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# Factors Affecting Decisions of Japanese Private Investors on Investments in Thailand's Elderly Nursing Home Business

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## Abstract

The purpose of this research was to study factors affecting decisions of Japanese investors in Thailand's elderly nursing home businesses. We have applied the theoretical concept of Foreign Direct Investment (FDI) as a research framework. This is a qualitative research that collects data from in-depth interviews with key informants such as Japanese private companies, Japanese embassies staffs and international organizations staffs in Thailand, Thai government officials who involved in the elderly care business and Thai scholars who expert in elderly care and Japanese investment issue.

The study found that internal factors (ownership advantage) were consist of 4 factors: strategic planning, knowledge or technology, tool and equipment, building and location and the Japanese government policy was found to be not the main motive. For the external factors were consist of 4 factors: the elderly market size, Thailand investment policy, Thailand society and culture, the potential of Thai medical workers and elderly caregiver. While the factors that hinder investment were the lack of nursing home cooperation framework between Thailand and Japan, regulations on foreign investment, market conditions and monopolistic competition and domestic political situation. The policy recommendations is Thai government should accelerate the development of a cooperation framework or memorandum of understanding between Thailand and Japan. Moreover, the government should improve regulations on foreign investment to reduce barriers of foreign investment and also accelerate the creation of political stability within the country that is conducive to the investment environment.

**Keywords:** Factor Investing, Japanese Investor, Nursing Home

# Introduction

Based on the United Nations definition, a country is an Ageing Society when the share of the aged population (people aged 65 or older) is higher than 7% and is an Aged Society when this share rises above 14%. At this time the share of the population aged 60 years and over will increase from 1.4 billion in 2030 to 2.1 billion in 2050 (World Health Organization, 2021).

The situation of aging society in Asia, it was found that various countries in Asia is entering an aging society as well. Population ageing has been fastest in Asia because of economic expansion, the value of family support in elderly care, a high social cost, and working-age people have to go to work in the city. These factors cause the elderly to live alone which the government has put considerably more effort into establishing and developing long-term elderly health care (Hayashi, 2018, p.1)

Thailand became an aging society in early 2008 and will have become an aged society by 2024, with a population of 60 years and over of 24.3 million people as of 2020.By comparing the size of Thailand's elderly market with those of other countries in Southeast Asia, Thailand has been the second largest elderly market after Indonesia and is about to become the first country in the Southeast Asia that enters an aged society in 2024. Therefore, Thailand is a target country that foreign companies are interested in investing in the elderly care business in the country, such as Japan, Singapore, Switzerland, China, England and Indonesia. By comparing the investments of all foreign companies, it was found that Japanese companies has invested in the elderly care business in Thailand mostly with a total investment value of 35 million baht, while other foreign companies have a total investment value of 1-5 million baht. Moreover, the Japanese government has a policy to encourage domestic entrepreneurs to invest more in elderly care abroad through the Asia Health and Well-Being Initiatives (AHWIN) project. The Japanese government will develop an environment overseas investment condition through the government cooperation framework and also will provide financial investment support through various government organizations such as The Innovation Network Corporation of Japan (INCJ), The Japan Bank for International Cooperation (JBIC), The Japan International Cooperation Agency (JICA) and The Japan External Trade Organization (JETRO) (Asia Health and Wellbeing Initiative (AHWIN), 2018, pp.5-6).

As mentioned above, it has encouraged Japanese companies to invest in the elderly care business in Thailand. This is an opportunity for Thailand to become a primary destination for investment base in the elderly care business in Southeast Asia, instead of Indonesia, Philippines, Vietnam or Cambodia. The results of this study can be used to recommend policy makers to adjust the country's environment to facilitate the investment base in the elderly care business. This is an important catalyst for economic growth and will drive the country towards stable, prosperous and sustainable progress that is correspond with Thailand's 20-year national strategic plan on building competitiveness.

# Research objectives

1. to study factors affecting decisions of Japanese private investors on investments in Thailand's elderly nursing home business

### Hypothesis

1. Japanese investor decision are influenced by internal and external factor

# Literature review and theoretical framework

The aging society is a global phenomenon that many countries is experiencing growth in the size and proportion of older persons in their population. The research studies in Thailand mostly focus on the behavior of elderly person issue, the roles of local government organizations on the provision of welfare for the elderly person or the potential of elderly person in daily life (Boon-on, 2020, pp. 122-123; Nateeprasitporn and Chaichompoo, 2019, p. 107; Kavilkrua, 2017, p. 161; Tewalertkul, Siriworasakul and Rodyim, 2016, p.529; Thakrairat, 2015, pp.38-41).

Most of the international studies have investigated the elderly healthcare system, the development skill to support the elderly care business in the future or the country's situation studies in order to support the aging society of country in the future (Ogawa, 2020; Tsujita, 2020; Tamiya, 2020, p.41; Hamasaki, 2019, p.90; Hayashi, 2019).

Therefore, a previous study has gaps and lack of studies on the foreign direct investment of elderly care business. This research will contribute knowledge and also fill knowledge gap of aging society phenomenon inclusively.

## Foreign direct investment theory

Based on the internalization theory of British economist J.H Dunning, the eclectic paradigm is an economic and business method for analyzing the attractiveness of making a foreign direct investment (FDI). There are a three-tiered that companies follow to determine if a direct foreign investment would be beneficial (Dunning, 1993).

(1) Ownership Advantages (O) is the advantages associated with owning unique assets that difference from other companies, including company knowledge, company capabilities, offices buildings or factories and machines, technology, company personnel skills, commercial laws that encourage foreign Investment or the labor market readiness.

(2) Location Advantage (L) is the locational attractions of alternative countries or regions such as tax policy, quota for importing goods, transportation and communication cost, culture differences, consumers access, economic policy and political conditions.

(3) Internalization Advantage (I) is the advantages that received only by investors, such as obtaining a license, exporting goods without making investments, selling technology or allowing overseas companies to use their own brands for compensation.

Susana Assuncao, stated that there are three concepts of foreign investment factors (Assuncao, 2011.).

(1) OLI paradigm: the determining factors are the public utility system, human resources, economic stability, and production cost.

(2) Institutional Concept: the determining factors are the corruption problem, political stability, and monetary and fiscal incentives.

(3) Modern International Trade Theory: the determining factors are market size, market growth, degree of economic openness and factor endowment, labor factor, culture differences, the level of country openness in both multilateral and bilateral, investment costs and business operations, tax policies, telecommunication infrastructure, financial condition and political institutions.

United Nations Conference on Trade and Development (UNCTAD), stated that the factors affecting foreign direct investment consists of 4 aspects (UNCTAD, 1998, p.89-120).

(1) Foreign Direct Investment Policy of the Host Country include economic, political and social conditions, regulations of foreign investment within the country, market structure and competition, international agreements on foreign direct investment, privatization policy and trade policy (tariff and non-tariff barrier)

(2) Economic Condition of the Host Country include natural resources, the goods and services market, market share and market growth, exchange rate and labor skill.

(3) Facilitating foreign business operations of the Host Country include investment promotion and reducing investment obstacle, creating investment activities, investment attraction, management investment costs, social facilities such as bilingual schools or the quality of life in the host country.

(4) International Cooperation Framework, both at the bilateral and multilateral levels. Bilateral investment treaties (BITs) is an agreement between the two countries to develop and promote mutual investment Including creating an investment atmosphere between each other. The investing in a country that is a party of international investment treaty will reduce the risks that may arise from investing because the government of the investee country will have policies or measures that focus on promoting investment. The Regional Integration Frameworks (RIFs) is a regional trade and investment agreements that members will reduce an international investment barrier between each other.

The Foreign direct investment (FDI) is a vital ingredient in achieving sustained growth in the developing countries. Many developing countries is always expecting Foreign Direct Investment (FDI) from develop countries. The USA, Japan, Germany have strong position as FDI investor country in the world. When investigated research on factor affecting on foreign direct investment, there are many factors that determine variability of foreign direct investment. According to H Haudi (2020), the political stability, lower wages rate, lower production cost, easy communication, good exchange rate, host country's foreign investment policy are the influential factors to attract the foreign investor (Haudi, Wijoyo and Cahyono, 2020).

Sandra Sookram presented that FDI inflows in small island developing states in the Caribbean (SIDSC) have been affected by several factors such as market factors, trade barriers, costs factors, investment climate, political and foreign exchange stability (Sookram, Hosein and

Boodram,2022). Hayelom Abrha Meressa further mentions that infrastructure, government effectiveness, economic growth, control over corruption, trade openness, political stability, human capital and financial development have statistically positive effect on the inflow foreign direct investment in African region (Meressa,2022).

Ali Salman Saleh noted that the incentives for Foreign Direct Investment (FDI) in the service sector across Vietnam are market-seeking (market size, market openness, market potential), government policies (FDI promote policies, trade agreement) and culture (power distance, long-term orientation) (Saleh, Nguyen, Vinen and Safari, 2017). Similarly to Bishnu Kumar Adhikary (2017) concluded that the market size is the common factors attracting FDI in Bangladesh, India, Pakistan and Sri Lanka (Adhikary, 2017).

J.A. Snyman (2009) examined the key factors: namely perception and infrastructure, government and policy, economy, competitiveness, and nature are influenced on foreign direct investment (FDI) in the South African tourism industry (Snyman and Saayman, 2009).

A study by Vu Ngoc Xuan (2020) found that the investor's decision to invest technology enterprises in Vietnam is directly affected by eight factors: (1) infrastructure; (2) human resources; (3) quality of public services (CLDV); (4) Advantage of investment sector (LTDT); (5) national brands (THDP); (6) investment policy (CSDT); (7) living and working environment (MTS); (8) competitive input cost (CPDT) (Xuan, 2020).

Most of the foreign direct investment studies on service sector of developing country focus on tourism industry, technology enterprises or financial service. Therefore, a previous study has gaps and lack of studies on elderly care business. This research will help narrow the FDI knowledge gap in aging society era.

Based on the theoretical concepts and early research studies on factors affecting foreign investment mentioned above, we created a conceptual framework for research by studying two factors that affect the decision to invest in foreign countries as follows:

(1) internal factors, including company strategic planning, knowledge or technology of the company, tools or equipment, japanese government policy, and company offices or premises.

(2) external factors, including policies and regulations on investment of the Thai government, Thailand's economic factors such as the elderly market conditions, elderly market share, market growth rate, quality of labor, social or culture condition, Thailand's political situation.

# Theoretical framework

**the independent variable** **the dependent variable**

**Factors Affecting Investment Decisions**

**1. Internal Factor**
1.1 company strategy
1.2 company location or building
1.3 tools or equipment for business operations
1.4 trade or investment policies of the Japanese government
1.5 company knowledge or technology

**2. External Factor**
2.1 Policies and regulations on investment of the Thai government
2.2 Thailand's economic factors such as the elderly market conditions, elderly market share, market growth rate, quality of labor
2.3 Social or culture condition
2.4 Thailand's political situation

*Reference*: Dunning, 1993, Assuncao, 2011, UNCTAD, 1998

**Foreign Direct Investment in elderly care business in Thailand**

**Figure 1** theoretical framework

# Research methodology

This research is qualitative research that relies on documentary approach to collect secondary data from related documents and primary data from in-depth interview. The research key informants including a Japanese company that invest on nursing home care business in Thailand, Japanese embassies and International organizations staffs in Thailand, Thai scholars who expert in elderly care and Japanese investment issue, Thai government officials involved in the elderly care business such as the Ministry of Commerce, the Ministry of Public Health, the Ministry of foreign affairs, the Ministry of Social Development and Human Security, and Thailand Board of Investment (BOI) in the total amount of 17 people.

# Data analysis

This research is applied the foreign direct investment framework of Dunning (1993), Assuncao (2011) and UNCTAD (1998). The gained data included the points related to internal and external factors affecting decisions of Japanese private investors on investments in Thailand's elderly nursing home business. According to the data analysis process, data were gathered from secondary documents and in-depth interviews with key informants and also analyzed to describe the research findings by using thematic analysis technique. In order to verify the reliability of the document before analyzing the data according to the principle of triangulation method including an analysis of documents or publications from government agencies, articles from both national and international academic journals, information from a reliable news agencies and information from key informants' interview.

# Research findings

Foreign direct Investment (FDI) is considered a long-term investment. Therefore, the factors affecting foreign direct investment decisions depend on internal and external factors of the companies. Based on the theoretical concepts of John Dunning, Susana Assuncao, and the United Nations Conference on Trade and Development (UNCTAD), it can be suggested that foreign investment decisions must take into account the advantages associated with owning certain assets which are unique to the company (ownership advantages) such as the knowledge or technology, offices, premises, buildings, factories, and so on. However, a company tends to use other approaches such as licensing or franchising instead of foreign direct investment if it realizes any disadvantages. In addition, a company must also consider the host country conditions, including its economic policy, differences in culture, customs and traditions, market conditions as well as political conditions before making investments.

## Internal factors that affect investment decisions

It could be found from the study that internal factors affecting the investment decision of Japanese private investors in Thailand's elderly nursing home business arose from strengths of the companies in 4 aspects: strategic planning, knowledge or technology of the company, tools or equipment, and building and location. As for the Japanese government's investment promotion policy, it was not found to be the main motivation.

**1. Company strategic planning:** Japanese companies had advantages in that they had a clear strategy for investing in Thailand, such as focusing on expanding investment in the elderly care business abroad, planning to develop 5 rehabilitation centers for the elderly in Bangkok and its vicinity, or setting up a strategy to be an elderly care leader in Thailand using Japanese care techniques.

**2. Knowledge or technology of the company:** Japanese companies had advantages in that they had specific knowledge and Japanese-style elderly care techniques as a key selling points. This was based on the fact that Japanese companies had long experience in the elderly hospital business and also specialized in elderly care which could be expressed through various features, such as the Kaigo-Do rehabilitation technique that encouraged the elderly to be self-reliant, the Intensive Personalized Care Plan which met Japanese hospital standards, onsen (hot spring) therapy, provision of services to the elderly with respect and dignity as if they were members of the family, an approach to encourage the elderly with dementia to perform activities of daily living on their own as much as possible, etc. With the advantages of having expertise in modern medicine, Japanese style elderly care, and long experience in entering an aging society before Thailand, Japanese companies therefore dared to invest in Thailand.

**3. Tools or equipment:** Japanese companies had advantages in that they had modern tools and equipment as well as the size of corridors or various facilities which were specifically designed for the elderly according to the standards in elderly hospital construction. The use of special materials with a thickness of 5 millimeters to cover the floor helped reduce impact if a fall occured. There were also a notification system to help the elderly get out of bed, a nurse call system in the room, a CCTV camera system, and a 24-hour security unit for the safety of the elderly, a donut-shaped corridor to prevent the elderly from straying, a highly standard room design and safety, and a standard electric bed suitable for nursing. With Japanese the advantages of having the medical equipment or elderly care materials that were modern and met the standards of Japanese hospitals, Japanese companies therefore dared to invest in Thailand.

**4. Building and location:** Japanese companies had advantages in that they had beautiful modern buildings in the urban area of Bangkok and Samut Prakan which could accommodate the elderly who came to use the service. These facilities could be easily reached whether by personal car or public transportation, and were located near amenities such as hospitals, shopping malls, airports, etc. The companies also owned beautiful and modern buildings that could accommodate the elderly who came to use the service.

**5. Japanese government investment promotion policies:** The Japanese government had a policy to promote investment in elderly nursing home business abroad. However, the policy had not yet shown any concrete actions to facilitate Japanese investors to invest in the elderly nursing home business in Thailand because the Thai government had not yet set out a framework for cooperation and clearly promoted investment in such business. It was important that the governments of both countries develop a mutual investment cooperation framework that was conducive to investment. Thus, unilateral investment through policies of the Japanese government did not exert a tangible positive impact as it required a harmonized cooperation framework developed by both countries to ensure that investors would be well supported.

## External factors that affect investment decisions

The external factors or characteristics of the host country that positively affected the investment in the elderly nursing home business in Thailand or location advantages were caused by 4 factors: the elderly market size, society and culture, specialized doctors and medical personnel, and the performance of the elderly caregiver. However, the obstacles to investment were caused by 4 factors: the policy of promoting elderly care investment in Thailand, regulations on foreign investment, market condition and monopolistic competition, and domestic political situation which can be described as follows:

**1. The elderly market size:** Thailand became an aging society in early 2008 and will have become an aged society by 2024, with a population of 60 years and over of 24.3 million people as of 2020. Therefore, it has a large market size reflecting a large number of elderly people who tend to become customers. By comparing the size of Thailand's elderly market with those of other countries in Southeast Asia, Thailand has been the second largest elderly market after Indonesia and is about to become the first country in the Southeast Asia that enters an aged society in 2024. This is in line with many scholars' suggestions stating that if a host country has a large market, it will attract more foreign investors to the country, especially in service businesses (UNCTAD, 1998, p.89-120; Rugman, 2005; MOOSA, 2002;Assuncao, 2011). In addition, the current social condition which has been more urbanization affects younger members of urban families encountering competitive working conditions to hold the new values of taking good care of their home bound or bed bound elders at elderly care centers. Therefore, elderly care is a potential business that is fast growing 2-3% per year and attracts more attention from Japanese investors. This is in accordance with the concept of foreign investment introduced by the United Nations Conference on Trade and Development (UNCTAD) stating that if a market has a steady growth rate, it will attract more foreign investors (UNCTAD, 1998, p.89-120) and the Ohlin proposal stating that the main goal of foreign direct investment is that foreign investors will make profits in the burgeoning markets of a host country (Ohlin, 1933).

**2. Society and culture:** Society and culture were the important factors that affected foreign investment decisions. The ability of foreign investors to adapt to local culture will reduce foreign investment problems. Thailand had been maintaining its No.1 as the country with the most potential to attract Japanese investors. Therefore, social and cultural factors did not impede the decision to invest in Thailand, especially in Bangkok and its suburbs—suitable locations abundant with shops, restaurants, livelihood which made Japanese investors familiar with living conditions in Thailand when they came into business. According to a survey of living condition in oversea business locations of Japan Bank for International Cooperation (JBIC) in 2013, it revealed that Japanese investors felt more comfortable with Thailand compared to other countries in Southeast Asia (JBIC, 2013).

**3. Specialized Thai doctors and medical personnel:** With regulations and legal limitations that required foreign medical personnel working in a host country to have a national medical certificate issued by related sectors in the host country, Japanese companies needed to consider whether such host country they were investing in has potential and specialized medical personnel or not as their businesses must largely rely on the local medical staff. As for Thailand, it had potential and specialized medical personnel due to the fact that its public health system was ranked 4th in Asia and 1st in Southeast Asia (CEOWORLD, 2021). By having educational institutions that had passed the global and Asian criteria for quality assessment such as Mahidol University, Chulalongkorn University, Thammasat University, Chiang Mai University, Khon Kaen University; it also had the potential to produce doctors and medical personnel of high proficiency. Moreover, there were many Thai medical personnel taking part in running the business for Japanese companies; for example, Mr.Saksit Ketto, head of a physiotherapist team; Dr.Saran Tangsamruengwong, pneumonia specialist physician at Prince Suvarnabhumi hospital; Dr.Supamas Wibunsuksan, nervous and brain specialist physician at Siriraj Hospital; Dr.Matana Kettratad and Dr.Sirima kulvanich, lecturers of dentistry and experts in elderly dentistry at Faculty of Dentistry, Thammasat University, etc. Moreover, Japanese companies also cooperated with the Thai government and private sectors with the potential in medical business development, such as the cooperation with Faculty of Medicine Siriraj Hospital, Mahidol University and the Scandinavian Orthopedic Laboratory (Sol) to transfer the knowledge of applying physical equipment to the elderly (prosthesis and orthosis consulting services).

**4. The elderly caregivers:** One of the factors that Japanese companies needed to take into account in doing elderly care business overseas was the proficiency level of the caregivers of the host country as they were as important as doctors and medical personnel. It was obvious that Thailand had well-qualified and service-minded elderly caregivers since the Thai government had set standards that helped Thai elderly caregivers to be qualified at an international level. This had been promoted through the establishment of the National Committee for the Elderly (NCE) that had a clear role in promoting elderly care, carrying out various activities related to enhancing the living of elderly people as well as introducing regulations on training and occupational standards for elderly care. It also introduced a core curriculum for elderly care which helped generalize the standards of training courses throughout the country, including elderly health promotion, elderly care, crisis assessment, lifesaving, first aid and forwarding, diseases, symptoms, and problems common in the elderly of which the contents are comprehensive and of the same standard for every elderly caregiver to be trained across the country.

**5. Thailand investment promotion policies:** Thailand had set a policy to develop the country as a medical hub and the destination for medical and wellness (2017-2026). Regarding to this, the government had proposed measures to promote investment or to grant legal income tax exemption among the business on elderly and dependent person care for a period of 3 years in early 2017. However, the Thai government still lacked the establishment of a Thai-Japan cooperation framework for developing and enhancing levels of the elderly care business as well as lacked the opportunity for business matching to facilitate and attract investments from new Japanese investors.

**6. Foreign investment regulations:** The main obstacle for attracting foreign investments in the service sector was not from import taxation, but the obstacle caused by the rules and regulations of the host country. Thailand had the main laws governing and controlling foreigners who were interested in investing in the businesses prescribed in the Foreign Business Act B.E. 2542 and the Commercial and Industrial Lease of Immovable Property Act B.E. 2542. For the former Act, it restricted foreigners to hold no more than 49% of the total shares in Thai companies because the elderly care business was a service sector business prescribed in List Three of the Act which identified some businesses which Thai nationals were not yet ready to compete with foreigners. As for other countries, they determined a high proportion of foreigners holding shares in healthcare businesses; for example, an average of about 87% in ASEAN countries, an average of about 96% in EU countries, and an average of about 67-98% globally. Thailand also had restrictions on land ownership and leasing by foreign investors which hindered the elderly care investors to invest in land or buildings; for example, it was specified that foreigners could lease properties in Thailand for up to 50 years, while Singapore, Malaysia and Cambodia provided a 99-year lease period without renewing the contract. Therefore, such factors impeded Japanese investors ' decision to invest in Thailand.

**7. The market condition and monopolistic competition:** An increase in the number of elderly people and the influence of urbanization resulted in the leapfrog growth of elderly nursing home business registration. It could be noticed that the number of 80 registered businesses with the Department of Business Development, Ministry of Commerce, with the total capital of 100.95 million baht in 2017 was increased to the number of 116 registered businesses with the total capital of 465.40 million baht in 2021. During the 5-year period, investors have constantly interested in investing in the elderly nursing care business, reflecting the potential of businesses that could achieve a significant growth of 1-3 percent per year. However, Thailand had the Foreign Business Act B.E. 2542 that governed foreign direct investment and limited foreigners to hold no more than 49 percent of the total shares. The restriction blocked direct investments from other countries and resulted in 646 native Thai national investors to account for a majority of entrepreneurs while there were only 9 foreign entrepreneurs holding shares in the market. When considering the market share by the annual revenue in 2022, it could be noticed that Thai entrepreneurs received the market share of up to 98.6 percent while foreign entrepreneurs received the market share of only 1.4 percent. Therefore, the market condition was considered an imperfectly competitive market with monopoly, which prevented foreign investors from competing freely. Therefore, the market condition and monopoly in Thailand's nursing elderly care business hindered Japanese investors' decision to invest in the country.

**8. Domestic political situation:** Thailand had also experienced political problems since 2014, such as being under the rule of the National Council for Peace and Order stemming from the 2014 coup. The gathering of young people as flash mob demanding the removal of Prime Minister General Prayut Chan-ocha throughout the 2017 period, the government protest rallies of the dismissal youth group, the protest rallies of the 2017 People’s Party demanding structural political reform, and the government’s declaration of a state of emergency in the metropolitan area to make way for officials to dissolve rallies at the Government House affected the concerns of Japanese entrepreneurs who invested in Thailand. Based on the board of Investment (BOI), it could be observed from the foreign direct investment statistics in Thailand that the overall Japanese investor's direct investment of 64,357 million baht in 2020 accounted for the fall of 23,709 million baht from the overall direct investment of

88,066 million baht in 2019. Therefore, Thailand's political factors were considered important to the investment decision of Japanese investors.

# Policy recommendations

**1. The Thai government should accelerate the development of a cooperation framework or memorandum of agreement between Thailand and Japan.** Thailand's obstacles which resulted in a small number of Japanese investors investing in the nursing home business in Thailand due to the fact that the two governments had not yet developed a cooperation framework that connected entrepreneurs, elevated the business, or facilitated investment and attractd new Japanese investors to Thailand. Therefore, the Thai government should rely on the mechanisms from existing Japanese partners to develop cooperation, such as ASEAN-Japan Centre (AJC) or the Japan External Trade Organization (JTRO), Japan-Thailand Business Forum (JTBF), Japan-Thailand Association, which play an important role in supporting and encouraging direct investment from new Japanese companies.

**2. The Thai government should amend foreign investment regulations.** The Thai government should accelerate amendments to the Foreign Business Act B.E. 2542 that has not been amended for more than 23 years, with only revision of categories of businesses in the Lists in 2013 that allow foreigners to do service businesses related to securities, futures, and trustees. Therefore, the categories of businesses according to the List 3 of the Act should be revised in accordance with the current rapidly changing global economic conditions and the fast-growing service sector, especially the elderly care business. Moreover, the law also does not comply with the government's policy to develop the country as a medical hub and the destination for medical and wellness tourism industry (A.D. 2017-2026) that stimulates investment in comprehensive elderly care and drive the country to become an aged society. Therefore, amendments to the the Foreign Business Act B.E. by allowing foreigners to engage more in the elderly care business or relaxing shareholder control measures by giving foreigners the opportunity to hold more than 49 percent of the shares in the company established in Thailand will be a good opportunity to stimulate international investments in the elderly care business to encourage Thailand to become the medical center in terms of comprehensive medicine and health tourism industry in the future.

The government should encourage liberalization of services in the elderly care business in order to provide opportunities for the Japanese to directly invest without blocking or creating conditions that impede investment so as to allow a perfectly competitive market where Japanese investors are able to compete freely without monopoly based the framework of the World Trade Organization (WTO). This will benefit Thailand in acquiring the knowledge, technology and innovation related to elderly care from Japanese investors who are more specialized.

**3. The Thai government should stabilize domestic politics.** The government should prioritize political stabilization and prevent conflicts that will affect the foreign investment atmosphere. The government should listen to political demands from various groups of citizens to reduce grievances and political violence by holding a joint meeting with all parties can discuss and resolve political issues to find a common solution without seizing the political interests of any party.

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## Limitation and future research

This study is restricted to Japanese companies' decision only. Future research may consider other foreign company such as; Singapore, Switzerland, China, England and Indonesia that have invested in the elderly care business in Thailand as well. Moreover, other aspects of factors such as, the public utility system, production cost, monetary and fiscal incentives should be considered for future research.

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