currently most consulting services come from westernized countries. According to Verlander (2012, pp.27), “Consulting has become an important source of employment and professional satisfaction for tens of thousands of people in the United States and around the world”.

Therefore, it is interesting to study the scope of consulting services for Chinese investment.

Research Objectives

1. To investigate the scope of consulting services needed for Chinese investors to develop Chinese business in Rayong Province.
2. To study the perceptions of Chinese investors in 4 areas of consulting services needed for business development in Rayong Province:
 - 2.1.Cultural Relations
 - 2.2.Future Business Development
 - 2.3.Creative Economy Business
 - 2.4.System Development

Research Questions

The research was intended to answer the following questions:

1. What were the perception of Chinese investors in 4 areas of consulting services needed for business development in Rayong Province?
 - 1.1 Cultural relations
 - 1.2 Future business development
 - 1.3 Creative economy business
 - 1.4 System development
2. What was the scope of consulting services needed for Chinese investors to develop Chinese business in Rayong Province?

Review of Literature

According to Tsui (2016) stated that the Board of Investment (BOI) to launch its 2015-2021 Investment Promotion Strategy, priorities are given to high-tech and creative industries, and service industries aligned with the development of a digital economy. BOI supports creative industries to develop potential in future for foreign investment. So innovative business for a creative economy and future business development is important when Chinese investors

come to do business in Thailand. The cultural difference is a problem for Chinese investment in Thailand. Consulting services can help them understand cultural differences and other factors in order to avoid social barriers. For the system development area, different companies have different systems. Companies needed management assistance to develop their systems of development and management. "Systems theory considers the input-throughput-output component and their interactions both within themselves and with the external environment, the elements of purpose, people, structure, techniques and information must be coordinated and integrated by the managerial system, in order to maximize value for the organization" (Randolph & Blackburn, 1989; as cited by Montuori, 2000, pp.61). Consulting services value in addition to helping enterprises find strategic direction, clear objectives, the implementation of a path, the more important it is to help enterprise planning and development in the future. A consulting company is to help professional talents, advanced management concepts and enrich practical experience. Therefore, providing advice to avoid problems are needed. Consulting services can help develop or improve systems of enterprise for long-term development. Modern business organizations often use consulting services to adapt to the changing business world, particularly if they intend to expand their businesses.

In the Beijing newspaper Xihua, writer Meng (2014) mentioned that "China and Thailand on Friday pledged to further enhance cooperation on economic, trade and investment so as to promote bilateral ties to a higher level. Meng encouraged both sides to enhance cooperation in these areas and to further tap the potential of cooperation in energy, infrastructure, trade of agricultural products, finance, information and space technology, and culture." Although recent policy has built a bridge for Chinese corporations in Thailand, at the same time, Chinese companies also face the impacts and challenges caused by cross-cultural differences.

Feldman and others, (2014) offer the following definition that economic development was a positioning the economy growth trend. Economic development is not a function of market forces, rather it is the product of long-term investments made based on creative thinking, knowledge transfer, and infrastructure. It depends on functioning social and economic institutions and on cooperation between the public sector and private enterprise. Economic development requires collective action and large-scale, long-horizon investment. Economic development addresses the fundamental conditions necessary for the microeconomic functioning of the economy. Economic development is essential to creating the conditions for economic growth and ensuring our economic future.

The degree of trading between Thailand and China has become more and more intensive in over the years. Authors Gradziuk (2010) feels that now Thailand has become the opening gate for China to enter into the ASEAN countries' market. Asia is considered to be the world's largest emerging market, and Thailand is a founding member of ASEAN, the Association of South East Asian Nations. Of strategic significance is the strong market radiation ASEAN Offers.

The concepts of creative and cultural economy are being considered as important and are a growing part of the global economic negotiations. Innovation is one core process driving economic activity. The term innovation has come to be used to loosely describe positive change for economic advantage. This does establish a foundation for the process; however, the reality is that to gain the benefits of innovation requires a complex mix of factors: both micro and macro-economic (Parry, 2013, pp.3).

Many industries require consulting services to identify factor affecting their business. Consulting services can help them work more conveniently and sometimes can help solve a problem. Whether in restructuring, implementing systems, developing staff, changing procedures, buying new companies, or bringing out new products and services, consultants are being asked to assist in a variety of ways (Phillips, 2000).

Research Methodology

A quantitative method was chosen as the research method to develop the scope of consulting services needed for Chinese investors to develop Chinese business in Rayong province and investigate Chinese investor's ideas in 4 areas of consulting services for business development. Two types of research instrument used were: 1. For the questionnaire, the researcher used snowball sampling as a non-probability method by identifying someone and recommending others who might know the details in this research. It was especially useful when the research population was inaccessible or hard to find (Trochim, 2006). 2. For interview, the researcher used purposive sampling to select key participants: 1) who were experts of performing Thai and Chinese business; 2) who had an understanding of Thai and Chinese culture and who were working with Chinese investors in Bangkok, Chonburi and Rayong; 3) who were Chinese citizens in the position of general manager; 4) and who were understanding consulting services or were consultants. The population came from Chinese business operating in Bangkok, Chonburi or Rayong provinces. Some information was collected by library research. The selected Chinese experts in business were interviewed. There were a total of 36 Chinese investors and 8 Chinese businessmen, who answered questionnaires.

Validity of Instruments

For this research, questionnaires were used to obtain information from Chinese general managers. The research designed a four-scale rating questionnaire to collect data. The questionnaires were written both in English and Chinese. In this research, the questionnaire and interview questions were reviewed by three experts to see if the questions were appropriate. To make sure that good quality data was collected, the content validity of the questionnaire was judged and suggested by three specialists to evaluate the item objective congruence (IOC). The researchers adjusted the questionnaires according to suggestions from an IOC index. The Item-Objective Congruence (IOC) Index was used as a standard to assess the relevancy of the content and the objective of the questionnaire. A 3-point scales (1 = relevant, 0 = uncertain, -1 = irrelevant) was designed for IOC checking forms.

The result of IOC from three experts in the present study was 0.885, the IOC result of each item exceeded 0.5 which indicated that each item was significant and could be used. The English version questionnaire was translated into Chinese and English versions, and then reviewed by a Chinese and English teacher for its validity.

Result of the Study

1. From the Questionnaire

The questionnaire provided answers for research question 2 and research objective 2. Result from Table 1-5 revealed the four needed areas of consulting services as in the followings:

Bipolar Likert scaling was used measuring either positive or negative response to a statement. The questionnaire was in 4 scales of agreement, where the middle option of "Neither agree nor disagree" was not used. This is sometimes called a "forced choice" method, since the neutral option is removed (Allen & Seaman, 2007).

The designate to 4 scale agreement:

Strongly Agree = 3

Agree = 2

Disagree = 1

Strongly Disagree = 0

An item with a calculated mean value equal or greater than 1.51 (1.51-3.00) would be accepted:

2.26 - 3.00 = Strongly Agree

1.51 – 2.25 = Agree

0.76 – 1.50 = Disagree

0 – 0.75 = Strongly Disagree

The demographic characteristics of participants was based on experience and ability to understand and predict investors in Rayong Province during 2016-2020. They were 36 Chinese general managers selected by purposive sampling from the population in Bangkok, Chonburi and Rayong.

Table 1 Mean and Standard Deviation of the Perception of Chinese Investors regarding the need for consulting services.

| <i>(N = 36)</i> | | | |
|------------------------------|------|------|------|
| Areas of Consulting Services | Mean | SD | Rank |
| System Development | 2.34 | 0.58 | 1 |
| Creative Economy Business | 2.32 | 0.59 | 2 |
| Future Business Development | 2.11 | 0.65 | 3 |
| Cultural Relations | 2.01 | 0.66 | 4 |

According to Table 1. The highest need for consulting of Chinese investors in Rayong is in the area of system development. The second is creative economy business. The third is future business development. And the last is cultural relations.

Table 2 Mean and Standard Deviation of Chinese Investors perceptions of Cultural Relations

| <i>(N = 36)</i> | | | | |
|---|------|------|---------------------|--|
| Cultural Relations | Mean | SD | Level of Perception | |
| 1. There should be more Chinese schools teaching Thai language. | 2.28 | 0.61 | Strongly Agree | |
| 2. There should be more Thai schools teaching Chinese language. | 2.56 | 0.50 | Strongly Agree | |
| 3. Understanding Thai culture and language is important. | 2.61 | 0.49 | Strongly Agree | |
| 4. Thailand culture and Chinese culture are similar. | 1.81 | 0.82 | Agree | |
| 5. Gaps in cultural knowledge and skills cause business problems. | 1.92 | 0.81 | Agree | |
| 6. Thai and Chinese students studying together bridge the gap of culture differences. | 1.03 | 0.56 | Agree | |
| 7. Speaking English and Chinese very well helps Chinese students find a good job in Thailand. | 1.86 | 0.83 | Agree | |
| Total Average : | 2.01 | 0.66 | Agree | |

The question number 3 got a high mean of 2.61. It means most participants strongly agreed that understanding Thai culture and language was important. But question 6 got a low mean of 1.03. It means they did not think that Thai and Chinese students studying together would bridge the gap of cultural differences. However, they totally agreed that cultural relations should be accepted as a part of consulting services at 2.01.

Table 3 Mean and Standard Deviation of Chinese Investors perceptions of Future Business Development in Thailand

| Future Business Development | Mean | SD | (N = 36) |
|---|------|------|---------------------|
| | | | Level of Perception |
| 1. Politics is an important factor for successful business. | 2.25 | 0.60 | Agree |
| 2. More Chinese will develop their businesses in Cambodia, Lao and Myanmar before the year 2020. | 2.28 | 0.61 | Strongly Agree |
| 3. Creative economy business will cause new trends in Thailand in the future. | 2.17 | 0.70 | Agree |
| 4. Consulting services can help Chinese companies increase market growth for customer satisfaction. | 2.36 | 0.80 | Strongly Agree |
| 5. Chinese business needs more consulting services in the future, based on current trends. | 2.33 | 0.68 | Strongly Agree |
| 6. China's outward foreign investment has big potential in future. | 2.72 | 0.45 | Strongly Agree |
| 7. Small Chinese business don't need consulting services in Thailand. | 0.61 | 0.69 | Strongly Disagree |
| 8. Consulting service is important for developing creative economy between China and Thailand business in next 5 years. | 2.17 | 0.70 | Agree |
| Total Average : | 2.11 | 0.65 | Agree |

The research participants agreed at the mean of 2.11 to accept consulting services in the area of future business development. For the details the perception of the content from more to less were (6), (4), (5) and (2). The least one was (7).

Table 4 Mean and Standard Deviation of Chinese Investors perceptions of Creative Economy Business

| Creative Economy Business | Mean | SD | (N = 36) |
|---|-------------|-------------|---------------------|
| | | | Level of Perception |
| 1. Copying other business styles is possible for business development. | 1.53 | 0.91 | Agree |
| 2. Consulting service is important to cross-border business investment because of difference ways of business thinking. | 2.58 | 0.55 | Strongly Agree |
| 3. Consulting services can be provided better communication process for investors, customers, and government agencies. | 2.56 | 0.61 | Strongly Agree |
| 4. It is necessary for some or all members of investors to be creative. | 2.50 | 0.56 | Strongly Agree |

(N = 36)

| Creative Economy Business | Mean | SD | Level of Perception |
|--|------|------|---------------------|
| 1. There will be more Chinese business and investment in Thailand. | 2.58 | 0.55 | Strongly Agree |
| 2. There are some restrictive policies in connection with foreign investment in Thailand. | 2.22 | 0.59 | Agree |
| 3. Most Thai customers agree with high quality of Chinese products and services. | 1.25 | 0.73 | Disagree |
| 4. It is clear that Chinese investors need consulting services not only in Thailand but also in Myanmar, Lao and Vietnams. | 2.44 | 0.61 | Strongly Agree |
| 5. Chinese investors should study Thai economy, business and politics by themselves. | 2.75 | 0.44 | Strongly Agree |
| 6. The Chinese investors can get Thai government support. | 2.28 | 0.57 | Strongly Agree |
| 7. Thai trade with China should focus mutual benefit. | 2.78 | 0.42 | Strongly Agree |
| Total Average | 2.32 | 0.59 | Strongly Agree |

According to the Table 4, the research participant strongly agree that creative economy business was accepted as a part of consulting service at 2.32. The item which had the highest means score was (11). The item was perceived as the lowest is (7).

Table 5 Mean and Standard Deviation of Chinese Investors perceptions of System Development

(N = 36)

| System Development | Mean | SD | Level of Perception |
|--|------|------|---------------------|
| 1. Current factors affecting consulting services will be the some in the year 2020. | 1.86 | 0.68 | Agree |
| 2. Interaction among consultants, customers and government agencies have to be developed. | 2.44 | 0.50 | Strongly Agree |
| 3. There are many systems of investment that a company can utilize for future business both in Chinese and Thailand. | 2.36 | 0.49 | Strongly Agree |
| 4. Chinese authorities have to encourage team members to develop business and industries in Thailand. | 2.39 | 0.73 | Strongly Agree |

| System Development | Mean | SD | (N = 36) |
|---|------|------|---------------------|
| | | | Level of Perception |
| 5. Thai and Chinese culture support effective system for Chinese investors. | 2.39 | 0.55 | Strongly Agree |
| 6. International trade helps develop one way of working together effective. | 2.58 | 0.50 | Strongly Agree |
| Total Average : | | | 2.34 0.58 Agree |

Table 5 shows that the research participants perceived the importance of system development to be most tied to international trade supporting working together effectively. And the least item of acceptance was “Current factors affecting consulting services would the same in the year 2020”.

2. From the Interview

The interviews provided answers for research question 1 and research objective 1. What is the scope of consulting services needed for Chinese investors to develop Chinese business in Rayong Province?

The first interview question, “Do you need any consulting services before investing in Rayong Province in Thailand?” got the answer that most participants investors need consulting services about business law, language service and the policy of investment of the Thai government before investing in Thailand.

The second interview question, “What kind of consulting service your company needs toward the year 2020 for investing in Rayong Province?” got the answer that most participant investors need consulting services about the local environment and the trend of future policy of the Thai government.

The last interview question, “What kind of modern Chinese business or industry for Rayong Province toward the year 2020?” got the answer that most participant investors think that the IT management and logistics services need to be developed in Thailand.

Discussion

For the System development area, different companies have different system. Each Chinese company needs management to develop their own system. It can help the company to get good development and management. “Systems theory considers the input-throughput-output component and their interactions both within themselves and with the external environment, the elements of purpose, people, structure, techniques and information must be coordinated and integrated by the managerial system, in order to maximize value for the organization” (Randolph & Blackburn, 1989; as cited by Montuori, 2000, pp.61). In this research most participants strongly agree the Thai trade with China should focus on mutual benefits. And Chinese investors should study the Thai economy business and politics by themselves. But consulting service is important to cross-border business investment because of different ways of business thinking. The result is consistent with Howkins, (2007) statement: “The information revolution has been able to accelerate with the advent of many technologies that have increased the rate of transfer of information, a wider group of people understanding this knowledge and with that the opportunity for these people to use their imagination and exploiting its economic value.”

Parry (2013) stated that all around the world, the creative and cultural economy is talked about as an important and growing part of the global economy. Innovation is a core process in driving economic activity. The term innovation has come to be used to loosely describe positive change for economic advantage. This does establish a foundation for the

process; however, the reality is that to gain the benefits of innovation requires a complex mix of external and internal factors in the economic milieu.

The participants here strongly agree with four items for consulting service to boost future business development in foreign countries. China's outward foreign investment have big potential in future. More Chinese firm will develop their businesses in Cambodia, Lao and Myanmar before the year 2020. Chinese business needs more consulting services, based on current trends. Gradziuk (2010) stated that the degree of trading between Thailand and China has become more and more intensive in over the years. Asia is considered to be the world's largest emerging market. As a founding member of ASEAN, Thailand centrally located, serving as 16 transportation hub of strategic significance with strong market radiation.

Phillips (2000) stated that many industries require consulting services. The participants of this study strongly disagree that small Chinese business in Thailand do not need consulting service. Consulting services can help any business work more effectively and sometimes can help solve their operational problem. Whether in restructuring, implementing systems, developing staff, changing procedures, buying new companies, or bringing out new products and services, consultants are being asked to assist in a variety of ways.

From the research we can imply that understanding Thai culture and language is important, because cultural differences present a problem when Chinese investors do business in Thailand. But the Cultural Relations area is least important of consulting services perceived by Chinese investors. Huang (2015) said: "Most experts thought that linguistic differences will affect the decision to choose entry mode of Chinese consulting services in Thailand. Only few experts thought that linguistic differences have a small-scale impact, and are not the decisive factor. The reasons they give is that business transactions tend to be consistent. Language is the basic tool for transmitting information and ideas, and it is a dominant part of the cultural differences." But in this research the cultural relations compared to other areas is the least of their concerns.

The major problems concerning Thailand's logistics system come from the concentration of physical distribution, the reliance on land transportation, the lack of advanced IT systems in logistics, the lack of connection between transport modes, and a lack of logistics personnel (Suthiwartnarueput, 2007).

Limitations of the study

This study specifics samples by purposive sampling and was limited to the Chinese general managers working in Bangkok, Chonburi and Rayong. Thai and Chinese experts performing business between Thailand and China were also purposively sampled. Therefore the sample for study might not represent the population of Chinese run businesses in Rayong province.

Recommendations

Recommendation for consulting companies providing support to Chinese customers are:

- 1) Organizing IT utilization for consulting service.
- 2) Providing government policy in investment.
- 3) Understanding Thai culture and language is important.
- 4) Understanding China's outward foreign investment has a big potential in future.
- 5) Focusing on Thai trade with China has mutual benefit.
- 6) Developing international trade working together effective.

Recommendation for Chinese companies planning to investment business in Royong province are:

- 1) Making creative or moving the necessary new industries to investment in Thailand.
- 2) Improving knowledge and skills of staff and employees.
- 3) Paying more attention to consulting service in industries in other countries.
- 4) Developing different systems in different countries.

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