



7TH INTERNATIONAL CONFERENCE

Actual Economy

SOCIAL
CHALLENGES
AND FINANCIAL
ISSUES IN XXI CENTURY



ACE:FIIS
@ 2017
Saint-Petersburg.RU

CO-ORGANIZED BY:

FACULTY OF MANAGEMENT SCIENCE
SUAN SUNANDHA RAJABHAT UNIVERSITY,
BANGKOK, THAILAND

PETER THE GREAT POLYTECHNIC
UNIVERSITY, S.-PETERSBURG, RUSSIA

CO-SPONSORED:

UNIVERSITY OF ECONOMICS IN BRATISLAVA, SLOVAKIA

TABLE OF CONTAIN

Conference agenda	7
Chapter 1.	
Problems of economic integration and SME development in ASEAN region	19
Equity and efficiency: factors of interdependence in modern social and economic dynamics	
	<i>Prateep Wajeetongratana</i>
Thailand's SMEs Competitiveness within ACE: prospects, problems and opportunities	20
	<i>Kunphattra Patarapongsathon</i>
Management style and Employee' s Job Satisfaction (the case of Local and International hotels chains in Thailand)	25
	<i>Chanpen Meenakorn</i>
Marketing Mix of Thai Cooking and Thai Massage Teaching Service for Foreign Tourists	29
	<i>Thammamonr Khunrattanaporn</i>
Affecting Factors of the Palm Oil Price and AEC Trade Impact	36
	<i>Pichamon Chansuchai</i>
Consumer Behavior and Marketing Mixed Factor Effect on Consumer Decision Making for Thai Movies Presented in EGV Seacon Bangkae cinema	43
	<i>Pongsawee Supanonth</i>
Development of Trading Service on Thai Border Transport in ASEAN Free Trade Area : Case Study Ranong Province	48
	<i>Sakapas Saengchai</i>
Factors Affecting the Organizational Performance of Direct Sales Business in Thailand	52
	<i>Nattapong Techarattanased</i>
Investigating Innovative Organizational Performance of Small and Medium Enterprises in Thailand	57
	<i>Bundit Pungnirund</i>
An Investigate on the Antecedents Influencing Online Brand Equity of E-Marketplace in Thailand	64
	<i>Wanida Suwunniponth</i>
Insuring Consumption Against The Health Shocks: A case of Thailand	70
	<i>Yuthapoom Thanakijborisut</i>
Factors of consumers' preferences: analyzing and predicting to increase sales of organic food (the case of Thailand)	76
	<i>Rewadee Waiyawassana</i>
Digital economy as a factor of Small Medium Enterprise Empowering (the case of Indonesia)	80
	<i>Supaporn Prajongsai</i>
	<i>Somtop Keawchuan</i>

Actual Economy: Social Challenges and Financial Issues in XXI century

The Model of Ethical Standard for Communication Arts Students	<i>Supranee Wattanasin</i>	90
Thailand Contemporary History of Newspaper: From the Revolution to Reformation Era	<i>Surasit Vithayarat</i>	94
Chapter 2.		
International labor market development and modern HR-practices		99
Gender Pay Gap of the Thai Labor Market	<i>Siriwan Saksiriruthai</i>	100
Corporate organizational management in modern innovative business	<i>Punrapha Praditpong</i>	103
Entrepreneurial Leadership and Effective Management in tactical development of SME (the case of Thai silk industry)	<i>Supaporn Wimonchailerk</i>	107
National Human Resource Development Strategy in context of ACE formation	<i>Preecha Pongpeng</i>	107
Foreign Labor Force as a reason for National budget Loss (the case of Indonesia)	<i>Routsukol Sunalai</i>	111
International Labor Migration as a Factor of Economic Growth	<i>Kanokwan Kaewprasert</i>	114
Urbanization as a factor for ASEAN economic development (example of Indonesia)	<i>Prapoj Na Bangchang</i>	117
Innovative Approaches to Cooperation within the Innovative Education Chain	<i>Ladaporn Pithuk</i>	120
The Comparison of Saving Factors in the Employed Population	<i>Chin Tangtarntana</i>	126
School performance and Financial Adequacy: Evidence from Thailand	<i>Varangkana Chitraphan</i>	128
Economic regulation in terms of the multinational entrepreneurship development	<i>Runglaksamee Rodkam</i>	131
Innovations in Thailand banking Industry development: unlimited source or endless problems	<i>Wipanee Maen-in</i>	133
Mathematics in Economic Analysis: What is its Role?	<i>Charawee Butbumrung</i>	139
The Marketing Communication Strategy of Thai film: Case of GTH's Studio	<i>Pittaya Klongkratoke</i>	142
	<i>Prakaikavin Srijinda</i>	144

Chapter 3.	
Tourism and service markets' development: issues, problems and solutions	147
Destination Branding As A Tool For Effective Tourism Macro-Marketing (The Case Of Bangkok, Thailand)	<i>Pisit Pojanajaruwit</i> 148
Implementation of Servuction Service Model: instruments, issues, prospects (the case of Zenith Hotel, Bangkok, Thailand)	<i>Supattra Kanchanopast</i> 153
Cashless Payment: new technologies Application in Thai tourism industry	<i>Ratsamee Ratana-u-bol</i> 156
Mega-event promotion and organization as tools of National Image- Building	<i>Narong Anurak</i> 160
Travelers' Motivation: impact of information factors in Tourists Visiting Intentions	<i>Nareenad Panbun</i> 163
Studying Motivation to develop tourists satisfaction (the case of Russian visitors of Pattaya, Thailand)	<i>Phakit Treesukol</i> 167
Passengers' Pre-Flight Expectations and overall quality of airlines services: functional role and current influence	<i>Suwimol Apapol</i> 171
Tourist Threats To Cultural Heritage: An Investigation Of Tourist Behavior Violating The Culture of Wat Pho	<i>Poramatdha Chutimant</i> 176
Factors Influencing Consumers' Repurchase Intention of Low-Cost Airline: A Case Study of Thai AirAsia	<i>Siri-Orn Champatong</i> 182
Managing Customer loyalty: A study of Budget Rent A Car in Bangkok, Thailand	<i>Mananya Meenakorn</i> 189
International Business Trends Under Impact Of Innovative Modernization	<i>Somchai Buarooong</i> 193
Economy of Thailand North-East (Isarn): local advantages and global prospects	<i>Suvimon Wajeetongratana</i> <i>Huda Wongyim</i> 196
News Values of Thai Mass Media in Convergence Journalism Era, in Attitudes of the People in Bangkok	<i>Wiroj Srihirun</i> 200
Challenges of Thailand Digital Economy Towards Community Tourism Development: Case Study of Baan Yafu, Maeyao District, Chiangrai Province	<i>Niracharapa Tongdhamachart</i> 205

Actual Economy: Social Challenges and Financial Issues in XXI century

Using 3D Animation in Promoting Tourism in Baan Yafu, Thailand <i>Siridej Sirisomboon</i>	207
Chapter 4.	
New sources for effective economic and social development	210
State-of-the-Art and further developments in Business Model Research for Industry 4.0 <i>Richard Stechow, Magdalena Mißler-Behr</i>	211
An Investigation into the Reduction of Supply Chain Risks of Supplier and Producer due to Industry 4.0 <i>Katharina Hobusch, Magdalena Mißler-Behr</i>	217
Methodological Features Of Modeling GRP Production In The Northern And Arctic Regions <i>Tatiana Skufina, Sergey Baranov, Vera Samarina</i>	222
Estimation of projected changes in the geological environment that affect the economy: new formulation of the problem and results of the study <i>Tatiana Skufina, Sergey Baranov, Vera Samarina</i>	226
Corporate tax as a direct tool for supporting the public sector in the Slovak Republic <i>Jana Kušnírová</i>	229
City as an Object of Ecological and Economic Researches: the Example of Russian Cities <i>Shcherbakova Nadezhda Viktorovna, Khaikin Mark Mikhailovich</i>	232
Matrix Structures of Science and Technology Innovation Development and Implementation Trajectory <i>Mokeyeva Tatiana Vasilievna</i>	235
Investments in human capital: Effectiveness of investment in higher education in Russia <i>Y.Y. Kuporov, EA Avduyevskaya</i>	236
Aspects of Globalization Impact on Economic and Financial Processes <i>Volkova Nadejda V., Guzikova Ludmila A., Olga S. Nadezhina</i>	240
A Model Of Economic Growth, Including Taxation And Public Sector <i>Chernogorskiy Sergey A., Shvetsov Konstantin Vladimirovich</i>	241
Chapter 5.	
National eco-social system progress: challenges and promising	243
Illicit Capital Flow: Evaluation And Forecasting <i>Guzikova Ludmila, Lukevich Igor, Smirnova Olga</i>	244
Optimization of the Innovation Process Management at a Manufacturing Enterprise <i>Daniel S. Demidenko, Ekaterina D. Malevskaia-Malevich, Yulia A. Dubolazova</i>	247
Investigation of the Interrelation between Diversification of the Enterprise's Operations and its Financial Stability <i>Sokolitsyn Alexander Sergeevich, Ivanov Maxim Vladimirovich, Sokolitsyna Natalya Alexandrovna</i>	256

Actual Economy: Social Challenges and Financial Issues in XXI century

Contradictions In Regional Innovative Activity And Ways To Overcome Them		
	<i>Degtereva Victoriia, Goncharova Natalia</i>	260
Electronic Tax Administration: Development Trends		
	<i>N.G. Victorova, E.N. Yevstegneev, D.U. Yablokov</i>	260
Assessment of the Housing Policy Efficiency in Russia		
	<i>L.A. Guzikova, A.V. Bataev, E.V. Plotnikova</i>	262
Problems of Trade Financing in the Russian Federation		
	<i>L.V. Nikolova, M.D. Velikova, P.S.Serov</i>	265
Environmental protection by environmental taxes		
	<i>Juraj Válek</i>	268
The VAT Revenue Losses and Increasing Efficiency of VAT Collection in the Slovak Republic		
	<i>Marcela Rabatinová</i>	272
Influence of Cultural Dimensions "Individualism" and "Power Distance" on Entrepreneurial Activity		
	<i>Kovaleva E.A., Bogacheva T.V., Kutlyeva G.M.</i>	276
Chapter 6		
Actual economy: local solutions for global challenges		279
The Innovation Development in the Slovak Republic in the Context of the Europe 2020 Strategy and Initiative Innovation Union		
	<i>Gonda Vladimír, Adamovský Peter</i>	280
Assessing The Impact Of Fossil Fuel Production On Territorial Eco-Economic Development		
	<i>O. E. Kichigin</i>	283
The Microeconomic and Macroeconomic Contexts of Remittances		
	<i>Magdaléna Přívarová, Andrej Přivara</i>	286
Impact of fiscal measures on the costs and consequences of unemployment		
	<i>Marta Martincová</i>	288
Alternative Approaches to Fiscal and Monetary Policy in the Course of the Economic Cycle		
	<i>Ján Lisý</i>	291
The Sustainable Economic Development Of Kazakhstan Through Improving Ecological State Of The Country		
	<i>I. Onyusheva, S. Kalenova, R. Nurzhaubayeva</i>	293
Comparison Of The Monetary Policy Of The Visegrad Four Countries In Terms Of Its Impact On The Economic Cycle		
	<i>Veronika Piovarčiová</i>	296
Human capital as an important aspect of the green economy		
	<i>Anufriev Valery, Kaminov Aitkali</i>	299
Evaluating The State Of Eco-Economy Of Kazakhstan		
	<i>S. Kalenova, I. Onyusheva, G. Yerubayeva</i>	301
How Taxation Affects Financial Decisions of a Firm in an Open Economy		
	<i>S.A. Chernogorskiy, K.V. Shvetsov, L.L. Pokrovskaya</i>	304

Chapter 7.		
Environmental issues of global economy development		305
Assessment of the reproduction process of agricultural enterprises		
	<i>M. F. Tyapkina, E.A. Ilina</i>	306
Key Performance Indicators in the Public Procurement Management: National Aspect		
	<i>E.Zolochevskaya, E.Popova, E.Medyakova</i>	310
The Activation Of The Investment Process In The Agrarian Sector Of The Republic Of Crimea		
	<i>Mochalina Olga Sergeevna</i>	314
Adaptability as a Tool for Managing an Enterprise in a Turbulent External Environment		
	<i>Alexey Shmatko, Valery Yanovskiy, Lubov' Shamina</i>	314
Change Of Financial Behavior Paradigm Of The Stock Market Subjects		
	<i>Kostyntine Malysenko, Vadim Malysenko, Elena Ponomareva</i>	319
Assessment of conditions of stationary state of the cities in the region due to the system approach		
	<i>Pakhomova Anna Ivanovna, Buryakov Stepan Anatolyevich, Degtyaryova Tatiana Viktorovna</i>	322
Public-private partnership as a tool for sea-ports' investment attractiveness increasing		
	<i>Ostovskaya Anastasiya Andreevna</i>	326
Attractiveness of the Arctic zone and the northern territories of Russia for migrants		326
	<i>Druzhinina Irina, Kurushina Elena, Kurushina Victoria</i>	
Government expenditures on education in The XXI century: quantitative evaluation and Limits of rationality		
	<i>Kharchenko Ivan, Kharchenko Lana</i>	330
Effective management of coal industry as a condition of rational subsoil		
	<i>Aliya Medebayeva</i>	334
MNCs as a factor for governance modernizing in XX century		
	<i>Denis Ushakov</i>	335
Small and Medium Business Owners and Constructs of Entrepreneurs: A Case Study of Thai Business Owners in Southern California, USA		
	<i>Yingsak Vanpetch, Mahachai Sattayathamrongthian</i>	340

Factors Affecting the Organizational Performance of Direct Sales Business in Thailand

Nattapong Techarattanased

Faculty of Management Sciences, Suan Sunandha
Rajabhat University, Bangkok, Thailand

hybrid.nt@gmail.com,
nattapong.te@ssru.ac.th

Abstract

The purposes of this research were (1) to study a causal model of factors affecting the organizational performance of direct sales business in Thailand and (2) to study the factors of organizational culture, knowledge management and marketing communication and their effect on organizational performance of direct sales business in Thailand. The research sample for the quantitative study consisted of 270 entrepreneurs who were the direct sales business in Thailand and were employed by cluster random sampling. A questionnaire was used to collect data and a structural model of all the variables was developed for the study. The research findings showed that the results of developing a structural equation model of factors affecting the organizational performance of direct sales business in Thailand was consistent with empirical data at good level. In addition, this study has established direct significant and causal effects of the studied factors following: (1) organizational culture had a positive and direct effect on knowledge management and integrated marketing communication; (2) organizational culture had indirect effect on organizational performance through knowledge management and integrated marketing communication; (3) Knowledge management had a positive and direct effect on integrated marketing communication and organizational performance and (4) integrated marketing communication had a positive and effect direct on organizational performance.

Key-words Organizational culture, Knowledge management, Integrated marketing communication, organizational performance of direct sales business

Introduction

Direct sale business in Thailand was established more than 40 years ago. It has been very popular because it allows an individual to be his own boss, can work part time and provides low-cost entry to the business. Therefore, direct sales business is an interesting choice for those who want to create difference to their own career. In addition, the problem of higher cost becomes a factor that leads a number of people into this business as a means of support when facing with economic recession that can make jobs scarce. Also, the opening of Asean Economic Community in 2015 is one more cause for direct sales business to become an attractive one. Presently, there are many direct sales businesses register with the Department of Business Development, Ministry of Commerce in order to carry out the business legally. Statistics of Thai Direct Selling Association (TDSA) show that the total market value of direct sales business over the past 10 years has been growing steadily. The growth trend of direct sales business is not only an indicator of this business success but also has relationship with the number of people entering this business as both the major occupation and part-time job. As a result, many companies have been successful in many aspects, including sales, number of subscribers, and trustworthiness gained from product users. At the same time, there is still the problem of decreasing number of entrepreneurs in this business reported by the Office of Consumer Protection. It is also found that the

quality of management in lacking of knowledge, experience, planning, expertise, and working systems including financial issues of independent vendors are major factors that make direct sales business has shorter operational time than other types of businesses (Hatten, 2009). Direct sales are fast growing and popular businesses. If the executives do not have real knowledge of this kind of business, direct sales business may be lost from the market. This business is an independent career that is constantly changing. Therefore, entrepreneurs must do strategic planning to cope with the issue of entry and exit of independent distributors for the organization to achieve an effective performance. The success of the operator depends on learning of marketing and finance. Occasionally, business performance is a good indicator for failure or success of the organization.

From the changing world situation including rising attitudes towards business ownership, direct sales business is expected to grow well in the future. From supporting factors both internal and external ones including government agencies support, direct sales business will be another important contributor to the country's economic development. This type of business will continue to grow in the future although facing the intense global economic crisis and domestic economic recession. Since the behavior of consumers changes all the time, in addition to competitive products and services, today's entrepreneurs are also trying to find various strategies, especially integrated marketing communication strategies (IMC). Integrated marketing communication focuses on using a variety of tools, such as advertising, public relations, direct marketing, sale promotion, customer relationship management, event marketing, call center, e-mail, etc., to establish good relationships with consumers in the long run. Integrated marketing communication is a new communication strategy widely used by many business sectors to reach the targeted consumers mostly.

For the reason that direct sales business is a continuous popular business with increase total market value each year. However, it is found that the number of research works in this business is small compared to the number of research work of other businesses and lack of study on knowledge management in direct sales business in Thailand. Direct sales business study found that factors affecting the direct sales business were: organizational culture and knowledge management through marketing communication. It is also found that there is no study on direct sales business in Thailand in this regard. Therefore, in this research, the concept of organizational culture, knowledge management and integrated marketing communication are employed to study direct sales business in order to set the policy of direct sales promotion in Thailand to promote and develop direct sales business's performance. The objectives of this research were to study the causal relationship model of organizational culture, knowledge management and integrated marketing communication that influence the performance of direct sales business and to examine the consistency of organizational culture, knowledge Management and integrated marketing communication that affect the direct sales related literature.

Methodology

Target populations are the managers and regular employees working in the direct sales business which registered to do the business legally with the Department of Business Development, the Ministry of Commerce for 5 years or more. A total samples are 350 people based on systematic random sampling. Research tool is the questionnaire with a five-level Likert scale comprises of the questions as follows;

1. Direct sales business's performance: The concept of business performance is the perception of executives and employees who work in the direct sales business about the results from a systematic process which is developed to measure the value of direct sale entrepreneurs in their operations within a specified period of time which is in line with the set standards of direct sales business. This research aims to study two perspectives of the direct sales

performance, namely, the financial perspective and the internal process perspective according to Kaplan and Norton's concept (1996). There are four questions on financial perspective and four questions on internal processes perspective, totaling eight questions.

2. Organizational culture: Organizational culture is the perception of executives and employees about the behavior patterns as a guideline for direct sales business operation based on beliefs, values and what the direct sales business expects from employees. This study focuses on two aspects of organizational culture, namely, a culture of engagement and involvement in the work of the employees and a culture that emphasizes the operation of executives and employees under clear structure and rules of the organization (Daft, 2008). There are six questions on a culture that emphasizes participation and eight questions on a culture that emphasizes the structure and rules of the organization, totaling fourteen questions.

3. Knowledge management: The concept of knowledge management is a direct selling business with continuous knowledge management. There is support for state-of-the-art facilities and technology for learning for the management and staff to expand their learning and to develop their abilities continuously to achieve common goal, namely, knowledge acquisition (is a way to gain knowledge both inside and outside of the direct sales business of an employee), knowledge creation (is the integration of ideas and the experience of direct sales staff and becomes new knowledge), Storage and retrieval of knowledge (is the formal storage of knowledge), and knowledge transfer and utilization (is a way of distributing knowledge). So that employees in direct sale business can use knowledge management, including seeking knowledge, knowledge creation, storage and retrieval of knowledge, and knowledge transfer. There are ten questions for this part.

4. Integrated marketing communication: The concept of marketing communication is the perception of executives and employees working in the direct sales business about providing several integrated marketing communication activities that are best suited to the various consumer groups. These communication activities are 1) perception of the channels of product advertising, executives and employees working in the direct sales business, the communication channel which can create interest for customers on products and services of direct sales business, 2) sales of independent distributors and perception of ability of them to offer products and services, 3) direct marketing and perception of product and service introduction to customers, 4) public awareness about public relations of goods and services, 5) special events, perception of executives and employees of the direct sales business on providing special seasonal services (Schultz, 1993). This study focuses on integrated marketing communication, consisting of three questions on advertising, three questions on independent distributors, three questions on direct marketing, three questions on public relations, and three questions on special events, totally fifteen questions.

The content validity of the instrument is conducted by finding the correlation coefficient between the questions and the objectives (IOC) with 40 samples and Cronbach's Alpha using the acceptance criterion greater than 0.70 indicates that this questionnaire is sufficiently confident. With a value between $0 < \alpha < 1$, the value of the questionnaire after the confidence test is 0.96, which is closed to 1 indicates high confidence and can be used. The number of complete collected questionnaire are 310 copies or 88.6% of the total distributed questionnaires.

Conclusions

Most of the samples are female, 61.7%, in the age-group 31-40 years old accounted for 34.8%. Most of the samples 63.2% hold the bachelor degree and have work experience under 10 years, accounted for 85.0%. 52.6% of the respondents are the executives. The mean value of the 4 variables is at a high level. Ranking from high to low value, it is found that the direct selling business perceives integrated marketing communication, organizational culture, knowledge management, followed by direct selling business's performance measurement, respectively.

The causal relationship model of direct sales business's performance of the sample is consistent with the empirical data. Probability value (p) of the modified model is 0.140 (should be greater than 0.05). CMIN / DF value is 1.301 (should be less than 2). Goodness of fit index (GFI) is 0.972. (should be greater than 0.9). Adjusted Goodness

of fit index (AGFI) is 0.940 (should be greater than 0.9). Root Mean Square Error of Approximation (RMSEA) is 0.036 (should be less than 0.08). The variance of performance is 72%. The adjusted causal relationship model of direct sales business's performance with a coefficient value is shown in FIGURE I.

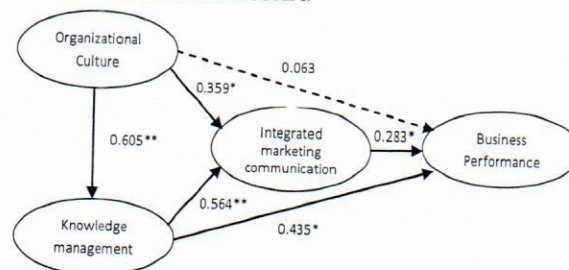


FIGURE I - Results of the causal relationship model of direct sales business's performance

Based on the Results of the causal relationship model of direct sales business's performance, the hypotheses for testing results are as follows.

Hypothesis 1: Organizational culture has a significant influence on knowledge management at .05 level of statistically significant with a coefficient of the path is 0.605 ($t = 5.842, p < .01$).

Hypothesis 2: Organizational culture has a significant influence on integrated marketing communication at .05 level of significance with a coefficient of 0.359 ($t = 3.618, p < .05$). Also, organizational culture has indirect influence on integrated marketing communication through knowledge management. The statistical significance at .05 with the coefficient of the path is 0.2.47.

Hypothesis 3: Organizational culture had no influence on the direct sales business at .05 level of statistically significance. While, organizational culture has indirect influence on the performance of direct sales business through knowledge management and integrated marketing communication at the .05 level of significance with the coefficient of the path is 0.408.

Hypothesis 4: Knowledge management has a significant influence on integrated marketing communications. The statistical significance level is .05 with a coefficient of the path equals to 0.564 ($t = 5.978, p < .01$).

Hypothesis 5: Knowledge management has a significant influence on the direct sales business's performance. The statistical significance is .05 with a coefficient of the path equals to 0.435 ($t = 4.56, p < .05$). Also, knowledge management has indirect influence on the performance of direct sales business through integrated marketing communication. The statistical significance level was .05 with a coefficient of the path is 0.112.

Hypothesis 6: integrated marketing communication has direct influence on the performance of direct sales business. The statistical significance at .05 with the coefficient of the path is 0.283.

Results of the study show that organizational culture has no direct effect on direct sales business's performance (Hypothesis 3). This is in line with the work results of Zheng et al. (2010) which found that organizational culture has no influence on performance but has indirect influence toward performance through knowledge management and integrated marketing communication. The result is also consistent with Nancy's study (Harrower, 2011) which found that organizational culture has no direct effect on performance but has indirect influence on performance through marketing programs. However, this research results are consistent with many research works (Chin-Loy, 2003; Harrower, 2011; Islam et al., 2008) which found that

organizational culture has influence on business's performance through knowledge management and integrated marketing communication.

While organizational culture indirectly influenced business's performance through organizational learning and organizational strategies. In the context of direct sales business, there is a need to create organizational culture which focuses on employee engagement and teamwork (Yang, 2007; Trevor, 2006; Zheng et al., 2012). When everyone in the organization is involved especially in mutually target setting, there will be exchange of learning within the team until the knowledge management occurs within the organization. Also, having the integrated marketing communication system enables independent distributors to reach their target groups. In this study, most of the samples were executives and employees who are not directly involved in selling goods and services. The direct sales business mainly depends on independent distributors and in terms of working experience, averaging five years, employees have no commitment to business and do not see the importance of organizational culture as they should.

Research findings also show that organizational culture has direct influence on knowledge management (Hypothesis 5). When considering the structure of direct sales business, there are many regular employees and independent distributors. Then, building organizational culture of the direct sales business emphasizes the participation of the personnel in the organization. It results in successful direct sales operations which stated that the organizational culture had the power in stimulating learning and facilitated the learning management were the key to effective knowledge management (Islam et al., 2008). From research findings, organizational culture has indirect influence on integrated marketing communication through knowledge management. Organizational culture of direct sales business on participation, effective structures and regulations can lead to effective integrated marketing communication in the aspect of internal marketing. This enables the employees to mutually understand the mission of the direct sales business. Later, the concept of knowledge management will be used in direct sales business based on the principle of conveying and exchanging knowledge about the marketing communication process.

Moreover, organizational culture has influence on integrated marketing communication (Hypothesis 2) which found that organizational culture influenced the direction of direct marketing and is also consistent with the study of the Stimulus-Response Model (SR Model) by Philip Kotler (Kotler, 1997) which showed that the organizational culture was an internal impulse that resulted in businesses defining guidelines for knowledge management and integrated marketing communication to meet the characteristics of the customer. Then, knowledge management and integrated marketing communications will affect the attitude of the customer on purchasing decision of goods and services which will influence the performance of direct sales business (Nancy, 2011).

In addition, research findings also find that knowledge management has influence on direct sales business's performance (Hypothesis 5). This is consistent with several studies (Lee & Suloco, 2007; Yang, 2007; Trevor, 2006) which found that good knowledge management would result in business success. Therefore, knowledge management in direct sales business will focus on employees to exchange their internal knowledge. This would lead to business development and transfer of knowledge to other direct sales business in order to create learning in the new operations that could meet the needs of customers promptly.

The research also found that knowledge management has an influence on the integrated marketing communication (Hypothesis 4). The study showed that the integrated marketing communication and knowledge management were interrelated and they supported each other. The results also find that knowledge management indirectly influences the performance of direct sales business through integrated marketing communication (Hypothesis 8). Therefore, knowledge management in direct sales business will promote the exchange of knowledge in the field of integrated marketing communication, which is consisted of advertising, direct marketing, sales by independent distributors, public relations, and special events which will create new

ideas that will help develop marketing communication, which is an important tool in running a business. Because direct sales business has to adopt a marketing strategy to offer products and services and the sale of goods and services through independent distributors, that will affect the sales and performance of the organization.

Research findings also show that integrated marketing communication has directly influence on the performance of direct sales business (Hypothesis 6). This is in line with the results of various studies of foreign academicians (Low et al., 2008; Rust & Chung, 2006). They found that marketing communication had a direct influence on business performance. In this study, integrated marketing communication model on the perception of executives and employees in the direct sales business about advertising, sales by independent distributors, direct marketing, public relations, and special events are the variables that are perceived as a marketing tool. Also, it is the function at the policy level of the direct sales business to use marketing communication as a strategy to conduct direct sales business's operations successfully. It can be seen that knowledge management is a strategy that made marketing communication correlates with the direct sales business's performance.

In summary, this research acquires the body of knowledge about the performance of direct sales business. In doing direct sales business successfully, the organizational culture must be built with emphasis on employee involvement. Since organizational culture influences knowledge management and integrated marketing communication processes. In knowledge management, there is the exchange of learning at the team level and business level. Both organizational culture and knowledge management affect integrated marketing communication process. Organizational culture in terms of structure and regulation will help the integrated marketing communication system to succeed. Knowledge management is the most influential factor in the direct sales business performance in this study. Therefore, direct sales entrepreneurs should support and encourage businesses to have effective knowledge management and to provide effective knowledge management, too. Also, they should focus on internal marketing by preparing employees to be competent in various areas including internal culture, knowledge management about the goods and services of the business before going to external marketing which is related to customers or prospects of direct sales business.

Based on the results, policy recommendation is that direct sales business executives should set policies which focus on knowledge management, integrated marketing communication and a policy of promoting and supporting experienced direct sales personnel to strengthen the direct sales operations. In addition, strategic recommendation is that management must adhere to the strategy and find new ways to continually develop the staff to meet the needs of consumers especially on product innovation, process innovation, and management innovation to build efficiencies for future business expansion. Businesses should be aware of the importance of natural resources usage and the environment. Also, inventing new machines used to produce energy saving, using local raw materials to produce the most value in production along with seeking new materials to replace. Furthermore, modern technology should be used to produce the most effective and promoting knowledge management in the business to become an organizational culture. In addition, innovative social media or multimedia should be used as a channel to communicate to consumers which has a positive impact on the performance of business.

Acknowledgement

The author would like to thank Assoc. Prof. Dr. Luedech Girdwichai, the president of Suan Sunandha Rajabhat University, Bangkok, Thailand for financial support and would like to thank Asst. Prof. Dr. Prateep Wajeetongratana, the Dean of Faculty of Management Sciences for the full support in this research. The author is grateful for suggestions from all those who kindly provide consulting advices throughout the period of this research.

References

- Baumback, C. M. (1988). *How to Organize and Operate a Small Business* (8th ed). Englewood Cliffs, NJ: Prentice-Hall International.
- Belch, G.E., & Belch, M.A. (1993). *Introduction to advertising and promotion : An integrated marketing communications perspective* (2nd ed.). Boston: Richard D. Irwin.
- Burnett, J., & Moriarty, S. (1998). *Introduction to marketing communication: An integrated approach*. Upper Saddle River, NJ: Prentice Hall.
- Chin-Loy, C. (2003). *Assessing the Influence of Organizational Culture on Knowledge Management Success*. (Proquest File: Dissertation Abstracts Item: 3109732).
- Daft, R. L. (2008). *The Leadership Experience*. 4th ed. Mason, O.H.: Thomson/South-Western.
- Duncan, T.R. & Mulhern, F. (2004). *IMC A White Paper on the Status, Scope and Future of IMC*, Northwestern University and University of Denver.
- Easton, D. (1965). *A Systems Analysis of Political Life*. New York: Wiley.
- Harrower, N. L. (2011). *The Effect of Organizational Culture on Marketing Program: A Grounded Theory Study*. Ed.D., University of ST. Thomas, USA.
- Hatten, T. S. (2009). *Small Business Management: Entrepreneurship and Beyond*. Boston: Houghton Mifflin.
- Hellriegel, S. & Woodman, (2001). *Organisational Behavior*. (9th Edition). pp 523, South-Western.
- Islam, Z., Mahtab, H., & Ahmad, Z. A. (2008). The role of knowledge management practices on organizational context and organizational effectiveness. *ABAC Journal*, 28(1), 42-53.
- Kaplan, R. S., & Norton, D. P. (1996). Using the Balanced Scorecard as a Strategy Management System. *Harvard Business Review*, 1996 (74), 75-85.
- Kotler, P. (2000). *Marketing Management*. 10th edition, United States of America: Prentice Hall International edition.
- Lee, L. S. & Sukoco, B. M. (2007). The effects of entrepreneurial orientation and knowledge management capability on organizational effectiveness in Taiwan: The moderating role of social capital. *International Journal of Management*, 24(3), 549-620.
- Low, D. R., Chapman, R. L. and Sloan, T. R. (2008). Inter-Relationships Between Innovation and Market Orientation in SMEs. *Management Research News*, 30 (12), 878-891.
- Rust, R. T. and Chung, T. S. (2006). Marketing Models of Service and Relationships. *Journal of Marketing Science*, 25(6), 560-580.
- Schultz, D. E., Tannenbaum, S. I., & Lauterborn, R. F. (1993). *Integrated marketing communication: Pulling it together and making it work*, NTC Publishing Group, Illinois.
- Schultz, D.E., & Patti, C.H. (2009). The evolution of IMC: IMC in a customer-driven marketplace. *Journal of Marketing Communications*, 15: 2, 75-84.
- Scott, L. N. (2008). *The Relationship Between Organizational Culture and Organizational Performance in a Large Federal Government Agency*. Doctoral Dissertation, Ph.D, Walden University, USA.
- Sherman, W. A. and G. W. Bohlander. (1992). *Managing Human Resources* (9th ed). United States: South-Western Publishing co.
- Sun, S. & Xu, Z. (2012). Cultural Values and Their Challenges for Enterprises. *International Journal of Business Administration Vol. 3*, No. 2; March 2012.
- Trevor, A. S. (2006). *Knowledge management and its capabilities linked to the business strategy for organizational effectiveness*. Doctoral Dissertation, Ph.D., Nova Southeastern University, USA.
- Yang, J. T. (2007). The impact of knowledge sharing on organizational learning and effectiveness. *Journal of Knowledge Management*, 11(2), 83-90.