

Knowledge and Perspective of Junior Business Managers on the Effects of ASEAN Integration to Local Business Industry

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Abstract – *ASEAN Integration might an impact to the local industry or business owners in the Philippines since it is an association of southeast Asian nations. The objective of the study is to determine the level of awareness of Junior Business Managers or the students of BSBA on the effects of ASEAN Integration to Local Industry or business establishment. In this study, the researchers will be used the quantitative study. The questionnaire was used as a data-gathering instrument to determine the effects of ASEAN Integration to local business industry based on the perspective of the junior business managers. Based on the findings of the study, majority of the respondents are aware on the effects of ASEAN Integration to local industry and to the local economy.*

Keywords – ASEAN Integration

INTRODUCTION

The Association of Southeast Asian Nations, or ASEAN, was established on 8 August 1967 in Bangkok, Thailand, with the signing of the ASEAN Declaration (Bangkok Declaration) by the Founding Fathers of ASEAN, namely Indonesia, Malaysia, Philippines, Singapore and Thailand.

In the advent of the new age in the Southeast Asian region, the Philippines stands at a crossroads. In 2015, the ASEAN economies will integrate to create the ASEAN Economic Community (AEC) [1].

In the study, the researcher investigated the status and the level of awareness of the BSBA Students of Pangasinan State University, Alaminos City Campus.

The objective of the Study

The objective of the study is to determine the level of awareness of Junior Business Managers or the students of BSBA on the effects of ASEAN Integration to Local Industry or business establishment.

Significance of the Study

The significance of this study is to determine to knowledge and awareness or perspective of junior business administrators in terms on the effect of ASEAN integration in the

local business industry [2]. This study could also contribute to the policy making body specially the local government unit in crafting guidelines and policies related to the affected implementation of ASEAN Integration.

RELATED LITERATURE

The perceived positive effect of ASEAN Integration are having a larger market and initiation of more investors.

Larger market.

With the merging of available markets within the ASEAN region, everyone gets a fair chance of capturing a bigger flag. You can now make yourself available not only to your local consumers, but also to the massive number of foreign potential clients from neighbor countries. There is a larger pool of fish that you can gain from, which means a possibility of bigger profit.

More investors.

A promising company is a promising company, no matter what country it is in. In this integration, there is a great chance that if your company is big in the local market, foreign investors can come in and invest in your company. The more investors, the more money your company can use in order to expand or improve your services.

The perceived negative effect of ASEAN Integration are having a fiercer competition and costly labor.

Fiercer competition.

It's all fun and games with the idea that there is a larger market now, until you realize that it is not as easy as before. More companies are now competing in the market, trying to capture even your own consumer base. Your strategies against local competitors won't work as the new competitors will be bringing a different approach in the competition. Strategizing will not be easy.

Costly labor.

Another competition that you will have to face in this integration is in hiring competitive people. People are now able to apply to foreign companies, which means that it will be harder for us local companies to get excellent applicants. Most of them will opt to apply to foreign firms given the currency exchange rate and the ability of foreign companies to pay more. This might push us to increase salary offers just to get quality applicants.

The solution for the Positive and Negative Effects of ASEAN Integration

Given the pros and cons of the integration, we must now ask: What can we do in order to keep up with the competition?

Hone your English communication skills.

English is the universal language and is the language of business. In a market that challenges the competitors with language barriers, the first step in penetrating it is by knowing how to effectively convey your message to foreign clients. English is essential for the business, its managers and even employees. Make sure that your front desks and sales team are proficient in the English language.

Go for their markets.

For the bold company with the resources and capability the best defense may be offense. Instead of waiting for foreign companies to eat

your market, why not see if you can expand overseas into other ASEAN countries?

Be on a par with international standards.

We mentioned that the competition is stronger with all the foreign companies trying to capture a share of your local market. Some of them will be using more advanced technology and strategies, so make sure that you are ready for the competition. Start by complying with international standards (ISOs), getting certified, and joining international organizations to be updated with the latest trends in the industry. By being certified, you are giving a guarantee to potential customers that your company is utilizing the latest technology that their local suppliers might be selling, and that you are also a viable option for their purchases.

Study different cultures.

Sure, your business might have been successful for how many years in the Philippine market, but how well will you do in a different country such as Malaysia or Singapore? Will they accept the same recipe and taste you use in your best-selling meal in the country? Do they like emotional ads? How do they view the acts portrayed in your commercial? A deep knowledge of the market's culture is essential in making your strategies. There have been a lot of marketing blunders when it comes to promoting products in a different market — wrong translation, practices that are offensive to culture. Because of these barriers, it would be better if a company would choose to have different marketing slogans for different countries [3].

METHODOLOGY

In this study, the researchers will be used the quantitative study. The descriptive survey method will be used to gather the data and to know the status to help to address effectively the research objectives.

Population and Sample

The respondents of this study are the students of Pangasinan State University,

Alaminos City Campus studying business administration major in Operations Management.

Data Gathering Instrument

Participants were requested to complete the created survey [4], [5] created using Google Forms which was a modern practice by several studies [6], and extracted in CSV format for analysis.

Statistical Treatment Used

Frequency and Percentage were used in the primary objectives and average weighted mean was also used in determining the interpretation based on the Likert rating scale used.

Table 1 Range Used in terms of Knowledge

Score	Descriptive Equivalent
45-50	Very Highly Knowledgeable
35-44	Very Knowledgeable
25-34	Moderately Knowledgeable
15-24	Fairly Knowledgeable
0 to 14	Low Knowledgeable

Table 3 Profile of the respondents

Variables	Categories	Frequency	Percentage
Year Level	First Year	9	2.85%
	Second Year	90	28.48%
	Third Year	82	25.95%
	Fourth Year	135	42.72%
Age	Below Mean	209	66.14%
	Above Mean	107	33.86%
Sex	Male	62	19.62%
	Female	254	80.38%
Campus	Alaminos	153	48.42%
	Lingayen	163	51.58%
Perceived Effect of ASEAN Integration	Positive Effect	308	97.47%
	Negative Effect	8	2.53%

Table 2 Likert Scale Used on the Perspective

Range	Descriptive Equivalent
4.51-5.00	Strongly Agree
3.51 to 4.50	Agree
2.51 to 3.50	Neutral
1.51 to 2.50	Disagree
1.00 to 1.50	Strongly Disagree

RESULTS

The result of the study was presented based on the following order of the statement of the problems: (1) What is the profile of the respondents? (2) What is the level of knowledge of ASEAN Integration of the respondents? (3) What is the perception of the respondents on the effects of ASEAN Integration to local industry? (4) What is the perception of the respondents on the challenges faced by ASEAN Integration? (5) Is there a difference in terms of knowledge of ASEAN Integration when grouped according to profile of respondents? (6) Is there a difference in terms of perceived effects of ASEAN Integration on local industry when grouped according to profile of respondents? (7) Is there a difference in terms of perceived challenges faced by ASEAN Integration when grouped according to profile of respondents?

The profile of the respondents shows the majority of the respondents belongs to the senior year with 42.72%. majority of the respondents is younger which is below mean with 66.14%. Majority of the students under the business administration program in both campuses are female with 80.38% of the total respondents. The distribution of respondents in each campus is nearly equal with 48.42% in Alaminos Campus and 51.58% in Lingayen Campus.

Very Highly Knowledgeable	232	73.42%
Highly Knowledgeable	67	21.20%
Moderately Knowledgeable	14	4.43%
Fairly Knowledgeable	3	0.95%
Not Knowledgeable	0	0.00%

Students of Business Administration are very highly knowledgeable in the theory and information regarding ASEAN Integration.

Categories	Frequency	Percentage
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Table 4 Junior Business Manager's Perspective in terms of Effects of ASEAN Integration

Effects of ASEAN Integration on Local Industry	Weighted Mean	Descriptive Equivalent	Rank
1. Provinces with major tourist spots or blossoming ones will have more tourist coming due to the current efforts to improve provincial transportation hubs	4.43	Agree	2
2. Industrial parks and economic in the countryside will have to improve its competitiveness so that it would be in tune with the AEC's aim to have internal cooperation and complementarity	4.31	Agree	3
3. Local manufacturers of indigenous products will have an opportunity to expose more of their products to a wider market within the ASEAN and to markets outside of it	4.47	Agree	1
4. Non-protected crop producing provinces will have to compete with ASEAN member producers	3.93	Agree	11
5. Possibility of more connective infrastructure projects in key provinces with significant industrialization and tourism prospects aided by the AIF	4.23	Agree	5
6. Metro Manila (particularly the already rich business districts like Ayala, Bonifacio Global City, Ortigas Business District, and others) will receive a boost of investments from potential international (including regional) investors	4.20	Agree	6
7. Construction boom comprising of office and residential high rises will follow the said inflow of investments	4.10	Agree	10
8. Emerging metros, particularly those with industrial and tech parks, will likely receive more investments in the form of new plants or increased operations/expansion of existing companies in the areas	4.18	Agree	8
9. If the investments come in the form of physical capital (new factories etc) there is a possibility of a strain on energy and other resources	4.16	Agree	9

10. In both the case of growth in highly urbanized traditional metros (Metro Manila, Cebu, Davao) and that in emerging one will likely increase employment both manual (due to the probable construction boom) and otherwise	4.19	Agree	7
11. The increase in jobs opportunities will create an inflow of jobseekers which could strain local resources including living spaces, water, and power and would congest certain parts of the said metros.	4.29	Agree	4

Composite Mean	4.23	Agree
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The junior business managers agree that with the statement “Local manufacturers of indigenous products will have an opportunity to expose more of their products to a wider market within the ASEAN and to markets outside of it” is the primary effect of ASEAN Integration. While the “Non-protected crop producing

provinces will have to compete with ASEAN member producers” statement is the least.

The total average weighted mean of junior business manager’s perspective in the effects of ASEAN Integration is 4.23 with the descriptive equivalent of “Agree”.

Table 5 Junior Business Manager's Perspective in terms of Effects of ASEAN Integration

Challenges of ASEAN Integration	Weighted Mean	Descriptive Equivalent	Rank
1. Territorial disputes among nations	3.82	Serious Challenge	4
2. Excessive protectionism (particularly, protecting local industries via tariffs without the CEPT)	3.93	Serious Challenge	1
3. Uneven revenue of member nations	3.72	Serious Challenge	7
4. Initial shock to the local markets by the inflow of more competition	3.91	Serious Challenge	2
5. Internal inefficiencies (such as procurement procedures, licensing, etc)	3.81	Serious Challenge	5
6. Negative public reaction to changes	3.70	Serious Challenge	8
7. Sudden changes in the member countries’ market	3.87	Serious Challenge	3
8. Trade slowing down in EU and US markets	3.66	Serious Challenge	9
9. Unforeseen political shifts in member nations	3.76	Serious Challenge	6
Composite Mean	3.80	Serious Challenge	

The Junior Business managers identify the excessive protectionism is the primary challenge of ASEAN Integration. Students believe that excessive protectionism may show

the harmful effects of excessive intervention generally on a small economy.

Table 6 Difference in terms of Profile across Knowledge

Profile of Respondents	N	Mean	SD	t/F	p	Effect Size	Decision	Interpretation
Year Level								
First Year	9	41.67	10.61	2.83	0.04	0.03	Rejected	Significant
Second Year	90	44.17	6.50					
Third Year	82	45.37	6.02					
Fourth Year	135	46.33	6.86					
Age								
Below Mean	209	45.31	6.36	0.08	0.94	-0.01	Accepted	Not Significant
Above Mean	107	45.37	7.45					
Sex								
Male	62	45.73	6.33	0.51	0.61	0.06	Accepted	Not Significant
Female	254	45.24	6.84					
Campus								
Alaminos	153	45.16	6.29	0.43	0.67	-0.05	Accepted	Not Significant
Lingayen	163	45.49	7.14					
Perceived Effect of ASEAN Integration								
Positive	308	45.52	6.64	3.11	0.00	0.35	Rejected	Significant
Negative	8	38.13	7.04					

There is significant difference on the level of knowledge of students across their profile in terms of the year level and their perceived effect of ASEAN integration. Based on the result

of the study, the knowledge of students in high level is higher compared to the lower level.

Table 7 Significant Difference across Profile and Perspective in the Effects

Profile of Respondents	N	Mean	SD	t/F	p	Effect Size	Decision	Interpretation
Year Level								
First Year	9	3.98	0.51	2.43	0.07	0.02	Accepted	Not Significant
Second Year	90	4.22	0.51					
Third Year	82	4.15	0.49					
Fourth Year	135	4.30	0.52					
Age								
Below Mean	209	4.18	0.50	2.56	0.01	-0.29	Rejected	Significant
Above Mean	107	4.33	0.51					
Sex								

<i>Male</i>	62	4.30	0.53	1.25	0.21	0.14	Accepted	Not Significant
<i>Female</i>	254	4.21	0.51					
Campus								
<i>Alaminos</i>	153	4.28	0.47	1.86	0.06	0.21	Accepted	Not Significant
<i>Lingayen</i>	163	4.18	0.55					
Perceived Effect of ASEAN Integration								
<i>Positive</i>	308	4.24	0.51	2.38	0.02	0.27	Rejected	Significant
<i>Negative</i>	8	3.81	0.55					

There is significant difference on the level of perception of students in terms of the effects and their profile in terms of their Age and their perceived effect of ASEAN integration.

Table 8 Significant Difference across Profile variable and Perceived Challenges

Profile of Respondents	N	Mean	SD	t/F	p	Effect Size	Decision	Interpretation
Year Level								
<i>First Year</i>	9	3.56	0.44	0.62	0.60	0.01	Accepted	Not Significant
<i>Second Year</i>	90	3.82	0.61					
<i>Third Year</i>	82	3.77	0.50					
<i>Fourth Year</i>	135	3.81	0.66					
Age								
<i>Below Mean</i>	209	3.77	0.56	1.15	0.25	-0.13	Accepted	Not Significant
<i>Above Mean</i>	107	3.85	0.68					
Sex								
<i>Male</i>	62	3.78	0.58	0.29	0.77	-0.03	Accepted	Not Significant
<i>Female</i>	254	3.80	0.61					
Campus								
<i>Alaminos</i>	153	3.84	0.57	1.25	0.21	0.14	Accepted	Not Significant
<i>Lingayen</i>	163	3.75	0.63					
Perceived Effect of ASEAN Integration								
<i>Positive</i>	308	3.80	0.60	0.74	0.46	0.08	Accepted	Not Significant
<i>Negative</i>	8	3.64	0.90					

There is no significant difference on the level of perception of students in terms of the challenges and their profile variables.

CONCLUSIONS & RECOMMENDATION

Students of Business Administration are very highly knowledgeable in the theory and information regarding ASEAN Integration and respondents believe in the effects and challenges of ASEAN Integration.

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