Factors Influencing Key Success Factors of Thailand Tour Business in Preparation for the ASEAN Economic Community

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Abstract
The objectives of this research were to examine the influence of work management process of operators on key success factors of Thailand tour business in preparation for the AEC, and to study the influence of management capability of operators on key success factors of Thailand tour business in preparation for the AEC. The statistical data analysis was conducted using the descriptive statistics and the inferential statistics including Multiple Regression Analysis for the hypothesis testing. Questionnaires were distributed to 300 Thai tour operators from The Association of Thai Tour Operators (ATTO). The results showed that work management process of the operators had an influence on key success factors of Thailand tour business. In addition, it was found that management capability of the operators had an impact on key success factors of Thailand tour business except the aspects of work system planning, work activities evaluation, technology management, and resources and materials providing, with a statistical significance of 0.05.

Keywords: management process, management capability, key success factors of Thailand tour business operators

Introduction
Laksanasut, et al., (2010) stated that small and medium enterprises are considered the key component in developing and driving Thailand’s economy, which needs support from the government sector in implementing policies to ensure the stability and sustainability of the business. In addition, it is necessary to encourage the investment sector from commercial banks to accommodate these policies. This also corresponds to the direction of the annual academic seminar of the Bank of Thailand in 2012 in terms of monetary system development and economic growth. It was found that the response of the investment sector had consecutively increased, which had a direct positive effect on the investment by yielding more
income for the entrepreneurs and create stability for Thai commercial banks (Udomkertmongkol, Tirathanapong, & Boonnuch, 2012). However, in order to run the business steadily and enduringly, entrepreneurs need to review their work performance as well as the effectiveness and efficiency of their work process. They also have to understand and develop their management potential in relation to analyzing internal and external factors that have an impact on their capability in smoothly operating the business. It is necessary to assess the capability of the entrepreneurs to see whether it can rely on the entrepreneurs themselves or it needs any assistance from other organizations, in which case the entrepreneurs needs to find ways to get help by adopting the interdependence and integrated collaboration work approaches to make their business stable and expand appropriately.

Based on the points mentioned above, it can be noted that there have been new policies issued to support small and medium size enterprises in order to get ready for the ASEAN Economic Community (AEC) in 2015. Thai entrepreneurs have benefited from the policies through the Office of Small and Medium Enterprises Promotion (OSMEP), which is an organization that has a direct responsibility in promoting and developing small and medium size enterprises. At present, it was agreed that small and medium size enterprises (SMEs) are as important to the economic system of the country as large size enterprises (LEs) (Office of Small and Medium Enterprises, 2012). The number of SMEs is 99.8% of all enterprises. Also, the employment rate is 78% of the whole country. However, the limitations include the size and opportunity in operating the business as well as current fluctuating and changing situations that can have an impact on their future. Since Thailand is participating in the AEC in 2015, it is unavoidable to have competition among the member countries. Besides, natural disasters and political conflicts are important factors that cause business and investment to stumble. Therefore, it is necessary for the government sector to help solve these problems so that the businesses can survive in the competitive and changing contexts. This corresponds to the report of the Strategic Management and Budgeting Bureau (Office of Small and Medium Enterprises, 2012) which stated that OSMEP had made the SMEs promotion plan Number 3 (B.E. 2555-2559) as a guideline for supporting and promoting Thailand’s SMEs to have a sustainable growth and international expansion. The concept of this plan is to promote the potential of Thailand’s SMEs to operate their business on the basis of knowledge, creativity, innovation, and cultural uniqueness. To this end, business and enterprise operators will be supported accordingly to business growth and cover two dimensions: country-based and area-based. This is to be in correspondence with the government’s policies of civilization distribution from central to provincial areas and spatial development strategy.
The Project Administration and Coordination Division (Office of Small and Medium Enterprises, 2012) reported that the SMEs promotion plan Number 3 had been created with the vision to “develop the potential of Thailand’s SMEs to grow with balance and sustainability so as to drive Thailand’s economy” and specified four mission statements to achieve the said vision: 1. Promote the influencing factors that are necessary and suitable for SMEs both in the manufacturing, trading, and service industries, 2. Encourage competition capability for SMEs by using knowledge, skills, technology, innovation, creativity, and culture, 3. Support the role of SMEs in each area in creating economic value with regard to the balance of social, cultural, and environmental values, and 4. Foster SMEs to have potential in trading and investing nationally and internationally.

Accordingly to the plan, there are 5 target groups in promoting the SMEs Strategic Management and Budgeting Bureau (Office of Small and Medium Enterprises, 2012). The first group are businesses that broadly generate benefits and incomes for the country and use the local raw materials. Next are new wave businesses which have potential to compete with the others, businesses that respond to key policies of the government, businesses that have concerns on environment and balance in the society, and businesses that conserve Thai art and culture.

The fields of business specially focused in this plan include technology and innovation industry, creative industry, agriculture and agricultural produce processing industry, service and tourism industry, and retail and wholesale industry. According to the plan, the following four strategies are implemented:

1. Strategy 1 – support relevant factors that facilitate the operation of Thailand’s SME businesses
2. Strategy 2 – increase the competitiveness of Thailand’s SME businesses
3. Strategy 3 – promote a balanced growth of Thailand’s SME businesses according to the potential of each area
4. Strategy 4 – reinforce the potential of Thailand’s SME businesses in relation to international economy

Based on the above strategies, the service and tourism SME business is highly supported as Thailand has determined to be a leader in this industry when participating in the AEC in 2015. However, the SME business needs investment support from external sources of fund to enable its establishment, stability, and sustainability. One of the sources included Thai commercial banks. Suraphongchai (2012), Chairman of the Executive Committee of the Siam Commercial Bank (PCL) commented that Thailand’s participation in the AEC was considered both an opportunity and a challenge for Thai business persons. Once the free trade starts, business operators have to adjust themselves to accept any changes. As we can
see from the history, failure in business of small and large organizations in the world was due to lack of preparation for the change. This is because the use of new technology results in tremendous competition and has caused business leaders to easily fail. The report of the Kasikorn Bank (2012) also identified that SME business is a key component that can gear Thailand’s economy forward. Hence, new entrepreneurs should not overlook the importance of self-preparation and creation of allies. Thai business persons have to prepare and adjust themselves, especially the family businesses that have confidence in their long time operation. New generations in the family should be able to continue the business stably in the new and unlimited competition, not only in Thailand area. It is important for the SME businesses, especially the service and tourism industry, to develop and grow in the way that gets support from the government through its policy and financial aids from various sources of fund including Thai commercial banks.

Objectives

1. To study the influence of work management process of business operators on key success factors of Thailand tour business in preparation for the AEC.
2. To study the influence of management capability on key success factors of Thailand tour business in preparation for the AEC.

Hypothesis

1. The influence of work management process of business operators has a positive impact on key success factors of Thailand tour business in preparation for the AEC.
2. The influence of management capability has a positive impact on key success factors of Thailand tour business in preparation for the AEC.

Materials and methods

This study is a survey research using close-ended questionnaire as the data collection tool. The questionnaire was divided into four sections. The first section was demographic profile. The second section included questions relating to work management process of business operators. The third section included questions relating to management capability of business operators. The last section included questions about key success factors of Thailand’s tour business in preparation for the AEC. The questionnaire was tested for its content validity by experts in the field. It was also checked for reliability by using Cronbach’ Alpha Reliability Test with a sample group of 20 Thailand’s tour business operators,
with a reliability value of 0.912. The population included 342 members of Thailand’s tour business operators listed by the Association of Thai Tour Operator. The researcher used the Krejcie and Morgan to determine the sample size. The table indicated that 181 sample size was reasonable for the study. However, the researcher received 300 completed questionnaires out of the population of 342. The data were collected during January- April 2014. The statistical data analysis was conducted using the descriptive statistics and the inferential statistics including Multiple Regression Analysis to test the two hypotheses: H1: Work management process of operators has an influence on key success factors of Thailand’s tour business in preparation for the AEC, and H2: Management capability of operators has an influence on key success factors of Thailand’s tour business in preparation for the AEC.

**Results and discussion**

In terms of descriptive statistics, demographic data from the questionnaire showed that most respondents were male (252 persons/ 84 percent), married (294 persons/ 98 percent), had a bachelor’s degree (202 persons/ 67.33 percent), and been running the business for 4-5 years (300 persons/ 100 percent). The results of inferential statistics are shown below.

H1: The influence of work management process of business operators had a positive impact on key success factors of Thailand tour business in preparation for the AEC.

**Table 1 Influence of Work Management Process of Operators on Key Success Factors of Thailand’s Tour Business in Preparation for the AEC**

<table>
<thead>
<tr>
<th>Work Management Process of Operators</th>
<th>( \bar{X} )</th>
<th>SD</th>
<th>Beta</th>
<th>Sig. (P-Value)</th>
<th>Priority Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Plan</td>
<td>4.27</td>
<td>0.651</td>
<td>.330</td>
<td>0.000***</td>
<td>1</td>
</tr>
<tr>
<td>2. Do</td>
<td>4.25</td>
<td>0.527</td>
<td>.301</td>
<td>0.000***</td>
<td>2</td>
</tr>
<tr>
<td>3. Check</td>
<td>4.11</td>
<td>0.601</td>
<td>.295</td>
<td>0.000***</td>
<td>3</td>
</tr>
<tr>
<td>4. Act</td>
<td>4.02</td>
<td>0.511</td>
<td>.291</td>
<td>0.000***</td>
<td>4</td>
</tr>
</tbody>
</table>

Adjust \( R^2 = .484 \), Standard Error = .254, F Significance = 0.000***, N= 300

The result in Table 1 revealed that work management process had a direct influence on key success factors of Thailand’s tour business in preparation for the AEC. The aspects were ranked from the highest to the lowest (Plan, Do, Check, and Act) by using the Multiple Regression Analysis with a statistical significance of 0.05, 0.01, and 0.001. This result showed that the operators considered the PDCA management system important for the success, with a statistical significance.
H2: The influence of management capability has a positive impact on key success factors of Thailand tour business in preparation for the AEC.

Table 2 Influence of Management Capability of Operators on Key Success Factors of Thailand’s Tour Business in Preparation for the AEC

<table>
<thead>
<tr>
<th>Management Capability of Operators</th>
<th>(\bar{x})</th>
<th>SD</th>
<th>Beta</th>
<th>Sig. (P -Value)</th>
<th>Priority Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Work System Planning</td>
<td>3.01</td>
<td>1.282</td>
<td>.135</td>
<td>.083</td>
<td>-</td>
</tr>
<tr>
<td>2. Financial and Accounting System Planning</td>
<td>3.89</td>
<td>0.848</td>
<td>.358</td>
<td>.000***</td>
<td>5</td>
</tr>
<tr>
<td>3. Work Activities Evaluation</td>
<td>3.36</td>
<td>1.160</td>
<td>.311</td>
<td>.07</td>
<td>-</td>
</tr>
<tr>
<td>4. Human Resources Management</td>
<td>4.28</td>
<td>0.847</td>
<td>.466</td>
<td>.000***</td>
<td>3</td>
</tr>
<tr>
<td>5. Technology Management</td>
<td>2.99</td>
<td>1.140</td>
<td>.112</td>
<td>.052</td>
<td>-</td>
</tr>
<tr>
<td>6. Resources and Materials Providing</td>
<td>2.89</td>
<td>1.135</td>
<td>.088</td>
<td>.084</td>
<td>-</td>
</tr>
<tr>
<td>7. Performance Management</td>
<td>4.35</td>
<td>0.748</td>
<td>.501</td>
<td>.000***</td>
<td>1</td>
</tr>
<tr>
<td>8. Marketing and Services Management</td>
<td>4.18</td>
<td>0.878</td>
<td>.363</td>
<td>.000***</td>
<td>4</td>
</tr>
<tr>
<td>9. Corporate Social Responsibilities and Environment</td>
<td>4.29</td>
<td>0.689</td>
<td>.468</td>
<td>.000***</td>
<td>2</td>
</tr>
</tbody>
</table>

Adjust R\(^2\) = .49, Standard Error = 1.13, F Significance = 0.000***, N= 300

The result in Table 2 revealed that management capability of operators had a direct influence on key success factors of Thailand’s tour business in preparation for the AEC in the aspects of Performance Management, Corporate Social Responsibilities and Environment, Human Resources Management, Marketing and Services Management, and Financial and Accounting System Planning, ranked from the highest to the lowest according to the opinion of the operators in reflection of themselves, with a statistical significance. The factors that these operators considered missing were Work System Planning, Work Activities Evaluation, Technology Management, and Resources and Materials Providing.

Discussion

The results of this study showed the important principle in management system of SME business, especially the section of service and tourism which was included in the strategy and clear policy of the government to support this group of business as it can generate revenue to the country. It also received
financial support from Thai commercial banks as the source of fund. However, with only the strategy and policy as well as financial support mentioned above, businesses may not be able to operate successfully if the operators lack or do not understand the work system. It was found from the study that Thailand’s tour business operators focused on systematic work management by following the PDCA cycle: Plan, Do, Check, and Act. This means that they agreed with the concept that the PDCA cycle would lead to key success factors as Deming (1986) and Gabor (1990) stated that the PDCA cycle would help achieve good work and continuity and check for mistakes. It also corresponds to the study of Walton (1986), Cecelia (1992), and Dobyns and Clare (1991) who found that the effectiveness and efficiency require good work system where every member in the organization must thoroughly understand all the processes and steps and be able to improve, fix, and develop systematically, with regular practice until it becomes collaborative work culture. In addition, new members must be taught to understand and practice in the same directions as the old members.

The result from testing the management capability of Thailand’s tour business operators showed that the aspects of performance management, corporate social responsibilities and environment, human resources management, marketing and services management, and financial and accounting system planning, ranked from highest to lowest according to the responses of the participants, had an influence on key success factors of Thailand’s tour business operators in preparation for the AEC. This result corresponds with Fayol’s Principles of Management as Wren, Bedeian, and Breeze (2002) mentioned that the management functions that could be applied until present included planning, organizing, commanding, coordinating, and controlling, as well as POSCORB (Planning/Organizing/Staffing/Co-operating/Reporting/Budgeting) Model. Brech, Thomson, and Wilson (2010) said POSCORB (Planning/Organizing/Staffing/Co-operating/Reporting/Budgeting) could result in both positive and negative effects in operating business. A good management required good elements including Operation Competence, Innovation Competence, and Market-Access Competence (Boyatzis, 1982). This also corresponds to the studies of Mitrani, Dalziel and Fitt (1992), Spencer and Spencer (1993), and Dales and Hes (1995) in the point that human resources is a key component in keeping the business running. This includes the process of selecting and recruiting the employees and putting them on the right jobs, and the importance of constantly training and developing their potential so that they can work efficiently and effectively. It is also important to give rewards to employees for showing their potential and capability in accomplishing the tasks specified in the work policy by the organization. In addition, every member in the organization should also be able to think of competitive advantage strategies, find ways to make alliances to encourage collaborative management with other organizations and be able to operate the business
without any problems or obstacles. However, the research results include only the aspects of performance management, corporate social responsibilities and environment, human resources management, marketing and services management, and financial and accounting system planning.

According to the results mentioned above, the business operators must consider whether the cause of problems and obstacles are from themselves or from hard-to-control external factors. The study showed that the problematic issues were work system planning, work activities evaluation, technology management, and resources and materials providing. It is suggested that the guidelines of Munro and Wheeler (1980), Ferguson and Dickinson (1982), Boynton and Zmud (1984), and Day Wensley (1988) in applying the Key Success Factors (KSF) theory to plan, develop, improve these aspects in order to achieve competitive advantage according to the Dynamic Diamond Model (Porter, 1980; 1985). The model includes Factor Conditions, Demand Conditions, Related & Supporting Industries, and Firm Strategy, Structure, and Rivalry.

In addition, to gain competitive advantage, the organization must put an emphasis on their strategy, structure, and rivalry in the country, chance events, government, related and supporting industries, factor condition, and demand condition, etc. SME business operators, especially the service and tourism business, would have the opportunity to develop their business in the direction that is directly supported by the government through the policy in promoting and helping this business to gain stability and sustainability. Besides, they also get financial support in the investment from Thai commercial banks (Laksanasut et al., 2010). The annual academic seminar of the Bank of Thailand in 2012 also mentioned the development of financial system and economic growth (Udomkerdmongkol, Thirathanapong, & Boonnuch, 2012).

The Office of Small and Medium Enterprises (2012), which is the direct government agency in implementing the policy, had reported the potential and importance of SMEs. The Strategic Management and Budgeting Bureau, (Office of Small and Medium Enterprises, 2012) had developed the SMEs Promotion Plan No. 3 (B.E. 2555-2559) as a guideline to promote, support, and improve Thailand’s SMEs to be able to achieve continual and sustainable growth, and expand at the international level. The Project Administration and Coordination Division (Office of Small and Medium Enterprises, 2012) had put into practice the vision of developing Thailand’s SMEs potential to grow with balance and sustainability to be the main driving mechanism of Thailand’s economy, and determined the mission statements to achieve such vision by providing appropriate support for SMEs business in terms of production, trading, service, and funding from Thai commercial banks. Suraphongchai (2012), the Chairman of the Executive Committee of Siam Commercial Bank (PCL) pointed out that the Thailand’s participation in the AEC was
considered both the opportunity and challenge that Thai business persons needed to confront once it starts. All business operators must adjust themselves to get ready for the change. The sources of fund, such as Thai commercial banks, are well-prepared to give financial support for the promising business investment. The Kasikornthai Bank (2012) also reported that SME business is an important component in driving Thailand’s economy. As a result, getting the operators ready for the AEC and building alliance network are the things that new operators should not overlook. In addition, Thai business persons must prepare and adjust themselves as the bank is also ready to give full support in any dimensions necessary for the expansion of the SMEs.

**Conclusion**

This research showed that SMEs business, especially the service and tourism that truly understands the systematic work process could operate the business effectively and efficiently. Systematic work is a verification of the competence to make the organization survive and sustain in the future as problems can be solved clearly and correctly based on the process. Besides, it can be a guideline for passing on the work system to every member in the organization to have the same understanding and effective and efficient teamwork. They will have a clear mindset of the work system which is able to check for any mistakes and lead the business to success. The management capability of Thailand’s tour business operators in the aspects of performance management, corporate social responsibilities and environment, human resources management, marketing and services management, and financial and accounting system planning, had an influence on key success factors of Thailand’s tour business operators in preparation for the AEC. However, the aspects that they thought are still missing include work system planning, work activities evaluation, technology management, and resources and materials providing. Some aspects require self-development of the operators. However, some needs assistance and support from related organization including both the government and the sources of fund that can facilitate Thailand’s service and tourism SME business.

**References**


