CHAPTER 2 RELATED THEORIES OF THE STUDY

2.1 Regional Economic Cooperation Theory

Regional economic integration originated from the European “Equality of Opportunity” and really emerged in the latter part of the Second World War. Since the middle of the 20th century, in order to promote economic development and at the same time to unite with the political needs of the superpowers, countries in the same geographical region have begun to embrace the integration of economic cooperation.

2.1.1 The concept of economic integration

Swedish economist Karl (2001), He believes that "economic integration" applies the European "Equality of Opportunity" to practice. When the economic cooperation between countries eliminates trade discrimination and other trade barriers, the trade opportunities among the member states are equal and they are committed to economic development and expansion of economic scale, the economic cooperation relationship under this model will be successful. Adam Smith's "Division of Labor" and "Specialization" in "The Wealth of Nations" believe that all countries have their own advantages and disadvantages in resources. Through international division of labor and positioning, they can fully exploit the resource advantages of each country, avoid disadvantages, and realize the advantages of cooperative countries. Complementary, can greatly increase economic efficiency, obtain a single country development model, and cannot achieve economic development. Modern regional economic integration refers to the elimination of tariff barriers and other trade barriers between two or more countries in the same geographical area through various trade agreements and policies and the realization of economic cooperation and development.

2.1.2 Regional economic integration organization form

El-Agraa (2000) divided the organizational form of regional economic integration into the following six:

1. Preferential Tariff Agreement (PTA) Preferential tariff agreement refers to a tariff system that allows preferential tariff treatment for imported goods among countries that have signed preferential tariff agreements, while other countries that have not signed agreements do not have access to them.

2.The Free Trade Area (FTA) free trade zone refers to the agreement between a country and a country before or after the agreement was adopted in the region to cancel the tariffs within the region or similar. Other measures were thus formed to form an international economic integration organization. The main feature of this form of free trade zone is the cancellation of trade barriers among various member states, and the zero-tariff circulation of goods within the free trade zone. However, tariff barriers between non-member countries still exist. What needs to be emphasized is that in the free trade zone, countries still maintain independent internal policies, and no supranational authority will form in the region.

3.The Custom Union CU) Customs Union means that two or more countries sign tariff agreements, and member states reduce or eliminate tariffs. However, common customs duties are imposed on imports of goods from countries or regions outside the customs union. And foreign trade policy. There is no tariff or other barrier between member states that allow the customs union to allow trade, as in free trade zones. It also plays a coordinating role with non-members' trade policies (eg setting a common tariff rate).

4. The Common Market refers to the multi-country or multi-economy economies. It has achieved the liberalization of trade through the signing of contracts. It not only realizes the harmonization of external tariffs, but also promotes the free flow of multiple production factors within the region. Economic Integration Organization.

5. The economic union economic alliance means that participating countries, in addition to achieving the purpose of the customs union, also formulate certain common economic policies and even use the same currency to realize the free movement of various commodities and production elements in the alliance and establish some The organization of the supranational economic regulation agencies.

6. The complete economic integration of the Super-nation Union is the form in which the regional economic integration reaches the highest stage. At this stage, the form of economic integration, whether financial, economic, or fiscal policy, has been completely unified within the region; the artificial barriers between the main actors in the region that hinder the circulation of production data are fully understood and the economic, legal, and political systems are comprehensive. Coordinate the unified form of economic integration. From the perspective of trends or results, the countries in the region that have achieved complete economic integration have been equivalent to moving from multiple independent economies to a single economy and have expanded from economic alliances to political alliances.

Table 2-1: The cost of sale drug products forming diagram

	Special Trade Arrangement	Free Trade Zone	Customs Union	Common market	Economic Alliance	Complete economy Integration
Cancellation of tariffs and quotas	—	✓	✓	✓	✓	✓
Common External Tariff	—	—	✓	✓	✓	✓
Free flow of elements	—	—	—	✓	✓	✓
Unified economic policy	—	—	—	—	✓	✓
Fully harmonized economic policy	—	—	—	—	—	✓

Note: '✓' indicates the policy implemented by the economic integration organization in the region

In 2015, the establishment of the ASEAN Economic Community transformed the free trade zone into a common market, aiming at unifying the market, unifying production standards, and enhancing ASEAN countries' regional market competitiveness. Then, the ASEAN economic community's common marketization has its limitations and it is difficult to achieve comprehensiveness. The full flow of some production factors such as the labor force will only appear in some specific specialized industries. The reasons for these limitations are the concerns of ASEAN member countries that the common market may have adverse effects on internal governance, labor prices, and domestic labor issues.

2.1.3 About Common Market Theory

The goal of ASEAN's struggle is to enable the ASEAN countries to achieve a higher level of economic integration than the free trade and customs union—Common Market, also known as the Single Market, that is, in addition to tariff preferences and free trade of goods, It can also realize the free flow of capital and production factors, achieve the maximum allocation and complementarity of internal resources of member states, and do its utmost to eliminate trade obstacles to promote the common development of ASEAN economy. The theory used today to analyze the impact of regional economic integration comes mainly from the idea of Balassa (2011) that economic integration would have positive or negative effects on the social welfare, or trade creation, of member countries, but at the same time It can fully improve the efficiency of the use of production resources and optimize the allocation of resources among member states, namely the trade diversion effect. Trade creation effects and trade transfer effects can fully increase the efficiency of resource use by member countries, reduce production costs and product sales prices, and promote the further development of domestic and foreign markets. At the same time, as a consumer can also benefit from it, that is, to obtain more affordable goods. The impact of trade creation and trade shift on trading countries has both advantages and disadvantages, requiring specific comparative analysis. The Trade Creation occurs between trading partners. For example, if country A does not reduce the quantity of a product imported from another country (C country), it will increase its import volume from country B by reducing the import tariff of that product from country B, which will cause the import price of the product to fall. A country’s increased consumption and reduced production have led to an increase in imports. Therefore, from the perspective of the world’s environment and trading member countries, trade creation effects can bring benefits. Trade Diversion means that a country (A country) imports a commodity from a trading partner country (B country) at a lower price than a non-member country (C country). Although the production cost of this commodity in country B is not really lower than that of country C, B has a more favorable price because it obtains lower tariffs from free trade. As a result, Country A reduced its imports from other countries and increased its imports to Country B. This situation is called trade transfer.

2.2 Basic Theory and Connotation of Enterprise Management

After the industrial revolution of the 20th century, the management concept of the company has undergone tremendous changes. The number of laborers used in the production process of products has been reduced, replaced by equipment and machinery; the scale of enterprises has rapidly expanded, and the management of enterprises has become more complex and the rights and responsibilities have not been clarified. In order to adapt to the new business conditions, the company's management theory has also undergone new changes.

2.2.1 The connotation of enterprise management

Lal (2014) in UK, conducted an in-depth study of business management. He emphasized the role of management, especially the role of senior management, and pointed out the principle and focus of corporate centralization and decentralization in specialized areas. The key points of the management of fit and condition are as follows:

(1) The formulation of a plan means that according to the analysis of the external environment and internal conditions of the enterprise, the company's goals to be achieved within a certain period of time in the future and the plan approaches to achieve the goals are proposed.

(2) The division of labor refers to the division and independence and specialization of the production and business activities of enterprises according to the structure of the enterprise, and the responsibilities of each functional department are defined.

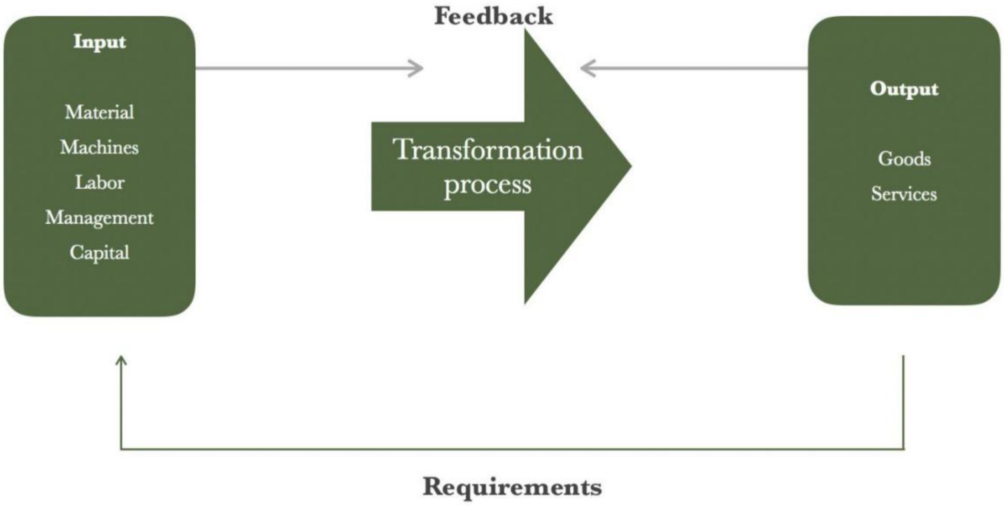
(3) Corporate management refers to the determination of corporate management principles and the development of appropriate management policies.

(4) Corporate communication, clarifying the responsibilities of various departments, and strengthening communication between departments and employees. The company controls and strengthens management at all levels within the company so that production and business activities of the company can be carried out as planned.

Corporate management includes marketing management, financial management, and production management. Through the decision-making, planning, organization, control, coordination of the company's entire production and management activities for effective management and value-added, but also to encourage corporate members to actively achieve the purpose of the company's tasks, This coincides with the view of Phongpaichit (2006) that he believes that improving corporate governance and employee productivity requires the following:

1.Select the right person for a specific job
2.Develop a reasonable method of operation
3.Develop a sound plan and clarify job responsibilities
4.Reasonable compensation

Figure 2-1: Feedback and Requiements



Business management, organizing and managing production factors in a scientific way, linking a series of links of supply, production, and sales, rationally allocating elements and making the best use of them, minimizing the loss of value in the production and sales chain, and producing more Of products that meet social needs.

2.2.2 The role of business functions in enterprise development

The five major roles of business functions in enterprise development

(1) Because of the rapidly changing external environment of the company's operations, it is necessary to make in-depth analysis of the environmental factors of the company's development, and to formulate strategic goals, work plans, and specific work policies that meet the needs of the company's development.

(2) The decision-making function is based on the current situation of the company, in order to achieve a specific goal, scientifically select the optimal program and put into effect management functions. The decision-making function is mainly accomplished through environmental prediction, the designation of a decision-making scheme, and the selection of programs and implementation of programs. The right decision can lead the business to success.

(3) The correct application of development functions can promote the rapid development of the company. The development function refers not only to the R&D of production technologies and the innovation of business management methods, but also to the search for scientific methods and tools that can improve management levels and

efficient production and increase the opportunities for corporate competition.

(4) The financial function not only refers to the internal financial management within a narrow sense, but also includes corporate financing, additional investment, and enhancement of corporate value. The efficient use of financial functions can improve the management capabilities of the entire production and management activities including management, decision making, implementation and development.

(5) Public relations functions Public relations functions include not only consumer promotions, but also communication with producers, investors, and employees.

2.2.3 The role of management environment in enterprise development

The research on the development environment and factors of the enterprise is an important tool to determine the direction of the company's development and formulate precise and efficient policies. The factors that affect the development of enterprises are divided into two major categories, namely, external environmental factors and internal factors. External environmental factors refer to the uncontrollable objective economic environment, political environment, social environment, and technological environment. Internal factors refer to the enterprise's own finance, marketing, production management, organization, and corporate culture.

External Environment

Correctly analyzing the external environment for the development of enterprises will help enterprises to formulate correct development strategies, increase development opportunities and avoid investment risks. The most commonly used method for studying the development of the external environment of the enterprise is the PEST analysis method. Mainly from the following four aspects:

(1) Political factors

Political factors Include the social system of a country, the nature of the ruling party, the stability of the political power, the government’s policies, policies, decrees, etc.

(2) Economic factors

Economic factors include both macroeconomic and microeconomic. The macroeconomic environment mainly refers to the population of a country and its growth trend, national income, gross national product and its changes, and the national economic development level and development speed that can be reflected by these indicators. The microeconomic environment mainly refers to the factors such as the income level, consumer preference, saving situation, and employment level of the consumers in the areas where the companies are located or in the areas served. These factors directly determine the current and future market size of the company.

(3) Sociocultural Factors

Sociocultural Factors include the education level and cultural level of a country or region, religious beliefs, customs, aesthetic views, and values. The cultural level will affect the level of the residents' needs; religious beliefs and customs will prohibit or resist the conduct of certain activities; values will affect the residents' recognition of the organization's goals, organizational activities, and the existence of the organization; aesthetic views will affect people. The attitude towards the content of the organization's activities, activities, and activities.

(4) Technological Factors

In addition to examining the development of technological means that are directly related to the activities in the field in which the enterprise is located, the technological environment should also promptly focus on the state's investment in and support for scientific and technological development. The development of the technology in this area and the total amount of research and development costs, and the transfer of The speed of technology commercialization, patents and their protection, etc.

Internal Environment

(1) Organization

The growth and development of a company mainly depends on the "development strategy" adopted in the changing environment and the "organization" of implementation strategies. The organizational structure is to serve the development strategy of the enterprise, and it holds the direction of the navigation of the enterprise.

(2) Business Strategy

Grasping the development trend of the market, aiming at the market positioning of the company, according to the company's own situation, timely adjust the company's development strategy, and formulate business strategies in line with the implementation. Grasping opportunities in change, developing new products, and rapidly expanding and occupying markets.

(3) Human Resource and Ability

Having an excellent team can enable the company to steer steadily in the ever-changing market. Strengthen staff skills training and improve professional standards to improve overall production capacity and production efficiency

(4) Organization Culture

Organization culture is the sum of business ideas, business objectives, operating principles, values, business behaviors, social responsibilities, and business image that are formed in the course of business operations.

(5) Other factors

Enterprise internal organization and structure, management system, production process, regulations and other operating factors

2.3 Corporate development strategy theory

Thailonggruan (2010) the theory of corporate development strategy first originated from about 1912. It wanted to gradually develop the military's high-efficiency management and apply it to business management, and gradually developed into an independent discipline and art. The company's development strategy will be appropriately adjusted according to the development status and circumstances of the company. Market competition, market consumption demand, production technology and management theory continue to change, so that in order to ensure the stable and efficient development of enterprises, business managers must formulate business development strategies in line with their own circumstances and keep up with the times.

2.3.1 The connotation of enterprise development strategy

Kothle (1991) believes that corporate development refers to the adaptation of the company to the unknown environment in the future, enabling the company to further operate and achieve its goals. Respond to future changes, use methods and tools that can enhance competitiveness, resolve various discomforts and problems that arise during changes, create new favorable conditions and environments, and ultimately promote the growth and growth of the company. In addition, the establishment and improvement of corporate culture and the presentation of corporate core values also help improve the ability of companies to respond to future market changes. Some scholars believe that management strategy refers to the analysis of corporate environment and corporate resources, guides corporate decision-making, determines the company's business strategy and management strategy, enhances corporate development confidence, advances with the times, and ultimately makes the company operate efficiently and achieves success. Robbins and Kurt believe that all the activities of the company are carried out by the managers around the company's development strategy. They must take the company's production management as the starting point and formulate appropriate development strategies and development plans based on the company's own situation and development environment. Guide the company's production and operation. In sum, the corporate development strategy is a theoretical system about how the company develops. The development strategy is a major choice, plan, and strategy for the development direction, development speed and quality, development point, and development ability of a company within a certain period of time. Corporate strategy can help companies to guide long-term development direction, clear development goals, specify development points, and determine the development needs of the company's needs. The real purpose of the strategy is to solve the company's development issues and achieve rapid, healthy, sustainable development.

2.3.2 SWOT Analysis

SWOT analysis, also known as situation analysis or analysis of advantages and disadvantages, was first proposed by Albert Humphrey, an American management expert. It is widely used in analysis of the advantages and disadvantages of internal competition conditions and external competitive environment. To enable enterprises to identify their own position, recognize the company's own situation, and accurately grasp the external development situation, formulate corresponding policies to deal with various difficulties and problems in the development, and ultimately guide the healthy development of enterprises.

S (Strengths) refers to competitive advantages, such as technical and technological advantages, tangible and intangible asset advantages, human resources advantages, and texture advantages.

W (Weaknesses) refers to competitive disadvantages such as lack of competitive skills, lack of funds, and lack of talent.

O (Opportunities) refers to the competition opportunities, such as the expansion of customer base or product segmentation markets, market access barriers to reduce the strong market demand can quickly expand.

T (Threats) refers to competition from the external environment, and it is sometimes difficult to distinguish between machines and obstacles. Examples of obstacles that once turned into opportunities are large, such as: Thai baht, competitors, etc.

After analyzing the internal and external environmental factors of the company through the SWOT analysis method, the following four conditions are obtained:

SO Strategy (Advantage - Opportunity)

Also known as offensive strategy, aggressive strategy, or growth strategy. Opportunities should be maximized to maximize their advantages.

ST Strategy (Advantage - Threat)

Also known as a defensive strategy or a variety of business strategies. Care should be taken to eliminate the external threats by taking advantage of their own and external environments, and at the same time adjust their strategies and conduct multiple operations.

WO Strategy (Disadvantage - Opportunity)

Also known as a tuning strategy or a twisting strategy. Can take advantage of external good opportunity conditions to change the disadvantages, so as to achieve a strategic transformation.

WT Strategy (Disadvantage - Threat)

Also known as defensive strategy or survival strategy. As far as possible to eliminate or reduce the losses caused by the company's own weaknesses and external difficulties, while closely monitoring the trends of competitors to achieve strategic defense. At the same time, instead of waiting for environmental conditions and considering long-term development, it is better to develop a diversification strategy.

Although the SWOT analysis method greatly contributes to the development strategy of the company, the SWOT analysis method also has limitations. The limitation is that the quality of the listed judgments, the analyst's own experience, professional knowledge, and analytical skills may all cause inaccurate analysis results. The SWOT analysis is just a variety of factors used as a short-term examination of the situation and changes in the use of consultation.

Figure 2-2: The Ratio of Thailand's GDP in 2015