

CHAPTER III

Methodology



This research was conducted on Japanese FDI companies in order to investigate the characteristics and attitude of Japanese firms towards the direct investment in Thailand. The present Chapter focused on patterns and steps of investigation and data analysis. To obtain the primary data and increase the validity of the research, we employed the quantitative analysis and survey by using questionnaires as data collection method.

3.1 Research instrument

Questionnaire were used as a tool to collect the primary data from the reliable source

3.2 Patterns of the Study

In order to discover the main objectives of FDI, the study was divided into 4 main parts as follows:

1. Part A: the study is on Japanese FDI patterns including general information such as located nature of business, ownership structure, value of fixed assets, and percentage of activities or services of corporations.
2. Part B: the study is on the perception of Japanese FDI firms on investigative factors when the companies just started to invest in Thailand, comparing to their perception in the present time.
3. Part C: the study is on the site selection for investment.
4. Part D: the study is on the future plans of the sample group and other issues.

3.3 Research Design

In order to investigate the perception of Japanese firms towards the FDI, we considered 31 relevant component factors derived from the eclectic theory and studies, which try to identify the motive factors influencing the decision whether or not to invest abroad. Two situations were taken into consideration while all relevant factors were reclassified into 6 main groups of factors as illustrated below.

Table 3.1
Investigative Factors

Study Considerations	Investigative Factors
1. Perception of competitive factors when started their investment in Thailand 2. Perspective of competitive factors in Thailand at the present	1. Cost Factors; - Material cost - Labor cost - Capital cost - Communication Cost - Transportation cost - Real estate cost - Utility cost - Exchange rate - Interest rate 2. Availability Factors; - Material availability - Labor availability - Capital availability - Real estate availability - Utility availability - Raising funds availability 3. Quality Factors; - Material quality - Quality of equipment - Skill level of labor of quality - Utility reliability

Table 3.1 (Continued)
Investigative Factors

Study Considerations	Investigative Factors
	<p>4. Economic policy Factors;</p> <ul style="list-style-type: none"> - Corporation tax - Tariff - Non tariff barrier - Regulation for invest - Intensive - Labor law - Infrastructure <p>5. Market Factors;</p> <ul style="list-style-type: none"> - Market scale - Market potential <p>6. Other Factors;</p> <ul style="list-style-type: none"> - Social stability - Political stability - Language problem

3.4 Populations and Example Group

Population and sample group were collected from the list of Japanese companies from Japanese Chamber of Commerce, Bangkok 2003. The number of all companies in the list excluding the government offices and corporations is 1156 companies.

By using Taro Yamane's method, the size of example formulary must be as followed;

$$n = \frac{N}{1 + N(e)^2}$$

When	n	=	Size of sample size
	N	=	Size of all of population
	e	=	Level of precision at confidence level at 95%

Replace N point in this equation

$$n = \frac{1156}{1 + 1156 (0.05)^2}$$

$$= 297.1722$$

Thus, sampling size in this study is 298 companies.

3.5 Source Evaluation

According to our investigation of Japanese FDI in Thailand, we analyzed 31 investigative factors by using Likert scale, which is one of the most frequently used measures in social sciences. Respondents of this method indicate their own attitude by giving 5 levels of scores to each relevant factor, in order to separate factors that

they strongly agree to ones that they strongly disagree. The statements about the attitude objects must be carefully constructed. Each degree of agreement or disagreement is given a value on a predetermined scale. Likert questions are typically a five points scale and measures the extent to which a person agrees or disagrees with the question. Each degree of agreement is given a numerical value from 1 to 5 that is the most common scale. Individuals generally choose from approximately five response alternatives :

-----Strongly agree-----Agree -----Neutral ----- Disagree ----- Strongly disagree

Often the scale will be 5=strongly agree, 4=agree, 3=not sure, 2=disagree, and 1=strongly disagree.

Respondents are forced to decide the preferred number of responses on the scale. Then, answers will be scored or weighted. The highest weight goes to the answer showing the most favorable attitude toward the subject of the survey and rank while the lowest weight goes to the ones which show the least favorable attitude.

If a negative statement toward the object is given, the weight will be reversed and “strongly disagree” would be assigned to the weight of 5. In this study, strongly agreement indicates the most favorable attitudes on the statement, and the weight of five is assigned to this response.

The total score is the summation of the weights assigned to an individual’s total responses. A single scale item on a summated rating scale is an ordinal scale.

According to “Likert Scale” method, we analyzed each competitive factor by scoring those factors into 5 levels, and compared the results between two time periods which are when the firms started their investment in Thailand and at the present situation. It can be evaluated by weight to be 5 points as follow.

The excellent factor	=	5	Points
Good factor	=	4	Points
Fair factor	=	3	Points
Poor factor	=	2	Points
Too bad factor	=	1	Point

3.6 Data Analysis

After collecting all data, the analytical process followed these 5 steps. Firstly, I examined the data for completeness and accuracy. Secondly, I created a code book for putting in the data. Thirdly, I gave scores to each item according to the criteria of statistics. Fourthly, I analyzed the data by using the SPSS/PC program in order to obtain frequency, percentage, mean and standard division. Finally, I could present the analysis results according to the study objectives.