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Business Management of the Accommodation Enterprises in Suphanburi Province, Thailand

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Abstract: *The objective of this exploratory research was to study the business management of the accommodation enterprises in Suphanburi Province, Thailand. It used a qualitative research methodology by conducting in-depth interviews with 12 SME entrepreneurs. A content analysis of the interviews was carried out using the Balance Scorecard principles. It was found that most of the entrepreneurs operated a family business and invested in their accommodation business from their personal budget. Their knowledge about their business operation was derived from their personal experiences; however, they still lacked knowledge regarding marketing and customer service. It was recommended that the public sector should continue to provide further assistance.*

Keywords: *accommodation enterprises, business management*

1. INTRODUCTION

Thailand is a country that has a great variation in the form of tourist resources. This has been distributed in each region, so that there are large numbers of Thai and foreign tourists who travel within the country. In each year, the tourism industry brought large revenue to the country. According to the Tourism Authority of Thailand, between January-September 2013, the number of tourists who entered Thailand was 19, 672, 810. This created revenue in the tourist field for the total of 851, 039.54 million baht, which increased by 22.72 percent over the same period in the year 2012. Tourism accounts for approximately 10% of the Thai economy and it has the potential to expand further. This is the reason that the public sector pays attention to the expansion of tourism industry, to use the revenue to further develop the country.

Suphanburi, located 130 kilometers to the North-East of the capital, Bangkok, is an interesting province for tourists in the areas of history, archaeology, and the unique local language and attracts both Thai and foreign tourists. Moreover, the growth rate in 2013 increased by 7.82% over the previous year. The number of Thai tourists increased by 7.68 percent and foreign tourists increased by 12.67 percent. It can be seen that the percentage of foreign tourists

increased more than Thai tourists, but the number of Thai tourists is larger than foreign tourists. Thus, the accommodation businesses support the tourism industry, so that the tourists receive comfortable and convenient places to stay, which creates a favorable impression.

The researcher was interested in studying the business management practices of accommodation entrepreneurs to satisfy the tourists and customers of Suphanburi province. Additionally, the data may be used to adjust and improve the accommodation businesses to operate effectively and increase their contribution to the community.

2. RESEARCH OBJECTIVE

The objective of this study was to investigate the business management practices of accommodation enterprises in Suphanburi province.

3. RESEARCH METHODOLOGY

This research study adopted a qualitative research methodology, as follows:

- (1) The information was collected mainly from 12 entrepreneurs who owned accommodation enterprises in Suphanburi province. The sampling technique adopted was purposive sampling, choosing entrepreneurs who owned SMEs in the province and who were willing to be interviewed about their management practices.
- (2) The research tool used was the researcher as an instrument and an interview guide form.
- (3) The data were collected by in-depth interviews, using the interview guide that was prepared by the researcher. The questions included the following topics: learning and growth perspective, the internal perspective, the customer perspective, and the financial perspective.
- (4) The data analysis was conducted by using content analysis to arrange the interview information into categories, based on the Balanced Scorecard principles (Kaplan & Norton, 1996). (You need a sentence here

to describe how Balanced Scorecard was used). This procedure allowed the data to be analyzed and the results synthesized the methods of business management of accommodation enterprises in Suphanburi province.

4. RESULTS, DISCUSSION AND CONCLUSIONS

Based on the data collected from interviewing the 12 entrepreneurs, the issues relating to the business management practices of accommodation enterprises in Suphanburi province were divided into four categories. These were the learning and growth perspective, the internal perspective, the customer perspective, and the financial perspective, as follows:

4.1 THE LEARNING AND GROWTH PERSPECTIVE

The entrepreneurs usually lacked knowledge about marketing and customer service. This is because their present knowledge was derived from their personal experiences and self-study from the internet. Based on the data analysis of the entrepreneurs' interviews, they still lacked a systematic knowledge base of management policies and practices. Knowledge is the most valuable asset of any organization, local community or society. It also has a higher value than other types of assets, as the knowledge asset is unlimited; it is used more often, and is more value added than other assets. Another factor is the organization, especially the local community, which can gain more knowledge and learn new experiences. The more knowledge that is gained, the more experiences are gained and it will create even more knowledge to reach a higher level. Therefore, it can be used to benefit the community and to create an increased value circle that is never ending. This is helpful for the organization or local community to build and maintain the advantage in competition and development (Boonyakit, 2004).

4.2 THE INTERNAL PERSPECTIVE

The business management of accommodation entrepreneur was mainly a family type of business. They usually operated all the activities with members of their family. Sometimes, there may be other personnel hired to assist in some jobs, such as gardening or cleaning. Thus, the family type of business lead to quick decision making in several aspects. It can create an advantage in competition which is consistent with the idea by Arnoff and Ward (1995), who stated that the family type of business has an advantage over larger organizations, as it leads to quicker decision making as well as good relationships within the family. There is also cooperation within family members and commitment in business which is an advantage in a competitive market. However, the disadvantage is that it contains a high risk of failure of the investment, as well as problems with large scale competitors, who enjoy advantages derived from their size, such as buying power and cooperation by networking with other large hotels.

4.3 THE CUSTOMER PERSPECTIVE

The accommodation entrepreneurs mainly are small to medium size business people and their hotels can handle no more than 20-30 persons at a time. They also only provide accommodation alone, with the price ranging from 300 – 1,500 baht, based on their location. Moreover, their occupancy rate also depends on the quality of the room without any additional services, such as restaurants, convention rooms, or seminar meeting rooms, in contrast with larger hotels and resorts. The entrepreneurs reported that many customers had suggested that they should add additional services.

As for public relations, the entrepreneurs usually operated through word of mouth and uses billboards to publicize the name of their accommodation and directions. Some entrepreneurs with children or relatives help them to publicize through social media, but the information is not kept up-to-date. Also, the entrepreneurs would like to operate more marketing as social media is trendier and can connect with a broader range of customers. This point is consistent with Pattanapat (2010) who stated that social media is an effective marketing tool. This is because the consumers usually prefer to find additional information of the product through a website. This includes both official websites and other travel/hotel websites that consumers have provided comments and suggestions, which amounts to more believable information. Moreover, social media also communicates to a broader range of potential customers and can target the group directly with a low budget. For SMEs that have recently started their businesses and are not widely known, it will help to connect them to their customers all the time. It is also more flexible to adjust quickly than traditional channels. So social media marketing will help to direct the information to the large number of the target group with a small number of personnel, thereby saving costs.

4.4 THE FINANCIAL PERSPECTIVE

Generally, the entrepreneurs started their business by using their personal investment and their objectives were to improve or expand the business; however, they are reluctant to borrow money from financial institutions. This is due to the instability in the Thai economy and a lack of knowledge about how to write a business plan in order to apply for a loan from financial institutions. This has the result that the entrepreneurs are unable to improve or expand their businesses.

5. RECOMMENDATIONS

From this research study of business management of accommodation enterprises in Suphanburi province, the researcher proposes the following recommendations:

That the public sector should provide continuing assistance to the accommodation entrepreneurs in the following ways:

- (1) Training for entrepreneurs to be able to construct a business plan;
- (2) Entrepreneurs to participate in training or seminar at other accommodations in order to view first hand their operations;
- (3) The public sector or the hotel industry should coordinate marketing of SME accommodation through the online social media community.

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