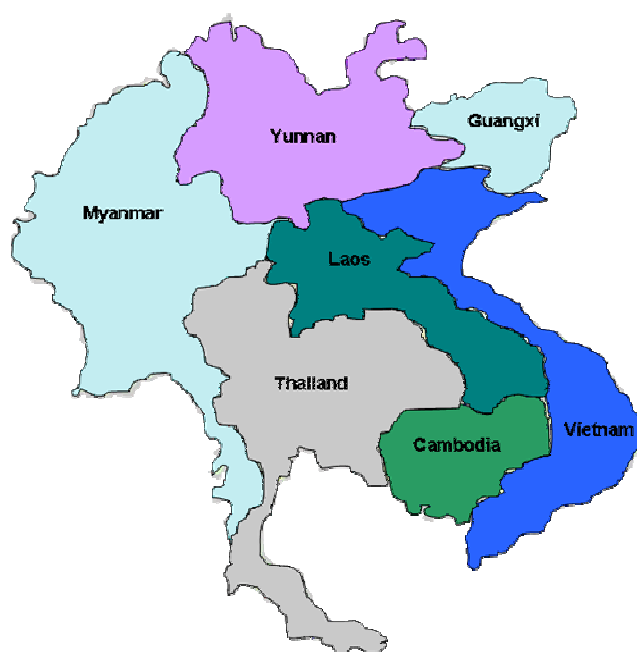


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GMSARN INTERNATIONAL JOURNAL

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The Greater Mekong Subregion Academic and Research Network (GMSARN) was founded followed an agreement among the founding GMS country institutions signed on 26 January 2001, based on resolutions reached at the Greater Mekong Subregional Development Workshop held in Bangkok, Thailand, on 10 - 11 November 1999. GMSARN was composed of eleven of the region's top-ranking academic and research institutions. GMSARN carries out activities in the following areas: human resources development, joint research, and dissemination of information and intellectual assets generated in the GMS. GMSARN seeks to ensure that the holistic intellectual knowledge and assets generated, developed and maintained are shared by organizations within the region. Primary emphasis is placed on complementary linkages between technological and socio-economic development issues. Currently, GMSARN is sponsored by Royal Thai Government.

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Strategic CSR for Thai Multinational Corporate in ASEAN

Sirintorn Liengjindathaworn

Abstract— In this paper was studied the method for capturing process of Corporate Social Responsibility (CSR) to examine how multinational corporate (MNCs) in ASEAN countries are managed in strategic CSR. The research design for the study helped to gain knowledge on the MNCs approach in advocating CSR in ASEAN countries. The research was relied upon the information from the annual report, sustainable report, and the mail interviews to study the extent of strategic CSR. The research finding indicates that strategic CSR of MNCs in ASEAN countries would have top management impel CSR initiate, written CSR policy at a strategic level, have a moral driven or social responsible CSR policy, focus on being socially responsible both in production process CSR activities and in philanthropic CSR every countries that business operate, including involve in CSR activities on a long term view. The corporate has prioritizing social issues to identify the point of linked between corporate and society. Prioritizing social issues of corporate base on generic social issue, aware of the social impact in corporate's value chain and focus on varies of stakeholders. Also, a survey of needs of community people in the target area was conducted before CSR implementation.

Keywords— Corporate Social Responsibility (CSR), Multinational corporates (MNCs), ASEAN.

1. INTRODUCTION

Corporate Social Responsibility (CSR) is a concept that has attracted worldwide attention in the global economy. Reference [1] argues that the involvement in social initiatives can increase firm's value, attract new investors, and reduce exposure to the risk in the event of corporate or management crises. The success of company and the success of the community become mutually reinforcing. Typically, the more closely tied a social issue is to company's business, the greater the opportunity to leverage the firm's capabilities, benefit society, and causes of sustainable competitiveness of the business [2].

Economic growth in The Association of Southeast Asian Nation (ASEAN) presents opportunities and challenges for development of CSR. Stakeholders are influential in regulating corporate in the global supply chains to follow global CSR standards. Often in developing countries, CSR is driven by standardization imposed by multinational striving to achieve global consistency among its subsidiaries and operations. Reference [3] CSR performance varies greatly among countries in Asia, with a wide range of CSR issues being tackled and modes of action. ASEAN region is a rich and fascinating area of enquiry, and thus it becomes important in CSR theory and practice. It also represents a tremendous opportunity for improving our knowledge and understanding about CSR in Asia. Reference [4] reaches a similar conclusion, namely, that CSR is taken vary considerably among ASEAN countries. This variation is not explained by the level of development

but it drives by the factors in the respective national business system.

Multinational corporates (MNCs) operate in multiple societies around the world. They respond to each country's legal requirements, while adjust to diverse social and economic conditions. MNCs in ASEAN play an important role in sustainable development as operates for management, technology, capital and know-how. CSR performance varies among countries in ASEAN, with varieties of CSR issues being tackled and modes of action [5]. MNCs are more likely to adopt CSR than those operating solely in their home country but the profile of CSR tends to reflect the profile of the country of operation rather than the country of origin [6]. Occasionally, MNCs are caught between conflicting requirements or expectations in different countries. Multiple public and private sector groups comprise overlapping societies in the local, national and regional settings in which MNCs operate. At the same time, MNCs seek to maintain their corporate identity and the operating procedures of an integrated global enterprise. The context for the social responsibility of MNCs therefore encompasses a multilayer environment of societal requirements and expectations.

The blueprint for the socio-cultural community has strategic objective to ensure that it will be incorporated in the corporate agenda and contributed towards sustainable social economic development in ASEAN Member States (Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam) [7]. There is lack of research which explains the nature and extent of CSR in ASEAN, especially in MNCs. The general problem considered in strategic CSR, focuses on CSR issue and mode of action on strategic within ASEAN countries. Hence, there is an urgent need for doing a research on the appropriate issues of strategic CSR in MNCs approach among ASEAN countries. Finally, this

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empirical research should inform more conceptual work on CSR conceptions that is described more applicable to ASEAN countries as well.

2. LITERATURE REVIEW

Corporate Social Responsibility

The construct of CSR is different and sometimes makes conflict values on the nature and scope of business obligations to society [8]. These values come from the social, political, and economic norms and can change with time and vary across nations [9]. Many CSR definitions reflect these diversity views on what business should do to fulfill its responsibility, including the philosophy of social responsiveness, the social issues involved, and the social responsibility categories [10]. An alternative, but similar theory, as Carroll's was developed by Freeman who argued that a valid role of management [11].

CSR as a concept means being ethical towards but not harming any stakeholders [12], [13]. It has a dominant goal to better the condition of various stakeholders such as broader, shareholders, employees, suppliers, societies, community groups, customers, and environment [1], [13]. The argument based on the idea of firms having numerous relevant constituents. It should be considered because the firm cannot continue to thrive and survive without the support of these stakeholders. [14]. Furthermore, CSR has been seen as a continuous process of engagement of the firm with the stakeholders [15].

Local and global CSR

A local community is a self-circumscribe group of people who interact with each other in the context of shared tasks, values, or goals. In addition, this group of people is capable of establishing norms and ethical behavior for themselves [16]. In contrast to the global CSR issues, local issues exist according to the needs of each community [17]. MNCs should respond to the pressures for global integration and local responsiveness with respecting to CSR issues just as same as their organizational strategies respond to the pressures of integration and responsiveness in product markets [18]. On the same way, CSR responsibilities and stakeholder's demands require MNCs to respond to both global issues and local issues. The different stakeholders and conflicting value systems also require complex CSR strategy responses as well [19].

Important strategy are based on its impact on the ability of the enterprise to meet its objective. The issued and required managerial attention are then placed on the firm's strategic decision agenda [20]. International agreements give more rights to the firms to operate internationally. It should be taken following the expansion of action, space and rights which will be accompanied by CSR. In the international context, this question attracts attention because MNCs are one of the principal drivers of globalization. They are also seen to be the most important beneficiaries of the liberalization of investment and trade regimes, with rising influence on the development of the world economy and its

constituent parts. The concept of social responsibility implies that firms have obligations that go beyond what countries require individually and beyond the agreements prescribed internationally [21].

Strategic CSR

Having identified CSR issues as global or local in nature, firms must then decide how to manage them. Previously, it should be determined in which issues that related to the strategic importance [22]. Supporters for a broad range of CSR use a strategic argument for business to engage in responsible activities [2]. CSR should be linked to core business objectives that are leveraged for increasing economic and social values. In these relative cases, the link between responsibility and competitive advantages is always obvious. Strategic CSR moves beyond the good corporate citizenship and mitigating harmful value chain that impacts to mount a small number of initiatives. Moreover social and business benefits are large and distinctive. It involves in both inside-out and outside-in dimensions of working in tandem [2]. A relevant point with the effectiveness of strategies undertaken by communities to the demand of corporate accountability is argued into the success of community-based strategies. For corporate accountability, it is conditional upon the right combination of state, civil, societal, and corporate factors [23].

CSR is strictly embedded with a multitude of business actors. With the call for sustainability and the new role of business in society [24], leadership is bound to contact and conflict with key stakeholders in the arena of responsible business, global versus regional and local needs, and different national cultures. Corporations need to engage with stakeholders to develop valuable CSR related actions. Stakeholders that face challenges and threats are more likely to the partner with corporations on CSR related issues and corporations. Besides, stakeholders are more likely to succeed when a long-term vision is embraced. The literature shows that corporate leadership should have a holistic approach to engage with stakeholders and that the vital link between business and stakeholder management in which it is leadership [25].

CSR for Multinational Corporate

In the first path of MNCs in developing countries, they often use the same CSR principles and standards which are in the part of their operations at head-office, leads to the introduction of responsibility from developed countries to the developing world [26]. Content of CSR may serve as a signaling device for developing countries seeking to assess foreign direct investment proposals by foreign firms [27]. CSR in developing countries have a variety of issues to consider. When the firms must decide how to manage them, they must first determine which issues are of strategic importance. The general problem considered in strategy focused on the issue and mode of action on strategic CSR.

There are also serious questions concerned with the dependencies of this governance gap approach that CSR creates. Especially, communities become reliant on their social service on company which the primary

accountability to their shareholders [28]. For CSR in ASEAN, There are key elements that relate to CSR may include: corporate governance, human resource management, regulatory compliance, environmental stewardship, community investment, and human rights. It is broaden agreement that CSR encompasses more than the traditional philanthropic activities. By the most developed form of it, CSR is a core strategic function in any enterprises, consistent with the mission of the organization, aligned with the concept of sustainable development, positive competitive outcomes, and an equitable sharing of resources across society [5].

3. METHODOLOGY

The purpose of this research is to examine the strategic CSR of MNCs in ASEAN countries. In this research we studied about MNCs that were operated in ASEAN countries. Those corporate were chosen for several reasons. First, They originated from Thailand and have been aggressive in international markets, especially in ASEAN countries. Second, the corporate were listed in the stock exchange of Thailand. Finally, the corporates were a best practice in CSR and commits to be a good corporate citizen, contributing to the sustainable growth.

This research was conducted on the data that were collected from the documents in sustainable report and annual report in the year 2008-2010 and from mail interviews. The prime source is the company's annual report itself, which, from the prior CSR research, is regarded as the main form of company communication [29].

In this research project we are interested in exploring how MNCs interpret their corporate responsibility. We are also interested in how MNCs deal with stakeholders.

4. FINDINGS

The research finding indicates that strategic CSR of MNCs approach in ASEAN countries would have Coporate Executive Officer (CEO) impel CSR initiate, written CSR policy at a strategic level, have a moral driven or social responsible. CSR policy is focused on being socially responsible both in production process CSR activities and in philanthropic CSR every countries that business operate, including involve in CSR activities on a long term view. The finding shows the importance of CSR to be at the strategic level. It clearly demonstrates that a coherent CSR strategy offer benefits to companies and positive contribution to social. Also, a survey of needs of community people in the target area was conducted before CSR implementation. Some interesting findings are found in framework, criteria of selecting, and type of CSR activities in the corporate. The CSR report showed that managed CSR activities based on the stakeholder model and issues management CSR framework utilized by international company.

The following are the findings of the CSR strategy from the MNCs in ASEAN.

Petroleum Authority of Thailand (PTT)

PTT Group is a national oil and gas company engaging

in an integrated petroleum and petrochemical businesses through direct investments and investment affiliates. PTT Group also invests in domestic refining and petrochemical business as well as other related businesses, domestic and international. The corporate has business base in ASEAN countries including Cambodia, Indonesia, Malaysia, Myanmar, Singapore, Thailand, and Vietnam [30].

CSR is a PTT Group's commitment to operate in an economically, socially, and environmentally sustainable manner whilst balancing the interests of a diverse range of stakeholders with assurance to sustainable business growth. PTT Group's CSR is a practice in compliance with international standards and is adopted a policy of proceeding as follows [31]:

1. Integrate CSR considerations within the corporate decision-making process
2. Conduct ethical business practices and sound systems of corporate governance
3. Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities
4. Seek continual improvement of our safety, health and environmental performance
5. Conduct or support research and innovation that promotes technologies that are safe and efficient in their use of our products, and natural resources
6. Contribute to the social and institutional development of the communities in which we operate
7. Conduct effective and transparent engagement and communication with our stakeholders
8. Encourage customers, business partners and suppliers of goods and services to adopt principles and practices that are comparable to our own

Hence, all administrators and employees of PTT Group are obligated to strictly perform in accordance with the PTT Group's CSR Framework as well as supporting operation to be consistent of PTT Group's CSR Policy. In the implementation of social activities, PTT Group applies the same principles as its business operation which is to focus on engaging all take holders systematically. The decision to develop any project will be based on main factors. Firstly, the projects reflect PTT knowledge and expertise. Secondly, the projects are in accordance with true needs of the communities and society i.e. providing support in terms of basic infrastructures, public goods, or any other forms. Finally, the projects are based on the concept of engagement. The Corporate Communications and CSR area are responsible for the implementation of all social activities.

The Siam Cement Group (SCG)

SCG operates in ASEAN at Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam. SCG has expanded its businesses in to many countries with careful and the proper

implementation of systematic and effective risk management practices which are in conformity with the laws and regulations in those countries. The consistently strong market bases, the commitment to fully perform its duty as a good corporate citizen of those countries by contributing to further growth and improved quality of the society, the local community, and the environment are factors for fostering and ensuring a long term success of the business expansion into the ASEAN region [32].

SCG operates its businesses while sustaining the development of communities where it operates by creating value to customers, employees, and stakeholders under world class management quality and high level of safety standard. They rigorously operates its business in accordance with corporate governance to assure its responsibility, transparency, verifiability, and fairness, abided by its dedication to all concerned parties and sustainable growth. The corporate also recognizes the importance of social contribution by supporting valuable projects regarding environmental aspects, enhancement of youth ability, and assistance in public benefits. The group has vision commits to be a good corporate citizen contributing to the Sustainable Growth of ASEAN.

Business ethics with responsibility to all stakeholders has been a key factor in the steadily increasing prosperity of SCG and in helping it earn trust and confidence of all sectors. Such business ethics have always been adhered to the Board of Directors, managers, and every individual employee. SCG has long been fully prepared to become ASEAN's leading organization proceeding as follow [33]:

1. Continually expanded investments in its core businesses with careful strategies to fulfill its vision of becoming a regional market leader.
2. Earnestly focuses on excellent management policy. It has always operated business based on the corporate governance guideline and the basis of a firm sense of responsibilities towards society and local community as well as environment with an international standard in every country where it operates.
3. Promotes the development of competencies and potentialities of its employees to meet the standards of leading companies. It always places a great emphasis on providing its employees with equal attention and treatment, regardless of the countries where they are working.
4. Boosts the recognition of its brand in ASEAN by organizing Corporate Social Responsibility activities in various areas and pledges its commitment to be a good citizen in every community and country where it operates.

SCG has drawn up a policy on business operation, and put special emphasis on local community and environment in every country where it operates. SCG has carefully selected modern machineries and advanced production technologies, implemented Total Productive Maintenance and Total Quality Management systems for the most efficiency and productivity, contributing to further innovations in the working processes, products,

services, and business models. Furthermore, in the area of environmental preservation, all SCG's business units are instructed to strictly follow the 3R concept: Reduce the use of resources, Reuse and Recycle wastes, and replenish the environment. They also implement alternative practices and processes that have the least possible impact to environment.

SCG conducts business, according to the principles of good corporate governance, under the concept of sustainable development, focused on balancing economic, social, and environmental considerations. They deploy modern and eco-friendly technologies to ensure the harmonious co-existence of communities, employees and the broader public. The aim is to facilitate sustainable growth that benefits both communities and industry.

The Electricity Generating Public Company Limited (EGCO)

EGCO Group is Thai integrate power company which provides electricity generation and comprehensive energy service. EGCO operates in ASEAN at Lao PDR, Philippines, and Thailand [34].

EGCO Groups regards the importance of the society as having a key role in contributing towards and developing economy, environment, and society. Consequently, the company has always made its commitment to be in according with the motto "Energy for life". Apart from environmental management, EGCO also aims at providing our employee and stakeholders' well being and happiness. This is achieved through the practices of integrity and transparency to maximize benefits for all of them stakeholders. EGCO set up the Corporate Governance and Social Responsibility Committee with the responsibility to endorse the governance policy along with CSR policy and framework with the prime focus on the impact to the shareholders and stakeholders. EGCO also prepare the CSR action plan comprising the plan on safety, occupational health, and working environment, and community projects. EGCO has implemented the social projects which cover the following area [35]:

1. Promotion and Development of Community's "Quality of Life": EGCO Group will put the prime focus on the quality of life of the surrounding communities both at the head office and at the power plants. In this regard, EGCO has initiated and provided supports to projects relating to education, villagers' occupation, and environment.
2. Conservation of "Watershed Forest: Source of Life": Apart from taking care of the working environment and surrounding communities, EGCO Group plays a vital role in conserving the natural resources with the focus on watershed forests, which nourish the well being of all lives.
3. Promotion of Learning and fostering a Public Mindedness among "Youths" for Sustainable Social Development: They recognize that education is the key to national development. With the awareness that development starts from early childhood, EGCO has supported the projects to encourage youths from pre-elementary, elementary to high school level to learn from both

inside and outside the classroom to children. We believe that such learning is the starting point for social and moral quotient, essential factors for long term national development.

Role of stakeholders in EGCO from observing the rights of the shareholders, the Board takes due regard of and deal fairly with various stakeholders and encourages active cooperation with them which include both business and CSR matters. The Board has set up the guidelines to respond to the requirements of each stakeholder in the Corporate Governance Principle and “EGCO Group’s Code of Conduct” with the expectations that directors, Management, and employees shall be guided by those principles in discharging their duties [30].

Employees: EGCO believes in the value of its human resources and will strive to be the employer of choice. This is achieved by promoting the participative management, supporting the employees’ professional development, and providing fair remuneration and suitable benefit scheme. EGCO strives to prevent accident, injury, and occupational illnesses. Physical checked up was provided in accordance with the occupational health risks.

Customers: EGCO always commits to provide good quality and reliable services in accordance with the agreements with Electricity Generating Authority of Thailand and all customers.

Creditors: EGCO will endeavor to ensure that it complies with the loan provision and that the Company financial status is correctly disclosed. The Company will endeavor to solve the problem in case of doubt about the likely impact on lenders such as when the company’s financial position is uncertain or insolvency may be pending.

Suppliers and Contractors: EGCO will treat suppliers and contractors fairly and would not seek undue benefit from them. EGCO will comply with the conditions in the agreements. In addition, EGCO aims at developing and securing sustainable relationship with suppliers and contractors on the bases of value for money, technical conformance, and mutual trust.

Competitors: EGCO will conduct its business on a fair play basis. We will not use a disgraceful approach such as bribery in order to get competitors’ sensitive confidential information. EGCO will also refrain from attacking the competitors with false allegations.

Community, Society, and Environment: EGCO has a policy to operate the business with commitment to social contribution and environment conservation. In this regard, EGCO will foster the corporate culture that employees at all levels will be fully responsible for any social and environment impact when discharging their duties. EGCO also sets guidelines in the Code of Conduct that employees must deliver their duties in a safe manner to avoid any impact on themselves as well as people living and working in communities near our facilities, and the environment. Our employees will strive to comply with relevant laws, prevent accident and pollution, and will use the natural resources in an efficient and environmentally responsible manner.

Nam Theun 2 is the first mega hydro-power project of EGCO Group. The power plant would not only help secure Thailand’s electricity system, but also push the Lao PDR’s economy into an improvement and better quality of life. The profits from electricity production are to be allocated to solve the poverty of Laos citizen. The Lao government believes production and exports of hydropower will bring many benefits to the country. Primarily it will boost revenues, which can be used to alleviate poverty and improve the standard of living of the average Lao citizen. The high standards set by the Nam Theun 2 project have provided a benchmark for other infrastructure and industry projects in the Lao PDR, and are contributing to the socio-economic development of the country. Expanded revenues from hydropower projects can be committed to [35]:

1. Expansion of health, education and other social services
2. Improvements in transport, communications, water supply, electrification, and other infrastructure
3. Increasing the resources of the Lao government's environmental agencies to improve the effectiveness of their protection programs.

Ratchaburi Electricity Generating Holding Public Company Limited (RATCH)

RATCH has formulated its strategies and business plans that correspond to its development and expansion goals focusing on investment in the power sector and other related business. The corporate has operates in ASEAN at Lao PDR, Singapore, and Thailand [36].

Since RATCH establishment, the company has been strongly committed of being the responsible corporate citizen. It has given high importance to the society and environment and been committed to turning this commitment into concrete initiatives. The company has instilled values relate to moral, ethics, integrity, and responsibilities among all levels of employees. The values are respected frequently through various activities and occasions until all employees realize the importance of them. These values have become the norm that employees at all levels have adopted and implemented as a guideline for treating different stakeholder groups. Base on good neighbor principle, the company has initiated and run many projects related to social and community development, as well as environmental preservation in the area that the company operates. Care for better living, society, and environment quality has formed the foundation for all its operations. The company has put all efforts to ensure that its environment quality management standard is higher than the industry level. The company is committed to reduce global warming through constant power generating process improvement, through campaign for energy saving and conservation in the power plant and office in order to help reducing carbon dioxide emission, and through promotion of preservation of forests which help effectively absorb carbon dioxide [37].

These are the commitment that the company intends future for the better benefits of the public at large. The

company views the employees as valuable assets and a key success factor for growth.

Banpu Public Company Limited (BANPU)

Banpu is a coal-mining venture which operates power project development in Thailand, coal mining in Indonesia, port operations, and industrial minerals. Banpu has business bases in ASEAN countries at Thailand and Indonesia [38]. The corporate is respectful of its host communities and environment in every country where it operates. They adhere firmly to their business credo that “an industry will be strong only when it is developed in tandem with social and environmental responsibility.” At Banpu, their social and environmental mission is based upon a strong sense of responsibility, good corporate governance, energetic corporate citizenship, and share. Its comprises Innovation, Integrity, Care, and Synergy, all aim for sustainable development of society and environment. Since the start of its operation in Indonesia for more than a decade, Banpu has given a priority to social and environmental responsibilities in this country. With the same principle and practice as its parent company in Bangkok, Thailand. Banpu’s Indonesian coal mines namely Indominco-Bontang, Kitadin-Embalut, Jorong and Trubaindo, have committed to community development so as to improve the quality of life of those living around the mining areas, since Banpu wants the society to grow hands in hands with the believe that an industry will grow in tandem with social and environmental development [39]. In Indonesia, the community development programs at all mine sites are focusing on social development, economic development, environmental protection, and community relations in which local people are allowed to participate in the entire process ranging from the planning to the implementation processes. The Community Consultative Committee (CCC) comprising of representatives of local people in the area, officials from local authorities and Banpu’s community development staffs have been established at each mine site. They are responsible for resolving their community’s problems with an aim to provide assistance that responds to community real needs as much as possible.

Banpu has been active in conducting CSR activities at both the corporate and local levels in areas we have presence whether it is in Thailand, Indonesia, and China from day one of their operation. They emphasize in community development, career development, education, and environment. Most importantly, they emphasize in people participation from the communities they are involved.

Strategic CSR for Thai MNCs in ASEAN

The corporates define CSR base on moral obligation of being a good member to community and society. It outlines the role and contributions of business in enabling involved people and the surrounding community to attain a good quality of life. It also contains the value system of the corporate, such as moral philosophy, ethical conscience benevolence, or volunteer commitment. The corporates use competitive strategy to

link the opportunity of CSR with CSR policy that came from CEO’s initiating the idea and guidance, but the initiations may come from other sources as well. The corporate engages many people for accumulating the idea of CSR activities. Categorizing and ranking social issues are just the means to an end, which is to create an explicit and affirmative CSR policy.

The research findings indicate that MNCs’ activities in the strategic CSR has following features:

1. Focus on being socially responsible both in production process CSR activities (effective business performance) and in philanthropic CSR activities (benevolent social contributions).
2. The corporate have a moral driven social responsible CSR philosophy and written policy on CSR at a strategic level.
3. CEOs impel CSR initiation and top executives think similarly.
4. Corporates establish CSR working resource e.g. department, manager, regular report, regular news, effective communication methods and appropriate budget.
5. The corporates are involved in CSR activities in the long run.

The importance of CSR to be at the strategic level is clearly demonstrated both in the findings of this research and in literature review. Furthermore, a coherent CSR strategies offer benefits to companies and positive contribution to social. Some interesting findings may be from considering framework, criteria of selecting, and type of CSR activities in the corporate. The CSR report showed that managed CSR activities based on the stakeholder model and issues management are the CSR framework utilized by international company. This may reflect at international level on CSR in business. The areas that corporates extend CSR activity into include education, sport, art, culture, environment and public welfare. However, CSR in ASEAN may reflect a local approach.

5. CONCLUSION

MNCs in this paper are positive pattern emerging from recent social responsibility trends is the increased efforts at improved dialogue between MNCs and social interest groups. For their part, MNCs that acknowledge social responsibility commitments in a global context often recognize that social interest groups can open a window on the world, offer valuable perspectives and insights, and access to human resources. These social interest groups can assist an international corporation’s search for better operational alternatives. According to [40] Organizations are being called upon to take responsibility for the ways their operations might impact societies and the natural environment. They are also being asked to apply sustainability principles to the ways in which they conduct their business. Sustainability refers to an organization’s activities, typically considered voluntary, that demonstrate the inclusion of social and environmental concerns in business operations and in interactions with stakeholders.

The corporates combined knowledge obtained from

international sources with local knowledge and demands encountered inside their own country to determine the CSR activities that would fit with the corporates. This study presents the extent, selection, type of activities, and critical issues in CSR implementation, as well as a model of CSR activities in business organization. The research finding seems to indicate that CSR is an essential part of corporates' business activities. Due to the advancement of globalization, technology, stakeholders and the pressure generated by limited natural resource. Furthering knowledge in CSR practices helps business to find an appropriate CSR approach.

The importance of CSR to be at the strategic level is clearly demonstrated both in the finding of this research and in the literature review. Ref [41] recommended that a coherent CSR strategy offers clear benefits to companies and a positive contribution to society's well-being. The finding of this research, that corporates put CSR at the strategic level, is coinciding with [42] who argued that corporates should manage CSR more strategically. The reason that when managers analyzed CSR within a strategic framework, they were in a better position to design CSR activities should be integrate into the companies. As a result, it is suggested that corporates who wishes to be a leader in CSR management set a long with business strategy. According to the Strategic CSR for MNCs in developing countries [24], corporates often use the same CSR principles and standards as the headquarters. This leads to the introduction of responsibility from developed countries to the developing world. CSR principle and activities should not be all about philanthropic work, but should include the mainstream function in production, logistics, and quality control which deal to the overall company performance.

Base on the literature review and findings in this research, The CSR activities were created usually in response to issues related to stakeholders, benefits, and concerns. The corporate has prioritizing social issues which can be identified as the point of intersection between corporate and society. Prioritizing social issues of corporate based on generic social issue, aware of the social impact in corporate's value chain may touch on the communities in which firm operate and focus on social dimensions of competitive context, they can drivers of a company's competitiveness in the locations where it operate. When the corporates choose CSR issue and adopt Strategic CSR, they gave them to outside knowledge of CSR activities in CSR report show the features that followed the Global Reporting Initiative (GRI) content index. In line with ref [43], a company's track record in terms of CSR accounting will be effective when appropriate CSR measures are included in its internal as well as its supply chain activities. Furthermore, the literature reflects a growing need for dissemination of good practice in CSR accountability and a need for more pressure to be exerted on *non-governmental organization (NGOs)* prove themselves as ethical, transparent, and accountable as those they seek to influence.

The CSR activities were created usually in response to issues related to stakeholders and benefit. The corporate

has prioritizing social issues, the point of intersection between corporate and society. The corporates have awareness of the social impact in corporate's value chain may touch on the communities in which firm operate and focus on social dimensions of competitive context. Strategic CSR combine values between organizations and society. The organization has been recognized and increased its competitiveness in the CSR strategy must be proactive CSR.

The concept of CSR embraces standards of good business practice that can apply to all firms, whether they are national or international in their scope and orientation. About the social responsibility to MNCs, however, it had introduced several distinctive elements that had not arisen so prominently earlier, into debates from the 1970s onward. As mentioned above, devising international legal regulation of MNCs operations can be difficult, because of multiple sovereign governments involved and the great diversity of perspectives, policies and priorities among the respective countries. These same differences also make it difficult, although somewhat more possible, to forge agreement on non-binding corporate guidelines or codes of conduct. For corporations, the task can be equally daunt, for they must strive to meet or exceed these diversities and sometimes conflicting expectations while operating simultaneously in many sovereign countries around the world. The greater number of interested governmental and non-governmental constituencies, as well as the magnitude of differences among them, magnifies the challenge of defining and applying corporate social responsibility concepts to MNCs as opposed to national corporations.

6. LIMITATION OF THE STUDY

Some limitations of this research should be noted. First, all data were from corporates. The information obtained may represent only the positive side of CSR with no counterpoints. Second, the research information came only from documents and mail interviews. No real field studies to observe CSR activities in action were employed in this research. The future research will study the fact of CSR activities and impact on business operations of MNCs from varies stakeholder groups.

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Future of Functional Foods and Nutraceutical Products: The Challenge and Potential of Thailand to ASEAN

Pornpirat Kantatasiri

Abstract— This research purposes to explore the potential and challenges of Thailand about the leadership of the functional foods and nutraceutical products in ASEAN, especially developing marketing strategies of these products. This research was collected the data and confirmatory with data triangulation which contains primary and secondary data. The primary data collected from informants and secondary data conducted from access to online while the exhibition of the Australian Trade Commission presented the biggest of functional foods and nutraceutical products market of Southeast Asia is Thailand country. Although, researchers studied the factors which have influence for consumption acceptance in functional foods and nutraceutical products, some factor as price has not seen yet. Thus, when these products have the same ingredients and quality, the price of product is become to necessary factor. Therefore, Thai's government has to have the policy for supporting to produce the functional foods and nutraceutical products which have high quality from rice products.

Keywords— Functional Foods, Nutraceutical Products, Thailand, ASEAN.

1. INTRODUCTION

In present, people's life has changed while people are more take care of health than the past. It might be because of the knowledge and the social have changed. The current world, many people have a rush time and too hurry because their life style changed more competitive than a past. So everything in their life was designed to easy and very comfortable [3], [10], and [23]. Beside, people use technology to improve their connection, eating style has changed also. While people have more knowledge, they have more awareness in their health [10].

Many people are interested in everything that can improve the healthy [13]. As food that intake to their body, many people avoid the fat food and eat more healthy food instead [24] and [63]. Not only the healthy food which calls functional food but the supplement food or vitamins and minerals in tablet form that call nutraceutical products are increasing the sale volume also [74] and [76]. People have more cognitive and acceptant in functional foods and nutraceutical products than the past [1]. Hence, the functional foods and nutraceutical products seem to more important in daily life of present world [9], [69] and [70].

Currently, consumer's behavior and purchasing healthy product depend on personality and cognitive style that always chose healthy food brand product [31] and [69]. Otherwise, this group of people is a segment of initial market for new food product [33] and [57]. Thereby, these claim that lifestyle have influence and effect on functional food products consumption [5]. So a

consumption behavior is an influence factor on functional food and nutraceutical products [12].

In 1998, Health Canada has defined a functional food is similar in appearance to conventional food which is consumed as a part of a normal diet and has demonstrated physiological benefits and/or reduces the risk of chronic disease beyond basic nutritional function [4]. Some of definition of a functional food is a product which contains specific nutrients, minerals, vitamins, fatty acids, or dietary fiber, foods with added biological active substances such as phytochemicals or other antioxidants and probiotics that have live benefit [67]. Otherwise, health authorities in Japan calls FOSHU (Food for Specified Health User) pointed an improved quality of life must accompany increasing life expectancy [2]. Thus, the concept of functional food products that were developed specifically to promote health or reduce the risk of disease.

AS a function food definition, Health Canada has defined the nutraceutical products is a product isolated from foods but sold in powders, pills and other medicinal forms not generally associated with food and is demonstrated to have physiological benefits or provide protection against chronic diseases such as vitamin pills, mineral pills, herbal pill or supplement, oil gel caps, phytochemicals, and zoochemicals [4] and [7].

From research revealed the data about global functional food market which has found the ASEAN countries as a niche market and the most rapid expansion area for these industries [75]. Moreover, from The Australian Trade Commission Expo where exhibit at Hong Kong in the topic "The complementary healthcare to Asia" is revealed by the Australian Government's export and international business facilitation agency. The result showed about the value sales vitamins and dietary supplements market in each country that Thailand is the biggest market of South-East Asia [50].

In addition, some researchers studied about the factor

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of consumer acceptance [9], [32], and [56]. They found consumer characteristics are a first factor. The consumer characteristics can separate personality of consumer whom always taken functional food products concerning about health status. The secondary factor is purchasing situation that consumers are advised from health professionals and they are familiar with brand of products. So the distribution channels for functional food products imply to three main ways: pharmacy, drug store, and supermarket. Finally, factor for consumer acceptance is product characteristic. The three of factors have similarly to 4Ps of marketing but lack of the P as price [9], [62], and [63]. Thus, when the functional food products have the same ingredients and quality, the price of product is become to necessary factor. Although, Many research studied about the effect and advantage of functional foods and nutraceutical products as food science technology and pharmaceutical side but in marketing side is rarely research about consumer's behavior.

While in current market consumers are increasingly interested in the health benefits of foods and they awareness of the basic benefits nutritional of functional food products as to reduce the disease or disease prevention and health enhancing compounds contained in many foods [6], [9]. So the innovative product as functional foods and nutraceutical are more opportunities to still stay in the market [34] and [62] and the trending of customers are increasing and expanding the volume of need [16], [48], and [60]. For consumers acceptance have three of factors have similarly to 4Ps of marketing so that the marketing strategy is an important things to driven functional foods and nutraceutical products for consumer acceptance and willingness to pay [11], [32].

Thereby, Thailand is the land of agricultural which has many kinds of raw material of functional food and nutraceutical products. The Thai farmers have more experience for growing plants than others countries in ASEAN, so that this has the research question as Can Thailand the challenge and has a potential to leadership on functional food products in ASEAN? Indeed, the objective of this research is studying the opportunity and potential of Thailand to leader positioning in functional food products in ASEAN. The order of paper after introduction has review literature, methodology, result, conclusion, discussion, and study limitation and future research.

2. LITERATURE REVIEW

2.1 Functional food and Nutraceutical Definitions

Firstly, the functional food was born in Japan in the 1980s'. However, the term of "functional food" not really clarify a definition from legislation in Europe or any universal [59]. Not only functional food definition not clear but nutraceutical definition also. Many definitions of functional food and nutraceutical are existed which have an amount more than a hundred definitions [14], [15], [25], [27]-[28], [46], [53], and [59]. The functional food can define from many ways such as ingredient, potential of function, a traceability, resources, and so on [25], [52]-[59], and [68]-[70].

Although, food law is designed to provide for the food safety of food stuffs, many of functional foods cannot label the suitable dose for each person. So the EC Commission has to have a particular rule for covering every kind of functional foods [17]. Consumer interest in the relationship between diet and health has increased substantially in Europe and the U.S. There is much greater recognition today that people can help themselves and their families to reduce the risk of illness and disease and to maintain their state of health and well being through a healthy lifestyle, including the diet [12] and [59]. Today, Asia people have trend as Europe. So trends of population change to need for foods with added health benefits. For example, consumer needs functional foods and nutraceutical products that have the potential to improve health and well-being, reduce the risk from or delay the onset of major diseases such as cardiovascular disease (CVD), cancer and osteoporosis [12], [27]-[28], [43], [47] and [72]. Combined with a healthy lifestyle, functional foods and nutraceutical products can make a positive contribution to health and well being [59] and [61]. Thus, functional foods and nutraceutical products are great potential products to help and improve healthy lifestyle [5], [23], and [53].

According to, many researchers have to define the functional food's definition. In this paper can be define a functional food definition as a functional food is a similar in appearance to conventional foods which contain nutrients as vitamins and minerals. This has physiological benefits and/or reduces the risk of chronic disease. For example of functional food is bran, oats, wheat, fiber, modified oil such as bran oil, soy protein, grains, lentils, chickpea, peas, beans, and so on [28], [36], [38], [43], and [59]. As a functional food definition, the nutraceutical in this paper is a product which is isolated from foods but sold in medicinal forms such as powders, pills and others, however, these are comprised of physiological benefits or provide protection against chronic diseases. For instance, nutraceutical products are vitamin pills, mineral pills, herbal pill or supplement, oil gel caps, phytochemicals, and zoochemicals [16], [19]-[21], and [27].

2.2 Functional foods and nutraceutical products from rice

The definition of functional food and nutraceutical that made from rice can be refers to germ rice and rice bran. These are developed and added value from general grain rice by using food technology [65]. Furthermore, many healthy consumers are favor in functional foods, and nutraceutical products which made from rice. Meanwhile, rice is a conventional food of people in many countries, so it is easy to promote these products [15], and [53]-[55]. and zoochemicals [16], [19]-[21], and [27].

2.3 Consumer Acceptance Factor

In general, 4Ps marketing mix is contained product, price, place, and promotion while from reference [9] reveals that consumer acceptance contains product characteristics, purchasing situation, and consumer characteristics. So consumer characteristics have to have

culture's influence and cognitive consumption behavior [11].

Culture's influence consumption

Hofstede is a person who studied in a culture and economy. From Hofstede's seminal typology of cultural dimensions debuted in 1980 and continues to dominate in studies of management and marketing scholars. For Hofstede's culture definition refers to the dynamic process that can drive human social belief, create attitude, perception, thoughts, and responses actions [51].

Reference [51] results that difference culture always vary behavior and decision making. The research has compare two different cultures; a Western culture (Australia) and an Eastern culture (Singapore). Beside, the culture has influence to consumption's behavior, it also has influence for the marketing strategy [51]. Therefore, many research found that culture is an importance factor which has effect to consumption of customer in the market [71].

Cognitive consumption behavior

Food consumption behavior is different from a base of person. From many research found that not only gender and age, but lifestyle and consumer perception are effect to healthy [23] and [31]. Reference [63] concluded healthy and health-related consumer terms are link to product and traditional food components. This explains about different opinion and perception of consumption which connect to healthy. Moreover, women are take more information than men about how to get well of healthy which affect to seeking behavior and help they having good healthy [3].

For people who have awareness of healthy consumer are serving food in a limitation quantity and usual exercise [10] and [23]. The consumer's behavior whose has purchasing healthy product have personal and cognitive style always chose healthy food brand product [31] and [49]. Otherwise, this group of people is a segment of initial market for new food product. Thereby, these result that lifestyle have influence and effect on food consumption so that a consumption behavior is an influence factor on functional foods and nutraceutical products [31]-[34]. Thereby, before customer decision buying these products, they also have the knowledge in benefits from these products and acceptance in advantages that they are recieved [5], [62], and [69].

2.4 Functional foods and nutraceutical products market in ASEAN

ASEAN Economic Community (AEC) is the realization of the end-goal of economic integration as outlined in the ASEAN vision 2020. AEC create a stable, prosperous and highly competitive ASEAN economic region in which there is a free flow of goods, services, and investment [22] and [41]. From the AEC priority area has functional foods and nutraceutical products in a part of food technology. So the functional foods, nutraceutical products, and ASEAN are pertained [29]. The priority area will address the current need to provide the scientific basis for sustainable development of the

rich sources of functional foods in ASEAN countries; and, in so doing promote health and regional economic integration ASEAN implement many plans which have short-term and long-term vision [35], [64].

Meanwhile, AEC has others part of plan, the AEC has plan of action on science and technology, especially food security and food safety. This is a point of this research about studying in the functional food products that it is a part of product in the science site. Otherwise, Singapore is a member national in ASEAN is interested in this products market because functional food products can increase the value of products and make more benefit than original product [37] and [75]. Thailand is a country for food resources which has a gigantic potential for ASEAN's market because Thailand is the land of agricultural products. Therefore, Thai farmers have more experience than others countries in ASEAN for growing the high quality of rice so that Thailand should be to leadership positioning in functional foods and nutraceutical products from rice in ASEAN [39].

2.5 Content analysis

Although, the content analysis is old principle, it is still a classic method. Beside, using cognition and word analysis, the content analysis has a lot of advantages [44] and [45]. For example, the content analysis allows rendering the rich meaning participated with mainly documents and combines with quantitative analysis [26]. and suitable for research which has limit in the way because of save time, cost and well known in researchers [40], [42].

3. METHODOLOGY

3.1 Key informant

This research design using dept interview from person who related the functional foods and nutraceutical products. For informants include three of each brand retailer of functional foods and nutraceutical products and one of the owner of a pharmacy shop at Nongkai province.

3.2 Research design and data sources

The research design for semi-structural is collected the primary data by interview follow the questionnaire and access to online for collecting secondary data. The sources of content analysis are from literatures review 54 papers which is divided the class into four groups: book sections, dissertation or theses, newspaper or magazine online, and scholarly journals.

3.3 Research theme

From content analysis can sort the article in various divisions that depends on interesting group. In this paper divide the topic interesting to pertain a culture, a cognitive consumption behavior, functional foods, nutraceutical products, marketing strategy, and ASEAN. Thus, this paper is divided three catagories type of data, period of time, and type of journal follow [26], [39], and [43]-[45]:

3.3.1. Type of data

- Book sections (BS)
- Dissertations and Theses (DS)
- Scholarly journals (SJ)
- Newspaper and magazines (NM)

3.3.2. Period of time

- Before 1985 (1)
- 1986 – 1990 (2)
- 1991 – 1995 (3)
- 1996 – 2000 (4)
- 2001 – 2005 (5)
- 2006 – 2011 (6)

Reference [28] has longitudinal design of content analysis that it is used in this research.

3.3.3. Type of journal

- Research paper (RP)
- Conceptual research (CR)

A content analysis technique has follow based on the features of frequency counts from the basis of content analysis [26], [42], [44]-[45].

4. FINDINGS

4.1 The dept interview data

An informant 1 is person who is a selling person at Tasadej Nongkai province said that “most of the nutraceutical and functional food are consume by suggestion from a seller. Not only Thai people but Laos who travel into Thailand also. When they take it and feel better, they always comeback to buy it again and again” The volume of selling the nutraceutical and functional food product depend on person. Otherwise, Thai people buy these product more than Laos because Laos who is rich is not too much. The informant sell this product as a package so that the sale volume per each different from another seller.

An informant 2 is a direct selling person who work with the big direct selling company. She said “almost the customer is woman and the age around 26 – 38 because they have salary enough for buy these products which are not conventional food”.

An informant 3 is an employee in a shop at Tasadej, Nongkai. She said “the consumer who travels in this place has more Thai people than Laos. So they buy only the same product as they use to and in a small volume. Sometimes, she hasLaos customer. Laos always read the codex before they buy it even though the seller suggest and give the detail of product already.”

An informant 4 is an owner of pharmaceutical retailer at Nongkai. The name of this retailer is wel known, Thai and Laos people are always buy and order the medicine and nutraceutical and functional food product. She said “Laos who come to Thailand is richer than others so that they have enough money for buy a lot in each time. Sometimes, if Laos does not have a kind of medicine or nutraceutical, they always come to her shop for ordering or buy it.”

4.2 Content analysis

From content analysis data can plot the graph trending of functional food research in ASEAN’s market follow figure1 and nutraceutical products research in ASEAN’s market follow figure2:

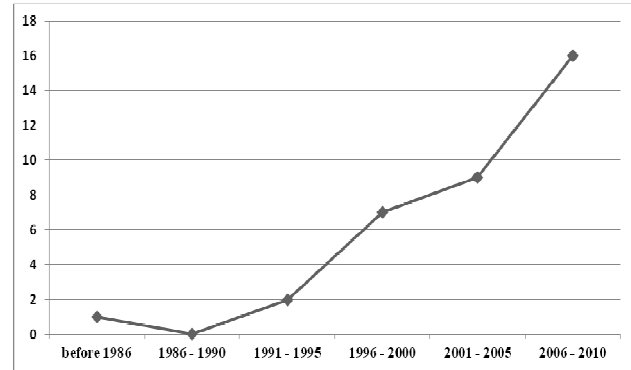


Fig. 1. Trend of Functional foods in ASEAN market from content analysis: axis Y = frequency and axis X = year.

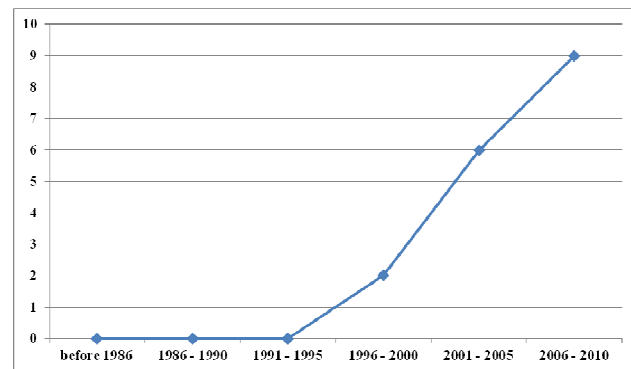


Fig. 2. Trend of Nutraceutical in ASEAN market from content analysis: axis Y = frequency and axis X = year.

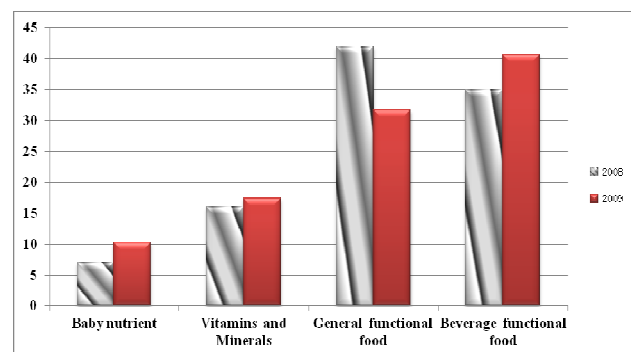


Fig.3. Trend of functional foods and Nutraceutical products in Thailand market From : KTB research, axis Y = Growth rate of product (%: Percent) and axis X = Type of product.

5. DISCUSSION AND CONCLUSION

From figure 1 and 2 found trend of functional foods and nutraceutical products research are increasing, especially, in 2006 – 2010 the researcher more interested in this topic than the past. While in the United States of

America's market is still growing up even though the rate of increasing is not high. Furthermore, the exhibition that Australian government invests for the investor found the ASEAN country market overview responding to the nutraceutical and functional food product.

Figure 3 is shown the trend of functional foods and nutraceutical products in Thailand's market that found every kind of functional food and nutraceutical product as baby nutrient, vitamins and minerals, beverage functional food are increasing except general functional food.

Besides, the data from the informants, the data's finding, and literature reviewing found the education related to cognitive consumption behavior, knowledge and country development [31] and [49]. Laos is a best example country because people of Laos awareness in their health more than in the past [58]. The result from the informant said that "the rich people of Laos increase consumption of the nutraceutical and functional food."

In 2008-2009, however, trend of functional food and nutraceutical product in ASEAN and Thailand has increasing. Furthermore, the data from informants and the Australian Trade Commission present an important the functional foods and nutraceutical products market of Southeast Asia is Thailand country.

In summary, trend of nutraceutical and functional food in ASEAN market is growing up and expand into the poor countries in ASEAN because those countries are opening and giving many the benefits for investment in their country [73] and [74]. Hence, the advantages of this research have:

- 5.1 Forecasting and knowing the trend of nutraceutical and functional food in ASEAN for the future.
- 5.2 Thai government will develop the policy in each part for relating with the AEC, especially science, technology, and management.
- 5.3 For increasing a potential of Thailand in production and development for nutraceutical and functional foods.
- 5.4 For direct respond consumer's need and reduce the volume of raw material which use in the nutraceutical and functional food production.

6 STUDY LIMITATIONS AND FUTURE RESEARCH

This research model is derived from existing literatures and concept has not been tested empirically, so that in the future research has to have the deductive method that can use quantitative analysis for confirming and forecast the right way of the government's policy.

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APPENDIX

From The Australian Trade Commission Expo where exhibit at Hong Kong in the topic "The complementary healthcare to Asia" is exhibited by the Australian Government's export and international business facilitation agency. The consequences of exhibition of this follow [50]:

Market Overview –Hong Kong

1. Vitamins and dietary supplement market is valued at approximate HK\$ 1billion (A\$173 million) in 2005 (account for nearly 50% of OTC Healthcare)
2. Increased health consciousness (especially after SARS)

3. Aging population (11.4% of the population is 65 and over)
4. Highly fragmented market with local products and import products from China, USA, Australia, Canada and New Zealand.
5. Value sales of vitamins and dietary supplements dependent on advertising
6. Besides branded products, opportunities for Australian companies include OEM production
7. Registration on health supplement products in Hong Kong would depend on the product composition and nature of claims made in labels and promotion materials.
8. Pharmaceutical products would be required to be registered with Department of Health.
9. Registration process normally takes about 6-9 months.
10. Three main categories of health supplement products: Vitamins, Herbal-based products, and nutraceuticals
 - Vitamins are the most popular as it has been in the market for long time
 - Herbal-based products is a late addition to the market but customer demand is growing fast
 - Nutraceutical products are gaining popularity in recent years and has vast market potential
 - Popular products include shark liver oil capsules, shark cartilage capsules, deep sea fish oil capsules, lingzhi, herbal pills, royal jelly, pollen tablets, Omega 3, etc.
 - Protective parents drive sales of child-specific vitamins and dietary supplement
11. Major distribution outlets—pharmacy chain stores (Watsons, Rite Aid, Mannings, CRCare, etc.) and health food stores.

Market Overview -Malaysia

1. In 2005, the nutraceuticals market in Malaysia was valued at \$375.0 million and is forecast to reach \$746.1 million in 2012.
2. High growth potential encouraged by aggressive multi-level marketing.
3. Heavily reliant on imports but local production growing.
4. Most of the younger generation in Malaysia consumption nutraceutical products on a regular basis.
5. The registration of nutraceutical products with the Government and the availability of on-line registration options by the local distributor has substantially reduced the time to market.
6. Islamic country with more than 12 million Muslims. Supplements that Muslims consume must be Halal (lawful or permitted in Arabic language). eg: gelatin from bovine sources is a major ingredient in the production of soft gel and it is not Halal.

Market Overview -Singapore

1. The nutraceutical market in Singapore was valued at \$112.2 million in 2005. By 2012, the market is likely growing up.
2. Market saturated, mature, highly competitive thus high A and P costs.
3. Supply in bulk a good option.
4. Not a market in isolation –most distributors have multi-market presence.
5. Most over-the-counter vitamins and dietary supplements need not be licensed.
6. Vitamins with very high dosages of certain nutrients must be licensed with the Health Sciences Authority.
7. Labeling and advertising regulated

Market Overview -Thailand

1. In 2005, the market was valued at \$A 1,114.1m. By 2012, the market is forecast to reach \$A2,430.8 million.
2. Key growth driver is emphasis on physical appearance.
3. Brand loyalty low.
4. Current popular products: Vitamins A, C and E, coenzyme Q10, green tea, chitosan, fat burners, conjugated linoleic acid (CLA), grape seed extract, multi-vitamins, calcium, ginkgo biloba, fish oil and lecithin.
5. Main distribution channels are MLM and Pharmacy (traditional or modern drug stores).
6. Dietary supplements regulated by the Ministry of Public Health as a food product (dosage less the Thai RDI dosages) or a drug (more than the Thai RDI).
7. Supplements classified as drugs can only be sold by registered pharmacists in drug stores.
8. Advertising is also regulated by FDA

Market Overview -Philippines

1. The nutraceutical market was valued at \$118.4 million in 2005, with revenues are expected to increase to \$205.9 million by 2012.
2. Foods fortified with vitamins and minerals are considered a regular part of the diet.
3. Local manufacturing companies lead market participation, capturing majority market share on basis of price.
4. Establish a clear link between a health benefit and the product is likely to be well received by consumer.
5. The Government and the NGOs have been organizing campaigns to help increase consumer awareness and understanding of the benefits of functional foods, especially those fortified with vitamins and minerals. These campaigns are likely

to lead to an increase in the demand for nutraceutical in the country.

Market Overview - China

1. Value sales of vitamins and dietary supplements in China were worth RMB36 billion in 2005; Over 40% sales from import or international brand.
2. The outbreak of SARS in 2003 in China and 2004's avian flu outbreak resulted in Chinese consumers becoming more health conscious.
3. Multi-sales channels in China include direct selling, chain store, pharmacy...also large volume sales through "grey" channels.
4. Regulated by SFDA (www.sfda.gov.cn), and AQSIQ (www.aqsia.gov.cn).
5. Strong competition and price is more sensitive.
6. Labeling and advertising legislation applied.
7. Marketing cost high.
8. Brand loyalty low and unstable



Development Dynamics in the Greater Mekong Sub-Region

– Trans-Boundary Routes of Human Insecurity –

Gianluca Bonanno

Abstract— *The Greater Mekong Sub-region (GMS) has already witnessed two decades of broad regionalising efforts that have augmented local economic development whilst bringing about important social changes. Given the peculiarities of the sub-region and the advantages of a highly globalised 21st century, development opportunities in the GMS have produced synergistic effects characterised by a high level of interdependence. More frequent intraregional exchanges have inevitably stretched the sub-region's internal borders to a critical point, and border communities have been directly and heavily affected by this new reality. This paper provides some information about the circumstances around cross-border interactions and their new dynamics. Particular attention is given to new paradigms of human (in)security in the region, with trafficking and smuggling activities spreading and developing in unprecedented ways. Two case-studies are introduced: the situation of Burmese migrants along the Thai-Myanmar border at Mae Sot, and human trafficking and smuggling in the Mekong Delta region. The ultimate scope of the paper is that of demonstrating the existing connections between trans-boundary issues, particularly those belonging to the ever-expanding sphere of illegality.*

Keywords— Greater Mekong Sub-region, border development, cross-border interactions, migratory flows, trafficking.

1. INTRODUCTION

Backgrounds

The regionalising process in the Greater Mekong Sub-region has been implemented for almost two decades already, as an attempt to promote regional integration aiming to accelerate sub-regional economic development first. As a result, we have witnessed a dramatic increase in cross-border interactions, particularly after the Asian financial crisis in 1997. One thing that should be never forgot when dealing with issues in the Greater Mekong Sub-region is the fact that the area covered is neither geographically nor geopolitically defined. Past historical events tell us that the six members of the GMS can be very close as well as quite distant from one another at the same time. Common past experiences and close political ties are not enough to bring consensus when broader development concerns are at stake. Improved access to education and quicker contacts with the outside world have spurred a high rise in national consciousness in the region, which has translated into different social, political and economic phenomena. In particular, the rapid globalisation of all spheres of society in the sub-region has prompted governments to raise their protection shields, despite being aware of the impossibility to survive without being efficiently interconnected. This dual approach of opening the doors to the neighbours whilst growing suspicious about possible conflicts of interest might well be said to be the currently preferred diplomatic strategy adopted by all of

the GMS governments, although with varying degrees. A significant lack of communication and understanding between the central authorities and the local realities has caused unprecedented occurrences of intra-regional issues. What makes the Greater Mekong Sub-region a hot spot is the attention that the international community has started to pay with regard to its development potentialities. This attention has quickly translated into investment projects, and the well-weighed willingness to pull the area out of poverty has meant a lot of co-operation agreements are being signed at all levels. Without a univocal regulatory framework, a number of overlapping projects have easily led to confusion, and confusion is a close ally of an uncontrolled proliferation of issues. Nevertheless, although co-ordination among the GMS members remains a sensitive point of disagreement, billions of dollars regularly funnelled into the region have undoubtedly bore fruit. The two-fold approach generally adopted by the international community aims to address both the physical and non-physical barriers that hinder a full exploitation of the potentialities of the sub-region. Too often in the past, economic outcomes were given priority in governments' agendas. Similarly, too often NGOs activities were aimed principally to improve the local well-being of people. The analysis of the interdependence between economic and social issues in the sub-region provided within this paper sheds some light on the two apparently separated aspects of development. Things in general are moved by people and economic issues are at times followed, at times preceded by social issues. The rapid globalisation of the 21st century has changed the rules on the tables of developers. Economic growth does no longer provide a sufficient basis for overall sustainable development, although social stability has more and more proved to be a necessary prerequisite for meaningful co-operation.

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This is particularly true for the Greater Mekong Sub-region, and even more for its border communities. Marginalised people have restricted and often delayed access to the advantages of development, and this alone is a serious concern for any government. In the case of the GMS, things are complicated by the oftentimes inaccessibility of border locations and by the fact that those areas are mostly dwelled by ethnic minority groups. The reality is that people move faster than goods. And they adapt extremely quickly to ever changing situations. Despite the frequent claims by regional and international institutions regarding the promising prospects of the GMS, which mainly focus on economic growth, it is important to balance these assessments by seriously looking at the negative social impacts on cross-border areas that are too often ignored by the governments and the international community as well. Human insecurity for these people is the inevitable by-product of rapid economic growth, and without properly addressing this dark side of sub-regional integration, facilitated by a too optimistic GMS doctrine, the very success of overall sustainable regional development will almost certainly be undermined.

This paper examines the new development dynamics of the sub-region that have prompted people to choose mobility, too many times not for the better, but for survival. Economic growth and regionalisation in the GMS have meant wider movements, better perspectives, and bigger risks. The expansion of markets inevitably includes the internationalisation of labour markets as well, fostering unprecedented intra-regional mobility. Moreover, geographic closeness and ethnic affinities cannot but encourage the trans-boundary movement of young labour force, and in the last two decades, new trans-national migration routes have been delineating.

Identification of the Issue

Migration is obviously not a new phenomenon in the whole of Southeast Asia. Indeed, if it is to be considered as the general movement of people from one place to another, then the GMS is arguably one of the most active places in the world [1]-[2]. The largest flows of people have, until now, converged towards the more developed country of the bloc, Thailand. That trend continues to persist and is likely to grow stronger until economic and social conditions in the neighbouring countries improve enough to level up the currently existing development gap. Therefore, already established routes are taken into consideration in order to support the current migratory behaviours.

However, the incidences observed within this study have hinted to another kind of phenomenon that was already there in the past, but that has increased with the development of border areas: border migration. Border migration as analysed in this paper is to be considered as the movement of people of different origin towards a frontier, with the prime intention of settling on either side of the common border. In this perspective, the boundaries of the phenomenon itself stretch towards new definitions and keep pace with the times of globalisation. The overall picture of migration occurring within the GMS could be then updated as shown in Figure 1.

[Figure 1] It is important to stress the fact that migration routes too often coincide, for reasons that will be explained later in the paper, with the routes beaten by traffickers of human beings.

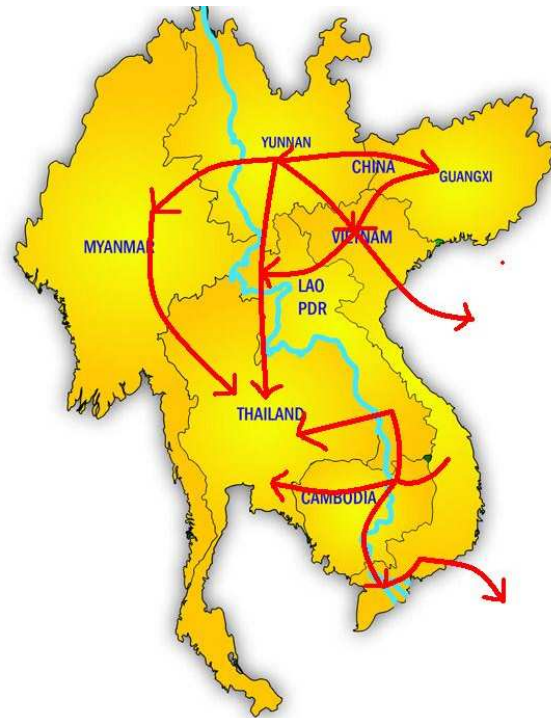


Fig. 1. Migration / human trafficking routes.

Positive economic outcomes and rapid urban development in the areas adjacent to border crossings have attracted people from neighbouring, as well as distant locations. Domestic and foreign investment has been funnelled into such areas, multiplying and diversifying the chances to successfully set up new businesses or take part in already running activities. Moreover, border trade has been officially and unilaterally encouraged in many ways, not last that of cutting taxes and granting financial aid. All of the above-mentioned reasons, alongside the establishment of special border economic zones and cluster industries, have reduced the risks and constraints of running small businesses alone. Border areas are also benefiting from an illegal but still indispensable informal trade, which is largely responsible for overall economic development and it counterbalances the risks of stalemates where official trade relations might remain locked in, as already happened on past occasions. All of these, plus many other more personal motivations, have fostered expectations in the hearts of many and have set them on the move. A clear evidence of this new trend is given by doubling population numbers near the crossings. Moreover, this new phenomenon does not only spur economic growth along the borders, but it also balances the gap between urban and rural centres, so deep in all of the GMS countries.

2. SCOPE AND METHODOLOGY

Aim of this study

As the direct continuation of a project witnessing the development-related changes occurring throughout the Greater Mekong Sub-region, the overarching aim of the study to which this paper belongs is identifying, analysing, and comparing trans-boundary issues and their incidences as they appear at the border areas along main established intra-regional routes. The regionalising process in the GMS has been implemented for almost two decades already, as an attempt to promote regional integration aiming to accelerate sub-regional economic development first. As a result, we have witnessed a dramatic increase in cross-border interactions, particularly after the Asian financial crisis in 1997. Within this background, the analytical questions that this study addresses are: what is happening in these cross-border communities? And what kind of new dynamics have emerged there?

The ultimate scope of this study is thus that of clarifying the current state of things and of contextualising them within a sub-regional perspective. Eventually, an insight into future projections will be provided, in the sheer hope that it might be inspirational to those who have the power to change the course of things on the ground.

Methodology

Official data published by the GMS countries have obviously been collected and processed. They are statistics made public by the central and local authorities and are often the only available source to start with. Since the GMS comprises six countries, each at a different level of development and with significant national peculiarities, the question of uniformity is essential in processing the retrieved data: not all of the statistics offices publish regularly on an annual basis; not all of them have an up-to-date database; not all of them are able to provide sub-national information; depending on the country, statistical figures may only be accessible on site and, for those who host them online, accessibility in English is rare or, even when in the national language, often restricted. Furthermore, sensitive data are hardly accessible to foreigners, thus the collaboration of one or more local institutions becomes fundamental.

Most important, this study is almost completely the fruit of extensive field-work activities conducted all over the sub-region. Trips have been taken individually and in group, both officially and privately, particularly in the northern part of the sub-region, where issues have been occurring with a higher incidence. Through a prolonged and direct contact with the situation and with local people, the author was able to collect a considerable amount of raw data and first-hand impressions on things as they literally happened. Not many foreigners have been able to approach and observe the sensitive border areas of mainland Southeast Asia, a fact also supported by the reactions of the local people and, perhaps more meaningfully, of the local authorities. The surveyed places are the border check-points and their adjacent areas along the so-called GMS economic corridors, three

main arteries criss-crossing the sub-region in all directions. The reason for that choice well summarises the GMS dilemma: given the sub-region's peculiarities, multilateral development and the abatement of physical and non-physical barriers along the GMS's internal frontiers have proved to be a double-edged sword, fostering widespread welfare and progress, but also spurring the proliferation of uncontrolled trans-boundary issues. In both cases, the repercussions are felt all over the sub-region and have a domino effect on the appearance of new trends, as briefly explained within this study.

3. RESULTS AND DISCUSSION

Unfortunately, not all that glitters is gold, particularly in rapidly changing environments such as the GMS. Economic migration, human trafficking, and drugs smuggling are all equally responsible for large movements of people across the borders, and, most important, they are so closely connected to one another that it is oftentimes impossible to distinguish one phenomenon from the other. Rather, this study has found out that on many occasions all of the above are more like phases of a single event, which might start as economic migration, go through human trafficking and drugs smuggling, and in some cases might even end up as a refugee problem. The very same routes used by labour migrants are, alas, preferred by traffickers as well, for some very good reasons. Many are the cases in which traffickers strike deals with would-be migrants in order to provide them with support and protection during their journey, in exchange for some help with their business. So people are often used as porters for drugs, just to mention one. No matter how many times history repeats itself, the dream of a better life in a wealthier place lures poor men, women, and children into undertaking those journeys, unconsciously understanding that things might not always go as smoothly as predicted. So from a simple agreement for mutual help, it becomes a deal struck with blood, and many a time the migrants fall into the possession of criminal syndicates and get involved in prostitution, drug consumption, forced labour, and any other kind of illegal activity. Only a small share of them will eventually reach their dreams, and, after a passage through hell, will hopefully find some tranquillity at their final destination (which, anyway, not always coincides with the place they had set off for).

This paper introduces some of the above-mentioned phenomena through the analysis of two case-studies. The aim of both is to demonstrate the deep interdependence of some of the most sensitive trans-boundary issues occurring in the sub-region.

The plight of the Burmese migrants

A taste of what has been said hereabove can be easily experienced at many points along the Thai-Burmese border, but particularly around the town of Mae Sot, located in Thailand's Tak Province. It does not take an expert to realise that the Thai town of Mae Sot looks, or better sounds, all but a Thai town. The Burmese share of the population is overwhelming. There are Burmese

schools, Burmese health clinics and shops whose clientele is a hundred per cent Burmese. The local authorities acknowledge this fact, but are faced with a delicate diplomatic problem. In order to understand it, this study has briefly but clearly re-traced the roots of and rationale behind the movement of people from Myanmar into Thailand. Myanmar has recently seen a resurgence in clashes between the Burmese Army and armed groups representing minorities, particularly in the wake of the general elections that were held in November 2010. Although brawls and fights have broken out repeatedly during the last half century in the outskirts of the country, some major offensives have been registered in Kayin State since 2007. Even though such events seldom make it to the international news and the Burmese national coverage may well be biased, the presence of the Karen National Liberation Army (KNLA) along the borders makes believe that none of the two parties has eventually prevailed yet, and the situation remains almost unchanged. Nevertheless, field-observations and witnesses' reports have uncovered a bitterer truth bobbing up to the surface. If it is in fact true that KNLA-occupied positions have stood the army's attacks during the years, the same cannot be said for the majority of isolated villages within the state. The army has allegedly forced thousands of people out of their villages, who have chosen to flee rather than endure all sorts of brutalities. This policy to pressurise ethnic minorities in Myanmar is sometimes seen as a way to deny them their traditional homelands, although NGOs and Burmese leaving in Thailand believe that it might have actually had the opposite effect.

Whichever theory might suit the reader, this study aims only to show the facts occurring at those places. And it is an undeniable fact that there exist a large number of border camps for Internally Displaced Persons (IDP) in Myanmar and refugee camps in Thailand all along the two countries' common border. Allegations from people living at those sites claim about denials of basic rights such as education and medical care, and often religious beliefs are a sufficient reason for them to be attacked, too. The intimidation strategy used by the army might explain the relatively low number of open fights with the KNLA. Moreover, it gives the international community the benefit of the doubt, which is apparently enough to avoid direct confrontation. Nevertheless, hearings at Mae Sot, where people feel safe enough to speak out against their situation, refugees seem to share similar grievous experiences. Oftentimes the army does not even touch the population, which, for fear of what it might be, chooses beforehand to flee into the jungle with nothing more than they can carry. Then the army arrives, villages are reportedly looted, livestock confiscated, and what is not taken is destroyed to the extent that nothing a lot more than charred wood is left of the village it used to be. Some refugees have talked about landmines being placed throughout the area, as well as on-sight shootings of those few who decided not to leave. But, again, that remains hard to prove. What is a recurrent fact in the refugees' stories is that after leaving the villages, the only choice those people have is to flee deeper into the forest, towards the land controlled by the

ethnic armed factions, such as the KNLA, along the border with Thailand. Unfortunately, they seem not to have the possibility to go back when the army is gone, because reportedly their farmlands are quickly converted to, for instance, rubber and castor oil plantations, and what is left of their rice paddies and fruit orchards serve to support further militarization of the area. This is how these people end up in camps for IDPs that are usually close to and under the control of KNLA-like groups. Nevertheless, such precarious solution could not be but temporary and most of the people, usually those in working age, decide to go further and cross into Thailand.

This is a decisive step for their future in Thailand, as the way they officially enter the country will give them certain rights and deny them of others. The majority of those who cross are generally in a hurry and are not fully aware of the possibilities that are being offered to them by this even desperate situation. This means that they just go on to the other side and ask for asylum, becoming refugees. Also called Externally Displaced Persons (EDPs), they enjoy limited rights and have to live in camps located mainly in Mae Hong Son Province (just north of Tak Province), and in Tak Province, mostly around Mae Sot. Mae Sot has reportedly the highest concentration of EDPs and this is easily explained by the fact that the town is located across the border where the heaviest fighting has taken place. This situation is peculiar to the Mae Sot – Myawaddy area, whereas further southwards, places controlled by the Democratic Karen Buddhist Army (DKBA) seem to enjoy relative calmness thanks to agreed ceasefires. Moreover, southern areas are topographically characterised by mountains covered by dense jungles, thus refugees, although present, are fewer in number and remain more isolated.

Even though sporadic but significant fights have recently interested the surroundings around Mae Sot – Myawaddy, this, plus the fact that the location is along the EWEC, has undoubtedly attracted the attention of the international community, whose presence in Tak and Mae Hong Son provinces has sharply risen in the past years. Many NGOs are actively involved in a vast range of support activities towards the refugees in particular, which helps the Thai Government share the burden of monitoring the development of the situation. Nevertheless, this study has shown that not always things are so straightforward, and oftentimes refugees have to go through much harsher suffering. There are, in fact, all the conditions for any sort of criminal activity to prosper, and people often end up being exploited in their own country, during the journey, and afterwards once they have reached Thailand. Human trafficking has been going on for years, with thousands of Burmese caught and trafficked annually. But human trafficking in this troubled part of the GMS sub-region follows different routes. While elsewhere it is not uncommon to see how victims would be sold at the beginning of their journey, in this case people are fleeing, so they set off on their own accord. That is why, strictly speaking, they cannot be categorised as trafficked. Of those interviewed, some said to have asked for permission from their families,

while others clearly said that it was their families who encouraged them to seek a better life in Thailand. The decision made, they would then look for someone who could show them the way to the other side. These “guides” are reportedly persons native to the area, mostly women who know the geography, the culture and the language. But there appears to be a subtler reason behind the nature of such intermediaries. Many of these agents appear to be involved in other illegal activities, too, such as smuggling in drugs and other goods, and use the same trails and contracts to traffic in human beings. That way, the latter are asked to carry the goods, oftentimes hidden within their bodies, thus becoming unwilling porters. But that is a risk desperate people seem to be willing to take, particularly because they naively believe that they will be soon enjoying better conditions.

According to the information gathered within this study, here comes the point where many would-be-refugees become trafficked persons. The guide-turned-traffickers would now make a selection of those people who, according to their judgement, might stand labour conditions as workers in constructions sites, industries, or plantations, from people, mainly women of young age, who could make for a good deal as prostitutes. The trick is that many of these people have still a legal status when they cross the border, and they often do that through formal channels with official documentation. Once on the other side and after the selection has been made, personal belongings, documents included, are taken away by the traffickers and then handed to the buyers, who still will not give them back to their rightful owners. By doing so, the victims have nothing to prove their identity and would anyway not turn to the local authorities for fear to be repatriated as illegal migrants [3]. In fact, they know that if sent back to Myanmar, they would almost certainly be directly delivered to Burmese officials and would eventually face long jail terms and other kinds of punishment. So at this point the group splits. Men usually accept the new reality more willingly as they only have to bear the brunt of fierce working conditions and the hardship of dodging authorities, which, compared to starvation and persecution at home, is definitely a better-off perspective. The plight of women is much worse. According to some witnesses, the dream of the Promised Land starts to vanish even at border check-points, where corrupted officials abuse them threatening incarceration if they oppose. Allegations of misconduct by officials and policemen are quite common and do not end at the check-points. The women are promptly sold to labour brokers, but they are not meant to stay at one place for too long, following a pattern thought to avoid that the victims become too acquainted with the place and their fellow workers. So they are reportedly moved from one place to another, and from one owner to another.

In an attempt to curb this kind of intra-province movements, and to avoid that the labourers could reach even further places, Thai authorities have established many non-border check-points on the roads from and to the border. This countermeasure is deemed to be quite effective and is being adamantly adopted along the economic corridors. Unfortunately, more controls do not

necessarily mean tighter controls, and in many cases they become a further opportunity for corrupt officers to extort more money. Paradoxically, this sordid process meets with the tacit approval of its victims, who are faced with no other choice than to be sent back to Myanmar. This victimisation has been arguably going on for years, since the people interviewed were mostly in their 30s and had now been accepted into refugee camps after been discharged of by their owners because no more fit to be part of the entertainment industry. This is how, at the end of their journey, they are finally granted the status of refugee and can relatively settle down. Many have their own little shops in town, mostly restaurants and bars. What is remarkable in the area is the presence of many facilities for the support of Burmese refugees that are run by Burmese people. Many are health clinics that offer aid to HIV positive patients, who are likely to have become such along their journeys. Many are also the schools that deliver traditional Burmese education to children. Financial contribution comes from international non-governmental organisations as well, although such centres are oftentimes set up with funds contributed by Karen who migrated to Mae Sot in the past and continue to live there in the present. Given these circumstances, the fact that most of the refugees, unlike regular economic migrants, are not willing to travel further inland towards the capital, and acknowledging what most of them have been through, Thai authorities seem to overlook the actual illegality of many. This is the diplomatic dilemma which Thai authorities have tried to deal with in recent years, and although forced repatriation programmes do sometimes occur, the situation is not likely to change if things on the other side of the border are not solved first.

Human trafficking and smuggling in the Mekong Delta

Human trafficking and labour migration as commonly intended are still an issue in the whole sub-region. With regard to another GMS hot spot, the Mekong Delta, they nevertheless present some characteristics peculiar only to this border. First of all, the fact that there has been a conflict until not long ago is not to underestimate. There is still a general perception by Vietnamese people to be somehow superior to their closest neighbours. This is arguably given by a number of reasons, among which the outcome of the war, the increasing economic gap, and political affinity. The pressure that the Vietnamese Government is still able to exert on its eastern neighbours is in fact widely perceived. The treatment reserved to Cambodian people on Vietnamese soil is reportedly not always fair. Nevertheless, a flow of migrants can still be noticed along the border running from Moc Bai towards Ha Tien, near the Gulf of Thailand. This study has shown that the establishment of large economic zones in Tay Ninh Province and the increased number of people crossing at that border has caused the occurrence of illegal crossings to move southwards. In particular, the Mekong River check-point at Vinh Xuong – Kaam Samnor appears to be experiencing a rise in the incidence of such movements. The gates are located 30 km north of the nearest Vietnamese town of Chau Doc, and are reachable by

boat in around 40 minutes. The choice of the location does rarely depend on the easiness of the crossing itself. In this case, too, controls are not difficult to circumvent, but speculations could be made as follows: the Cambodian side of the crossing is sparsely populated and there are no big centres in its proximity, thus allowing a freer movement of people down to the border; crossings can be easily made by land or by river, and in both cases it is almost impossible to spot them, particularly at night; Chau Doc is fairly well connected to the prosperous delta, both by roads and by river services; canals and tributaries connect the Mekong directly to Ho Chi Minh City; from there people could easily move elsewhere. What this study could not get a clearer picture about is the share of labour migrants as opposed to the share of trafficked persons. As cross-border smuggling activities here appear to be still frequent, it is reasonable to think that migrants could be forced to be unwilling porters, as already seen elsewhere. In particular, this study could prove, or at least confirm the rumours, of two main items being smuggled through human trafficking in this area: cigarettes and drugs. Tobacco trade from Cambodia into Viet Nam seems to be an issue of major concern for the Vietnamese authorities, who listed tobacco as a prohibited import item. Although authorities have long been trying to tighten their grip on the problem by publicising trials and countermeasures, smugglers seem to find cigarettes just too profitable to give up.

More interesting are the findings about the movement of drugs. To track down its routes, mapping the incidence of HIV infection has proven to be quite an effective way. In the case of south Viet Nam, An Giang Province, where Chau Doc is located, and greater Ho Chi Minh City jump to the eye for their high share of population living with HIV/AIDS, as shown in Figure 2. [Figure 2]

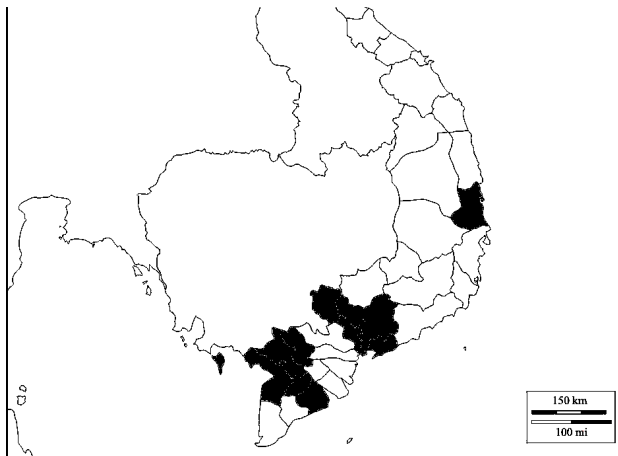


Fig.2. High HIV infection rate provinces in Southern Viet Nam.

By looking at the map, it can be easily seen that the Mekong area, from Chau Doc down to the sea, is a place of concern. Although the map does not explain the origin of the infections, it is reasonable to affirm that a large quantity of drugs may be passing through the region. The provinces along the Mekong are highly populated and

the spread of the disease is considerably quicker than in other places. Hence it is also relatively easier to monitor and draw hypotheses on the amount of drugs that is being trafficked. Tracing the path back into Cambodia with the same approach, it is easily understood that the epidemic may come straight from neighbouring Thailand, as shown in Figure 3.

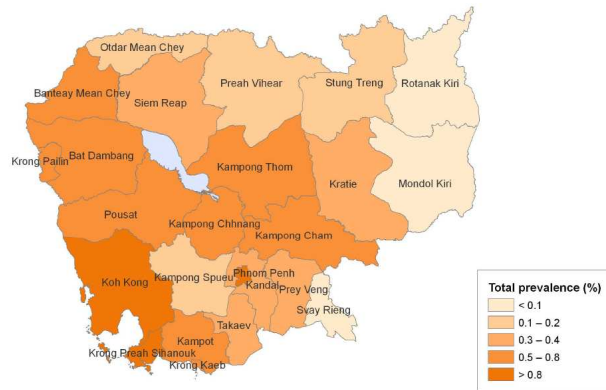


Fig. 3. HIV infection rate by province in Cambodia.

Although this method appears to be rather reliable at the moment, once the movement of people becomes freer and larger, it will be difficult to effectively link the HIV epidemic to the drugs trafficking phenomenon. The hope is that, by then, controls over the population and along the borders will be more efficient.

4. CONCLUSION

Positive trends and negative trends are common developments of any society in the world. They are just more striking in developing regions because, there, changes happen at a much higher pace and circumstances are more problematic. This study has shown that, although there might be different reasons behind the single issues, most of the times they are closely connected and influence one another. The results of the extensive field-works discussed in the two case-studies have been fundamental in the identification of common behaviours, observed in all of the instances thus far dealt with. A series of external factors, among which globalisation and the intervention of the international community, alongside rapid local development, have meant issues occurring within the sub-region have become so interdependent that can hardly be individually identified and analysed. Moreover, the ever-changing circumstances, the current amount of available information and its relatively reliable sources do not allow for definitive solutions to the problems, but only aim to provide an as-much-as-possible accurate image of what is actually happening. Finally, the author would like to restate the intrinsic importance of internal borders and the complex range of activities occurring around them, supporting the thesis that many issues make their first appearance where frictions inevitably are induced or restricted. As a window protects our home and at the same time shows us new horizons, so do a country's frontiers.

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The Establishment of Sustainable Competitive Advantage of Rice Exporter through ASEAN's Market: A Case Study

Tawamin Kruasom

Abstract— The main purpose of this study is to investigate empirically the implementation in order to conduct sustainable competitive advantage which will be focused on rice exporter in Thailand by using a case study approach. The present study has investigated the forces which enable to drive sustainable competitive advantage of rice exporter to ASEAN's market. For external forces, the firm in this case study has to focus seriously in economics, society, environment and politic in order to sustain its business. Moreover, the internal forces which influence to sustainability and competitive advantage for the rice exporter in this case are mentioned into resource-based view namely finance, technology, knowledge management and human resource management. Interestingly, in side of marketing-based view, rice exporter in this case emphasizes on customer perception and customer relationship which are enable to drive sustainable competitive advantage. Furthermore, location and transportation are very important factors which can make competitive advantage for rice exporter. Network or related business community is required to support in both of information and cooperation together. Establishment of a group or a community of the relative business is able to increase bargaining power and open to new opportunity.

Keywords— ASEAN, competitive advantage, rice exporter, sustainable competitive advantage.

1. INTRODUCTION

According to the relevant global changes have been progressing continuously and unpredictably in economic, politics, society, culture, technology and environment, competition is also widely displayed through various of businesses [1]-[2]. Reference [3] concluded that the competition was done among companies that made most of their products or assembles by themselves during 1960s and 1970s. Later, in 1980s and 1990s, many firms tended to make outsourcing in their materials or assemblies and became increasing enterprise. Interestingly, in 2000s, the competition moves to be increased hugely by the competitiveness is done widely through any regions in the word and for every kind of business [4]. Presently, many countries around the world are trying to merge or cooperate together in such obtaining the competitive advantage in economic, politic [5], and liberalization movements on growth, poverty and income distribution [6].

A case of cooperation among countries is as ASEAN. Since 1967, ASEAN or Association of South East Asian Nations was established with five original members. Then, Brunei Darussalam, Vietnam, Laos, Myanmar and Cambodia became members later [7]-[9]. In the present, there are totally ten member countries in ASEAN. The total population is 584 million people in 2008 (8.7 percent of the world population) in approximately and

having 4.46 million sq. km. and also objected to be ASEAN Economic Community (AEC) in 2015 [10]. Importantly, this region is attractive for investment with large consumption. Moreover, free trade agreement or free trade area (FTA) is a tool that used to reduce country's barriers focused on trading with lower taxation or non-tariff. FTA is initiated generally through economic integration of any countries around the world. The benefit from FTAs is indicated into several sides as greater ability to provide a positive signal towards driving economic and strategic cooperation. Besides, the regional security is progressed as well. As a result, ASEAN's market is an interesting place for any investors.

Competition will be conducted between groups of interrelated firms that add and generate value through their cooperation [3]. According to [11] viewed that for any firms to survive, it is very necessary to keep ahead among their competitors by making differentiated implementation. Additionally, [12] suggested that competitive advantage can cause either from doing a value-creating strategy which not being implemented or duplicated similarly with any current competitors. Competitor analysis, in field of marketing, is an important component in developing the effective and sufficient marketing strategies and launching marketing activities [13]. Moreover, [14] pointed out that any companies are mostly achieving their competitive advantage in the different route especially in both of costs and products. There are many studies since the past until the present about the establishment of competitive advantage such as [15]-[22] etc. On the contrary, to study in how to sustain its competitive advantage is rare.

Sustainability having been put on the international stage by the WCED in 1987, this idea broadly supports by government, non-governmental organization, businesses and some specific community in order to

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make both widespread economic prosperity and shared environmental concern [23]-[25]. The sustainable development has developed from the limitation of economic activity which is not balanced among businesses. Also, the inequitably distributed level of wellbeing and unequal of opportunity are focused on whether having sustainability [24].

In the literature, there are many studies about how to link between sustainability and competitive advantage in order to sustain the business and firm (e.g. [26]-[30] etc.). In fact, for methodology, various studies have examined sustainable competitive advantage by using inductive approach namely [26], [31]-[33] etc. However, for in-depth narratives of how small and medium-sized firms particularly in rice exporters in Thailand run their business and allocate their resources to provide sustainable competitive advantage in order to trade among ASEAN countries are very interested. It is therefore the purpose of this study to address such a gap. Similarly, the works of [7], [34]-[36] aim to examine the gap of international trade among cooperative groups. The present study also seeks to conduct a framework of sustainable competitive advantage which will be described fundamentally in the detail orientation.

This paper is structured into five main sections. The first part is presented the literature review of relative issues namely development of ASEAN region, sustainability, competitive advantage concept, and sustainable competitive advantage concept. The methodology section explains the data collection by using a case study. Also, with the findings is then further explained. Fourthly, it is the section of summary and conclusion. Finally, the limitation of this study is also discussed.

2. LITERATURE REVIEW

2.1 Development of the Association of South East Asian Nation (ASEAN) to ASEAN Economic Community (AEC)

Historically, on August 8, 1967, in Bangkok, ASEAN was established with five pioneer member countries namely Indonesia, Malaysia, the Philippines, Singapore and Thailand. Later, Brunei Darussalam, Vietnam, Lao PDR and Myanmar, and Cambodia had participated on January 8, 1984, July 28, 1995, July 23, 1997, and April 30, 1999 respectively [7]-[9]. ASEAN has obtained gross domestic product in totally by US\$ 1,100 billion and achieved about US\$1,400 billion of the total trade [7]. The purposes of ASEAN are classified into two main issues as given below [7], [37].

- ASEAN prefers to accelerate economic growth, society and cultural development among member countries.
- ASEAN intends to promote regional peace and stability through justice and law in order to make closely relationship among member countries.

According to the Treaty of Amity and Cooperation in South East Asia that formulated in 1976 in order to sustain the growth and the development of all parts in the region, all member countries have to follow these given

perspectives [7, p. 164]

- Mutual respect for the independence, sovereignty, equality, territorial integrity, and national identity of all nations.
- The right of every state to lead its national existence free from external interference, subversion, or coercion.
- Non-interference in the internal affairs of one another.
- Settlement of differences or disputes by peaceful means.
- Renunciation of the threat or use of force.
- Effective cooperation among member states.

This is because the difference in economic status and politics among countries, the three origin perspectives of ASEAN from leaders are considered in political and security cooperation, economic integration measure, and sociocultural development [7], [38]. Moreover, [10] stated that at the 9th ASEAN Summit in October 2003, ASEAN leaders agreed to establish ASEAN Economic Community (AEC) in order to complete effectively the objectives of regional cooperation by the year 2020. Reference [39, p. 924] states that the purposes of building AEC were mentioned in order to “create stable, prosperous and highly competitive ASEAN economic region in which there is a free flow of goods, services, investment and a free flow of capital”. However, at the 12th ASEAN Summit in January 2007 in Cebu, the Philippines, the time was shortened to be 2015 [7]. Later, in November 2007, the ASEAN Economic Community (AEC) Blueprint was developed at the 13th ASEAN Summit in Singapore. The issues in the blueprint are contained of four characteristics of being AEC namely [10].

- 1) Single market and production base
- 2) Competitive economic region
- 3) Equitable economic development
- 4) Enhanced participation in global supply networks

In summary, with the cooperation among countries in ASEAN and FTA stated previously, it makes this region attractive for investors to run any businesses.

2.2 Milestones of sustainability and sustainable development

The World Commission on Environment and Development (WCED) [40, p. 43] defined sustainability as “meeting the needs of the present generation without compromising the ability of future generations to meet their own needs”. Moreover, United Nations Environment Program (UNEP) defined sustainability as “the use and/or promotion of environmentally friendly materials, energy efficiency in buildings, and management of construction and demolition waste” [41, p. 90]. Additionally, Organization for Economic Co-operation and Development (OECD) describes sustainable development as including of critical aspects such as resources consumption that contains of energy, materials, water, waste and recycling, and environmental

quality [42]-[43]. In brief, sustainability was defined as a three-dimensional model composing of environment, economics and society [44]-[46]. On the other view, [47] suggested additionally that culture should be fit in sustainability aspect as well. Another suggestion, Five Capital Model, it is a model of sustainability which contains of social capital, natural capital, manufacturing capital, human capital, and capital [47]. Moreover, [25] and [48] discussed that politics factor affects to the sustainable development. In short, for the aspect of sustainability and sustainable development which are used interchangeably [49], the sustainability is a perspective using to describe how business enables to run smoothly and compete with other competitor effectively through the future. From the definition of sustainability above, it can imply that there are four pillars (forces). These four pillars are defined as external forces in order to driving sustainability [50]-[52]. It is therefore the external forces driving sustainability combines of economics, society, environment and politics.

2.3 Competitive advantage concept

Competitive advantage, the most common use in business today, it is widely applied as a key concept in strategic management [53]. Terminologically, [15] defined competitive advantage as characteristics of product or market which provide strong position to compete with other competitors. Besides, [16] and [17] argued that competitive advantages are any activities that a firm can apply to produce individual product or market based on its skills. Importantly, [18], [54] and [55] defined competitive advantage as the organizational factors which can drive a firm to outperform among its competitors. Furthermore, [56] reviewed that the competitive advantage is closely relative with core competence and distinctive competence and has described the difference of them as given.

Core competence is a capability that is central to a firm's value-generating activities.

Distinctive competence is a capability that is visible to the customer, superior to other firms' competencies to which it is compared and difficult to imitate.

Competitive advantage is a capability or resource that is difficult to imitate and value in helping the firm outperform its competitors. (p. 112)

In order to conduct the competitive advantage, the resources within the organization taking main role have to be valuable, rare, inimitable and not-substitutable [27], [50], [57]-[59]. As a result of importance of resources within firm that can considered as internal forces [60]-[64] in order to drive organizational goal. Theoretically, the resource-advantage theory refers to a process theory which emphasizes on the importance of market segments and resources and how a firm should behave among its competitors [65]. Therefore, in the present study, the aspects of resource-based view and market-based approach were used to identify competitive advantage. \

Resource-based view (RVB) concept

The concept of resource-based view (RVB) has been discussing widely for enhancing sustainable competitive advantage (e.g. the studies of [27], [57], [66]-[68] etc.). RVB is used to explain business practice namely strategic management, marketing, management, international business, entrepreneurship, human resource management, finance, and accounting [69]. According to [70] stated that RVB is a competitive tool of internal resources in order to create sustainable competitive advantage. Similarly, [19] and [71] identify RVB concept as a bundle of resources which enables any firms to outperform its competitors. The potential sources of sustainable competitive advantage are typical studied. From the review of many studies, it is able to categorize into four main relative sources of RVB which can move a firm forward to sustainable competitive advantage.

Firstly, *financial resource* that may indicate from tangible and intangible asset is a key factor of RVB in order to sustain the competitive advantage of any firms [72]-[74]. The financial conditions are mainly pushed through organization's strategies in order to conduct sustainable competitive advantage such as low cost strategies [31], [75], [76].

Secondly, *information technology and innovation* are both similar sources of RVB which enable to establish sustainable competitive advantage for any firms such as the studies of [77]-[81] argue that being sustainable competitive advantage, research and development (R&D) are very necessary for improving technology and creating innovation.

Thirdly, *knowledge management* is one of the sources of RVB that can drive any organizations to be sustainable competitive advantage (e.g. the studies of [28], [57], [79], [82]-[84] etc.)

Fourthly, *Human resources management* is also a key source of RVB. There are many studies indicated that human resource is an important capital for sustainable competitive advantage such as [27], [58], [66], [85] etc.

The concept of market-based approach

Interestingly, the marketing-oriented [86], [87] or market-based approach [88] is concerned with how to satisfy customer with attractive products and services. For example, there are many studies about what effective strategies related with product that can make a firm to be sustainable competitive advantage such as quality of product [89], [90], product development [91], product design [92], [93], product branding [94], and innovative productivity [95]. Additionally, in marketing-based view, customer is the most important person who will make profit to the firm by consuming goods and services so that the customer perception, customer relationship or customer value are significant factors to make competitive advantage [30], [96]-[99].

In short, the components of resource-based view are reviewed into four main factors which enable to be sustainable competitive advantage for any firms namely financial resources, information technology and innovation, knowledge management, and human resource management [27], [57], [66], [67]. On the

contrary, there are many specific researches about what tool will be used effectively to achieve sustainable competitive advantage such as market-based approach [86]-[87].

2.4 Sustainable competitive advantage concept

There are many of studies about how to make sustainable competitive advantage especially consideration in both external and internal forces [19], [71]. For external forces, there are economics, society, environment and politics. For internal forces, the concept of resource-based view [27], [66] is used widely in order to indicate the sustainable competitive advantage which contains of financial resources, information technology and innovation, knowledge management, and human resource management. Other aspects concerning with sustainable competitive advantage of any firm are identified as market-based approach [86]-[87] which related through products and services to satisfy customer effectively. So that, the aspects for understanding how to establish sustainable competitive advantage of rice exporter in the present study are addressed in external and internal forces displaying above.

3. METHODOLOGY

The sample, Rermjaroen Pudedpol Mill, was chosen by purposive sampling from information-rich cases [100], [101]. For purposive sampling, the criteria in selection a case are mentioned formerly in business year operation (more than 20 years) and profit tends (continuous increase). These condition can display both sustainability and competitive advantage [49],[55]. Moreover, the rice exporting business is running based on ASEAN's market more than five years. This firm is located in Ubonratchathani, Thailand. It has been running the business about rice export for more 30 years. In the last 7 years, ASEAN's market was the objective place to focus. However, it is family-owned business and indirect rice exporting through middlemen because the low potential in management by itself. As the reason above, this case is very interesting to get rich understanding in how small and medium-sized business enable to operate for a long time with simple implementation and now, it is still being done with getting higher profit continuously. However, a particular case study is not generalized through other firms, the value of this research represents on itself [102].

This study uses an inductive approach [103]-[106] with a case study in order to gain rich text, deep and better understanding, and using various methods to ensure the reliability and validity of the present study [107]-[111]. For triangulation typologies, data and methodological triangulation were employed [102]. The different data sources came from both key informants and relative document to cross-check the consistency of the data. The focus groups, semi-structured interview and documentary analyses were utilized for this study.

4. RESULTS

The selected case as Rermjaroen Pudedpol Mill exports rice to ASEAN's market through middlemen. The exported rice is from both farmers and subretailed-middlemen surrounding the North-East of Thailand. From the data, it found that there are two main forces impact to establishment of sustainable competitive advantage of rice exporter in the present study. The internal forces contain of resource-based view (finance, technology, knowledge and human resource) [69]-[70] and market-based approach (customer perception and customer relationship) [96]-[99].

"...our business concerns with the potential of our resources such as cash flow and using any communication technology...My parents have been training me to know how to manage our business with their owned knowledge...Workers are important for us to operate our business smoothly."

"For this business, the trust among each other is very important...we are continuing keeping our customers by good relationship and transparent implementation...Our suppliers are both farmers and other investors in order to buy and sell our products. The perception between us and customer is very necessary as well."

The other factors found are location and transportation which are able to conduct sustainable competitive advantage for rice exporter [1]-[2].

"Good location and easy to deliver products make my business beneficially...as my firm is located nearby the main road, it's very comfortable to operate our business. It's very competitive."

Moreover, the external forces compose of economics, society, environment and politics. These factors drive any organization faced sustainability [50]-[52].

"To sustain our business, we try to adapt and improve our implementation upon economic situation...we really care to surrounding communities and importantly, we focus on how our business wouldn't destroy environment due to its production process...I cannot say that politics is an important factor in order to consider how we can manage our business effectively. Rice is a product that was organized by government."

Network or related business community is required to support in both of information and cooperation together. Establishment of a group or a community of the relative business is able to increase bargaining power and open to new opportunity [1]-[2].

"We have a group to share any information together such as pricing. It makes us competitive. It's also made us can operate this business for a long time as well. ...Also, we are small firm, but sharing among friends in the same business makes us reducing pressure, having power to negotiate and let us know the new information as well."

Therefore, the conceptual framework of the present study is shown in Figure 1.

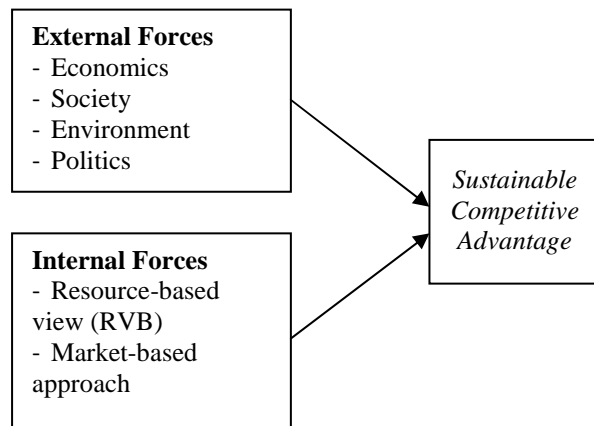


Fig. 1 The conceptual framework of sustainable competitive advantage for rice exporters in Thailand (Author).

5. SUMMARY AND CONCLUSION

The present study has investigated the forces which enable to drive sustainable competitive advantage of rice exporter to ASEAN's market. For external forces, the firm in this case study has to focus seriously in economics, society, environment and politic in order to sustain its business likely many studies from the past (e.g. [44]-[46], [112]-[114]). Moreover, the internal forces which influence to sustainability and competitive advantage for the rice exporter in this case are mentioned into resource-based view namely finance, technology, knowledge management and human resource management similar to many studies addressed before (e.g. the studies of [27], [57], [66]-[68], [94], [115] etc.).

Interestingly, in side of marketing-based view, rice exporter in this case emphasizes on customer perception and customer relationship which are enable to drive sustainable competitive advantage [30], [96]-[99]. Furthermore, location and transportation are very important factors which can make competitive advantage for rice exporter. This is because rice exporter needs to have wide space to dry up his product and delivery for both intake and outtake from the firm. In order to reduce and link external forces and internal forces to be sustainable competitive advantage for rice exporter, network or related business community is required to support in both of information and cooperation together. Having group of the relative business is able to increase bargaining power and open to new opportunity [1], [2], [116].

6. LIMITATION OF THE STUDY

A single case study for this study provides rich context and in-depth data [117]. However, as the suggestion of [109] and [118], the selected case is used for theoretical rather than statistical generalizability for conducting theory development. Besides, the sample was chosen by purposive sampling from information-rich cases [100], [101]. The direct export company should be studied further. Moreover, the longitudinal study and different case comparative study are suggested for future research [102]. The different business may be addressed in various perspectives in order to establish sustainable

competitive advantage.

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Education Sector Related Rural-Urban Gap in Pakistan and Programs to Reduce It Promoting Integrated Development

Muhammad Haroon Siddique

Abstract— The wide-prevalent rural-urban gap in Pakistan regarding education has adverse consequences on its development. The work is an attempt on suggesting remedies. Through the course of research six indicators were selected to illustrate the gap. The existing programs are discussed before concluding.

Keywords— Education, rural-urban gap, development.

1. INTRODUCTION

In a diversified world of today where uncertainties are great, there emerges a need to think about the planning and development work more systematically than ever before. The solution to such a situation can be brought about through a process that has got a strong element of research and evaluation. So the adoption of a holistic perspective and methodology, diversified knowledge systems – scientific and indigenous – can be called at proper stages so that these specialties may also incorporate their input appropriately. The experts in the field of human development are working to bring about social change that is highly needed. Similarly the experts in the field of education exclusively have also been in a constant effort to alleviate the curse of illiteracy. The oncoming pages deal with this aspect especially regarding Pakistan.

Not more than 54 percent of the population of Pakistan can be reported as literate by any definition [1]; what is the yardstick used in Pakistani scenario to mark between literates and illiterates is, however, another point to ponder. About 67 percent of our population still lives in the rural areas and the situation of literacy and education regarding our rural areas exclusively is rather devastating. The illiteracy undoubtedly becomes hindrance in the way to development. Development of the rural areas of Pakistan, therefore, demands higher education and literacy rates. Since the Universal Primary Education and Adult Education are two wheels of the vehicle of development as the education on one hand helps people become aware of the pros and cons of various aspects of life; and on the other hand it guides towards the suitable avenues those may lead citizens to the destination of sustainable development and prosperity, so giving due consideration to education is really important.

2. SELECTED INDICATORS TO ILLUSTRATE RURAL-URBAN GAP REGARDING EDUCATION SECTOR

The following six indicators are considered here to illustrate the rural-urban gap and disparity regarding education sector (these indicators are solely selected by International Development Research Centre (IDRC) and I have just quoted here with appropriate referencing [2]:

1. Adult literacy rate
2. Primary school enrolment rate
3. Secondary school enrolment rate
4. Primary school drop-out rate
5. Primary school continuation rate
6. Access to primary school

Table 1

Sr.	Indicators	Rural		Urban		Total	
		1995-96	1998-99	1995-96	1998-99	1995-96	1998-99
1	Adult literacy rate	31	36	57	65	39	45
2	Primary school gross enrolment rate	68	60	92	93	75	68
3	Secondary school gross enrolment rate	NA	31	NA	60	NA	40
4	Primary school drop-out rate	19	18	11	11	16	15
5	Primary school continuation rate	Male 70.6		Female 60.6			
6	Access to primary school	64	92	NA	NA	64	92
		55	69	NA	NA	55	69

Source: [2]

2.1 Adult Literacy Rate

At the time of Independence in 1947, Pakistan had a large population of those who could not read or write. In 1998-99, however, 45 percent of the adult population (10 years and above) was literate. The fact is that after such a long period, the majority of population still remains illiterate. Table 1 shows that between 1995-96 and 1998-99 the literacy level was increased by 6 percent. The difference between the literacy rates of rural and urban areas has fluctuated between the range of 27 and 30 percentage points over a period spanning 26 years without showing any signs of decline. There are at least two aspects of regional disparity in literacy rates that make it a particularly serious matter; majority of Pakistan's

population living in rural areas is the first aspect. Therefore, the low literacy rates prevailing in the rural areas are more representative of the literacy rates for Pakistan. Due to disparities the resulting gap in literacy rates is almost unbelievable. According to the 1972 census data, while about 50 percent males living in urban areas were literate, only 6 percent rural females fell in this category. In 1981, these figures were 55 percent and 7 percent respectively. Data obtained from the latest census conducted in 1998 indicate that 80 percent females living in rural areas are still illiterate while percentage of illiterate males in urban areas has fallen to 27 percent.

2.2 Primary School Enrolment Rate

The enrollment capacity of the primary school system may be regarded as a proxy measure of the supply of educational services while participation of pupils in the system provides a measure of demand for primary education. Gross enrollment rates are often used as indicators of the general level of participation and capacity. Table 1 also sets out data on gross enrollment rates for Pakistan. Alarming, the gross enrollment rate has declined from 75 percent in 1995-96 to 68 percent in 1998-99. This decline was observed mainly in rural areas. It, however, is difficult to explain this declining trend in the presence of Social Action Program (SAP) designed particularly to promote primary education in the country.¹ It may partly be attributed to the recent rise in unemployment and poverty, and also to decline in real wages. Probably for several parents in rural areas it has now become difficult to enroll their children in schools.

The gross enrollment appears to be quite impressive for the urban areas where it was more than 90 percent in 1998-99. It can be inferred from this figure that, given enough demand, primary schools in the urban areas of Pakistan are capable of accommodating more than 90 percent of children who are in the primary school going age. The gross enrollment rate, however, takes into account all the pupils who are enrolled in a primary school, irrespective of their age. Since late entry and grade repetition are common phenomena in the country, a large proportion of these pupils do not fall in the official primary school age (5-9 years).

2.3 Secondary School Enrolment Rate

Table 1 also provides information on secondary school gross enrollment rates for Pakistan. Forty percent of children who were in the secondary school going age (10-16 years) in 1998 were enrolled in schools. The enrolment rate for girls (27 percent) was about half the rate for boys (53 percent). This gender disparity was even worse in rural areas where compared to 47 percent of boys, only 13 percent of girls were enrolled in secondary schools. In urban areas the gender gap in terms of enrolment in secondary school was relatively low. The secondary school enrolment (for both boys and girls) was higher in Sindh than in other provinces. However, enrolment rate for boys

was highest in Balochistan, followed by Sindh, North Western Frontier Province (NWFP) and Punjab. For girls, it was lowest in NWFP, only 13 percent.

2.4 Primary School Drop-Out

Pupils who cannot continue in the next grade fall into two categories, namely, those who opt out of the school system altogether and those who are required to repeat a grade, presumably because they have not acquired enough knowledge and skills. Dropout rates for Pakistan are given in Table 1. These rates are for two time periods. Dropout rates are affected by internal efficiency of the school system, in addition to several other factors. The latest available figures indicate that the dropout rates (the first grades of primary school) in 1995-96 were reduced during 1998-99 - 16 and 15 percent respectively.

2.5 Continuation Rate

The figures reveal that quite a large proportion of the students are not able to continue to grade 2 - 39.4 percent for females and 29.4 percent for males enrolled (Rural-urban specific data could not be accessed). We, however, may assume that if we are able to push a student to grade 2, his/her chances of going to further ahead may increase considerably. It is also observed that repeating grade 1 sometimes becomes reason for drop-out from the school; introduction and strengthening of pre-primary educational programs can be helpful in increasing continuation rate to grade 2.

2.6 Access to Primary School

Another important aspect is the access to primary school regarding which the figures show that in 1998-99 as much as 92 percent of the males had an access to the school in the rural areas in contrast with 69 percent females. However, the data is not given in Table 1 regarding the urban areas. It is assumed on the basis of overall visits to the urban areas across the nation that the primary school are quite adequately accessible in almost all the urban areas of Pakistan - private, if not public.

3. EDUCATION POLICY AND UNIVERSALIZATION OF EDUCATION

Since Human Resource Development may not yield short-term results, governments should formulate both short-term and long-term policies. In translating policy into practice, the government should attend to socio-cultural factors surrounding implementation and involve the implementers in the process. It may need to strengthen the institutional structures, mobilize and facilitate the use of other resources like Non-Governmental Organizations (NGOs), communities and private sector to supplement its efforts. It is also important to experiment, try out new ideas and collect information about experiences, as also try and improve policy and program effectiveness [3].

4. PROGRAMS AND PROJECTS ATTEMPTED TO REDUCE THE RURAL-URBAN DISPARITY AND PROMOTING

¹ However it can be argued that had the SAP not been there the situation would have even been worse.

INTEGRATED DEVELOPMENT BETWEEN RURAL AND URBAN AREAS OF PAKISTAN

This is heartening to mention that various efforts have already been done in Pakistan regarding the field of education. Hereafter is a description of the programs and the projects those attempted to reduce the rural-urban disparity and those tried to promote integrated development between the rural and urban areas of Pakistan.

5. EFFORTS AT THE NATIONAL LEVEL

Education Sector Reforms (ESR) 2004

Mission Statement: Developing human resources in Pakistan as a pre-requisite for global peace, progress and prosperity.

The Vision: Quality Education enabling all citizens to reach their maximum potential;

- Produce responsible, enlightened and skilled citizens;
- Integrate Pakistan into the global framework of human-centered economic development

Thrust Areas under the ESR

- National Literacy Campaign – Integrated Approach to Poverty Reduction
- Mainstreaming Madrassahs
- Universal Primary/Elementary Education
- Improving the Quality of Education: Curriculum Reform, Teacher Education & Training, Exam Reform and Assessment
- Technical Stream at Secondary Level
- Higher Education Sector
- Public Private Partnership

The Education Sector Reforms (ESR) aims at the development of the education sector on the whole, with a special focus on Education For All (EFA). The ESR Action Plan addresses the development of the education sector comprehensively through investment in school rehabilitation, examination and assessment system reform, teacher training, an adult literacy campaign, mainstreaming the *madrassahs*, a pilot school nutrition program and technical stream in secondary schools. This plan aims at introducing a skill development stream in the ninth and tenth grades, parallel to the existing science and arts group, in 1,200 existing secondary schools and 60 new model technical high schools. Training will be imparted in selected trades for creating employment linkages. This component of ESR specifically targets the youth and will be supplemented by the provision of micro-credit. The Education Sector Reform Agenda has clearly spelt out its priorities, including universal primary education, adult literacy up to 86 percent by 2015, reducing illiteracy by focusing on reducing gender gap and quality education.

6. NATIONAL COMMISSION FOR HUMAN DEVELOPMENT (NCHD)

This is a major initiative, which reflects the resolve and commitment of the Government to meet the goals and targets of MDGs/PRSP (Millennium Development Goals/Poverty Reduction Strategy Papers). NCHD has the mandate to enhance and improve services at the district level in primary education, literacy, and provision of basic health services. It also helps the line departments in capacity building of the government functionaries working in the social sectors. It also supports capacity building and training of NGOs, Community Based Organizations (CBOs) in the areas of health and education. NCHD has established strong monitoring and information management system and is strengthening delivery of social services at the grass root level.

7. NATIONAL PLAN OF ACTION FOR EDUCATION FOR ALL (EFA)

This is an international commitment made by the Government of Pakistan (GoP) for Education For All at Dakar. An EFA Plan of Action has been developed through broad-based consultations with the principal actors of EFA and other stakeholders. The Ten Year Perspective Development Plan 2001-2011 links education with other social sectors and views EFA as the centerpiece of human capital formation. The basis for planning the goals of the National Plan of Action for EFA (2001-2015) is the six Dakar Goals. Emphasis is placed, however, on three main priority areas, namely:

- Universal primary education and quality EFA.
- Adult literacy rate.
- Raising the net participation rate of early childhood education.

The Ministry of Education launched the National Plan of Action for Education For All on 3rd April 2003, for achieving universal primary education by 2015. Disparities are being narrowed through mixed primary schools, compensatory programs, and appointment of more teachers in all schools - whether urban or rural. According to EFA goals and targets, by 2015, all children should have access to completely free education. Secondly it aims at eliminating disparities by 2005, and achieving equality in education by 2015. Guided by the objectives of "Education For All", the government aims at improving the access to and quality of primary education both in urban and rural areas – with more emphasis on rural areas as a priority.

8. RESOURCE TRENDS FOR CHILDREN

Over the last five years, pro-poor expenditure increased by an average of 16.6 percent per annum. A large part of the pro-poor expenditures (50-54 percent) is allocated to human development mainly in Education and Health sectors. The human development expenditure, as percent of Gross Domestic Product (GDP), rose steadily from 1.88 in 2000-01 to 2.42 in 2003-04 and then declined to 2.26 in 2004-05. Likewise, the pro-poor spending on education as percentage of GDP rose from 1.36 in 2000-

01, to 1.77 in 2003-04, and then declined to 1.56 in 2004-05.

9. RESOURCE ALLOCATION FOR EDUCATION SECTOR

In the education sector, the total expenditure was Rs. 75887 million in 2000-01, which increased to Rs. 132918 million in 2004-05. The increase in expenditures from 2000-01 to 2004-05 was 75.2 percent. The federal expenditures on education increased from Rs. 12238 million in 2000-01 to Rs. 36281 in 2004-05, showing the remarkable increase of 196.5 percent. The provincial expenditures on education also increased significantly from Rs. 63648 million in 2000-01 to Rs. 96637 million in 2004-05. This amounts to 51.8 percent increase in expenditures.

The pro-poor expenditures on education also increased from 1.51 percent of GDP in 2001-02 to 1.78 percent of GDP in 2004-05 showing the increase of 17.9 percent. The expenditures on primary education increased by 14 percent from 2004 to 2005; and expenditures on secondary education increased by 16 percent from 2004 to 2005. Provincial expenditure on primary and secondary education has also increased over the period. The mid-term development framework plans to spend Rs. 103.44 billion for basic and college education for the period 2005-10. An additional amount of Rs. 107 billion is required for skills based literacy and technology education at elementary and secondary level.

10. NATIONAL EDUCATION MANAGEMENT INFORMATION SYSTEM (NEMIS)

Ministry of Education provides data collected through NEMIS on regular basis. Both, the

Ministries of Health and Education, hold regular inter-provincial ministerial meetings, to address issues related to effective monitoring and evaluation of policy interventions and programs. They also aim at improving the management information system.

11. PROGRESS IN ACCORDANCE WITH MDG GOAL 2-3

Education, specifically primary education is the birth-right of every child and its provision is not only the responsibility of State but also requires societal and parental commitment. Primary education creates awareness, opens avenues for life long learning as well as self-advancement and improvement, and is a step towards halting the inter-generational transfer of poverty. Pakistan has been signatory to a number of international declarations such as the basic right of education to all of its citizens, Millennium Development Goals, and the Dakar World Education Forum 2000. The Government has taken several policy measures and initiatives to achieve these international goals. For primary school education two indicators namely Gross Enrollment Rate (GER) and Net Enrollment Rate (NER) are used. According to PRSP report, GER has increased from 72 percent in the year 2000-01 to 80 percent in the year 2004-05, which is quite impressive. Net Enrollment Rate

(NER) has also shown upward trend as it increased from 42 percent in the year 2000 to 52 percent in the year 2004-05. Pakistan seems to have made sound progress in NER at primary school level. Gap in NER at the primary school level remains unchanged at national level between periods of the year 2000-01 to 2004-05. However, overall gap in the GER has considerably been reduced. This can be attributed to increase in enrollment rate during the same period. Fact of the matter is that disparity in education sector is one of the major challenges in Pakistan and this target would be hard to achieve, as envisaged.

According to Pakistan Millennium Development Goals Report (PMDGR-2004) by the Government of Pakistan (GoP), a fair assessment of the status and trends relating to Goal 2 is difficult owing to a number of reasons. Major discrepancies arise due to differences in the methods used for data collection, the use of different definitions of variables, and the time-lag between data collection and publication. The discrepancies are sometimes significant, for example, between the National Education Management Information System (NEMIS) and the Pakistan Integrated Household Survey (PIHS). There is greater consistency, however, in the rates of change implied by these sources.

12. EFFORTS AT THE PROVINCIAL LEVEL

Lahore, Punjab

Present efforts at the provincial level in Punjab have made use of advertisement and other effective propagation tools; the following wording on boards displayed at different prominent points in Lahore conveys the message [4], for instance:

I'm not asking for any world;

I'm asking for just education' (A child's words)

Qadeer [5] has given a detailed picture of the trends of population in Lahore. The residents of Lahore, as elsewhere in Pakistan, present a very awkward picture in different walks of life, excluding not the traffic and transport [6]. Lahore being an important urban centre from many respects and having a rich background attracts population from various parts of the country as well as the rural vicinity of its own. The quantitative and the qualitative problems are but natural to emerge in such a situation. The quantitative problems demand more units to appear to cater for the needs of the illiterate along with making room for the oncoming population and the qualitative problems demand the planners to make arrangements for the up-gradation of the present stock as well as the vicinity on the whole.

13. NORTH WESTERN FRONTIER PROVINCE (NWFP)

Incidence of poverty was 33% in Pakistan for the year 1998-99 - with urban as 24 percent and rural as 36 percent exclusively. The respective three figures were 43 percent, 31 percent and 47 percent for the North Western Frontier Province (NWFP) of the country. Over the decade, however this scenario has changed significantly.

The following characteristics were used in NWFP:

- NWFP faces difficult challenges due to its geography, history and location
- NWFP is the poorest Province of Pakistan
- NWFP has poor social indicators and highest disparity
- Gaps tend to be wider in rural areas than in urban areas of NWFP.
- Gaps in NWFP are found to be larger than for the country as a whole
- Land ownership in rural NWFP is less concentrated than for the rest of the country, and there is prevalence of small landholdings, low agriculture productivity and high rural poverty

A large proportion of the paid employees in the urban sector of NWFP are engaged as wage labor in the informal sector, which is a significant employer in urban areas. The overall picture of consumption /income poverty in NWFP corresponds closely with that of Pakistan as a whole—higher concentration of the poor in rural areas, lower average consumption levels in rural areas, and relatively higher inequality in urban areas. The high rural-urban gap has all the more significance - since the province is much more rural than the country as a whole. Around 85% of the NWFP population lives in the rural areas. Multiple Indicators Cluster Survey (MICS) from September to December 2001 ranked Peshawar number 1 and Shangla the lowest in terms of urban population. The higher (relative to the country) rural male primary enrollment rate in NWFP is consistent with the almost universal availability of male primary education, female primary enrollment in NWFP lag behind rural Pakistan, in spite of the far higher incidence of girls' schools in the province.

14. A COMMENT ON THE EFFORTS

Education is inevitable also in the light of the work of Cruces and Wodon [7] according to which they believe that investment in human capital pays off not only in terms of returns, but also in terms of income stability; they support their view by regression analysis of the determinants of risk-adjusted income that revealed that the risk was not uniform across the household rather the households with better educated members were not only richer but also experienced lower levels of income variability. In 1998-99, only 45 percent of the adult population was literate. Females were 29 percentage points away from males in terms of literacy rates. The primary school gross enrolment has declined recently, particularly in rural areas. In view of the work of Baulch and others [8] we can say that all right, it makes no sense to acquire more education for the households those remain in farming, but it is worth-noting that modest level of education also serves to reduce the number of economic opportunities open to them off-farm. They say that the school enrolment rates can be considered as rough and ready indicators of the quality of life community lives, as mostly the school enrolment rates

are correlated with the income. Net enrollment rate is a more precise measure of school participation, as it gives the percentage of the *school age population* that is actually enrolled in school. They are considerably lower than the gross enrollment rates, indicating that despite availability of enrollment capacity, a significant proportion of school age population opts for staying away from primary schools. They probe, 'Why are the ethnic minority households so poor (in Vietnam)? They may lack endowments (physical and human capital) or they may have low returns on their endowments, perhaps because of discrimination, or for cultural or informational reasons. The low endowments and returns thereon are, in turn, partly due to remoteness of many ethnic minority households'. They further elaborate, 'people may be poor if they lack endowments. The main 'factors of production' are land, physical capital and human capital (education); to the extent that a household lacks these endowments then it is likely to be relatively poor'. According to the results of decomposing a set of expenditure equations they suggest that geographic and cultural remoteness is important. The decomposition analysis further showed that this would lessen the gap between the living standards of the majority, i. e; Kinh and Hoa, households and the minorities hardly by one third even if minority households owned the same endowments as the majority does. They thus conclude that the minority households have a low return on their endowments for some reasons. above all, their children had lesser NER (Net Enrolment Rates) than others!

Common reasons for low school participation in Pakistan are: distance to school, particularly in rural and mountainous areas; teachers' frequent absence from school; lack of parents' interest in the education of their children; involvement of children in income-generating activities to support their poor households; inability of non-local teachers to motivate parents to enroll their children in school; population pressure; and youth unemployment.

According to Laws and Marcus [9], the problem of developing countries is two-fold as they are stuck up on one hand in being unable to find out proper reasons of their problems and on the other hand in finding the solutions. Moosa [10] is also of the same view while his debate on the quality assurance in Education. In order to bring about primary education and if the goal of Universalization of education is to be achieved; there is a need of all-round reforms in education. The reforms should include [3]:

- Fiscal reforms to find out and redistribute resources and invent cost-effective solutions.
- Management reforms that ensure quality and quantity along with cost-effectiveness.
- Curricular reforms that provide the right kind of curricula and attract and retain students in school.
- Reforms to strengthen teachers' education.

Community participation and decentralization become very important strategies to ensure effective implementation of these reforms. Every government in

the world has a national set-up of governance that needs to be facilitated at the further sub-levels in order to run the machinery of the government well; this is achieved through decentralization. '...Appropriate decentralization reform relies on a greater involvement of local government authorities in achieving better service delivery; and on local representative institutions in enabling citizens, especially the poor and the marginalized, to influence decision-making of direct relevance for their livelihoods' [11].

Citing examples of Wangala in India and Sawankhalok (Heaven on earth) in Thailand Epstein and Jezeph [12] suggest a rural-urban partnership development paradigm to make people more village-introverted. They further say that certain preconditions need to be met before we can expect a success of this paradigm. Amongst the ten preconditions they include the appropriate and decentralized education and training along with training facilities and rural infrastructure. Regarding appropriate and decentralized education along with training facilities they ensure that the students from villages acquire appropriate skills without their studies alienating them from their rural background; whereas regarding rural infrastructure they state that rural infrastructure have to be improved to ensure ready access to education ...etc; 'Such public works ventures will have the beneficial by-product of offering many de-centralized income-earning opportunities', they argue further.

Rigorous planning and persistent effort with a focus at rural areas is necessary to salvage the situation of rural-urban disparity. As Pakistan's spending on education and health as percentage of GDP is already low by South Asian standards, there is a need to increase spending further in these areas to empower the poor section of the society.

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GMSARN International Journal

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Editorial Policy

In the Greater Mekong Subregion, home to about 250 million people, environmental degradation - including the decline of natural resources and ecosystems will definitely impact on the marginalized groups in society - the poor, the border communities especially women and children and indigenous peoples. The complexity of the challenges are revealed in the current trends in land and forest degradation and desertification, the numerous demands made on the Mekong river - to provide water for industrial and agricultural development, to sustain subsistence fishing, for transport, to maintain delicate ecological and hydrological balance, etc., the widespread loss of biological diversity due to economic activities, climate change and its impacts on the agricultural and river basin systems, and other forms of crises owing to conflicts over access to shared resources. The *GMSARN International Journal* is dedicated to advance knowledge in energy, environment, natural resource management and economical development by the vigorous examination and analysis of theories and good practices, and to encourage innovations needed to establish a successful approach to solve an identified problem.

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1. The manuscript should be written in English and the desired contents is: Title, Author's name, affiliation, and address; Abstract, complete in itself and not exceeding 200 words; Text, divided into sections, each with a separate heading; Acknowledgments; References; and Appendices. The standard International System of Units (SI) should be used.
2. Illustrations (i.e., graphs, charts, drawings, sketches, and diagrams) should be submitted on separate sheets ready for direct reproduction. All illustrations should be numbered consecutively and given proper legends. A list of illustrations should be included in the manuscript. The font of the captions, legends, and other text in the illustrations should be Times New Roman. Legends should use capital letters for the first letter of the first word only and use lower case for the rest of the words. All symbols must be italicized, e.g., α , θ , Q_{wr} . Photographs should be black and white glossy prints; but good color photographs are acceptable.
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 - **Proceedings reference** example: [3] Mayer, A. and Biscaglia, S. 1989. Modelling and analysis of lead acid battery operation. Proceedings of the Ninth EC PV Solar Conference. Reiburg, Germany, 25-29 September. London: Kluwer Academic Publishers.
 - **Technical paper** reference example: [4] Mead, J.V. 1992. Looking at old photographs: Investigating the teacher tales that novice teachers bring with them. Report No. NCRTL-RR-92-4. East Lansing, MI: National Center for Research on Teacher Learning. (ERIC Document Reproduction Service No. ED346082).
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