

# Financial Liquidity Problem Solving in Hotel and Lodging: Nakhon Pathom & Samut Songkram

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**Abstract.** The objectives of this research are to study investment pattern suitable for lodging entrepreneur in Nakhon Pathom and Samut Songkram, to study key factors level to invest, the status of factors that affect to lodging sector about investment pattern and design fit investment model for these 2 provinces. The data and information was collected from libraries, websites, and talking with Nakhon Pathom and Samut Songkram Community leader and members, in-depth interview with 12 managers and 189 entrepreneurs. The results from this research show that an investment pattern is not related to location, types and shareholder register. Almost firms don't want a joint venture, they work with their owner capital and some loans to gradually succeed in local culture in the name of "Nakhon Pathom and Samut Songkram Model". The result indicated that the status of Ownership specific, Location specific and Internalization specific were in very high level and of much concern. The results of all factors were in accordance to the data obtained from the qualitative analysis technique which make the results of research clearer and more evidence. Results from this research suggest that government policies, infrastructure and local market have influence on investment pattern decision. Therefore government must help SME's service sectors rapidly to improve Thai economics especially after political conflict and natural disaster phenomena.

**Keywords:** Investment Patterns, Perspective, Investors, Lodging Entrepreneurs

## 1. Introduction

Over the past 5 years, the impact of Globalization has increased dramatically. First of all, Financial Crisis in the U.S. in 2005 created a balance of trade deficit over 30,000 Million Baht [1] which also had political ramifications. Thailand use service sector especially tourism to solve these difficult problems. How? with held money transferred money elsewhere. So lodging industry was faced into liquidity shortage. Second Financial Institutions didn't give loans or used high interest rate policies to limit credit to customers. So entrepreneurs converted debt to new owners or joint venture to solve the difficult obstacles. Third, in this area there are 28 firms in Nakhon Pathom and 161 firms in Samut Songkram [2] which hadn't well systematic in financial arrangement because they're classical family business and did not have sufficient financial arrangement. Finding ways to promote Analyzing Investment Patterns may provide insight into to promoting financial liquidity and also insight into factors that investment decision [3].

## 2. Research design and Data

The goals of the empirical analysis came from 3 parts. Firstly the content, the researcher defined that the factors and levels influencing lodging entrepreneurs in Nakhon Pathom and Samut Songkram by reviewing literatures. This information was collected from the libraries and websites. The next step was a qualitative in depth interview with 12 managers through a systematic random process and confirm the results with quantitative method with 189 questionnaires. The binary logistic regression analysis and chi-square test techniques selected to confirm interviewing before. By the way the 3 assumptions were below:

Assumption 1  $H_0$  : Investment pattern do not relate to location.

$H_1$  : Investment pattern relate to location.

Assumption 2  $H_0$  : Investment pattern do not relate to types of lodging.

$H_1$  : Investment pattern relate to types of lodging.

Assumption 3  $H_0$  : Investment pattern do not relate to types of registering.

$H_1$  : Investment pattern relate to types of registering.

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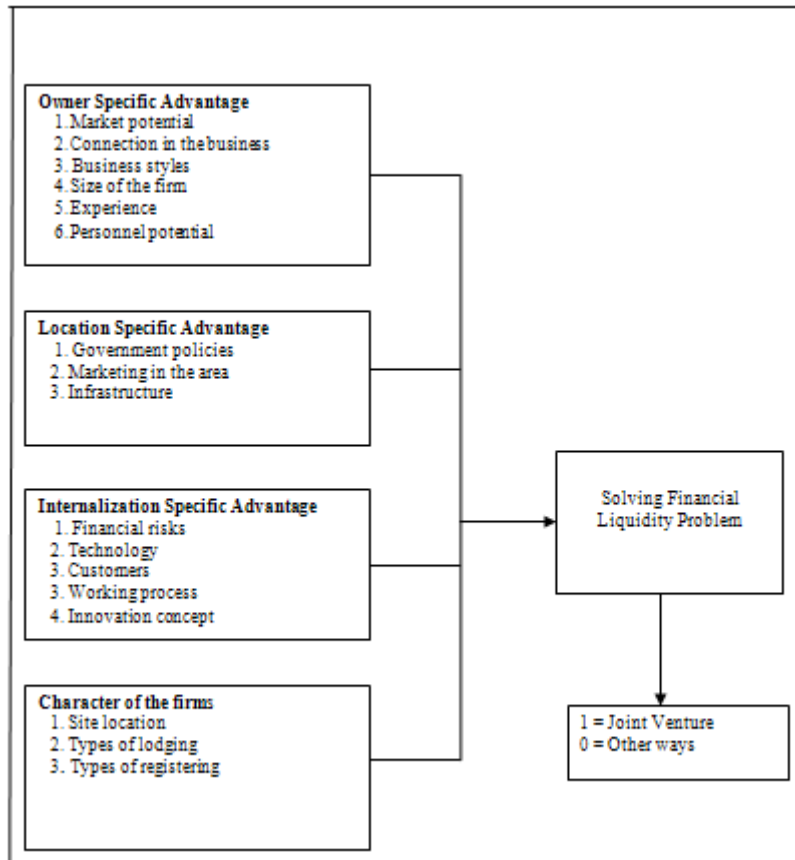


Fig. 1: Conceptual Frame Work of Solving the Financial Liquidity Problem in Hotel and Lodging: Nakhon Pathom & Samut Songkram

Secondly, the time frame of this research started in October 2010 and continued to April 2011. The third population in this research were 189 owners from both provinces. Thirdly, the population consisted of all of types of lodging business located in Nakhon Pathom and Samut Songkhram.

### 3. Results and Discussion

After the data collection the qualitative research was further analyze through interviews of 12 randomly selected managers. Five Questions consisted of 1) How did your firm manage the problems of funding shortage situation? 2) What factors influenced your decision in solving financial liquidity problem and why? 3) Did How location in the district influence to decision in Solving Financial Liquidity Problem and Why? 4) Did the types of lodging influence your decision in Financial Liquidity Problem Solving and Why? and 5) Did the types of registering influence your decision in Solving Financial Liquidity Problem and Why? The results found that all lodging business firms in Nakhon Pathom and Samut Songkhram aimed to invest individually, not joint venture. The results also revealed that people in this area had a significant identity: freedom. They did business with a conservative, friendly style and needed to promote local culture, not profit orientation according with Culture and Personality Theories and Cultural Ecology Theory. Later research confirmed these results with quantitative research method later as shown.

Table 1: Percentage of forecasting the results

		Forecasting			
		Investment patterns		Accuracy	
		Wholly owned	Joint Venture		
Step 0	Investment patterns	Wholly Owned	177	0	100.00
		Joint Venture	11	1	8.30
Overall Percentage					94.20

The results from Table 1 show that this model could forecast 94.20 overall percentage.

Table 2: The binary logistic regression analysis results

	B	S.E.	Wald	df	Sig.	Exp(B)
<b>Owner Specific Advantage</b>						
Relation	-0.096	0.946	0.010	1	0.919	0.909
Pattern	1.861	1.132	2.701	1	0.100	6.428
Experience	0.899	1.525	0.348	1	0.555	2.458
Size	-0.268	1.310	0.042	1	0.838	0.765
Potential of the market	-0.066	0.599	0.012	1	0.912	0.936
Potential of personnel	-0.452	1.119	0.163	1	0.686	0.636
<b>Location Specific Advantage</b>						
Government policies	0.126	0.720	0.030	1	0.861	1.134
Infrastructure	-2.343	1.114	4.423	1	0.035	0.096
Market in the area	3.010	1.239	5.903	1	0.015	20.287
<b>Internalization Specific Advantage</b>						
Innovation	2.132	1.344	2.516	1	0.113	8.429
Finance	0.755	1.142	0.438	1	0.508	2.128
Technology	-0.416	0.544	0.585	1	0.445	0.660
Customer	-0.418	1.756	0.057	1	0.812	0.658
Process	-0.755	0.935	0.652	1	0.419	0.470
Constant	-18.506	10.706	2.988	1	0.084	0.000

The results from Table 2 show that there were 2 independent variables in this model: infrastructure and market in the area. Thus Joint Venture probability model was  $\hat{P}(Y = 1) = \frac{1}{1 + e^{-w}}$

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$$W = -18.506 - 2.343 \text{ Infrastructure} + 3.010 \text{ Market}$$

Table 3: Relation between investment patterns with location

		Samut Songkhram		Total
		Nakhon Pathom	Samut Songkhram	
Investment patterns	Wholly Owned	23	154	177
	Joint Venture	5	7	12
Total		28	161	189

$$\chi^2 = 1.941 \text{ Asymp. Sig. (2-sided)} = 0.379 \text{ Cramer's V} = 0.110 \text{ Approx. Sig.} = 0.379$$

The results from Table 3 show that investment pattern did not relate with location or provinces.

Table 4: Relation between investment patterns with types of lodging

		Hotel	Resort	Home stay	Total
Investment patterns	Wholly Owned	24	47	106	177
	Joint Venture	4	1	7	12
Total		33	48	113	189

$$\chi^2 = 4.440 \text{ Asymp. Sig. (2-sided)} = 0.109 \text{ Cramer's V} = 0.153 \text{ Approx. Sig.} = 0.109$$

The results from Table 4 show that investment pattern did not relate with types of lodging.

Table 5: Relation between investment patterns with types of registering

		Types of registering			Total
		Sole Proprietorship	Partnership	Company	
Investment patterns	Wholly Own	133	22	22	177
	Joint Venture	7	1	4	12
Total		140	23	26	189

$$\chi^2 = 4.153 \text{ Asymp. Sig. (2-sided)} = 0.125 \text{ Cramer's V} = 0.148 \text{ Approx. Sig.} = 0.125$$

The results from Table 5 show that investment pattern did not relate with types of registering.

#### 4. Conclusion

The researcher found 4 factors that influenced the lodging business in these two provinces: 1) Owner Specific Advantage which consisted of relation in the business, pattern of management team, experience of the firm, size of the firm, potential of the market, potential of personnel, 2) Location Specific Advantage which consisted of government policies , infrastructure, market in the area 3) Internalization Specific Advantage which consisted of innovation management concepts, financial risk management concepts, technological appliance, customer focus and work processing, and 4) Characteristics of the firms which consisted of site location, types of lodging, types of registering according with the research of Commitment and Opportunity Development in the Internationalization Process [3] and the research of A Sociology of the Demonic ? [4].

The results from qualitative research were confirmed by quantitative research that there were 2 independent variables in this model: infrastructure and market. In these two provinces investment patterns did not relate with location, did not relate with types of lodging and did not relate with types of registering. Lodging firms in Nakhon Pathom and Samut Songkhram needed to invest individually, not a joint venture. People in this area had significant identity: freedom. They did business with conservative style, friendly, needed to promote local culture, not profit orientation according with Culture and Personality Theories and Cultural Ecology Theory. These things shown that the economic expansion did not growth rapidly but the economic would be growth with sustainability.

For the Thai government, the results might be considered when preparing financial liquidity for lodging entrepreneurs by the Bank of Special Purpose mechanism such as The Government Savings bank (GSB) and Small and Medium Enterprise Bank of Thailand (SME's bank). The GSB or SME's bank can help lodging firms by using low interest rate policy, giving grace period and expanding term of loans. In the same way government by Ministry of Finance should use taxation policy to help them, give academic knowledge under cooperation with Universities, and arrange events or festival in the tourism area to provide tourist incentive and impact to Hotel and Lodging business. The findings of this study should be of great value to organizations as they apply research results to investment promotion, strategic planning, policy adjustment and problem solution management. In this way Thailand can have economic expansion through the service sector, especially tourism.



Fig. 2: Lodging in Nakhon Pathom and Samut Songkhram

#### 5. References

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