

FACTORS AFFECTING THE DEVELOPMENT OF CAPABILITIES OF THE ENTREPRENEURS SELLING HERB-BASED COSMETICS PRODUCTS IN BANGKOK AND VICINITY AREAS

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ARTICLE HISTORY

Received: 26 May 2023

Revised: 14 June 2023

Published: 26 June 2023

ABSTRACT

The objectives of this research were 1) To study the level of capability development of the entrepreneurs selling herb-based cosmetics products in Bangkok and vicinity areas and 2) To examine the factors influencing the development of capabilities of the entrepreneurs selling herb-based cosmetics products in Bangkok and vicinity areas. The research data were collected through questionnaires distributed to 394 entrepreneurs selling herb-based cosmetics products in Bangkok and vicinity areas. The statistical analysis techniques including the frequency, percentage, mean, standard deviation, and multiple regression analysis were used. The research findings revealed that 1) The overall level of capability development of the entrepreneurs selling herb-based cosmetics products in Bangkok and vicinity area was at the higher level entirely and in each aspect in terms of increasing new customer groups, increasing business value, international standards compliance, and customer loyalty, respectively. 2) The factors of strategic management, business environment, marketing strategies, and internal environment significantly influence the development of capabilities of entrepreneurs selling herb-based cosmetics products in Bangkok and vicinity area, accounting for 68.9%.

Keywords: Capability development, cosmetics business entrepreneurs, herbal ingredients

CITATION INFORMATION: Natawat, T., & Jamjamras, T. (2023). Factors Affecting the Development of Capabilities of the Entrepreneurs Selling Herb-Based Cosmetics Products in Bangkok and Vicinity Areas. *Procedia of Multidisciplinary Research*, 1(6), 13.

INTRODUCTION

Humans give importance to beauty and attractiveness, both for women and men. Beauty is something that everyone desires. Not only women, nowadays, men also prioritize beauty and attractiveness, especially in the profession of actors where special attention is given. Additionally, with more women working outside the home in the present era, there is an increasing use of cosmetics to enhance their appearance and make a striking impression on those who see them. Furthermore, the use of cosmetics helps in moisturizing and nourishing the skin, reducing wrinkles and fine lines on the face caused by environmental pollution. Personal image can help build confidence for each individual through clothing and taking care of every part of the body, making it clean and presentable. This includes the use of cosmetics in the daily lives of each person which are used to some extent including soap, toothpaste, powder, shampoo, etc. This has created a trend of people paying more attention to health care and turning back to natural herbal plants which have played a role by being used as medicinal remedies and ingredients in cosmetics due to the belief that herbs are safe and not harmful. Besides, herbs also have beneficial properties that can replace chemical substances (Jitachot J., 2013).

The trend of returning to nature has become highly popular, not only in cosmetics that are friendly to different skin types but also in lifestyle choices and food consumption. It leads to a health-conscious movement and a reduction in the use of chemicals. Humans have been using cosmetics since ancient times, initially using them out of necessity and suitability for the environment of that region. However, cosmetics have gradually incorporated ingredients derived from nature as science has advanced, synthesizing various substances for convenience and beauty. Until the present day, there is a tendency to pay more attention to cosmetics that contain natural extracts as decorative ingredients (Malisuwan P., 2014). The inclusion of herbal ingredients in various products worldwide has been proven. Even in high-end and expensive cosmetics, multiple beneficial herbal properties are added such as anti-aging effects, reduction of allergies, and alleviation of inflammation. The methods used to extract substances from herbs are not complicated. They can be extracted with hot water, boiling, being extracted with oil, alcohol, or being ground into powder. However, the extraction method depends on the ancient pharmacopoeia (Sapmanee C., 2016).

Nowadays the consumers have started to prioritize their health through natural remedies and treatment of various symptoms using herbal plants. This trend has led to the rapid growth of products made from natural ingredients, free from chemicals, and environmentally friendly, especially natural cosmetics and skincare products. Therefore, the cosmetics industry is one of the industries that continuously expands and grows. According to RNCOS Business Consultancy Services, the global cosmetics market value has been consistently increasing. In 2022, it was valued at around 460 billion US dollars, and it is projected to increase to 675 billion US dollars in 2023, with an average growth rate of 6.4%. Analyzing the market share of the global cosmetics market in 2021, it was found that the market shares in the Asia-Pacific region, the Americas, and Europe were relatively close, with the shares of 34%, 33%, and 29%, respectively. When categorizing cosmetic products into groups, skincare products were found to have the largest market share at 34%, followed by hair care products at 25%. Beauty and makeup products, fragrance products, and perfume products accounted for 16% and 13%, respectively (Office of Small and Medium Enterprise Promotion, 2021).

Despite the increasing popularity of herb-based cosmetics among consumers, there are still main challenges and obstacles for business operators in terms of marketing and product promotion. Additionally, consumers' concerns about whether the production standards meet internationally accepted norms remain a significant issue. Business operators must enhance their capabilities to instill confidence in consumers and ensure long-term survival in the industry. To develop the capabilities of business operators for better competitiveness, factors

such as organizational management, management innovation, marketing strategies, and competitiveness enhancement need to be considered. Therefore, the researchers were interested in studying the factors that influence the development of capabilities of cosmetics retailers selling herb-based cosmetics in Bangkok and vicinity area. The objective is to utilize the data obtained from this study to formulate policies that will maximize the development of capabilities of business operators in the cosmetics industry selling herb-based products in Bangkok and vicinity are resulting in the highest efficiency and effectiveness.

LITERATURE REVIEWS

Concepts and theories on the development of competitiveness

The competitiveness is an important topic emphasized by scholars worldwide as it serves as one of the indicators of a country's progress. Different scholars have defined the meaning of competitiveness in various dimensions. Porter (2019) states that a country's competitiveness depends on the capabilities of its industries to create new innovations and enhance their capabilities. Businesses benefit from competition by adapting to various pressures and seeking advantages from the competition. This agrees with Barney (2018) adding that the competitiveness arises when a company can generate economic value and operate in a market with few competitors. Moreover, Barney emphasizes that competitiveness occurs when a company can achieve returns higher than the expected value from the invested resources. Grant (2018) mentions that companies excel in competition when they consistently receive high returns. Thomas (2016) defines competitiveness as the ability of entrepreneurs to consistently generate high profits.

The aforementioned statements can be summarized that the competitiveness refers to the efficiency of work that surpasses what other companies can achieve in the present. Utilizing resources effectively from the company or having good business strategies significantly impacts the creation of competitiveness.

Porter (2019) has explained various components of competitive capabilities for entrepreneurs. Component 1), business value added, refers to establishing strong connections with suppliers to achieve operational efficiency, maintaining good relationships with customers, adopting the concept of value chain to create added value for the business, managing inbound and outbound logistics systems that are aligned, and implementing post-sales management to enhance the value of products and services. Component 2), new customer acquisition, involves emphasizing customer relationship management, aiming to understand and perceive customers well, engaging in two-way marketing communication activities to develop customer relationships, and building a positive long-term corporate and product/service image. Component 3), international standards, refers to producing products that meet international quality certifications, having standardized business production systems, ensuring all products meet quality and quantity standards, implementing quality control systems based on industry standards, and maintaining customer commitment. Commitment entails creating product recognition to establish customer loyalty, engaging in close interactions with customers to instill confidence in the business, building customer trust in maintaining consistent contractual agreements, and practicing honesty and integrity in dealings with consumers.

The creation of competitive capabilities, according to Hill & Jones (2018), is influenced by 4 factors; 1) management strategy refers to various processes and systems that are planned in advance to effectively drive the organization and establish a good working system. It includes planning, organizing, coordinating budgeting, advertising and promotion. 2) The external environment refers to the analysis of factors that impact the organization's operations directly and indirectly. It includes government support, cultural preferences for cosmetics, quality control, and the utilization of innovation and technology. 3) The marketing strategy refers to the basic scheme or guidelines established for the construction of a product to meet the needs

of target groups and target markets. Entrepreneurs must allocate the country's resources to benefit the production. 4) The internal environment refers to the factors in the organization that have positive or negative influences on its operations. Managers can control and manage these factors.

According to the literature review, the following research hypothesis can be formulated:

H1: The factors of management strategy, external environment, marketing strategy, and internal environment have an impact on the development of competitive capabilities for entrepreneurs selling herb-based cosmetics in the Bangkok and vicinity areas.

From the literature review, the conceptual framework can be drawn as shown in Figure 1.

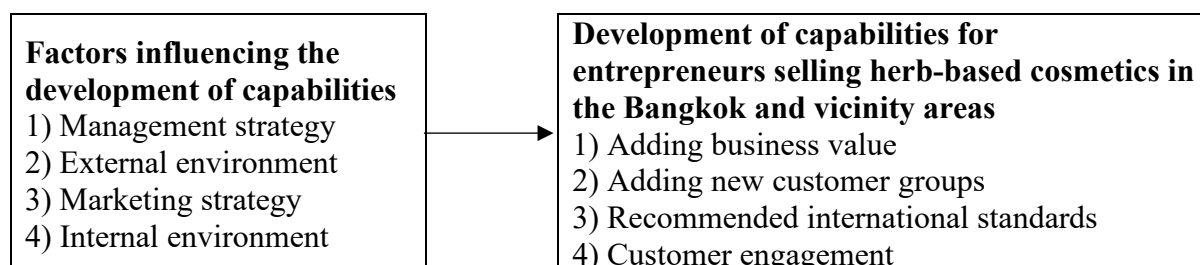


Figure 1 Conceptual Framework

RESEARCH METHODOLOGY

The population in this study consisted of 24,850 business operators selling herb-based cosmetic in Bangkok and vicinity area (Office of Small and Medium Enterprises Promotion, 2021). A sample of 394 people was obtained from the formula for calculating a sample of Yamane (Taro Yamane, 1973). The reliability was obtained at the 95% level with the stratified sampling.

The research tool was a questionnaire consisting of Part 1: Personal factors of the respondents, namely gender, age, education level and income. The questionnaires are selective questions. The nature of the questionnaire is Likert Scale with 5 scoring criteria, namely, the highest equals 5 points, the high equals 4 points, the medium equals 4 points, the least equals 2 points and the least equals 1 point. Part 3: The development of capabilities of the business operators selling herbed-base cosmetics in Bangkok and vicinity area. The questionnaire is a Likert Scale with 5 scoring criteria with the highest equals 5 points, the high equals 4 points, the medium equals 4 points, the least equals 2 points and the least equals 1 point.

Before using data collection tools, the Index of item objective congruence (IOC) and questionnaire validity test via Cronbach's alpha were performed systematically. The examination found that the IOC was 0.890 and the Cronbach's alpha was 0.983, indicating that the research tool was of sufficient quality (Polit & Beck, 2006; Hair et al., 2012). In order to obtain information for this study, the questionnaires were sent to businesses operators selling herb-based cosmetics in Bangkok and vicinity area.

The descriptive statistics used to analyze the data were frequency, percentage, mean, standard deviation, and multiple regression analysis.

RESEARCH RESULTS

1) Most respondents were female. 68% of them aged between 31-40 years old. 65% graduated with a bachelor's degree and have an average monthly income ranging from 5,000,000-6,000,000 baht

2) The capability development of business operators selling herb-based cosmetics in Bangkok and vicinity area. The overall and individual aspects were at a high level in terms of adding new customer groups, business value enhancement, international standards, and customer engagement, respectively, as shown in Table 1.

Table 1 Mean and standard deviations of capability development of operators selling herb-based cosmetics in Bangkok and vicinity area

Aspect	Description	\bar{X}	S.D.	Interpretation of results
1)	Business value enhancement	3.61	0.81	Much
2)	Adding new customer groups	3.69	0.77	Much
3)	International standards	3.57	0.82	Much
4)	customer engagement	3.55	0.71	
Total		3.60	0.71	Much

3) Factors influencing the capability development of business operators selling herb-based cosmetics in Bangkok and vicinity area at 68.9% as shown in Table 2.

Table 2 Multiple regression analysis of factors influencing the capability development of business operators selling herb-based cosmetics in Bangkok and vicinity area

Factors	Unstandardized (b)	SE	Standardized (β)	t	Sig.
(constant value)	1.121	0.106		10.632	0.000
Management strategy	0.040	0.021	0.318	7.860*	0.000
External environment	0.098	0.042	0.144	2.412*	0.006
Marketing strategy	0.078	0.035	0.142	2.486*	0.004
Internal environment	0.245	0.025	0.238	4.138*	0.000
R = 0.830		Adjusted R ² = 0.689			
R ² = 0.829		SE = 0.152			

* Statistical significance at the 0.05 level

DISCUSSION & CONCLUSION

In studying the factors affecting the capability development of business operators selling herb-based cosmetics in Bangkok and vicinity area, the researchers brought the important issues to discuss the results according to the research objectives as follows.

1) Capacity development of business operators selling herb-based cosmetics in Bangkok and vicinity area was overall and in the individual aspects at a high level in terms of adding new customer groups, business value enhancement, international standards, and customer engagement, respectively. Such case is likely to come from the reason that operators have studied the external and internal environment of the business. Good business management and marketing strategies are in line with the current economic situation which is consistent with the study results of Thanawat Chatwirayanon (2020) to study the Sustainable Development of Competitiveness of Thai Garment Entrepreneurs. The study found that Sustainable Development of Competitiveness of Thai Garment Entrepreneurs overall and each aspect were at a high level.

2) Factors of management strategy, business environment, marketing strategy, and the internal environment affect the capability development of business operators selling cosmetics containing herbs in Bangkok and its vicinity, 68.9 percent. This may be because entrepreneurs have analyzed the business environment and strengthened management strategy. Efficient marketing strategies make the capacity development of business operators selling herb-based cosmetics in Bangkok and vicinity area more efficient. This is consistent with the results of a study by Wisuthida Nakkasem (2018) who has studied factors that affect the creation of competitive advantages of service business operators in Bangkok. The study found that business environment factors, management strategy, marketing strategy, and the internal

environment affected the creation of competitive advantages of service business operators in Bangkok.

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Data Availability Statement: The raw data supporting the conclusions of this article will be made available by the authors, without undue reservation.

Conflicts of Interest: The authors declare that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

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