Assessing E-Business Deployment Framework for Thai SMEs:
—— The Case of Thai Restaurants in Melbourne, Australia ——

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Abstract

This paper is one of series of working papers on the ‘E-Business Deployment Framework for Thai SMEs’ aka (EBDF) by the authors. Thai Small to Medium Enterprises (SMEs) play an extremely important role in the Thai economy. Over the last decade, many SMEs have added Electronic Business (e-business) to their traditional business model in an attempt to increase their competitiveness and chances of survival. In the case of Thai SMEs, e-business offers the potential of advancing directly to a world competitive basis without having to follow a traditional development path involving considerable time and expense. A notable characteristic of existing Western e-business models is their concentration on the technology of designing and implementing such models. However, a far more complex situation arises when considering the adoption of e-business by SMEs in Thailand. In response to the many potentially complex issues which arise, this study has attempted to access the applicable of the EBDF in the context of Thai restaurants in Melbourne. The EBDF was designed to address many of the issues which arise in the adoption of e-business by Thai SMEs. Unlike many existing Western e-business models, the EBDF provides an holistic model which not only addresses the technology but also addresses a range of non-technical issues associated with the adoption of e-business. Included in the range of non-technical issues considered are elements such as: complexity, trust, confidentiality, human resources, supporting infrastructure, management and finance. Six Thai restaurants classified under the SMEs category in Melbourne were participated to assess the applicable of the EBDF. This paper presents a discussion on the findings. Mixed methods approach involving observations, interviews, and document reviews to gather relevant data were employed. The observations took place in February 2013. The study also investigated the possibility of replicated, and comparative results to provide extra clarity and insight. The preliminary findings were aligned with the authors’ existing studies, and that the EBDF with some contextual modification was applicable for the Thai SMEs operating overseas.

Keywords: E-Business, Deployment Framework, ASP, SME, PSP, SME Enterprise Software

1. Introduction

The role of Small to Medium Enterprises (SMEs) is crucial to the economic development and performance of any country. Literature findings by the authors reveal that SMEs around the world are turning to Electronic Business (e-business) technology for solutions to increase their competitiveness and chances of survival. Many SMEs have already added electronic forms of business to their traditional business model [1].

For Thai SMEs, the adoption of e-business offers the potential of advancing directly to their customers. The study by Blashki & Jantavongso [2] cited in Regan & Wymer [3] also identified the desire to improve marketing opportunities by Thai SMEs as the number one ranked reason for adopting e-business. While e-business technologies offer many and diverse opportunities to strengthen their businesses, many issues and constraints need to be overcome before such opportunities can be fully exploited. The ‘E-Business Deployment Framework for Thai SMEs’ aka (EBDF) which was developed by the authors has addressed these limitations.

In addition, the Thai government is keenly aware of this, and has adopted a number of proactive policies to enhance their development. Thai SMEs are also keen to adopt e-business technologies to remain competitive in this digital economy. However, lack of both financial and human resources is a major impediment.

The aim of the EBDF is to facilitate e-business implementation among SMEs through a holistic approach which addressed not only the technological aspects, but also the managerial issues within the specific social and cultural context. The EBDF specifically developed for Thai SMEs, to enable them to overcome the lack of resources. The EBDF allows Thai SMEs to distribute the costs of e-business by sharing resources. It has five major components: (1) Application Service Provider (ASP), (2) Professional Service Provider (PSP), (3) SME Enterprise Software, (4) Government Involvement, and (5) Trust Facilitation. The complete details of the EBDF was published by the authors in the International Conference on Computational Intelligence for Modelling, Control and Automation (CIMCA) 2006 [4].

Since 2002, the EBDF has been developed, revised, evaluated, and validated a through a sound scientific process of a theory building and testing. The EBDF also has statistically significant level of acceptance able to support a
wide range of Information System (IS) research, especially through the research procedure in which a better understanding of what contributes to the success of e-business among SMEs in Thailand has been demonstrated through the authors’ publications [2, 4, 5, 6, 7, 8, 9].

In 2007, the authors had made a number of suggestions for the future research of the EBDF [1]. While the framework is found to be significant, and contributed to the growing body of research into issues of relevance to e-business and SMEs. As in all studies, the EBDF does have some issues. One of these issues was that the framework does not have complete acceptance (100 per cent); and there was room for consideration. Moreover, the framework was targeted only the SMEs in Thailand. An interesting area of future research was to test the adoption level of the framework in other cultural and economic settings. The remaining of this paper presents the results of the findings.

2. Literature Review

As indicated, Thai SMEs are of interest of this study; and of particular interest region is Melbourne which provides a specific point of reference. Within Melbourne, Thai restaurants are closely associated as Thai SMEs. Following Jantavongso [10], Thai cuisines are very popular throughout Australia, due to the variety of tastes. Thai cuisines are foods of health, consisting of herbs as main ingredients. For that reason, numbers of Thai restaurants have been expanded around Australia, and having tendency for the continued increasing. Thailand and Australia have also established the relation over a long period of time. These days, there are more than 1,000 Thai restaurants in many capital cities in Australia, and 300 Thai restaurants in Melbourne alone.

Accordingly, all of the participated restaurants in this study belong to the SMEs category. The classification was followed the recommendation by Othman & Don [11] in their studies of the business performance in a restaurant industry.

2.1 Thai SMEs in Melbourne

Following Jantavongso [10], majority of Thai SMEs in Melbourne are Thai restaurants. One of the longest established Thai Restaurants in Melbourne was opened since 1983. Initially, Thai restaurant owners, managers, chefs, cooks, and staff first came to Melbourne to study. Nearly all of the people who work in the Thai restaurants are Thai descents. Working at a Thai restaurant had provided extra income while studying in Melbourne. Most of the Thai restaurants owners had worked between five to ten years in the restaurants to develop their skills from general staff, cook, chef, manager, and then owner respectively.

Furthermore, the locations of the Thai restaurants in Melbourne are scattered around twenty-seven (27) kilometers radius from the Central Business District (CBD). The Thai restaurants in Melbourne are varied in size from large to small, depending on the number of seats, and their management capabilities. Majority of the Thai restaurants in Melbourne are operated as small family businesses. The owners play an important decision making role in running the businesses including the adoption of e-business.

Melbourne was selected as the city under study due to a number of reasons. One of these reasons was the level of ‘digital economy ranking’ formally known as ‘e-readiness’ of Australia. Thus, there have been a declared interest within the Melburnian communities in promoting and supporting Thai SMEs. Thais, Thai restaurants, and City of Melbourne play an important role in promoting Thai culture, and authentic Thai cuisine to the Melburnians. For example, the ‘Thai Culture and Food Festivals’ are held annually since 2004 at the ‘Federation Square’. The festival attracted more than 64,000 visitors in 2012, making this one of the top ten Melbourne events of the year [12].

In addition, the ‘Thai Kitchen World Cuisine’ is another initiative by the Thai government to support Thai SMEs operating overseas. The Thai government also launched the ‘AROY @ Melbourne’ campaign in 2005 at the festival to promote the consumption of Thai food. These initiatives help Thai SMEs to build a network resources to overcome their major obstacles and create new market opportunities. As mentioned, the desire to improve marketing opportunities by Thai SMEs is the number one ranked reason for adopting e-business. As such, the Thai government must play an important role; and active Thai government support is essential if e-business is to be adopted by Thai SMEs operating overseas and succeed.

2.2 Thailand’s digital economy ranking

A notable characteristic of existing e-business models has been an overt concentration on the value of technology. However, many more issues arise within a Thai context. Lack of resources remains a major impediment to Thai SMEs’ deployment of e-business and establishment of a presence online [1].

Moreover, Thailand cannot be considered to have a high level of ‘digital economy ranking’, given the developing nature of the Thai economy and the labour intensive semirural nature of Thai SMEs. Despite this assertion, Thai SMEs are readily adopting e-business while not having a high level of ‘digital economy ranking’. The implication here is that the EBDF must harness this enthusiasm for e-business by Thai SMEs, while not falling into the trap of overselling its potential. Moreover, because of the very size and nature of Thai SMEs, they are unlikely to possess the resources needed to adequately address the issues and factors, and this situation poses a substantial risk of failure.

Accordingly, ‘digital economy ranking’ measures the capability of a country’s business environment to seize Internet-based commercial opportunities. A large number of countries that have a high level of ‘digital economy ranking’ are Western countries including Australia. Nonetheless, a high level of ‘digital economy ranking’ is
not exclusively a Western attribute and Asian countries, such as Singapore, also have a high level [13].

3. E-Business Deployment Framework for Thai SMEs (EBDF)

In response to the many potentially complex issues which arise, the authors proposed an ‘E-Business Deployment Framework’ (EBDF) in 2007. The EBDF was designed to address many of the issues which arise in the adoption of e-business by Thai SMEs. The EBDF is developed through both (a) an intensive literature review, to ensure that they are grounded within the theoretical perspective of the critical e-business success factors; and (b) in depth face-to-face interviews with the total of 160 (one hundred and sixty) Thai SMEs, to ensure its relevance to the context of Thai SMEs. The EBDF was shown to have a real value, and it had a statistically significant level of acceptance of 77 per cent, which did not vary significantly between different business sectors and within various regions of Thailand.

![Figure 1. Key elements in the EBDF](image)

The framework integrates external service providers, ASPs, SME enterprise software, government involvement, and trust facilitation. The heart of the framework is the ‘SME Enterprise Software’ module. This software module is operation-centric which is owned, hosted and operated by the ASP to assist a group of SMEs to conduct their day-to-day business operations. The software module also enables back-office integration. Figure 1 demonstrates the inter-relationship between ASP and SMEs. SMEs share a common team of PSPs through the ASP. This team of providers includes management consultants, banking, online purchase transaction service providers, training experts, accountants, lawyers, IT professionals, and benchmarking specialists. However, the benefits of this arrangement are not necessarily limited to accessing resources. As noted, the framework involves cooperative arrangements. SMEs also benefit from the combined purchasing power of all members serviced by the ASP and ASPs are able to negotiate better offers and prices with electronic vendors (e-vendors). Another important stakeholder in the framework is the virtual businesses (v-businesses). According to Barnes [14], a v-business operates its entire business on the Internet and usually operates without a conventional physical commercial office presence known to its electronic customers (e-customers).

4. Research Methodology

4.1 Research Design

The study has adopted the framework proposed by Creswell [15] which conceptualized Crotty’s [16] framework. Following Creswell [15]’s framework, the mixed methods approach which based knowledge claims on pragmatic grounds was employed. The data collection involved gathering both numeric information as well as text information so that the final findings represent both quantitative and qualitative information.

Due to the nature of this study, a survey approach and field research had been adopted [17]. Survey research was suitable for identifying the frequency of certain characteristics of Thai SMEs in Melbourne. This allowed the authors to relate various characteristics in order to explain a phenomenon. Accordingly, the field research allowed the authors to gain firsthand knowledge. The aim was to gather information without influencing the environment. The difficulty faced by the authors was determining when and what observations to record. Also, an opportunity had to be available and accessible to conduct the observations.

4.2 Sampling Framework

Following Jantavongso [10], a ‘purposive sampling’ method is employed in this study. Six Thai restaurants were selected, interviewed, and thoroughly observed. This paper presents preliminary findings of one of these restaurants as a pilot case. The observations took place in February 2013. Like Chanvarasuth [18], the size of SMEs was emphasized, and used to determine the sampling framework. The size of restaurant was determined by its number of seats. A 71 seats and above restaurant is classified as a large-sized, a 31-70 seats is a medium-sized, and a 30 seats or less is a small-sized restaurant respectively. The sample of the six Thai SMEs was divided equally. Participation in this research was entirely voluntary.

4.3 Description of the Subject

‘Blue River Thai Restaurant’ or BRT, is located at 239 Canterbury Road, Canterbury, Melbourne, Australia. BRT is established in 2009 and has 68 seating. Currently, BRT offers takeaway, home delivery, functions, events, and dine in services to its customers. For takeaway and home delivery services, BRT offers both telephone and online ordering options. BRT offers its online ordering since 2011.
4.4 The Hypothesis

Although the EBDF is targeted at SMEs in Thailand, the framework is expected to be applicable to Thai SMEs operating in other countries, perhaps with some contextual modification, or at least serve as the catalyst for a similar type of study. Therefore, it is envisaged that, the EBDF is also able to facilitate Thai SMEs in Melbourne to successfully implement e-business.

Figure 2. Mapping of Blue River Thai Restaurant and the E-Business Deployment Framework

5. Findings

Even though, the literature review by the authors suggested that Thai SMEs and Thai SMEs in Australia are similar in aspects of success criteria used to gauge business performance, and characteristics used to differentiate them from large enterprises; differences do exist. A number of key findings emerged, for example, the underlying business culture in Thailand is a system of ‘patronage’ based on adherence to personal relationships rather than to regulation by an institution. SMEs in Thailand are labor intensive. The extensive role of the Thai government is required to provide Thai SMEs with assistance. This is not a case for Thai SMEs in Australia.

As indicated, lack of both financial and human resources is a major impediment for both Thai SMEs and Thai SMEs operating overseas to embrace e-business. However, Australian customers feel more comfortable regarding security and privacy in e-business. Thus, it is apparent that most Australian organisations already made substantial investment in e-business resources [19].

5.1 ASP and Professional Service Provider

An ASP model emerged in the late 1990s, it offers benefits of providing professional services such as management consultants, training experts, accountants, lawyers, IT professionals, and benchmarking specialists required to conduct e-business [20]. This is in addition to the traditional sharing of hardware, software and technical support infrastructure services among SMEs, in particular when running an e-business. Thus, it is not uncommon for an ASP model to be included in an implementation or a deployment of e-business in SMEs.

Figure 3. Takeaway & home delivery websites hates by Menulog

BRT acquires services from the ASPs and Professional Service Providers (PSPs) via three main online takeaway and home delivery service providers: (1) ‘Menulog Pty Ltd’, (2) ‘Delivery Hero Australia’, and (3) ‘Eat Now Services Pty Ltd’. These companies provide BRT with an e-business platform focused on the takeaway food sector. The e-business platform is centred around a website and mobile app that enable customers to browse menus and order takeaway food from BRT as well as other restaurants in their area (see Figure 2). Customers can also filter results by cuisine or payment type.

For example, ‘Menulog Pty Ltd’ provides BRT with takeaway and home delivery websites (see Figure 3). This allows BRT to obtain increase orders from new customers. Furthermore, there is no monthly fees, no joining fees, and no contract period. It is estimated average increase in ordering for BRT of 20% since 2011.

Figure 4. Menulog order manager system
5.2 SME Enterprise Software

One of the important issues to be addressed was the need for Thai SMEs to build integrated business processes within and across organizations. It is essential that each SME’s websites be supported with a mature back office operation and that the e-business solutions be seamlessly integrated. The framework was designed to make use of an ‘operation-centric’ e-business system to be provided through an ASP.

‘Menulog Pty Ltd’ provides BRT with online the Menulog Order Manager (MOM) system (see, Figure 4) at no cost. It has found it to be a very useful addition to BRT. It has eliminated the need for fax and any follow-up telephone calls. The system is very easy to use. Orders are clearly displayed on the screen complete with the customer’s details. Staff is able to instantly confirm orders with a simple touch of the screen. Staff is also able to view order history. The system allows compilation database of customers to promote BRT.

5.3 Government Involvement and Trust Facilitation

As indicated, trust occupies a particularly important place in Thai business culture, more importantly when conducting a business transaction online. Accordingly, the Thai government is required to play a major role in establishing and nurturing e-business under the framework. The Thai government needs to provide ethical e-business standards governing the behaviour of each party involved and to take an active role in promoting, educating and assuring the effectiveness of e-business to the public.

Furthermore, the EBDF emphasizes the complex issue of trust must be considered in the context of the Thai patronage system, and it is one of much greater significance in Thailand than would be expected in Australia. The framework integrates the technological, the value proposition, and the trust basis within a single coherent framework.

Nonetheless, the government involvement and trust elements become less significant in the context of Thai SMEs in Melbourne. Accordingly, there is a already high level of awareness of Australian consumer protection laws and most consumers are confident that businesses do the right thing. Consumers are aware of consumer regulators, and about half of consumers will contact a regulator about a consumer problem. There is broad awareness of dispute resolution services for consumer problems and most consumers and businesses would use a dispute resolution service if they needed to [21].

5.4 Web 2.0 and Social Networking

‘Facebook’ is a Web 2.0 and one of the world’s most popular social networking websites [22]. It provides platform for sharing information, videos, photos, and discussions. With approximately 600 million members, Facebook has provided the best opportunity for BRT. Apart from being an effective marketing tool, Facebook is a new trend of innovation for restaurant businesses.

Due to the resource limitations of BRT, traditional modes of marketing like television advertisements (ads), print media and outdoor media alone cannot be relied upon to ensure it reach its target customers. Facebook has two primary types of ads: standard ads, and social ads [23]. Standard ad is a normal type of click through ad on the Internet. Facebook social ads allow BRT to become part of people’s daily conversations (see Figure 5).

Moreover, there are two possible options for BRT to create an ad on Facebook: (a) cost per click (CPC) or (b) cost per thousands (CPM). The minimum of CPC is $0.01. Alternatively, CPM ads cost $0.15 for the ad space and $0.15 for news feeds. In addition, the minimum daily budget for both CPC and CPM is $5 per day. BRT would need to specify the maximum it wants to pay for each click or each one thousand impressions.

BRT is also paid attention on ‘YouTube’. YouTube marketing can also become one of crucial promotion channels for BRT. YouTube can also act as a distribution channel for BRT; and provides a forum for its members and potential members to connect, inform, and inspire others across the Internet. YouTube can be setup, create and customise a BRT brand channel [24]. It is also be able to distribute videos to other sites. In summary, BRT does not ignore the potential benefits of YouTube and Video Advertising to reach its target customers. Thus, it is free to place a promotion video on YouTube.

6. Work in Progress

The authors have been engaged in a number of studies to investigate the applicable of the EBDF among Thai SMEs operating in other countries. While, this study was targeted at the six Thai SMEs in Melbourne, Australia; the paper has reported only the preliminary finding base on one participant. The authors’ primary objective is to understand how the framework would fit into the Thai restaurants, and determine what the factors are that hinder them in implementing e-business. An interesting area of future research would be to test the acceptance level of the framework in the Australian cultural and economic settings. The detailed findings will be published in future publications.
7. Conclusion

In this paper, the authors had briefly reintroduced the EBDF. The framework was designed based on specific objectives and strategies to ensure its relevancy to the context of Thai SMEs. The framework includes the employment of ASP and PSPs to encourage sharing of resources; the use of SME enterprise software; pro-active role of the Australian government; and trust facilitation among all parties. The authors employed a mixed methods involving observations, interviews, and document reviews. The observations took place in February 2013. While the framework was primary targeted the SMEs in Thailand; the findings indicated that the EBDF was applicable to Thai SMEs operating overseas with some contextual modification. Thai SMEs in Australia are also able to implement the EBDF as a feedback mechanism to investigate their own e-readiness; it can help SMEs to identify their strengths and weaknesses before proceeding with or evaluating their current e-business activity.

References