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Krit Witthawassamrankul (Kasem Bundit University)

Survival from Disruptive Economy in Higher Education Institute: A Case of Aviation Personnel Development Institute

Krit Witthawassamrankul
Kasem Bundit University
krit.wit@kbu.ac.th

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Abstract

Disruptive economy causes changes to numbers of businesses in term of production and service delivery. Some businesses have been replaced by technology and complicate competition. Higher education institutes are also facing the challenge. They cannot sustain in the business while using the same business model, which rely heavily on the student demand. The business model needed to be revised by analyzing more stakeholders and new income generators. This action research aimed to develop a new business model for a higher education institute to survive from disruptive economy and low birthrate. The research applied Appreciative Inquiry (AI), which is a positive core Organization Development Intervention (ODI) under SOAR framework in the action research framework. The participants or stakeholders, including of 6 management persons, 30 instructors and 5 administrators gathered to develop the new business model, which increased more way of generating income to the institute. The results of the research showed that the stakeholders involved in creating new business model including students and people who use service from the higher education institute. Ten solutions to generate incomes from the new business model are 1) establishing new exam center for Thailand Professional Qualification Institute (TPQI), 2) developing and selling new online course for aviation education, 3) Providing summer camp for the kids who would like to work in aviation industry, 4) Searching the students from the new niche markets, which are the countries opening new airports, such as China, African Countries, etc., 5) offering the course by demand of the students or general persons such as personality, TOEIC, 6) providing aviation training center for business and study, 7) finding mutual agreement and MOU with the aviation college and institutes both

domestically and internationally, 8) creating research and development center providing significant and impactful research and learning material for aviation, 9) allowing aviation transportation and logistics company to rent spaces for business and provide internship and cooperative education to the students and 10) being an organizer for aviation knowledge meeting and conferences such as new aviation security law due to the locational strategy. Overall, the study showed that collaborative, location and focus strategy should be much emphasized in order to survive in this disruptive economy.

Keywords: Aviation, Higher Education, Action Research

1. Introduction

Disruptive economy causes a great change in economy which leads to collapse of traditional business. The major reason of disruptive economy is from innovation and technology, so called “Disruptive Innovation.” The innovation causes changes to traditional business in form of replacement, substitution, connecting, and facilitating. The innovation increases its roles in numbers of utilities such as time, place and ownership. Therefore, the recent competition becomes unpredictable and variable. The idea of analyzing the five forces separated in each factor may have to reconsider since the disruption causes more than the factor change but paradigm or new scenario and the innovation impacts both production and service industry.

Example of disruptive economy in form of production such as the limitation and less significance of suppliers and middleman through new channel of communication via online system. The service industry such as banks and financial institutions are also affected by the disruption. Approaching big data causes unemployment and lower operation of human resource management and development for bank officers; however, it increases more chances for the new entrepreneurs and adaptive bankers who can adapt and use the benefits of the innovation and technology. The traditional business has to rethink; otherwise it cannot survive in the economy. The traditional business model cannot guarantee the success anymore. In addition, potential consumer behavior changes are growing. The disruptive economy and innovation lead less loyalty and therefore this opens to new competitors who enter to the new markets, which can be big or small.

Higher educational institute, which is considered as a valuable and stable institute in the eyes of Thai elites and intellectuals are also challenging. They are not valuable and stable in the eyes of the students in disruptive economy. The students have other choices to upgrade themselves intellectually and socially without join the higher educational institute. Some students have more alternatives in choosing their own study based on their interest, distance learning, lifelong learning and do their own businesses. The higher educational institute, which is once a valuable and stable, gaining the major incomes from the students get less tuition fees, particularly in the bachelor degrees. Thus, higher education institutes have to revise their provision when the disruption causes low numbers of students, students' behavioral change and less loyalty towards the institutes. They have to develop the new business model and solutions to survive in the disruptive economy.

Aviation Personnel Development Institute (APDI), Kasem Bundit University, which is one of the high education institute, aim to produce the qualified graduates for aviation industry. It offers 5 courses as 1) Bachelor of Arts in Airline Business (B.A. in Airline Business), 2) Bachelor of Business Administration in Aviation Industry Management (B.B.A. in Aviation Industry Management), 3) Master of Arts in Aviation Management (M.A. in Aviation Management), 4) Bachelor of Engineering in Mechanical Engineering of Aircraft Maintenance and 5) Certificate of Pilot. The institute is also facing the problem of disruptive economy like other higher education institutes; even the aviation industry is growing and demanding more labors to serve the tourism and logistics markets. The reasons are also like other higher education institutes which are substituted by disruptive economy and also low birthrate in Thailand since 1997 or Asian Crisis Period which leads to low student population to admit in the higher education institutes. In addition, some educational channels and media which can offer and attract the students to the aviation industry; even though, they may not have to attend the higher education institute provided the aviation courses officially. Therefore, instead of depending on major portion of income from students' tuition fees, the institute has to seek out more sources of income. The institute has to develop its new business model and solutions to survive.

Therefore, this action research was conducted in order to help the organization survive in the disruptive economy. The research applied Appreciative Inquiry (AI) as Organization Development Intervention (ODI), which is a positive core under SOAR framework. After ODI, it can create the new business model and solutions to survive in the disruptive economy.

Research Objectives

1. To develop a new business model for the higher education institute (Aviation Personnel Development Institute)
2. To find solutions for the higher education institute (Aviation Personnel Development Institute)

Research Questions

1. What is the new business model for the higher education institute (Aviation Personnel Development Institute)?
2. What are the solutions for the higher education institute (Aviation Personnel Development Institute)?

Significance of the Study

The higher education institute (Aviation Personnel Development Institute) can use the new business model developed to run its business and also apply the solutions in order to help the institute survival. This business model and solution should help the organization stable and valuable for long run.

2. Concept and Theories

In order to do this action research for developing business model and finding solutions for the higher education institute, the researcher applied the concepts and theories for the study as disruptive economy, higher educational institute, business model, organization development, Appreciative Inquiry (AI).

Disruptive economy

Disruptive economy is negatively known as the eruption—the closing of one door and the innovative opening of another; the opportunity to create and proliferate, as well as wither and die. Major disruptive economy today is from digital disruption or disruptive innovation. The disruptive economy are also driven by new innovation, technology and cultural changes, from tangibles metrics to intangible, from physical to virtual and leveraging people analytics (Boss, 2015). Therefore, the business which would like to survive need to adapt itself in term of developing new business model to seek out new values and relationship, for example, Siam Commercial Bank developed the electronic or digital banking which has relationship with online shopping and financial advisor. Therefore, the increase its values by time and

place benefits with more networking and relationship. The bank facilitated on more online shopping. It can lower the operation cost by reducing some branches and employees.

Higher Education Institute

Higher education institute is considered as stable and valuable. In the past it centralized the academicians and materials for intellectuals. However, disruptive economy affects the higher education for educational and technological substitution. Technology and innovation become knowledge creators and providers. Approaching to new knowledge and building it could be done by academicians and common people. Both knowledge in form of tangibles, i.e. textbooks, CDs and intangibles, i.e. teaching from lecturers, advising hours for career and education can be substituted and replaced by technology and innovation. This causes students' behavioral and loyalty change. Therefore, the higher education institute, which mainly relies on the students' tuition fee and textbook selling, are impacted from the disruptive economy. In addition, this does not include the direct competitors from the other international university and distance learning. The higher education institute has to develop a new business model and solutions to cope with the problems.

Business Model

Business model explains how business operates, find revenue and get profit. A good business model needed to be revised when the situation change since business environment keeps changing, such as a change of customers, suppliers, operation and productivity. The business model is important for business since it shows the business strategy. Therefore, a reliable and effective business model should be from reliable information, good analytical skills and possibility to accomplish the business goals. However, to develop a business model for service business, such as higher education institute is much difficult than product one. The reason is from the service characteristics which are intangible, perishable, measurement of satisfaction based on service operation. Therefore, the ones who develop the service business model have to be in that service industry, get direct experience and understand the service process.

Organization Development

Organization Development Intervention (ODI) is a tool used in changing process of organization development. The intervention aims to change people, working or any obstacles

that the organization wishes to change. The successful organization development intervention comes from many factors such as the good planning and processing, the collaboration of participants in the ODI and the organization development agent (French and Bell, 1990). An intervention is a change effort or a change process which was on going; therefore, it should be able to carry the implication that the action is planned, deliberate, and presumably functional (Rothwell, Stavros, et.al, 2010 and Cummings and Worley, 2009). The simple change model is Lewin's change model.

The intervention for organization development should focus on developing to the individual, group and organization. It can be done in different levels as in individual, group, team and organization as a whole (Palmer, Dunford, Akin, 2006). The intervention can be done by many activities which are selected as the appropriate ways for intervention and participants are willing to join the ODI. Example of activities can be group discussion, meeting, teambuilding, workshop, etc. The successful intervention will show the result of development or change to the individual, group, team or the organization which participate in the intervention activities.



Figure 1. Kurt Lewin's Change Model

Appreciative Inquiry (AI)

Appreciative Inquiry (AI) is the cooperative co-evolutionary searching for the best in people, their organizations and the surrounding. AI involves the process of asking questions of the strength or best in human or people in the organization. It is the futuristic asking for the potential change (Cooperrider, Whitney, and Stavros, 2003). Theoretically, AI supports the philosophy of humanism, social constructionism and creativity through its processing (Whitney, and Trosen-Bloom, 2010; Cooperrider and Whitney, 2005; Cooperrider, Whitney, & Stavros, 2003). AI consisted of 4 phases as discovery, dream, design and destiny or known as 4D Cycles (Martinetz, 2002). The first 4D Cycle is explained as Discovery-the phase of finding the best in human and organization by asking positive questions. The best can be the

strength, values and skills. Then, the D-Dream is the second phase that begins with searching for opportunities in the human and organization towards future. After having dream, the third phase is D-Design, or creating the system or ways to change or improve. And the last is the phase of integrating and combing all inputs to create plan or change from the resources. The AI can be implemented for the strategic planning and developmental change significantly since it is an optimistic, futuristic and holistic approach to create the plan. AI successfully functions with the organization with human assets or human-orientation and potential from the bottom-up process (Stavros, Cooperrider, and Kelley,2003). Appreciative Inquiry is one of the strength-Based and Strategic Organization Development Interventions (ODI). It uses participation and focuses on positive view by narration and activities, for example, sharing experience and meeting.

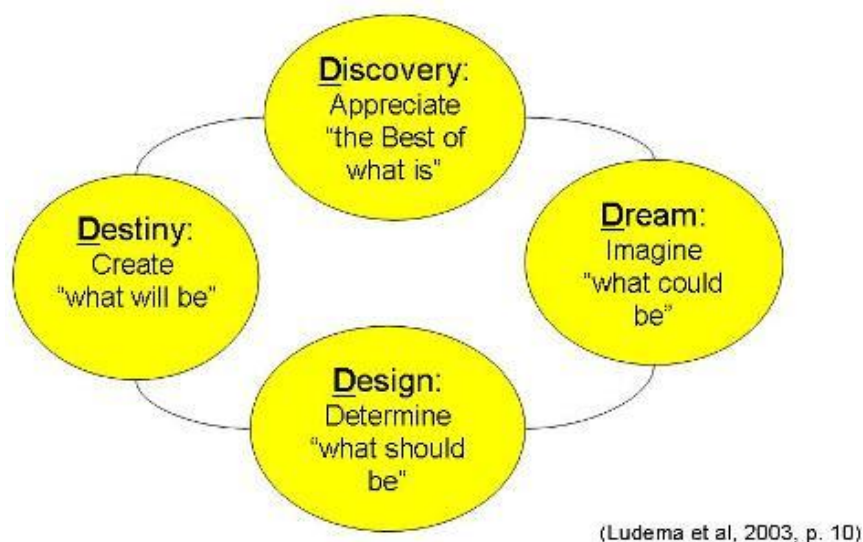


Figure 2. 4D-Cycle of Appreciative Inquiry (AI)

3. Research Methods

This action research used Appreciative Inquiry (AI) as an Organization Development Intervention (ODI). The research process can segment into the steps as process as Pre-ODI, ODI and Post-ODI. In the stage of Pre-ODI, the researcher collected the data from the related document and brainstorm to write SOAR framework. Then, in the ODI, the researcher established a meeting and applied Appreciative Inquiry (AI) to draw information by asking about best moment, best assets from working and best experience from the participants 40 participants who included 6 management persons (i.e. director, assistant to academic,

assistant to research affair, assistant to administration affair, assistant to student affair and assistant to business affair), 30 instructors and 5 administrators of the higher education institute (Aviation Personnel Development Institute). What participants shared in Appreciative Inquiry Meeting were gathered and used for answering research questions about how to develop the business model and find the solutions in the disruptive economy.

Questions for Appreciative Inquiry (AI)

1. Discover Question

What is your most valuable you could contribute for the institute?

2. Dream Question

What was your most impressive experience since you have worked here?

3. Design Question

What would you do to develop and help the institute's business?

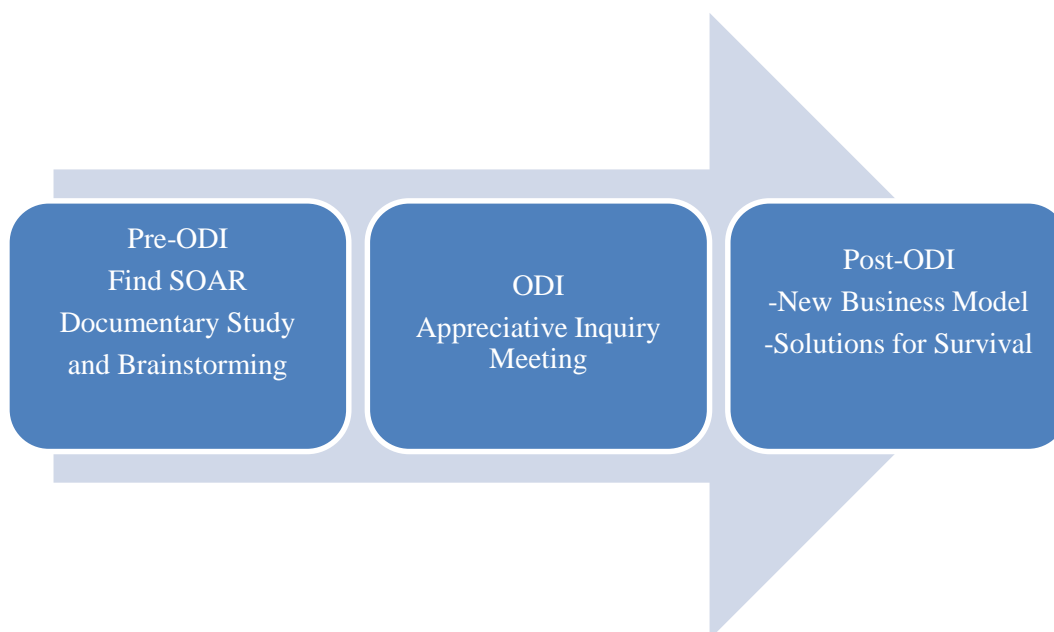


Figure 3. Action Research Process

4. Findings

Finding provided the result of the study and also provided the answer for the research questions regarding the study. However, it was done under SOAR framework. The SOAR from documentary study and brainstorming was below:

S-Strength

1. Instructors are from the aviation industry and they gain experience long enough to share.
2. The institute locates near Suvarnbhumi Airport, which is convenient for aviation personnel from airports and airlines to come to have activities and study.
3. Connection with the aviation organizations and the related based on the work experience of the instructors.
4. Full and modern equipment by law of the training center

O-Opportunity

1. Government subsidizes more fund on research and development in aviation industry, both pure and social sciences.
2. Increase in demands of international students, particularly students from developing countries, such as China, the Africa.
3. Growing in numbers of aviation personnel who would like to further study after graduating, such as master degrees, certificates, and other training courses.
4. Technological device reach and connect everywhere. This could help online learning and distance learning courses to develop.

A-Aspiration

1. The institute will be one of the top three in Thailand.
2. The institute will increase more courses by demand.
3. The institute will produce qualified students to meet the demand of the industry.
4. The institute will have good connection with aviation college in Thailand and oversea.

R-Result

1. The institute can survive in the disruptive economy.
2. The curriculum which the institute developed could benefit the students who join.
3. The institute has more opportunities to expand in the fields of aviation, such as aviation logistics and transport.

4. The institute becomes well-known in the aviation industry.

After the SOAR framework implemented, the researcher answer used Appreciative Inquiry (AI) and find the results of the research questions as:

1. What is the new business model for the higher education institute (Aviation Personnel Development Institute)?

The business model of the higher education institute (Aviation Personnel Development Institute) explained its combination of key partners, key activities, key incomes and key resources. In the figure 4, it showed that the institute extends its connection and relationship with partners such as school, aviation colleges, and international and domestic aviation organization. To the activities, it increases more activities focused on aviation industry in full ranges since teaching, training, developing materials and be the centers for exams, tests. Therefore, the key incomes can be more than tuition fees, such as rental fees and other revenue. The key resources utilized include human resource, equipment and facilities and intangible resources like knowledge, connection.

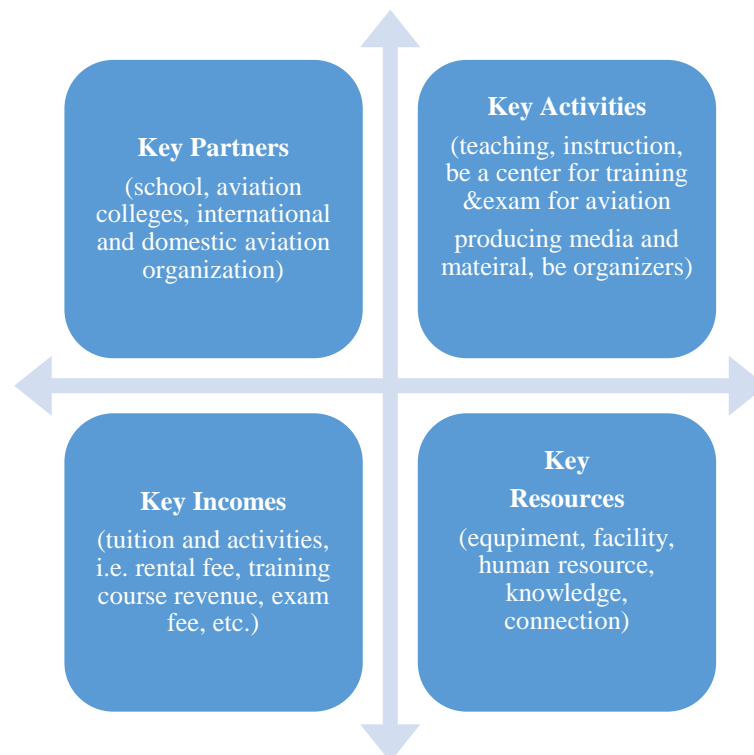


Figure 4. Business Model of the Higher Education Institute

2. What are the solutions for the higher education institute (Aviation Personnel Development Institute)?

Ten solutions to generate incomes from the new business model are

1) Establishing new exam center for Thailand Professional Qualification Institute (TPQI). The exams include Competency Exams for Aviation Personnel, Physical Test, and Proficiency Exam for Aviation Personnel.

2) Developing and selling new online course for aviation education,

3) Providing summer camp for the kids who would like to work in aviation industry. Other sources of income can be from the kids' activities.

4) Searching the students from the new niche markets, which are the countries opening new airports, such as China, African Countries, etc. The newly open country demands more graduates in this field. Since the countries are developing, the students could afford in the institute in Thailand.

5) Offering the course by demand of the students or general persons such as personality, TOEIC. Some courses related with the industry can be opened up to the small group or special events, such as preparing for the job application.

6) Providing aviation training center for business and study. Aviation training center can be a place for students and airlines which find the place to train their personnel. One of the best reasons, rather than full equipment, is the convenient location of the institute that is near Suvarnabhumi Airport.

7) Finding mutual agreement and MOU with the aviation college and institutes both domestically and internationally. This will strengthen the knowledge and business. The students then have experience in their home country and in Thailand. They have time to prepare and stay home. The MOU can be further developed for the instructors, such as instructors' exchange.

8) Creating research and development center providing significant and impactful research and learning material for aviation. While Ministry of Education invests more on research and development, especially in aviation industry which is one of the 10 cores of national development, the research conducted by the center would not only bring knowledge and reputation but also opportunity for granted funds, which are from pure and social sciences.

9) Allowing aviation transportation and Logistics Company to rent spaces for business and provide internship and cooperative education to the students.

10) Being an organizer for aviation knowledge meeting and conferences such as new aviation security law, air traffic controlling, due to the locational strategy and equipment that the institute have (which increase participation).

Conclusion and Recommendation

Overall, the study showed that collaborative, location and focus strategy should be much emphasized in order to survive in this disruptive economy. The Appreciative Inquiry (AI) encouraged the participants to provide best assets in themselves and organization. The cores of the organization are human assets which are professional and applicable to the situation and location. The focus strategy is applied to the organization; however, with broader perspective of sources of income. For example, it proposed to increase more income in business model from children, distance learning, adults who work in the aviation industry, rather than depending only on high school students. However, the researcher recommended that the study should be much better if the study included more professionals from aviation personnel since they could see potential and more opportunities. To search the information of Aviation Colleges abroad can be another option to gain more alternative ideas.

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