

# Potential development of entrepreneurial in the footwear industry for digital market

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## ABSTRACT

The objectives of this research are; 1) to study the level of importance of factors affecting the potential development of entrepreneurs in the footwear industry for digital market, 2) to study marketing strategies, competitiveness, use of information technology and advertising management that influence the potential development of entrepreneurs in the footwear industry; and 3) to propose the guidelines for the potential development of entrepreneurs in the footwear industry towards the digital market. The research findings reveal that; 1) the marketing strategies, competitiveness, use of information technology and advertising management affect the potential development of entrepreneurs in the footwear industry at a very important level, 2) the key factors influencing the potential development of entrepreneurs in the footwear industry in priorities are marketing strategies, competitiveness, use of information technology and advertising management, 3) the guidelines for the potential development of entrepreneurs in the footwear industry for digital market are that the government should set the strategies for product development to mainly expand the export market share, promote the investment capital for entrepreneurs to access financial institutes, build confidence by showing entrepreneurial potential in society, reduce taxation measures on materials in the footwear manufacturing, promote modern design, and train employees and entrepreneurs to elevate the standards of the Thai footwear industry

## Keywords

Potential development of entrepreneurs, footwear industry, digital market

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## Introduction

The footwear industry is an industry that has long evolved in the Thai economy and has been developed into the production mainly for export. Shoes are one of the important factors. Today, people wear shoes on a daily basis every day resulting in the footwear market industry to grow even more (Office of Industrial Economics, 2019). When choosing shoes, you need to choose according to the situation and timing. However, sometimes on a single day or on a different journey, there may be a number of activities that require different footwear for the situation making it necessary to carry many pairs of shoes to be changed for wearing. Carrying many pairs of shoes on a trip is not convenient. It causes many problems and obstacles (Patcharika Kankaew, 2017).

The footwear industry is highly competitive from abroad. The market of small buyer makes it less likely to negotiate terms and selling prices. Although the management system and the production process have been developed continuously, the profitability declines every year and the entrepreneurs have to suffer consecutive losses. It is an industry that requires a lot of labor but has to encounter the labor shortage despite the increase in the minimum wage rate. For the footwear factories in Thailand, if the entrepreneur is the medium-sized who focuses on being hired for production or focuses on producing shoes for sale in the lower market, there is an opportunity to gradually close the business continuously. It is a bad sign because the overall cost of footwear production cannot be compared with neighboring countries, especially from China and Vietnam. Suffering the problem of the baht appreciation immediately reduces the opportunity to compete for

customers in the lower market of the world market. Despite the efforts in solving the problem of labor shortage by allowing a subsidiary that makes shoe parts for the company to operate in other provinces, the problem of labor shortage still cannot be solved. This severely affects the production. Coupling with a large number of entries and exits of labor, training costs are high and can affect the productivity and the delivery of products to customers not to be on time. It results in the high costs of air freight burden all the time. Compared to the footwear business in China and Vietnam with a lot of workforce and a lower wage rate than that of Thailand, it is unable to compete in the business.

The production costs, especially in the areas of utilities and energy including the costs of electricity, fuel and transportation are increasing all the time. This includes the increasing cost of important raw materials. The entrepreneurs have to invest more in product development, innovation, manufacturing processes and environmental management to meet the ever-changing needs of their trading partners. This will incur additional costs and may not pass the burden on all partners. It resulted in the income not worth the production cost. Moreover, when the entrepreneurs consider business returns and trade competition, the risks and the need to invest in various fields will increase in the future.

The footwear industry has faced problems including competitiveness with neighboring countries such as China, Vietnam and Indonesia with cheaper production costs and strong government support. The baht appreciation, adaptation to the Free Trade Platform of International Economic System, marketing risks, production and design problems are considered the external factors that directly affect the footwear industry. The manufacturers need to

adapt to create competitiveness in both domestic and international markets in order to stabilize the increasing demand. From the problem conditions mentioned above, the researchers are interested in studying the history of the footwear business, relationship of factors affecting the potential development of entrepreneurs in the footwear industry so that the footwear industry can be operated with quality in the digital age.

Research objectives

1) To study the level of importance of factors affecting the potential development of entrepreneurs in the footwear industry for digital market, 2) to study marketing strategies, competitiveness, use of information technology and advertising management that influence the potential development of entrepreneurs in the footwear industry; and 3) to propose the guidelines for the potential development of entrepreneurs in the footwear industry towards the digital market.

Research methodology

For the quantitative research, the sample group used in the research consists of the group of consumers in the Bangkok area. The sample size is calculated according to the statistical analysis technique of a multivariate type using the structural equation modeling (SEM). It is suggested that a sample should be approximately 20 times the observed variable (Grace JB, 2008). The conceptual framework of the study was defined into 17 variables. The sample group size was calculated into 340 persons. The data was collected using probability theory by stratified random sampling calculated into proportion following the percentage of the sample group. The research tool was a questionnaire. The researchers obtained the Index of Item Objective Congruence (IOC) from 0.6-1.00. All questions could be used. The confidence value was calculated using the alpha coefficient method. It was found that the overall Reliability statistics were 0.948 which were higher than 0.70. Thus, it was considered quite reliable.

For the qualitative research, the data was collected from the Key Informants who had knowledge, expertise, understanding, and experiences in the footwear industry and the communication technology for the elderly for at least 3 years and agreed to participate in the research consisting of 1) 5 executives and government officials, 2) 5 executives and officers related to the footwear factories, and 3) 5 officers of Thai Footwear Association and the Federation of Thai Industries, totaling 15 people. The data was acquired by purposive selection according to the specified eligibility criteria to use for the in-depth interviews. The researchers used the triangulation to determine the consistency and the difference of data from time, place and person sources.

From the research objectives, the researchers studied the concepts, theories and related researches to consider constructing a structural model of the relationship among the variables: 1) the potential development of entrepreneurs in the footwear industry (TOFI), 2) marketing strategies (MAST), 3) competitiveness (COMP), 4) use of information technology (USOT), and 5) advertising management (ADVE). The data of the respondents

was analyzed using the descriptive statistics to find the frequency, percentage, mean, standard deviation, coefficient of variation (CV), and inferential statistics to analyze structural equation modeling (SEM) for testing the relationship between latent and observable variables together with the relationship between independent and dependent variables.

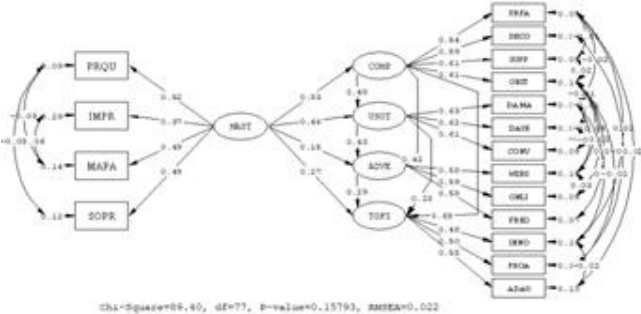


Figure 1 ANALYSIS FOR THE HARMONIZATION OF THE MODEL TO THE EMPIRICAL DATA

Table 2 RESULTS OF ANALYSIS ON THE TOTAL INFLUENCE (DIRECT - INDIRECT) SHOWING THE STATISTICAL SIGNIFICANCE

Dependent variables	Relationship	Independent variables				
		MAST	COMP	USOT	ADVE	TOFI
COMP	DE	0.83**	N/A	N/A	N/A	N/A
	IE	N/A	N/A	N/A	N/A	N/A
	TE	0.83**	N/A	N/A	N/A	N/A
USOT	DE	0.46**	0.48**	N/A	N/A	N/A
	IE	0.40**	N/A	N/A	N/A	N/A
	TE	0.86**	0.48**	N/A	N/A	N/A
ADVE	DE	0.15*	0.42**	0.43**	N/A	N/A
	IE	0.72**	0.21**	N/A	N/A	N/A
	TE	0.87**	0.63**	0.43**	N/A	N/A
TOFI	DE	0.27**	0.63**	0.23*	0.29*	N/A
	IE	0.57**	0.07	0.12	N/A	N/A
	TE	0.84**	0.70**	0.35**	0.29*	N/A
Chi-Square= 89.40, df=77, p-value = 0.158, GFI=0.97, AGFI=0.94, RMR=0.006, RMSEA=0.022, CFI=1.00, CN= 406.29						

R <sup>2</sup> for Exogenous Variable						
PRFA	DECO	SUPP	ORST	DAMA	DASE	
0.77	0.90	0.81	0.73	0.89	0.82	
R <sup>2</sup> for Exogenous Variable						
CONV	WEBS	ONLI	FREQ	INNO	PROA	
0.80	0.77	0.79	0.84	0.70	0.70	
R <sup>2</sup> for Exogenous Variable						
ADAU						
0.74						
R <sup>2</sup> for Endogenous Variable						
PRQU	IMPR	MAPA	SOPR			
0.75	0.32	0.63	0.67			
R <sup>2</sup> for Structural Equations						
COMP	USOT	ADVE	TOFI			
0.69	0.82	0.91	0.86			
CORRELATION MATRIX BETWEEN LATENT VARIABLES						
	COMP	USOT	ADVE	TOFI	MAST	
COMP	1.00					
USOT	0.87	1.00				
ADVE	0.92	0.92	1.00			
TOFI	0.91	0.81	0.88	1.00		
MAST	0.83	0.86	0.87	0.84	1.00	

**Note:** The statistical value of r is between ± 0.81 and ± 1.00 meaning the very high correlation. The statistical value of r is between ± 0.61 and ± 0.80 meaning the high correlation. The statistical value of r is ± 0.41 to ± 0.60 meaning the moderate correlation. The statistical value of r between ± 0.21 and ± 0.40 means the low correlation and r between ± 0.00 and ± 0.20 means the very low correlation.

\* Indicates statistical significance at level 0.05 ([t]> 1.96)

\*\* Indicates statistical significance at level 0.01 ([t]> 2.56).

The marketing strategies (MAST) directly affect the competitiveness (COMP) the most for 0.83. This is followed by the direct impact on the use of information technology (USOT), potential development of entrepreneurs in the footwear industry (TOFI), and advertising management (ADVE) equaling to 0.46, 0.27 and 0.15 respectively. It also indirectly affects the advertising management (ADVE), potential development of entrepreneurs in the footwear industry (TOFI), and the use of information technology (USOT) for 0.72, 0.57 and 0.40, respectively.

The competitiveness (COMP) has the most direct impact on the potential development of entrepreneurs in the footwear industry (TOFI) at 0.63. This is followed by the direct impact on the use of information technology (USOT) and advertising management (ADVE) at 0.48 and 0.42, respectively. It has the indirect effect on the advertising management (ADVE) at 0.21 but does not indirectly affect the potential development of entrepreneurs in the footwear industry (TOFI) at 0.07.

The use of information technology (USOT) directly affects the advertising management (ADVE) the most at 0.43. This is followed by the direct impact on the potential development of entrepreneurs in the footwear industry (TOFI) equaling to 0.23. However, it does not indirectly affect the potential development of entrepreneurs in the footwear industry (TOFI) equaling to 0.12. It is also found that the advertising management (ADVE) has a direct impact on the potential development of entrepreneurs in the footwear industry (TOFI) at 0.29.

From the correlation between internal and external latent variables, there is a very high level of positive correlation ( $r$  statistical value of 0.83-0.92). The pairs with very high correlation are Competitiveness (COMP) with Advertising Management (ADVE) and the use of information technology (USOT) with advertising management (ADVE) at 0.92 similarly. This is followed by competitiveness (COMP) and the potential development of entrepreneurs in the footwear industry (TOFI) which is 0.91. The Advertising Management (ADVE) and the potential development of entrepreneurs in the footwear industry (TOFI) have the value of 0.88. The marketing strategies (MAST) with the advertising management (ADVE) and the use of information technology (USOT) with the competitiveness (COMP) have the value of 0.87 equally. The use of information technology (USOT) and marketing strategies (MAST) have the value of 0.86. The marketing strategies (MAST) and the potential development of entrepreneurs in the footwear industry (TOFI) have the value of 0.84. The competitiveness (COMP) and the marketing strategies (MAST) have the value of 0.83. The use of information technology (USOT) and the potential development of entrepreneurs in the footwear industry (TOFI) have the value of 0.81.

In addition, it is also found that the Structure Equation Model of competitiveness, use of information technology, advertising management, and the potential development of entrepreneurs in the footwear industry has the  $R^2$  values of 0.69, 0.82, 0.91 and 0.86 respectively. This shows the hypothesized relational structure model can explain the variability of competitiveness, use of information technology, advertising management and the potential

development of entrepreneurs in the footwear industry at 69%, 82%, 91% and 86%, respectively

The overall analysis shows that the IOC is more consistent with the empirical data. This is a very good benchmark showing the consistency of the model and empirical data.

Table 3 Hypothesis testing results

Research hypothesis	Path coefficient	t statistics	Results
<b>Hypothesis 1:</b> The marketing strategies, competitiveness, use of information technology, and advertising management affect the potential development of entrepreneurs in the footwear industry.			
1.1 The marketing strategies directly affect the potential development of entrepreneurs in the footwear industry (MAST → TOFI).	0.27**	3.23	Agreed
1.2 The competitiveness directly affects the potential development of entrepreneurs in the footwear industry (COMP → TOFI).	0.63**	6.39	Agreed
1.3 The use of information technology directly affects the potential development of entrepreneurs in the footwear industry (USOT → TOFI).	0.23*	2.32	Agreed
1.4 The advertising management directly affects the potential development of entrepreneurs in the footwear industry (ADVE → TOFI).	0.29*	2.05	Agreed
<b>Hypothesis 2:</b> The marketing strategies, competitiveness, and use of information technology affect the advertising management.			
2.1 The marketing strategies directly affect the advertising management (MAST → ADVE).	0.15*	2.34	Agreed
2.2 The competitiveness directly affects the advertising management (COMP → ADVE).	0.42**	6.65	Agreed
2.3 The use of information technology affects the advertising management (USOT → ADVE).	0.43**	6.01	Agreed
<b>Hypothesis 3:</b> The marketing strategies and competitiveness affect the use of information technology.			
3.1 The marketing strategies directly affect the use of information technology (MAST → USOT).	0.46**	6.61	Agreed
3.2 The competitiveness directly affects the use of information technology (COMP → USOT).	0.48**	6.99	Agreed
<b>Hypothesis 4:</b> The marketing strategies affect the competitiveness.			
4.1 The marketing strategies directly affect the use of information technology (MAST → COMP).	0.83**	15.58	Agreed

Note: \*\* Indicates  $p$  value  $\leq 0.01$ ; \* Indicates  $p$  value  $\leq 0.05$

**Hypothesis 1:** The marketing strategies, competitiveness, use of information technology, and advertising management affect the potential development of entrepreneurs in the footwear industry. It is found that marketing strategies directly affect the potential development of entrepreneurs in the footwear industry. The path coefficient is 0.27 and  $t$  statistics is 2.33 supporting the hypothesis with the statistical significance at the 0.01 level. This can be interpreted as having a correlation in the same direction. When the marketing strategies increase, the potential development of entrepreneurs in the footwear industry increases as well.

The competitiveness directly affects the potential development of entrepreneurs in the footwear industry. The path coefficient is 0.63 and  $t$  statistics is 6.39 supporting the hypothesis with the statistical significance at the 0.01 level. This can be interpreted as having a correlation in the same direction. When the competitiveness increases, the potential development of entrepreneurs in the footwear industry increases as well.

The use of information technology directly affects the potential development of entrepreneurs in the footwear industry. The path coefficient is 0.23 and  $t$  statistics is 2.32 supporting the hypothesis with the statistical significance at the 0.05 level. This can be interpreted as having a correlation in the same direction. When the use of information technology use of information technology increases, the potential development of entrepreneurs in the footwear industry increases as well.

The advertising management directly affects the potential development of entrepreneurs in the footwear industry. The path coefficient is 0.29 and  $t$  statistics is 2.05 supporting the hypothesis with the statistical significance at the 0.05 level.



This can be interpreted as having a correlation in the same direction. When the advertising management increases, the potential development of entrepreneurs in the footwear industry increases as well.

**Hypothesis 2:** The marketing strategies, competitiveness, and use of information technology affect the advertising management. According to the hypothesis testing, it is found that the marketing strategies directly affect the advertising management. The path coefficient is 0.15 and t statistics is 2.34 supporting the hypothesis with the statistical significance at the 0.05 level. This can be interpreted as having a correlation in the same direction. When the marketing strategies increase, the advertising management increases as well.

The competitiveness directly affects the advertising management. The path coefficient is 0.42 and t statistics is 6.65 supporting the hypothesis with the statistical significance at the 0.01 level. This can be interpreted as having a correlation in the same direction. When the competitiveness increases, the advertising management increases as well.

The use of information technology directly affects the advertising management. The path coefficient is 0.43 and t statistics is 6.01 supporting the hypothesis with the statistical significance at the 0.01 level. This can be interpreted as having a correlation in the same direction. When the use of information technology increases, the advertising management increases as well.

**Hypothesis 3:** The marketing strategies and competitiveness affect the use of information technology. According to the hypothesis testing, it is found that the marketing strategies directly affect the use of information technology. The path coefficient is 0.46 and t statistics is 6.61 supporting the hypothesis with the statistical significance at the 0.01 level. This can be interpreted as having a correlation in the same direction. When the marketing strategies increase, the use of information technology increases as well.

The competitiveness directly affects the use of information technology. The path coefficient is 0.48 and t statistics is 6.99 supporting the hypothesis with the statistical significance at the 0.01 level. This can be interpreted as having a correlation in the same direction. When the competitiveness increases, the use of information technology increases as well.

**Hypothesis 4** The marketing strategies affect the competitiveness. According to the hypothesis testing, it is found that the marketing strategies directly affect the competitiveness. The path coefficient is 0.83 and t statistics is 15.58 supporting the hypothesis with the statistical significance at the 0.01 level. This can be interpreted as having a correlation in the same direction. When the marketing strategies increase, the competitiveness increases as well.

## Conclusion and discussion of research results

### Discussion of results according to the 1<sup>st</sup> research

**objective:** The research results reveal that the potential development of entrepreneurs in the footwear industry has a high level of importance consisting of 3 elements; innovation, proactive working, and independence in the

management. The productivity development of such industry requires a clear framework and direction to harmonize the development process of industrial and related sectors. This can increase the efficiency and productivity of industrial production. It can be carried out in 2 approaches; improving procedures or changing working methods. This can elevate the level of incremental change in productivity as well as enhancing the added value of products or changing the base of new technologies in the manufacturing process using new technologies and innovations.

## Discussion of results according to the 2nd research

**objective:** The marketing strategies affect the potential development of entrepreneurs in the footwear industry. It can be discussed that the marketing strategies consist of 4 elements; product quality, price, marketing promotion activities, and source of product sales. The marketing strategies incur from several activities related to the attempts for the organizations to achieve the objectives by relying on the expectation, or demands of customers. This includes bringing the products or services from the producers to the customers. This is correspondent with Kotler (2003) stating that the marketing is the human activities to be operated for responding the satisfaction and demands by using the exchanging process. It also corresponds with Thanawan Saengsuwan (2012).

The competitiveness affects the potential development of entrepreneurs in the footwear industry. It can be discussed to consist of 4 elements; production factors, demand conditions, supporting industries, and organizational structure. Those who intend to accept the risk of making a business forecast are the persons who cherish the actions rather than opportunities. They are persons with a vision and feeling of attachment that leads the other persons to that desire. They are persons who start and operate their own business, make the decisions and accept the risks. The persons have contributed to the economic growth of the country. They may or may not be the owners. They produce the products or services for customers. This agrees with Lambing & Kuchl (2003) Lages & Montgomery (2004) and Orapin Santithirakun (2007).

The use of information technology affects the potential development of entrepreneurs in the footwear industry. It can be discussed to consist of 3 elements; data management, information security and convenience. In making the decisions to buy with a cell phone, the safety is of the utmost importance to consumers. Therefore, people who sell products through mobile phones should build consumer confidence such as product warranties. There is a refund if the consumer is dissatisfied with the product or its endorsement for reliable quality from leading institutes. This is correspondent with Haque (2014), Laforet & Li (2015) and Kitima Petchsap (2015).

The advertising management affects the potential development of entrepreneurs in the footwear industry. It can be discussed to consist of 3 elements; website, online media, and frequency. It is the management of nature of the advertising text and images to be included in the

information, news and entertainment programs presented in the media to let consumers know where the goods and services are sold. This agrees with Chu, Lien, & Cao (2018) Ashley, & Tuten (2015) Barger, Peltier & Schultz (2016) Kotler, Armstrong, Harris & Piercy (2017) as same as Doorley & Garcia (2007) and Belch & Belch (2009).

### Discussion of results according to the 3rd research objective:

From the interview of the informants, it was agreed that the potential development of entrepreneurs in the footwear industry must begin with the government to establish the strategies for product development to expand the export market share mainly. The investment capital should be promoted for the entrepreneurs to access financial institutes. The confidence should be built by showing entrepreneurial potential in society. The taxation measures should be reduced on materials in the footwear manufacturing. The modern design should be promoted and the employees and entrepreneurs should be trained to elevate the standards of the Thai footwear industry. The research results are useful for the Ministry of Industry and footwear business. They can be used as the guidelines the potential development of business operation to be more successful

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