

**Lifestyle and Service Quality:  
An Analysis of Family Run Hotels  
in Chiangmai Province, Thailand**

**by**

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A thesis submitted in partial fulfilment for the requirements for the degree of  
Doctor of Philosophy at the University of Central Lancashire

**September 2013**

## Student Declaration

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**School**                                      Sport, Tourism, and the Outdoors \_\_\_\_\_

## **ABSTRACT**

Globally, the provision of tourist accommodation is dominated by family run businesses (Getz and Carlsen, 2005). Family businesses in the tourism and hospitality industry are significant in terms of numbers and economic value. The visions and goals of the owners are different from those of other entrepreneurs in the tourism and hospitality industry (Carland, Hoy, Boulton and Carland, 1984). However, scant academic research on family run hotels has been published.

Since 1980 service quality has been a significant issue within tourism and hospitality, following the pattern set by the manufacturing industries (Johns, 1996). Hayes, Ninemeier and Miller (2011) argued that service quality is an important factor in customers' perceived experience of hotel operations; thus a better understanding of customer expectations within tourism and hospitality is potentially valuable for both practitioners and researchers. This is particularly true in Thailand where tourism is a primary source of national income.

Therefore, the overall aim of this research project is to develop a quality assurance model enabling Thai family run hotels to identify strengths and opportunities to improve their practices aligned with their motivations. Phase One of the research critically appraised the visions and goals of Chiangmai family run hotels. Phase Two examined the business environment of these hotels in terms of the implementation of quality assurance principles. In order to ascertain their customer expectations, Phase Three comprised of administering a modified SERVQUAL questionnaire to their international guests.

The results to the first phase revealed that family run businesses dominate the hotel sector in Chiangmai. These enterprises are motivated by three factors: lifestyle, concern for their descendants and keeping the business modest. Phase Two data

identified a low level of quality assurance engagement in these family run hotels. Based on their own perceptions of the quality required, these hotel operators employ an inside-out approach; they design and communicate service specification via social media without investigating customer expectations. The findings from Phase Three showed that the dimension of “Competitiveness” is the most important. The thesis findings enabled the researcher to develop a generic model of quality assurance for family run hotels contributing to the body of knowledge.

# LIST OF PUBLICATIONS

## PEER REVIEWED JOURNALS

- Wiriyakitjar, R. and Wonglorsaichon, P. (2013). 'Hotel Customer Expectations of Service: A Provincial Analysis of Family Business in Chiangmai, Thailand', *Journal of Tourism Research and Hospitality*, **2**(3), pp. 1-11.
- Wonglorsaichon, P. and Wiriyakitjar, R. (2013). 'A Study of Visions and Goals of Family Business Hotels and Accommodations in Chiangmai Province', *International Thai Tourism Journal*, **8**(2): July-December 2013.

## CONFERENCE PAPER

- Wonglorsaichon, P., Apisakkul, A., and Wiriyakitjar, R. (2012). 'Lifestyle and Autonomy versus Entrepreneurship: A Provincial Analysis of Family Run Hotels in Chiangmai, Thailand'. 8th Workshop of Family Firm Management Research the Family Business: A Beauty or a Beast?, Jönköping, Sweden, 31 May - 2 June 2012.

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## LIST OF ABBREVIATIONS

5S	Seiri (Sort), Seiton (Straighten), Seiso (Shine/Sweep), Seiketsu (Standardise), Shitsuke (Sustain)
A	Assurance Dimension
AA	The Automobile Association
AAA	American Automobile Association
AEC	ASEAN Economic Community
ANOVA	Analysis of Variance
ASEAN	Association of Southeast Asian Nations
BE	Business Excellence
BPR	Business Process Reengineering
BRICS	The emerging national economies of Brazil, Russia, India, China and South Africa
CFA	Confirmatory Factor Analysis
CIT	Critical Incident Technique
DFSS	Design for Six Sigma
DMAIC	Define, Measure, Analyse, Improve, and Control
DOE	Design of Experiments
DP	Deming Prize
DPMO	Defects Per Million Opportunities
E	Empathy Dimension
EEA	EFQM Excellence Award
EFA	Exploratory Factor Analysis
EFQM	European Foundation for Quality Management
EQA	European Quality Award
EU	The European Union
FMEA	Failure Mode and Effects Analysis

FSQ	Functional Service Quality
FTA	Free Trade Area
GE	General Electric
ICT	Information Communication Technology
ISO	International Organization for Standardization
JIT	Just in Time
JIT	Just in Time
JUSE	Union of Japanese Scientists and Engineers
KMOMSA	Kaiser-Meyer-Olkin Measure of Sampling Adequacy
LQI	Lodging Quality Index
LSD	Fisher's Least Significant Difference
MBNQA	Malcolm Baldrige National Quality Award
MICE	Meetings, Incentives, Conventions, and Exhibition
NQA	National Quality Award
O-A	Non-Immigrant Visa Extension
PCA	Principal Component Analysis
PDCA	Plan-Do-Check-Act
PEST	Political, Economic, Sociocultural, Technological, Legal, and Environmental
PESTLE	Political, Economic, Sociocultural, Technological, Legal, and Environmental
PZB	Parasuraman Zeithaml and Berry
PZB	Parasuraman, Zeithaml, and Berry
QCC	Quality Cost Control
QFD	Quality Function Deployment
ROQ	Return on Quality
RS	Responsiveness Dimension
RY	Reliability Dimension

SAR	Special Administrative Region
SEI	Service Expectation Index
SEM	Structural Equation Modelling
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for the Social Sciences
SWOT	Strengths, Weaknesses, Opportunities and Threats
T	Tangibles Dimension
TAT	Tourism Authority of Thailand
THA	Thai Hotel Association
TQC	Total Quality Control
TQM	Total Quality Management
TSQ	Technical Service Quality
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
US	United States
UTCC	University of the Thai Chamber of Commerce
Wi-Fi	Wireless Fidelity

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 STRUCTURE OF THE CHAPTER**

The purpose of Chapter One is to provide an overview of the research project. The first section introduces the background and importance of the study with the research scope identified in the next section. This chapter then presents the research aims, questions and objectives followed by a discussion of the research methodology including the author's philosophical assumptions. These assumptions subsequently influence the choice of research design for each phase. The limitations of the research follow with the penultimate section outlining the contribution of the research to the body of knowledge. The organisation of the thesis is summarised in the final section.

### **1.2 BACKGROUND**

Over the last three decades, tourism has become one of fastest growing industries in the world (World Travel and Tourism Council, 2009). Globally, family and owner-operated businesses in the tourism and hospitality industry are significant in terms of numbers and economic value (Kanthan and Anjaneyaswamy, 2009; Zapalska and Brozik, 2007; Getz and Carlsen, 2005; Peters and Buhalis, 2004) but they have only recently been researched by academics. Moreover, there has been no academic research reported specifically examining family run hotels in Thailand, upon which the empirical work for this study was carried out. Most businesses in Thailand are micro, small, or medium size enterprises, especially within the tourism industry which is a primary source of national income.

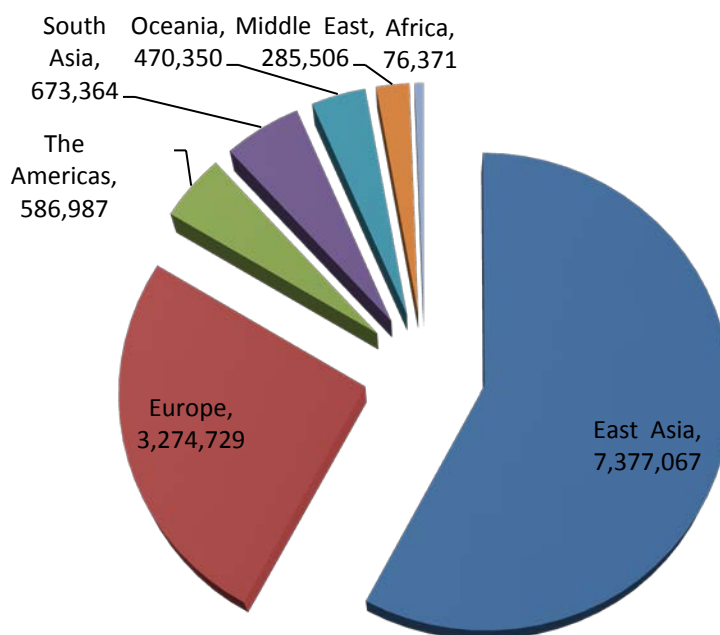
Thailand, a nation of roughly 65 million people, is the 50<sup>th</sup> largest country in the world; nearly equal in size to Spain (Tourism Authority of Thailand, 2013). It is a constitutional monarchy with the current head of state being His Majesty Bhumibol

Adulyadej. It has been a member of the Association of Southeast Asian Nations (ASEAN), a geo-political and economic organisation of ten countries since 1967, with agreements on political-security, economic, and socio-cultural community (The Association of Southeast Asian Nations, 2013). These include the tourism related agenda.

Tourism has become significant in the growth of the Thai economy with a shift from being agriculturally focussed to being industrial and service based. Thailand is one of the top destinations for tourists from Europe, America, the Middle East, Africa, and Asia. In 2011, the revenue from international visitors was dominated by leisure travel (83.07 per cent) with more than 776,000 million Baht or 15,520 million Great British pounds being brought in; most of the tourism income was from European tourists (38.86 per cent), followed by East Asian tourists (18.82 per cent) (The Department of Tourism, 2012e). The proportion of international tourists by originating continents is illustrated in Figure 1.1. The number of international tourist arrivals in Thailand for the first half of 2013 was over 12.7 million more than the same period in 2012, a 20 per cent increase (The Department of Tourism, 2013).

It is not only the number of international tourists and the income generated that is increasing, but also the average length of stay. This increased by 0.52 average number of days from 2010 to 2011 (from 9.12 to 9.64 days) (The Department of Tourism, 2012e). Rawlinson (2009) noted that the length of stay varies according to the source market. For example, a tourist who is a long haul traveller, such as being from a European country or the Americas, will stay longer than one who is from the region, such as the ASEAN countries. The Royal Thai Government uses the average number of days per visit as a performance indicator for the tourism industry.

**Figure 1.1 International Tourists in First Two Quarters of 2013**



Source: The Department of Tourism (2013)

Rawlinson (2009) reported that the Thai tourism high season is from January until May, led, in part, by the tropical zone weather and climate (with temperatures typically ranging from 19 to 38 degrees Celsius or 66-100 Fahrenheit). The high season is influenced by festivals which are themed around the lunar calendar and Buddhist rituals, held during the early part of the year. For example, in February there is the Chinese New Year and the flower festival in Chiangmai and the north, followed in April by the Songkran, the Thai New Year (the water splashing festival). This seasonality and the festivals have an impact on the number of both international and domestic tourists, with the proportions of tourist nationalities changing.

Previous studies and literature reviews show that family and owner-operated businesses in the rural tourism and hospitality sectors have predominantly lifestyle and family-related visions and goals which differ from other types of enterprises (Peters, Frehse and Buhalis, 2009; Getz and Carlsen, 2000). Chua, Chrisman and Sharma (1999) identified that the family vision is crucial in deciding the direction of the business. Getz,

Carlsen and Morrison (2005) stated that lifestyle and autonomy goals are characteristics of family businesses alongside the desire for family entrepreneurship. These motivations affect business size, innovation, control, communications and decision making. Several researchers have argued that lifestyle and autonomy goals are predominant in family tourism and hospitality businesses rather than profit maximisation or business growth which require a greater degree of entrepreneurship (Getz et al., 2005; Gartner, 1990; Carland et al., 1984). This concept aligns with Simon's (1959) study that profit maximization is not always the entrepreneurs' goal in running businesses. Morrison (2006b) additionally agrees with Getz et al. (2005) research findings that businesses whose owners were motivated by lifestyle desires had low entrepreneurial intensity.

The Royal Thai Government has recognized the importance of tourism to Thailand and, therefore, the need to maintain and improve the industry's business performance in terms of service delivery, organisational efficiency and competitiveness. Heskett, Sasser and Schlesinger (1997) stated that continuous improvement is very important to an industry where products are often similar and service is one way of distinguishing offerings to maintain a competitive edge. Consequently, the government has launched a national agenda focusing upon the service quality of each sub-set of the tourism industry. In 2004, the Ministry of Tourism and Sports of Thailand (2009b) established hotel standards based on a star system but by 2011 only 8.9 per cent of the licensed hotels were accredited to the standard (The Department of Tourism, 2011a). However, the Royal Thai Government attempted to incentivise hoteliers to engage with service quality improvement by promoting this quality system as a marketing tool (Tourism Authority of Thailand, 2009a).

Longstay tourism is seen as an important market for Thailand; therefore, the Tourism Authority of Thailand (2001) is promoting stays of over 30 days. A quality

management standard has also been implemented for accommodation that targets longstay customers such as houses for rent, properties built specifically for longstay tourism, and existing hotels (The Department of Tourism, 2009). Nevertheless, again only a few establishments have become accredited. Studies of the service profit chain and the value profit chain indicate that engaging with service quality management principles and practices of continuous improvement should result in revenue growth and profitability (Heskett et al., 1997; Heskett et al., 1994). Heskett, Sasser and Schlesinger (2003) concluded that winning organisations have strategies containing a well-aligned organisational culture that includes market and operating cores designed to delivery results and process quality to important stakeholders and accomplices.

For service organisations, especially in the tourism and hospitality industry where front line employees are the key to service delivery, the interactions between service provider and customers are considered to be the “moment of truth” by Normann (2001, p.17). Williams and Thwaites (2007) recommended developing the decision-making skills of frontline hotel staff in order to avoid the cycle of failure (Schlesinger and Heskett, 1991). They suggested strategies to achieve the cycle of success by concentrating on employee development and motivation. Organisations where service delivery standards tend to be designated by rigid rulebooks and unwilling employees often have high levels of customer complaint; Lovelock and Wirtz (2007, p.316) considered this as “the cycle of mediocrity”. It is often a significant challenge for organisations to move from “the cycle of mediocrity” to “the cycle of success” without engaging robust business improvement strategies.

Due to the potential of the longstay market which predominantly consists of Japanese and Europeans, the Royal Thai Government has developed the longstay service standard in order to increase the satisfaction of this market group which tends to have higher quality expectations being more critical consumers than other tourists



(Coleman, Hladikova and Savelyeva, 2006). Several studies pointed out the different needs and expectations of these tourists (Jang, Bai, Hu and Wu, 2009; Mungall and Labben, 2009; Hsu, Cai and Wong, 2007; Reece, 2004; Eby and Molnar, 2001; Gray and Lane, 2001; Callan and Bowman, 2000). Ascertaining the specific expectations and needs of longstay tourists is useful for developing explicit products and services. According to Lovelock and Gummesson (2004); Gummesson (1991); and Grönroos (1990), other customers may benefit and gain from the augmented services of longstay service provision which add value to their experience.

Chiangmai, where the empirical work for this research was carried out, is one of the five provinces selected by the government to run the longstay project because it is recognised as having high tourism potential. The government longstay project has helped in the development of effective cooperation between the local government and the private sector (Chiangmai Chamber of Commerce, 2010).

Chiangmai literally means “new city” but it has been established for more than 700 years. It is located in the north of the country and covers an area of 20,107 square kilometres, subdivided into 25 districts, with a population of approximately 1.63 million people (Office of Chiangmai Election Commission, 2013). Chiangmai is an important city for the Thai economy and as a transportation hub. There is an international airport facilitating direct flights from overseas destinations. In addition, Chiangmai is in the process of being accredited as a “creative city” by the United Nations Educational, Scientific and Cultural Organization (UNESCO) (Farrell, 2011).

Figure 1.2 shows the position of Chiangmai province in Thailand and Figure 1.3 displays the districts.

According to the Department of Tourism (2011b), in 2011 about 43 thousand million Thai Baht was generated from over 4.5 million visitors. Chiangmai is the second biggest tourism and investment province of the country offering a variety of tourism

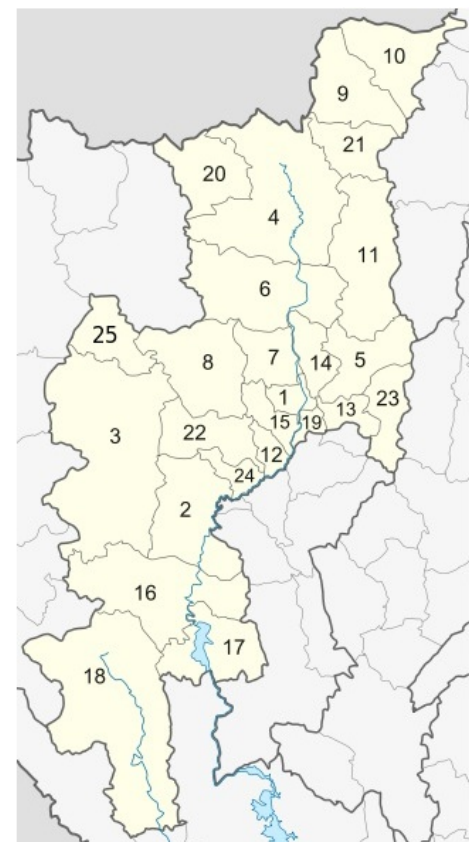
experiences. These are natural based, cultural based and special interest tourism and attract various segments of tourists from many nations. Chiangmai has also been designated as a strategic area for tourism development by the Lanna Group of Northern Thai cities and the Borderline Economic Group of Countries (Chouybumrung, 2004). With more than 20,816 rooms in 410 businesses, mostly concentrating in Muang Chiangmai District (number 1 in Figure 1.3), visitors have a broad choice of accommodation.

**Figure 1.2 Chiangmai Map**



Source: NordNordWest (2009)

**Figure 1.3 Map with Districts**



Source: Hdam (2009)

Most of the tourist accommodation enterprises in Chiangmai are small and medium size businesses; however, there is not enough evidence to confirm whether or not they are run by the owners and their families. As previously discussed, family run businesses in tourism and hospitality generally have visions and goals which influence the enterprises to take different directions to traditional entrepreneurs. Understanding

these family run hotels' visions and goals is imperative. The sustainability and continuous improvement of hotels is important to both the Royal Thai Government and the local tourism board to meet their provincial tourism development goals. From government statistics, the number of licensed hotels in Chiangmai is very low considering the quantity of existing accommodation businesses. It is unknown how the hoteliers practice and implement quality assurance principles in order to satisfy their various groups of customers who have different expectations and needs.

### **1.3 SCOPE OF THE RESEARCH**

This research is in the field of family business and quality assurance in the hotel sector. The scope of this research is described below:

- This research focuses on studying family run and owner-operated hotels in Chiangmai, Thailand (identified by the definition proposed in Chapter Two).
- The study aims to identify and examine the visions and goals of Chiangmai family run hotels, both the internal and external business environments in terms of quality assurance implementation, and international customer expectations.
- Based on the gap model, a service quality expectation evaluation framework, SERVQUAL (Parasuraman, Zeithaml and Berry, 1988), was modified to assess the customer expectations of the family run hotel sector in Chiangmai (Knutson et al. (1991). This instrument, which measures customer needs over five dimensions of service delivery, was refined and validated.
- A quality assurance model was then developed in the particular context of the Chiangmai family run hotel sector where the empirical research was conducted. However, it is hoped that it may have more general applicability for other types of family businesses in the tourism and hospitality industry.

The financial and service quality performances as well as customer satisfaction of family run enterprises were not addressed in this study.

#### **1.4 RESEARCH AIMS, QUESTIONS AND OBJECTIVES**

The aim of this research project was to develop a quality assurance model enabling Thai family run hotels to identify strengths and opportunities to improve their business practices aligned with their business motivations. The research is underpinned by the following research questions:

- (i) What are the visions and goals of family run hotels in Chiangmai, Thailand?
- (ii) What are the customer expectations of family run hotels in Chiangmai, Thailand?
- (iii) How do family run hotels meet customer expectations and family business goals?

In order to achieve the aim and to address the questions of this research project, the following specific objectives were identified:

- (i) To critically appraise the visions and goals of Chiangmai family run hotels.
- (ii) To ascertain customer expectations of family run hotels in Chiangmai.
- (iii) To critically examine the business environment of family run hotels in Chiangmai in terms of the implementation of quality assurance principles.
- (iv) To devise a generic model of quality assurance for family run hotels.

To achieve the above objectives, mixed methodology approaches were used. The overall study design was strengthened through the utilisation of a pluralistic

methodology (Clark and Creswell, 2007). The thesis methodology consisting of the research philosophy and design is further discussed below.

## **1.5 RESEARCH METHODOLOGY**

This section outlines the general research design and methodology adopted to achieve the aims and objectives mentioned in the previous section. Creswell (2003) suggested that researchers need to consider three framework elements; the philosophical assumptions, the strategy of research inquiry (research methodology) and the specific detailed procedures or research methods to be used in the early stages of designing the research. Therefore, this section starts by initially discussing the philosophy behind the methodology as well as the methods employed for data collection. The section also provides a detailed explanation of the research design in terms of the choice of the data collection which consisted of three main phases.

### **1.5.1 Research Philosophy**

Prior to outlining the methods of data collection and the analyses utilised within all phases of this research, it is imperative to understand certain philosophical assumptions or paradigms adopted for this study. Easterby-Smith, Thorpe and Jackson (2012); and Saunders, Lewis and Thornhill (2003) argued that a comprehension of philosophical issues helps researchers to clarify the research design appropriate to the research objectives. This section therefore starts by discussing research philosophies and concludes by determining the research paradigm appropriate to the research objectives previously described.

The two key philosophical traditions identified from the literature of business and relevant management science research were positivism (objectivism) and social constructionism related to phenomenology (subjectivism). These two paradigms are different in terms of ontological assumption (how a researcher views the nature of

reality) and epistemological assumption (what he/she perceives to be the best ways of inquiring into the nature of the world).

According to Easterby-Smith, Thorpe and Lowe (2002), the key idea of positivism is that the world exists externally and that its properties should be measured through objective methods, rather than being inferred subjectively through sensation, reflection and intuition. The knowledge developed through a positivist lens is only of significance if it is based on observation of this external reality. The methodology of research adopted by the positivist paradigm is based on a quantitative approach that is typically focused on testing hypothesis in a process of theory verification or testing.

On the other hand, the alternative philosophical approach, social constructionism, focuses on the ways that people make sense of the world especially through sharing their experiences with others via the medium of language (Easterby-Smith et al., 2012). The essence of this paradigm focuses on subjective interpretation rather than objective measurement. Social constructionists believe that a reality is determined by people and it is not objective and exterior. Therefore, the methodology of research adopted by the social constructionism paradigm is based on a qualitative approach typically through discussions in interviews and/or focus groups in a process of theory construction in which the researchers are involved with what is being studied (Easterby-Smith et al., 2012; Collis and Hussey, 2003).

Table 1.1 shows a comparison of the positivism and social constructionism paradigms through assumptions, implications, and methods. In comparing these two philosophical paradigms, it is essential to evaluate them based on their relation to social research methods and the author's epistemological assumptions in order to justify the selection of the methodology for this study.

**Table 1.1 Positivism Paradigm vs. Social Constructionism Paradigm**

	Positivism	Social Constructionism
<i>Assumptions</i>		
<b>Ontological</b>	The reality is objective and external (apart from the researcher)	The reality is subjective, and being determined by people
<b>Epistemological</b>	Researcher is independent from that being researched	Research interacts with that being researched
<b>Methodological</b>	<ul style="list-style-type: none"> <li>▪ Deductive process</li> <li>▪ Static design – categories isolated before study</li> <li>▪ Generalisation leading to prediction, explanation, and understanding</li> </ul>	<ul style="list-style-type: none"> <li>▪ Inductive process</li> <li>▪ Emerging design –categories identified during research process</li> <li>▪ Patterns, theories developed for understanding</li> </ul>
<i>Implications</i>		
<b>The observer</b>	Must be independent	Is part of what is being observed
<b>Human interests</b>	Should be irrelevant	Are the main drivers of science
<b>Explanations</b>	Must demonstrate causality	Aim to increase general understanding of the situation
<b>Research process through</b>	Hypotheses and deductions	Gathering rich data from which ideas are induced
<b>Concepts</b>	Need to be operationalised so that they can be measured	Should incorporate stakeholder perspectives
<b>Unit of analysis</b>	Should be reduced to simplest terms	May include complexity of ‘whole’ situations
<b>Sample requires</b>	Large numbers selected randomly	Small numbers of cases chosen for specific reasons
<b>Generalisation through</b>	Statistical probability	Theoretical abstraction
<b>Preferred research methods</b>	Quantitative research methods (e.g. questionnaire, experimental design)	Qualitative research methods (e.g. interview, observation)
<i>Methods</i>		
<b>Aims</b>	Discovery	Invention
<b>Starting points</b>	Hypotheses	Meanings
<b>Techniques</b>	Measurement	Conversation
<b>Analysis</b>	Verification/ falsification	Sense-making
<b>Outcomes</b>	Causality	Understanding

Source: Adapted from Easterby-Smith et al. (2012); Silverman (2005); Collis and Hussey (2003); and Creswell (2003)

This research focuses on the development of a quality assurance model to enable Thai family run hotels to identify their strengths and opportunities and improve their practices aligned with their motivations. Overarching concepts were established: to explore the existing quality assurance practices in family run and owner operated hotels

to develop an understanding of how these are implemented within their specific visions and goals; and to provide management guidelines to help improve service quality to meet customer expectations. As stated above, the first research question was “*What are the visions and goals of family run hotels in Chiangmai, Thailand?*” It is believed that the visions and goals can be observed and described from an objective viewpoint. After an initial literature review, hypotheses were implicitly deduced. Therefore, the answer to this research question is based on the positivism paradigm. The second research question, “*What are the customer expectations of family run hotels in Chiangmai, Thailand?*” is similar. It aimed to measure customer expectations which can be objectively measured. Consequently, the methodology for appraising both research questions was a deductive process with statistically quantitative methods. The third research question, “*How do family run hotels meet customer expectations and family business goals?*” aimed at increasing the general understanding of the situation. Rich data, from which ideas could be generated, were needed in order to develop understanding because the situation was unknown. For this reason, social constructionism was the paradigm used for the third research question. Due to subjectivity, qualitative methodology was employed through interviews incorporating stakeholder perspectives. In conclusion, this project used a multiple paradigm based in both the positivism and social constructionism views.

Creswell and Clark noted that ‘Different paradigms give rise to contradictory ideas and contested arguments - features of research that are to be honoured but cannot be reconciled’ (Creswell and Clark, 2010, p.45). Therefore, both positivism and social constructionism philosophies underpin this research but differently in each stage. A combination of paradigms and mixed methodology approaches are commonly used in management and business research. Easterby-Smith et al. (2012) noted that much of the interest in mixed methods come from positivists, who hold at least an internal realist



view of the world, on the grounds that added data and more perspectives will enable them to get closer to reality. However, Tashakkori and Teddlie (2003) argued that there is an idea that multiple paradigms may serve as a foundation for doing research in the social and behavioural sciences. In accordance with this notion, this study used mixed methods research. Multiple paradigm theorists believe that one type of paradigm is best used when doing one type of study (Tashakkori and Teddlie, 2003). Creswell and Clark (2010) gave six mixed methods design examples and then concluded that no single paradigm applies to all of designs and, therefore, multiple paradigms may be applied to various mixed methods designs.

### **1.5.2 Research Design**

The research design and the mixed methods used in this study to collect data are described in this section. For achieving the aims and objectives of this study, the research design must provide a rigorous research process, aligned with the investigator's philosophical assumption described in the section of research philosophy. This research was therefore designed to specifically follow the model-building process by utilising both quantitative and qualitative research techniques in the methodology based on multiple paradigms. This consisted of three main stages.

Preliminary Stage:           Establishing of the Conceptual Background

Empirical Study Stage:   Primary Data Collection

- Phase One - A Postal Survey
- Phase Two - Qualitative Interviews with Key Personnel
- Phase Three - Face-to-Face Questionnaires with Customers

Postlude Stage:           Development of a Generic Model of Quality Assurance

Table 1.2 illustrates the research objectives and how these were to be approached in methodological terms. This research, as mentioned above, relied on a

mixed method approach using both qualitative and quantitative methods in order to address the research objectives.

### ***Preliminary Stage***

The literature in the areas of family business, their visions and goals, entrepreneurship, quality management, the concepts of service, service quality measurement, customer expectations, Thailand tourism, and the longstay tourism context were critically appraised in the Literature Review sections of Chapter Two, Chapter Three, and Chapter Four. This stage aimed to underpin the theoretical foundations of the study and finally establish the initial conceptual framework for the generic model development process in the last stage.

**Table 1.2 Research Objectives Answered by Methodologies**

<b>Research Objective</b>	<b>Stage</b>	<b>Methodology</b>
1. To critically appraise the visions and goals of Chiangmai family run hotels.	Exploratory Empirical Study Stage: Primary Data Collection ▪ Phase One – A Postal Survey	Quantitative method
2. To ascertain customer expectations of family run hotels in Chiangmai.	Exploratory Empirical Study Stage: Primary Data Collection ▪ Phase Three – Face-to-Face Questionnaires with Customers	Quantitative method
3. To critically examine the business environment of family run hotels in Chiangmai in terms of the implementation of quality assurance principles.	Exploratory Empirical Study Stage: Primary Data Collection ▪ Phase Two - Qualitative Interviews with Key Personnel	Qualitative method
4. To devise a generic model of quality assurance for family run hotels.	Postlude Stage: Development of a Generic Model of Quality Assurance	Qualitative method

### *Empirical Study Stage*

Although the second stage was principally about primary data collection, some secondary data, such as government standards, were also collected from the field and on the websites of the organisations involved. Based on multiple paradigms, the empirical study stage was a combination approach using mixed methodology. Denzin (2009) argued that a sociologist should examine his/her problem from as many different methodological perspectives as possible because there is no error free research methodology. This stage was also integrated with the Preliminary Stage.

Although there are various types of research design, five principal research strategies: experiments, surveys, archival analysis, histories and case studies, are widely employed in social science research. However, choosing an appropriate research design involves the consideration of three criteria: the type of research questions or objectives posed, the extent of control an investigator has over actual behavioural events, and the extent of focus on current events in contrast to the past (Yin, 2009). As can be seen from Table 1.2, in order to achieve the research objectives, the empirical study stage consisted of three phases of primary data collection.

#### *- Phase One – A Postal Survey*

A structured questionnaire survey of family run hotel owners in Chiangmai established the basic data alongside a five-point Likert scale which was used to specifically and critically appraise their visions and goals. A five-point Likert scale is commonly used in Thai business research. The questionnaire was designed by utilising previous literature and research. The questionnaire was sent by post to the research population, all of the hotels listed in the Chiangmai hotel directory of The Tourism Authority of Thailand. The returned data was studied through descriptive, factor, and inferential analysis. The profiles of the family run hotel respondents emerged alongside

their visions and goals in Phase One and these were used as the subjects for Phase Two and the survey sites for Phase Three.

- *Phase Two - Qualitative Interviews with Key Personnel*

Phase Two aimed to answer the third specific objective of the research, ‘*to critically examine the business environment of family run hotels in Chiangmai in terms of the implementation of quality assurance principles*’. Building upon the analysis of Phase One data sets, Phase Two involved in-depth semi-structured interviews with key personnel from the family run hotels that responded to the Phase One questionnaire, including the Department of Tourism and the Chiangmai Tourism Business Association representatives. These interviews were designed to examine whether or not they embraced and engaged in quality assurance principles and practices and the rationale of such implementation. The in-depth interviews were analysed by grounded theory (Corbin and Strauss, 2008). The findings of the interviews synthesised with the secondary research data informed the PESTLE (Political, Economic, Sociological, Technological, Legal, and Environmental) and SWOT (Strengths, Weaknesses, Opportunities, and Threats) analyses in order to critically investigate macro and micro business environment both internally and externally.

- *Phase Three – Face-to-Face Questionnaires with Customers*

Phase Three comprised of a questionnaire survey of family run hotel guests in the Chiangmai area. The sampling frame was directly related and constructed from the in-depth analysis of the hotels’ ownership profile in Phase One (Veal, 2006). In other words, the family run hotels from Phase One respondents were the sites of the survey. This survey gathered data on international tourists’ expectations for service quality in Chiangmai family hotels. The questionnaire is based on the SERVQUAL (Parasuraman et al., 1988) customer expectation instrument which measures customer needs over five

dimensions of service delivery as demonstrated by Knutson et al. (1991) in the hotel sector. The service dimensions were validated by factor analysis and then examined by descriptive and inferential statistics.

### *Postlude Stage*

A generic model of quality assurance for family run and owner-operated hotels in Chiangmai was developed in the postlude state in order to meet the research questions and the specific objectives. This was grounded in the empirical findings of the analyses of the data from Phase One, Phase Two, and Phase Three. Underpinned by critical analysis and grounded theory (Charmaz, 2008), this model is a good basis for a quality assurance framework and also contributes to the body of knowledge.

## **1.6 LIMITATIONS OF RESEARCH**

There are certain limitations of this research in terms of methodological conditions. According to the sampling frame of the research, the study was conducted only within Chiangmai province. These samples are only able to represent family run or owner operated hotels in Chiangmai, not in the whole country of Thailand. The family run hotels in Chiangmai have a unique environment; this makes the generalisation of the study results to other businesses in different location settings problematic without changing the model to make it fit to other locations. The other limitations are discussed by Phases of the study.

For Phase One, the data collected has certain limitations due to the number of samplings and time. Although there is no absolutely acceptable level of return rate to a postal survey, with the exception of 100 per cent (Babbie, 2012), the usable response rate of this Phase of the main study was approximately 20 per cent (see Chapter Two) which is better than other studies in Thailand (Singhapakdi, Vitell and Leelakulthanit, 1994). The total sample size of this phase of the main study is an adequate sample size

for principal component analysis (Sapnas and Zeller, 2002). Sapnas and Zeller (2002) determined that a sample size of at least 50 and not more than 100 subjects is adequate; however, for other traditional studies, there should be at least 10 respondents per item analysed. In this case, the maximum items containing in the sets were 15 items. The acceptable sample size for 15 items is 150. A further comparison analysis to previous studies was not conducted due to differences in populations and samples.

Based on the qualitative methodology, the Phase Two analyses utilised secondary research and in-depth interview techniques. There are also limitations for these techniques. First, the number of interviewees was small; consequently, it cannot represent the population of Chiangmai family run hotels. With respect to the purpose of the study, participating interviewees were sampled purposively from Phase One to ensure that they were family businesses. Due to this limited sampling, it cannot be affirmed that the evidence of family run hotels' quality assurance implementation in this study can be repeated; only the possibility can be claimed (Denzin and Lincoln, 2011). Like other qualitative research, Phase Two results may be questionable due to possible researcher bias (Kincheloe and McLaren, 2011).

The Phase Three survey was administered during September – October 2012 which was not the high season in Chiangmai, therefore, the number of nationalities represented may have been limited. Consequently, the samples may not reflect the expectations of all international tourists who visit Chiangmai over the whole year. Moreover, only specific family run hotels granted permission to conduct the research with their customers on site.

Any research may have limitations depending upon the methodology and approach used. Therefore, it must be borne in mind that some subjectivity may occur in the findings because they were constructed from the specific chosen approaches for different phase of the research. However, Chanthes (2010, p.240) noted that 'to clarify

the research limitations does not devalue the accountability and reliability of its findings and their implications in the field; rather, it helps to illuminate optimum ways to make sense of these findings’.

## **1.7 CONTRIBUTIONS OF THE RESEARCH**

This study will add to the existing knowledge of quality assurance, customer expectations, and visions and goals of family businesses in the hotel sector. This thesis provides new research on family businesses’ visions and goals relating to service delivery and quality assurance in the tourism and hospitality industry which were not previously investigated.

Very few family business studies to date have focused on visions and goals and the business environment factors that influence service quality assurance. There has been very little previous research into family businesses in the hotel sector in Thailand. None has analysed Thai family run hotels’ service delivery or the importance of visions and goals as a constituent of quality assurance.

Not only will family run hotels in Thailand benefit from this study but also the Royal Thai Government, the Ministry of Tourism and Sport, and academia, especially the Thai organisations in the field of tourism and hospitality. This thesis contributes to the existing literature on service quality as well as the impact of family business vision and goal factors, such as motivations, upon service delivery.

The influence of family run and owner-operated hotels’ visions and goals upon their quality assurance implementation within a dynamic business environment is a new topic in the literature. Another contribution is that few researchers have adopted the methodology that this thesis employed in empirical research on quality assurance in the form of mixed methodology based on multiple paradigms.

Finally, another contribution to knowledge is that the researcher has developed a generic model of quality assurance for family run hotels. This model is devised from the

analysis of the data sets to enable these enterprises to meet their visions and goals as well as customer expectations and thereby contribute to the business improvement and service quality management of hotels in Thailand in generally.

## **1.8 ORGANISATION OF THE THESIS**

This section presents the structure of the research. This thesis is organised in five chapters, as follows:

- Chapter One, as the introductory chapter, provides an overview of the research including: research background, scope of the research, and research aims, questions and objectives, research philosophy leading the design and methodology, limitations, and contribution as well as the structure of the thesis.
- Chapter Two presents Phase One of the study aiming to critically appraise the visions and goals of Chiangmai family run hotels. A review of the literature related to family business definitions, its general concepts and application in tourism and hospitality, family business in Thailand, distinct entrepreneurial motivations, quality issues for family businesses in the industry, Thai tourism quality schemes and longstay tourism was carried out and discussed. The methodology used in this phase, the results emerging from the analysis, discussions and implication are also provided.
- Chapter Three includes Phase Two's literature review on the topics of definition of quality, quality management evolution with well-known tools and approaches, service quality and two schools of thought, service dimensions, service quality improvement models, quality management in tourism and hospitality, and the concept of business environment. The methodology used, the analysis findings, and the discussion of the results which aimed to critically



examine the business environment of family run hotels in Chiangmai in terms of the implementation of quality assurance principles are presented.

- Chapter Four discusses Phase Three of the research which aimed to ascertain customer expectations of hotels in Chiangmai as the second specific objective of the research. The literature concerning customer expectations, satisfaction, and influential service quality measurement tools such as SERVQUAL, particularly in the hospitality industry as well as longstay tourism service needs, were reviewed. The findings of the analysis by the quantitative methodology adopted are shown before they are discussed.
- Chapter Five offers the salient findings of Phase One, Phase Two, and Phase Three's analyses in order to present an overall view of family run and owner-operated hotels' characteristics, motivations and goals, business environment in terms of the implementation of quality assurance principles, and their customer expectations. A critically grounded generic model of quality assurance for family run hotels was devised from the evidence from the data of three phases. The development of this generic model makes a contribution to the body of knowledge. This conclusion of the thesis together with its implications leads to recommendations for future research.

## **1.9 CONCLUSION OF CHAPTER ONE**

This thesis develops a quality assurance model enabling Thai family run hotels to identify strengths and opportunities to improve their business practices aligned with their business motivations. This chapter highlighted the background of this research, the scope of the study, the aim, specific objectives and the research questions. The study design and methodology used to achieve the objectives, underpinned by the research philosophy, were revealed. The limitations and contributions of this research were

presented, followed by the structure of the thesis with a brief summary of each of its five chapters.

The next chapter firstly sets out the theoretical background of family business in terms of motivations and goals in tourism and hospitality. Secondly, the definition employed for this research is identified and then, finally, the visions and goals of these businesses in Chiangmai were investigated through a questionnaire survey.

## **CHAPTER TWO**

### **THE VISIONS AND GOALS OF FAMILY RUN HOTELS IN CHIANGMAI**

Globally, the provision of tourist accommodation is dominated by family run businesses that are owned and/or operated by members of a single family (Kanthan and Anjaneyaswamy, 2009; Zapalska and Brozik, 2007; Getz and Carlsen, 2005; Peters and Buhalis, 2004). Family enterprises in the tourism and hospitality industry are significant in terms of numbers, economic value and business longevity. Vision and goals play a vital role in all businesses and, as Chua et al. (1999) claimed, a common vision that is accepted by all members is the essence of a family enterprise and is crucial to competitiveness (Poza, 2010). However, little academic research on family run hotels in Thailand, where the empirical work for this project was carried out, has been reported. This chapter examines the theoretical background of family business motivations and goals before critically examining the start-up, operational, family, and ultimate disposition visions of the family run and owner-operated hotels in Chiangmai, Thailand. This is Phase One of the study.

In line with other fields and industries, there is no consensus on a definition of family business and in some countries the ‘construct equivalence’ of the term ‘family business’ is not widely used (Birley, 2001, p. 75). Often family businesses are simply put into the category of Small and Medium Enterprises (SMEs) which ignores the fact that ownership makes a significant difference to many dimensions of operation (Getz et al., 2005). The field of family business studies is outlined in this chapter with an emphasis on definition. A definition compatible with the Thai tourism and hospitality industry context was selected for identifying family businesses in the Chiangmai hotel sector for this research.

Additionally, there is evidence showing that the motivations and goals of family business owners are different from those of other types of ventures, especially in the tourism and hospitality industry. Getz and Carlsen (2005); Gartner (1990); and Carland et al. (1984) argued that lifestyle and autonomy goals are predominant in family tourism and hospitality businesses rather than profit maximization or business growth which require entrepreneurship. This notion is parallel to Simon (1959) concept that profit maximisation is not always the entrepreneurs' goal for running businesses.

This chapter also provides an in-depth discussion of the literature on the motivations and goals of family business owners in the tourism and hospitality industry. Furthermore the literature concerning other factors that affect the ability of family businesses to be of a high quality and also to deliver high quality products, such as the business size, finance, seasonality, personnel training and experience, and business goals and motivations, are considered.

The Royal Thai Government has recognized the importance of maintaining and improving service delivery, organisational efficiency, and competitiveness in the tourism and hospitality industry. Continuous improvement is highly important to an industry where products are often similar and service is one way of distinguishing offerings to maintain a competitive edge (Heskett et al., 1997). Consequently, the government has launched a star based accommodation standard scheme (The Ministry of Tourism and Sports of Thailand, 2009b). These standards cover specific hotel niche markets such as longstay customers who are mainly mature tourists. Nevertheless, the introduction of these government quality schemes have not incentivised hoteliers to engage with them (Tourism Authority of Thailand, 2009b).

This research initially investigated the standards accreditation of family run hotels in Chiangmai. The owners of family run hotels were surveyed to establish their demographics and business profiles. The empirical work also aimed to appraise

critically their goals pertaining to business start-up, operation, the family, and the ultimate disposition of the enterprise. The survey questionnaires were evaluated by descriptive and factor analysis.

The analyses of the data revealed that a large majority of the respondents were middle-aged sole proprietors who had been operating micro-size hotels for over a decade. Lifestyle, modest and descendant-related goals were predominant, but there was still the recognition that business opportunities and revenue were also important. Most respondents had no plan for, and were uncertain about, the ultimate disposition of the business. The investigation into the use of standards accreditation by family run hotels demonstrated a weak engagement with the national quality schemes.

This chapter concentrates on the motivations and goals of family businesses and provides a contribution to knowledge within the context of family run hotel management principles and practice. Specifically, the research explored family business visions and goals against entrepreneurship models explained in depth in the literature review. The critical appraisal of such visions and goals enhances the understanding of the directions of Chiangmai hotel family business enterprises. Moreover, implications are drawn for family run hotel businesses, as well as tourism policy planning.

## **2.1 LITERATURE REVIEW OF PHASE ONE**

The relevant literature was reviewed to provide the theoretical foundations for the appraisal of the visions and goals of family run hotels in Chiangmai, Thailand. A particular emphasis was placed upon the goals and objectives of family businesses and on entrepreneurship in the tourism and hospitality industry. Firstly, the definition, scope and interpretation of the term “family business” was examined and, also, how the phrase is used specifically in Thailand. Secondly, the unique characteristics of family businesses, particularly of those in the tourism and hospitality industry, were identified and then compared to traditional entrepreneurship models. Thirdly, Thai tourism quality

schemes were investigated and, fourthly, the concept of longstay tourism was explored. Finally definitions of “family business” and “long stay tourism” were identified for this project.

### **2.1.1 Definition of Family Business**

A “family business” has been the starting point of many large and successful businesses and several play a significant role in the world’s economy such as Wal-Mart, Cargill, Ford (Kenyon-Rouvinez and Ward, 2005) and the Marriott hotel chain (Marriott, Marriott and Brown, 2000). Sixty four per cent of the United States gross domestic product (GDP) is generated by family businesses (Astrachan and Shanker, 2003) and half of the world’s workforce is employed by them (Morck and Yeung, 2003; Heck and Stafford, 2001; Klein, 2000). In addition, recent capital market research has revealed that several global public companies are controlled by specific families through majority shareholding, for example Europe’s largest retailer, Carrefour, is controlled by the Defforey family (Mroczkowski and Tanewski, 2004). The world’s oldest tourism and hospitality enterprise, the Nisiyama Onsen Keiunkan hotel, started as a family business in the year 705 and the second oldest, the Hoshi Ryokan hotel, is still operated by the 46th generation of the founding family (O'Hara, 2004; The Economist, 2004). However, there is no consensus on the definition of “family businesses” as a distinct form of management in the literature.

There have been discussions by management academics and practitioners regarding definitions of the term family business. These include ‘what sets them apart from other forms of ventures?’ and ‘what are their specific characteristics?’ Sharma, Chrisman and Chua (1996) found 34 definitions of family business. Since their study, several new definitions have emerged in the literature highlighting the complexity of family run businesses and families in business. Definitions often appear to be predicated by the form of business being studied, for example sole proprietor, and the purpose of

the research (see Appendix A). An appraisal of the literature (Appendix A) shows that there have been changes in the definitions of family business over time involving such aspects as the number of generations of the family immediately involved and the level of involvement of individual family members; there has been a recent emphasis on the ownership and management of the company. However, key elements defining family business are consistently the ownership and transfer of property.

Chrisman, Chua and Steier (2002) argued that the foundation for differentiating between family and non-family businesses is provided by ownership, management, and the intention for family succession, whereas Upton, Teal and Felan (2001) proposed that the conditions of ownership and control by the family are fundamental. Sharma et al. (1996) opined that kinship influence on decision-making is important but for Stewart (2003) the crux of a family business was the intent to transfer the firm within the lineage.

The definitions for family business identified by Sharma et al. (1996) can be grouped into three combinations of ownership and management: (i) family owned and family managed, (ii) family owned but not family managed, and (iii) family managed but not family owned. In 1999, Chua et al. pointed out the differences between theoretical and operational definitions of family business. From their literature review, they developed a theoretical definition of family business based on family involvement in terms of ownership and management. However, their empirical research found that this definition was not broad enough and failed to capture the essence of this type of business which included vision and intention. Litz (1995) proposed to address the definitional confusion of the term “family business” through two complementary approaches: a structure-based approach which considers family involvement in the firm ownership and management, and an intention-based approach, which focuses on the realised and unrealised value preferences of the higher echelons of the business.

Further, Neubauer and Lank (1998) identified the ten most common elements from the innumerable descriptions of family business. They are:

- i) The percentage of share capital, either voting or otherwise, owned by a family,
- ii) Employment of the family in executive or other positions,
- iii) The existence of non-family executives or employees,
- iv) The extent to which the intention is to maintain family involvement in the future,
- v) The number of generations of the owning family involved in the business,
- vi) The number of the family involved in either management and/or ownership,
- vii) Whether the family accepts that it controls its own enterprise,
- viii) Whether non-family employees accept that it is a family enterprise,
- ix) Whether direct descendants of the founder have management and/or ownership control, and
- x) The size of the enterprise, particularly the number of employees.

Family businesses constitute a major portion of companies in terms of number and value in several countries as mentioned above. It is generally accepted that “family business” is unique, but the literature continues to define this term in different ways. In other words, there have been various definitions identifying the attributes that distinguish family businesses from others. However, there is no common consensus on a definition although academics have been making a great effort to develop a generally accepted term (Benavides-Velasco, Quintana-García and Guzmán-Parra, 2013; Miller and Le Breton-Miller, 2007).

### **2.1.2 General Concepts of Family Business**

Tagiuri and Davis’s (1996) research into bivalent attributes of family businesses identified that issues of family, business and ownership were common subjects of conflict and prioritisation. These ideas were further developed, along with Hoy and

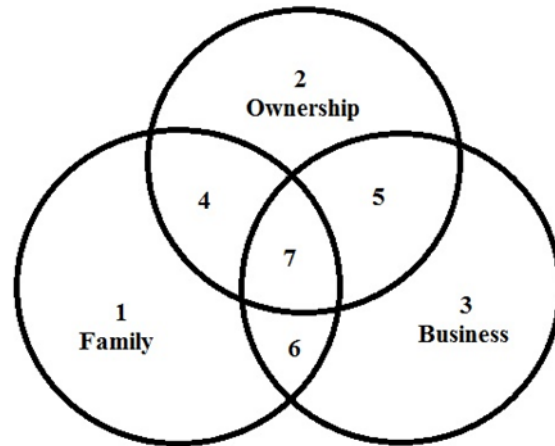


Vesper's (1994) work, by Gersick, Davis, Hampton and Lansberg (1997) who justified a separate category of "family business" due to these ventures being composed of the three overlapping systems of family, business, and ownership. Gersick et al. (1997) developed a model based on the interrelationship of these three components (Figure 2.1). A survey of the literature (Appendix A) shows an agreement that all three components of this model, family, business and ownership, are necessary elements to some degree for an organisation to be identified as a "family business". This model has been used to analyse the sources of conflict and priorities in family businesses.

In this model, there are seven sections representing each stakeholder in a family business. Understanding this model and knowing each individual's role (Number 1 – 7 in Figure 2.1) helps show how organisational characteristics influence individual points of view. The entire family business may change as an individual's influence spreads across sections of the model and such ripples cause a reaction within the whole system (Collins et al., 2012). Most family businesses are a combination of people who have differing viewpoints based on their membership in the family, business and ownership domains. This model illustrates the source of interpersonal conflicts, role dilemmas, priorities, boundaries in family firms, and the complex interactions within a family (Gersick et al., 1997). This is a very useful tool for an in-depth examination of the family business phenomena.

This classic three-circle model has been widely used in the field because it is able to portray family business development at specific times (Eddleston and Kellermanns, 2007; Miller and Le Breton-Miller, 2006; Kellermanns, 2005; Sonfield and Lussier, 2004; Anderson, Mansi and Reeb, 2003; Habbershon, Williams and MacMillan, 2003; McCann, Leon-Guerrero and Haley, 2001).

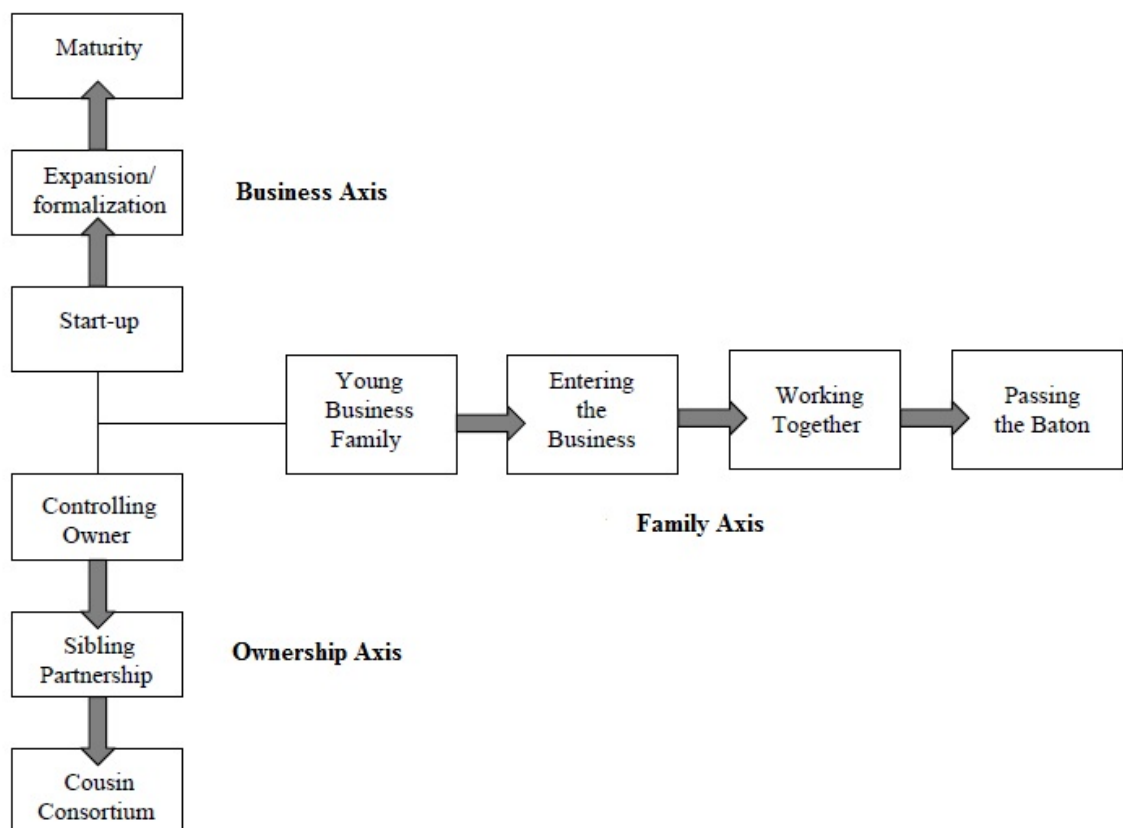
**Figure 2.1 The Three-Circle Model of the Family Business System**



Source: Gersick et al. (1997)

However, in order to examine the progression and life cycle of owner, family, and business attributes over time, Gersick et al. (1997) evolved the three domains into axes creating a developmental model for family businesses (See Figure 2.2).

**Figure 2.2 The Three-Dimensional Developmental Model of Family Business**



Source: Gersick et al. (1997)

The first axis (Figure 2.2) represents “Family” which is a group of two or more people biologically related by blood and/or by a legal relationship such as marriage or adoption. This axis points out the status of the family in the life cycle. It illustrates the generation of a family that is currently running the business. The four stages of this axis, “young business family”, “entering the business”, “working together”, and “passing the baton” have different characteristics such as the ages, or generations, of the family members working together. The challenges to the business in this axis are caused by internal factors.

The second axis is “Business”. As an economic unit, the business is a commercial firm that provides, distributes and/or exchanges products and services with customers. The first stage of the axis is “start-up”, followed by “expansion/formalisation”, and then “maturity”. The challenges that the family business encounters on this axis are from the external environment.

The last axis of the model is “Ownership”. It represents the pattern of ownership of the business which may belong to one member, and/or to a small group of descendants. The three stages of “controlling owner”, “sibling partnership” and “cousin consortium” are aligned with the family axis stages. The challenges for each stage of this axis are both internal and external.

Utilising the characteristics of each stage of the three axes (see Table 2.1), Gersick et al. (1997) illustrated, from a case study, that each stage has key challenges and therefore they concluded that each family, business, and ownership stage has different characteristics and challenges. For example on the Business axis in the Start-up stage; a characteristic of a family owned business is that it has an informal organisational structure with the owner-manager at the centre and the major challenge is the survival of the new enterprise.

**Table 2.1 Characteristics of Family Business Through Stages of Development**

Axis	Stage	Characteristics	Challenges
<b>Family</b>	Young Business Family	<ul style="list-style-type: none"> <li>▪ Adult generation under 40</li> <li>▪ Children, if any, under 18</li> </ul>	<ul style="list-style-type: none"> <li>▪ Creation a workable marriage enterprise</li> <li>▪ Making initial decisions about the relationship between work and family</li> <li>▪ Working out relationships with the extended family</li> <li>▪ Raising children</li> </ul>
	Entering the Business	<ul style="list-style-type: none"> <li>▪ Senior generation between 35-55</li> <li>▪ Junior generation in teens and 20s</li> </ul>	<ul style="list-style-type: none"> <li>▪ Managing the midlife transition</li> <li>▪ Separation and individuation of the younger generation</li> <li>▪ Facilitating a good process for initial career decisions</li> </ul>
	Working Together	<ul style="list-style-type: none"> <li>▪ Senior generation between 50-65</li> <li>▪ Junior generation between 20-45</li> </ul>	<ul style="list-style-type: none"> <li>▪ Fostering cross-generational cooperation and communication</li> <li>▪ Encouraging productive conflict management</li> <li>▪ Managing the three-generation working together family</li> </ul>
	Passing the Baton	<ul style="list-style-type: none"> <li>▪ Senior generation age 60 and over</li> </ul>	<ul style="list-style-type: none"> <li>▪ Senior generation disengagement from the business</li> <li>▪ Generational transfer of family leadership</li> </ul>
<b>Business</b>	Start-up	<ul style="list-style-type: none"> <li>▪ Informal organisational structure, with owner-manager at centre</li> <li>▪ One product</li> </ul>	<ul style="list-style-type: none"> <li>▪ Survival (market entry business planning, financing)</li> <li>▪ Rational analysis versus the dream</li> </ul>
	Expansion/For malization	<ul style="list-style-type: none"> <li>▪ Increasingly functional structure</li> <li>▪ Multiple products or business lines</li> </ul>	<ul style="list-style-type: none"> <li>▪ Evolving the owner-manager role and professionalising the business</li> <li>▪ Strategic planning</li> <li>▪ Organisational systems and policies</li> <li>▪ Cash management</li> </ul>
	Maturity	<ul style="list-style-type: none"> <li>▪ Organisational structure supporting stability</li> <li>▪ Stable (or declining) customer base, with modest growth</li> <li>▪ Divisional structure run by senior management team</li> <li>▪ Well-establish organisational routines</li> </ul>	<ul style="list-style-type: none"> <li>▪ Strategic refocus</li> <li>▪ Management and ownership commitment</li> <li>▪ Reinvestment</li> </ul>
<b>Ownership</b>	Controlling Owner	<ul style="list-style-type: none"> <li>▪ Ownership control consolidated in one individual or couple</li> <li>▪ Other owners, if any, have only token holdings and do not exercise significant ownership authority</li> </ul>	<ul style="list-style-type: none"> <li>▪ Capitalisation</li> <li>▪ Balancing unitary control with input from key stakeholders</li> <li>▪ Choosing and ownership structure for the next generation</li> </ul>
	Sibling Partnership	<ul style="list-style-type: none"> <li>▪ Two or more siblings with ownership control</li> <li>▪ Effective control in the hands of one sibling generation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Developing a process for shared control among owners</li> <li>▪ Defining the role of non-employed owners</li> <li>▪ Retaining capital</li> <li>▪ Controlling the fractional orientation of family branches</li> </ul>
	Cousin Consortium	<ul style="list-style-type: none"> <li>▪ Many cousin shareholders</li> <li>▪ Mixture of employed and non-employed owners</li> </ul>	<ul style="list-style-type: none"> <li>▪ Managing the complexity of the family and the stakeholder group</li> <li>▪ Creating a family business capital market</li> </ul>

Source: Adapted from Gersick et al. (1997)

Based on this augmented model, Rutherford, Muse and Oswald (2006) identified key groups of variables that can help to explain family business development, particularly owner, firm, and family characteristics. They administered the first empirical test of Gersick et al.'s (1997) Three-Dimensional Development Model of Family Business (Figure 2.2). Their findings identified key groups of variables that can explain family business development and, simultaneously, determine owner, firm, and family characteristics to augment this model. Additionally, this generic model of family business development contributes to the framework for appraising the nature of this type of enterprise in the tourism and hospitality industry (Getz and Carlsen, 2005).

Although several definitions of family business are used in the literature, there is an accepted concept of this unique kind of firm's systems (business, ownership, and family) illustrated by the three-circle model developed by Gersick et al. (1997). In the same work, they extended the model into axes to demonstrate the stages of these three components which have different characteristics and challenges for family businesses in general.

### **2.1.3 Concepts of Family Business in Tourism and Hospitality**

Getz and Carlsen (2005, p. 237) argued that 'tourism offers many opportunities for family businesses, often embodying direct host-guest interaction in the family home or property'. The tourism industry is dominated by family run enterprises, that are owned and/or operated by members of a single family including micro enterprises, and Small and Medium Enterprises (SMEs) (Kanthan and Anjaneyaswamy, 2009; Zapalska and Brozik, 2007; Getz and Carlsen, 2005; Peters and Buhalis, 2004). These findings are in accordance with Middleton's (2001) research which claimed that most firms in the tourism economy are small, many employing only the owners and their family.

Getz, Carlsen and Morrison (2004) revealed that family businesses in the tourism industry, are mainly individual owners and "copreneurs", couples as business

partners (Fitzgerald and Muske, 2002; Barnett and Barnett, 1988; Hollander and Elman, 1988), rather than being cross-generational or inherited. Therefore they are not characteristic of the developmental model of family businesses (Figure 2.2) developed by Gersick et al. (1997). Wilson (2007) examined open-farm businesses in Northern Ireland with the model and found that on the family and business axes these shared many similarities with other small family tourism businesses, such as location, multi-product experience preparation, and lifestyle orientation. The findings of Getz et al. (2004) were different at the early stage of the family axis as they discovered that the involvement of children in the businesses was unique particularly for tourism family ventures in rural areas.

For the tourism and hospitality industry, the concept used for general family business is not a perfect fit. Empirical research has found that the characteristics of the axes of family businesses in this industry are different.

#### **2.1.4 Family Business in Thailand**

The interest in family businesses among academics and practitioners has increased worldwide (Poutziouris, Smyrniotis, Klein and Academy, 2006). However, the “construct equivalence” of the term “family business” is not applicable in every country (Birley, 2001, p. 75). In Thailand, there is a dearth of studies that define family business. Wonglorsaichon and Banchuenvijit (2008) used four definitions to categorise businesses into family and non-family ventures. Amongst the criteria used were common last names of the persons who had control of the firms and its shareholders. They found that over half of all companies listed on the Stock Exchange of Thailand are family businesses having a market value of 107 Billion Baht or 30.8 Billion US Dollars, 23.08 per cent of the value of the Stock Exchange, confirming that family enterprises are significant in terms of both numbers and value. Yammeesri and Lodh (2004) examined the relationship between family ownership and business performance in

Thailand during 1998-2000. They used family-controlling ownership, managerial-family and managerial-non-family ownership as their criteria for family business. Navavongsathian (2010) examined the factors affecting the sustainable growth of family businesses listed on the Stock Exchange of Thailand using Wailersak's (2006) criteria of the major shareholders' family names. However, the meanings and descriptions of Thai family business used in several studies are not clear (Umaporn and Toryos, 2010; Bertrand, Johnson, Samphantharak and Schoar, 2008; Rodsutti and Makayathorn, 2005; Suehiro, 1993). Most of the previous Thai family business studies examined large size enterprises and public companies and the definitions used are not suitable for micro, small, and medium sized firms which comprise the majority of enterprises in the country.

Although tourism is a major source of income for Thailand, there are not many studies specifically focussed on this industry. Previous research related to family run hotels did not specify the definition utilised. The Business Plus Editor Team and 106 Group University of the Thai Chamber of Commerce (2010b) study of success factors of a family run business in Khonkhaen province did not specify how they identified the subject hotel.

In order to fill this definitional gap, a holistic approach was taken to identify the most appropriate established definition from the tourism and hospitality domain. This enabled the identification of suitable subjects for this research.

Literature on family businesses particularly in the tourism and hospitality industry overlaps in several ways with that of SMEs, however there are significant differences such as succession, interactions between family dynamics and business operations, and business goals (Smith, 2006; Getz et al., 2005; Getz and Carlsen, 2000). The Office of Small and Medium Enterprises Promotion of Thailand (2002) use a definition of SMEs based upon the number of employees and the value of long term

assets. For service businesses, a small enterprise has 50 or less employees; this definition can, therefore, include a wide range of businesses including sole traders. Tassiopoulos (2011) and Käser (2010) suggested a new classification of SMEs in tourism, which included micro-enterprises for businesses of 20 or less employees.

The definitions operationalized in family business research in Thailand are not compatible with the characteristics of tourism and hospitality enterprises. The family business description of Poutziouris, Steier and Smyrniotis (2004, p.8) is more relevant to private companies. They defined family businesses as ‘owner-operated/managed ventures with family members (and/or family units) predominantly involved in the administration (managerial and financial), operations and strategic determination of corporate destiny’. Getz and Carlsen (2000) also used “owner-operated” or “one family having a controlling interest” as the definition implemented in their research and this includes one owner, sole proprietorship. According to this definition, Getz et al. (2005) aggregated owner-operated and family-owned businesses in the tourism sector into the SME category. Due to the characteristics of tourism and hospitality enterprises in Thailand, Getz et al.’s definition of owner-operated and family-owned enterprises is the most suitable for identifying family businesses in Thailand.

### **2.1.5 Distinct Entrepreneurial Motivation**

As mentioned previously, the theoretical essence of a family business lies in the vision of its dominant family members (Chua et al., 1999). Generally, the goals of family firms are different from others which are publicly traded and professionally managed. File, Prince and Rankin (1994) classified family business characteristics as including family dynamics, the balance of family and business needs, the primary goals of the business, and the approach to adapting to changing conditions. Within various environments, start-up motivations and goals are influential in entrepreneurship (Naffziger, Hornsby and Kuratko, 1994). Greenberger and Sexton (1988) added the



concept of vision, the abstract image of the business type that entrepreneurs aim to establish and the desired direction in which the business will go. Shane, Locke and Collins (2003) argued that motivational differences influence entrepreneurship such as the ability to identify and seize a business opportunity, to make strategic plans and implement them. Entrepreneurship is the state of being an owner-entrepreneur, either a new business founder or a current trader, (Shane and Venkataraman, 2000) starting up a business and taking the necessary risk (Koiranen, 2004).

Glancey and Pettigrew (1997, p.23) argued that the motivation for founding a business can be divided into two broad groups: “push” factors, such as redundancy, job insecurity, or a need for supplementary income, and “pull” factors, the desire to “be your own boss”, to make high levels of profit, spotting a business opportunity, or winding down to retirement. In early research, Schumpeter (1934) argued that an entrepreneur aims for profit and growth as his/her business objectives. However, non-economic determinants of entrepreneurship such as social mobility, psychological factors, legitimacy, and ideology have been introduced later into the research field (Greenbank, 2001; McKay, 2001).

Lifestyle and autonomy are family motivators alongside entrepreneurship (Getz et al., 2005). These motivators affect business size, innovation, control, communications and decision making. Getz et al. (2005), Gartner (1990), and Carland et al. (1984) argue that lifestyle and autonomy goals are predominant in family run tourism and hospitality businesses rather than profit maximization or business growth. Profit maximization and business growth would require at least some entrepreneur character traits, human predispositions which are specifically crucial in the entrepreneurship situation. Bird (1989), Burns (2011) and Deakins and Freel (2009) identified entrepreneurship traits as including opportunism, innovation, self-confidence, proactivity and decisiveness with high energy, self-motivation, vision and flair, risk taking, and creativity. However, these

traits have been generally criticised and shown to possess some limitations (Bridge, O'Neill and Cromie, 2003; Vecchio, 2003). Some criticism has focused on a number of methodological problems in the statistical approach identifying the traits. A further concern in trait research was the lack of attention to how an individual can develop, learn, or change as entrepreneurial activities, which are unstable, alter over time (Stokes, Wilson and Mador, 2010). It was also identified that the methodology tended to ignore factors such as cultural and environmental influences, education and training, and other demographic factors (e.g. age, gender, race, and social class) (Burns, 2011). Even with these issues, entrepreneurial trait theory is still widely used. Chell (2008) argued that the entrepreneurial personality is not only socially constructed but also presents consistency in behaviour, skills and competencies. Consequently, Gartner (1989) recommended a focus on the process of entrepreneurship of which personality and traits are components.

Several studies reveal diverse motivations in start-up businesses, for example, Amit, MacCrimmon, Zietsma and Oesch (2001) found that money was not the first priority in venture decisions for Canadian technology entrepreneurs, whilst the primary reason for running agri-tourism in Virginia, the United States, was for additional income (McGehee and Kim, 2004). Kotey (2005) examined differences between family and non-family SME goals, management practices and performance. She argued that in small firms business goals are not separable from personal goals. The differences between family and non-family small firms are progress, ownership structures and different strategies to realize expansion goals. Generally, business motives are growth-oriented but those of owner-operators are not. Sharma et al. (1996, p.9) argued that 'family business goals are likely to be quite different from the firm-value maximization goal assumed for the publicly traded and professionally managed firms'. While Chua et al. (1999) claimed that a vision, accepted by the members, is the theoretical essence of a

family business. An accepted family vision is a crucial strategy for family business competitiveness (Poza, 2010).

Different categories of family businesses have a variety of motivations and goals. To illustrate this, Poza (2010) classified them into “family-first”, “management-first” and “ownership-first businesses”. “Family-first” exists primarily for the purposes of the family; it is a part of their lifestyle. Consequently, continuity of the business across generations depends on individual family members; if a successor does not desire this goal, the business tends to be sold. On the other hand, “management-first” aim for growth and performance. In “ownership-first” ventures, the most significant issues are investment and financial results. Globally, many family businesses are still faced with a conflict of family harmony and business success (Carlock and Ward, 2010).

Several studies of tourism business owners have identified the prominence of characteristics and goals being different from traditional entrepreneurship (Morrison, 2006b; Getz et al., 2005; Getz and Carlsen, 2000; Gartner, 1990; Carland et al., 1984). Noneconomic reasons, such as self-employment, improved lifestyle, semi-retirement working, and moving to a preferred location have been identified as prime motivators for starting a business (Shaw and Williams, 2004; Nilsson, Petersen and Wanhill, 2005; Andersson, Carlsen and Getz, 2002; Middleton, 2001; Ateljevic and Doorne, 2000).

Morrison (2006b) analysed family and owner-operated businesses in the tourism industry by entrepreneurial process. She concluded that industry setting modifiers (e.g. business environment, host-guest relations, cyclical demand, and seasonality) and the family-business organizational nexus interact to produce outcomes that lack entrepreneurial intensity. Rogerson (2005) conducted studies in the United Kingdom and New Zealand and found that the majority of small and medium tourism enterprises do not desire to grow because of personal or environmental factors.

Getz and Carlsen (2000) explored rural tourism and hospitality family businesses in Western Australian and showed that the predominant motive and goal for starting or purchasing a business was that of lifestyle and autonomy. These visions and goals are different from those of other businesses where profit maximization or “growth of the business” predominate (Peters et al., 2009). This notion supports the study by Reijonen (2008) on microbusinesses (enterprises with less than 20 employees as defined by Käser (2010) in the craft and rural tourism industry in Eastern Finland. This research found that they were not oriented towards growth, but to quality of life, job satisfaction and satisfied clientele.

Schroeder (2004) examined 27 tourism operators in North Dakota and found that diversification, personal recreational interests, taking advantage of environmental opportunities, helping to keep their children in the area, civic mindedness, and personal relationships with customers were the main motivations. Research into entrepreneurship in the Malaysian tourism industry by Jaafar, Abdul-Aziz, Maideen and Mohd (2011) also found that lifestyle and autonomy were prime motivators.

In conclusion, a number of studies show that the motivations and goals of owner-operated and family run businesses in the tourism and hospitality industry differ from those of general entrepreneurship. Although non-economic oriented family enterprises have been increasingly forced to take a more entrepreneurial stance, such as risk investment and a transition from family to professional management (Kreiser, Ojala, Lamberg and Melander, 2006), Getz et al. (2004) argued that the vast majority of tourism enterprises, which are mostly run by owners and families, still persist as small, hands-on operations and have low entrepreneurial intensity (Morrison, 2006b).

#### **2.1.6 Quality Issues for Family Business in Tourism and Hospitality**

In a highly competitive global economy, continuous improvement is one of the key success factors for businesses in every industry. Heskett et al. (2003, p.ix) argued

that ‘winning organisations have strategies encompassing well-aligned cultures as well as market and operation foci designed to deliver results and process quality (versus products and services) to important constituencies’. For the tourism and hospitality industry, the issues of maintaining and improving performance in terms of service delivery, organisational efficiency and competitiveness are increasingly important because they are key success factors for the businesses (Kapiki, 2012; Hayes et al., 2011). The distinct characteristics of family business, such as motives, goals, and business behaviours, have an effect on operation and performance (Poza, 2010). As previously shown, the visions and goals of family enterprises in the tourism and hospitality industry are not growth of the business or profit maximisation which differs from other types of organisations such as large enterprises, public companies, and multi-national corporations (Peters et al., 2009; Getz and Carlsen, 2000). Getz et al. (2005) opined that it is difficult to achieve quality improvements without growth. Therefore, for family businesses in the tourism and hospitality sector where growth is not a goal continuous improvement to meet customer needs may be an issue.

Getz et al. (2005) devised a conceptual framework model (see Figure 2.3) for evaluating three applications of quality in tourism and hospitality family businesses:

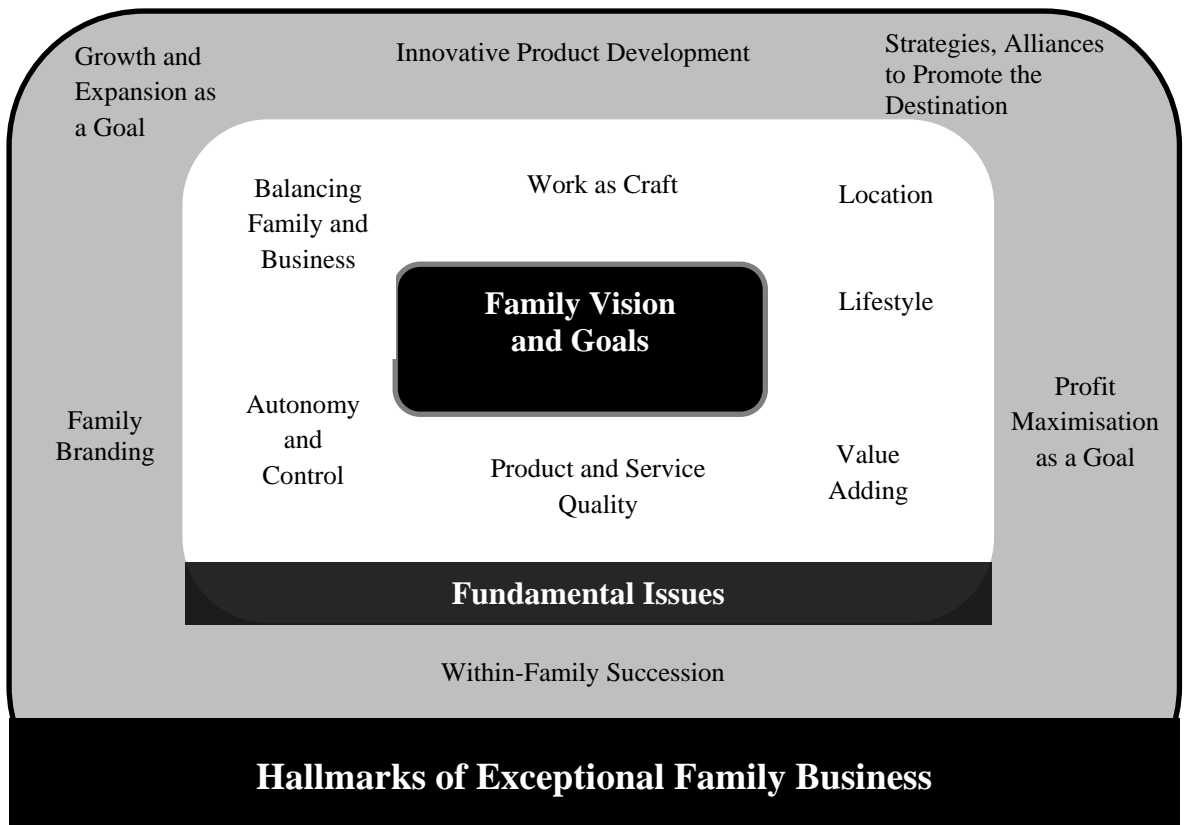
- (i) The nature and viability of the business,
- (ii) Service as delivered to guests including the direct influence of owners and family members, and
- (iii) Impacts on destination quality and competitiveness.

Chua et al. (1999) pointed out that the family vision is crucial in deciding the direction of the business which Getz et al. (2005) placed at the centre of their model since this determines fundamental goals. This inner sector represents the motivation of passing on the business to descendants or other family members. The middle frame is a ring of fundamental concerns that apply to typical family enterprises. The attributes of exceptional family businesses are in the outer sector as challenges and opportunities;

these are applicable for the few family businesses which aim for growth and profit maximisation.

Based on this model, Getz et al. (2005) investigated the factors affecting three types of quality, business, service, and destination, and concluded that they are specific characteristics of family businesses in the tourism and hospitality industry. The factors that influence the business quality, service quality and destination competitiveness can be grouped into the nature of the industry, family involvement, and visions and goals.

**Figure 2.3 Dominant Family Business Concerns in Tourism and Hospitality**



Source: Adapted from Tassiopoulos (2011) and Getz et al. (2005)

***The Nature of Businesses in the Industry***

First, one of the prominent features of businesses in tourism and hospitality is seasonality (Baum and Lundtorp, 2001; Butler, 2001). This universal phenomenon results in fluctuations in tourism volume over the calendar year, and must be

differentiated from long-term business cycles and short-term changes related to weekly and daily travel patterns (Getz and Nilsson, 2004). Seasonality is influenced by many causes such as climate, business customs, and supply-side behaviours (Baum and Lundtorp, 2001) and this impacts on business quality. For family enterprises, seasonality can lead to financial and personal difficulties such as variable cash-flow, temporary demand for assistance from family members, and an inability to balance working and social life during the peak season. Getz and Nilsson (2004) examined the impact of this phenomenon on tourism family business in Bornholm, Denmark and found that many owners operate their businesses as a source of supplementary revenue or as a hobby and do not run the ventures all year-round. Other respondents' combated seasonality through various strategies in order to maintain or improve the quality or viability of the business.

Secondly, a majority of businesses in the tourism and hospitality industry, universally micro, small, and medium size enterprises, have very different approaches to the setting and maintenance of quality standards that are critical to competitiveness at an individual and destination level (Jones and Haven-Tang, 2005). However, the size of the businesses has an impact on their potential and performance in terms of quality management. For example, a micro enterprise may not have sufficient budget for further investment in personnel or property. This circumstance impedes the quality of business improvement and the ability to generate revenue. In addition, with the limitation of capital, many family businesses use their residence as a business property, such as bed and breakfast, and employ family members as staff. Customer experience and service quality can be effected by the inseparability of product, service and family (Getz et al., 2005).

Thirdly, globally it was found that several types of tourism and hospitality business are easy to enter because there is no requirement for special skills or large

amounts of investment (Getz et al., 2005). The ease of entry results in a high turnover rate of businesses within the industry and a high tendency for family businesses to be wound up between generations. Thirty per cent of them survive to the second generation, while fewer than 14 per cent make it beyond the third generation (Ward, 2011). Due to this industry-specific character of ease of entry, the quality of overall tourist destinations can be affected by the sustainability of SMEs and family businesses which dominate the industry.

### ***Family Involvements***

Family involvement in control, communication, and decision-making within both family and business is an important factor for the business quality. Inefficient management of these issues can cause disputes and problems, such as sibling rivalry, competition between generations, and human emotional dilemmas, which may lead to business failure (Ward, 2011). Sciascia and Mazzola (2008) found that family involvement in management has a negative relationship with financial performance because of the general lack of professional competencies of family members, the barriers to increasing social capital, conflict amongst family managers, and the orientation toward non-financial goals. In the tourism and hospitality industry only a small number of family businesses survive across generations, however, some of the world's oldest enterprises, such as the Japanese Hoshi Ryokan (Guinness World Records, 2012), provide an exemplar of best practise for family business management and business strategy studies (Allio and Allio, 2005).

### ***Family Visions and Goals***

As previously discussed, the family business motivations and goals pertaining to start-up and operation may affect the quality of the business. According to Ucbasaran, Westhead and Wright (2001), most of this industry's businesses, whose motives are



lifestyle and autonomy oriented do not meet the minimum criteria of the entrepreneur definitions or traits as debated above. However, the term “lifestyle entrepreneur” has been widely recognised (Peters et al., 2009; Hollick and Braun, 2005; Lynch, 2005; Morrison, Andrew and Baum, 2001). When the main reason for founding a business is non-economic or not business growth, the quality of both business and service are possibly questionable. On the other hand, for profit and growth-oriented entrepreneurs, the explicit motivations and goals of maximising income and business growth depend upon the quality of the business, its viability and sustainability. However, some businesses where the owner-operator is a “craftsman”, provide a quality experience despite non-profit and expansion motivations because of the business fulfilling a leisure interest in a creative environment (Getz et al., 2005; Smith, 1967).

Business operation goals impinge upon the family businesses’ working and practises. Getz and Carlsen (2000) found that a good business reputation was one of five latent factors in tourism family business operational goals in rural Australia. The goal of a good business reputation, allied to the positioning of the business’s social status and name, can be described as family branding which directly influences service quality. Only a few exceptional family businesses in tourism and hospitality industry can exploit family branding (Tassiopoulos, 2011). Getz et al. (2005) pointed out that this brand represents the family’s name, tradition, and personality as well as the quality and value of past performance and an assumption that the family takes pride in all that it does. From a customer perspective, particularly in Europe, family brand or reputation has been a criterion for buying high quality products and services for several years.

In order to comprehensively appraise quality management of family businesses (in terms of viability of the enterprise, service delivery, and destination competitiveness), their characteristics, including motivations and goals, need to be critically examined as demonstrated by Getz et al. (2005). Although there is some

research surveying entrepreneurs' characteristics in Thailand, such as Preedawiphat and Wonglorsaichon (2011), there are few studies, particularly on the context of family business, in tourism and hospitality.

### **2.1.7 Thai Tourism Quality Accreditation Schemes**

The awareness of quality in service organisations in terms of improving service delivery, organisational efficiency and competitiveness has spread to Thailand. Consequently, the Royal Thai Government has developed and implemented tourism standards for specific activities, tourism sites and travel agents (The Ministry of Tourism and Sports of Thailand, 2009b). Since 2004, the Ministry of Tourism and Sports of Thailand (2009b) has developed a hotel star system. However, by 2010 only 227 hotels were accredited out of approximately 2,550 registered hotels (The Department of Tourism, 2011a). Although the Royal Thai Government promotes quality systems as a marketing tool, this has not incentivised hoteliers to join the star system (Tourism Authority of Thailand, 2009a).

Accommodations, restaurants, hot springs, and other recreational activities have had government quality systems devised since 2009. One standard is for longstay accommodation which has three distinct types of accommodation; villas, apartments, and houses for rent, existing hotels, and purpose built properties (The Department of Tourism, 2009). There is a variety of general tourist and longstay accommodation in Chiangmai, where the empirical work of this research was carried out. Most of the enterprises in Chiangmai that provide rooms are small and medium size businesses run by the owners and their families. The sustainability and continuous improvement of this type of hotel is important to the Royal Thai Government, the local tourism board and the chamber of commerce to help meet provincial tourism development goals. The government longstay project has helped to develop effective cooperation between the local government and the private sector (Chiangmai Chamber of Commerce, 2010).

The emphasis on this type of tourism is because it has been recognised as one of the most significant market segments (Tourism Authority of Thailand 2001). The number of longstay visas granted for non-immigrants to Thailand has accelerated significantly (Longstay at Thailand Project, 2012). This tourism trend is not specific to Thailand and has grown markedly in other countries such as Malaysia, Singapore, and Spain (Suan Sunandha Rajabhat University, 2007).

### **2.1.8 Longstay Tourism**

There are many definitions of “Longstay” tourism; sometimes accommodation for this market is termed “second-home” because the customers are often retired. The number of such visitors has been increasing due to the global socio-demographic trend of population aging in parts of the developed world. It is predicted that in the near future a critical increase in the older age proportion of the population will occur in many countries such as Japan and the Scandinavian countries (United Nations, 2010).

One of the earliest definitions of longstay is Japanese,

Staying for a relatively long period (more than two weeks) in one place abroad not only enjoying leisure life but also promoting international goodwill through learning its culture and contributing to its society under maintaining livelihood resource in Japan and basically it's should carry out the own plan by oneself.

(The Longstay Foundation of Japan, 2010)

However as this definition was specially designed for the Japanese market, it is different from those used in Thailand.

The Ministry of Foreign Affairs of Thailand (2012) defines a longstay visitor as a foreign person who stays in Thailand for over 90 days and receives the O-A visa, a Non-Immigrant Visa Extension issued to applicants aged 50 years and over who wish to stay in Thailand for a period of not exceeding a year without the intention of working. In 2001, the Royal Thai Government established a project under the Tourism Authority of Thailand (2002) to promote Thailand as a destination for stays of over 30 days,

longstay tourism. According to this project, longstay visitors are categorised into four groups:

- (i) Snowbird tourists who seek to escape the winter cold of their home area; this includes occasional healthcare tourists,
- (ii) Retired tourists of over 50 years of age,
- (iii) Students and tourists seeking to learn, and
- (iv) Athletes in training.

In 2003 government tourism organisations in Thailand were reorganised with the Department of Tourism becoming responsible for all tourism. The Department of Tourism, in their strategy to remedy the decline in tourist numbers between 1998-2000, re-defined a longstay tourist as a visitor who stayed for over 15 days (School of Communication Arts SukhothaiThammathirat University, 2006).

In the general tourism literature, there is no common definition of the longstay tourist. For this research on tourist accommodation in Thailand, the definition implemented by the Department of Tourism and the Ministry of Tourism and Sports, that longstay tourism involves a stay of over 15 days, is utilised. This definition is also used by the School of Communication Arts SukhothaiThammathirat University (2006) which carries out research into longstay tourism funded by the Thai government. Therefore this definition is deemed to be the most appropriate for a study of tourism in Thailand.

The Thailand Immigration Bureau (2005) reported that visitors from abroad staying over 90 days were, in the main, from the United States, Japan and the United Kingdom. The reasons given for their visit by these longstay tourists included retired people spending time “chilling”, individuals on gap-years, and individuals undertaking special interest studies, such as higher education courses, art and Thai boxing. Potentially the highest value longstay segment is senior travellers who currently are predominantly from Japan and Europe. The Royal Thai Government has developed the

longstay service standard in order to increase the satisfaction of senior travellers who tend to have higher quality expectations being more critical consumers (Coleman et al., 2006). Many researchers point out that mature travellers have different needs, motivations and selection criteria from other types of hotel customers (Jang et al., 2009; Mungall and Labben, 2009; Hsu et al., 2007; Reece, 2004; Eby and Molnar, 2001; Gray and Lane, 2001; Callan and Bowman, 2000). Vieregge et al. (2007) stated that the first three factors influencing hotel selection amongst mature travellers in Koh Samui, Thailand were cleanliness, good value for money and easy access to the beach. Madhyamapurush (2009a) revealed that the first five needs of Japanese longstay tourists in Chiangmai were high quality tourism products and services, value for money, high security, good healthcare services, and a range of diverse activities. Hudson (2010) confirmed the trend for mature travellers to seek a memorable experience delivered with excellent customer service. If the needs of long stay customers are met, other consumers may benefit and gain augmented services which add value to their experience (Lovelock and Gummesson, 2004; Gummesson, 1991; Grönroos, 1990).

Although the significance of longstay tourism in Thailand is recognised, there is no single length of stay formally defined. For this research project, a longstay tourist is one who stays for over 15 days.

The literature review of Phase One provides the theoretical foundations for understanding “family business”. Scholarly interpretations and definitions of family business, particularly in Thailand where this research study was conducted, have been critically discussed. Emphasis was placed on the special characteristics of this unique type of enterprise and contrasts with traditional entrepreneurship. In addition; Thai tourism quality schemes and the concept of longstay tourism were reviewed.

## **2.2 METHODOLOGY OF PHASE ONE**

The purpose of this section is to explain and discuss in depth the methodology used to achieve the research objective of critically appraising the visions and goals of Chiangmai family run hotels. This includes details of the research population and the chosen instrument, a questionnaire, and its distribution. The section concludes by explaining the instrument structure, the sampling frame, the instrument's validity and reliability, and the analysis strategy conforming to the research design.

### **2.2.1 Research Design**

Sproull (2002) stated that a research design is a plan for conducting research which usually includes specification of the elements to be examined and the procedures to be used. Based on the first objective of the research; '*to critically appraise the visions and goals of Chiangmai family run hotels in Thailand*', a postal questionnaire was used to collect primary data (see Appendix B). Several previous studies on family business in tourism have also used questionnaires as a research instrument to collect data (Morrison, 2006b; Getz et al., 2005; Getz and Carlsen, 2000; Gartner, 1990; Carland et al., 1984).

A structured questionnaire was selected because gathering data on attitudes, preferences or opinions can only be accomplished through questioning respondents (Cooper and Schindler, 2001) but due to the cost of travelling to Thailand, a postal questionnaire was considered to be the most appropriate distribution method for Phase One. The postal method does not only reach a relatively large number of the target population, it also allows respondents time to think about the questions and there is no potential for interviewer bias (Schroeder, 2004). However, Cooper and Schindler (2001) argued that a postal survey has low flexibility due to the standardized nature of the questions, no potential for interviewer intervention to probe more deeply or seek further explanation of unclear answers, and often has a low response rate and is a time

consuming process. Reminders, via a letter and a telephone call to each hotel, were made in an effort to increase the response rate. Also the contact details of the researcher were included on the questionnaire to enable respondents to seek clarification of uncertainties.

The postal questionnaire was written in English and then translated into Thai, as the Country's official national language. As Brislin (1976) and Liamputtong (2010) recommended back translation methods were used which leads naturally to decentering. This means that it is not essential to translate the content word for word because it aims to make the translation smooth and as natural as possible in the second language (Brislin, 1976). The translation was reviewed by native Thai speakers, both academics and tourism business specialists. These methods were used to minimise the complexities of multi-lingual research where translation might cause issues of adequacy and accuracy in cross-cultural communication (Shklarov, 2007). Moreover, to avoid double-barrelled and implicit assumptions clear questions were used (Baker, 2003).

Low response rates are one of the major challenges of a postal survey. In order to maximise the number of returned questionnaires, three strategies were implemented. The first was to use a covering letter as suggested by Salant and Dillman (1994) to increase the likelihood of participant response. These letters were printed on the headed notepaper of the University of the Thai Chamber of Commerce (UTCC), Bangkok, Thailand, the sponsor of the research. In addition, the envelopes had the UTCC logo on the front and were addressed to individual managers identified from hotel websites. This was designed to reassure the respondents of the recognised status and creditability of the research. Secondly, to aid the response rate each letter included a stamped pre-addressed return envelope (Dillman, 2011; Salant and Dillman, 1994; Dillman, 1978).

The third strategy was to remind respondents who had not responded within 45 days by letter. This could be done accurately as the return envelopes were coded.

Telephone call reminders were then made after a further seven days to increase the response rate (Marsden and Wright, 2010).

### **2.2.2 Sampling Frame**

The sampling frame is one of the most important factors of postal surveys (Birn, Birn and Society, 2003). According to Cooper and Schindler (2001), the fundamental concept of sampling is that by selecting some of the elements in a population, conclusions about the whole can be drawn. For Phase One of the research project, the scope of the investigation was to establish the visions and goals of the family run hotel sector in Chiangmai, Thailand. However, the number of these hotels, as specified by the author's chosen definition, either an owner-operated or family-owned enterprise, was unknown; the local tourism authority categorising hotels by size and facilities and not by ownership. Consequently, identifying family run businesses from all of the types of hotels in Chiangmai was imperative. According to the Tourism Authority of the Thailand Northern Office Area 1 (2007), there were 418 hotels in Chiangmai, both licensed and unlicensed hotels, therefore the questionnaire was sent to all.

Family run hotels were identified through a specific question in the questionnaire regarding hotel ownership (see Appendix B). Hotels that the respondents identified as being owned by a "Sole proprietor", "Husband/Wife", or by a "Partnership with family members" were considered to be family run and owner-operated. Questionnaires in which more than one of the three boxes ticked were also considered to be family run.

### **2.2.3 Questionnaire Structure**

According to Brace (2008), questions for an instrument should be devised through the following steps:

- (i) Determine the primary information that is required,



- (ii) Define the secondary information that is required for the analysis objectives, and
- (iii) Formulate the flow of the subject areas or sub-sections within the questionnaire.

The questionnaire (see Appendix B) was designed by utilising previous literature (Jaafar et al., 2011; Peters et al., 2009; Ollenburg and Buckley, 2007; Getz et al., 2005; Getz and Petersen, 2005; Getz et al., 2004; Getz and Nilsson, 2004; McGehee and Kim, 2004; Getz and Carlsen, 2000). The questionnaire was divided into five parts consisting of both closed and open-ended questions with a total of 27 questions.

Questions 1-8, gathered the business profile of tourist accommodation in Chiangmai, especially of the ownership because of the gap in the literature. The question for determining whether the respondents were in family run hotels was also in this first part. This was important for the later research phases because only those hotels were classified as the sampling frame for primary data collection of Phase Two and Phase Three.

The second part of the questionnaire, Questions 9-14, probed the standards accreditations and the target market segments of the hotel.

The third part, Questions 15–18, was comprised of open-ended questions exploring the respondents' positive and negative experiences in the hotel business, previous business experience, and their motivation for entering the industry.

Questions 19-23 made up the fourth part of the questionnaire and were designed to examine the visions and goals of the respondents at business start-up, current operation, and with regard to the family, as well as the future goals. These questions were adapting from Getz and Carlsen (2000) and Getz and Petersen (2005). Questions 19-21 were on a five-point Likert scale as this type of measure is commonly used in Thai business research and were devised utilising previous literature (Phongwichai, 2010; Vaivanijkul and Udomsri, 2005).

Question 19 on start-up motivations and goals were examined through 15 statements with a score of “5” representing “Very important” and a score of “1” representing “Not important”. Table 2.2 below illustrates the sources from where each item was replicated and adapted.

**Table 2.2 Question 19 Items and Sources**

Item	Source
To be my own boss	(Getz and Carlsen, 2000)
To avoid unemployment	(Getz and Petersen, 2005)
To gain prestige by operating a business	(Getz and Carlsen, 2000)
To provide me with a challenge	
To permit me to become financially independent	
To make lots of money	
To provide a retirement income	
To supplement my income (from other sources)	(Getz and Petersen, 2005)
To keep my family working together	(Getz and Carlsen, 2000)
To keep this property in the family	
To live in the right environment	
To support my/our leisure interests	
To enjoy a good lifestyle	
To stay in Chiangmai	(Getz and Petersen, 2005)
To meet interesting people	(Getz and Carlsen, 2000)

The motivation and goals pertaining to current business operation were assessed through 19 items in Question 20 (see Table 2.3 below). This question sought information on whether or not the motivations and goals were in accordance with entrepreneur character traits and types such as craftsman entrepreneurs, classical entrepreneurs, and lifestyle entrepreneurs (Tassiopoulos, 2011).

**Table 2.3 Question 20 Items and Sources**

Item	Source
It is important to keep the business profitable	(Getz and Petersen, 2005; Getz and Carlsen, 2000)
I want to keep the business growing	(Getz and Carlsen, 2000)
Eventually the business will be sold for the best possible price	
I enjoy taking risks	(Getz and Petersen, 2005)
After making this business a success I want to start another	
I am always trying something new	
Delivery of a high quality product/service is a high priority	(Getz and Carlsen, 2000)
Enjoy the job is better than making lots of money	
In the business customers cannot be separated from personal life	
I would rather keep the business modest and under control than have it growing too big	
My personal/family interests take priority over running the business	
I come into daily contact with customers	
It is hard to separate work and family life in a hotel business	
The business is a legacy for my children	(Getz and Petersen, 2005)
This business currently meets my performance target	(Getz and Carlsen, 2000)
It should run on purely business principles	
This business is highly seasonal	
I believe in hands-on management	(Getz and Petersen, 2005)
It is best to avoid debt as much as possible	

The family-related goals were examined by Question 21 through nine items adapted from the research of Getz and Carlsen (2000).

The respondents' plans for the hotel business ownership were surveyed with a multiple choice single-response scale question in Question 22 and Question 23. The author used an open-ended question to seek deeper motivations if the business was not to be passed on within the family.

The fifth part of the questionnaire, Questions 24-27, enabled knowledge of the respondents' profiles to be acquired. This consisted of the demographic variables of age, gender, marital status and education.

**Table 2.4 Question 21 Items and Sources**

Item	Source
Train the children for future ownership of the business	(Getz and Carlsen, 2000)
Pass on the family business to children/family	
Earn enough to support the family	
Prevent disharmony among family members	
Share the work equally with my spouse	
Ensure the family has lots of free time together	
Share all key decisions with the spouse or family	
Provide family members with jobs	
Elevate our family position in society	

#### **2.2.4 Validity and Reliability**

Validity, the most important criterion of the research, refers to the issue of whether or not the question measures what it is designed to do (Bryman and Bell, 2007). For content and construct validity, which appraise if the meaning and measure reflect the concept, the substance and language of the questionnaire were reviewed by both linguistic and business specialists before the pilot was distributed to a sample of hotel enterprises in Bangkok, the capital city of Thailand, rather than Chiangmai because of time, distance, and cost limitations.

Reliability, referring to the consistency of the measure of a concept (Bryman and Bell, 2007), was examined by a pilot study which was undertaken to pre-test, and modify if necessary, the questionnaire (McBurney and White, 2009). The internal reliability of the multiple-item scale was tested by Cronbach's alpha ( $\alpha$ ) (1951), which is commonly used (Nunnally, 2010), and examines if each scale measures a single idea

and whether the items are of the same construct, and are highly intercorrelated, or not (Bryman and Cramer, 2012; Bryman and Bell, 2007). Cronbach's alpha represents the mean of the reliabilities computed from the proportion of variance in the test scores that can be attributed to true score variance. A coefficient results from the calculation of the correlation which varies from 1, a perfect correlation with complete internal consistency, to 0 indicating no correlation and no internal consistency (Bryman and Bell, 2007). As a rule of thumb, a score of 0.7 or above is taken to denote an acceptable level of internal reliability (George and Mallery, 2007). A score of below 0.7 should lead to the item being revised or deleted. Johanson and Brooks (2010) recommended 30 respondents as the minimum to test for consistency and internal stability.

According to Cargan (2007), a pre-test of questionnaires should be conducted with a small number of subjects in order to check whether the questions are clear to the intended audience, whether accurate data will be gathered from the field data collection, and on operational aspects such as the time needed to complete the questionnaire (Webb, 2000).

### **2.2.5 Analysis Strategy**

There were two stages of data analysis, the pilot study and the Phase One distribution.

#### *The Pilot Study Analysis*

Thirty responses were received from the 80 questionnaires distributed in the pilot study, a response rate of 37.5 per cent, and 25 of the 30 were from family run hotels. Surprisingly, 29 respondents from the 30 either had family members as employees or other family involvement in the business. Over half of the respondents had established the business themselves and had been in operation for over 10 years.

The hotel size varied from six rooms to 320 rooms. The dominant hotel size category was small, having less than 60 rooms.

As mentioned above, Cronbach's alpha ( $\alpha$ ) was used as a coefficient of reliability to measure the internal consistency of the instrument. Questions 19-21 were designed to critically explore the visions and goals underlying family run hotels through five-point Likert scale questions (Appendix B). According to George and Mallery (2007), all of the outputs were acceptable. The Cronbach's alpha values were 0.907 (excellent) for Question 19, 0.792 (acceptable) for Question 20 and 0.921 (excellent) for Question 21 together with 0.938 for the overall 43 items, all of which exceed the threshold value of 0.7 for reliability as shown on Table 2.5.

**Table 2.5 Cronbach's Alpha for the Pilot Study**

<b>Set of Question</b>	<b>Cronbach's Alpha (<math>\alpha</math>)</b>	<b>Number of Items</b>
<b>Question 19</b>	0.907	15
<b>Question 20</b>	0.792	19
<b>Question 21</b>	0.921	9
<b>Overall</b>	<b>0.938</b>	<b>43</b>

After the pilot study data was analysed, the business specialists helped review the questionnaire but no further linguistic revisions were necessary. After the reliability test, the main survey questionnaires were revised to reflect the shift in focus from Bangkok to Chiangmai. Moreover, Question 20 item 1 was also slightly changed in Thai at a business specialist's recommendation.

#### *Phase One Analysis*

The second step was the analysis of the final postal questionnaires distributed to the Chiangmai hotels. The Statistical Package for the Social Sciences (SPSS) software was used for three primary examinations; descriptive, exploratory factor and inferential analyses.

- *Descriptive Analysis*

Descriptive analysis was used to describe the data from the questionnaire. SSPS procedures found the frequency, mean, mode, standard deviation, and confidence intervals where appropriate.

- *Exploratory Factory Analysis*

Factor analysis was utilised as a data reduction or structure detection method for Questions 19-21 (StatSoft, 2012). According to Thompson (2004), there are two disciplines of factor analysis; (i) Exploratory Factor Analysis (EFA), and (ii) Confirmatory Factor Analysis (CFA).

EFA is created for the scenario where connections between the observed and latent variables are not known or not certain, the analysis explores if and to what extent the observed variables are related to underlying factors (Byrne, 2001). CFA uses different approaches to data from EFA, often involving an a priori hypothesis originating from an EFA analysis. It is a type of Structural Equation Modelling (SEM) handling the relationship between observed measures or indicators and latent variables or factors (Byrne, 2001).

EFA was chosen because the research utilises the Thai language to explore tourism family businesses for the first time. A Principal Component Analysis (PCA) extraction with Varimax rotation procedure was used in order to highlight the differences in the underlying dimensions of the components. This type of analysis uses a relatively simple mathematical model requiring fewer conditions and having less factor indeterminacy problems than other techniques (Stevens, 2012). PCA is a data reduction technique used to determine if a smaller number of underlying components in a set of observed variables or items are based on the level of correlation and variance between the data by common variance (Harrington, 2009). The proportion of this

common variance present in a variable is called communality which is based on the assumption that the communality of every variable is one.

PCA, based on the level of correlation and variances between the data by common variance, creates a linear combination of variables or items. This is a factor, a new component, consisting of items having covariance. Moreover, a correlation matrix is also derived. The coefficients of each factor, the determinants of where the items belong, are called factor loadings. However, in the case where the factor loading is between 0.5 and 1, factor axes rotation adjusts the factor loadings to make the results more meaningful whilst preserving the relative relationships between the variables. Such factor rotation can be classified into either orthogonal or oblique.

The Varimax rotation technique with Kaiser Normalisation was implemented in the Phase One analysis as the best technique for reducing the factors (Lin, 2011; Sririkanon, 2011) and improving the interpretation of overlapping loading factors. Varimax Rotation with Kaiser Normalisation (the method for normalising the rows of the factor pattern for rotation) is in orthogonal rotation type which attempts to load a smaller number of variables highly onto each factor resulting in more interpretable clusters of factors (Field, 2005).

PCA is able to determine the correlation matrix by obtaining eigenvectors and eigenvalues. The eigenvectors and eigenvalues are acquired by an iterative solution. The eigenvalues illustrate the amount of variation described by a factor and an eigenvalue of 1 represents a substantial value of variation. A vector is verified and tested versus a criterion set of values. The factors are modified to reproduce the best converging solutions. The most common and reliable criterion is the use of eigenvalues in extracting factors. In other words, in order to group correlated variables in terms of a potentially lower number of unobserved, uncorrelated variables called factors for Question 19- 21.



- *Inferential Analysis*

After new factors were obtained from by the PCA analysis, further inferential analyses, one-way ANOVA or independent T-tests, depending on the variables' characteristics, were conducted to determine if there were any statistically significant differences between the means of demographics and business profiles and new variables derived from the factor analysis. In other words, do these new sets of start-up goals, goals pertaining to operation of the business, and family related goals represent different types of people or business? There were five demographic variables obtained from the last part of the questionnaire, the respondent profile questions. Three of them; age, marital status, and education, were tested by ANOVA while the other variable of gender was tested by independent sample T-Test.

ANOVA is a one-way analysis of variance that compares the means of three or more unrelated samples such as age, marital status, and education. The ANOVA analysis examined the variables of Question 1-8, Question 24, and Question 26-27 for this phase of the research. This kind of test is based on a comparison between two types of variance; within-sample variance and between-sample variance, establishing the ratio between both kinds of variance. If the significant value retrieved is 0.05 or less, there is a significant difference.

The T-test for two unrelated means is used to identify if the means of two unrelated samples differ. The test compares the dissimilarity between the two means with the standard error of the dissimilarity in the means of different samples (Bryman and Cramer, 2012). The gender variable is dichotomous; male and female. If *Levenes's* test for equality of variances is significant with a probability ( $p$ ) of 0.05 or less, the variances are statistically significant. If *Levenes's* test  $p$  value is more than 0.05 then a two-tailed  $p$  value must be considered. For this study Phase, Question 25 would be examined by Independent Sample T-Test.

Additionally, in case there is a statically significant difference obtained from the ANOVA analyses, a Post Hoc Multiple Comparison Test (a post-hoc analysis), called a follow-up test, was conducted in order to know which specific means are different from which other ones (Morgan, Griego and Gloeckner, 2001). For this Phase of the data analysis, Fisher's Least Significant Difference (LSD), one of the oldest post hoc comparison methods, was implemented. LSD is a test of the differences of the two groups of means and compares the average difference, which is called the least significant difference.

### **2.2.6 Conclusion for Methodology of Phase One**

This section comprised of an in-depth discussion of the research design and methodology to achieve the first objective of this research project. This was to critically appraise the vision and goals of Chiangmai family run hotels. The explanation of the sampling frame, the questionnaire structure, the validity and reliability of the instrument as well as the analysis strategy was also provided. The questionnaire of Phase One was distributed to all of Chiangmai hotels and analysed with descriptive statistics and factor analysis. Finally, inferential analyses were conducted to determine significant differences between the means of the demographics and the business profiles with emerging factors.

### **2.3 ANALYSIS AND FINDINGS OF PHASE ONE**

This section of the chapter provides the analysis and findings of Phase One, including the results from the descriptive analysis; the frequency, mean, standard deviation, standard error of mean, and standard error of proportion. Also, it contains an exploratory factor analysis using the Principal Component Analysis (PCA) method and the Varimax rotation procedure in order to delineate the underlying dimensions of the factors.

### 2.3.1 Postal Survey Data Analysis

Eventually 84 completed questionnaires were returned (20.1 per cent) of which 80 were useable (19.14 per cent). The demographics of the subjects and the business profile is summarised in Appendix C. Females were marginally the largest group of owners/managers although the value of 50.8 per cent suggests equality. They were predominantly married (65.10 per cent). The prevalent age category of the respondents was 45-54 years of age (30.20 per cent), followed by the 55-64 and 25-34 categories with the same percentage (20.60 per cent). The 35-44 age category accounted for 15.9 per cent and the 65 years plus was 12.7 per cent. In terms of education, the largest group of respondents had bachelor degree qualifications (63.5 per cent), followed by master degree qualifications (22.2 per cent). Vocational diplomas had been earned by 4.8 per cent, and 9.6 per cent of the sample were evenly split between primary school level education or below, junior – high school and higher vocation diploma/college as their highest education.

Sixty-three (78.75 per cent) of the responses were from family or owner-operated businesses which were then used in the analysis of Phase One. The respondents used in the analysis indicated that their businesses were dominantly (65.10 per cent) started by the owners. Over half of the family run hotels (55.55 per cent) that responded had been established for over 10 years but 60.32 per cent of the family run hotel respondents themselves had been involved in the hotels for only 10 years or less. The ‘Business Length’ and ‘Business Involvement Length’ are ratio scales that start with the numeric value of more than zero and are varied. Consequently, the research sorted the data of those two variables into seven categories (See Table 2.3 for the frequency statistic results):

- (i) 1 year or less,
- (ii) More than 1 year but 5 years or less,
- (iii) More than 5 years but 10 years or less,

- (iv) More than 10 years but 20 years or less,
- (v) More than 20 years but 30 years or less,
- (vi) More than 30 year but 40 years or less, and
- (vii) Over 40 years.

Based on the respondents' property ownership and operation, 90.50 per cent of the sample businesses owned the property, followed by owned operation in a rented property (7.9 per cent). The very small hotel category, less than 25 rooms, was most numerous (39.68 per cent) and small hotels with 25-59 rooms (36.51 per cent) second. The medium hotel category (60-149 rooms) accounted for 22.22 per cent and only 1.59 per cent was large hotels (150 rooms and more). These results paralleled the number of employees, 77.78 per cent were micro-enterprises with less than 20 employees, 15.87 per cent were small enterprises (20-50 employees), and only 6.35 per cent of the samples were medium enterprises (51-200 employees). Over half of the respondents indicated family involvement in the business.

The initial investigation of tourist accommodation standards accreditation showed that approximately 45 per cent of the respondent businesses had none; however, 60 per cent of those had a plan to become accredited. Half of the respondents had longstay hotel customers but it was found that 75 per cent of these did not have longstay services specifically designed for that market segment (see Appendix C).

Phase One also had the objective of critically appraising the goals and visions of family run hotel owners in Chiangmai. To achieve this objective, Question 18–23 were designed to investigate four types of motivations and goals of family run hotels; these were start-up goals, goals pertaining to operation of the business, family related goals and business succession.

Before conducting the factor analysis, the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMOMSA), with the value between 0.6-1, and Bartlett's Test of Sphericity, with significance value less than 0.05 for checking the appropriateness of

data suggested by Tabachnick and Fidell (2012), were conducted. According to Table 2.6 below, the results of both tests met the requirements for factor analysis.

**Table 2.6 Kaiser-Meyer-Olkin Measure of Sampling Adequacy**

<b>KMO and Bartlett's Test</b>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.821
Bartlett's Test of Sphericity	Approx. Chi-Square	529.332
	Df	105
	Sig.	.000

For discriminant validity of an exploratory factor analysis scale, the loading of each item must be at least 0.4 and the difference of cross-loading of items above 0.2 (Tabachnick and Fidell, 2012). No item was eliminated due to such criteria conformance.

### ***Start-up Goals***

The first question exploring start-up goals of the family business and owner-operated hotels, Question 18, is an open question. The answers to ‘Please describe why you have entered in the hotel business’ were grouped into six categories as displayed in Table 2.7. The highest percentage category was “Business Opportunity and Revenue” (28.57 per cent) and the second highest percentage was “Inherited from Family Business” (22.22 per cent). The third and fourth category concerned lifestyle and challenge (12.70 and 11.11 per cent). The two least selected categories were “Be persuaded by someone” and “To Bequeath this Business to descendants” with the same percentage (4.76 per cent).

**Table 2.7 Reasons for Entering the Hotel Business**

Categories	Valid % of Total Responses	Confidence Interval (95%)
Business Opportunity and Revenue	28.57	± 11
Inherited from Family Business	22.22	± 10
Appealing lifestyle	12.70	± 8
Challenge	11.11	± 7
Saw a Market Need for the Business	9.53	± 7
Worked in related business/to diversify	6.35	± 6
Be persuaded by someone	4.76	± 5
To Bequeath this Business to descendants	4.76	± 5

Question 19 was comprised of 15 Likert items exploring the owner/managers motivation for entering the hotel business. The means and standard deviations of these questions relating to start-up goals are shown in Appendix D. The most striking results are that keeping this property in the family was the most important goal (42.2 per cent answered “very important”, mean = 4.24, median = 5, mode = 5, standard deviation = 1.241) followed by enjoying a good lifestyle (45.3 per cent answered “very important”, mean = 4.14, median = 4, mode = 5, standard deviation = 1.045). The lowest motivational goals were avoiding unemployment (39.1 per cent answered “not important”, mean= 2.83, median = 3, mode = 1, standard deviation = 1.671) and gaining prestige through operating a business (26.6 per cent answered “not important”, mean = 3.13, median = 3, mode = 1, standard deviation = 1.529). However, the results of the Likert scale should be interpreted with care because qualitatively the distances between each point may be different, i.e. the distance between 1 and 2 may not be equal to the distance between points 3 and 4 (Lewis, 1993).

A factor analysis employing principal component analysis was run on the variables of the 15 items and then rotated by Varimax rotation with Kaiser

Normalisation in order to extract initial factors with the best factor loading. Three components were derived and the 15 items sorted into the components by considering its highest factor loading. The results of these are shown in Table 2.8. Each component was named as the items were categorised. The calculation of factor analysis, shown in Table 2.9, presents the three components or factors that explained 65.02 per cent of the variance. The three factors have been given the names of Wealth (eight items, mean = 3.49), Lifestyle (four items, mean = 4.02), and Local (three items, mean = 3.93).

**Table 2.8 Factor Loading of the Start-up Goals**

<b>Wealth</b>	<b>Lifestyle</b>	<b>Local</b>
To be my own boss	To keep my family working together	To provide me with a challenge
To avoid unemployment	To live in the right environment	To stay in Chiangmai
To gain prestige by operating a business	To support my/our leisure interests	To meet interesting people
To permit me to become financially independent	To enjoy a good lifestyle	
To make lots of money		
To provide a retirement income		
To supplement my income (from other sources)		
To keep this property in the family		

**Table 2.9 Principal Component Analysis of Start-up Goals, Total Variance Explained (Eigenvalue>1)**

Component	Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1. Wealth	4.231	28.207	28.207
2. Lifestyle	3.549	23.659	51.866
3. Local	1.974	13.157	65.023

Further analysis, both independent T test and ANOVA, was conducted to determine if there were any statistically significant differences between demographic profiles; Question 1–8, and business characteristic variables; Question 24–27, with the three new factors derived; “Wealth”, “Lifestyle”, and “Local”. According to the results, the marital status and education of the respondents had significant differences with regard to the “Lifestyle” factor. Therefore, a Post Hoc Multiple Comparison Test was administered to examine which specific means were different from which other ones. It was found that the mean of the marital status “Others” was different from the means of “Single” and “Married” and it was less than both of them. Moreover, the educational profile of the respondents revealed that the “Junior – High School” mean was different from the means of “Primary School or below”, “Vocation Diploma”, and “Bachelor Degree”. For these pairs of means, the “Junior – High School” mean was lower than the means of “Primary School or below”, “Vocation Diploma” and “Bachelor Degree”. However, the mean of “Junior – High School” was also different from “Master Degree/Postgraduate” with a lower mean score.

### ***Goals Pertaining to Operation of the Business***

Question 20 contained 19 items concerning business operation. The two highest means of Question 20 were ‘Delivering a high quality product/service is a high priority’ (73.4 per cent answered “totally agree”, mean = 4.67, median = 5, mode = 5, standard deviation = 0.622) and ‘It is best to avoid debt as much as possible’ (70.3 per cent answered “totally agree”, mean = 4.48, median = 5, mode = 5, standard deviation = 0.954) while the least mean was ‘Eventually the business will be sold for the best possible price’ (34.4 per cent answered “totally disagree”, mean = 2.83, median = 3, mode = 1, standard deviation = 1.602) as displayed in Appendix D with other means and standard deviations.



A factor analysis employing principal component analysis was run on the variables of the 19 items and then rotated by Varimax rotation with Kaiser Normalisation in order to extract initial factors with best factor loading. There were eight components derived. The 19 items were sorted into each component by considering the higher factor loading. The results of these are shown in Table 2.11. Each component was named properly as the variables were categorised.

Eight factors derived by doing Varimax rotation with Kaiser Normalisation explained 70.227 of the variance have been named, Table 2.10. These are: “Business Pride” (four variables, mean = 3.76), “Challenge” (four items, mean = 3.44), “Profitability” (two items, mean = 2.89), “Performance” (two items, mean = 3.45), “Enjoyment” (two items, mean = 4.08), “Hotel nature” (two items, mean = 4.13), “Inseparable” (two items, mean = 3.44), and “Modest” (two items, mean = 4.30).

**Table 2.10 Factor Loading of Goals Pertaining to Operation of the Business**

<b>Business Pride</b>	<b>Challenge</b>	<b>Profitability</b>	<b>Performance</b>	<b>Enjoyment</b>	<b>Hotel Nature</b>	<b>Inseparable</b>	<b>Modest</b>
It is important to keep the business profitable	I enjoy taking risks	Eventually the business will be sold for the best possible price	This business currently meets my performance target	Enjoying the job is better than making lots of money	I come into daily contact with customers	It is hard to separate work and family life in a hotel business	I would rather keep the business modest and under control than have it growing too big
I want to keep the business growing	After making this business a success I want to start another	It should run on purely business principles	I believe in hands-on management	My personal/family interests take priority over running the business	This business is highly seasonal		It is best to avoid debt as much as possible
In the business customers cannot be separated from personal life	I am always trying something new						
The business is a legacy for my children	Delivery of a high quality product/service is a high priority						

**Table 2.11 Principal Component Analysis of Goals Pertaining to Operation of the Business, Total Variance Explained (Eigenvalue>1)**

Component	Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1. Business Pride	2.080	10.949	10.949
2. Challenge	1.938	10.203	21.152
3. Profitability	1.856	9.767	30.919
4. Performance	1.712	9.009	39.928
5. Enjoyment	1.689	8.892	48.819
6. Hotel Nature	1.415	7.447	56.266
7. Inseparable	1.340	7.055	63.321
8. Modest	1.312	6.906	70.227

Further analysis, both independent T test and ANOVA, was conducted to determine if there were any statistically significant differences between demographic profiles; Question 1–8, and business characteristic variables; Question 24–27, with the newly derived eight factors. The results show that “Business Length” (with regard to “Modest” factor), “Business Involvement Length” (with regard to “Modest” factor) and marital status (with regard to “Performance” factor) had significantly differences. Therefore, Post Hoc Multiple Comparison Tests were administered to examine which specific means are different from which other ones. The findings for the Post Hoc Test of “Business Length” with regard to the “Modest” factor, and “Business Involvement Length” with regard to the “Modest” factor were not able to be conducted because at least one group had fewer than two cases. For the “Performance” factor, it was found that the marital status “Others” mean was different from the means of “Single” and “Married” and it was less than both of them.

### ***Family Related Goals***

Question 21 contains nine items for scaling the level of importance of family related goals. According to the descriptive statistics, Appendix D, the most important

family goal was ‘Earn enough to support the family’ (39.1 per cent answered “very important”, mean = 3.94, median = 4, mode = 5, standard deviation = 1.076) and the least important family goal was ‘Share the work equally with my spouse’ (28.1 per cent answered “somewhat important”, mean = 2.94, median = 3, mode = 3, standard deviation = 1.343).

A factor analysis employing principal component analysis was run on the variables of nine items and then rotated by Varimax rotation with Kaiser Normalisation in order to extract initial factors with best factor loading. Two components were derived. The nine items were sorted into each component by considering the higher factor loading. The results of these are shown in Table 2.12. Each component was named as the variables were categorised.

**Table 2.12 Factor Loading of Family Related Goals**

<b>Family</b>	<b>Descendant</b>
Prevent disharmony among family members	Train the children for future ownership of the business
Share the work equally with my spouse	Pass on the family business to children/family
Ensure the family has lots of free time together	Earn enough to support the family
Share all key decisions with the spouse or family	Elevate our family position in society
Provide family members with jobs	

Two factors with eigenvalues greater than or equal to 1 were generated by running a Varimax Rotation with Kaiser Normalisation with a cumulative explanation of 67.34 per cent of the variance in the responses, Table 2.13: “Family” (five items, mean = 3.33) and “Descendant” (four items, mean = 3.61).

**Table 2.13 Principal Component Analysis of Family Related Goals, Total Variance Explained (Eigenvalue>1)**

Component	Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1. Family	3.143	34.921	34.921
2. Descendant	2.918	32.421	67.342

Further analysis, both independent T test and ANOVA, was conducted to determine if there were any statistically significant differences between the demographic profiles; Question 1-8, and the business characteristic variables; Question 24-27, with the new two factors derived, “Family” and “Descendant”. “Marital” status and “Education” both had significant differences with regard to the “Descendant” factor. Therefore, a Post Hoc Multiple Comparison Test was administered to examine which specific means were different from which other ones. Regarding the “Descendant” factor, it was found that the marital status “Others” mean was different from the means of “Single” and “Married” and it was less than both of them. Besides, also with regard to the “Descendant” factor, Education level “Primary School or below” is significantly different from “Junior – High School” and “Vocation Diploma”. The mean of “Primary School or below” is less than “Junior – High School” and “Vocation Diploma”. Moreover, “Vocation Diploma” is significantly different from “Higher Vocation Diploma/College” and “Bachelor Degree”. Its mean is less than the means of “Higher Vocation Diploma/College” and “Bachelor Degree”.

### ***Hotel Business Ownership Plan***

The respondents were asked about their plans for the hotel business in the future by Question 22. The results of this question are shown in Table 2.3. Most striking is the very high percentage of “No plan” (25.40 per cent). “Uncertain” and

'Part ownership will be transferred/sold in the future to one or more children' were equal second with 23.80 per cent.

### **2.3.2 Conclusion for the Analysis and Findings of Phase One**

After conducting a pilot study, the questionnaire was revised and distributed to 418 Chiangmai hotels listed on the Tourism Authority of Thailand's directory. With 20.1 per cent response rate, the findings of the samples' demographic and business profiles were presented. The main reason for entering the hotel business was "Business Opportunity and Revenue". It was found from the factor analyses that "Lifestyle" is the primary start-up goal for family run hotels. For the business operation goals, the respondents placed "Modest" as being most important whilst "Descendants" was of central concern as the family-related goal. Most of the respondents had no plan for the disposition of the business. Additionally, inferential analyses, between the vision and goal factors with the demographic and business profile variables, were utilised and several significant differences were found.

## **2.4 DISCUSSION OF PHASE ONE**

The aim of this section is to reflect upon the findings of Phase One. For the purposes of discussion, this section is divided into three main parts. The first part is concerned with the findings regarding the characteristics of the owners and their family run hotel businesses in Chiangmai, Thailand. The second part focuses on the motivations and goals pertaining to the start-up, operation, the family, and the ultimate disposition of the enterprise. The implications of the Phase One results for business and policy makers are considered in the third part. The section closes with the conclusion of Phase One.

In this section, the relevant literature and the findings of the Phase One primary data collection will be compared and analysed. The similarities and discrepancies

between previous research and the empirical findings on the characteristics of family run hotel owners and their businesses, the start-up and business operation goals, family related goals and goals for the disposition of the business are discussed.

#### **2.4.1 Characteristics of the Owners and their Businesses**

Seventy nine per cent, 63, of the returned postal questionnaires were from family or owner-operated hotels. These respondents were sole proprietors, copreneurs, or in family partnerships. This number of family businesses shows the importance of this type of enterprise in the Chiangmai hotel sector. This result supports earlier studies in showing the significance of family and owner operated hotels in the tourism business (Kanthan and Anjaneyaswamy, 2009; Zapalska and Brozik, 2007; Getz and Carlsen, 2005; Peters and Buhalis, 2004).

Just over half, 33 of the 63, claimed that they were sole proprietors unlike the characteristics of the Australian business owners found in Getz and Carlsen's (2000) research which identified copreneurs, small businesses owned by couples, as the largest segment. Similarly Wanhill (2004) found that often married couples were owner-managers of micro and small tourism enterprises and that the accumulated percentage of family owned businesses, sole proprietors, copreneurs, and partnerships with family members, is very high, 76.74 per cent, and similar to this project's findings. These findings are supported by the tourism SME research of Mshenga and Richardson (2010) which had similar results. Getz et al. (2004) argued that most of the family businesses in the tourism and hospitality industry are on the first two stages of the ownership axis of the family business developmental model, either being controlling owner or sibling partnership.

More than half of the respondents had been established in the hotel business for more than 10 years, with both the length of time they had been in business and the number of years in the hotel business being similar. The three most numerous sample

groups, (i) more than a year to five years, (ii) more than 10 years to 20 years, and (iii) more than 20 years to 30 years, exhibited almost the same proportions of years in business to years in the hotel business. Although family enterprises are the oldest business type in the world, particularly in the hospitality sector, the average business age of Chiangmai hotels, from the empirical findings, is only 15 years. The Business Plus Editor Team and the 106 Group University of the Thai Chamber of Commerce (2010a) argued that the key success factors of the oldest family run hotel, Hoshi Ryokan, were not only service marketing strategies, such as product differentiation and pricing, but also the continuous and careful fostering and nurturing of the business by the family which creates positive attitudes, behaviour and culture from the family members. These are the success factors for general family businesses as well (Navavongsathian, 2009). It was found from the literature review that the countries where the top 100 of hospitality family businesses are located are repetitious (The Economist, 2004; O'Hara, 2004). This implies that culture affects family business longevity.

The analysis findings show that, in the main, the respondents had started the business themselves (65.10 per cent) and a fifth (20.60) of these hotel businesses had been inherited from the respondents' families. The start-up figure is no different from other family business research in the tourism and hospitality industry conducted in other countries such as Australia, Denmark, United States, and Canada (Smith, 2006; Getz and Petersen, 2005; Getz and Carlsen, 2000). These reported that the majority of small family tourism and hospitality business owners started their ventures themselves but they also found that more businesses were bought than inherited which contrasts to this study.

A large percentage, 90.50, of the surveyed family run hotel owners own the property and run their hotel business as an owner-operator without a franchise. Hotel



franchises and chains provide service operation in almost all countries, often enhancing profits and revenue, diversifying and adapting methods of marketing tourism products, and supporting other developments in the tourism industry (Bunea-Bontas and Petre, 2009). However, small independent operators who run their own businesses within their own properties still dominate the hotel sector (Morrison and Conway, 2007). These research findings support this notion.

Most of the enterprises in this study were very small, or micro, with less than 25 rooms (39 per cent) or small with less than 60 rooms (36 per cent). This supports several other studies that found that the majority of family businesses in this industry are micro size enterprises (Getz et al., 2005; Middleton, 2001). Also, it aligns with the census data of the National Statistic Office of Thailand (2002) which showed that there were more than 116,807 small and medium sized hotels and restaurants, accounting for 14.3 per cent of all SMEs, in Thailand. The size of a hotel business is not only identified by the number of rooms it offers but also the number of employees. These research findings parallel other surveys when categorising the businesses by the number of employees with micro, small, and medium size businesses dominating the tourism and hospitality industry (Dewhurst, Dewhurst and Livesey, 2007; Hwang and Lockwood, 2006; Getz and Petersen, 2005; Small Business Service, 2003; Getz and Carlsen, 2000; Wanhill, 2000).

The demographics of the respondents, such as age, were diverse. Other studies into tourism and hospitality industry enterprises have reported owners' age ranges (Hallak, Brown and Lindsay, 2012; Ahmad, 2005; Sharma and Upneja, 2005; Szivas, 2001). Jaafar et al.'s (2011) study in the neighbouring country of Malaysia did not report a similar age profile of tourism business owners. The largest group of the respondents in Phase One was in the age of 45-54 years (30.20 per cent) which is similar to the findings of Ramukumba, Mmbengwa, Mwamayi and Groenewald (2012)

in their study of tourism ventures in South Africa. Other studies found that the majority of entrepreneurs and owner-managers in the tourism industry are in the middle-age and older category groups: (i) 25–50 (Avcikurt, 2003), (ii) 30–45 (Ahmad, 2005), and 45 and over (Szivas, 2001; Getz and Carlsen, 2000).

Although most micro and SME firms in the tourism and hospitality industry are generally owned and managed by men (Avcikurt, 2003; Morrison, Breen and Ali, 2003), this research differed. The respondents were nearly evenly split between the genders with females at 51 per cent and males at 49 per cent, similar to the findings of Ahmad (2005) and Getz and Carlsen (2000). Most were married (65.10 per cent), analogous to the previous research of Getz and Carlsen (2000), and educated to the bachelor's degree level (63 per cent) with over 22 per cent having postgraduate qualifications or a master's degree. Research findings concerning the educational level of tourism and hospitality business owners in different countries are not consistent (Jaafar et al., 2011). Sharma and Upneja (2005) and Getz and Carlsen (2000) found that less than 30 per cent of the tourism business owners in Australia had university degrees while Glancey and Pettigrew (1997) discovered that the number of tourism enterprise owners who had secondary education and those with university-level education in Scotland are equal. Avcikurt (2003) conducted research in Turkey and found that 30 per cent of the respondents had received formal tourism and hotel management education. It is notable in Phase One that most of the family run hotel owners were graduates due, in part, to Thailand's level of education. However, the demographic and business characteristic profiles of this study cannot be extrapolated to portray the national population of hotel owners in Thailand due to sampling limitations.

## **2.4.2 Motivations and Goals**

### *Start-Up Goals*

The first question exploring the start-up goals of family business and owner-operated hotels, Question 18, which is an open question, shows that the two primary motivations for entering the hotel business were concerned with business opportunities and family inheritance. Family inheritance included both inheriting the business from their parents and bequeathing the business to their descendants. This shows that revenue and family are the main motivations for entering the hotel business in Chiangmai although over 59 per cent had not planned for direct future family inheritance at the time of the survey. This answer is dissimilar to the analysis of Question 19 which concerned start-up goals and showed that an aspiration to keep the property in the family was very strong followed by a desire to enjoy a good lifestyle. This contrasts to a comparison study of Australian and American family-owned enterprises which was conducted by Smith (2006); he found that the strongest motivation for both groups of respondents from Australia and United States to start their own businesses was to be their own boss, to be autonomous.

Additionally, the sum of the means in Question 19 indicated the “Lifestyle” factor was higher than either the “Wealth” or “Local” factors (4.02 from 5). The second highest was “Local” (3.93 from 5) whilst the lowest mean was “Wealth” (3.49 from 5). These results parallel earlier work that shows profit is not the first priority when entering the hotel business but rather lifestyle and autonomy factors predominant (Peters et al., 2009; Getz et al., 2005; Nilsson et al., 2005; Andersson et al., 2002; Ateljevic and Doorne, 2000; Getz and Carlsen, 2000). However, in terms of high factor loadings, the Phase One “Wealth” factor, which combines the profit and autonomy orientations of Getz and Carlsen’s (2000) original research, was the most important. Further findings from the analyses showed that the marital status and education of the

respondents had significant differences with regard to the “Lifestyle” factor. The results demonstrated that the objectives for starting family run or owner operated hotel businesses differ according to marital status, specifically for lifestyle relevant purposes.

Business start-up goals or motivations play a significant role in entrepreneur theories such as entrepreneurial process, typologies of entrepreneurs, and entrepreneurs’ personalities (Ucbasaran et al., 2001). The Phase One findings concerning business start-up motivation, “Lifestyle” and “Local”, may mean that these business owners do not appear to meet the minimum criteria to be considered as entrepreneurs according to the traditional definitions of Burch (1986), Carland et al. (1984), and Schumpeter (1934). However, these days, some definitions include characteristics of entrepreneurship that include non-economic motives (Morrison, 2006a). Several studies conducted in many countries have had similar results to Phase One (Smith, 2006; Getz and Petersen, 2005; Getz and Carlsen, 2000).

### ***Business Operation Goals***

The goals pertaining to business operation were examined by Question 20. Eight components emerged from the analysis as new factors presenting business operation goals; “Business Pride”, “Challenge”, “Profitability”, “Performance”, “Enjoyment”, “Hotel Nature”, “Inseparable”, and “Modest”. As regards the operation of the business, Phase One showed that the highest priority of the business was to deliver a high-quality product rather than personal or family interests. Okoroafo, Koh and Gammoh (2010) and Miller, Le Breton-Miller and Scholnick (2008) argued that products and services offered by family businesses are perceived to be better quality. Getz et al. (2005), moreover, summarised that family branding and pride result in quality and value of services. Case studies across several countries showed that many family businesses in tourism and hospitality do stress their quality of business, product and service (Getz et al., 2004). However, the second highest mean for this type of goal was debt avoidance.

This reveals that a basic goal of the family hotel business is survival no matter what the original reasons for entering the sector were (Pearce and Robinson, 2005).

The highest sum of means was for the factor “Modest” (4.30 from 5). The other mean scores in descending order were “Hotel Nature” (4.14 from 5), “Enjoyment” (4.08 from 5), “Business Pride” (3.76 from 5), “Performance” (3.45 from 5), “Challenge” (3.44 from 5), “Inseparable” (3.44 from 5), and “Profitability” (2.89 from 5). Nevertheless, the highest factor loading was on “Business Pride”. These results mean that the goals pertaining to business operation for family run and owner operated hotels do not aim for business growth or high profit; however, the viability of the enterprise is a priority. The findings show that the family run and owner-operated hotels in Chiangmai are, generally, non-growth oriented owner-entrepreneurships. Such ventures are considered as life-style firms, businesses established basically either to undertake an activity the owner-manager enjoys or to accomplish a level of activity that provides sufficient income (Peters et al., 2009; Burns, 2011).

There are significant differences of modest factor found among groups of business length and business involvement. The longer the business had been established and the longer the involvement of the respondent, the higher the modest factor of the family run enterprise owners. This is in accordance with the notion proposed by the Business Plus Editor Team and 106 Group University of the Thai Chamber of Commerce (2010a). They revealed that one of the foundations of the success of the world’s oldest family run hotel are attributes of modesty.

### ***Family Related Goals***

The factor analysis of Question 21 gave two new components identifying family-related goals; “Family” (Mean = 3.33 from 5) and “Descendant” (Mean = 3.61 from 5). In family related goals, the most frequent answer was to earn enough to support the family confirming earlier studies (Wilson, 2007; Nickerson, Black and McCool,

2001). However, the most important goal pertaining to the family found by Getz and Carlsen (2000) was different, to share all key decisions with the spouse or family. This difference may reflect the different locations and cultures of the studies. The Phase One results focus on the future plans for the family and business succession. Such succession plans are not only the actual process of passing the baton but also preliminary steps such as selecting and training a successor (Sharma, Chrisman and Chua, 2003). According to the findings, family run and owner-operated hotel owners in Chiangmai are concerned with business succession issues. Getz et al. (2004) explained that tourism enterprises did run in families although there was no certainty about inheritance in such businesses. Moreover, the analysis of goals for disposition of the business was contradictory. This will be discussed in the next section.

#### ***Goals for Disposition of the Business***

Question 22 was designed to gather information about the hotel business ownership plan. A significant proportion of the sample respondents (49.2 per cent) had not formally planned for the future ownership of the hotel business, with 25.40 per cent having no plan and 23.80 per cent being uncertain. According to these findings, this may be a major concern for the owners because succession is the most important issue that most family firms face (Miller and Le Breton-Miller, 2005) and is also a critical decision for other types of business in general (Molly, Laveren and Deloof, 2010). Besides, researchers in the field of family business place importance on succession (Molly et al., 2010; De Massis, Chua and Chrisman, 2008; Brun de Pontet, Wrosch and Gagne, 2007; Chittoor and Das, 2007; Jun Yan and Sorenson, 2006; Venter, Boshoff and Maas, 2005; Sharma et al., 2003; Santiago, 2000). According to the research findings, approximately half of the respondents had no formal succession plans although they placed emphasis on descendant issues such as each family member earning adequate income, passing the business on to family, and training the children

for future ownership. De Massis et al. (2008) argued that many factors, such as individuals, relationships, context, and finances, could obstruct family succession. Further study is needed.

### **2.4.3 Implications for Business and Government**

This study found that the majority of hotel enterprises in Chiangmai are family run or owner operated businesses and as they dominate the sector special attention needs to be paid to them by policy makers and academics. The research findings of Phase One have implications for the management and policies of Thailand tourism, in particular the hotel sector in Chiangmai.

Identifying the visions and goals is crucial not only for family enterprise owners but also for other types of business owners as well. However, family businesses especially can benefit from shared vision development which would provide guidance for family decisions, lead the way on how the family can contribute to the business' success, create family harmony, and corroborate the family's values, rituals, and traditions (Carlock and Ward, 2010). Furthermore, clarifying the vision and goals of the business will enhance family and business strategy planning and the achieving of plans.

According to the sum of mean scores of the hotel start up goals, profit is not the first priority for starting the hotel business, rather keeping the property in the family and enjoying a good lifestyle are important. This vision of sustained property ownership and a good lifestyle should be communicated to all family members and staff to shape a firm future and strategically drive the business direction (Cole, 2003). For the business operation goals, the highest sum of means was for the "Modest" factor. This reflects the fact that the business management operational plan does not aim to grow the enterprise. As they prefer not to grow, the investment for business expansion will not be as important as running the business smoothly. From the Phase One research, it was also found that family run and owner-operated hotels in Chiangmai considered

“Descendant”, particularly the succession process as the most important factor in family related goals. In other words, the findings from this research also highlighted the family run hotel owners’ desire to ensure inheritance. Succession plans are essential to them and they should thoroughly prepare for it to avoid unnecessary future conflicts. Succession planning for a family business can take a long time and may include complex processes, such as developing all members’ agreement, business policies, career and succession programs (Carlock and Ward, 2001). Therefore, the future plan of ownership should be properly developed. The business owners need to clearly address their goals and apply them as benchmarks and milestones in the hotel operation rather than allowing these to be merely implied which may happen with owners and operators who are more interested in lifestyle.

It is essential that policy makers understand family run or owner-operated business visions and goals in order to attract and sustain investment in the tourism and hospitality industry. Phase One results suggest that this segment of family businesses are not inclined to heavily invest for growth and profit as also recognised by Getz and Carlsen (2000). They recommended that this segment of family business might prioritise family and job satisfaction but still pursue business operation and competitive performances as subsidiary goals. However, monetary and growth motivations are used in several governmental support systems in many countries (Nilsson et al., 2005). It would possibly be beneficial when developing future government manifestos, strategies, and policies regarding family business in tourism and hospitality to consider the special goals and needs of each enterprise. Therefore, the policy makers should always be aware that the motivations of such groups of family ventures are not limited to profit or growth. It may be potentially valuable for training programmes to be developed focussing on enterprise sustainability, property management and utilisation, and business succession for hotel business owners that are motivated by “Family” and



“Lifestyle” factors. As pointed out in the literature review, the Thai national hotel standards are not widely engaged by hotel operations which are family run businesses; therefore, the Royal Thai government needs to offer non-economic incentives to them to participate in the standards accreditation. A service quality improvement programme that recognises unique family run hotel characteristics could be developed.

## **2.5 CONCLUSION OF CHAPTER TWO**

As in many other countries, family or sole proprietor micro, small and medium size businesses predominate in Thailand especially in tourism and hospitality (Kanthan and Anjaneyaswamy, 2009; Zapalska and Brozik, 2007; Getz and Carlsen, 2005; Peters and Buhalis, 2004). Such types of business have specific characteristics and goals which are different from traditional entrepreneurship (Getz and Carlsen, 2000). Few studies have focussed on family businesses in the Thai tourism and hospitality industry; therefore, the aim of Phase One of this research was to critically appraise the visions and goals of Chiangmai family run hotels. The research approach for this study was a postal survey.

The findings demonstrated a diversification of characteristics of the respondents and their businesses. They are both similar and dissimilar from groups in previous studies in the field of tourism and hospitality. The primary motivations for entering the hotel business and start-up goals are surprisingly in conflict, “Business Opportunity and Revenue” versus “Lifestyle”. Rather than being hospitality professionals, a great number of the small businesses entrepreneurs in the tourism and hospitality industry have been attracted from other vocations by the potential lifestyle-orientation available (Middleton, 2001). Similar to the goals pertaining to start up, the non-growth intention, “Modest”, is the first priority of business operation and this is considered as “Lifestyle” (Peters et al., 2009). In the family related goals, the respondents were primarily concerned with “Descendants” such as training the children to be their successors,

earning enough income to support the family, and passing on the business. However, half of the respondents had no formal plan for the succession.

Furthermore, this study has implications for all businesses but particularly family run hotels in Chiangmai, Thailand. Due to the non-economic goals and motivations which differ from the traditional definition of entrepreneurs, this type of the business should formulate strategic plans predicated by their goals pertaining to start-up, operation, family and disposition of the enterprise. These goals focus on lifestyle, modesty, descendants and business succession. Therefore, succession planning is also recommended as most of the family run hotels in Chiangmai have no specific plans prepared. Moreover, tourism policies complying with family businesses' unique goals should be developed in order to incentivise them to engage with the national hotel standards.

This chapter, Phase One of the study, has appraised the visions and goals of Chiangmai family run hotels and leads into the next chapter which critically examines the business environment of these hotels in terms of the implementation of quality assurance principles through a qualitative methodology. Firstly the literature on quality assurance concepts, evolution and approaches, encompassing both the service and manufacturing sectors, is reviewed and discussed followed by a review of the concepts of business environment. The application of quality assurance principles and methods within the Thai tourism and hospitality enterprises and business environment are then examined through interviews with key personnel from hotels and tourism organisations. Based upon these findings, secondary data and Phase One, the quality assurance practices of family run hotels in the Chiangmai business environment are critically discussed.

## **CHAPTER THREE**

### **BUSINESS ENVIRONMENT AND QUALITY ASSURANCE**

Phase One of the research project in Chapter Two identified that family run businesses dominate the Chiangmai hotel sector and most of these hotels are motivated by the lifestyle factor, keeping their enterprises modest and concern about their descendants. However, the business environment of family run hotels in terms of the implementation of quality assurance, which is critical for business competitiveness, has not been previously researched.

In recent years, competition within the tourism and hospitality industry in Thailand has intensified with the growing complexity of customer behaviour, market demands, advancement of technology and social networking. Within such a business climate, meeting customers' changing needs has been a significant issue for tourism and hospitality enterprises. The adoption of quality assurance principles and practices is considered by service organisations, including hotels, to be an important business strategy for increasing competitive advantage. Understanding the dynamics of the business environment is imperative when devising and implementing strategies to achieve the organisation's goals (Kew and Stredwick, 2009; Lucas, 2000). Therefore, this phase of the research project aims to critically examine the business environment of family run and owner-operated hotels in Chiangmai in terms of the implementation of quality assurance principles and practices.

The practice of quality control originated in manufacturing industries based on statistical process control (SPC), the physical measurement of products to detect defects (Shewhart, 1931). This initial inspection approach has developed through third party accreditation of production to strategic quality management (Dooley, 2000; Garvin, 1988). Over three decades, quality management has shifted from the Total Quality

paradigm towards Learning Organisation, World-Class, and later an “Excellent-Sustainable” concept (De Feo and Barnard, 2003). The Excellent-Sustainable notion has been amplified and called business or organisational excellence (Sun et al., 2004). A business excellence organisation focuses on “Continuous Improvement”, an on-going effort to improve products, services, or processes in all of its operations to meet customers’ needs (Hamel, 2001; Swinehart, Miller and Hiranyavasi, 2000).

The development of quality management and continuous improvement approaches, based on the work of many including Deming (1986) has led to the implementation of quality systems (e.g. ISO9001) and quality tools (such as Six Sigma and Lean). Today there are many quality systems, approaches and tools that have been developed to help businesses improve such as Business Process Reengineering and Business Excellence self-assessment (e.g. Malcolm Baldrige National Quality Award (MBNQA) and European Foundation for Quality Management (EFQM)) (Thawesaengskulthai and Tannock, 2008). The need for continuous improvement has also been recognised in the service industries although with markedly different characteristics from manufacturing, whereby services are intangible, inseparable, perishable, and heterogenic (Lovelock, 2011).

Like other service industries, tourism and hospitality recognises the need for continuous improvement to meet customers’ needs due to competitive pressure. Therefore adopting quality initiatives is considered to be the highest priority (Ford, Sturman and Heaton, 2012). The strategy of continuous improvement is said to be a crucial route to enhance the value of the experiences offered and important in satisfying customers (Seth, Deshmukh and Vrat, 2005; Heskett et al., 1997).

Implementing service quality management principles and practices should result in revenue growth and profitability as advocated by Heskett et al. (1997; 1994). However the quality initiatives, for the Thai hotel sector, such as the national tourist

accommodation standards, Thailand tourism awards, and Green Leaves standard, have not been embraced by the industry. Therefore Phase Two of the study investigates the business operations environment including the implementation of quality improvement strategies in hotels in Chiangmai.

The business environment was critically evaluated using PESTLE (Political, Economic, Sociocultural, Technological, Legal/Legislative, and Environmental) and SWOT (Strengths, Weaknesses, Opportunities, and Treats) analyses. To facilitate the above analyses semi-structured interviews were conducted with key personnel from the family run hotels that responded to the Phase One questionnaire. The interview sample also included members of staff from the national and local tourism boards.

Analysis of the interview data revealed a general lack of engagement with quality management principles and practices together with a weak managerial awareness of quality assurance issues. In addition, the external micro and macro environments in which the hotels operated did not always help this situation.

These results have implications for both Chiangmai hotel family business owners and relevant policy makers.

### **3.1 PHASE TWO LITERATURE REVIEW**

This section of the chapter reviews the literature on the development of quality assurance concepts and examines the evolution in thinking from quality control of the manufacturing industries through to business improvement strategies. This evolution, whilst starting with production, encompasses both the service and manufacturing sectors. This section also discusses the approaches used by the two main schools of thought, the American and the Nordic, to conceptualise service quality and examines its application in Thai tourism and hospitality enterprises. Finally, the concept of the business environment is reviewed.

### **3.1.1 Definition of Quality**

The concept of quality is hard to define, as there are many definitions in the literature. Crosby (1979, p.15) stated that quality is simply “conformance to requirements”. This means that a quality product should consistently meet the specifications set. However, Crosby’s definition ignored additional elements discussed by other authors such as customer perception and value in the market. For instance, the customer’s judgment of the quality is subjective even for objective elements (Oliver, 1981). In order to overcome the limitations of simplicity and narrowness of previous descriptions, Deming (1986) classified his definitions of quality into three groups: the quality of design/redesign, quality of conformance and quality of performance. The first relates to how well an organization can produce an item according to the consumers and other market research. The second classification refers to whether or not a firm and its suppliers can provide a product to meet customer requirements. The third group indicates ‘how the quality characteristics determined in quality-of-design, and improved and innovated in quality-of-conformance studies, are performing in the marketplace’ (Gitlow, 2000, p.5).

Garvin (1988) collected together the definitions of quality delineated by other authors from diverse fields such as philosophy, economics, marketing and operations management. He further categorised these quality definitions into five classifications. The first category, transcendent perspective definitions are recognised through experience, they are subjective and personal. The second perspective is product-based which considers quality as a measurable variable and refers to the amount of desired attributes contained in the product. The third is a user-based perspective and views quality from an individual customer’s standpoint. Garvin suggested that quality is determined by the degree to which the wants and needs of customers are satisfied. The fourth grouping is manufacturing-based and defines quality as conformance to

requirements and specifications. The last set is a value-based perspective which defines quality in terms of costs and prices, providing good value.

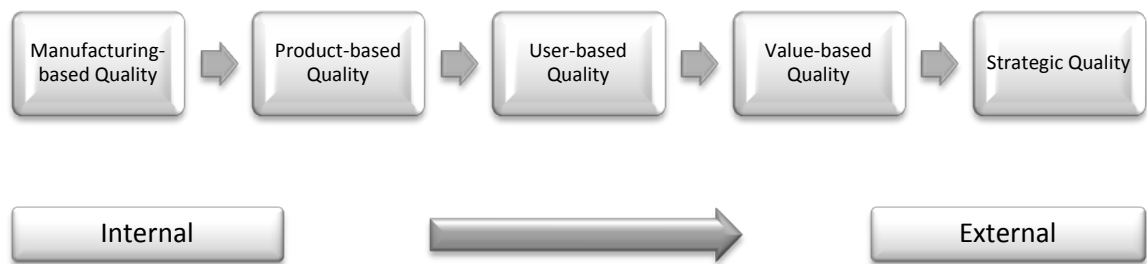
Forker (1991) further refined the definition based on Garvin's user-based quality from American, Japanese and Soviet perspectives. He stated that his definition was better because it was underpinned by the notion that fulfilling and satisfying the customers' needs form the ultimate judge of quality by consumers even when the product conforms to an organisation's specifications.

Kasper, Van Helsdingen and Gabbott (2006) developed the definition of a value-based perspective of quality as they identified that it is derived from a comparison between customer perceptions of the price paid and the benefits gained. This means that customers appraise the level of quality from the differences between their investments when buying and the benefits perceived from engaging with a product or service.

Hardie (1998) grouped various definitions emerging in the literature into five categories. The first is "conformance to requirements" indicating how the product or service matches production standards and conditions. The second is "fitness for use" showing whether the product or service functions as intended. The third is "meeting customers' expectations" portraying how much the product or service meets the expectations of its customers. The fourth is "exceeding customers' expectations" showing if the product or service goes beyond customer expectations. The fifth is "superiority to competitors", does the product or service equal or exceed those of its rivals.

Seawright and Young (1996) developed Garvin's model into a continuum that sequentially connects the five categories. Moreover it simply sorts the categories into two criteria; the internal and external scope of quality as shown on Figure 3.1.

**Figure 3.1 Quality Definition Continuum**



Source: Seawright and Young (1996, p.112)

Figure 3.1 demonstrates that each category consecutively influences the next one, starting from internal perspectives and moving forward to the external perspectives. Zeglat (2008) discussed this framework and noted that when a product was made to appropriate and well-defined specifications and in good condition (manufacturing-based quality), favourable characteristics and attributes would emerge (product-based quality). Consequently, customer needs would be met (user-based quality) and, if a reasonable price was charged, customers would be satisfied (value-based quality). As a result, a firm which continually meets customers' needs by continuous improving products and services tends to increase profits and market share (strategic quality).

The discussion above shows that there are numerous definitions of quality used by researchers with no consensus on a single universally accepted definition. These definitions have been grouped by perspective and approach. For this reason, it is appropriate to use and consider several definitions of quality as shown above rather than relying on a single meaning. However, definitions of service quality are discussed in a later section.

### **3.1.2 Quality Management Evolution**

The concept of quality management has been developed alongside the evolution of operations management ideas, the rise of quality improvement techniques and the



advancement of technologies. According to Dooley (2000), Dahlgaard (1999), and Garvin (1988) quality management evolution can be divided into four stages: inspection, statistical process control, quality assurance and strategic quality management. Later, a fifth stage, that of competitive continuous improvement, was added due to the developing “theme of organisational excellence” (Thawesaengskulthai, 2007, p.14).

The stages of quality management, including scope, orientation, foci, actions, primary concerns, methods, and measures, are summarised in Table 3.1. The first era of quality management practices started with simple inspection of produces. At this stage, quality is viewed as conformance to specifications and measurement methods are used to investigate, sort, and grade finished products by inspectors. This method is expensive in terms of both cost and time and led to the “statistical quality control” era which is concerned with the concept of defect detection. This was introduced by the Americans Deming and Juran in the early 1950s to Japanese industrial companies. This statistical orientation concentrated on the process of manufacturing rather than addressing results or product outcomes and was able to contribute to time and cost savings by waste reduction (Harrington and Lenehan, 2006; Deming, 1986). One of Deming and Juran’s techniques was Statistical Process Control, a quantitative tool for checking a limited number of items within an acceptable range of defects, first developed by Shewhart in 1931.

Currently, Statistical Process Control technique ‘is used in some fast-food outlets to aid their error detection’ (Williams and Buswell, 2003, p.38). Other methods and concepts used within this era were Sampling Plan (Dodge, 1955, 1943), Process Improvement, and Just in Time (JIT) (Schroer, Black and Shou Xiang Zhang, 1985). At this stage, quality responsibility is assigned to the Quality, Manufacturing or Engineering Department of a company.

**Table 3.1 Quality Management Evolution Stages**

Identifying Characteristics	Stages of Quality Movement				
	<i>Inspection</i>	<i>Statistic Quality Control</i>	<i>Quality Assurance</i>	<i>Strategic Quality Management</i>	<i>Competitive Continuous Improvement</i>
<b>Scope</b>	Product Quality	Process Quality	Total Quality		Excellent-Sustainable Organisation
<b>Orientation</b>	Inspect Quality	Control Quality	Build in Quality	Manage Quality	Continuous Improvement Quality
<b>Focus</b>	Conformance to Specifications	Conformance to Customer Requirements/Engineering Description	Total Customer Satisfaction: Product, Process, System Assurance	Customers Come First: Strategic and Management	Continuously Add Value to Organisation's Stakeholders
<b>Primary Concern</b>	Inspection	Detection	Coordination	Strategic Impact	Continuous Improvement
<b>Action</b>	Reactive to Quality Problems		Proactive or Preventing Quality Failure		Flexible, Responsive, Adapt Quickly to Changes
<b>Method &amp; Concept</b>	Gauging and Measurement	Statistical Process Control Sampling Plan Process Improvement Reduce Waste & Cost JIT Do It Right the First Time	Management practice: QCC, TQC, TQM (Kaizen) Control Plan Capability study DOE, FMEA	CQI by integrating management practice with process improvement ISO9000 series Six Sigma Re-Engineering Lean production	Self-Assessment (MBNQA, EFQM, Deming prize, Balanced Scorecard) Benchmarking Product & process design (QFD, Design for six sigma-DFSS) Advanced statistics
<b>Measure</b>	Finished Goods	In-Process Measurement	Entire Production Chain	Quality Management System	Stakeholder Satisfaction
<b>Key Responsibility</b>	Inspector	Quality Department	Active Involvement of Entire Organisation		

Adapted from: Thawesaengskulthai (2007) and Garvin (1988)

Due to the increasing demands of customers for quality goods, companies needed to significantly improve their products as well as being cost effective. These challenges are met by inspection therefore; this led to the next era, of “Quality Assurance”.

This era introduced techniques of quantifying the cost of quality, total quality control, design of experiments, failure mode and effects analysis (Dale, van der Wiele and van Iwaarden, 2007). With his famous slogan, “Quality is Free”, Crosby (1979) applied Deming and Juran’s quality principles and followed their concept of non-conformance having a cost. Therefore he advocated setting and implementing key performance indicators for quality improvement for every department in a company. Quality Assurance examined the entire production chain, a concept known as total quality organisation. There are several management practices implemented such as Quality Control Circle (QCC), Total Quality Control (TQC), and Design of Experiment (DOE). One of the important concepts used as a potential source of competitive advantage is Total Quality Management (TQM) (Powell, 1995). The philosophical concepts of TQM was devised based on the teachings of quality gurus (Dale et al., 2007; Oakland, 2003; Hackman and Wageman, 1995).

- *Total Quality Management (TQM)*

In response to global competition in the early 1980s, TQM was developed in the United States from a synthesis of similar and overlapping approaches introduced by quality experts such as Deming, Juran, Ishikawa, Feigenbaum, Taguchi and Crosby (Slack, Chambers and Johnston, 2009). The core elements of TQM are classified into two dimensions: “social” or “soft” and “technical” or “hard”. Bou-Llugar, Escrig-Tena, Roca-Puig and Beltrán-Martín (2009) argued that both dimensions should be interrelated and support each other for successful implementation. Based on customer-focus principles and organisational objectives, TQM integrated the Deming or PDCA (Plan-Do-Check-Act) continuous-improvement cycle (Deming, 1952) and the incremental Japanese improvement approach known as Kaizen to achieve the improvement of quality, productivity, and competitiveness (Kumar, De Grosbois, Choisine and Kumar, 2008; Andersson, Eriksson and Torstensson, 2006). To improve

and control the operational processes, several tools and techniques such as Statistical Process Control, Seven Quality Control Tools, and Quality Function Deployment (QFD) are utilised (Andersson et al., 2006). There are several empirical studies demonstrating that TQM has improved organizational performance in terms of financial results, operations, quality, and customer dimensions (Kumar et al., 2008; Rahman and Bullock, 2005; Agus, 2004). Furthermore, TQM has been widely adopted in service industries including the hotel sector (Claver-Cortés, Pereira-Moliner, Tarí and Molina-Azorín, 2008; Lazari and Kanellopoulos, 2007; Breiter and Bloomquist, 1998; Partlow, 1996, 1993). However, TQM has some limitations such as the lack of a structured improvement method; the costs and lengthy time of its employment; dilemmas in measuring the outcomes; and the efficiency of this management philosophy in service industries (Basu and Wright, 2012; Mehra and Ranganathan, 2008).

The next evolutionary stage is “Strategic Quality Management” incorporating profitability and business strategies that are associated with competitive needs, customer viewpoints and continuous quality improvement. This was in response to the need for a wider scope of quality management. At this stage of the quality movement, the emphasis was placed on the market and customer needs. As it is concerned with strategic impact, the concept used in this era is integrating management practices with quality programmes and systems such as ISO9000 series, Six Sigma, Lean, and Business Process Re-engineering (BPR) (see Appendix E for further detail).

Although these quality programmes and systems have been widely implemented as improvement initiatives, academic research regarding the applicability and suitability of them to the service industries is still at an early phase and shows some “lack of fit” (e.g. BPR and Lean) as discussed by Buavaraporn (2010); Hines, Holweg and Rich (2004) (see Appendix E for further detail). As an illustration, for some sectors in the tourism industry, such as tour operations, ‘it is difficult to standardise service quality’

(Mak, 2011, p.15). Mak (2011) also found that tour operators in Hong Kong had problems in attaining ISO 9000 certification due to the high cost of implementation and a lack of enthusiasm by their staff. Once employed its effectiveness reduced over time, the staff remained uncommitted and the consistency of procedures did not equate to improving quality. For the hotel sector, Ling (2001) analysed the characteristics of both the 2000 edition of ISO 9000 and hotel services and concluded that it was feasible to apply it to hotel management. She deduced that the implementation of ISO 9000 could improve hotel management and help meet customers' needs more effectively as well as promoting the competitive capacity of hotels.

In conclusion, the orientation and approach in the “Strategic Quality Management” era is to manage to meet customer needs and business improvement throughout the organisation. A key is strong leadership from senior managers and robust quality assurance processes. However, although Dale et al. (2007) and Garvin (1988) considered this era as the final evolution of quality management, Hodgetts, Luthans and Lee (1994) noted that organisations have been utilizing new ways of quality management for over thirty years and further evolution is probable. The new paradigm of strategic quality management shifted the emphasis from TQM to world-class continuous improvement and innovation. De Feo and Barnard (2003) ‘have extended this theme, suggesting that organisations must sustain major improvements, maintain high performance and aim towards being an “Excellent-Sustainable” organisation’ (cited in Thawesaengkulthai, 2007, p.14). This stage, considered as the fifth phase of quality evolution, emphasises the importance of the flexible organisation, responsive and able to adapt quickly to changes, responding to customer feedback and benchmarking against competitors (Thawesaengkulthai, 2007). In the recent era of quality management evolution, an organisation which aims for business excellence must focus on continuous improvement, striving continuously to enhance the products,

services, or processes, in all of its operations (Hamel, 2001; Swinehart, Miller and Hiranyavasi, 2000). Aiming for stakeholder satisfaction, the important methods adopted in this era are organisational self-assessment tools for the Business Excellence (BE) models such as the Deming Prize, the Malcolm Baldrige National Quality Award (MBNQA) and the European Foundation for Quality Management (EFQM).

- *Business Excellence Self-Assessment*

In order to sustain and/or increase a process of continuous improvement, it is essential to systematically monitor and measure organisational performance on a regular basis. Self-assessment, based on business excellence models, provides a framework to direct an organisations' focus on improvement and to assist in the delivery of both financial and nonfinancial performance enhancement. Wilkes and Dale (1998) and Hillman (1994) noted that the aim of self-assessment was confused with Audits, Appraisal and Awards.

- Audit: the process of checking whether or not an organisation has complied with a set of specific procedures laid down in manuals or standards,
- Appraisal: the process of evaluating an individual's job performance, discussing with them associated development plans.
- Award: a prize linked to a competition with others.

(Shah, 2008, p.7)

For the purpose of self-assessment, Hillman (1994, p.29) defined "assessment" as 'the process of evaluating an organisation and its improvement, achievements and processes against a model for continuous improvement'. By carrying out self-assessment, top management can understand the organisation's strengths and weaknesses, further helping in the development of appropriate strategies to move the organisation forward (Porter and Tanner, 2012). Several academics and practitioners

define the term self-assessment in different ways. However, EFQM provided the most embracing and broad definition:

*Self-assessment is a comprehensive, systematic and regular review of an organization's activities and results referenced against the EFQM excellence model. The self-assessment process allows the organization to discern clearly its strengths and areas in which improvements can be made and culminates in planned improvement actions that are then monitored for progress. (<http://www.efqm.org>)*

Ritchie and Dale (2000, p.244) noted that 'within the companies studied business excellence is perceived as being a measure of "how good we are" and a means by which "business can move forward"'. BE is also considered as a philosophy requiring executives and leaders to establish a concise and clear vision and to have an active involvement in driving the organisation forward to meet its objectives (Tanner, 2005). Therefore, the BE self-assessment is basically used in cooperation with the criteria of an excellence model or award in order to deliver improvements in quality and performance. However, there are several factors critically affecting the success of self-assessment such as systems thinking, leadership commitment, training, result orientation, participative management, and the effective deployment of all of the company's operational plans (Samuelsson and Nilsson, 2002; Nuland, 2000). Dale (2003) noted that self-assessment has a complicated methodology and often managers do not know where to start. He further identified the problems of implementation. Self-assessment requires high commitment and enthusiasm by the top management and a level of TQM maturity as well as the cross functional integration of departments and units. It consumes not only time but is resource intensive, such as employee involvement and documentary evidence. Consequently, it is difficult for small enterprises who have insufficient resources and knowledge to implement BE self-assessment (Wilkes and Dale, 1998). Moreover, the self-assessment instruments of the BE awards are not suitable for general SMEs because they are too sophisticated and do

not comply to some organisations' culture (Sturkenboom, Van Der Wiele and Brown, 2001).

There are several BE frameworks offered regionally, nationally and internationally such as the Deming Prize (DP) in Japan, the Malcolm Baldrige National Quality Award (MBNQA) in the USA, and the European Foundation for Quality Management (EFQM) Excellence Award in Europe. An overview of these three models is provided in this section.

DP is named after Dr. Deming, "a quality-control expert" (Throop and Castellucci, 2003, p.80), who was invited to Japan in 1950 to establish company-wide systems (Evans and Lindsay, 2007). The DP is awarded by the Union of Japanese Scientists and Engineers (JUSE) every year to companies for significant advances in quality improvement (The W.Edwards Deming Institute, 2010). By concentrating on the quality of products and services, the DP focuses on the effectiveness of TQM implementation. Porter and Tanner (2012) listed topics in the checklist for assessing DP applications as follows: policies, organisation, information, standardization, human resources development and utilization, quality assurance activities, maintenance/control activities, improvement activities, effects and future plans. However, DP does not provide a model framework to applicants and it is not a competition so applications are not compared to others (Porter and Tanner, 2012). However both MBNQA and EFQM are competitive and have explicit frameworks which contain self-assessment.

As quality awards have been influenced by TQM, Malcolm Baldrige National Quality Award's (MBNQA) seven criteria of leadership, strategic planning, customer and market focus, information and analysis, human resource development, process management, and business results were developed. To provide quality leadership and improve the competitiveness of United States companies, the US government invented the NBNQA in 1987 firstly for manufacturers, service businesses, and small businesses



(National Institute of Standards and Technology, 2010a). There are six categories for the MBNQA: manufacturing, servicing, small business, education, healthcare, and non-profit. There are only three awards in each category every year. Today there are seven areas of the MBNQA known as the Baldrige Criteria for Performance Excellence (National Institute of Standards and Technology, 2010b):

- (i) Leadership,
- (ii) Strategic planning,
- (iii) Customer and market focus,
- (iv) Measurement, analysis, and knowledge management,
- (v) Workforce focus,
- (vi) Process management, and
- (vii) Business/organisational performance results.

The MBNQA model framework has been used by many organisations throughout the world as a guide to enhance the quality of manufactured goods and services and has also been imitated by other countries' national quality awards such as the Thailand Quality Award, where this empirical research was conducted (Thailand Quality Award, 2012).

The European Foundation for Quality Management (EFQM) was established in 1988 by a group of Presidents of major European companies. In 1991, EFQM officially launched the European Quality Award (EQA) scheme to support, encourage and recognise the development of effective TQM. Tan, Wong, Mehta and Khoo (2003) reviewed 53 National Quality Awards (NQAs) and found that the EQA is the role model for most of the NQAs.

In 2006, the EQA was renamed the EFQM Excellence Award (EEA) (Andersen, Lawrie and Shulver, 2000). The EFQM excellence model, which is regularly revised, has nine criteria (EFQM, 2013):

- (i) Leadership,
- (ii) Strategy,

- (iii) People,
- (iv) Partnerships and resources,
- (v) Processes, products, and services,
- (vi) Customer results,
- (vii) People results,
- (viii) Society results, and
- (ix) Business results.

These criteria can be grouped into “enables” containing five criteria and “results” for the other four. There is different weighting in each criterion.

BE self-assessment provides the opportunity for implementing benchmarking and transferring knowledge (Zairi, 2003). There are various approaches to conducting self-assessment against the existing excellence models ranging from opinion based methods such as the psychometric tests and the matrix questionnaire approaches, to the more time consuming and complicated evidence-based approaches such as workshop and award simulation (MacKerron, Masson and McGlynn, 2003). To adopt one or more of these techniques, Benavent, Ros and Moreno-Luzon (2005) and Jackson (2001) suggested that organisations should consider the resources and needs as well as the limitations of the selected techniques. No matter which BE model firms use, either the EFQM Excellence Model or the Baldrige Criteria for Performance Excellence, they are useful for organizational self-assessment (Ritchie and Dale, 2000). With similar assessment processes and being based on a common language, both of these BE models identify areas for improvements to the implementing organisations (Samuelsson and Nilsson, 2002; Ritchie and Dale, 2000). In other word, assessing and comparing the performance of people in different departments of a company or subsidiaries of a group, or other businesses can be achieved by employing these BE models.

As a concept, quality management has evolved over a long time. In order to understand quality management, it is useful to reflect upon the history of the movement

from its origins in traditional inspection, through quality control, quality assurance, TQM, to continuous improvement (Yong and Wilkinson, 2002). Each quality management era has different foci, orientations, and motivations, which is reflected in the plethora of quality management systems and tools available worldwide.

### **3.1.3 Service Quality**

The importance of service industries has been increasingly recognised since the early 1980s (Sankar, 2013; Verma, 2012; Shehane, 2006). Systemic attempts to improve manufacturing quality were imported into the service industries. However, the service industries' offerings have important characteristics that differentiate them from manufactured products; such as intangibility, inseparability, perishability, and heterogeneity (Lovelock, 2011).

The first characteristic that differentiates services from products is intangibility. According to Kotler and Armstrong (2010), service intangibility means that services are not able to be seen, tasted, or smelt before they are bought. It is often not possible for service firms to portray what they offer and quality is hard for customers to appraise before consuming the services (Harrington and Lenehan, 2006). Thus, making services tangible is one of the providers' tasks in order to raise prospective consumer awareness of the proffered service quality (Kotler and Armstrong, 2010). However some studies (Bowen, 1990; Wyckham, Fitzroy and Mandry, 1975) suggest that intangibility cannot be used to distinguish between all products and services because the intangible-tangible concept is difficult for customers and service providers to recognise.

Secondly, customers are generally required to be present when a service is provided. This can mean that the consumer may be required to take an active role in the service delivery process, e.g. self-service restaurant, but in all cases, passive or active, they are engaged in a service encounter (Lovelock and Wirtz, 2010). Carlzon (1989) argued that each interaction between front line staff and consumers was a "moment of

truth” and was crucial for developing customer relations and obtaining information to continuously improve the service.

Additionally, services cannot be separated from the service provider because most are produced and consumed at the same time. This inseparability of service production and consumption will impact on the business performance; for example too few staff for the number of customers will lead to a decline in service quality whereas vice versa will decrease profitability.

The third characteristic of services is perishability. This means that services, unlike most goods, are not able to be stored, or consumed later. Fluctuations in demand such as seasonality in the hotel industry results in organizations still having to be consistent with their standard of service delivery whilst trying to maintain a viable business (Fitzsimmons and Fitzsimmons, 2011; Rao, 2011). To reduce such difficulties, service reservation and yield management techniques, such as lower prices for early bookings or at off peak times are implemented.

Lastly, services are very variable due to their heterogeneity. Services can be different every single time they are provided depending on factors such as staff, customers, weather, time and place. For example, the staff providing a service at various times may have different skills, proficiency levels, moods and attitudes during the service encounter. Similarly customers and their demands differ, both factors making it hard to control the service setting experience.

Since services have different and distinctive attributes from products or goods, it is difficult to exactly define the concept of service quality. Consequently, Zeglal (2008, p.53) concluded that ‘perceiving and evaluating service quality will be harder since it depends on intangible factors and elements occurred during and after the interaction between the service provide and customer’. Fisk (2013, p.158) also stated that ‘because services are not physical in nature, their quality is difficult for the customer to evaluate’.

For this reason, Parasuraman, Zeithaml and Berry (1985) concluded that it was difficult to define service quality. The service quality concept as a different construct from product quality has been widely researched. As a consequence, several models have emerged to conceptualise service quality but these are not concluded and research continues (Brady and Cronin, 2001). The primary aims of these models are to investigate factors affecting service quality, to prevent non-conformance to specification, and to provide a framework for continuous improvement (Zeglat, 2008).

At the present time, there is no consensus on the generic and specific dimensions of service quality; however, the research has been dominated by two main schools of thought on service quality; the North American school and the Nordic school (Wood and Brotherton, 2008). Both schools are based on the disconfirmation paradigm (see the detail in Chapter 4) developed by Oliver (1980) which defines service quality as ‘the degree and direction of discrepancy between consumers’ perception and expectations’ (Parasuraman, Zeithaml and Berry, 1988, p.17). The measurement techniques from the two service quality schools are different. Williams and Buswell (2003) discussed the two approaches to customer interaction and relationships and concluded that the North American school depends upon quantitative data and the Nordic school prefers personalised services rather than the standardisation of service. Kang and James (2004) argued that the service quality of the Nordic school is not based on only the process of service quality delivery but also on the outcome and image aspects of service quality. Without providing strong empirical evidence, this disconfirmation theory has not attracted practitioners. However, no common agreement has developed to identify the proper approach to perceived service quality, what customers expect and how they appraise (Martínez Caro and Martínez García, 2007). The first primary conceptualisation that dominated research in service quality theory is the SERVQUAL model developed by Parasuraman et al. (1985) from the North American school, they

are often referred to as “PZB”. The Nordic school of thought has produced several models, but the “Grönroos” service quality model is predominant and discussed below (Grönroos, 1984).

### **Gap Service Quality Model (PZB)**

Brady and Cronin (2001) identified that the mainstream of service quality research was based on SERVQUAL. This model was developed by investigating the service quality concept in four service categories representing a cross section of industries as suggested by Lovelock (1980): retail banking, credit card, securities brokerage, and product repair and maintenance. The aim of the PZB model is to understand how customers perceive the quality of a service by using a survey questionnaire as an instrument to compare the expectation of the customers and their perceptions of the performance of the actual services (Parasuraman et al., 1988). Parasuraman, Berry and Zeithaml (1991) refined and developed the SERVQUAL instrument into a multiple-item scale for examining consumer perceptions of service quality and the items of the questionnaire were grouped into five distinct dimensions; tangibles, reliability, responsiveness, assurance, and empathy.

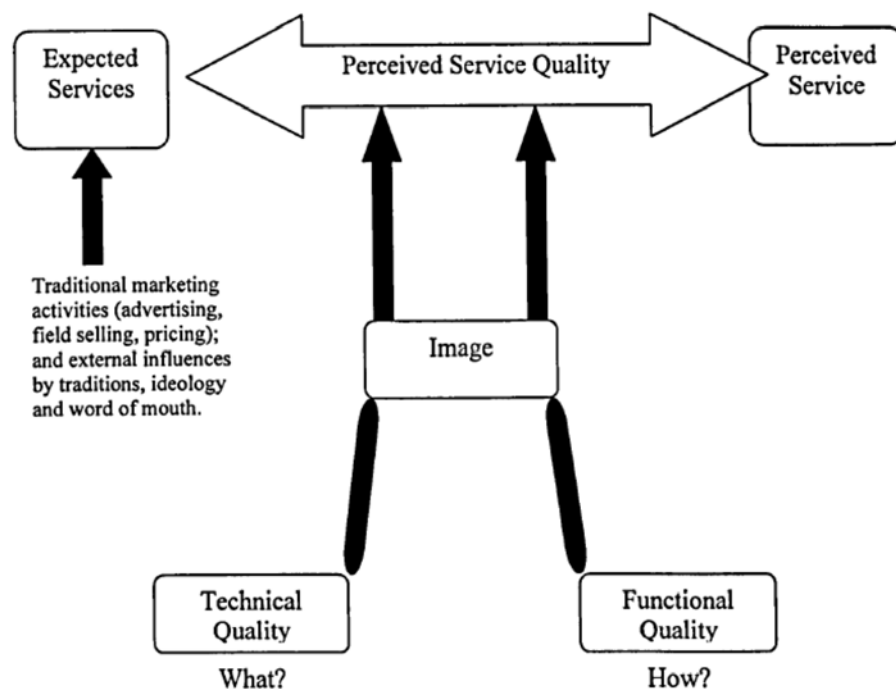
The SERVQUAL model is widely used in the service industries to understand the perceptions of customers regarding their service needs, to allow a measurement of the organisation’s service quality and to gauge employees’ perceptions of service quality. Nonetheless, there are number of criticisms of the SERVQUAL model related to the strong focus on functional quality dimensions or the process of delivery, rather than the service outcomes (McCollin, Ograjenšek, Göb and Ahlemeyer - Stubbe, 2011; Souca, 2011; Ladhari, 2009b; Woodall, 2001; Williams, 1998). Zeglal (2008) in a review of literature on SERVQUAL categorised criticism into two groups: theoretical and operational. Detail of the SERVQUAL model as well as its criticisms will be

discussed in depth in the next chapter as it will underpin the basis for Phase Three of the research.

### **Grönroos' Service Quality Model**

As one of the founder members of the Nordic School of service quality, Grönroos (2011) argued that most of service quality definitions focused on the customer and on the fact that services are provided as solutions to customer problems. In order to clarify how customers perceive and assess service quality and to identify what factors influence it, Grönroos (1984) developed an influential service quality model incorporating both technical (what) and functional (how) quality aspects. His model is based on the idea that service quality is the result of the consumer's comparison between his/her expectations and perception of the service (the outcome of the evaluation process). From empirical research evidence, Grönroos (1984) found that functional quality was important when customers judged the perceived service while image was affected by traditional marketing activities such as advertising, field selling, and pricing. This is illustrated by Figure 3.2.

**Figure 3.2 Grönroos' Service Quality Model**



Source: Grönroos (1984, p. 40)

According to Figure 3.2, the overall evaluation and perception of service quality depends on three dimensions: technical quality, functional quality and image. Technical quality, the outcome dimension, exhibits the physical result of the service delivered to customers. Functional quality, the process dimension, represents the psychological aspect of the service delivered and means how the outcome of the service is delivered to the customer. Image refers to the overall quality of the service delivery that is recognized by the customer through the technical and functional dimensions. As a result, the image can affect the customer's perceived service quality. This image dimension is applicable as a corporate filter (Grönroos, 1984). If a company's image is negative from the customer perspective, then this may have a critical effect on the impact of any faults in either the technical and functional dimensions. However, if the company image is good, any faults may be acceptable. This model aims to comprehend what customers in a service setting are expecting and how they perceive the received service, which is the outcome from the three dimensions of quality; technical, functional and image (Grönroos, 2000). Therefore, the service provider can control, affect and manage the customer's evaluation in the desired direction (Grönroos, 1988).

As mentioned before, functional quality is a very crucial dimension affecting customers' perception of the quality of service that they receive. Therefore it is probably more significant to customer-perceived service quality than the technical quality dimension (Grönroos, 1983). However, Newman (2001) argued that technical quality or the service outcomes is also essential to overall service quality. Based on how customers see the process and how they feel themselves fitting into it, Lehtinen and Lehtinen (1991), also from the Nordic School of thought, proposed that the functional quality dimension was related to a higher level process quality concept. Their two dimensional approach with this higher level concept, a more abstract way of modelling service quality, consists of service process and output quality. The consumer's judgment



of his/her interaction with the service provider's process is represented by process quality; whereas, the customer's evaluation of the service process results, which are either tangible or intangible, is represented by the output quality dimension.

Although the conceptualisation of the Nordic School of service quality is widely accepted by scholars in the field and has made a great contribution to the literature, some criticisms have emerged. Ekinçi (2008, 2002) argued that the Nordic School are only concerned with conceptualization issues of service quality without offering strong evidence to support its validity and sufficient empirical justifications of its service quality dimensions. Sufficient details about what kind of customer's expectations should be used and measured were not provided by the Grönroos's model (Ekinçi, 2002). Moreover, Seth et al. (2005) noted that the Nordic School does not provide an explanation of how to measure technical and functional quality.

However, issues of service quality such as definition, modelling, measurement, and data collection procedures have been continuously studied and researched. Consequently, several service quality models have emerged. Seth et al. (2005) critically appraised 19 different service quality models that were developed between 1984 and 2003. Two of these were applied to the hotel sector (Oh, 1999; Mattsson, 1992). Based on comparative analysis, it was found that service quality outcomes and measurement were dependent on the type of service setting, the situation, time and need factors. Additionally, the customer's expectations towards specific services also changed with respect to time and environment factors.

#### **3.1.4 Service Quality Dimensions**

Brady and Cronin (2001) argued that even though perceptions of service quality are based on multiple dimensions, there is no common consensus about the nature and content of service quality dimensions. There are several service quality dimensions proposed such as the ten-dimensional (Parasuraman et al., 1985), eight-dimensional

(Garvin, 1988), five-dimensional (Parasuraman et al., 1988), three-dimensional (Brady and Cronin, 2001; Rust and Oliver, 1994; Lehtinen and Lehtinen, 1991), and two-dimensional (Lehtinen and Lehtinen, 1991; Grönroos, 1984).

The Nordic School split the concept of service dimensions into technical, “what”, and functional, “How”. Six criteria of perceived good service quality were proposed: professionalism and skills, attitudes and behaviour, accessibility and flexibility, reliability and trustworthiness, reputation and credibility, and recovery. Researchers have developed and evolved variations for specific uses; for example Rust and Oliver (1994) advanced a three-component model; service product, service delivery, and service environment based on the technical and functional service quality dimensions.

The North American School, led by Parasuraman, Zeithaml, and Berry, firstly determined ten dimensions which were later condensed into five: reliability, tangibility, responsiveness, assurance, and empathy. The timing of the evaluation determines whether process or outcome quality is measured (Berry, Zeithaml and Parasuraman, 1985; Parasuraman et al., 1985). For process quality, “How”, evaluation is carried out when the service is being performed; whereas for outcome quality, “What”, measurement occurs after the service is complete (Kang, 2006). Similar to Parasuraman et al.’s (1991) approach, Garvin (1988) suggested eight dimensions or categories of quality: performance, features, reliability, conformance, durability, serviceability, aesthetics, and perceived quality. Lehtinen and Lehtinen’s (1991) service quality dimension perspective has two categories, both judged by the customer. Process quality, or “How”, is appraised during a service and output quality, or “What”, is evaluated after a service has been performed.

It is important to understand all aspects and dimensions of both the Nordic and North American Schools in order to portray the entire picture of service quality despite

a lack of overall clarity as the concepts provided by key scholars are not fully aligned. Table 3.2 attempts to outline the review of the underlying implications of service quality on the basis of the emphasis placed on either “What” and “How”, as suggested by leading researchers.

**Table 3.2 Comparison of Service Quality Dimensions**

	<b>“Nordic School” Grönroos (1984)</b>	<b>“American School” Parasuraman <i>et al.</i> (1985;1988;1993)</b>	<b>Garvin (1988)</b>	<b>Lehtinen and Lehtinen (1991)</b>
“What”	Technical service quality (TSQ)	Outcome quality - Assurance - Reliability (TSQ)	Features Conformance Durability Reliability (TSQ)	Output quality
“How”	Functional service quality (FSQ)	Process quality - Reliability (FSQ) - Responsiveness - Assurance (FSQ) - Tangibility - Empathy	Reliability (FSQ) Performance Serviceability Aesthetics Perceived Quality	Process quality

Source: Adapted from Buavaraporn (2010), Kang (2006), and Harrington (1997)

### **3.1.5 Service Quality Improvement**

Service quality management is considered to be a key driver in gaining superior outcomes such as competitive advantage, quality performance, financial performance, customer satisfaction, and overall business performance (Tam, 2004). This reflects a widespread implementation of quality improvement initiatives in the service industries (Newman, 2001). According to Heskett et al. (1997), continuous improvement is important in adding value to service delivery provided and is a crucial attribute in satisfying customers. At the early stage of the service quality revolution, there was no evidence of the link between service quality improvement and profit implications (Zeithaml, 2000). Consequently, an examination of the effects of quality improvement on attracting and retaining customers in the service industries was needed. The impact of service quality improvements on profit and other financial outcomes were considered by service organisations (Rust, Moorman and Dickson, 2002; Zeithaml, 2000).

In 1991, Schlesinger and Heskett developed the “Cycle of Failure” model to illustrate a correlation between the poor financial performance of a service organisation to its human resource strategies of low wage and minimum training. The theory suggests that narrow job designs requiring low skill levels leads employees to display indifference to customers as they are bored with low morale resulting in high employee and customer turnover. As a consequence, such service firms have low financial performance, low profit margins; this means the cycle repeats itself with the hiring of more low wage personnel to work within the unrewarding atmosphere (Lovelock and Wirtz, 2010).

The contrary “Cycle of Success” demonstrates the correlation between employee satisfaction and business success (Schlesinger and Heskett, 1991). Service firms, in the cycle of success, use reward programs to attract high quality employees. By using broadly designed jobs, with appropriate training, frontline personnel are empowered to control service delivery to meet customers’ needs. These firms pay higher wages than average, have intensive staff selection processes, and reward high performance employees which in turn improves both the satisfaction rates of staff and customers (Heskett et al., 2003). These factors may lead to successful business performance (Hernon and Whitman, 2001).

Elaborating upon the cycles of failure and success, Lovelock (1995) developed the “Cycle of Mediocrity”. This model is mostly found in service bureaucratic organisations that are usually typified by government monopolies, industrial cartels, or regulated oligopolies, where there is low incentive to improve performance. Because of change and problem avoidance, adopting more innovative labour practices may not be a desired choice for management (Lovelock and Wirtz, 2010). The cycle of mediocrity illustrates organisations where service delivery standards tend to be designated by rigid rulebooks and carried out by unwilling employees. These organisations often have high

levels of customer complaint but within this business environment, it is hard for them to improve the service (Lovelock and Wirtz, 2010). It is often a significant challenge to move from the cycle of mediocrity to the cycle of success without engaging robust business improvement strategies.

Based on these models, Heskett et al. (1994) developed a conceptually linear framework linking service operations, employee and customer assessments to the profitability and growth of an organization; known as the Service Profit Chain. Like the cycles of success and failure, the notion that both employee and customer loyalty are key drivers of profitability underpins the Service Profit Chain. Kamakura, Mittal, De Rosa and Mazzon (2002, p. 294) revealed that 'the Service Profit Chain provides an integrative framework for understanding how a firm's operational investment, and how these translate into profit. For a firm, it provides much needed guidance about the complex interrelationships among operational investments, customer perceptions, and the bottom line'. Heskett et al. (1997) explained the relationship between employee and customer satisfaction by using the analogy of the satisfaction mirror, the notion that business success results from employee satisfaction being reflected in terms of customer satisfaction.

There are several empirical studies that support an interrelationship of employee and customer satisfaction (e.g. Brown and Lam (2008); Gil, Berenguer and Cervera, (2008); Wilson and Frimpong (2004)). The Service Profit Chain also provides a good focus on how to define and measure service quality, and then link it to improvements in business performance (Zeithaml, 2000). However, there are criticisms of the Service Profit Chain in terms of applicability and the lack of empirical evidence to support some of the links in the Service Profit Chain. Edvardsson and Gustavsson (2003) argued that the application of the Service Profit Chain's strategies that promote staff motivation and satisfaction for all service settings is still questionable. Loveman (1998) pointed out that

the relationships between employee, customer and financial outcomes had not been rigorously tested using empirical data. Although Silvestro and Cross's (2000) empirical research findings showed correlations between profit, customer loyalty, customer satisfaction, service value, internal service quality, output quality and productivity; it cannot affirm that such correlations are driven by employee satisfaction and loyalty. Nevertheless, the Service Profit Chain has attracted practitioners to implement as a route to business improvement. This recognition has been supported by practical case studies such as Sears, an American leading integrated retailer (Rucci, Kirn and Quinn, 1998).

Rust, Zahorik and Keiningham (1995) introduced the Return on Quality (ROQ) framework for evaluating the impact of service quality improvements on profits. Their underlying concept of the ROQ lies in the assumptions that continuous improvement strategies are investments and must be financially accountable and expected to increase profitability (Lovelock and Wirtz, 2010). An important implication of the ROQ is that it can be used to justify these initiatives because the model enables organisations to focus upon the financial benefits to the business. The ROQ is an advancement over the Service Profit Chain because cost reductions, revenues and market share are considered within this model; however, Buavaraporn (2010) argued that this consideration is not at a detailed level.

Porter (2008, p.11) stated that 'the two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them lead to three generic strategies for achieving above-average performance in an industry: cost leadership, differentiation, and focus.' Quality improvement is one of the significant ways in which competitive performance may be achieved (Thawesaengskulthai, 2007). For service industries whose characteristics are different from manufacturing, quality management and continuous improvement play a significant role in business

performance such as profitability and customer satisfaction. This is shown in various models and provides a good foundation for understanding the cause-and-effect implications of service quality improvement.

### **3.1.6 Quality Management in Tourism and Hospitality**

Due to social and business trends, such as competitive rigor, consumer behaviour dynamics and technology shift, service quality has become significant to tourism and hospitality since 1980 (Johns, 1996). Kapiki (2012, p. 54) defined quality in the tourism and hospitality industry as ‘the consistent delivery of products and guest services according to expected standard’. This consistent delivery will lead to an increase in the business performance as sales, guest retention and new customer attraction rise as the customers’ service expectations are met or exceeded (Kapiki, 2012; Hayes et al., 2011; Reyad, 2005). Hayes et al. (2011) pointed out that the service encounter is an important factor in customers’ perceived judgement of the hotel operational experience. Vrtiprah (2001) argued that managing quality in tourism and hospitality is complicated due to the complex combination of production and service elements that need to be performed over the short time cycle. Therefore, a systematic plan that provides firms with a means of monitoring service from the customers’ perspective is needed.

Due to high competition and the fluctuation of demand, the need for tourism and hospitality enterprises to give confidence to customers of an intangible service has arisen. There are various mechanisms for accreditation and recognition of delivering service quality in the tourism and hospitality industry. Kapiki (2012) concluded that tourist accommodation enterprises establish quality labels via classification schemes because they wanted to inform customers of the standards to expect from hotels in order for them to make an informed choice. Quality labels should encourage investment and improvement by setting standards that hotel owners can aim to reach and maintain.

Moreover, tourism award schemes are increasingly supplemented by additional systems of tourism accreditation such as the eco-labels.

In Thailand, where this research was carried out, there are both international and national quality improvement programs and awards for the tourism and hospitality industry such as ISO9000 series, ISO14000 series, national hotel standards, and Thailand Tourism Award. As this research focuses on the Thai hotel sector, this section will firstly discuss the Thailand Tourist Accommodation Standards, including longstay, the Green Leaves Awards and the Thailand Tourism Awards. All of these systems require hotels to register under the Hotel Act 2004.

The Hotel Act 2004 is a legal provision which requires all accommodations, except apartments, to register with the government. According to Callan (1994, p. 11), 'hotel registration is a listing or "register" of establishments which may or may not require minimum standards. Most countries require conformity with public health, fire and safety legislation, which indicates some minimum requirements'. The Thai Hotel Act additionally requires environmental impact assessment (The Department of Provincial Administration, 2004). At present, there are numerous illegal hotels situated in Thailand although the government respited this act and gave several dispensations (Chinmaneevong, 2012). According to Ojarusporn (2013) and Charungkit-Anant (2009), accommodation businesses may fail to register because of the costs and difficulties related to such aspects as required property renovation, environmental impact assessment, and the lengthy processes involved. This situation creates further problems, for instance government hotel databases regarding market share and the number of hotels in specific locations are inaccurate, resulting in policy makers and private sector investors making decisions with incomplete data (Division of Tourism Investment, 2011). Oversupply and severe price competition is a result, meaning that prices do not reflect real values. In 2011 the average hotel room rate in Thailand was 97



US Dollars a night compared to over \$230 US Dollars in Singapore and Hong Kong (Chinmaneevong, 2012).

Currently, accommodation standards are recognized through the Thai government star rating system that is based on various types of guestroom services, as outlined in Chapter Two. The basic accommodation standards are for hotel, resort, service apartment, and guesthouses.

In addition, there are two augmented accommodation standards: longstay and homestay. These two standards' criteria are dissimilar to the previous four types. However, the basic criteria for all accommodation standards are below (Bureau of Tourism Development, 2009):

- (i) Physical environment: location and hotel environment,
- (ii) Construction: hotel architecture, hotel mechanical and electrical system, materials used and security,
- (iii) Hotel facilities: rooms, bathroom amenities and room decoration,
- (iv) Quality of service: staff, cleanliness, hygiene and hotel reputation, and
- (v) Hotel maintenance.

There are nine sections of criteria used for evaluating longstay accommodation. For example the owners must have an agreement regarding emergency treatment of customers with a nearby hospital, a laundry service must be provided, and a member of the hotel staff must be able to provide visa information. The Longstay standards also include an extra section on the provision of cooking and dining facilities (see Section 2 in Appendix F). Longstay accommodation is awarded platinum, gold, and silver ratings rather than being in the five-star system. Currently there are only five longstay accredited hotels and resorts in Thailand, none in Chiangmai (Longstay Coordinating Centre, 2012).

Narangajavana (2007) investigated the relationship of the national hotel rating system in Thailand and hotel service quality. She found that nearly all of the

respondents were aware of the standards but only a quarter of them were participating in the program. The updated list of accredited accommodations reveals that 14 hotels in Chiangmai and only 233 hotels nationwide are approved (The Department of Tourism, 2012a).

Like other countries where tourism is the primary source of national income, Thailand has established national tourism awards recognising and rewarding high levels of quality service delivery and contributions to tourism as a motivation and incentive. Two well-known awards within the hotel sector are The Thailand Tourism Awards and the Green Leaf Standard for ASEAN.

The Tourism Authority of Thailand is the main tourism promotion organisation and launched the “Thailand Tourism Award” in 1996 (Tourism Authority of Thailand, 2010). For the hotel sector there are five categories of award; city, resort, boutique, pool villa, and convention hotel. The general criteria include management (policy, targets, training, in-house management), procurement, services, management of natural resources and the environment, energy and global warming reduction, health and safety, and being a good member of their community. These criteria are similar to accommodation standards but some are based on the concept of the conservation and management of the environment.

The Green Leaf Standard for ASEAN award furthers environmental concerns, being introduced by the Green Leaf Foundation, an international cooperation venture between the Thai government and private firms (Green Leaf Foundation, 2009). Similar to the hotel star rating system, there are 1-5 symbolic Green Leaf Certificates. In 2012, 227 hotels were accredited, including eight in Chiangmai with two of these responded to the Phase One survey.

As discussed, the awareness of service quality management has disseminated in the tourism and hospitality industry. One of the major challenges the tourism and

hospitality managers face is delivering quality service as it is an imperative condition for success in the competitive global markets (Kapiki, 2012). With specific characteristic of the industry such as the short cycle of operations, the Royal Thai government developed quality assurance systems and recognitions such as the national hotel standard, Thailand tourism awards, and Green Leaf awards. These are designed specifically for hotel businesses. Nevertheless, substantial numbers of hotel enterprises in Thailand have not engaged with these.

### **3.1.7 Business Environment**

The importance of incorporating quality management planning into the strategic planning process has been recognised (Omachonu, 2004; Pycraft, 2000; Garvin, 1988) and acknowledged by the service sector for over three decades as previously mentioned. Several studies contributing to the strategic quality assurance literature emphasise the emergence of service quality as one of the most important methods of cost reduction and overall organisational effectiveness improvement (e.g. Løwendahl (2005); Vandermerwe, Lovelock and Taishoff (1994); Barnes and Glynn (1993); Brown (1993); Leonard and Sasser (1982)). In order to achieve or contribute to the process of developing and implementing strategies, either directly or indirectly, an understanding of the broad view of a business organization, such as the competitive situation, internal resources, stakeholders and existing operation plans, is needed (Kew and Stredwick, 2009; Elearn Limited and Pergamon Flexible Learning, 2005).

According to Shaikh (2010), the business environment is generally viewed from internal and external perspectives. The internal environment is considered to be composed of controllable factors which the business is able to manage, modify, or alter from time to time. Products and services, employees and their skills, finance, and resources are part of the internal environment (Goyal and Goyal, 2008). On the other hand, the external environment is comprised of the factors from the outside over which

the organisation has little or no control. This includes the market situation, politics, economics, social matters, technologies, and laws (Jain, Trehan and Trehan, 2009). Henry (2008) argued that what an organisation faces daily is a constantly changing external environment; hence, the need to manage internal resources and capabilities to help meet these demands.

Business organisations, requiring inputs from the external environment for their products and services and to add value to such inputs, must undertake an analysis of their internal and external environment in order to survive in the competitive marketplace (Palmer and Hartley, 2011; Henry, 2008). A firm must efficiently and effectively act in response to environment factors that are perceived as threats, opportunities, strengths and weaknesses to the organisation (Needle, 2010). Although there are many examples of environmental analysis in the tourism literature, there appear to be no instances of application to family run hotels in Thailand. Due to the “environmental uniqueness” of individual organisations, no two firms operating in the same setting, discrete analyses must be conducted (Wetherly and Otter, 2011, p.17). Moreover, there is no research critically analysing the family run hotel business environment in Chiangmai in terms of the implementation of quality assurance principles.

Previous research has found that the improvement of product and service quality is considered an appropriate strategy for achieving and sustaining competitive advantage (Lai, Lau and Cheng, 2004). In order to contribute to the process of developing and implementing strategy, including decision making and general operation, an understanding of the business environment, both internal and external, is imperative (Palmer and Hartley, 2011).

The literature of Phase Two critically reviewed the concept of quality management, which originated in the manufacturing sector, including the definitions,

evolution, and the widely used approaches and techniques. The quality theories underlying the service sector are dissimilar those of manufacturing because products have different characteristics. Service quality in the service sector has been studied by two schools of thought, The North American and the Nordic. In line with other markets, the policy makers of the tourism and hospitality industry in Thailand have recognised and provided service quality award frameworks. Lastly, the concept of business environment was discussed.

### **3.2 METHODOLOGY OF PHASE TWO**

This section explains the methodology of Phase Two. It covers not only the philosophical assumptions, but also the rationale for the selected approach and methods, and the steps and actions undertaken in order to critically examine the business environment of family run hotels in Chiangmai in terms of the implementation of quality assurance principles and practices. After the explanation of the underpinning rationale of the two-stage methodological process, the data collection and analysis procedures are justified. The section also identifies the four types of triangulation applied in this research.

#### **3.2.1 Philosophical Assumption**

As discussed in Chapter One, the research project applied multiple paradigms depending upon the objective of each phase of the study. Phase Two aimed at critically examining the business environment of family run hotels in Chiangmai in terms of the implementation of quality assurance principles and practices. In order to achieve this, a business environment analysis had to be undertaken. This is ‘the process of scanning the environment to identify changes or trends that have the potential to generate opportunities and threats to the organisation’s current or future intended strategies’ (Worthington and Britton, 2009, p.460). A business environment is a complex

phenomenon and can be subjectively understood. Charmaz (2008) noted that the social constructionism paradigm is appropriate to develop an understanding of a complex phenomenon. Social constructionist approaches can reflect depth and rich data. Therefore, the research philosophy paradigm underpinning Phase Two is social constructionism.

The acceptance of a particular epistemology usually leads the researcher to employ methods that are characteristic of such a position (Easterby-Smith et al., 2012). The epistemology selected for this research, given the nature of underlying theories, is interpretivism. This approach examines meanings and interpretations, aiming to generalise how meaning is developed through human interactions (Fisher and Buglear, 2010). The acceptance of a particular epistemology such as interpretivism usually leads the researcher to employ specific methods (Easterby-Smith et al., 2012). As outline in Table 1.1, the social constructionism philosophy aims to increase general understanding of the situation by gathering rich data by incorporating stakeholder perspectives through qualitative research methods (Easterby-Smith et al., 2012; Silverman, 2005; Collis and Hussey, 2003; Creswell, 2003).

### **3.2.2 Research Design**

According to Churchill and Iacobucci (2009), the research design is referred to as the framework or plan for a study which is adopted as a blueprint for the collection, measurement, and analysis of the data. It is the overall strategy that the researcher chooses to integrate the different components of the study in a coherent and logical way. This phase of the project has two foci; the first being to critically examine how family run hotels in Chiangmai engage with quality assurance principles for improving service quality. Qualitative interview research methods which allowed the researcher to get close to the respondents, who were key informants of relevant originations from both the public and private sectors, were used to gather information and opinions meeting the

study's objectives. The details of the respondents are further described in the next section. Secondly the business environment is analysed in-depth to identify factors which affect quality assurance engagement (Palmer, 2008). Accomplishing these objectives requires a comprehensive approach; Lodorfos and Boateng (2006) suggested that a qualitative method is preferred when in-depth understanding is desired. This research was therefore designed to specifically follow the theory-building process using a wide range of data sources: primary, secondary, and tertiary.

From these two foci, the research process is separated into two main stages. The first is an exploratory empirical study investigating how family run hotels in Chiangmai implement quality assurance principles through in-depth semi-structured interviews analysed by grounded theory (Charmaz, 2006). The second stage, informed by the first stage and documentary analysis of secondary research sources, assesses the business environment through two tools, PESTLE (Political, Economic, Sociocultural, Technological, Legal, and Environmental) and SWOT (Strengths, Weaknesses, Opportunities and Threats) analyses (Worthington and Britton, 2009).

### ***The First Stage***

The engagement with quality assurance principles for improving service quality within family run hotels in Chiangmai was under-researched and also relatively new to the author. In such cases, Danermark (2002) views the research as exploratory and suggested to conduct qualitative interviews to explore the construct in questions and its dimensions from respondents' perspective. Semi-structured qualitative interviews were chosen as the primary data collection method for this phase of the research. Bryman and Bell (2007, p.472) stated that 'researchers sometimes employ the term qualitative interview to encapsulate these two types of interview', semi-structured and unstructured. The term "qualitative interview" is often referred as "in-depth interview" as well. However, they pointed out that a semi-structured interview is not only flexible

but also provides a clear focus in order to ensure cross-case comparability. In other words, researchers can add more questions into semi-structured interviews while retaining the gist of the conversation. Amongst others, Easterby-Smith et al. (2012) and Voss, Tsikriktsis and Frohlich (2002) identify this methodology as a highly efficient way to gather rich, empirical data, and gain insights about the phenomena being studied. This approach is often used in the tourism and hospitality literature (Chen, 2009; Ritchie, Burns and Palmer, 2005).

In a qualitative semi-structured interview, an emphasis is placed on the interviewee and his/her points of view. Such interviews can depart significantly from the prepared guide in that new questions can be asked following interviewee responses; this may affect the subsequent order of questions (Bryman, 2012). The target interviewees of Phase Two were Chiangmai family run hotel owner/managers from Phase One and related tourism policy makers. The first stage interview covered five main topics; quality management practises, the current business situations, longstay provisions, their families and enterprises.

For a pluralistic perspective, the sample was composed of three categories of interviewees: from family run hotels, the local tourism board, and central policy makers. For the first group, accredited and non-accredited family run hotels were chosen and sent a letter asking permission to conduct the interviews, in equal proportions, through purposive sampling from the 63 Phase One Postal Survey respondents (33 respondents claimed that the hotel had standard accreditations, such as the Ministry of Tourism and Sports' Hotel Standard, Resort Standard, and Guesthouse Standard, and 30 hotels did not). Nine semi-structured interviews were conducted with owner/managers of family run hotels in the Chiangmai area. The second sample of the first stage included the representatives from the Chiangmai Tourism Business Association, the Department of



Tourism, the Ministry of Tourism and Sports, and the Thai government accommodation standards assessors.

According to Yin (2012), major tasks in data collecting are developing the fieldwork procedures, gaining access to interviewees from key organisations and making a clear schedule for these activities. The fieldwork was undertaken between December 2011 and January 2012. Careful preparation for data collection before undertaking the fieldwork is crucial in conducting effective interviews (Kumar, 2010), therefore the researcher analysed the relevant secondary data sources such as annual reports, brochures, sales kits, reports, and newsletters before the interviews began.

All of these interviews were conducted in the Thai language and, with permission, were tape recorded and transcribed by the researcher. Nontapattamadul (2007) recommended that the transcriber should be a native speaker of the interview language in order not to miss important semantic points. Aliases are used for both the hotels and interviewees in the transcriptions to ensure confidentiality.

The analysis of qualitative data starts from transcribing records, defining the strategy to use, classifying and codifying the transcripts, making connections amongst assorted classes, and presenting the analysed findings (Shank, 2006). Wholey, Hatry and Newcomer (2010) described qualitative data analysis as an abstract set of affiliated processes and practices, an interaction between raw data, and its interpretation, organisation procedures, and the emerging findings. Gibbs (2008) argued that computer-assisted software application to analyse qualitative data has been recognised as supporting the research analysis process efficiently and systematically. This study utilised the Nvivo, software package which has been widely used in social science research (Silverman, 2011; Bazeley, 2007; Bryman and Bell, 2007; Bandara, 2006). Nvivo helps the open coding and categorisation of the data and allows a cumulative development of meaning and structure until saturation is reached, when no new themes

or ideas emerge. This coding and analysis process is described as “thematic analysis” by Shank (2006).

‘A general strategy of qualitative data analysis simply means a framework that is meant to guide the analysis of data’ (Bryman and Bell, 2007, p.582). One of the most widely used is grounded theory which is described as a ‘theory that was derived from data systematically gathered and analysed through the research process. In this method, data collection, analysis, and eventual theory stand in close relationship to one another’ (Strauss and Corbin, 1998, p.12).

One of the main processes in grounded theory is coding which results from reviewing transcripts and assigning labels, nodes in Nvivo, to capture the dominant themes, organisational patterns and component parts that the researcher assumes will be of probably theoretical significance for the study (Hardy and Bryman, 2009; Bryman and Bell, 2007). A thematic analysis was carried out by comparing the nodes to identify patterns and connections (Strauss, 1987). Thematic analysis is widely used by researchers in social research fields utilising grounded research (Denzin and Lincoln, 2011; Silverman, 2011; Marshall and Rossman, 2010).

### ***The Second Stage***

The second stage of the Phase Two study aimed to in-depth analyse the business environment of family run hotels in Chiangmai in terms of the implementation of quality assurance principles and practices. The data for the second stage evolved from a synthesis of the primary data from the first stage and the secondary data from the literature review and analysis of a range of documents (e.g. the Hotel Act, the licensed hotel list, and tourism statistic information) collected from the government, higher education institutes, and businesses.

The analysis of the above sources of data was carried out using the PESTLE and SWOT tools. PESTLE is an analysis tool that includes Political, Economic,

Sociocultural, Technological, Legal, and Environmental factors. There is no evidence identifying any particular individual or organization for pioneering this analysis (Dcosta, 2011). It was originally used as the PEST analysis from 1980, augmented to PESTLE in the mid 1990's and more aspects were added later (Kew and Stredwick, 2009). Peng and Nunes (2007) categorised the use of this tool in two different ways:

- (i) To analyse the position of a specific organisation or industry sector within a particular business environment, and
- (ii) To analyse the viability of general management solutions in a business environment.

According to Ward (2005, p.11), this tool is 'based on the assumption that certain external and indirect circumstances that characterise an industry are able to influence its capacity to produce value'; consequently, it provides a "satellite view" for assessing the external environment. PESTLE is suited to the purpose because it provides a macro-environmental framework that gives an overview of the external environment that influences a specific industry operation. This tool enables organisations to drill down into the source of the threats and opportunities as well as generating new ideas (Afuah, 2009). As mentioned, PESTLE is able to portray the big picture of the industry clearly and can help clarify very large business environments such as the family run hotel sector in Chiangmai. However, this tool also has limitations. The analysis must be rigorously performed because it requires consideration of wider ramifications of each factor (Henry, 2008). Besides, PESTLE does not provide an analysis of the internal business environment. SWOT, therefore, was chosen as the analytical tool for the second stage.

SWOT, an acronym for Strengths, Weaknesses, Opportunities and Threats, can be used to analyse both the external and internal environments. This tool is more suitable for analysing micro-environmental factors covering opportunities and threats than PESTLE (Kotler, 2003). It is widely recognised as a globally useful tool which can

be applied to a wide spectrum of research areas and in various industries processing internal and external information and delivering significant added value to an organisation's strategic development (Takano, 2009). According to Hunger and Wheelen (2000), SWOT analysis does not only lead to the identification of the subject organisation or industry sector's core competencies, but also generates the identification of opportunities that such organisations are not currently able to take advantage of due to a lack of appropriate resources. Moreover, it is a useful tool for developing and evaluating management strategies (Needle, 2010). The Phase Two SWOT analysis not only revealed business environment factors but also had strategic implications for the hotel sector. Although SWOT is found to have the highest use as a strategy tool by practitioners (Jarzabkowski and Giulietti, 2007), this framework has disadvantages. First, SWOT only provides a skeleton list of characteristics and elements and users can generate significant lists of seeming strengths, weaknesses, opportunities and threats that are of little use. Secondly, the analysis findings are subjective and may change over time (Afuah, 2009). Therefore, the user should narrow down the analysis, use up-to-date data and develop in-depth detail of each item of SWOT.

In conclusion, this research design is based on the paradigm of social constructionism and had two foci reflected in a two stage process. The first was in-depth qualitative semi-structured interviews with family run hotel operators from Phase One and representatives from local tourism organisation and the government analysed by grounded theory. The second was PESTLE and SWOT analyses using the data from the first stage and other sources.

### 3.2.3 Triangulation

In order to improve the validity of this study, a triangulation approach was adopted for Phase Two (Bryman (2012). Triangulation provides for cross checking of the results by gathering data from a variety of sources and then comparing and contrasting them against each other (Bryman and Bell, 2007). Guion, Diehl and McDonald (2011) categorised triangulation into five different types:

- (i) Data triangulation,
- (ii) Investigation triangulation,
- (iii) Theoretical triangulation,
- (iv) Methodological triangulation, and
- (v) Environmental triangulation.

For this phase of the research, four types of triangulation were employed as follows.

Data triangulation involves the use of a variety of information and sources of data (Guion et al., 2011). The data from primary, secondary and tertiary sources were collected and analysed in Phase Two thus overcoming any weaknesses or biases of a single method and source. For instance, the government documents regarding hotels, secondary sources such as accreditation, licensing and the Chiangmai directory, were triangulated with the interviewee responses, the primary sources.

In regards to triangulation of investigation, the study involved in-depth interviews with individuals from several family run hotels, the local tourism board and key personnel from the Department of Tourism in the Ministry of Tourism and Sports. The interviews sought to gather facts, views and opinions from the respondents from different angles.

For methodological triangulation, the study combined different methods of data analysis, such as the analysis grounded in primary interviews with significant informants and PESTLE and SWOT analyses based on documents from secondary and

tertiary sources. The methodological triangulation is important because the flaws of one method are often the strengths of another. For instance, PESTLE provides an in-depth analysis but only for the external environment whilst SWOT is used to investigate both the internal and external environments but presents as a static framework and can present difficulties in translating obtained lists into goals and objectives.

Theoretical triangulation was reached by the use of many theoretical perspectives, such as quality assurance, family business, and strategic management, to interpret the information or data collected from the respondents or documents. In other words in this phase theoretical areas were examined.

The aim of adopting the triangulation technique was to obtain a solid confirmation of the findings. Thurmond (2001) argued that triangulation increases research data confidence, creates innovative ways of understanding a phenomenon, reveals unique findings, challenges or integrates theories and clarifies understanding of a problem.

#### **3.2.4 Conclusion for Methodology of Phase Two**

This section discussed the methodology of Phase Two. The rationale of the research design and process to meet the research objectives of phase two were directed and shaped by the author's philosophical assumptions. Based on the social constructionism paradigm, the method used a qualitative approach. A two-stage research plan was employed, firstly using in-depth semi-structured interviews analysed by grounded theory. Secondly PESTLE and SWOT analyses were performed in order to critically examine the business environment of family run hotels in Chiangmai in terms of the implementation of quality assurance principles and practices. This research design also adopted data investigation, theoretical, and methodological triangulation to improve the validity.

### **3.3 ANALYSIS AND FINDINGS OF PHASE TWO**

The purpose of this section is to present the analysis and the findings of Phase Two of the study. As outlined in the methodology section, there were two stages in the critical examination of the family run hotel business environment in Chiangmai in terms of the implementation of quality assurance principles. The first stage allowed the researcher to gain an understanding of whether or not family run hotels followed any quality management principles and, if so, how they are operationalized. The data were collected by a series of in-depth qualitative semi-structured interviews. The second stage aimed to identify business environment factors through PESTLE and SWOT analyses with the primary data from the first stage and secondary research. In this section, the analysis and findings of both stages are respectively reported.

#### **3.3.1 The First Stage Results**

The primary data collection was conducted for this stage using qualitative semi-structured interview techniques supported by secondary data gleaned from relevant documents such as hotel accreditation and other quality schemes. Simultaneously, the collected data, both primary and secondary, was examined utilizing Nvivo software for emergent patterns and themes relating to quality assurance implementation. The primary data was collected from two groups of organisational interviews; (i) family run and owner-operated hotels and (ii) individuals from both the government tourism department and non-government agencies.

The first group of interviewees was composed of nine owner/managers from the ten family run and owner-operated hotels that had agreed to participate in further study from Phase One. A tenth who had agreed to participate was unavailable during the research visit to Chiangmai. These hotels were coded as A1-A9 as in Table 3.3 which presents the profiles of the interviewees' hotels.

**Table 3.3 Profiles of the Interviewed Family Run and Owner-operated Hotel**

Hotel Code	Business Ownership	Business Length	Hotel Experience Length	Starting Business	Property Ownership & Operation	No. of Rooms	No. of Staff	Claimed Accreditation	Found Accreditation	Have Longstay (stay over 15 days) Guests
A1	Sole proprietor	21	15	Start by Ownself	Owned property with owned operation	18	2	Guesthouse Standard	Hotel Licensed	Yes
A2	Husband/Wife, Limited company	3	3	Start by Ownself	Owned property with owned operation	12	6	Service apartment standard	Apartment Registered	Yes
A3	Sole proprietor	5	5	Start by Ownself	Owned property with owned operation	30	5	None	None	Yes
A4	Sole proprietor	30	20	Inherited from Family	Owned property with owned operation	79	2	Hotel Standard	Hotel Licensed	Yes
A5	Sole proprietor	12	12	Start by Ownself	Owned property with owned operation	100	10	None	None	Yes
A6	Sole proprietor	30	30	Start by Ownself	Owned property with owned operation	9	1	None	Hotel Licensed	Yes
A7	Sole proprietor	25	10	Inherited from Family	Owned property with owned operation	18	5	Hotel Licensed	Hotel Licensed	No
A8	Partnership with family members	2	2	Purchased as established business	Owned property with owned operation	21	2	Green Hotel	None	No
A9	Sole proprietor	30	5	Inherited from Family	Owned property with owned operation	31	12	Guesthouse Standard	Hotel Licensed	No



The majority, seven, of the interviewed hotel owner/managers were sole proprietors. The other two hotels were different types of ventures, one was a partnership with family and, the other, a husband and wife enterprise in the form of a limited company. Five of the nine hotels had been established for more than 20 years but just two of the interviewees had, themselves, been in the hotel business for more than 20 years. Five of the interviewees had started the business themselves whilst three of them had inherited their hotel from their family. Only one respondent had purchased an enterprise. However, all of the interviewees ran their hotel properties themselves without being in a franchise or chain. More than half of the studied hotels were classified as very small with less than 20 rooms and all were micro-businesses employing less than 20 staff. Five interviewees had hotel licenses but the hotels did not have government accommodation standards. Six of the nine hotel owners replied that the hotel had longstay customers.

The second group of interviewees were representatives from the government and non-government agencies concerned with tourism. The central government agency, the Department of Tourism under the auspices of the Ministry of Tourism and Sports, has overall responsibility for Thai tourism. The department, founded in 2002, has a broad remit to develop tourism to sustainably benefit the Thai economy, society, and culture (The Department of Tourism, 2012c). Areas of concern include the tourism industry, tourism sites, and licensing domestic guides. A sub-section of the department, the Bureau of Tourism Service Development, is specifically responsible for accommodation standards.

Three key individuals from the Ministry were interviewed in Bangkok. The first one, Mr. Supol Sripan, the Director of the Department of Tourism, has overall responsibility for the department's work. This included making and enforcing tourism policies for Thailand as well as all standards of both tourism sites and services. The

second interviewee, the Director of the Bureau of Tourism Service Development, Mrs. Mayuree Tongsong, whose mission is to generate, issue, and enforce all standards for tourism services. The Ministry person interviewed was an accommodation standards assessor, Mr. Santiphong Boonyalert, with a duty to evaluate accommodation when businesses were applying for accreditation.

The non-government agency interviewee was Mr. Sarawuth Saethiew, the elected president of the Chiangmai Tourism Business Association. Serendipitously, he was not only a representative of tourism business owners in Chiangmai, but also co-owned a family run hotel. The Chiangmai Tourism Business Association was established in 1979 by a group of local tourism entrepreneurs as a business trade club and has been registered as an association since 1982. The association's missions are to promote and develop tourism in Chiangmai, to facilitate collaboration between public and private sectors to drive Chiangmai to become a world class destination, to enhance Chiangmai tourism industry's competitiveness, to strengthen its market value, to promote the local Lanna cultural heritage, to make business linkages and alliances with one another, and to facilitate its members' tour and ticket enterprises, hotels, souvenir shops, transport companies, restaurants, sport and recreation provision, and health facilities (Chiangmai Tourism Business Association, 2012).

### *Themes from the In-depth Interviews*

After coding this data using Nvivo, the resulting nodes were then restructured according to the nature of the reference made by the interviewees and triangulated with secondary research. Four major themes emerged from the interview analysis. The first one was the "awareness and specification of quality" which identified the significance of quality management, service quality and quality schemes to the owner/managers. This included discussions concerning their views on service quality specifications for hotels. The second theme was "implementation of quality practices". This sought to

explore the operation of quality management, what tools and techniques they were using as well as accredited and non-accredited systems they implemented. The third was “business improvement” resulting from managing quality both directly and indirectly from the perspective of the family run hotel owners/manager. The last theme was “longstay provision” mentioned in previous chapters as one of the research interests.

- *Awareness and Specification of Quality*

Most of the owners/managers of family run hotels interviewed acknowledged the significance of quality issues, service quality and quality management although none of the respondents reported that they had adopted any quality management systems. Six of respondents were unaware of the existence of the government accommodation standards.

‘...my husband and I have not participated in TAT’s seminar for a while because we are busy. Is it something new?’

(Interviewee: A1)

‘...this place is accredited by TAT’s guesthouse standard...never been audited ...we do not have a certificate...’

(Interviewee: A3)

‘...never heard of it ...we are running a guesthouse ... no need to refer with the star system...’

(Interviewee: A5)

‘...what tourism government agencies communicate to hoteliers are only about confidential information requests and something about tax...’

(Interviewee: A6)

‘...never heard of it. The only things I know are laws...’

(Interviewee: A7)

‘...is it about the fire safety inspection? ... a government firm just came by to audit...but the other than that I do not know...’

(Interviewee: A9)

The other three family run/owner-operated hotel respondents recognised the standards but they were not interested in them. Moreover, they identified problems and

obstacles caused by government regulations and standards regarding the hotel sector and showed negative attitudes towards such quality schemes. For example, they believed that the government accommodation schemes were steered by influential hotel owners and investors whose hotels' facilities, specifications and services precisely matched such standards.

...May I whinge? The issue of standards is very bad. What do they use to benchmark? ...when you travel to any province, do you bring your father and mother? Number one ... if there is a lift or a car park at the basement, will you count it as a standard? Number two...is it necessary for a bathroom to have a flush toilet<sup>1</sup>. It might be for old people...How about shampoo, soap, or shower caps?...OK...In a guestroom, is it necessary to decorate elaborately...having a sofa...lobby...what are the standard indicators? I ask...are pillows, blankets, mattresses, bathrooms enough or anything just for sleeping with *ensuite* bathroom?...Nobody contacts or communicates about the development of government accommodation standards...most of them are made up for depriving others, by such as the North Hotel Association. They developed a standard to hinder us middle and budget hotels to entry because there is a situation that their room price minimum is 3,000 – 4,000 Baht but most European or Asian tourists do not need that...

(Interviewee: A4)

...even the government themselves do not have standards...how come they can audit us? ...They cannot identify the accommodation classification precisely...which one is a hotel or guesthouse or boutique hotel...they do not have exact information...how can they accredit and audit us? ...Adjusting our services and properties to comply with what they want is hard...the government must help...

(Interviewee: A8)

When queried about the term service quality, the analysis of the transcripts, using Nvivo software, showed that “guest satisfaction”, “no complaints”, and “no problems” came up repeatedly and also emphasised that sales should not decrease. Most participants to this phase of the study determined that “no guest complaints” was a significant service quality indicator. For these hoteliers, as long as the business performance was strong, there was no perceived problem with service quality. In

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<sup>1</sup> In Thailand, there can be either an old-style squat toilet or flush toilet offered in hotels and resorts.

addition, most replied that the services they provide are appropriate and are in the line with prices and locations. They do not want customers who have overly high expectations of the hotel's facilities and services.

My business mostly have service problems with Thai customers...they think they are hi-so (high society)... study...before they came, they already saw the pictures from our website...they called and said cynically...they had not never stayed in a tourist accommodation level such as guesthouse before... "Is there any parking spaces? We will drive...any problem?"...I felt so stressed...Why do I have to welcome such people into my house...they say "this is bad...these are not good"...These might not meet their standards...so I said "So you should book a hotel because here we only offer guesthouse service levels"...

(Interviewee: A1)

...we have already informed and showed our guesthouse pictures on the internet...what we offer and everything...for a phone booking, I will tell the customer...go check the website for our guesthouse pictures and services before booking...I do not like to receive a customer's disappointed feeling...which I can recognise from the customer's face, I will return the money and ask him to find somewhere else...do not destroy my happiness...just 200-300 Baht...it is not worth it to make me feel unhappy...you saw my price...you should know.

(Interviewee: A7)

#### - *Implementation of Quality Assurance Practices*

According to the interviews and the Phase One questionnaires, six of the nine hotels had accommodation standards. However government records show that only five of the nine respondent hotels were licensed and none of them had the accommodation standards such as hotel, guesthouse, service apartment, or green hotel (The Investigation and Legal Affairs Bureau, 2010). Among the five legally licensed hotels, three of them were accredited as Type One; that is providing no more than 50 guestrooms of which the smallest must be at least eight square metres in area. The other two were Type Two; hotels of a similar size and room standards, but additionally providing dining or cooking areas (The Investigation and Legal Affairs Bureau, 2010).

All of the respondents knew about The Hotel Acts' civil and criminal penalties; violators can be punished with imprisonment for a term not exceeding one year, fined up to 20,000 Baht, or be both imprisoned and fined. Failure to meet the required standards or to become licensed can lead to a further fine not exceeding 10,000 Baht throughout the period of the violation (The Investigation and Legal Affairs Bureau, 2010). However, the interviewees from the unlicensed hotels did not mention licensing or anything related to this topic.

Of the international quality schemes, the respondents knew about ISO but they thought that it was not essential or suitable for them even though they could not give an explanation of why this was so. The interviews revealed that there were no formal strategic quality policies in any of the nine hotels probably due to the background of the respondents and their lack of service quality management knowledge, Table 3.4.

**Table 3.4 Interviewed Family Run Hotels' Quality Practices**

	A1	A2	A3	A4	A5	A6	A7	A8	A9
Quality policy/goal	-	-	-	-	-	-	-	-	-
Operation manual	-	-	-	-	-	-	-	-	-
Monitoring system	Observe	random	random	random	Random	observe	random	Random	random
Benchmarking	Room	-	-	Price	Price	-	-	Room Price	Room Price
Guest satisfaction measurement	proactive verbal	passive verbal	passive verbal	passive verbal	passive verbal	proactive verbal	passive verbal	passive written & verbal	proactive verbal
Guest requirement determination	-	-	-	-	-	-	-	-	-
Staff training	-	First day	First day	-	First day	-	First day	First day	First day

Moreover, the subjects did not identify any organisational quality goals and, furthermore, none of the hotels had an operations manual. However, six of the hotels had a monitoring system that was administered by the owner/managers randomly to see if there were any problems in the operation of the hotel.

...Nothing much for monitoring...we just have a meeting once a month...

(Interviewee: A2)

...once in a while we monitor...to see our operation...we will know when a problem comes...

(Interviewee: A3)

...I am the one who checks the operation but just sometimes...

(Interviewee: A4)

...about service quality, we do not have exact criteria...if we found something wrong, we will have a talk...otherwise twice a year...

(Interviewee: A5)

...we do not do that monitoring...we just randomly check...

(Interviewee: A7)

...we use a system ...we do not need to tell the staff what to do...the system will do...but sometimes we must investigate the operations...

(Interviewee: A8)

...we try to keep monitoring the operation of every department...depends on the available time...but we are too busy...

(Interviewee: A9)

Most of them avoided identifying their standards. However, three of the respondents disclosed that the minimum guest room amenities provided were copied from their competitors. Four respondents additionally compared their prices with their local competitors.

...before we started the business...we went to see other hotels...some place did not allow us in...we then lied to them that we would have a relative coming to stay so we needed to see a room before...we went to many places...when I saw...oh here they are...nothing was special...nothing was hard...just needed spacious rooms with high ceiling so the guests would not feel cramped...then came back and renovated our existing property...made our rooms bigger and higher ceilings...provided in-room amenities such as towels, soaps, tissue paper, and water...we just thought of a perfect hotel...giving back to a customer although we are only a guesthouse...we do not have a shower cap for a customer but basic amenities like other hotels...because a guest can bring a small bag...they do not need to bring a towel...

(Interviewee: A1)

...we have not adjusted our prices for four to five years...because there is high competition...if we raise our prices; nobody will come...the prices of guesthouses in this area are the same...

(Interviewee: A5)

...we purchased this hotel, but we set up an operational system ourselves including the guestrooms...the services in a room...amenities...I saw other hotels and adapted...not only local hotels but overseas such as Japan...they can sell a very small room in most of hotels...it is very clean...so we use that concept as well...

(Interviewee: A8)

All of the respondents claimed that their operations conformed to customers' demands which were measured by customers' complaints and comments. Eight of them appraised their guest satisfaction verbally, three proactively asking whether guests had had a good stay and five where staff listened to guest complaints. Only one hotel provided two feedback channels for guests, written comment cards on the reception desk and also making the manager available to listen to guest comments and complaints. However, one of the five hotels where staff listened to complaints had implemented a comment card at reception but later removed these:

...we used to have a comment card but not anymore because it was not useful...

(Interviewee: A7)

However, all of the interviewees accepted that they have never inquired what their customers needed or expected beyond asking them whether they had had a good stay.

The development of their important human resources, the soft dimension of service quality, was neglected by all of the interviewees. Six of the nine revealed that they only provided on the job training on the first working day. Two respondents said that they addressed personnel training needs through the staff accessing free sessions provided by the on-line booking agency used by the hotel, such as agoda.com. However, these training sessions are only about the booking system and the customer feedback system on the web site.



- *Business Improvement*

None of the respondents thought that improvements would result from implementing quality management systems. There was evidence from the interviews that the owner/managers did not believe that the quality schemes, such as the Hotel Acts, accommodation standards and tourism awards, would increase their business sales or profits even though the Department of Tourism promoted the accommodation standards as improving competitive advantage, product image, customer reliability, and were an effective marketing tool in their own right.

Respondents expressed the view that having “no guest complaints” indicated “quality” and led to “repeat guests” and “occupancy retention”. None showed any concern for improving business or service quality. Although they admitted that more customers and profitability were desirable, without short term returns they were not willing to invest in quality management schemes or more personnel training.

- *Longstay Provision*

All of the respondents recognised that the longstay tourist market has become important for Chiangmai tourism. Six of the interviewees said that they had customers who had stayed for over 15 days. However, they did not provide any special services or facilities for this market segment. The respondents argued that longstay customers in their hotels did not need a kitchen area because eating out was easier and cheaper.

...we have Canadian longstay customers during January – March...they love staying here because it is quiet...actually they do not need any additional services...for dining...they went for a walk all day long...not coming to their room...we provide a fridge inside a guestroom...such a customer bought bread and jam to eat as a snack and then left the room again to somewhere else...we used to provide breakfast but different nationalities prefer different food so we decided not to offer food anymore and it is easy to find food outside...

(Interviewee: A1)

...we have no in-guestroom dining area and we do not allow cooking in the room...it is easier to buy food anywhere...for longstay customers...we know that some of them brought an electricity pot to cook instant noodles but we relent...

(Interviewee: A5)

Some of the respondents argued that the services they offer which exclude special provisions for longstay customers are all that can be provided at the price the customers paid. Hence, they do not have a plan to offer such extra services. All of the respondents of Phase Two of the study had never heard about the longstay standard. Consequently, they did not know the requirements of the standard.

The results from the analysis of the interviews can be synthesised in the following propositions concerning owner/manager awareness and specification of quality, the implementation of quality practices, business improvement, and longstay provision.

For the awareness and specification of quality theme, two propositions emerged from the interviews. Firstly, the industry-specific standards devised by the government were not known although family run hotel owners and managers recognised service quality and quality management. Secondly, from their perspective, service quality referred to the minimum level of service they could offer without resultant customers' complaints.

The implementation of quality practices theme resulted in two propositions. The first is that there is no formal quality scheme adopted by family run hotels. Secondly, the implementation of quality assurance principles and practices is at a low level.

The proposition emerging for the theme of business improvement is that the owner/managers saw no empirical evidence that engaging in tourism quality schemes improved business performances.

Lastly, specific and extra service provisions for longstay customers are not needed in family run and owner-operated hotels.

### **3.3.2 The Second Stage Results**

In the previous section, in which the results from the first stage of Phase Two were discussed, a number of important findings were made with regard to how quality assurance principles were followed and implemented at family run and owner-operated hotels in Chiangmai. Specifically, the owner/managers showed enthusiasm about their own ideas of service quality but did not engage in any formal quality scheme. Their lack of engagement with formal quality schemes resulted in their own ideas about service quality being enacted. Consequently service quality assurance practices were at a very low level. The evidence from the interviews was then integrated with the secondary data to inform the second stage in which the business environment factors in terms of quality assurance principles implementation was investigated. This was achieved through the application of PESTLE and SWOT analyses.

#### ***PESTLE Analysis***

##### ***- The Political Factors***

The Office of the National Economic and Social Development Board (2009) reported that terrorism was expected to continue to exert pressure on the world. However, the level of violence would tend to decline due to economic growth which appears to reduce terrorism but other motivations for terrorism, such as self-sacrifice for religious ideology, exist. Meanwhile, advances in science and technology increase the operating capacity of terrorist groups as information about the construction of devices which can cause widespread damage, such as biological and nuclear weapons, are easily acquired through Information Communication Technology (ICT). Although political instability has been expanding globally, the number of international tourist arrivals worldwide was expected to increase by 3.3 per cent a year on average from 2010 to 2030 (World Tourism Organization, 2013).

According to the research conducted by Eureka Consulting (2012), it was found that the highest negative factor for the Thai tourism image, from the perspective of international tourists, was political crisis. A survey of Thai tourism entrepreneurs found that they thought that the highest risk factor for Thailand tourism was internal political conflict with 40.4 per cent of the respondents believing that the government had no stability (Tourism Authority of Thailand and Economic and Business Forecasting Center of University of the Thai Chamber of Commerce, 2013). Since the coup d'état in 2006, the Suvarnabhumi international airport shut down in 2008, and the protests in 2009, Thailand tourism has declined due to a lack of tourist confidence and travel warnings issued by several countries around the world (Siam Commercial Bank PLC., 2010; Tourism Authority of Thailand, 2009b). Foongkajorn (2010) examined the impact of the political turmoil on the hotel sector in Chiangmai. After the 2006 coup d'état and the 2008 airport blockade, the average occupancy rate of Chiangmai hotels in the first, second, and last quarter of the year was lower than the previous year. Furthermore, due to the latest 2009 protests, the Chiangmai visitor numbers unprecedentedly declined.

In addition, a frequent change of government often leads to policy instability with central government either unable to carry through tourism plans efficiently, altering tourism strategies, or changing national priorities. According to the World Economic Forum's (2011) travel and tourism competitiveness report, Thailand was ranked as 77<sup>th</sup> and its policy rules and regulations as 76<sup>th</sup> on the index.

Moreover, there is an on-going conflict between Thailand and Cambodia regarding the border area of the Temple of PreahVihear, a UNESCO (2008) world heritage site. There have been military clashes between the two sides several times. Cambodia filed a request with the World Court in April 2011 with regard to the interpretation of the Judgment rendered by the International Court of Justice on 15 June 1962 in the case concerning the Temple of PreahVihear. Kasikorn Research Center

(2011) estimated that Thailand probably lost about 310 million Baht because Cambodian tourists did not come leading to an overall loss of around 375 to 400 million Baht to the national economy.

- *The Economic Factors*

The Office of Policy and Strategy (2011) estimated that the instability of the world economy would affect the number of tourists in the future. Also, the global financial and economic imbalances that had occurred during 2001-2007 led to the severe economic and financial crisis of 2008 and 2009. Due to crude oil prices constantly increasing, world tourism growth has declined by 0.88-1.09 per cent and Thailand's by 0.09-0.15 per cent. Inthalang (2009) studied the effect of the economic crisis on the hotel industry in Chiangmai and found that the occupancy rate, reservation rate, number of foreign customers and total income decreased by over 80 per cent. Also, there was a negative effect on the number of Thai guests and on the number of personnel employed. The Bank of Thailand Northern Office (2012) pointed out that hotels in the north of Thailand were affected by the economic slowdown in Europe and then recommended that the hotels expanded into other market segments in Asia. Due to the economic problems faced in many countries of the European Union and the United States, long-haul travel has waned and tourism expenditure reduced. However, the emerging national economies of Brazil, Russia, India, China and South Africa (the BRICS association) stimulated Thai tourism by 4-5 per cent in 2011 (The Department of Tourism, 2012d). Although there was an economic crisis in Thailand, Thailand continued to attract tourists from overseas.

The ASEAN Economics Community (AEC), consisting of Thailand, Myanmar, Laos, Vietnam, Malaysia, Singapore, Indonesia, Philippines, Cambodia and Brunei, will provide mutual economic benefits in a similar manner to the European Union (EU) from 2015. This should significantly influence Thai tourism in many ways. Firstly, the

Tourism Council of Thailand (2012) expects that the liberalization of trade and free trade in services will double the tourism revenue from more business opportunities. Secondly, the formalisation of economic policies will not only increase the number of people from other ASEAN countries willing to invest in Thai hotels but also increase hotel competition. Consequently, the Thai Hotels Association is preparing Thai hotel SMEs for the AEC by providing training courses focusing on management structure skills and hotel personnel training in order to enhance the competitiveness of the industry (ASEAN Knowledge Center, 2012a). In addition, there will be an ASEAN mutual recognition agreement for tourism professionals extending across 32 positions in the hotel and travel services providing both job descriptions and certification standards. This agreement provides a framework for preparing professional personnel in Thailand. Two new organisations, The National Tourism Professional Board and the Tourism Professional Certificate Board, have been established to develop national certificates that will meet the professional performance standards demanded by ASEAN (ASEAN Knowledge Center, 2012b).

- *The Sociocultural Factors*

For tourism, changes in global population dramatically affect travel patterns and the great shifts of population either grant new business opportunities for tourism ventures or reduce opportunities for others (Tassiopoulos, 2011). At present, the developed countries' baby boomers of 1946-1964 are considering early retirement or have already joined older people in retirement resulting in a significant potential market of the elderly segment of population, the grey market (Butler, 2009). This group of seniors are relatively affluent with time and an inclination to travel. In general, they have higher expectations than the previous generation and spend their retirement looking for new and high-quality experiences (Ford et al., 2012).

The Thailand Ministry of Tourism and Sports recognised the potential business opportunity of these senior travellers and formulated a policy for developing new products and services to meet their needs, such as spa, longstay, and other support infrastructure (Office of Policy and Strategy, 2011). Alongside this grey market, there are other tourist segments that are considered to be significant; such as the middle classes from BRICS, short-haul travellers, MICE (Meetings, Incentives, Conventions, and Exhibition), single females, and medical.

Chiangmai's social and cultural factors affect the operation of the hotel businesses both positively and negatively. The ancient culture of Chiangmai encourages certain niche national, regional and international tourism; part of this culture is the welcoming hospitable nature of the people themselves which enhances the customer experience. However, the high education levels of the local people causes a problem in recruiting operation staff, such as housekeepers and food servers, because they expect higher positions (Pathima, 2010).

- *The Technological Factors*

It is widely known that the technological environment has rapidly developed and changed. This transformation, especially in information technology, affects business processes and activities across the tourism value chain. For example, new technologies cultivate new products and services, innovative distribution conduit, and new online customer communication channels. Computer software programmes facilitate almost all aspects of hotel operation from customer booking in and checking out to stock control of bed and bathroom linen. Increasingly customer access to the internet and the provision of computers, via tablets or through the guestroom TV, are becoming a standard service that hotels should provide. According to the research of Bulchand-Gidumal, Melián-González and López-Valcárcel (2011), offering a free Wi-Fi internet improves hotel ratings. Troin and Schutt (2008) showed that internet travel bookings

had continuously grown and nearly a third of all bookings were sold online at the end of their investigation period. Since the internet provides access to significant content, often through different sites alongside travel planning tools, the problem of price transparency has arisen with associated rate wars (Troin and Schutt, 2008). The latest worldwide technological trend is online social networking which is already playing a vital role in the tourism industry. Milano, Baggio and Piattelli (2011) found online social networks, such as Facebook and Twitter, have an impact on the popularity of tourism websites particularly through posted links. Word of mouth communication, a major part of online consumer interactions (Brown, Broderick and Lee, 2007), plays a vital role in customers' hotel selection. Potential customers often contemplate peer reviews from online travel websites, such as TripAdvisor and its hotel ranking system, before booking a specific hotel rather than the hotel's own marketing sites. Jeacle and Carter (2011) argued that TripAdvisor was a powerful internet mediated abstract system that drew on calculative practices to construct trust. In order to achieve competitiveness, the Ministry of Tourism and Sport has a strategic plan for developing tourism specific technologies and associated human resources to best utilise the evolving social media (Office of Policy and Strategy, 2011).

- *The Legal Factors*

In recent years, several laws, acts, and regulations have been passed regarding the tourism industry in Thailand. The first relevant laws which will be discussed are the 'Hotel Laws' issued by the Department Of Provincial Administration (2004). These consist of the Hotel Act of 2004, the related ministerial regulations, and the ministerial announcements. These laws affect every hotel in the Kingdom of Thailand. Licensed hotels are also regulated by other laws such as the building code, disability access, the enhancement and conservation of the national environment, disaster prevention and mitigation, and the guidelines of the official information act (The Investigation and



Legal Affairs Bureau, 2010). Those laws affect many hotel operational processes for instance, applying for, renewing, transferring, and surrendering a license. The Ministry of Tourism and Sports of Thailand (2009b) reported that government rules and regulations were outdated and incompatible with the present situation and the conditions of private sectors. The Thai Hotel Association (THA) has requested amendments to the Hotel Laws in order for them to be more flexible and to help other unregistered hotels (ASEAN Knowledge Center, 2012a). Changes will be required in the near future to bring Thailand into line with its partners of the AEC. To help support sustainable tourism, the Tourism Council of Thailand (2012) proposed local laws, appropriate for each area, to protect the local industry from outside competition.

Another influential law which was recently enacted is the minimum wage, 300 Baht a day; this higher wage has had a significant impact on tourism businesses, especially SMEs. The Thai Hotel Association (THA) has requested that the government ease the burden through reducing income and hotel tax (Than Setakit, 2013). However, some tourism jobs, such as travel agents, tour guides, and transport operators, already command wages higher than the law requires.

- *The Environmental Factors*

As in many countries, various parties in Thailand are expressing concern about the global impact of climate change, pollution and the over-exploitation of resources. These issues are of specific concern to countries such as Thailand where tourism is a major industry because attractions and destinations may be damaged or destroyed. In recent years, Thailand has signed up to, and become a member of, the United Nations Framework Convention on Climate Change (UNFCCC) as well as the Kyoto Protocol, the obligation on industrialised countries to reduce emissions of greenhouse gases (The Ministry of Tourism and Sports of Thailand, 2011). This growing awareness of the

environment is reflected in the tourism industry through such developments as the Green Leaf award for hotels.

Arguably, amongst the effects of climate change is an increase in natural disasters, such as storms, floods, earthquakes, volcanic eruptions and tsunamis. Over the last 30 years, the rate of natural disasters has been increasing and such disasters have caused tremendous damage, not only to lives but to economies as well, including tourism (The Ministry of Tourism and Sports of Thailand, 2009a). Thailand, located in the tropical zone, has been experiencing a longer and hotter dry season, with droughts and the increasing occurrence of forest fires; as well as a wetter rainy season with more flooding and associated outbreaks of disease (The Ministry of Tourism and Sports of Thailand, 2008). Thailand has suffered two recent major disasters; in 2004 a tsunami struck killing 5,309 people, including 1,240 foreign tourists, as well as wreaking incalculable economic damage on the tourism industry in the south of Thailand (Royal Command of H.M. the King, 2007); and in 2011 flooding caused economic damage and losses totalling 1,425 billion baht or 45.7 Billion US Dollars (World Bank, 2011).

Chiangmai suffers an annual local pollution problem with smog during the high tourist season; this was especially bad in 2007 and 2012. According to the Bank of Thailand Northern Office (2007), most of hotels in Chiangmai were affected by cancellations, especially from the foreign tourist market segment, particularly the Japanese, due to the smog. The cancellation rate of foreign tourists was between 20–30 per cent higher than the same period in the previous year whereas the rate was about 10 per cent higher for the primary customer group, the Thai tourist segment. However, the overall occupancy rate for the seminar group, government and corporate conference clients, increased in 2007.

The risk of disease and virus outbreaks, such as Bird Flu and Swine Flu, has increased affecting tourism despite the low associated death rates. The International Air

Transport Association (2009) reported that rising concerns over Swine Influenza had a significant impact on traffic with a decline in international passenger demand of 13.4 per cent in North America, 11.6 per cent in Europe, 15.6 per cent in Africa, 5.9 per cent in Latin America, and 14.5 per cent in Asia Pacific.

### ***SWOT Analysis***

In the SWOT analysis, the information and data from the academic literature, the interviews, the PESTLE analysis, and other relevant material illustrating the current situation of family run businesses in Chiangmai hotel sector concerning quality assurance implementation were utilised. The following factors were identified; internal (strengths and weaknesses) and external factors (threats and opportunities). These are presented in the form of a SWOT matrix shown in Table 3.5.

**Table 3.5 Family Run Businesses in Chiangmai Hotel Sector SWOT Analysis in terms of Quality Assurance Implementation**

<p><b><i>Strengths</i></b></p> <hr/> <ul style="list-style-type: none"> <li>▪ Number in the Workforce</li> <li>▪ Art and Craft Characteristic</li> <li>▪ Various Accommodation choices</li> </ul>	<p><b><i>Weaknesses</i></b></p> <hr/> <ul style="list-style-type: none"> <li>▪ Language Skill of Employees</li> <li>▪ Own Concepts of Quality Assurance</li> <li>▪ Poor Financial Conditions</li> <li>▪ Price War</li> </ul>
<p><b><i>Opportunities</i></b></p> <hr/> <ul style="list-style-type: none"> <li>▪ Government Support</li> <li>▪ Plethora of Quality Improvement Approaches</li> <li>▪ Technology and Social Networking</li> </ul>	<p><b><i>Threats</i></b></p> <hr/> <ul style="list-style-type: none"> <li>▪ AEC Entrance</li> <li>▪ Natural Disaster</li> <li>▪ Political Crisis</li> <li>▪ Economic Downfall</li> <li>▪ Laws/Regulations</li> <li>▪ Local Council</li> </ul>

### ***Strengths***

- *Number in the Workforce*

Within the Thai hotel sector, there are plenty of human resources and this number is likely to increase every year from the present figure of 2,572,566 (Chaiyasain, 2012). Moreover, the future ASEAN free trade agreement will bring

international workers into the market. This means that hotel operators, including family run enterprises, have a chance to recruit desirable employees and have increased negotiation powers to determine wages. Recruiting the right employees is necessary for service delivery and customer satisfaction especially when these need to be improved (Williams and Thwaites, 2007).

- *The Art and Craft of Family Run Hotels*

According to the literature, businesses where the owner-operator is a “craftsman” with non-profit and expansion motivations, provide a quality experience. The empirical data shows that Chiangmai family run hotel owners and managers operate their business with passion and enjoyment. Six of the interviewees stated that they received the most satisfaction from their hotel business operation through establishing friendship with their guests, taking care of them and giving them the best service, and seeing them return. Their major aim was to provide a quality experience for their guests through a service mind or *kreng-jai*, with genuine consideration and thoughtfulness – from the heart. Their key success factors were customer satisfaction and smiles.

...actually...being a hotel operator...profit cannot be the first priority...we must give service with passion...do it with our hearts...then the profit will follow...if we work with our hearts...we will have it all...it will also reflect our happiness immensely...beyond our expectations...

(Interviewee: A1)

An illustration of the service mind came from the A6 hotel owner who used his own house as a hotel. He offers the guests his own bedroom when the hotel is over booked. Most of the interview respondents were happy and proud to create and design their own products and services such as the interior decoration and guestroom architecture. The A2 hotel owner who has a bamboo crafts and furniture export business

uses his products to beautify and add individuality to his hotel. The guests frequently ask the hotel staff about purchasing his goods.

- *Various Accommodation Choices*

According to the National Statistic Office of Thailand (2002), there were over 16,000 guestrooms offered in Chiangmai by hotels, resorts, guesthouses, bungalows, apartments, and motels. Nuchailek (2012) noted that Chiangmai is one of the main tourist destination provinces and that there was a good balance between room supply and the number of guests (demand) and the projected growth rate of both appeared concomitant. The president of the Chiangmai Tourism Business Association commented:

...Chiangmai offers several assorted tourist attractions and accommodations...we can welcome numerous tourists...we are ready...we have the ability...tourists can choose between a variety of hotels...whatever they prefer...with any price...with any level of service...

Hotel customers, therefore, are able to decide to go to the hotel that suits their expectations and needs.

***Weaknesses***

- *Language Skills*

The ASEAN Economic Community's tourism professional standards agreement requires specific language skills from employees in the sector. This may be a problem for the Thai tourism personnel, including in Chiangmai, because they have weaker foreign language skills when compared to similar workers in other ASEAN countries. The Ministry of Tourism and Sports of Thailand (2008) has consequently enacted several strategies and plans to develop and train current and future Thai tourism professionals.

- *Poor Financial Condition*

The tangible elements of service quality, especially the hotel properties and surroundings, are considered by the key personnel of family run hotels as a factor in customer satisfaction. However, these are highly dependent upon the financial condition of each hotel. Budgetary constraints impact on both maintenance and renovation even when customers complain.

...it has been many years since the last time we did it...if we renovate but cannot increase prices, it is wasteful...yes...some guests complain but we cannot...we have not enough money to do that...

(Interviewee: A7)

- *Own Concepts of Quality Assurance*

The family run hotel owner/manager interviewees conceptualised quality of service differently from established international definitions with their own specifications such as “guest satisfaction”, “no complaints”, and “no problems”. Hence, they felt they did not need to do anything more than they do currently. This reflected in both the empirical analysis and the secondary research that revealed a low level of quality assurance engagement within the Chiangmai family run hotels. Although the managers/owners knew that service quality was important, they did not implement any strategies beyond their own concepts, for example, customer expectations have not been investigated. Dev and Schultz (2005) noted that several quality problems arise if the service proposition is producer-driven not customer-driven. The government agencies responsible for tourism have promoted the advantages of quality assurance practices and do offer frameworks, but have been unable to interest the hotel operators.

- *Price War*

An issue raised by the family run hotel owners and managers and the tourism government agencies in both Phase One and Phase Two was the intense competition in accommodation because of the large number of hotels in Chiangmai. Moreover, there

are not only too many hotels and resorts in Chiangmai but also many other types of lodging businesses such as service apartments, rented houses, and homestay venues. Consequently, there is a price war in the Chiangmai accommodation sector. The hotel respondents entreated the government to help because they are not able to beat other types of accommodation on price. They claimed that tourists could not distinguish between hotels and service apartments and/or they did not care about the differences. This also had a negative influence on service quality.

### *Opportunities*

#### *- Government Support*

In Thailand, the government agencies responsible for tourism are the Ministry of Tourism and Sport, the Department of Tourism, and the Tourism Authority of Thailand. The Ministry of Tourism and Sport supervises the strategic policies whilst the Tourism Authority of Thailand is in charge of marketing. The Department of Tourism has a diverse remit, supporting tourism services, registering tourism organisations, developing rules and regulations, and evaluating tourism development (The Department of Tourism, 2012b). Amongst the support given to tourism is promotion; for example, the Miracle Thailand Year campaign attracted a high number of tourists from overseas (The Office of Government House Spokesman, 2012). Moreover, there have been many projects promoting tourism in Chiangmai, either directly or indirectly, such as the Bangkok-Chiangmai high speed train project, Royal Flora Ratchaphruek flower festival, and the building of the international convention and exhibition hall project (Tangsomchai and Klanklin, 2012). The interviewed family run hotel owners feel a need for government assistance in the face of such difficulties as natural disasters, political crises, and economic downturns. Similarly the President of the Chiangmai Tourism Business Association made a demand for support from both local and central government through such measures as tax exemption, events (e.g. Chiangmai Royal

Flora) and activities in order to promote Chiangmai tourism both internally and internationally.

- *Plethora of Quality Improvement Approaches*

There are a wide range of quality improvement systems, tools and techniques devised and currently used in both the manufacturing and service sectors as discussed in the literature review. Also, there are industry-specific quality improvement approaches available to the hotel sector. Family run and owner-operated hotels can choose from these various approaches to help their service quality management.

- *Technology and Social Networking*

According to Sower and Fair (2005), much of today's emphasis for total quality management upgrading is placed on breakthrough improvement, through developing and using new technology. As discussed in the PESTLE analysis, technological trends play a vital role in the tourism industry. Technology can facilitate hotel operations such as booking, check-in and check-out processes (see the PESTLE analysis). Moreover, from the in-depth interviews, family run hotel owners and managers pointed out that they used social networking technology and their own websites as a tool for managing customer expectations through the images and descriptions posted. Two of the nine respondents noted that they suggested to their customers that they check the pictures on the internet before booking. They do not want their customers to be disappointed.

***Threats***

- *AEC Entrance*

As mentioned previously in the PESTLE analysis, there are two threats from the establishment of the AEC. Firstly, the Thai tourism workforce maybe competitively disadvantaged by the free labour market with incoming workers being willing to take lower wages or offer higher skills. Secondly, the AEC tourism professional standards will require extensive training and development of the Thai tourism human resources.



Surprisingly, the interviewees, both the hotel owners/managers and the government representatives, did not mention the AEC. Kanjanasilanon (2012) observed that the government had not taken any concrete actions to develop staff service quality in line with the AEC agreement but had put in place some plans.

- *Natural Disaster*

The most significant catastrophe for the tourism sector, and indeed all of the Thai people recently, was the severe flooding which occurred during the 2011 monsoon season. This flooding spread from the provinces of Northern Thailand, including directly affecting Chiangmai. All of the family run hotel owners/managers mentioned the crisis and some of the hotels had flooded. Despite this some guests stayed but two of the interviewees stated that they had had the worst occupancy rate ever experienced. The damage caused to both hotel properties and the loss of revenue was extensive.

...during the flood...I just sat and cried...nobody came...on this floor the water was higher than hand deep (the interview was inside the house)...over there...it was the knee deep...all of my wooden flooring was destroyed... I could not even get one Baht for the wood it was so damaged...even a steel gate was broken because of the rapids...so sorry...but saying it does not make anything better...

(Interviewee: A6)

...it was a terrible time...the flood came in a few hours without any government notification...just a neighbour called to warn us. We were in a very stressful situation...we had to get a loan...we had no money...we only saved computers that we could take to the upstairs. The existing customers could not stay because there was no tap water...bookings were cancelled...but when the flooding passed Chiangmai...when Bangkok was flooded instead...the customers did not know that Chiangmai was clear and still they cancelled.

(Interviewee: A9)

- *Political Crisis*

All of the interviewed family run hotel owners/managers agreed that one of the critical issues that had had a significant impact on tourism in Chiangmai and all parts of Thailand was the recent political crisis. Three of the respondents asserted this had been a severe problem for their occupancy rate especially when there were protestors

blocking off the road towards Chiangmai from Bangkok as most of the visitors came by road. Hence, bookings were cancelled.

...may I pray we do not have a politics problem again? It makes tourists not want to come...it affects everything...during the yellow shirt and red shirt protests...there was nothing in Chiangmai, but the international tourists did not know that. They thought the troubles were everywhere, expanded all over the country seriously...they did not want to come...only a few guests left, but new guests would not come...even repeat guests were afraid because they heard the news...

(Interviewee: A3)

...Did protesting in Chiangmai affect us? When the roads were not blocked, no...but when they did...immediately, for example ...which year was it? When they attacked Abhisit<sup>2</sup>... they went to block off the road from Lampang to Chiangrai...did it at Lampang but there was no effect at Chiangrai, but Lampang is the gateway to Chiangmai...life was knocked down suddenly...

(Interviewee: A4)

...the political crisis...during the protesting...it was horrible...worse than flooding...we had only four rooms sold from a hundred...very serious...almost went out from the business...

(Interviewee: A5)

#### - *Economic Downfall*

Due to the economic downfall, the number of guests declined plus the costs of hotel operation were higher but the interviewed family business hotel owners argued that they could not increase their room rates because the customers would not accept the new prices and they would go to the competitors instead. The economic problem is also influence to the business viability. This factor hinders service quality improvement and development.

#### - *Laws and Regulations*

According to the government documents concerning hotel licensing, three of the nine subject hotels were unlicensed. One of these had been purchased as a going concern two years previously; although the new owner, an interviewee, had applied for

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<sup>2</sup>Mr.AbhisitVejjajiva was endorsed as 27<sup>th</sup> prime minister of Thailand from 2008 – 2010.

a licence it was still being processed. Since the Hotel Acts require specific building specification, older hotels have had to be modified to comply with the law. For the subject micro and small size hotels, where the profit margin is not high, these modifications are expensive. An added continuous outgoing is the local council tax, property tax, and sign tax even when there is no income.

- *Local Council*

Several of the interviewees commented on the inefficiency of the Chiangmai Municipality. Two issues commonly raised concerned the cleanness of Chiangmai city and security. The respondents said that their customers often remarked on the unclean and unsanitary nature of the Chiangmai city area. Additionally, guests mentioned the inadequate number of public toilets. The second issue with Chiangmai Municipality was regarding the security of tourists. When their customers had experienced a crime problem, there were hassles and communication problems with local police (e.g. which police station to report to and confusing procedures). The owners/managers felt there were insufficient numbers of Chiangmai tourist policemen and consequently they were not able to look after the security of tourists adequately.

...the number of tourist policemen is not sufficient...once a customer's important document was lost and another had a motorbike accident then they had to go to a Thai police station. Then the police could not communicate...actually our customer had to go to another station due to the area of responsibility, but the policemen could not explain where to go and what to do...then our customer had to come back to the hotel with a broken leg...so we must accompany him to the police stations and to a hospital after all...

(Interviewee: A8)

### **3.3.3 Conclusion for the Analysis and Findings of Phase Two**

Synthesising the primary data results and secondary research, the second stage findings provided the data for the PESTLE analysis. The external macroenvironment (political, economic, sociocultural, technological, legal, and environmental factors) of the hotel sector in Chiangmai was investigated. Afterwards, the SWOT analysis of the

hotel sector's strengths, weaknesses, opportunities, and threats in terms of the implementation of quality assurance principles was presented.

### **3.4 DISCUSSION OF PHASE TWO**

This section of Chapter Three discusses the findings from the in-depth semi-structured interviews with proprietors and managers of family run and owner-operated hotels, and representatives of government and non-government tourism agencies. The data from the first and second stages of Phase Two were synthesised and seven issues of strategic quality management emerged.

#### *- Awareness of Importance of Quality Issues versus Benefits Recognition*

From the first interview, contradictions between family run hotel owners/managers' strategic quality management awareness and their perceived benefits from its implementation were revealed. It was found that these owner/managers realised that the quality of products and services in the tourism and hospitality industry were important and widely discussed among tourism agencies, business owners, and tourists. However, the majority of the owner/managers did not consider implementing any of the accredited or non-accredited quality improvement schemes. This may imply that they did not recognise the potential benefits from such adoption, or that they thought that the costs outweighed the benefits. Several previous studies discussed in the literature review identified the relationship of service quality improvement and profitability and other business performances; for example Heskett et al.'s (1994) Service Profit Chain and Rust et al.'s (1995) return on quality model. However, such models have not previously been empirically tested on family run and owner-operated hotels. In addition, the representative from the Department of Tourism, responsible for all tourism standards, admitted that there was no budget for promoting standards or running campaigns.

- *The Early Stage of Quality Era*

The evidence of quality assurance practises in family run and owner-operated hotels in Chiangmai did not match with the characteristics of each period of quality management goal evolution. Dale et al. (2007); Williams and Buswell (2003); Kaye and Dyason (1995) and Garvin (1988) all identified the first quality management period as having inspection as its primary concern. This era's minimum characteristics are the detection of non-conformance through grading, sorting, and inspecting. Kaye and Dyason (1995) argued that the strategic quality orientation of the first era of quality management evolution focused on identifying and diagnosing problems for improvement but did not recognise the importance of action at the strategic level to ensure permanent change. The majority of family run hotel owners and managers did not implement a pro-active approach and most of the time had a low level reactive approach to the quality problems. In other word, they barely performed service quality inspection. According to the interview findings, the owner/managers did not actively seek confirmation of their guests' satisfaction but passively acknowledged complaints. All of the respondents tried to solve the specific guests' issues but did not seek overall improvement to prevent the issue reoccurring; they did not implement any principles of service recovery. Lovelock, Patterson, Wirtz and Walker (2010) recommended that service organisations should have a convenient feedback channel for customers and Lovelock and Wirtz (2010) noted that the first specification of effective service recovery procedures is to be proactive.

According to the reviewed literature, effective quality management starts with an organisation's top management, a key attribute of strategic quality management. Dale et al. (2007) identified the lack of executive commitment as the first impediment to quality achievement; this research identified that service quality management is not

prioritised either strategically or operationally by the owners and managers of family run hotels.

- *No Family Involvement Effect*

The respondent profiles from the interviews showed that four of them claimed to operate the hotel single-handedly; three replied that they were helped by their spouse, and two had siblings as business partners. However, decision making in the hotels participating in Phase Two belonged to the hotel general managers/owners, the sibling business partners and spouses were seen as assistants, not management. As discussed in the Chapter Two literature review, family involvement is one of the categories of factors that affect the three applications of quality: business, service, and destination (Getz et al., 2005). According to Ward (2011) and Sciascia and Mazzola (2008), family involvement can cause severe problems and lead to negative business operation performance. Family businesses that have many decision makers and influencers may experience delayed business operations causing service failure (Getz et al., 2005). Nevertheless, none of the Phase Two samples identified family involvement as an impediment to the business.

- *Opportunistic Lumped into Craftsman*

According to Poza (2010) and Chua et al. (1999) visions and goals of family businesses which are accepted by all members are the essence of the firms and also crucial to competitiveness. Getz et al. (2005) argued that the underpinning motives for establishing or purchasing a family business in the tourism sector affect business quality. They illustrated that when the primary reason for being in business was not profit maximisation or growth, the quality of both business and service delivery would probably suffer. Referring to Smith's (1967) entrepreneur types, craftsmen focusing on making a comfortable living are different from opportunistic entrepreneurs who have a

more flexible approach to change and are more oriented to the future. However, the family run hotel respondents in the Phase One questionnaire who indicated that their primary purpose for entering the hotel sector was “Business Opportunity and Revenue” contrarily performed and behaved like Smith’s craftsmen and lifestyle entrepreneurs. They verbally identified hotel guests’ happiness as their business achievement rather than profit and revenue. In other words, such family run hotel owners and managers have dual entrepreneurial personalities. These empirical findings show that the hotel owners and managers who have economic goals have also set themselves different objectives.

- *Internet and Social Network Trend*

One of the macroenvironment factors discussed in a previous section, the technological factor, has spread widely into the tourism industry. According to the in-depth interview findings in this research, guest access to Wi-Fi internet has become a basic service whether charged for or free. This augmented service becomes part of the “peanut syndrome” (Gummesson, 1991); all of the hotel customers pay for the internet access which is then “free” whether they use it or not, it is not an option. However, many customers expect this service. This result corresponds with the literature such as Bulchand-Gidumal et al.’s (2011) research. They recommended that hotels must offer free Wi-Fi and should consider information and communication technologies as a way to improve customer satisfaction. Nevertheless, technological devices (e.g. PC, notebooks, and tablets) have not been utilised as a core product and service in Chiangmai family run hotels.

Since the advance of internet technology, the online distribution channel has been universally expanded (see the PESTLE analysis). From the Phase Two empirical results, eight family run and owner-operated hotel respondents have utilised an internet selling approach such as e-mail, websites, or an online agency. However, one hotel

which does not use online marketing was included on the Tourism Authority of Thailand electronic Chiangmai hotel directory.

In addition, these family run hotel owner/managers utilised internet and social media not only as a communication channel but also to proactively publicise their service specifications without having ascertained their guests' needs. This internal approach contradicts the practice of other service organisations as well as researchers who suggest investigating customer expectations (Coye, 2004; Laroche, Kalamas, Cheikhrouhou and Cézard, 2004a; Burgers, de Ruyter, Keen and Streukens, 2000; Zeithaml, Berry and Parasuraman, 1993).

- *Human Resource Development*

For service industries, staff are the key to service quality delivery, to the value profit chain, and also for achieving organisational goals and productivity (Heskett et al., 1997). Heskett et al. (1994) identified staff as vital parts of the Service Profit Chain. However, the Phase Two research findings revealed that Chiangmai family run hotels did not prioritise human resource management. According to Table 3.4 none of the respondents have systematic staff training and only six of the family run hotels provide first day tutoring. Nolan (2002) argued that small firms, particularly in the hotel sector, consider human resource development as an operating expense rather than an investment. From empirical research conducted in the United Kingdom, Westhead and Storey (1996) found that training and development was unlikely to be provided as it was feared that it would make the employee more attractive in the labour market. Comparison studies between family and non-family run businesses in the United Kingdom and Australia conducted by Kotey and Folker (2007). Loan-Clarke, Boocock, Smith and Whittaker (1999) found that non-family firms invested more time and money in human resource development. They opined that family businesses may feel threatened by employees improving their competence.



- *Service Quality Conceptualisation*

The in-depth interview findings revealed the conceptualisations of service quality in the Chiangmai hotel sector. From the perspective of family run and owner-operated managers, service quality was conceived as “guest satisfaction”, “no complaints”, “no problems”, “no decreased sales”, and “no guest petition”. All of these can be considered as aspects of technical service quality (what), an outcome of the service production process, in the Nordic School of thought, and as outcome quality in the American School. The results do not conform to the study of the application of the SERVQUAL model in the hospitality industry conducted by Saleh and Ryan (1991). They reported that quality in their “interactive service” (functional) dimension better represented the performance of service than their “physical qualities” (technical) dimension. In other words, the quality of functional service is more important than the technical service quality; the process is more important than the outcome. This notion is supported by Sweeney and Soutar (2001) and Brogowicz, Delene and Lyth (1990). However, Grönroos (1984) noted that it is crucial to comprehend that it is not only “what” the customer gets, but also “how” (functional service quality) the customer gets it that portrays the whole picture of service quality.

The Phase Two analyses, in-depth semi-structured qualitative interviews and PESTLE and SWOT, identified several points for discussion. Firstly, according to the empirical findings, from the Chiangmai family run hotel owner/managers’ perspective the advantages and importance of quality management contradicted with the literature. These hotel owner/managers recognised the importance of quality improvement and its benefits but they did not think they would gain from its implementation. Secondly, quality assurance principle implementation is at a low level and represents the earliest era of quality evolution. Thirdly, the family involvement was not found at the management level in these hotels, different from literature findings of this type of

business in general. Fourthly, the interviewees' quality assurance practices portrayed dual entrepreneurial personalities. They are both opportunistic and craftsman at the same time. Fifthly, the hotel owner/managers utilised internet technology in their operations such as Wi-Fi service being offered to customers and marketing through the social media. Sixthly, there was a lack of precedence given to human resource development within the family run hotel sector. Moreover, these findings also showed the service quality conceptualisation of the family run hotel owner/managers.

### **3.4.1 Implications for Business and Government**

The implications for both family run and owner-operated hotels and government agencies will be discussed in this section. These are derived from the integration and synthesis of the first and second stage analyses.

#### **Family Run and Owner-Operated Hotel Business Implications**

##### *- Implementing Service Quality Strategy*

Numerous studies have demonstrated the importance of strategic quality management to competitive advantage and the interviewed family run and owner-operated hotel managers claimed that strategic quality management, service quality, and quality schemes were important to their businesses. However, their practical operations did not conform to this belief.

Today, there are many management methodologies available that are aimed at improving the quality of products and services and the efficiency of businesses. Some of these can be utilised by the tourism and hospitality industry alongside specifically developed schemes such as the Thai Government Hotel Standards. Additionally, there are new technologies that can facilitate business operations and strategic quality management. These provide opportunities for family run and owner-operated hotels to

implement quality assurance to achieve competitive advantage rather than purely concentrating on price competition.

Mok, Sparks and Kadampully (2013) suggested that merely lowering price is not a recommended strategy because it often comes with a cost when a compensating gain in production or delivery is not derived. Studies have shown that strategic quality management can differentiate family run hotels from their competitors (Morschett, Swoboda and Schramm-Klein (2006); Allred and Addams (2000).

- *Preparing for ASEAN Economic Community Entry*

In 2011, there seemed to be a low public awareness of the development of the ASEAN Economic Community (AEC). The interviewees, including the Department of Tourism representatives, did not mention any planned government agency programmes to develop awareness of the impacts of the AEC on the tourism industry in general or on service quality. However, since the research was carried out, this issue has been raised through the ASEAN common competency standards for tourism professionals. This external macroenvironmental factor is a challenge for Thai tourism. Kanjanasilanon (2012) recommended that the hotel sector in Thailand should develop staff service quality to meet the potential demands imposed by the Free Trade Area (FTA) of the AEC in 2015. Personnel training and development would increase the competitiveness of Thai hotels and their workforce against both domestic and regional competition more effectively than the conventional approach of staff performance evaluation. This conforms to the SPC of Heskett et al. (1994). Moreover, Williams and Thwaites (2007) suggested the need to develop the decision-making skills of frontline staff in preparation for unforeseen occurrences as a best practice (Enz and Siguaw, 2000).

Due to the ASEAN mutual recognition arrangement on tourism professionals, the tendency for skilled and experienced workers in the tourism industry to move to higher wage workplaces will increase. Therefore, keeping trained and experienced

employees will become an even more important issue in Thai tourism. Heskett et al. (2003) suggested a service organisation should treat employees like customers and carefully manage the relationship. They named the successful companies of the Cisco System and Alcoa as operating a developed and enlightened philosophy of employee relations. It is important that Thai hotel business operators should give attention to human resource development and increase their knowledge of the AEC's implementations.

### **Policy Maker and Enforcer Implications**

#### *- Raising the Significance and Benefits of Service Quality in Tourism*

As discussed before, there is a contradiction between the family run and owner operated hotel proprietors' awareness and implementation of service quality management. This illustrates the misunderstanding of the concept of quality management, the processes, and the outputs. According to the empirical Phase Two study interviewees, they were unaware of the government accommodation standards for hotel, resort, guesthouse, and service apartment. Government and non-government websites already provide information on tourism, including accommodation standard schemes, but they do not appear to be reaching their intended audience. Therefore, the Department of Tourism, in charge of these schemes, should improve their communication with the accommodation sector to increase the number of businesses engaging with the quality standards. Although the Department representatives argued that there was a limited budget, they need to utilise low cost publicizing and advertising channels, such as in-house training, hotel visits, and social networking, to reach their target market.

Furthermore, empirical research findings from Phase One pointed out that profit and growth are not the visions and goals of Chiangmai family run hotel owner/managers. The traditional models of service improvement motivated by

economic factors such as SPC and ROQ are not applicable for family business owners in the hotel sector. Therefore, a new model that identifies relationships between service quality improvement and family business owners' lifestyle should be developed.

- *Adjusting the Laws and Regulation*

An accommodation business must have a Hotel License before it can apply for any other accredited government quality scheme such as a hotel or longstay standard. However, only 233 Chiangmai hotels are currently licensed with regard to the Hotel Act 2004 (The Department of Provincial Administration, 2012). This number is probably less than half of the existing hotels or hotel-like businesses operating and offering products and services for tourists in Chiangmai. Hotel business operators have reported that they face a number of obstacles in complying with the minimum standards for the Hotel License. The most prevalent impediments include aspects of building safety and security and car park specifications (The Thai Chamber of Commerce, 2011). The hotel owners proposed that there should be different regulations for single storey buildings and high rise buildings and that existing hotels, especially of a small size, should not be required to rebuild to meet the building construction material and pattern requirements as long as minimum safety conditions were met. Also they recommended that local construction materials and cultural styles should be allowed where appropriate. According to the Thai Hotel Association's survey, there were more than a thousand hotel businesses with properties built or partly-built from natural materials (ASTV Manager, 2012). The interviewee from the Chiangmai Tourism Business Association stated that they had requested that guest parking spaces should not be a requirement, especially for micro and small hotels with highly competitive rates.

Refining the laws and regulations governing the hotel sector, particularly the Hotel Acts of 2004 which have a great impact on Thai hotel ventures, would give existing operators an opportunity to improve the quality of both their business and

service delivery. They would be able to apply for the various government quality schemes and improve their competitiveness. This would not only be beneficial to the business owners but also to the government due to the administrative duty earned and increased taxes from the hotel businesses.

- *Developing and Introducing Quality Self-Assessment*

The present accommodation standards, such as the hotel, resort, guesthouse, and service apartment standards, entail a number of criteria which are difficult for the hotel operators to meet. Moreover, the interviews revealed that some hotel business operators did not know that the various standards existed and more were unaware of the detailed criteria of appropriate standards despite government promotional efforts. Despite the limited tourism budget, the Department of Tourism may benefit from running workshops for hotel business proprietors, specifically family run and owner-operated, to introduce them to the concept of self-assessment in order to improve their business. This self-assessment must be compatible with the needs of all stakeholders such as hotel customers' expectations, hotel operators' goals and government agencies' laws and regulations. In the United Kingdom, the Department of National Heritage encouraged small hotels to use a self-assessment questionnaire to benchmark performance against quality standards achieved in better-performing organisations. These hotels were diverse in size and variety and geographically disparate from upmarket town house hotels and bed and breakfast accommodation in rural locations (Kozak and Rimmington, 1998).

- *Refining Longstay Accommodation Strategy for Thailand Tourism*

The literature and previous studies demonstrate that longstay tourism has become an important niche market segment for Thailand tourism in terms of number of guests and value (Kummaraka and Jutaporn, 2011; Phiromyoo, 2011; Vieregge et al., 2007; Hongsrangon, 2005; Phairee, 2005). With the developing importance of the longstay tourist market, The Department of Tourism (2009) researched and developed a

specific accommodation standard which features extra criteria to meet these niche needs. Since this standard was introduced, only five hotels across Thailand have become accredited (Longstay Coordinating Center, 2012) although the government agency in charge has publicised its existence through many channels such as internet websites, printed media, and has even outsourced marketing to a university. From the business operator perspective, particularly micro and small family run hotels in Chiangmai, it is not cost and time effective to offer additional services or facilities for longstay customers. The interviewed hotel owners also argued that longstay visitors prefer monthly rented accommodation to a hotel. This observation supports the findings of Phiromyoo (2011) who found many longstay visitors preferred to rent their accommodation. These rentals included villas (a single house), row houses (either terraced or semi-detached), or condominiums (a multi-residential unit) and may be specially built, some Thai owners have developed longstay villages specifically for the Japanese market. Phiromyoo also found that some longstay tourists prefer to purchase “second homes” and the Thai Board of Investment (BOI), in co-operation with a Scandinavian company, has built a special longstay community called the Scandinavian Village at Bang Saen to meet this demand.

Consequently, because of the demands of the longstay accreditation standard, hotels operating in Thailand which do not specifically target that market would not significantly benefit from attaining that certificate. It would be more advantageous for the Department of Tourism to focus on monthly rented accommodation and help them to develop high service quality.

The Phase Two data analyses have implications for both hotel operators and policy makers. It was recommended that the hotelier should implement a continuous improvement strategy rather than rely on pricing and should prepare for the AEC. For the government agencies, the significance and benefit of quality assurance and standard

schemes should be promoted through cost effective ways such as low cost publicising and advertising channels. A new service quality improvement model aligning with family run hotels' visions and goals should be devised. The present laws and regulations should be more flexible allowing more hotels to become licensed and the long stay strategies for existing hotels should be revised. In addition, benchmark criteria should be established which would allow self-assessment against the Hotel Acts and the accommodation standards providing the hotel operators a service quality improvement framework.

### **3.5 CONCLUSION OF CHAPTER THREE**

In a growingly competitive market in the tourism and hospitality industry, service quality has become a key strategy in achieving competitive advantage. In order to achieve a strategic goal, an understanding of the operational environment is imperative. Phase Two of this research project critically examined the business environment of family run and owner-operated hotels in Chiangmai in terms of quality assurance principles implementation through PESTLE and SWOT analyses. The internal and external environment was synthesized from multiple data sources. The primary data was collected by in-depth semi-structured interviews with key informants from Phase One respondents as well as from tourism organisations. Moreover, the examination of documentary secondary and tertiary sources was integrated into the analysis.

The interview findings revealed a low level of implementation of quality assurance principles in Chiangmai family run hotels and a lack of engagement with quality schemes. This resulted in there being no evidence relating service quality to business improvement. The respondent hotels from Phase Two did not have specific provision for the niche market of longstay tourists. The interviews, together with the PESTLE and SWOT analysis findings, revealed several points for discussion, most



related to service quality management. Other points of discussion concerned family involvement and dual entrepreneur personalities.

The results of this phase of the study had implications for family run and owner-operated hotels in Chiangmai, concerned government agencies and other tourism related firms. It can be recommended that hotel owners should implement quality assurance principles, suiting their business needs, as a key competitive business strategy. Moreover, preparation for ASEAN Economic Community entry is needed. The ASEAN tourism professional standard and the free labour market will have a direct impact on the Thai tourism industry. For the policy makers, the primary implications from this Phase are to raise the awareness of the significance of service quality management and the accommodation schemes through a new model of continuous improvement and lifestyle. They need to promote the importance of service quality self-assessment to hotel owner/managers in order to improve Thai tourism standards.

Phase Two of the study, discussed in this chapter, critically examined the business environment of the family run hotels identified in Phase One. However, the family run hotels' customer perspective of quality assurance has not yet been appraised and, as described in this chapter, this is crucial to service quality especially in the tourism and hospitality industry. The next chapter detailing Phase Three of the research aims to ascertain customer expectations of these family run hotels.

## **CHAPTER FOUR**

### **MEASUREMENT OF HOTEL CUSTOMERS’ EXPECTATIONS**

Phase One of this study identified that family run businesses play a significant role in the Chiangmai hotel sector in terms of numbers. Phase Two showed that the non-economic visions and goals of these hotels are one of the internal business environment factors that affect their quality assurance practices. It also revealed external business environment factors, such as political crises, natural disasters and government support, are amongst the opportunities and threats to Chiangmai family run hotel quality assurance implementation. Analysis of the Phase Two data revealed a low level of engagement with quality assurance practices by the family business owners, the government, and the local tourism association. This chapter considers Phase Three of the thesis that researched family run hotel customer expectations of service quality.

Since 1980 quality of service has been a significant issue within tourism and hospitality, following the trend set by the manufacturing industries. This was because of concurrent social and business trends, competitive rigor, the dynamics of consumer behavior and shifts in technology (Zeglat, 2008; Narangjavana, 2007; Harrington, 1997). Kapiki (2012, p.53) defined “quality”, within the tourism and hospitality industry, as ‘the consistent delivery of products and guest services in accordance with the expected standard’. Business performance, with regards to sales, guest retention and the attraction of new customers, increases when the service expectations of customers are met or exceeded (Kapiki, 2012; Hayes et al., 2011; Reyad, 2005). It is essential for hospitality service providers to comprehend what customers from various market segments expect from a service in order to deliver at an appropriate level. This study aims to rigorously ascertain customer expectations of hotels in Chiangmai, the second

objective of the research project. Additionally, two subsidiary aims emerged, the need to measure the specific expectations of longstay tourists and to identify the characteristics of the customers of Chiangmai family run hotels.

Service quality is hard to measure because of its elusiveness and indistinctness (Webster, 1989), however, a number of scholars have attempted to define and assess it. These conceptualisations are categorised into the disconfirmation and the performance-based paradigm. For the disconfirmation paradigm of perceptions minus-expectations, service quality is evaluated by comparing customer expectations with the service experiences they perceived that they received.

Expectations vary from person to person and from time to time, and are generally considered as desires or wants of customers. Customer expectations play a significant role in the service quality and customer satisfaction literature. This literature has identified that customers' expectations are used to form their opinions about the likely performance of a product or service they will receive (Reid, 2011; Robledo, 2001; Boulding, Kalra, Staelin and Zeithaml, 1993; Zeithaml et al., 1993). Since customers have a range, rather than a single ideal level, of expectations, a zone of tolerance is bound by "desired service", the level that customers believe can and should be delivered, and "adequate service", the minimum service customers are willing to accept (Parasuraman, Berry and Zeithaml, 2004).

Based on the expectation-disconfirmation paradigm, Parasuraman et al. (1988) developed the SERVQUAL scale to measure service quality. However, some authors have criticised the SERVQUAL scale, for example Teas (1993) argued that comparing the gap between perception and expectation of a service (the P-E gap) with a norm does not show real distinctness between predicted and received service. Moreover, Brown, Churchill and Peter (1993), Teas (1993), Babakus and Boller (1992), Cronin and Taylor

(1992), and Carman (1990) pointed out that expectation scores do not provide any more information than is received from the perception component of service quality.

Due to these criticisms, Cronin and Taylor (1992) developed the SERVPERF scale based on a performance-only paradigm. The existence of these two service quality measurement scales has led to a wide debate among academics that is further discussed in the literature review.

In line with other service industries, the hotel sector has implemented modified SERVQUAL and SERVPERF scales for measuring service quality (Zeglat, 2008; Narangajavana, 2007; Ekinici, 2002). However, the validity of such generic scales in the tourism and hospitality industry is questionable (Ekinici and Riley, 2001). One of the debates has focussed on the categorisation of items into specific service dimensions and another upon the actual number of dimensions identified in research settings for multidimensional scales such as SERVQUAL and SERVPERF. Ekinici and Riley (2001) argued that the validity of the measurement scale is the most critical issue in service quality research. Therefore, industry-specific scales have been developed, for example LODGSERV (Knutson et al., 1991), HOLSERV (Mei, Dean and White, 1999) and LODGQUAL (Getty and Thompson, 1994).

To measure the desired service quality expectations of Chiangmai family run hotel customers, a modified SERVQUAL scale was implemented as the research instrument. Five service dimensions emerged through an exploratory factor analysis with oblique rotation; these were: “Confidence”, “Professionalism”, “Empathy”, “Tangibles”, and “Competitiveness”. The findings indicate that “Competitiveness” is the highest ranking of the five service dimensions, which the hotel customers expect.

This signifies that the customers anticipate a similar standard of service and hotels should have a national or international standard rating. The hotels should consider these expectations as a strategic plan in order to improve their competitiveness.

Regarding the service expectation dimensions, inferential analyses showed that there were significant differences amongst hotel customer market segments, distinguished by patterns of visit, age range and levels of income. Managerial implications for family run and owner-operated hotels and policy-makers are drawn from this study.

#### **4.1 LITERATURE REVIEW OF PHASE THREE**

This section appraises the differing concepts and models of service quality measurement. Firstly, customer expectations of the service industries in general are discussed. Secondly, the concept of customer satisfaction and the differences between it and service quality are reviewed. Thirdly, an examination of the contrary disconfirmation and performance-based paradigms for measuring service quality is carried out. Fourthly, service quality measurement in the hospitality industry, particularly the hotel sector, is discussed through a review of lodging related service quality models and instruments developed by academics. Finally, longstay tourism service needs in particular are scrutinised.

##### **4.1.1 Customer Expectations**

Expectations are generally considered to be the desires or wants of customers. Oliver (1980) defined expectations as the belief in the probability of an attribute occurring, an idea initially suggested by Olson and Dover (1976). In service quality and customer satisfaction literature, it is stated that customer expectations are used to form opinions as to the likely performance of a product or service (Reid, 2011; Robledo, 2001; Boulding et al., 1993; Zeithaml et al., 1993). Such expectations come from various sources such as word-of-mouth, communications, promotion, price, personal needs, and past experience (Zeithaml, Parasuraman and Berry, 1990). In addition,

Robledo (2001) noted that the reputation of a specific organisation is also a source for shaping the expectations of the customers.

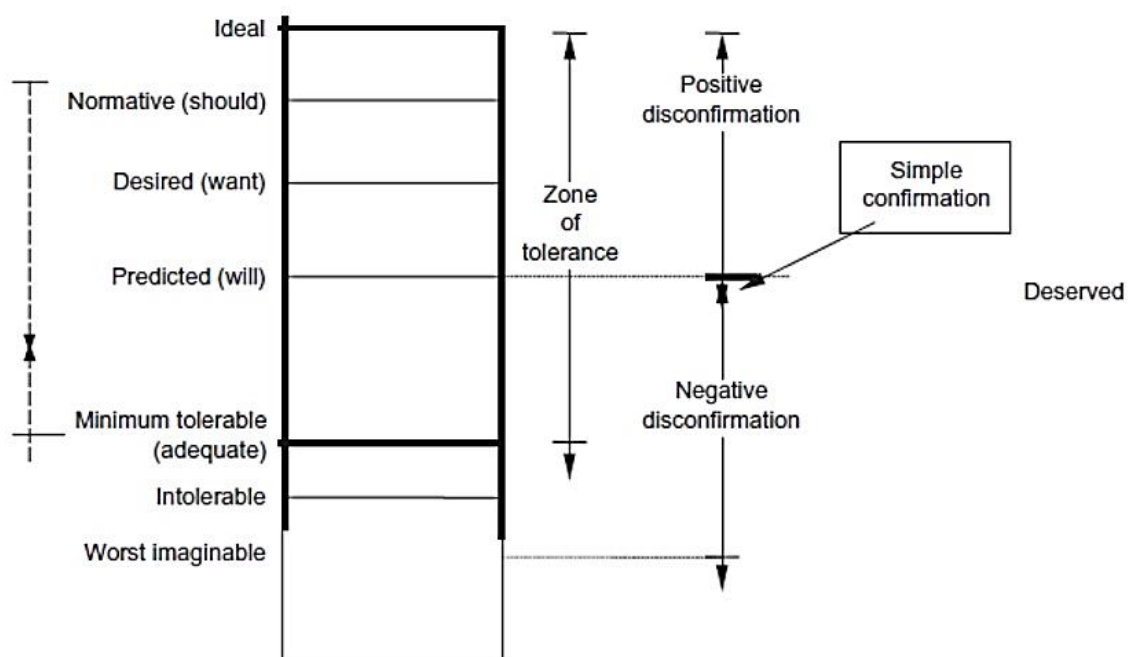
Walker and Baker (2000) suggested that customer evaluations are based upon multi-faceted expectation standards rather than on a single ideal level of expectations. Customers actually have a range of expectations; called a “zone of tolerance”. This is defined by Zeithaml et al. (1993, p.6), as ‘the difference between desired service and the level of service considered adequate’. The service should be delivered at the customers “desired service” level; whilst the minimum service level customers are willing to accept is “adequate service”. According to Miller (1977), each customer may have several different pre-consumption expectations and will apply them differently dependent upon the situation. These subjective expectations have been investigated and conceptualised into various interpretations such as aligning from the highest ideal standard (Tse and Wilton, 1988; Miller, 1977) or desire (Swan and Trawick, 1980) or to a minimum tolerable emotional state (Zeithaml et al., 1993).

From a number of different conceptualisations of expectations within the service quality literature, Santos and Boote (2003) summarised expectations into a hierarchy of nine standard groups (See Figure 4.1):

- (i) The ideal,
- (ii) The “should” (what the consumer feels ought to happen),
- (iii) The desired (what the consumer wants to happen),
- (iv) The predicted (what the consumer thinks will happen),
- (v) The deserved,
- (vi) The adequate,
- (vii) The minimum tolerable,
- (viii) The intolerable, and
- (ix) The worst imaginable

Figure 4.1 illustrates the hierarchy of customer expectations from the notion of the ideal standard, which was initially proposed as the “wished for” level of performance or “excellence” by Buttle (1998) and Miller (1977), to the worst imaginable. However, the three most widely employed expectations: desired/should, adequate, and predicted (Dean, 2004; Laroche et al., 2004a; Devlin, Gwynne and Ennew, 2002; Walker and Baker, 2000), are the focus of this section.

**Figure 4.1 A Hierarchy of Expectations**



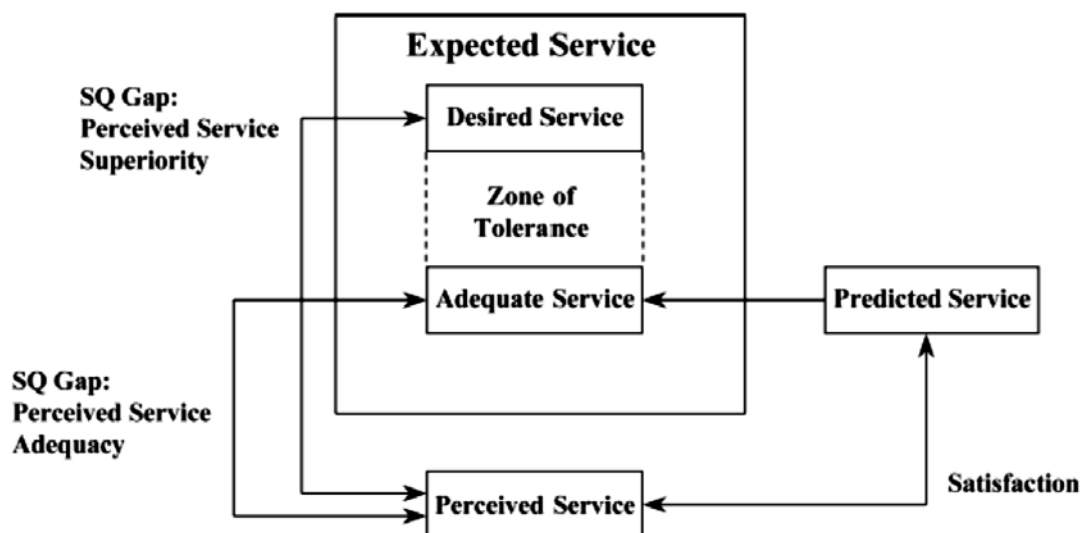
Source: Santos and Boote (2003, p.144)

According to the impact of customer expectations on the final service quality evaluations, Zeithaml et al. (1993) conceptualised the relationship between perceived service quality and the three different levels of expectations into a model conforming to the zone of tolerance (Parasuraman et al., 1991) (See Figure 4.2). Moreover, the difference score of desire and adequate expectation standards measures were less receptive to response errors than previous studies having a single expectation. However, the width of consumers' zones of tolerance is affected by a number of consumer,

situational and company factors such as personal needs and service promises (Zeithaml et al., 1993).

At the early stage of service quality research, Parasuraman et al. (1985) defined service expectations as the service that a customer thinks should be offered rather than what would be offered. Later Parasuraman et al. (1991) stated that customer expectations were what excellent service firms offered. In 1993, Zeithaml et al. used desired expectations in service quality research. This concept of expectations is equivalent to normative or the “should” expectation standard which is closely associated with the “what ought to happen” expectation found in the study of Tse and Wilton (1988). Laroche et al. (2004a) summarised the differences between these two notions of expectations. The normative or “should” expectations are what customers think the service should be to meet their desires, whilst the predicted or “will” expectations are what customers think the service will be in reality. However, the concept of normative or “should” expectations dominates in service quality literature (Reid, 2011).

**Figure 4.2 Evaluation of Perceived Quality and Different Expectations**



Source: adapted from Zeithaml et al. (1993, p.8)



From the hierarchy of expectations (Figure 4.1), the lower than the ideal standard is normative or the “should be” expectation. It is mainly formed by promises made by the service providers. Hence, customers employ the norm that service firms “should” keep their promises but what they think will happen in their next service encounter with a firm is “predictive” or realistic, a “will be” expectations (Laroche et al., 2004a; Walker and Baker, 2000). Nevertheless, based on Zeithaml et al.’s (1993) model, Gwynne, Devlin and Ennew (2000) and Dean (2004) argued that predictive and adequate expectations are superficially similar, but not identical. This is because adequate expectations behaved independently from predicted expectations (Dean, 2004). According to Liljander and Strandvik (1993a) and Zeithaml et al. (1993), adequate expectations of service is defined as the lower level expectation for the threshold of acceptable services partially based on predicted expectations.

According to Laroche, Kalamas and Cleveland (2005), customers mostly depend on a higher level of realistic predicted expectations for judging service offerings. Consequently, the notion of predicted expectations are emphasised by several researchers and have become the most prominent conceptual definition of expectations used in the service quality literature (Reid, 2011; Lee, Lee and Yoo, 2000; Hamer, Liu and Sudharshan, 1999; Boulding et al., 1993).

However, expectation standards are still questioned because of empirical values found in research (Mehta, Lalwani and Han, 2000; McAlexander, Kaldenberg and Koenig, 1994; Liljander and Strandvik, 1993b; Babakus and Boller, 1992; Cronin and Taylor, 1992). Moreover, there is no common agreement on which category of service expectations, if any, should be solely used in service quality measurement. For Phase Three’s research instrument which was modified from the SERVQUAL and LODGSERV scales, the standard of “desire” based on Parasuraman et al. (1988) was chosen; which is comparable to the normative or “should” expectations of Santos and

Boote (2003). Churchill (1979) introduced the idea that the degree of this expectation is the same as the level of performance the customer ought to receive, or deserves, given a perceived set of costs; it includes what a customer feels a service should offer rather than would offer as suggested by Parasuraman et al. (1985).

According to Walker and Baker (2000), the desired expectations are relatively more stable over time than adequate expectations. This research aims to gather the expectations of family run hotel customers as a guide for hotel operators to determine their shortfalls and thus identify areas for improvement. Expectations are said to play an important role in the evaluation of the performance of products and services. A review of the literature on customer expectations reveals that they are multi-faceted due to the zone of tolerance and the different types of expectations used in research; as a consequence there are diverse results in service quality work. The “desire” expectation (Parasuraman et al., 1988) which is equivalent to the “should” expectation or normative (Santos and Boote, 2003) was chosen to operationalize the research needed for Phase Three of the study.

#### **4.1.2 Customer Satisfaction**

The notion of customer satisfaction, considered as the central pillar of marketing, has been widely defined and measured in the literature. However, there is no consensus as to what satisfaction is and how it is constructed (Hoffman and Bateson, 2010). Oliver (2010, p.13) proposed a definition of customer satisfaction that appeared to be both generic and compatible with prior theoretical and empirical research; customer satisfaction is ‘the consumer’s fulfilment responses. It is a judgment that a product/service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfilment, including level of under-or overfulfillment’. Moreover, Lovelock and Wright (2002) and Zeithaml and Bitner

(2002) included emotional constructs such as contentment, happiness, and delight in their notions of customer satisfaction.

Oliver (2010, p.6) listed the definitions of customer satisfaction which have been proposed in the past and still remain valid today:

- (i) 'An evaluation rendered that the (consumption) experience was at least as good as it was supposed to be.'
- (ii) 'The summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer's prior feelings about the consumption experience.'
- (iii) 'The consumer's response to the evaluation of the perceived discrepancy between prior expectations (or some other norm of performance) and the actual performance of the product as perceived after its consumption.'

As can be seen from the several definitions Oliver (2010) proposed, there are various conceptual theories of customer satisfaction at the present time. However, there are two key fundamentals, which underpin customer satisfaction. First, research conducted by Zeithaml and Bitner (2002) and Dabholkar, Shepherd and Thorpe (2000) revealed that there is an emotional or affective construct that occurs at the transaction level. Secondly, Oliver (1981) proposed that, based on the disconfirmation paradigm, there is a consequence of the comparison of expectations and perceptions. For instance, a customer is dissatisfied when the performance falls short of expectations, is satisfied when the performance matches expectations, and is delighted when the performance exceeds expectations.

Cronin and Taylor (1992), Parasuraman et al. (1988), and Oliver (1980) pointed out that service quality and customer satisfaction are related but distinct constructs. Zeglal (2008) noted that customer expectations in the service quality literature entail what a service provider should offer; the customer satisfaction literature imply what is likely to occur through a specific transaction. Parasuraman et al. (1988) indicated that

service quality is a long term overall measure whilst customer satisfaction is a specific transaction evaluation. Oh (1999) drew attention to two different points between service quality and customer satisfaction. First, the expectancy-disconfirmation model of customer satisfaction explains the consumption process but the gap model describes service quality perceptions. Second, the SERVQUAL model, a service quality evaluation instrument developed by Parasuraman et al. (1988), does not measure disconfirmation directly as does the expectancy-disconfirmation model (customer satisfaction). Van Ree (2010) highlighted three key differences between service quality and customer satisfaction from a review of the literature. First, he considered that service quality, is a form of attitude, and is only a function of expectations (before any service encounter) or a function of experience of the first service encounter. Secondly, he concluded that customer satisfaction reconciles the effect of prior service quality perceptions and results in revisions to perceptions of current service quality. It may imply that the disconfirmation paradigm is more related to customer satisfaction than service quality. Third, he noted that service quality is an antecedent of customer satisfaction. In other words, the higher the service quality perception levels the more the customer is satisfied. He further claimed that both service quality and customer satisfaction are antecedents of purchase intentions which supports Parasuraman et al. (1988), Oliver (1981), and Oliver (1980). However, Cronin and Taylor (1992) argued that customer satisfaction has a greater impact on purchase intention than service quality.

In conclusion, customer satisfaction, an affective construct, is closely related to service quality but they are distinct constructs as mentioned above. Both are significant in the literature, however, this research does not focus on customer satisfaction. The “should” (desired) type of expectations is operationalized in this project and it is different from the one used in customer satisfaction as mentioned above.

### **4.1.3 Service Quality Measuring**

Service quality is hard to define and measure since it is a complex and abstract idea (Grönroos, 2000; Cronin and Taylor, 1992; Garvin, 1988; Parasuraman et al., 1985). However, there have been attempts to critically define and assess the concept of service quality for over 30 years (Qin and Prybutok, 2013; Tribe and Snaith, 1998; Ekinci and Riley, 1997; Teas, 1993; Cronin and Taylor, 1992; Carman, 1990; Parasuraman et al., 1988, 1985; Grönroos, 1984; Lewis and Booms, 1983). In broad terms the constructs raised through the various conceptualising and operationalizing service quality studies have been categorised into two contrary paradigms:

- (i) The disconfirmation paradigm of perceptions minus-expectations; and
- (ii) The performance-based paradigm of a perceptions only version of service quality.

#### ***The Disconfirmation Paradigm of Perceptions minus Expectations***

Grönroos (1984) argued that customers evaluate service quality by comparing their expectations of service with what they actually experienced. Parasuraman et al. (1988, p.17) viewed service quality as being ‘the degree and direction of discrepancy between consumers’ perceptions and expectations’. In other words, service quality is a well delivered service that conforms to customer expectation.

Parasuraman et al. (1985) conducted an exploratory investigation into service quality using focus groups of business executives. Their study was based on the previous findings of Grönroos (1984), Lehtinen and Lehtinen (1982), and Sasser, Olsen and Wyckoff (1978). They found that service quality was derived from the comparison between a consumer’s expectations of the performance against those actually received. This is viewed as the level of discrepancy between consumers’ perceptions and expectations. According to Parasuraman et al. (1988; 1985), service quality, an overall evaluation similar to attitude, results from the comparison of perceptions with

expectations which properly operationalized is the “expectancy disconfirmation” model. As a result of the 1985 study, Parasuraman et al. (1988) developed the SERVQUAL scale, an instrument for measuring customers’ perceptions of service quality based on the gap model previously discussed in the previous Chapter (Chapter Three).

### *The SERVQUAL Scale*

Based on the paradigm of disconfirmation, the SERVQUAL scale is developed from a conceptual gap model of service quality that emerged from exploratory research as mentioned above. As a fundamental notion, the service quality is perceived as an overall evaluation or attitude toward an entity (Narangajavana, 2007). There are five gaps on the model illustrating the differences between service quality sources. These five gaps are as follows:

- Gap 1: Difference between consumer expectation and management perceptions of consumer expectations.
- Gap 2: Difference between management perceptions of consumer expectations and service quality specifications.
- Gap 3: Difference between service quality specifications and the service actually delivered.
- Gap 4: Difference between service delivery and what is communicated about the service to consumers.
- Gap 5: Difference between consumer expectations and perceptions.

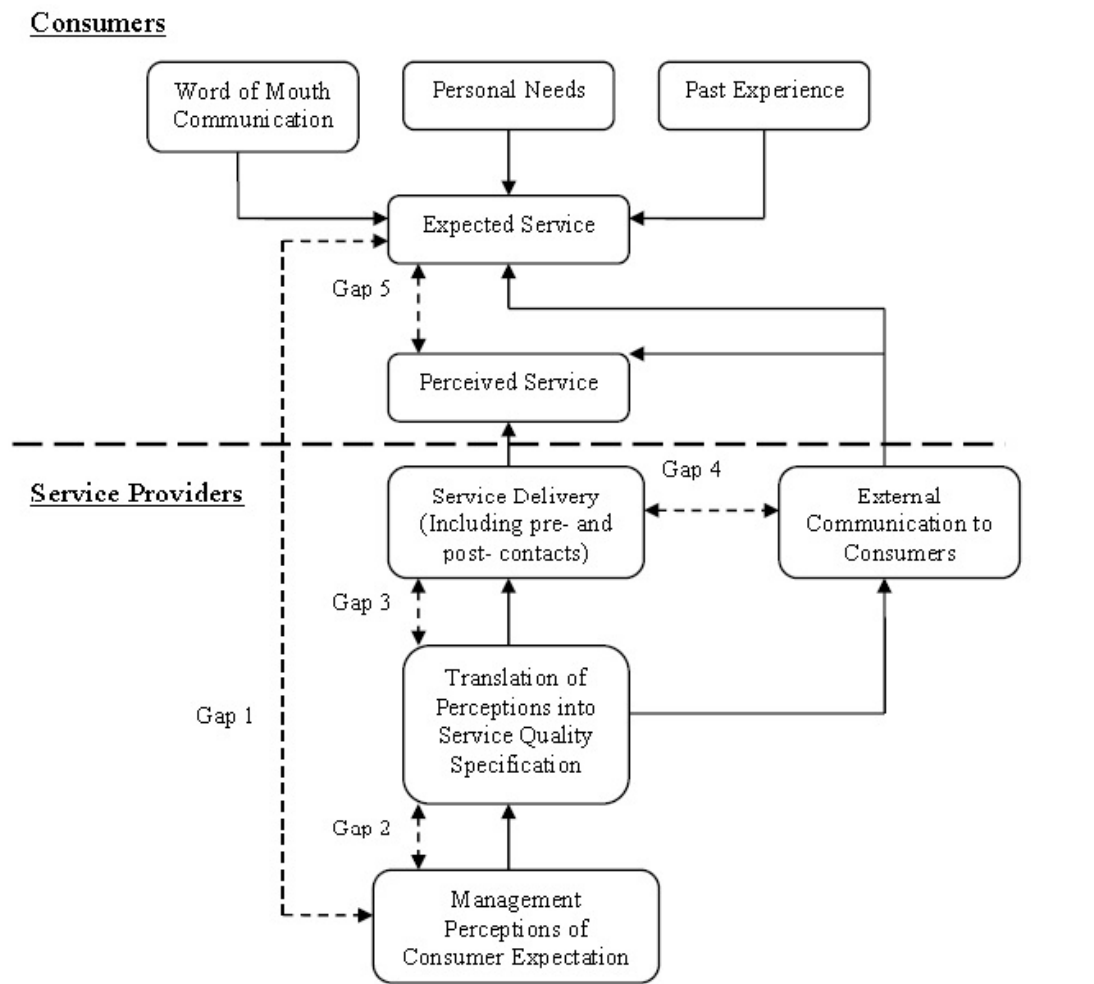
(Parasuraman et al., 1985)

Parasuraman et al. (1985) introduced service quality attributes characterised by ten dimensions which are considered as service quality determinants. In the gap model, there are ten service dimensions through which customers evaluate the quality of service:

- |                     |                               |
|---------------------|-------------------------------|
| (i) Access,         | (vii) Responsiveness,         |
| (ii) Communication, | (viii) Security,              |
| (iii) Competence,   | (ix) Tangibles, and           |
| (iv) Courtesy,      | (x) Understanding/knowing the |
| (v) Credibility,    | customer.                     |
| (vi) Reliability,   |                               |

These, as the domain of service quality constructs, provided a framework for further developing the measurement scale. The service quality gap model and the service sources are illustrated in Figure 4.3.

**Figure 4.3 Service Quality Gap Model**



Source: Parasuraman et al. (1985, p.44)

Initially, a number of items representing the ten dimensions were generated for a 7-Likert multiple-item scale and each of the statements was recast into two groups. The first one, labelled as E's, was for measuring the customer expectations about organisations in general and the other, labelled as P's, was for measuring customer perceptions of the particular organisations whose quality of service was being examined. For methodological purposes, half of the items were phrased positively and the other half of the statements was worded negatively. Consequently, the first stage SERVQUAL instrument consisted of ten service dimensions that emerged from the qualitative research.

Further research followed to refine the instrument with three main aims (Parasuraman et al., 1988). The first was to condense the instrument by retaining only those statements that clearly discriminating between individuals who have dissimilar quality perceptions of organisations in many categories. The second aim was to assess the scale's dimensionality and to establish the components' reliability. Lastly, confirmatory analysis was used to re-evaluate the dimensionality and reliability of the compressed scale. This refinement process resulted in five dimensions of service quality remaining in the final set: Tangibles, Reliability, Responsiveness, Assurance, and Empathy.

Based on these five dimensions and the gap model theory, the refined SERVQUAL scale consists of two sets of 22 statement items. The first set measures customer expectations of service level that should be offered by excellent firms within the specific service industry used. The second set measures customer perceptions of actual service quality that a particular firm provided. Following the disconfirmation paradigm, a comparison of each dimension of customer expectations and customer perceptions was conducted and resulted in the formula below:



$$Q = P - E$$

Where:

P = the ratings on the corresponding perception statements

E = the ratings on the corresponding expectation statements

The gap scores between the two components, perception and expectation expresses an organisation's service quality, the larger the gap, the lower the service quality evaluation (Hoffman and Bateson, 2001). As a conclusion, the SERVQUAL scale, a service quality measurement instrument, demonstrates the extent to which service in all five dimensions is performed and how it conforms to the level of service performance that the organisation should provide according to their customers' anticipation.

Coulthard (2004) and Parasuraman et al. (1988) pointed out that the SERVQUAL instrument has been implemented across a diverse range of service organisations and if used regularly would allow them to follow trends in customers' expectations of service quality. Moreover, the SERVQUAL scale captures useful data about customer perceptions of all five service quality dimensions holistically as well as separately. Due to each customer's individuality with regard to perceived service quality, the SERVQUAL scale allows a service firm to categorise its consumers into different segments which can be used for other further study or planning.

With its five dimensions, the SERVQUAL scale can serve as a basic framework for measuring service quality in a wide range of services (Parasuraman et al., 1988; 1985). For more than two decades, the SERVQUAL scale has been utilised globally by both academics and practitioners for measuring the quality of service in various fields including tourism and hospitality, either unmodified or with a variety of adaptations (Ladhari, 2008; Zeglat, 2008). Schneider and White (2003) argued that the perception-

expectation measurement of service quality gives insights with practical and research benefits. Practitioners would know which dimensions need to be improved by applying the SERVQUAL scale; whilst the instrument also provides opportunities for researchers to track service quality by comparing different firms in the same business sector (Narangajavana, 2007).

### ***Performance-based Paradigm***

Several authors indicated that there are critical problems in conceptualising service quality as a difference score, perceptions minus expectations. Cronin and Taylor (1992), Brown et al. (1993), Teas (1993), Babakus and Boller (1992), and Carman (1990) recommended the use of only the perception component of the SERVQUAL scale for measuring service quality. This notion grounded the performance-based paradigm of service quality measurement.

Cronin and Taylor (1992) concluded that an unweighted performance-based approach is a more suitable basis for assessing service quality. Babakus and Boller (1992)'s empirical research findings conjointly support the use of performance-based measures of service quality rather than gap ones. Moreover, Teas (1993) conducted a comparison study of weighted and unweighted models concluding that the later usually perform better in terms of concurrent and construct validity. Based on a comprehensive literature review and further studies, Cronin and Taylor (1992) reached three important conclusions. First, that perceived service quality is best conceptualised as an attitude. Second, the adequacy-importance model is the most effective attitude-based operationalization of service quality. Third, current performance adequately captures consumers' perceptions of the service quality offered by a specific provider. Consequently, Cronin and Taylor (1992) developed SERVPERF, an unweighted performance-based service quality measurement instrument. They claimed that the

SERVPERF scale better explained the variation in the holistic measure of service quality.

Based on the theoretical and operational criticisms of SERVQUAL as previously discussed, Cronin and Taylor (1992) considered customer expectations as unnecessary data for measuring service quality. According to their empirical research, the SERVPERF scale is a more appropriate approach than SERVQUAL as it offers a higher explanatory power of variations in service quality. The adequacy of the SERVPERF scale was supported by further studies by Cronin and Taylor (1994) in response to criticisms made by Parasuraman, Zeithaml and Berry (1994a). In addition, Cronin and Taylor (1994) argued that the SERVPERF is beneficial to practitioners as a longitudinal index of service quality perceptions. By way of explanation, SERVPERF can provide a summed overall service quality score at a specific time and from a specific customer segment.

The SERVPERF scale has been implemented by researchers in a number of service industries in several countries such as Li (2010), Yilmaz (2009), Vanniarajan and Anbazhagan (2007), Zhou (2004), Brady, Cronin and Brand (2002), and Lee et al. (2000). Furthermore, SERVPERF was found to be a more appropriate instrument for measuring service quality by Brady et al. (2002). They claimed that the superiority of the scale was utilised by several scholars and service managers. However, the objective of Phase Three is to ascertain customer expectations; therefore, the perception only scale is not appropriate for this study.

#### *Debates of the SERVQUAL scale*

Although the SERVQUAL model has been widely utilised to measure service quality by both service practitioners and scholars, there have been criticisms (Ladhari, 2009b; Soutar, 2001). Chowdhary and Prakash (2007) rejected Parasuraman's (1988) generalisation of the dimensions of the service quality construct. Their research aimed

at identifying the significance of service quality dimensions across a variety of industries, found that the dimensions could not be simply generalised. There were significant divergences across and even within the same services and cultures. Therefore, the SERVQUAL scale is questioned by several scholars as a basic and generic measure of service quality applicable in different contexts and industries. Consequently, the need for industry-specific service quality measures was identified (Akbaba, 2006; Wei, 2003; Aldlaigan and Buttle, 2002; Dabholkar, Thorpe and Rentz, 1996). Ladhari (2008) supported this notion, he found from his research that industry-specific scales vary by countries, cultures, and industrial characteristics. Moreover, other criticisms of the SERVQUAL scale have emerged. These can be categorised into conceptualisation and operationalization concerns.

- *Conceptualisation Debates*

The theoretical testing of the SERVQUAL scale by other researchers has not always supported Parasuraman et al.'s (1988) findings. They question the validity of the gap model as no empirical evidence underpins the concept from the customer perspective (Buttle, 1996; Brown et al., 1993; Babakus and Boller, 1992). Teas (1993) argued that the comparison between customers, perception minus expectation of the service, the P-E gap, does not show a real distinctness. Buttle (1996) explained that the expectation components of the SERVQUAL battery do not represent suitable criteria for evaluating the service experience. He stated that customers' expectations may not have to be considered before the service interaction and consumption. Babakus and Inhofe (1991) indicated that the gap score between customer perceptions and expectations of the service may increase through a social desirability response bias; getting the customer to think about their expectations may heighten their desires. Customer expectations are dynamic and change over the time of the service delivery because they vary by different service encounters and the communication effects (Boulding et al.,

1993). Moreover, Brown et al. (1993), Teas (1993), Babakus and Boller (1992), Cronin and Taylor (1992) and Carman (1990) pointed out that expectation scores do not provide additional information to those given for actual service received. Consequently, these researchers suggested using only the perception component of the SERVQUAL scale instrument. This notion became the foundation of the performance-based paradigm which was discussed in the previous section.

These criticisms of the gap scores have been rebutted by several scholars. Parasuraman et al. (1994a) argued that the difference scores between the gaps provide useful information about each of the service quality attributes' strengths and weaknesses; therefore, a service organisation can have the direction and the amplitude of such differences of both perceptions and expectations to improve its service quality. Curry and Sinclair (2002) found from their empirical research of physiotherapy service provision in the public sector that the SERVQUAL methodology, perceptions-minus-expectations, is useful and appropriate to assess service performance. Angur, Nataraajan and Jahera (1999), and Bolton and Drew (1991) also agreed that the gap between perceptions and expectations is the primary cause of overall service quality. They supported the practicality of the gap model over the perception only model for assessing specific service deficiencies.

The disconfirmation paradigm that the SERVQUAL scale is based on is associated with the customer satisfaction concept. Service quality and satisfaction are different and distinct constructs that are amalgamated within the SERVQUAL scale (Coulthard, 2004; Buttle, 1996; Cronin and Taylor, 1992). Hoffman and Bateson (2001) stated that the SERVQUAL instrument does not measure customer satisfaction directly and, hence, could not forecast a customer's ability or intention to purchase a service as it has inadequate predictive power. Brady et al. (2002), Zhou, Zhang and Xu (2002), Durvasula, Lysonski and Mehta (1999) and Brown et al. (1993) concluded that the

perception only scores outperformed the gap model in predicting overall service quality evaluation.

Parasuraman et al. (1988) defended their research findings by claiming that the same evaluation applied to both service quality and satisfaction. Moreover, other authors also supported the predictive power of the SERVQUAL scale. From a comparison study in predicting satisfaction and usefulness between instruments, Landrum, Prybutok and Zhang (2007) found that the SERVQUAL model has a high predictive power. The results of employing the SERVQUAL model in the Canadian banking industry setting supported the predictive validity of the scale (Ladhari, 2009a). While, the research investigating the difference between SERVQUAL and SERVPERF conducted by Carrillat, Jaramillo and Mulki (2007) showed the equivalent predictive validity of both scales.

As previously mentioned, the SERVQUAL scale has proved not to be generically applicable across all service industries. Consequently, utilising industry-specific measuring instruments instead of using a single generic scale or simply adapting the SERVQUAL items is recommended by several authors (Martínez Caro and Martínez García, 2007; Ramsaran-Fowdar, 2007; Nadiri and Hussain, 2005; Atilgan, Akinci and Aksoy, 2003; Babakus and Boller, 1992; Carman, 1990). The five service dimensions introduced by Parasuraman et al. (1988) cannot represent entire components of service quality constructs. By way of explanation, several empirical research findings show a different number of service dimensions in several service industries (Ekinici and Riley, 1998; Asubonteng, McCleary and Swan, 1996; Buttle, 1996; Brown et al., 1993; Carman, 1990). Moreover, there have been various patterns of factor loading in a number of studies. For example, Carman (1990) found that only 65 per cent of the items loaded on both two sets of statements. Mels, Boshoff and Nel (1997) reported that there

were only four tangibles items loaded on the expectations set of items. Therefore, both discriminate and convergent validities are questionable.

Parasuraman, Berry and Zeithaml (1991) defended their instrument arguing that modifications would impede the replication of research findings. However, Buttle (1996) argued that the most serious problems with the SERVQUAL scale are the number of dimensions and the stability from context to context. In other words, the number of service quality dimensions varies by the characteristics of each service industry and each individual firm under investigation (Babakus and Boller, 1992). Subsequently, Parasuraman, Berry and Zeithaml (1993) suggested that the SERVQUAL scale can be supplemented with context-specific items when necessary.

- *Operationalization Debates*

The SERVQUAL questionnaire consists of two sets of 22 statements covering both customers' expectations and perceptions. Within each set of 22 items the five dimensions of service are allocated four or five questions each. Buttle (1996) pointed out that the SERVQUAL scale's items are inadequate to capture either the variance within, or the context-specific meaning of each dimension. Therefore, the limited number of items constrains the capture of all aspects of each dimension of the service quality construct.

The next operational criticism is caused by the use of Likert scales and the interpretation. Smith (1995) noted that respondents who had less knowledge and/or experience of the service would select the mid-point of the scale which was construed to imply a neutral or not applicable choice. From empirical research, Williams (1998) found a contradiction in that negative gap scores were often associated with complimentary comments from open-ended questions. Respondents who had not experienced a specific item at a venue tended to mark number four for perceptions and mark seven for the expectations. Andersson (1992) commented that a Likert scale, as a

normal scale, is not suitable for use because it is not able to effectively investigate interdependences among the dimensions of the service quality construct. Furthermore, Lewis (1993) stated that the seven-point rating scale may cause respondents to overuse the extreme ends of the scale due to the lack of verbal labelling for the points from two to six. Teas (1993) and Brown et al. (1993) also pointed out that the same gap score could result from different numerical scores.

Customers evaluations vary from one encounter to another due to the “moment of truth” (Carlzon, 1989), when front line staff actually provided the service. Zeglat (2008) noted that the SERVQUAL scale ignores the fact that customer assessment is directly affected by specific occurrences because it considers service quality as a global construct.

Several authors (e.g. Zeglat (2008); Hoffman and Bateson (2001); Buttle (1996); Babakus and Boller (1992) have commented that the Parasuraman et al.’s (1988) questionnaire, consisting of 13 positively and nine negatively worded pairs of statements, leads to comprehension errors. The polarity features of the scale means that respondents need to read the items carefully to fully understand what is being asked. Buttle (1996) and Babakus and Boller (1992) argued that applying positive and negative statement items in the same scale cause data quality problems and reduce the instrument’s validity and dimensionality (e.g. bias and confusion).

A further operational criticism found is that the definition of the customer expectation component of the SERVQUAL scale is vague and open to respondent interpretation. Referring to an ideal standard of performance by the service provider, Parasuraman et al. (1988) established that the component of customer expectation is what customers believe a service firm should provide rather than what they would provide. Ekinici and Riley (1998) and Teas (1993) argued that the misconceptions that customers made in identifying the ideal level of a service have an impact on their



interpretation of the expectation measure. As a result, Parasuraman et al. (1991) modified the instructions of the questionnaire in the part of the expectation items from measuring the normative expectations of the customer to measuring what customers would expect from organisations delivering excellent service. However, there was a debate concerning about the zone of tolerance; customers have a range of expectations. In order to overcome the customer zone of tolerance, Parasuraman, Zeithaml and Berry (1994b) added two additional norms: desired service and adequate service to the scale.

After this revision, there were three rating scales measuring service excellence (perceived service minus desired service) and service adequacy (perceived service minus adequate service) within the same battery of SERVQUAL items. Williams (1998) argued that this expansion exacerbated the length of time needed for respondents to fill in the questionnaire. Moreover, Zeglal (2008), Hoffman and Bateson (2001), and Buttle (1996) commented that two sets of items asking about customers' expectations and perceptions is an unnecessarily repetition of the questions and results in boredom or confusion, causing problems with subsequently data. Brown et al. (1993) supported this criticism adding that it led to the respondents to choose number seven, "excellence", as their score for their expectations. Carman (1990) additionally pointed out that it is not practical for customers to rate expectations and perceptions on scales in adjacent columns simultaneously. However, Parasuraman et al. (1993) argued that this arrangement of the two sections of the instrument provides precise evaluation and also decreased the length of time necessary to complete the questionnaire.

Critically reviewing 20 years of a SERVQUAL research, Ladhari (2009b) concluded that among a number of instrument that have been devised for evaluating service quality, the SERVQUAL scale has the most recognition but there are several conceptual and theoretical debates raised in the literature. However, several academics

and practitioners still find the SERVQUAL instrument is useful for measuring service quality.

#### **4.1.4 Service Quality Measurement in Hospitality Industry**

The tourism and hospitality industry, together with researchers, has implemented both qualitative and quantitative research methods to measure service quality. Akbaba (2006), Zeglat (2008) and Ekinici (2001) strongly recommended that measurement in hospitality needs to be industry-specific, customised to fit a unique conceptualisation and operationalization of service quality. This is because the industry has distinct characteristics such as imprecise standards, short distribution channels, face to face interaction and information exchange with customers, and fluctuating demands.

There are a number of service quality studies in the hospitality industry utilising different methodologies and research techniques, either employing qualitative or quantitative paradigms or mixed methodology. For example, Callan (1998) and Lockwood (1994) adopted the Critical Incident Technique (CIT) in hospitality settings, which is a qualitative method, to measure the quality of service encounters. Quantitative methods, such as the SERVQUAL and SERVPERF scales appeal to both academics and practitioners to measure service quality in the hospitality industry (Zeglat, Ekinici and Lockwood, 2008).

The previous studies of service quality measurement in this field can be categorised into two major clusters. The first one is the SERVQUAL and/or SERVPERF scale replication and modification such as in the studies of Markovic and Raspor (2010), Akbaba (2006), Nadiri and Hussain (2005), Juwaheer (2004), Osman and Avci (2002), and Caruana, Ewing and Ramaseshan (2000). The second category employs various and diversified methods for measuring service quality such as fussy numbering and the analytic hierarchy process as in the studies conducted by Lin (2010), Hsieh, Lin and Lin (2008), Wilkins, Merrilees and Herington (2007), and Ekinici (2001).

However, there has been no research into which method or technique is the most appropriate for measuring service quality in the hospitality industry. Consequently, there has been a debate amongst scholars about modelling service quality within this type of business. The next section aims to chronologically highlight service quality measurement in the hospitality industry.

### ***The Hotel Sector Service Quality Measures***

After Parasuraman et al. (1988) introduced the SERVQUAL scale to service industries with the claim that it was a generic and reliable instrument for measuring service quality; Lewis (1987) attempted to apply the SERVQUAL model or gap analysis framework to measure the quality of hotel services. His empirical research found that only 17 of the 44 attributes were commonly agreed upon by both management and hotel customers. In 1990, Oberoi and Hales examined the customer perceived service quality of conference hotels and its dimensions by conducting interviews with hotel managers which resulted in the identification of 54 attributes grouped into four categories: Facilities, Catering, Pricing, and Activities. Consequently, a customer survey condensed the attributes into 23 dimensions sorted into a functional group and a technical group. In addition, the findings showed that the functional attributes made a larger contribution to overall service quality in conference hotels.

In the same year, Knutson et al. (1990) developed the Service Expectation Index (SEI) which was designed to measure customer expectations of service quality in hotels by replicating the SERVQUAL's five service dimensions. With 36 statement items gathering hotel customer expectations, this instrument was confirmatory factor analysed and refined for validity and reliability. The final version has 26 statements remaining and the scale was called LODGSERV (Knutson et al., 1991). The findings indicated that the Reliability dimension is the most important followed by Assurance, Responsiveness, Responsiveness, Tangibles, and Empathy. Although Knutson et al.

(1991) affirmed the consistency and validity of the LODGSERV scale for measuring service quality in the hotel sector, there are criticisms regarding its methodological limitations (Ekinici, 2002). Patton, Stevens and Knutson (1994) further tested the international applicability of LODGSERV in Taiwan, the United Kingdom, Japan, Hong Kong, and Australia. All five dimensions of the service were confirmed in the multi-cultural context.

Heung and Wong (1997) conducted a study to measure the service quality expectations of two traveller groups, business and leisure, in Hong Kong hotels by replicating the LODGSERV scale. They found that both groups of travellers had the reliability dimension as their highest expectation, but the others varied in rank. These results were similar to Knutson et al.'s (1991) research which had first and second highest mean scores for the dimensions of Reliability and Assurance.

Research is still being carried out into expectations of service quality in the hospitality industry. Mok and Armstrong (1998) examined international tourists' service quality expectations of Hong Kong hotels using the expectation scale of the SERVQUAL instrument. They modified the wording on 22 items for the specific hotel setting and found that the customers, from the United Kingdom, Japan, the United States, Australia, and Taiwan, prioritised the reliability dimension in a similar manner to previous expectation measurement studies but they had different expectations in two of the five service quality dimensions; Tangibles and Empathy.

Using both sides of the SERVQUAL dimensions, Saleh and Ryan (1991) conducted empirical research to measure four-star hotel customers' perceptions of service quality. The 33-item instrument was factor analysed and the findings provided an unequal distribution of five new dimensions (Conviviality, Tangibles, Reassurance, Avoidance of Sarcasm, and Empathy). The first factor "Conviviality" combined items from four former dimensions (Tangibles, Reliability, Responsiveness, and Assurance)

accounting for 62.82 per cent of the total variance while the explanatory power of the other factors was correspondingly weak. Saleh and Ryan (1991) defended their different constructs which they thought originated in the use of a 5-Likert scale rather than the original SERVQUAL 7-Likert scale as well as their additional statement items.

Webster and Hung (1994) also applied a 5-Likert scale instead of the 7-rating scale and reworded the statements in order to make their modified SERVQUAL questionnaire easier to use. Their eight dimensions consisted of: Tangibles, Reliability, Communication, Responsiveness, Security, Courtesy, Understanding, and Access. Although the validity, reliability, and practicability of this instrument were asserted by the authors, there was criticism that the questions of each service dimension were not sufficient to measure service quality (Zeglat, 2008).

In order to examine the SERVQUAL scale in four and five star hotels in Turkey, Akan (1995) modified it and applied it to measure customer perceptions of service quality. According to her empirical research findings, seven new service dimensions were derived:

- (i) Courtesy and competence of the personnel,
- (ii) Communication and transactions,
- (iii) Tangibles,
- (iv) Knowing and understanding the customer,
- (v) Accuracy and speed of service,
- (vi) Solutions to problems, and
- (vii) Accuracy of hotel reservation.

This study also confirmed that the SERVQUAL scale is not generic and needs to be modified for the specific environmental context under investigation.

Other researchers outside of the hotel sector have modified the SERVQUAL instrument. Knutson, Stevens and Patton (1996) developed a new scale called DINESERV for measuring service quality in restaurants. This instrument consisted of

29 statements within five dimensions. The primary data collection was administered in the United States and the results showed high reliability of the scale. Lee and Hing (1995) and Bojanic and Drew Rosen (1994), likewise, measured service quality in the restaurant sector by modifying SERVQUAL.

Ekinci, Riley and Fife-Schaw (1998) conducted an empirical study at resorts in Turkey to reconfirm the number of dimensions of SERVQUAL in order to test which school of thought, either North American or Nordic, better conceptualised service quality. The 38-item modified SERVQUAL and LODGSERV questionnaire was factor analysed and two factors emerged with 16 items remaining. As a result, the two factor model of the Nordic school of thought (Grönroos, 1984) was found to be more suitable for measuring service quality in the hospitality industry due to the reliability and validity that the model provided.

In the same year, Tribe and Snaith (1998) developed a new instrument called HOLSAT based on SERVQUAL. They used an expectation/performance analysis to measure satisfaction attitudes of resort customers in Cuba rather than service quality. The results of the 56-item scale showed the limitation and low validity of the scale.

Another extension and modification of the SERVQUAL scale for the hotel industry is HOLSERV (Mei et al., 1999). This instrument, having 27 items in a one column format as well as a separate overall service quality question, was distributed to a thousand customers in five mid-luxury hotels in Australia. The research findings extracted three service dimensions; these were the Employee's Behaviour and Appearance, Tangibles, and Reliability. Caruana et al. (2000) employed the three-column SERVQUAL instrument of Parasuraman et al. (1994a) to discover whether respondents could distinguish between desired expectations and minimum expectations and whether perceptions determined the underlying factor structure. The results showed that respondents could not recognise the differences between the two types of

expectations; therefore, the suitability of desired expectations and minimum expectations was not supported as Parasuraman et al. (1994a) had claimed. Nevertheless, the findings illustrated that the perception component was the most important. According to the factor analysis results, only three dimensions were extracted: Reliability, Tangibles, and a combination of Responsiveness, Assurance, and Empathy.

Ekinci (2001) refined his previous study (Ekinci et al., 1998) by developing a new scale with generic dimensions of service quality. A critical literature review resulted in a 6-dimension instrument with 15 items for measuring service quality in the hospitality industry. He sought to establish validity through two methodologies: (i) the Q-sort test for generating and validating item statements, and (ii) testing of the resultant qualified scales. After the validity testing, three generic dimensions for measuring service quality in the hotel sector emerged:

- (i) Physical quality/output quality,
- (ii) Staff behaviour and attitude, and
- (iii) Timeliness.

Both Osman and Avci (2002) and Nadiri and Hussain (2005) conducted hotel service quality measurement studies aiming to assess the applicability of the SERVPERF in North Cyprus. Both of the studies' findings opposed the SERVPERF's five service dimensions due to the two factors extracted being similar to Ekinci's (2001), whose empirical results supported the Scandinavian service quality school's two dimensional model.

Another service quality measurement scale modified from SERVQUAL is called Lodging Quality Index (LQI). It was developed by Getty and Getty (2003) as a reliable and valid quantitative instrument for hotel operators to measure service performance as perceived by the customer. After the index development process, there were 26 items

with five new dimensions: Tangibility, Reliability (including the original Reliability and Credibility dimensions), Responsiveness, Confidence (including the original Competence, Courtesy, Security, and Access dimensions), and Communication (including the original Communication and Understanding dimensions).

For better accuracy of the service quality measurement scale in the context of the business hotel sector in Turkey, Akbaba (2006) modified the SERVQUAL scale by adding more specific dimensions to the former five of Parasuraman et al. (1988). Unlike the SERVQUAL scale, the empirical research findings extracted five new dimensions (although some were named with the same titles but each consists of different items): Tangibles, Adequacy in Service Supply, Understanding and Caring, Assurance, and Convenience. For business travellers who are the target customer of this type of hotel, the convenience dimension was the most significant.

To provide insights into aspects of understanding customer behaviour in the luxury and first class hotel sectors, Wilkins et al. (2007) conducted research addressing the antecedents and structure of service quality by using a 63-item instrument. The second-order confirmatory factor analysis, composed of both exploratory and confirmatory factor analysis (Gatignon, 2010), was utilised. The final results provided three main service dimensions: Physical Product, Service Experience, and Quality of Food and Beverage. Moreover, sub-dimensions emerged from the service dimension. For example the physical product dimension contained sub-dimensions such as Stylish, Comfort, Room Quality and Added Extras such as a named executive floor and concierge service.

A new approach for measuring the service quality of hot spring hotels in Taiwan was adopted by Hsieh et al. (2008). They redesigned the SERVQUAL questionnaire to be compatible with the nature of hot spring hotels and decided to apply the Analytic Hierarchy Process (AHP) to evaluate performance. They used the analysis to weight



five service quality dimensions and all of the attributes contributing to these. Based upon the results, Hsieh et al. (2008) recommended that in order to improve service quality in hot spring hotels, actions should be taken centred upon the dimensions and prioritized from the highest to lowest (Assurance, Reliability, Responsiveness, Tangibles, and Empathy).

In addition to the methodologies reviewed above, various new paradigms, techniques, approaches, and dimensions have been used to measure service quality in the hospitality industry in locations across the globe. These studies have included the use of fuzzy logic theory and other mathematical techniques (Ban, 2012; Lin, 2010; Benítez, Martín and Román, 2007).

However, there is no consensus on the evaluation and measurement of service quality in the hospitality industry, especially the hotel sector (Albacete-Sáez, Mar Fuentes-Fuentes and Javier Lloréns-Montes, 2007) and the theories of service quality measurement are dominated by the multidimensional structures of SERVQUAL and SERVPERF (Ekinçi and Riley, 1998). SERVQUAL is the most commonly modified and replicated service quality measurement and it is based on the disconfirmation paradigm.

The SERVQUAL and LODGSERV scales were chosen for this study's objective 'to ascertain customer expectations of family run hotels in Chiangmai, Thailand' for several reasons. Firstly, the SERVQUAL scale's expectation instrument and the LODGSERV scale were modified to measure the customer expectations to correspond with this phase's objective. Secondly, SERVQUAL is based on the widely used disconfirmation paradigm and it is one of the recognised service quality measures that is applied in the hotel sector. Thirdly, the LODGSERV scale has industry-specific items and statements that are appropriate for the hotel sector. Lastly, by utilising rigorous statistics, the SERVQUAL and LODGSERV scale's reliability and validity

have been tested by several scholars in the field. However, the research instrument needs to be reconfirmed because several studies in the hotel sector discussed above failed to support PBZ's five service quality dimensions.

#### **4.1.5 Longstay Tourism Service Needs**

Longstay tourism, a niche tourism market, has been recognised in Thailand, particularly in Chiangmai, where the empirical work of this research was carried out, as discussed in Chapter Two. According to the definition employed in this study, a person needs to stay in the accommodation for a period of 15 days or over to be classified as longstay tourists. This length of the stay has resulted in the primary target market being mainly from those retired. This market segment is known as senior travellers, mature or elderly tourists, and the silvers. Many of these key target tourists receive income from private pension funds or from their home country governments including the United States of American, Sweden, and Japan. This age group is significant for tourism and hospitality as the World Tourism Organisation has projected that there would be more than two billion international travellers who are over 60 years by 2050 (Cai and Knutson, 2001).

This market segment is part of the "Baby Boomer" generation, individuals born between 1946 and 1964 or after the Second World War when the birth rate dramatically grew. The world's population age structure is changing with an ageing society, with the Baby Boomer's accounting for almost 30 per cent of the population (Kotler and Armstrong, 2010). Not only are they be important in terms of numbers, but also in economic value because senior tourists spend the most money annually on leisure travel (Hartman and Hailin, 2007).

The mature market places demands upon service industries such as health care, medical, real estate, finance, and travel (Usui, 2011). For the tourism and hospitality industry, Vieregge et al. (2007) recommended that hoteliers should recognise the

importance of providing appropriate services for the mature market with its increasing economic strength and its special characteristics.

Johanson (2001) investigated senior hotel customers and found that their service expectations were sharply focussed on guest services and resort operating effectiveness, in-room amenities, and activities during the stay. Wuest, Emenheiser and Tas (1998) further suggested that hotels should serve senior hotel customers with a sense of politeness and provide them with dependability, safety, reassurance, empathy, and promptness.

The elderly population from the wealthier countries such as Scandinavia and Japan have become a premier demographic segment for the tourism and hospitality industry. In Japan, which has had a distinct and rapid elderly growth rate, the government financially supports pensioners to travel and stay in foreign countries for two weeks or more. This programme aims to help pensioners enjoy self-actualisation and promote international goodwill as well as bringing back to Japan an understanding of other cultures and customs. The return, as a requirement for longstay pensioners, also reinforces the merits of Japanese traditions and culture (The Longstay Foundation of Japan, 2010).

Thailand is the second most popular destination for Japanese longstay visitors (The Longstay Foundation of Japan, 2010) with 98 per cent selecting Chiangmai province (The Immigration Bureau of Thailand, 2007). Madhyampurush (2009b) investigated this trend and found that numbers were increasing due to convenient geography, cheap living costs, friendly local people, and a variety of tourist attractions. With such attractions, Chiangmai has high potential for longstay tourism. However, it was suggested by Hongsrnanagon (2006) based on his empirical research of Japanese longstay senior travellers that the Chiangmai tourism and hospitality industry should

provide advice and orientation in the Japanese language. Intaratas et al. (2006) summarised the needs of the foreign longstay retirement market in Thailand as follows:

- (i) Good quality tourism and services,
- (ii) A concern for value although these seniors have high purchasing power, and
- (iii) The reliability of security and health care as well as activities suitable for their health conditions.

The Royal Thai Government also targets international youths and athletes to come to Thailand for study and training purposes (Tourism Authority of Thailand 2001). These groups have different needs and behaviours from the retirement market. Preferring adventure tourism and culture exchange, these younger generation longstay travellers adore something new, exciting, and enjoyable. Although they have lower purchasing power, buying decisions are made without quality concerns (Intaratas et al., 2006). However, there is a dearth of studies investigating the expectations of longstay tourists in Thailand.

Due to the wide range of longstay tourists, this phase of the research targeted all family run and owner-operated hotel customers as, in the future, they may come back as longstay tourists.

In addition, there is no evidence of a dichotomy of service expectations between short-stay and longstay hotel customers who stay in the same hotels. Therefore, this study critically investigated service expectations of all groups within family run and owner-operated hotels in Chiangmai.

The potential of longstay tourism for Thailand has been recognised by both the government and private sectors. The primary group of this market is retirees who have higher purchasing power and more time; however, they also have specific needs as previously discussed which need to be known and met. Therefore the needs of longstay hotel guests were additionally examined in this research.

The literature review section discussed the topic of customer expectations which plays a significant role in the literature of customer satisfaction and service quality. The service quality evaluation paradigms of disconfirmation and performance-based as well as both instruments, SERVQUAL and SERVPERF, were reviewed. This section also included the debates about SERVQUAL. The measurement of service quality is widely employed in the tourism and hospitality industry and its evolution in the hotel sector, with various techniques and dimensions found, was discussed. Finally, the needs of longstay tourism service were rigorously examined.

## **4.2 METHODOLOGY OF PHASE THREE**

This section discusses the research design, the instrument and sampling frame used in this research phase to ascertain customer expectations of family run hotels in Chiangmai. It employs quantitative methodology based upon the researcher's philosophy, epistemology and ontology as discussed in Chapter One. Furthermore, this section outlines the analysis strategy used to confirm the reliability and validity of the research instrument. The analyses for measuring expectations and identifying the differences between visitor demographics and patterns of visit are also described in this section. In summary, customer expectations of family run hotels in Chiangmai are examined through a quantitative methodology using a modified SERVQUAL scale with 34 items and five dimensions before validation.

### **4.2.1 Research Design**

As stated, the primary research objective of Phase Three of this project is '*to ascertain customer expectations of family run hotels in Chiangmai*'. This research additionally investigated the provision of specific services for longstay clients as well as the characteristics of Chiangmai family run hotel customers. The research design for the collection, measurement, and analysis of data was developed in order to achieve these

objectives. Based on the multiple paradigms, the researcher's research worldview for Phase Three is positivism resulting in a deductive method. Moreover, the literature regarding the measurement of customer expectations in the hotel sector is quantitative research (Boon-itt and Rompho, 2012; Boon-itt and Chomvong, 2010; Yilmaz, 2010; Anjos and Abreu, 2009). Therefore, a quantitative face-to-face questionnaire was utilised as the research instrument.

According to Ray (2008), a face-to-face survey is a desirable choice of method because of the ability to utilise an accurate representative sample in accordance with the research plans. Moreover, the completeness of the data is enhanced. Bryman and Bell (2007) pointed out that one of the advantages of such a method of survey is that it usually achieves a higher response rate than postal and internet self-completion questionnaires and additional data can be collected through follow up queries. However, this method is more costly and time consuming than some of the alternatives.

To measure service quality including customer expectations, SERVQUAL was found, through the literature, to be an appropriate tool and applicable to the tourism and hospitality industries (Akbaba, 2006). The SERVQUAL scale has been widely modified and replicated in the hotel sector. For example, the expectations of the service quality measurement side of SERVQUAL was modified to investigate the hospitality industry in cross-cultural settings such as in Japan, Australia, and Taiwan (Mok and Armstrong, 1998), but it has not been previously used in Thailand. In addition, several industry-specific scales have been developed such as LODGSERV (Knutson et al., 1991) which is specifically assessing hotel customer expectations. Based on SERVQUAL and in an industry-specific context, LODGSERV's five service dimensions have emerged from Confirmatory Factor Analysis. The research questionnaire used in this study is a synthesis of the SERVQUAL and the LODGSERV scale.

The subjects for Phase Three were international tourists staying at the 63 family run and owner-operated Chiangmai hotels whose owners/managers had responded to the Phase One primary postal questionnaire. These hotels were identified as the potential sites of survey (Veal, 2006). For this project, utilising a questionnaire was appropriate because it is most productive when used with large subject numbers in many dispersed locations giving a high response rate and additional data (Denscombe, 2010; Bryman and Bell, 2007).

Due to the diversity of the nationalities of tourists in Chiangmai, the structured questionnaire was translated into Japanese, Chinese, and English. Shklarov (2007) argued that there may be the issues of adequacy and accuracy of translation in cross-cultural communication with human subjects in any methodological tradition, across all disciplines and paradigms within multilingual research conduction. Hence, the translation of the questionnaire was conducted by native speakers of the languages who are in the field of business and tourism at high education institutes.

#### **4.2.2 Questionnaire Structure**

Designing the questionnaire and how the questions are asked are important when collecting information about people's attitudes and behaviour (Brace, 2008; Bradburn, Sudman and Wansink, 2004). The questionnaire structure for Phase Three was aligned with the five dimensions of service quality of SERVQUAL (Parasuraman et al., 1991): Tangibles, Reliability, Responsiveness, Assurance, and Empathy because of the unique features of service revealed in the literature. The questionnaire was then integrated with attributes from LODGSERV, a service quality index for the lodging industry (Knutson et al., 1991). This resulted in a research tool with three sections specifically tailored to the hotel sector for general customers and longstay guests. The sections are guests' expectations for services in general, specific services for longstay and the characteristics of family run hotel customers.

In the first section, guests' expectations for services in general, the respondents were asked how strongly they agreed or disagreed with each statement given to them. The questions are in the format of a 7-Likert scale. Score "7" represents "Strongly Agree" and score "1" represents "Strongly Disagree" (1 =Strongly Disagree, 7 =Strongly Agree). An extra alternative, "Not Applicable", was added as a choice for a respondent who thought the question item could not be adapted to him/her. This answer was treated as "missing data" for factor analysis then estimated by imputation (Hinton, Brownlow and McMurray, 2004). For this analysis, mean replacement was chosen since it is a conservative and compromise procedure (Munro, 2005). Parasuraman et al. (1988) claimed that SERVQUAL is a basic skeleton encompassing statements for each of the five service quality dimensions, these are measured through 22 items (Parasuraman et al., 1991). A further 12 industry-specific items were added from LODGSERV (Knutson et al., 1991) and other studies (Boon-itt and Chomvong, 2010; Salver, 2009; Ramsaran-Fowdar, 2007; Akbaba, 2006; Juwaheer, 2004; Getty and Getty, 2003; Lee, 2003; Dick, Gallimore and Brown, 2002; Ekinci et al., 1998; Mok and Armstrong, 1998; Heung and Wong, 1997). Table 4.1 below shows the sources of each item.

**Table 4.1 Section 1 Items and Sources**

Items	Dimension	Sources
A hotel room is visually attractive.	T1	(Ekinci et al., 1998; Knutson et al., 1991)
Hotel buildings and public areas are visually attractive.	T2	(Ramsaran-Fowdar, 2007; Ekinci et al., 1998)
A hotel's décor is consistent with its image and price range.	T3	(Ramsaran-Fowdar, 2007; Parasuraman, Zeithaml and Berry, 1985)
A hotel has up to date equipment.	T4	(Getty and Getty, 2003; Knutson et al., 1991)
A hotel should be in a convenient location.	T5	(Department of Tourism, 2009; Ramsaran-Fowdar, 2007)
A hotel should provide technological equipment both in-room and in other guest areas.	T6	(Ramsaran-Fowdar, 2007)
A hotel should provide in-room amenities such as towels, soap, shampoo, and drinking water.	T7	(Ramsaran-Fowdar, 2007; Knutson et al., 1991)
A hotel should provide complimentary services like courtesy shuttles, coffee, and newspapers.	T8	(Ramsaran-Fowdar, 2007; Knutson et al., 1991)
A hotel should have leisure facilities such as a swimming pool and gym.	T9	(Department of Tourism, 2009; Ramsaran-Fowdar, 2007; Getty and Getty, 2003)



**Table 4.1 Section 1 Items and Sources (Continue)**

A hotel should serve food and beverages that are consistently high in quality.	T10	(Department of Tourism, 2009; Ramsaran-Fowdar, 2007)
A hotel should have restaurant menus that include healthy and/or special diet options.	T11	(Department of Tourism, 2009; Knutson et al., 1991)
A hotel should have utilities and equipment that work.	RY1	(Heung and Wong, 1997; Knutson et al., 1991)
A hotel should be dependable and consistent.	RY2	
A hotel should quickly correct anything that is wrong.	RY3	(Heung and Wong, 1997; Knutson et al., 1991)
A hotel should provide promised or advertised services on time and promptly.	RY4	(Mok and Armstrong, 1998; Heung and Wong, 1997; Knutson et al., 1991; Parasuraman et al., 1985)
A hotel should perform guest services right at first time.	RY5	(Mok and Armstrong, 1998)
A hotel should have security and safety systems and procedures.	RY6	(Boon-itt and Chomvong, 2010; Akbaba, 2006; Getty and Getty, 2003)
A hotel should have a good image.	RY7	(Salver, 2009; Lee, 2003)
A hotel should have personnel who are clean, neat and appropriately dressed.	RS1	(Mey, Akbar and Fie, 2006; Juwaheer, 2004; Mok and Armstrong, 1998)
All hotel staff should work professionally and have expertise in their jobs.	RS2	(Juwaheer, 2004; Mok and Armstrong, 1998; Heung and Wong, 1997)
A hotel should have flexible and responsive personnel.	RS3	(Juwaheer, 2004; Getty and Getty, 2003; Mok and Armstrong, 1998; Heung and Wong, 1997)
A hotel should have staff who make an extra effort to handle special requests.	RS4	(Mey et al., 2006; Heung and Wong, 1997; Knutson et al., 1991)
A hotel should provide on-going service training and support.	A1	(Heung and Wong, 1997; Knutson et al., 1991)
A hotel should have personnel who make you feel comfortable and confident in your dealings with them.	A2	(Juwaheer, 2004; Mok and Armstrong, 1998; Heung and Wong, 1997; Knutson et al., 1991)
A hotel should have knowledgeable front desk staff who answer your questions completely.	A3	(Mey et al., 2006; Getty and Getty, 2003; Heung and Wong, 1997; Knutson et al., 1991)
A hotel should have similar facilities as its competitors.	A4	(Boulding, Kalra, Staelin and Zeithaml, 1993; Zeithaml, 1990)
A hotel should have a nationally or internationally standard rating.	A5	(Dick et al., 2002)
Hotel staff should make you feel like a special and valued guest.	E1	(Heung and Wong, 1997; Knutson et al., 1991)
Hotel staff call guests by name.	E2	(Ramsaran-Fowdar, 2007)
A hotel should have employees who are sympathetic and reassuring if something goes wrong.	E3	(Ramsaran-Fowdar, 2007; Heung and Wong, 1997; Knutson et al., 1991)
A hotel should eliminate unnecessary bureaucracy for the guests.	E4	(Heung and Wong, 1997; Knutson et al., 1991)
A hotel should anticipate your individual needs and wants.	E5	(Mey et al., 2006; Ekinci et al., 1998; Mok and Armstrong, 1998)
A hotel and its staff should create an informal atmosphere.	E6	(Tribe and Snaith, 1998)
A hotel should have a customer loyalty programme	E7	(Ramsaran-Fowdar, 2007)

The second section of the questionnaire examines the customer expectations of products and services that should be provided for longstay customers, those spending over 15 days at a hotel. The question style for this section is multiple choice with multiple responses, a respondent can select as many answers per question as he/she

thinks appropriate. The items were developed from the literature including the Thai government longstay standard criteria (The Department of Tourism, 2009). This section of the questionnaire has 26 items in four categories of hotel services that support longstay guests:

- (i) Hotel services,
- (ii) In-room services,
- (iii) Corporate and community responsibility, and
- (iv) Accreditation.

Table 4.2 shows each item statement sorted by the categories conforming to the Royal Thai Government's Longstay Standard (The Department of Tourism, 2009).

**Table 4.2 Section 2 Items and Categories**

**General Hotel Services**

- A longstay hotel should be in an easily accessed location (from city centre, hospital, station).
- A longstay hotel should be located in a safe and clean environment.
- A longstay hotel should have a 24 hour communication system with hotel staff.
- A longstay hotel should have security systems such as CCTV and 24 hours security guards.
- A longstay hotel should have medical aids and staff who have medical knowledge.
- A longstay hotel should provide accidental/life insurance.
- A longstay hotel should have staff who can communicate in a variety of languages.
- A longstay hotel should provide facilities for disabled persons (grab bar, wheelchair ramp, elevator)
- A longstay hotel should provide laundry facilities.
- A longstay hotel should provide a reading corner or a small library.
- A longstay hotel should have a swimming pool.
- A longstay hotel should arrange activities for guests (culture exchange activities, cooking classes).
- A longstay hotel should have an on-site restaurant.
- A longstay hotel should have a restaurant offering a variety of food (diet food, international).

**In-Room Services**

- A longstay hotel room should have comfortable seating.
- A longstay hotel room should have a small kitchen (counter, sink, kettle, microwave oven).
- A longstay hotel room should provide a dining set (table, dining wares, cutlery)
- A longstay hotel room should offer free satellite or cable TV and entertainment.
- A longstay hotel room should have an emergency alarm and equipment (fire extinguisher).

**Table 4.2 Section 2 Items and Categories (Continue)**

**Corporate and Community Responsibility**

A longstay hotel should have environmental and energy saving policies.

A longstay hotel should hire local people.

A longstay hotel should purchase local products.

A longstay hotel should participate in local activities.

**Accreditation**

A longstay hotel should be rated to the Royal Thai Government Accommodation Standard.

A longstay hotel should be rated to the Royal Thai Government Longstay Standard.

A longstay hotel should be rated to international standards (AA, AAA, Japanese Longstay, ISO,).

Supplementary questions to establish customer profiles are in Section 3 of the questionnaire. This consisted of 15 questions which established the subjects' demographics and the pattern of their touristic visits because some of the differences in expectations of service are derived from customers' backgrounds, such as past service experiences, frequency of visits, and the recency of previous visits (Johnson and Mathews, 1997; Zeithaml et al., 1990). Moreover, demographic factors such as age, gender and income are important in tourism and hospitality marketing literature (Pearce, 2005; Kotler, Bowen and Makens, 2003). These factors are usually used to classify market segmentations for the hotel sector.

This part of the questionnaire aims at identifying characteristics of the respondents that are widely used in tourism studies (Pearce, 2005): age, gender, nationality, occupation, income, and education (Question 11 – 17). For the patterns of visit, the questions ask about previous travel experience of Thailand and longstay holidays, the respondents' hotels, and the current length of stay (Question 1 – 6), identifying whether the respondents are short-stay or longstay customers. According to Zeithaml (1990), these variables relevant to past experiences are influential to customer expectations. The overall service and whether the subject would recommend the hotel are investigated by Question 7 – 8. The last two questions, which are open-ended,

supply information about additional facilities and services that hotels should provide for general and longstay customers (Question 9 – 10).

#### 4.2.3 Sampling Frame

The sampling frame is directly related to and constructed from the in-depth analysis of the hotels' ownership profile in Phase One. The population of this phase of the study is customers of the 63 hotels run or operated by a family/families/an owner/owners in the Chiangmai area. These are the hotels that the respondents identified as being owned by a "Sole proprietor", "Husband/Wife", or by a "Partnership with family members". In other words, the 63 family run hotels that were identified in Phase One are the survey sites for administering this phase of the study.

Letters were sent to the 63 family run hotels requesting permission to undertake data collection. This mailing was printed on the headed paper of the University of the Thai Chamber of Commerce which is the sponsoring university in Bangkok, Thailand. Information about the research, and its significance, were included in the letter. Telephone calls were made after two weeks to the hotels that had not responded to the letter.

A sufficient sample size for the factor analysis is required for generalisation and accuracy. According to Black (2009), the sample size when estimating  $p$  calculation should be computed using the formula below:

$$n = \frac{Z^2 pq}{E^2}$$

Where:

$Z$  =  $Z$  value (e.g. 1.96 for 95 per cent confidence level)

$p$  = percentage picking a choice

$q$  =  $1-p$

$E$  = Error of Estimation

For this data collection phase of the research, the sample size was determined with 95 per cent confidence level (1.96 for 95 per cent confidence level) and 0.07 error of estimation (confidence interval value = 7). Hence, the sample size of the Phase Three survey is 196 as the calculation shown below.

$$n = \frac{(1.96)^2(0.5)(1 - 0.5)}{(0.07)^2}$$

$$n = 196$$

Child (2006) and Gorsuch (1983) suggested a minimum of five individuals per item variable but with a minimum N of 100 to give 20 variables. For this stage of the research, there are 34 items in the scale; therefore, the minimum sample size for this survey should be at least 170. However, the sample size calculated previously is 196. Comrey and Lee (1992) considered 200 samples as satisfactory for factor analysis. Moreover, to assure sampling adequacy in relation to the number of variables, the Kaiser-Meyer-Olkin test (KMO) was also performed before conducting the factor analysis (Child, 2006).

Twenty five hotels granted permission for data collection on their premises. The face-to-face survey was carried out in September and October 2012, mostly in the hotel lobbies for safety, security and privacy reasons.

#### **4.2.4 Reliability and Validity**

According to Sekaran and Bougie (2010), assuring the accurateness and correctness of the developed scales and measurement variables is critical. The quality and generalizability of the data collected is influenced by the choice of scale. In order to evaluate the scale selected and developed, Webb (2000) strongly suggested that tests of validity and reliability, which are the two main technical criteria for developing a measuring instrument (Punch, 2005), should be carried out.

The reliability of the multiple-item scale research instrument utilised in this project was tested by Cronbach's alpha. As previously discussed in Chapter One, Cronbach's alpha is for identifying whether items of the scale are intercorrelated and of the same construct, and also whether the scale measures a single concept or not (Bryman and Cramer, 2012; Bryman and Bell, 2007). This reliability test was conducted twice, in the pilot study and in the main analysis as well. In addition item-total correlation tests were performed to purify the instrument by eliminating items that were inconsistent with those for other tests prior to determining the factors that represent the construct (Churchill, 1979).

McDaniel and Gates (2012) define validity as the degree to which a construct is actually measured and captured by a test. Sekaran and Bougie (2010) described validity as examining if the items employed in a research scale are actually tapping and reflecting its concept. According to Ekinici and Riley (2001) the validity of the measurement scale should be critically emphasised in service quality studies. Before assessing customer expectations of Chiangmai family run hotels, the validity of the modified SERVQUAL scale was assured. Three types of validity were tested: content, construct, and criterion validity.

### ***Content Validity***

Content validity measures to what extent the scale being used is adequate and represents all facets of a given social construct. In other words, it is considered as a function of how well the elements of the concept are portrayed and targeted by the scale. Sekaran and Bougie (2010) asserted that the more number of items employed to measure the concept, the higher the content validity of the scale. Content validity is also concerned with the representativeness or sampling adequacy of the instrument content such as topics or items for measuring the concept (McDaniel and Gates, 2006). In order to achieve content validity, Churchill, Brown and Suter (2013) suggested that the initial

set of statements should be derived from as large a number of items as possible systematically processed from the relevant literature. Another technique to assure content validity is face validity which is performed by experts in the subject area evaluating the scale. Bryman and Bell (2007) argued that the face validity technique is effective in ascertaining that a developed research instrument measures and reflects the concept investigated. For this research project, a pre-test was conducted to assure content validity as discussed in the next section.

### *Construct Validity*

According to Sekaran and Bougie (2010), construct validity presents how well the results deriving from using a scale align with theory. By way of explanation, construct validity is an evaluation of how well the research instrument measures the concept it purports to measure. Churchill et al. (2013) suggested that items used in a scale should measure the entire range of the construct; in other words the research instrument should determine and emphasise the specific and unique aspects of each dimension to establish construct validity.

The two criteria of construct validity establishment are convergent and discriminant validity. Achieving convergent validity refers to the high correlation between two measures of the same construct. In contrast, discriminant validity assumes that the concepts or measurements are highly unrelated. In other words, the correlation between scales measuring different concepts or constructs should be weak, such as each of the dimensions of service quality. To test construct validity, an exploratory factor analysis with principle component extraction and oblique rotation was applied as recommended by Ekinici, Prokopaki and Cobanoglu (2003).

### ***Criterion Validity***

The aim of criterion validity is to ascertain whether the scale used determines the differences between subjects based on some criteria (Zeglat, 2008). For this research project, concurrent validity was the criterion-related technique used to establish this validity. A concurrent validity test identifies if the research sample is different in terms of a known criterion. In this project it was tested by examining whether customers who have higher expectations are more likely to return to the hotel than those with lower expectations.

### **4.2.5 Analysis Strategy**

For this phase of the study, there were four main analyses administered which are discussed below. The first one was a two-step pre-test analysis. The second was a descriptive analysis consisting of frequencies, measures of central tendency, and dispersion. Thirdly, Section1 of the questionnaire, which is in the format of a 7-Likert scale, was analysed by Exploratory Factor Analysis with Principle Component extraction and oblique rotation. Finally inferential analysis was used to identify whether there were any statistically significant differences between the means of variables.

#### ***Two-Step Pre-Test***

A two-step pre-test was conducted to ensure that the survey questions were effective and also to confirm that the research instrument as a whole functioned well (Bryman and Bell, 2007). Feedback from pre-testing is crucial to improve several aspects of an instrument, such as the length of a questionnaire, question clarity, and to discover other faults, such as administrative, as well as to determine whether or not the indicators used accurately measure the desired concepts (Bryman and Bell, 2007; Webb, 2000).



The first step for content validity was administered by three groups of people. This first group were the specialists in the area of service quality and business management. They were asked to evaluate if the scale captured the concept of service expectations. The second group were Japanese and Chinese post-graduate students who reviewed the questionnaire and then translated it into their native languages. It was then distributed to tourists who spoke these languages in Chiangmai. The length of the questionnaire and the clarity of the questions were checked by the third group which was composed of international researchers in the fields of tourism and business. The average time for completing the questionnaire is discussed in the next section.

The second step of the pre-test was conducted to ascertain the consistency of a measure of a concept. The reliability of the questionnaire was tested by Cronbach's alpha ( $\alpha$ ), a commonly used test of internal reliability of multiple-item scales utilising the 30-rule of thumb number (Johanson and Brooks, 2010). George and Mallery (2007) suggested the minimum accepted alpha value identifying whether the items of the scale relate to the same thing, or if they are coherent, should be 0.7. As discussed in the prior chapters regarding Cronbach's approach, the higher the Cronbach's alpha, the higher the correlation. With the constraint of distance, time, and cost, the pilot study was conducted at family run hotel enterprises in Bangkok, the capital city of Thailand, rather than in Chiangmai.

#### - *Two-Step Pre-Test Findings*

As previously mentioned, the first step of the pre-test was administered by three groups of people; the first draft of the questionnaire was reviewed by linguistic and business specialists for content validity and language accuracy. The revised questionnaire, the second draft, was piloted by the second group, international researchers in the field of tourism and business in order to check question clarity and the time needed to complete the questionnaire; the average being three minutes. This was

deemed to be an acceptable length. According to the feedback, there were no problems with wording or understanding for all three sections; however, the sequence of Section 3 questions was rearranged as suggested for presentation appearance. The final version of the questionnaire is shown in Appendix F.

The second step of the pre-test was the pilot study. This was conducted at family run hotels in Bangkok, the capital city of Thailand, rather than Chiangmai, due to constraints of distance, time, and cost. Thirty questionnaires, the minimum number recommended by Johanson and Brooks (2010), were completed. The 7-Likert scale of Section 1, the SERVQUAL dimensions, was analysed for reliability in terms of both consistency and internal stability of data utilising Cronbach's (1951) coefficient of internal consistency test. For social science research, a value at or above 0.7 is recommended for acceptability (Andrew, Pedersen and McEvoy, 2011; George and Mallery, 2007).

The survey sites for the pre-test data collection were randomly chosen from hotels that were identified as family businesses according to the definition employed in the research. Formal letters on headed paper from the University of the Thai Chamber of Commerce (UTCC) were then sent to the hotels asking for permission to conduct data collection. Thirty face-to-face interviews for questionnaire completion were administered in 22 family run hotels.

A frequency analysis for Section 3 was conducted. In the pilot study 66 per cent of the respondents were in the age group 25 – 54 years and most were male and single. Two-fifths of the respondents had incomes of between US\$40,001-60,000 and were educated to at least Bachelor Degree level. The majority of the respondents, 73.3 per cent, used in the pilot study indicated that this visit was not their first to Thailand. Almost half of the respondents had longstay visitor experience having stayed for more

than 15 days in a hotel. Over half of them were satisfied with their accommodation that they were currently in and would recommend it to others.

The results of the Cronbach's alpha analysis for the five service quality dimensions of SERVQUAL, tangibles, reliability, responsiveness, assurance, and empathy, are shown in Table 4.3 with the number of items of each dimension, standard deviation, and the average.

**Table 4.3 Pre-Test Data Analysis**

<b>Dimension</b>	<b>No. Items</b>	<b>Reliability Alpha</b>	<b>SD</b>	<b>Mean</b>
Tangibles	11	0.82	7.66	5.67
Reliability	7	0.84	4.15	6.05
Responsiveness	4	0.77	4.19	5.97
Assurance	5	0.74	5.49	5.62
Empathy	7	0.71	5.41	5.36
	<b>34</b>	<b>0.89</b>		

- The Tangibles Dimension has 11 items (E1-E11). The Cronbach's alpha value was 0.82 which was excellent with an arithmetic mean of 5.67 and standard deviation of 7.66.

- The Reliability Dimension has seven items (RY1-RY7). The Cronbach's alpha value was 0.84 which was excellent with an arithmetic mean of 6.05 and standard deviation of 4.15.

- The Responsiveness Dimension has four items (RS1-RS4). The Cronbach's alpha value was 0.77 which was acceptable with an arithmetic mean of 5.97 and standard deviation of 4.19.

- The Assurance Dimension has five items (A1-A5). The Cronbach's alpha value was 0.74 which was acceptable with an arithmetic mean of 5.62 and standard deviation of 5.49.

- The Empathy Dimension has seven items (E1-E7). The Cronbach's alpha value was 0.71 which was acceptable with an arithmetic mean of 5.36 and standard deviation of 5.41.

The Cronbach's alpha values revealed that the reliability of each of the five dimensions was higher than 0.7 and the overall Cronbach's alpha value was 0.89. Therefore, according to George and Mallery (2007), all of the outputs are satisfactory.

### ***Phase Three Data Analysis***

After the two-step pre-testing the final version of the data collection instrument was proven. Therefore the main face-to-face survey was administered in the Chiangmai area at the 25 hotels which had indicated that they were willing to allow data collection. The completed questionnaires were examined by descriptive analysis, exploratory factory analysis and inferential analysis.

#### ***- Descriptive Analysis***

The Statistical Package for the Social Sciences (SPSS) software was utilised to complete the descriptive analysis of Sections 2 and 3 of the questionnaire. The frequency, mean, mode, standard deviation, standard error of mean, and standard error of proportion were found.

The descriptive analysis of Section 3 of the questionnaire revealed the demographic profile of the subjects and the pattern of their visits. Their expectations of the products and services that longstay hotels should provide were analysed by frequency, as a percentage of total responses. The ten most frequent items indicated as desirable for hotels to offer longstay customers were then discussed.

#### ***- Exploratory Factory Analysis***

There have been numerous studies of service quality in the hotel sector globally and within Thailand, by both academics and practitioners, utilising a variety of

measurement scales. However, there is no commonly accepted world standard tool by which service quality constructs can be measured in all types of hotels in different settings. Thus the development and testing of a scale that was customized for family run and owner-operated hotels in Chiangmai was needed. It was decided that the data from Section 1 of the measurement scale would be examined through Exploratory Factor Analysis (EFA) because it was a new tool, an adaption and merging of aspects of both SERVQUAL and LODGSERV, and it was being utilised in a new environment. Moreover, EFA has previously been used to assess the construct validity of a modified SERVQUAL scale in the hotel sector (Ekinici et al., 2003).

Knutson et al. (1990) and Child (2006) described EFA as a means of discovering latent constructs and the underlying factor structure of sets of variables allowing information to be condensed into newly created variables and the development of measurement scales. Harrington (2009) argued that EFA is usually considered a data-driven approach to identifying a small number of underlying latent variables or factors and is used to generate basic explanatory theories and identify the underlying latent variable structure.

Section 1 of the questionnaire, a 34-item scale modified from SERVQUAL's expectation side (Parasuraman et al., 1988) and the LODGSERV instrument (Knutson et al., 1991) was analysed by Principle Component Analysis (PCA) with oblique rotation allowing the factors to be correlated. Unlike Varimax (in Phase One) which is an orthogonal technique, the oblique rotation shows the correlations among extracted factors. The orthogonal rotation concerns moving the entire factor structure around; however, oblique rotation individually rotates the factors (Sririkanon, 2011). When the best simple structure is identified, a successful oblique rotation provides a solution with correlated factors; meaningful correlations can then be determined amongst the extracted factors (Swanson and Holton, 2005).

There is no specific rule for applying either the orthogonal or oblique rotational techniques (Hair and Anderson, 2010). It was decided to utilise the oblique rotation because this analysis aims to determine theoretically significant constructs in order to compare them with those of the original SERVQUAL instrument (Parasuraman et al., 1988), rather than reducing the items to a manageable set of factors. Also Parasuraman et al. used the same technique as did Ekinici et al. (2003) when developing their modification of SERVQUAL. Additionally, Kline (1994) asserted that the oblique rotation of factors grants more freedom in choosing the position of factors in factor space than does orthogonal rotation. After obtaining the service dimensions from the factor analysis, the Cronbach's alpha was used to assess the reliability of each service dimension and the mean scores calculated. The Statistical Package for the Social Sciences (SPSS) software was utilised for this stage.

- *Inferential Analysis*

After the analysis of EFA, either ANOVA or independent T-tests, depending on the variables' characteristics, were conducted to determine if there were any statistically significant differences between the means of demographics and the patterns of visiting, SERVQUAL service dimensions, and any new dimensions derived from the EFA. There are seven demographic variables obtained from the last part of the questionnaire, the respondents' profile questions. Six of them; home country, occupation, age, marital status, income, and education, were tested by ANOVA, a one-way analysis of variance. The remaining variable, gender, was tested by independent sample T-test. There are eight variables for the patterns of visit, four of them; longest length, length of current stay, hotel name, and overall service quality, were examine by a one-way ANOVA. The rest; first visit Thailand, longstay experience in Thailand, first time hotel guest, and hotel recommendation, were examined by independent T-tests. Moreover, wherever

possible, post-hoc analysis was conducted to determine differences between the groups of variables.

#### **4.2.6 Conclusion for Methodology of Phase Three**

Based on the positivism paradigm, Phase Three was designed to critically examine Chiangmai family run hotel customer expectations by a deductive method. A quantitative face-to-face questionnaire was utilised as a research instrument developed by integrating aspects of SERVQUAL and the LODGSERV scale. The sample size of this study was 196 customers of the family run hotels in Chiangmai identified in Phase One. The final version of the questionnaire was distributed after a satisfactory pilot study. The scale for obtaining customer expectations was analysed by EFA with principle component extraction and oblique rotation. In addition, descriptive and inferential analyses were performed.

### **4.3 ANALYSIS AND FINDINGS OF PHASE THREE**

This section of Chapter Four presents the empirical evidence of customer service quality expectations determined by a questionnaire survey of guests in family run and owner-operated hotels in the Chiangmai area identified by the Phase One results. These findings are displayed in four parts. The first part shows the characteristics of the hotel customers. This part consists of the respondents' demographic profiles and the patterns of their visit. The second part reveals their expectations of longstay and additional service as well as their overall satisfaction. The third part presents the validity and reliability of the modified SERVQUAL scale as well as customer expectations of service quality in Chiangmai family run hotels. In the final part, the significant differences in service quality expectations with respect to the respondents' demographic profiles and the patterns of their visit are shown.

### 4.3.1 Characteristics of Chiangmai Family Run Hotel Customers

Two hundred and seventy eight completed questionnaires were collected from the 23 Chiangmai family run hotels which had agreed to participate in Phase Three. There were 266 usable questionnaires analysed by the SPSS software. This number exceeded the targeted sample size of at least 200 respondents.

Although there were Chinese and Japanese versions of the questionnaires available, all of the respondents preferred to answer the English version. Hence, the confirmation of validity and reliability of the other versions of the questionnaire are not presented.

The characteristics of the respondents are divided into demographics (Question 11 –17) and the patterns of visit (Question 1 – 8), Section 3 of the questionnaire.

#### **Demographics of the Respondents**

Seven demographic variables of the respondents which are considered as significant segments in the tourism and hospitality marketing and literature were obtained:

- |                   |                         |
|-------------------|-------------------------|
| (i) Home country, | (v) Marital status,     |
| (ii) Occupation,  | (vi) Annual income, and |
| (iii) Age,        | (vii) Education.        |
| (iv) Gender,      |                         |

#### **- Home Country**

Segmentation of customers by nationality is important for hotel marketing; Question 11 revealed that the 266 respondents were from 34 countries and the special administrative region (SAR) of Hong Kong and from four of the continents; Europe, the Americas, Asia, and Australia. There were 18 European countries represented, three countries from the Americas, 11 countries including Hong Kong from Asia, and two countries from the Australia Continent. Table 4.4 below shows the nations where the respondents were from by frequency and percentage. Tourists from the United States of



America (USA) were the main customers of the Chiangmai family run hotels followed by the Japanese. The European customers were, in the main, from France, Germany, and the Netherlands and were significant as a group. These results do not conform to the international tourist statistics issued by the Department of Tourism (2013) which shows that the Chinese are the largest international tourist nationality to visit Thailand. However, Chinese tourists often travel in big groups with tour companies (Sombatnathana, 2012). Family run and owner-operated hotels are mostly micro and small size enterprises which do not have the facilities to cater for such groups.

- ***Occupation***

The occupation of the respondents was determined by Question 12. There were a variety of answers which are categorised into three groups; Employed, Unemployed, and Student. Table 4.5 below shows the distribution of these groups. The Employed category includes employees, the self-employed, freelancers, and business owners. Most of the respondents were employed (79.7 per cent) and only approximately seven per cent were unemployed. The rest were still studying (15.8 per cent).

**Table 4.4 Home Countries of the Respondents**

Country	Frequency	Per cent	Confidence Interval (95%)	Country	Frequency	Per cent	Confidence Interval (95%)
Australia	29	10.9	±3.75	Mexico	1	0.4	±0.76
Belgium	2	0.8	±1.07	Nepal	1	0.4	±0.76
Canada	17	6.4	±2.94	Netherlands	9	3.4	±2.18
China	3	1.1	±1.25	New Zealand	5	1.9	±1.64
Denmark	5	1.9	±1.64	Norway	1	0.4	±0.76
Finland	5	1.9	±1.64	Philippines	2	0.8	±1.07
France	20	7.5	±3.17	Poland	1	0.4	±0.76
Germany	11	4.1	±2.38	Russia	2	0.8	±1.07
Hong Kong	9	3.4	±2.18	Singapore	9	3.4	±2.18
Hungary	1	0.4	±0.76	Slovenia	2	0.8	±1.07
India	3	1.1	±1.25	Spain	2	0.8	±1.07
Ireland	4	1.5	±1.46	Sweden	4	1.5	±1.46
Italy	3	1.1	±1.25	Switzerland	3	1.1	±1.25
Japan	23	8.6	±3.37	Taiwan	6	2.3	±1.8
Korea	4	1.5	±1.46	UAE	1	0.4	±0.76
Laos	4	1.5	±1.46	UK	23	8.6	±3.37
Malaysia	6	2.3	±1.8	USA	44	16.5	±4.46
Malta	1	0.4	±0.76	<b>Total</b>	<b>266</b>	<b>100</b>	

**Table 4.5 Employment (Occupations) of the Respondents**

Employment/Occupation	Frequency	Per cent	Confidence Interval (95%)
Employed	206	79.7	±4.83
Unemployed	18	6.8	±3.03
Student	42	15.8	±4.38
<b>Total</b>	<b>266</b>	<b>100.0</b>	

- *Age*

Ages of the respondents were obtained by the range formatted Question 13. As can be seen from Table 4.6, the majority of the family run hotel customer respondents were in the 35-44 years of age group (32 per cent). Other high percentage age groups were 25-34 years (30.1 per cent) and Under 25 years (14.7 per cent).

**Table 4.6 Ages of the Respondents**

Age	Frequency	Per cent	Confidence Interval (95%)
1. Under 25	39	14.7	±4.26
2. 25 – 34	80	30.1	±5.51
3. 35 – 44	85	32.0	±5.61
4. 45 – 54	38	14.3	±4.21
5. 55 – 64	21	7.9	±3.24
6. Over 65	3	1.1	±1.25
<b>Total</b>	<b>266</b>	<b>100.0</b>	

- *Gender*

Question 14, a simple category dichotomous scale, revealed the gender split of the sample. The proportion of the respondents' gender was similar between Male (57.1 per cent) and Female (42.9 per cent) as shown in Table 4.7 below.

**Table 4.7 Genders of the Respondents**

Gender	Frequency	Per cent	Confidence Interval (95%)
Male	152	57.1	±5.95
Female	114	42.9	±5.95
<b>Total</b>	<b>266</b>	<b>100.0</b>	

- *Marital Status*

Over half of the respondents were single as shown in Table 4.8 Marital Status of the Respondents. Whilst two-fifths were married and the rest ticked the ‘Others’ box as their marital status.

**Table 4.8 Marital Status of the Respondents**

Marital Status	Frequency	Per cent	Confidence Interval (95%)
Single	135	50.8	±6.01
Married	104	39.1	±5.86
Other	27	10.2	±3.64
<b>Total</b>	<b>266</b>	<b>100.0</b>	

- *Annual Income*

The earnings of the family run hotel guests was acquired by a range of annual income question. The largest number of the respondents stated that they earned between US\$ 40,001–60,000 per annum. The group earning between US\$ 20,000–40,000 annual incomes was slightly smaller than that of US\$ 40,001–60,000 (27.4 per cent). The results of this question are expressed in Table 4.9.

**Table 4.9 Annual Income of the Respondents**

Annual Income	Frequency	Per cent	Confidence Interval (95%)
1. Under US\$20,000	37	13.9	±4.16
2. US\$ 20,000 – 40,000	73	27.4	±5.36
3. US\$ 40,001 – 60,000	76	28.6	±5.43
4. US\$ 60,001 – 80,000	42	15.8	±4.38
5. Over US\$ 80,000	31	11.7	±3.86
6. No Income	7	2.6	±1.91
<b>Total</b>	<b>266</b>	<b>100.0</b>	

- **Education**

Like the pilot stage findings discussed in the previous section, the most frequent level of education amongst the subjects was to Bachelor Degree level (49.2 per cent) as shown in Table 4.10 Education of the Respondents. The second highest percentage group were Master/Postgraduate (32.3 per cent) degree holders and the third was educated to Higher Vocation Diploma/College level (13.2 per cent).

**Table 4.10 Education of the Respondents**

Education	Frequency	Per cent	Confidence Interval (95%)
1. Primary School or Below	2	0.8	±1.07
2. Junior – High School	4	1.5	±1.46
3. Vocation Diploma	1	0.4	±0.76
4. Higher Vocation Diploma/College	35	13.2	±4.07
5. Bachelor Degree	131	49.2	±6.01
6. Master Degree/Postgraduate	86	32.3	±5.62
7. Doctoral Degree/Postdoctoral	7	2.6	±1.91
<b>Total</b>	<b>266</b>	<b>100.0</b>	

**The Patterns of Visit**

In this sub-section, the patterns of the visits of the Chiangmai family run hotel customers were explored. The patterns of visit information, Questions 1–8, included whether this was their first visit to Thailand, had they had a longstay experience, the length of their longest stay, their current hotel name, their current length of stay, if they were a repeat guest of that hotel, its overall service quality and whether they would recommend that hotel to others. The findings of these questions, which are in the first half part of Section 3 of the questionnaire, are shown below.

- *First Visit to Thailand*

This question aimed at discovering whether this was the subject's first visit to Thailand or not. It was found that most of the responding family run hotel customers had been to Thailand before (57 per cent or 149 persons). However, the number of first time visitors is not much less than the repeat ones (43 per cent). For the repeat tourists, there was a supplementary question asking the number of times they had previously visited Thailand. The results show that the two highest frequency answers were their second and third time (20.3 per cent and 13.2 per cent of repeat tourists). The greatest number of visits was 11 times (1.5 per cent of repeat tourists) (see Table 4.11 below).

**Table 4.11 Single Visit Information of Repeat Visitors**

Visit Number (Whether current visit is 2 <sup>nd</sup> , 3 <sup>rd</sup> , etc.)	Frequency	Per cent	Per cent (whole survey)	Confidence Interval (95%)
2 <sup>nd</sup> Time Visit	54	36.24	20.30	±4.83
3 <sup>rd</sup> Time Visit	35	23.49	13.16	±4.06
4 <sup>th</sup> Time Visit	17	11.41	6.39	±2.94
5 <sup>th</sup> Time Visit	23	15.44	8.65	±3.38
6 <sup>th</sup> Time Visit	8	5.37	3.01	±2.05
7 <sup>th</sup> Time Visit	2	1.34	0.75	±1.04
8 <sup>th</sup> Time Visit	5	3.36	1.88	±1.63
9 <sup>th</sup> Time Visit	0	0	0.00	0
10 <sup>th</sup> Time Visit	1	0.67	0.38	±0.74
11 <sup>th</sup> Time Visit	4	2.68	1.50	±1.46
<b>Total</b>	<b><u>149</u></b>	<b>100</b>	<b>57</b>	

- *Longstay Experience*

The question on longstay experience was to determine whether the respondent had stayed for over 15 days in any type of accommodation in Thailand before. The findings revealed that the majority of the respondents (72 per cent) had never stayed for over 15 days, longstay, at any lodge type in Thailand. Twenty eight per cent had previous longstay experience in Thailand.

- *The Maximum Length of Hotel Stay*

In order to further determine whether the respondents had any longstay experience at all; they were asked the length of the longest continuous period of stay they had experienced in any type of holiday accommodation anywhere in the world. It was found that 100 respondents (37.59 per cent) had previous longstay experience; the maximum being 120 days. The frequency analysis results grouped into four categories are shown in the table below.

**Table 4.12 The Maximum Length of Stay in any Type of Accommodation**

Maximum Length of Stay	Frequency	Per cent	Confidence Interval (95%)
Short-stay (1-14 Days)	166	62.41	±5.82
15 – 30 Days	83	31.20	±5.57
Over 1 Month – 2 Months	12	4.51	±2.49
Over 2 Months – 3 Months	3	1.13	±1.27
Over 3 Months – 4 Months	2	0.75	±1.04
<b>Total</b>	<b>266</b>	<b>100</b>	

- *Hotel Name*

The names of the hotels where the respondents were staying were acquired by an open-ended question. However, due to the research ethics declared in the covering letters and the consent forms signed by the family run hotel owners from the primary data collection in Phase One and Phase Two, the names of hotels cannot be reported. The names of the family run hotels were encoded as described in Chapter 3. Table 4.13 below shows both the frequency and percentage of the family run hotels where the respondents were staying. The numbers of respondents staying at each hotel are broadly similar in most cases with a small number of outliers.

**Table 4.13 Number of Respondents from Individual Hotels**

Hotel	Frequency	Per cent	Hotel	Frequency	Per cent
H1	14	5.3	H13	13	4.9
H2	14	5.3	H14	1	0.4
H3	12	4.5	H15	13	4.9
H4	13	4.9	H16	15	5.6
H5	1	0.4	H17	2	0.8
H6	14	5.3	H18	11	4.1
H7	15	5.6	H19	13	4.9
H8	12	4.5	H20	22	8.3
H9	1	0.4	H21	12	4.5
H10	18	6.8	H22	16	6.0
H11	12	4.5	H23	14	5.3
H12	8	3.0	<b>Total</b>	<b>23</b>	<b>100</b>

**Table 4.14 Length of Current Stay**

Length of Current Stay	Frequency	Per cent	Confidence Interval (95%)
1 – 7 Nights	241	90.60	±3.51
8 – 14 Nights	16	6.02	±2.86
15 – 21 Nights	5	1.88	±1.63
22 – 28 Nights	0	0	0
29 – 35 Nights	2	0.75	±1.04
36 – 42 Nights	0	0	0
43 – 49 Nights	1	0.38	±0.74
50 Nights and over	1	0.38	±0.74
<b>Total</b>	<b>266</b>	<b>100</b>	

- *Length of Current Stay*

With an open-ended format, Question 5 of Section 3 aimed to discover the number of nights that the respondent was staying at the family run hotel during the current visit. The findings grouped into weekly length are demonstrated in Table 4.14 above. However, most of the respondents were staying in their hotel for three nights with the second highest frequency being two nights. The maximum nights of stay was



one subject who was staying in their hotel for 60 nights whilst the minimum stays were only one night. The arithmetic mean of the stay length was 4.61. This question also established whether the respondents' present visit was short-stay or longstay. It was found that there were only nine customers (3.38 per cent) who were staying for 15 nights or longer and there were 257 short-stay customers (96.62 per cent).

- ***Repeat Guest***

This variable aimed to identify whether the respondents had stayed in their hotel before by a simple category dichotomous scale. It was found that approximately 81 per cent of the respondents were staying in their hotel for the first time. Nineteen per cent of them had stayed at their hotel before. In other words, most of the respondents were first time customers to their present hotel.

- ***Overall Service Quality***

Section 3 also measured the overall service quality of the respondents' accommodation. As can be seen from Table 4.15, over 55 per cent of the respondents who were staying at a family run hotel felt satisfied and the second highest number felt very satisfied (25.2 per cent). These accumulate to 80.5 per cent of all of the respondents. The rest were indifferent, dissatisfied, or very dissatisfied, a total of 19.5 per cent. It can be implied that the overall service quality of family run and owner-operated hotels in Chiangmai mostly satisfied the customers.

- ***Intention to Recommend***

The research furthermore enquired whether the respondents would recommend the family run hotels at which they were staying to others or not. This is referred to as word-of-mouth communication; the process that allows consumers to share information and opinions that direct buyers towards and away from specific products, brands, and services (Hawkins, Best and Coney, 2003). It was found that most of the respondents

(70.7 per cent) replied that they would recommend the family run hotel they were staying at, while the rest (29 per cent) would not.

**Table 4.15 The Overall Service Quality**

Overall Service Quality	Frequency	Per cent	Confidence Interval (95%)
Very Satisfied	67	25.2	±5.22
Satisfied	147	55.3	±5.97
Neither Dissatisfied nor Satisfied	38	14.3	±4.21
Dissatisfied	9	3.3	±2.18
Very Dissatisfied	5	1.9	±1.64
<b>Total</b>	<b>266</b>	<b>100.0</b>	

### **4.3.2 Expectations of Longstay and Additional Service Provision**

Furthermore this research aimed to investigate customer expectations with regard to longstay and additional services offered by Chiangmai family run hotels.

#### ***Hotels' Longstay Products and Services Provision Needs***

Customer expectations of products and services that hotels should provide for guests who are staying for over 15 days were critically investigated by Section 2 in the form of multiple choices with multiple responses. Four categories were examined. The first was hotel services in general consisting of 14 items. Secondly in-room services were investigated through five items. The third category was corporate and community responsibility with four items. Lastly guest opinions on accreditation were sought through three items. The respondents were able to give multiple responses by ticking as many features of the services as they thought longstay hotels should possess. The results of Section 2 from 266 respondents are shown in Appendix G. For the longstay products and services, the top ten highest scoring features were:

- (i) A longstay hotel should be rated to the Royal Thai Government Accommodation Standard. (Accreditation: score 184/266)

- (ii) A longstay hotel should be located in a safe and clean environment. (Generation Hotel Services: score 151/266)
- (iii) A longstay hotel room should have a small kitchen (counter, sink, kettle, microwave oven). (In-Room Services: score 147/266)
- (iv) A longstay hotel should be in an easily accessed location (from city centre, hospital, station). (General Hotel Services: score 140/266)
- (v) A longstay hotel room should have comfortable seating. (In-Room Services: score 136/266)
- (vi) A longstay hotel should hire local people. (Corporate and Community Responsibility: score 135/266)
- (vii) A longstay hotel should be rated to the Royal Thai Government Longstay Standard. (Accreditation: score 126/266)
- (viii) A longstay hotel should have staff who can communicate in a variety of languages. (General Hotel Services: score 117/266)
- (ix) A longstay hotel should have environmental and energy saving policies. (Corporate and Community Responsibility: score 117/266)
- (x) A longstay hotel room should have an emergency alarm and equipment (fire extinguisher). (In-Room Services: score 107/266)
- (xi) A longstay hotel should provide laundry facilities. (General Hotel Services: 106/266)

The two top scoring items in each category are highlighted in order to recognise the most significant products and services needed in each area that were identified by customers.

- General hotel services category, the most important features that the customers who were staying in the family run and owner-operated

hotels in Chiangmai expected are a ‘Safe and clean environment location’ and an ‘easily accessed location’.

- In-room services category, ‘a small kitchen provided’ and ‘comfortable seating’ are prioritised.
- Corporate and community responsibility category, the customers expected that a longstay hotel should hire local people and should have environmental and energy saving policies.
- Lastly, in the Accreditation category, the respondents expected a longstay hotel to have the Royal Thai Government Accommodation Standard and also the Longstay Standard.

These descriptive analysis findings are illustrated on Appendix G.

#### *Additional Services*

Two open-ended questions made up the remainder of the first half part of Section 3. These sought information about additional facilities and services which would improve the accommodation in which the respondents were staying as well as the most important facilities and services that should be provided for longstay guests. The answers to Question 9 and Question 10 were grouped into 14 categories and 15 categories. They are displayed in Table 4.16 and Table 4.17 below.

The highest percentage category was “Wifi or Internet” (16.51 per cent) and the second highest percentage was “Food” (14.68 per cent). The ‘Food’ category includes breakfast and restaurants being available in the hotel. The third category concerned Facilities for the hotel in general and also the in room facilities (12.84 per cent). The fourth category was TV (11.93 per cent). This included both televisions and television programmes. The two least important needs categories were “Safety” and “Staff Service” with slightly different percentages (0.92 per cent and 1.83 per cent).

**Table 4.16 Additional Facilities and Services Which Would Improve the Accommodations the Respondents were Staying at**

Categories	Valid % of Total Responses	Confidence Interval (95%)
Wifi/ Internet	16.51	±6.97
Food	14.68	±6.64
Facilities	12.84	±6.28
TV	11.93	±6.09
Clean	7.34	±4.9
Bathroom	6.42	±4.6
Insects	5.5	±4.28
Bed	5.5	±4.28
Location	5.5	±4.28
Noises	4.59	±3.93
Price	3.67	±3.53
Light	2.75	±3.07
Staff Service	1.83	±2.52
Safety	0.92	±1.79

The two highest percentage longstay category needs were “Prompt Staff and Staff Service” (18.73 per cent) and “Wi-Fi/Internet” (18.73 per cent). The second highest percentage was “Facilities” (11.99 per cent). The “Facilities” category includes the hotel amenities in general and in-room facilities. The third category concerned Food (10.11 per cent) with the respondents desiring good food and restaurants. The fourth category was “Clean” (7.87 per cent). The two lowest scoring categories concerned “Noises” and the “Bed” with the same percentage (0.37 per cent). Slightly higher than “Noises” and “Bed” were “Kitchen” (0.75 per cent) and “Activities” (1.5 per cent).

**Table 4.17 The Most Important Facilities and Services an Accommodation should Provide for Longstay Guests**

<b>Categories</b>	<b>Valid % of Total Responses</b>	<b>Confidence Interval (95%)</b>
Prompt Staff and Staff Service	18.73	±4.68
Wifi/Internet	18.73	±4.68
Facilities	11.99	±3.9
Food	10.11	±3.62
Clean	7.87	±3.23
TV	7.12	±3.08
Pool and Gym	6.37	±2.93
Safety	5.24	±2.67
Location	4.87	±2.58
Laundry	3	±2.05
Local	2.62	±1.92
Activities	1.5	±1.46
Kitchen	0.75	±1.03
Noises	0.37	±0.73
Bed	0.37	±0.73

### **4.3.3 The Ascertainment of Chiangmai Family Run Hotel Customer Expectations**

Before assessing the level of service quality expectation in Chiangmai family run hotels, the validity of the modified SERVQUAL scale was assured according to two criteria of construct validity: discriminant and convergent validity. An EFA with principle analysis extraction and oblique rotation with the Kaiser criterion of greater than one was applied on the variables of the 34 items, Section 1 scale. For criterion validity testing, established dimension scales were regressed on the respondents' 'overall service quality' measure and 'intention to recommend'. There were 266 questionnaires analysed. In the cases of a "Not Applicable" answer, they were treated as "Missing values" and replaced with the mean (Hinton, Brownlow and McMurray, 2004).

As mentioned in the sample size section, the first step of the factor extraction is checking the criteria by the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMOMSA) with a desirable value of between 0.6-1 (Tabachnick and Fidell, 2012). The results of this analysis are shown in Table 4.18 below with the value of the Kaiser-Meyer-Olkin Measure of Sampling Adequacy being 0.874 which is highly satisfactory. Consequently, this set of data was suitable for factor analysis.

**Table 4.18 Kaiser-Meyer-Olkin Measure of Sampling Adequacy**

<b>KMO and Bartlett's Test</b>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.874
Bartlett's Test of Sphericity	Approx. Chi-Square	7120.595
	df	561
	Sig.	.000

Bartlett's Test of Sphericity was used to identify the correlation of the items analysed. The approximate chi-square was 7,120.595, Table 4.14, with a significance value of less than 0.05. This means that all of the items were correlated; therefore, a factor analysis had to be conducted (Tabachnick and Fidell, 2012). For discriminant validity, the factor analysis was performed three times in order to obtain loading of at least 0.4 and a difference of cross-loading between items above 0.2 (Tabachnick and Fidell, 2012). For improving discriminant validity, the items that loaded into two factors were excluded from the scale. The deletion of items is illustrated in Table 4.19.

**Table 4.19 Factor Analysis Conduction**

<b>Factor Analysis</b>	<b>Items</b>	<b>Factors</b>	<b>Deletion</b>
First Time	34	5	E7,T9,RY1, and T11
Second Time	30	5	T4, RS4, and A1
Third Time	27	5	-

The table shows that the factor analysis was administered three times to ensure the careful loading of item into factors. The first PCA run included 34 items and

extracted five factors that explained 68.78 per cent of the variance (See Appendix H). Four items, below, could be loaded into multiple factors and consequently were deleted.

- “A hotel should have a customer loyalty programme” (E7),
- “A hotel should have leisure facilities such as a swimming pool and gym” (T9),
- “A hotel should have restaurant menus that include healthy and/or special diet options” (T11), and
- “A hotel should have utilities and equipment that work” (RY1).

The second factor analysis was conducted with the remaining 30 items. Five factors representing 69.859 per cent of the variance (See Appendix H) were extracted from the analysis. However, three items below could load into two factors and so they were removed.

- “A hotel has up to date equipment” (T4),
- “A hotel should have staff who make an extra effort to handle special requests” (RS4), and
- “A hotel should provide on-going service training and support” (A1).

The third factor analysis was computed with 27 items. This resulted in five factors explaining 71.458 per cent of the variance (See Appendix H). All items loaded into the five factors properly with an adequate factor loading score which had to be more than 0.32 (Tabachnick and Fidell, 2012). The five components derived from the third factor analysis are shown on Table 4.20 below.

With Eigen values of more than one, five factors explained 71.46 per cent of the variance. The items were sorted into each factor with the highest factor loading grouped together, Table 4.20 below. All of the items’ values of communality, the proportion of a variable’s variance explained by a factor structure, were acceptable, more than 0.5 (Tabachnick and Fidell, 2012). Although the new factors’ items are categorised



differently from the proposed components, previous service quality measurement scales also classified items variously (Akbaba, 2006; Getty and Getty, 2003; Ekinici, 2001; Mei et al., 1999). However, the five new factors with the new items loaded by the factor analysis loading scores were rearranged and renamed in accordance to the characteristics of the items grouped.

### *Empirical Service Quality Dimensions*

#### *Factor 1: Confidence*

The first factor includes ten items from the four former service dimensions; six items of “Reliability”, two items of “Assurance”, and one item each of “Responsiveness” and “Empathy”. Considering the meaning of the items grouped together, this component was renamed as “Confidence” because most of the items represent qualities that make a customer feels trust and confident in a hotel in many ways. Moreover, this name avoids any confusion with the formal service dimensions proposed by Parasuraman et al. (1988). The first factor loading scores of all of the items was high (more than 0.5); the “Confidence” factor has a mean of 5.34 (out of 7) and a standard deviation of 1.27.

#### *Factor 2: Professionalism*

The second dimension is assembled from six items commonly factoring together. It contains four items from the “Tangibles” dimension and two items from the “Responsiveness” dimension of SERVQUAL. This factor represents the attractiveness of the hotel’s fixtures and fittings and the proficiency of the operations, including the hotel design and decoration, and the professionalism of the staff. Perusal of the characteristics of this factor’s items, led to the component being termed ‘Professionalism’. The factor loading scores were high although the lowest score was 0.45 which is still satisfactory (Tabachnick and Fidell, 2012). The mean score for “Professionalism” is 5.46 (out of 7) and its standard deviation 1.24.

### *Factor 3: Empathy*

The next component includes five items from the “Empathy” dimension of SERVQUAL with excellent factor loading scores for most of the items except the least score item (0.61). This dimension formed from these five items still represents “Empathy”. Consequently, the dimension name, “Empathy”, is retained because all five items illustrate caring and individualised attention provided to hotel guests by the hotel personnel as Parasuraman et al. (1985) suggested. The “Empathy” factor’s mean score is 4.97 (out of 7) and the standard deviation is 1.41.

### *Factor 4: Tangibles*

The fourth factor consists of five items which are all from the “Tangibles” dimension of SERVQUAL. These items are all related to the tangible services provided, such as room features, food and beverage, and electronic devices. Therefore, “Tangibles” was assigned as the component’s name. Four items complied with the specific hotel extra service dimensions devised and recommended by Ramsaran-Fowdar (2007). All of the factor loading scores of “Tangibles” are higher than 0.7. This factor’s mean score is 5.40 (out of 7) and the standard deviation is 1.17.

### *Factor 5: Competitiveness*

Lastly, the fifth dimension factors together two items of “Assurance”, one with a high factor loading score and one with a low score (0.95 and 0.47). Although one of the items has a lower score it is still higher than the minimum acceptable score of +0.3 or -0.3 (Ibrāhīm and McGoldrick, 2003). The content of these two items shows that a hotel’s products and services should be comparable with their competitors and accreditation would enhance a hotel’s competitive competency. Therefore, this factor was titled as “Competitiveness”. The mean score of this factor is 5.50 and its standard deviation is 1.17.

**Table 4.20 Family Run Hotel Customer Expectations Analysed by EFA**

Item	Loading	Mean	S.D.	Percentage of Explained Variance
<b>Factor 1 - Confidence (<math>\alpha = 0.938</math>, Eigenvalues =10.824)</b>		5.34	1.272	40.098
A hotel should have knowledgeable front desk staff who answer your questions completely.	0.98	5.53	1.214	
A hotel should have security and safety systems and procedures.	0.88	5.50	1.350	
A hotel should have personnel who are clean, neat and appropriately dressed.	0.82	5.58	1.274	
A hotel should quickly correct anything that is wrong.	0.81	5.62	1.144	
A hotel should provide promised or advertised services on time and promptly.	0.78	5.39	1.275	
A hotel should have a good image.	0.76	5.33	1.404	
A hotel should have personnel who make you feel comfortable and confident in your dealings	0.66	5.61	1.092	
A hotel should perform guest services right at first time.	0.57	5.35	1.172	
Hotel staff should make you feel like a special and valued guest.	0.55	4.52	1.475	
A hotel should be dependable and consistent.	0.51	5.47	1.086	
<b>Factor 2 - Professionalism (<math>\alpha = 0.878</math>, Eigenvalues =3.312)</b>		5.46	1.241	12.267
Hotel buildings and public areas are visually attractive.	0.94	5.29	1.347	
A hotel room is visually attractive.	0.91	5.16	1.375	
A hotel should be in a convenient location.	0.76	5.59	1.217	
A hotel's décor is consistent with its image and price range.	0.74	5.49	1.123	
A hotel should have flexible and responsive personnel.	0.63	5.62	1.144	
All hotel staff should work professionally and have expertise in their jobs.	0.45	5.70	1.213	
<b>Factor 3 - Empathy (<math>\alpha = 0.908</math>, Eigenvalues =2.463)</b>		4.97	1.408	9.124
Hotel staffs call guests by name.	0.94	4.36	1.677	
A hotel should anticipate your individual needs and wants.	0.76	5.11	1.260	
A hotel should eliminate unnecessary bureaucracy for the guests.	0.75	5.21	1.190	
A hotel should have employees who are sympathetic and reassuring if something goes wrong.	0.67	4.96	1.646	
A hotel and its staff should create an informal atmosphere.	0.61	5.19	1.279	
<b>Factor 4 - Tangibles (<math>\alpha = 0.795</math>, Eigenvalues =1.524)</b>		5.40	1.174	5.644
A hotel should provide in-room amenities such as towels, soap, shampoo, and drinking water.	0.85	5.49	1.132	
A hotel should provide complimentary services like courtesy shuttles, coffee, and newspapers.	0.83	5.24	1.265	
A hotel should provide technological equipment both in-room and in other guest areas.	0.78	5.48	1.034	
A hotel should serve food and beverages that are consistently high in quality.	0.70	5.52	1.245	
<b>Factor 5 - Competitiveness (<math>\alpha = 0.622</math>, Eigenvalues =1.170)</b>		5.50	1.123	4.335
A hotel should have similar facilities as its competitors.	0.95	5.67	1.179	
A hotel should have a nationally or internationally standard rating.	0.47*	5.32	1.065	

Total scale reliability alpha ( $\alpha = 0.937$ )

Total percentage of explained variance 71.458 per cent

\* Accepted factor loading (Tabachnick and Fidell, 2012)

To access the criterion validity of the modified SERVQUAL scale, the five sub-scales (confidence, professionalism, empathy, tangibles, and competitiveness) were

regressed against the respondents' overall service quality measure and intention to recommend. The results indicated the criterion validity for both overall service quality questions ( $R^2 = 0.26$ ,  $F = 72.15$ ,  $p < 0.000$ ) and the intention to recommend ( $R^2 = 0.21$ ,  $F = 67.78$ ,  $p < 0.000$ ).

### ***Reliability and Means of Service Dimensions***

In order to confirm the internal consistency within each new dimension, the reliability tests, Cronbach's Alpha Coefficient and item-to-total correlation coefficient, were conducted as a scale purifying process (Getty and Getty, 2003). All 266 questionnaires were re-examined for reliability using Cronbach's Alpha Coefficient employing the new service dimensions acquired from the third factor analysis. The findings of Cronbach's alpha value are very high (over 0.8) except for one of the last factor's, "Competitiveness", which at 0.622 is still above the Hair's (2006) 0.6 common threshold sufficiency value for Cronbach's alpha. However, it is slightly lower than the acceptable value of 0.7 recommended by George and Mallery (2007). The results are shown in Table 4.20. The highest mean score is "Competitiveness" (5.495 from 7).

The item-to-total correlation coefficients for the new five service quality dimension scales are shown as "Confidence" ranging from 0.69 to 0.8; "Professionalism" ranging from 0.66 to 0.77; "Empathy" ranging from 0.70 to 0.84; "Tangibles" ranging from 0.67 to 0.76; and "Competitiveness" ranging from 0.45 to 0.45. The results are similar to those of the LODGSERV studies by Patton et al. (1994), and Knutson et al. (1991). Consequently, there was no need to delete any item from the scales to improve their reliability. This shows that customers expected a hotel to provide products and services that are similar to their competitors.

According to all of the Eigenvalues, which are more than one, and the percentage of variance, explaining each factor and the cumulative, the five factors as distinct service dimensions are validated (Union and Commission, 2008). These results

are relatively high compared to the first two factor analyses conducted (see Appendix H). Five factors emerged, “Confidence”, “Professionalism”, “Empathy”, “Tangibles”, and “Competitiveness”. Table 4.20 shows the means and standard deviations with respect to the assessment of customer expectations in Chiangmai family run hotels. According to the results, Table 4.20, the qualities within the “Confidence” service dimension were the most important expectations of Chiangmai family run hotel customers. The results of the analysis adequately proved the construct validity of the scale (Churchill and Iacobucci, 2009). The reliability of the scale, the overall Cronbach’s alpha value, is excellent ( $\alpha=0.937$ ), with the individual values of each dimension at least acceptable (0.938, 0.878, 0.908, 0.795 and 0.62). In summary, the validity and reliability of the new five service dimensions have been confirmed.

#### **4.3.4 Examination of Service Expectations According to Customer Characteristics**

The aim of this section is to check whether customer expectations vary with their demographics and patterns of visit. Inferential analyses were used to examine the samples; either independent samples T-Tests or ANOVAs depending on the type of variable.

##### ***Independent T-Test***

T-Test analyses were administered on the seven variables offering a dichotomy of choice (Question 1, 2, 3, 5, 6, 8, and 14 of Section 3):

- (i) First visit to Thailand,
- (ii) Longstay experience in Thailand,
- (iii) Longstay experience anywhere,
- (iv) Short/longstay for the present visit,
- (v) Repeat hotel guest,
- (vi) Hotel recommending, and
- (vii) Gender.

Bryman and Cramer (2012) suggested that an independent T-test is conducted to identify if the means of two unrelated samples differ by comparing the dissimilarity between the two means with the standard error of the dissimilarity in the means of the different samples. Only the significant differences findings are illustrated on Table 4.21 below ( $p$  value  $< 0.05$ ).

**Table 4.21 The Summary of Independent T-Test Results**

Dimensions	Grouping Variable	n	Mean	S.D.	t-value	Significant (2-tailed)
<i>First Visit to Thailand</i>						
Tangibles	Yes	151	5.623	0.778		
	No	115	5.201	1.031	-3.802	0.000
Competitiveness	Yes	150	5.643	0.860		
	No	112	5.308	1.051	-2.828	0.005
<i>Longstay Experience in Thailand</i>						
Confidence	Yes	74	5.593	0.909		
	No	192	5.299	1.039	2.264	0.025
Professional	Yes	74	5.643	0.705		
	No	192	5.416	1.053	2.032	0.044
Tangibles	Yes	74	5.635	0.689		
	No	192	5.366	0.984	2.514	0.013
<i>Longstay Experience Anywhere</i>						
Confidence	Yes	166	5.236	1.030		
	No	100	5.623	0.936	-3.140	0.002
Professional	Yes	166	5.343	1.059		
	No	100	5.704	0.765	-3.210	0.001
Tangibles	Yes	166	5.329	1.007		
	No	100	5.625	0.717	-2.566	0.011
Competitiveness	Yes	163	5.399	0.965		
	No	99	5.667	0.928	-2.209	0.028
<i>Current Stay Length</i>						
Tangibles	Short-stay	257	5.417	0.923		
	Longstay	9	6.111	0.377	-5.016	0.000
<i>Repeat Hotel Guest</i>						
Professional	Yes	50	5.085	1.215		
	No	216	5.570	0.887	-2.665	0.010
Empathy	Yes	50	4.660	1.260		
	No	216	5.038	1.187	-2.009	0.046
<i>Intention to Recommend</i>						
Confidence	Yes	188	5.293	1.084		
	No	78	5.594	0.781	-2.535	0.012
Empathy	Yes	188	4.769	1.284		
	No	78	5.446	0.827	-5.117	0.000

As can be seen from Table 4.21, there were some statistically significant differences in Chiangmai family run hotel customer expectations with respect to six of the seven characteristic variables, gender being the exception.

- *The First Visit to Thailand*

With 95 per cent Confidence Interval of the difference, it was found that the first visit of the respondents had significantly differences with regard to the “Tangibles” ( $p$  value = 0.000), and “Competitiveness” ( $p$  value = 0.005) dimensions. Despite significant differences being found from the independent T-tests, the “Tangibles” and “Competitiveness” dimensions’ mean scores of the return visitors are less than the one of the first time visitors to Thailand. In other words, the first time visitors to Thailand had higher expectations on the quality of the “Tangibles” and “Competitiveness” dimensions than returning visitors.

- *Longstay Experience in Thailand*

According to the findings of the T-test of the longstay experience variable with the five service dimensions, the service expectation mean scores of the dimensions of “Confidence”, “Professionalism”, and “Tangibles” of the respondents who had previous longstay experience in Thailand are significantly higher than the ones who have none, with  $p$  values of 0.025, 0.044 and 0.013 respectively. Family run hotel customers who had previously stayed for over 15 days in any type of hotel in Thailand rated the quality of “Confidence”, “Professionalism”, and “Tangibles” higher than the ones who had not.

- *Longstay Experience Anywhere*

Although Question 3 is open ended and the respondents could fill the exact number of days for the longest hotel stay they had ever experienced; the real aim of this question was to know whether the respondents had previous longstay experience anywhere else in the world. Hence, the answers were sorted into two groups; replies with less than 15 days were designated as “Never had longstay experience” whilst the

replies with 15 days and more were in the group of “Had longstay experience”. Following this data sort, the independent T-test was performed. Four of the service dimensions exhibited differences in expectations between the two groups; these were “Confidence” ( $p$  value = 0.002), “Professional” ( $p$  value = 0.001), “Tangibles” ( $p$  value = 0.011) and “Competitiveness” ( $p$  value = 0.028). For all four dimensions, the respondents with no previous longstay experience had higher expectations than the ones who had.

- *Current Visit Length*

Similar to the previous demographic variables tested, this variable, investigated through Question 5, aimed to identify whether the respondents were short or longstay guests of the family run hotels at the moment the survey was conducted. The respondents who replied less than 15 days of stay were classified as short stay customers and the rest were coded as longstay guests. According to the independent T-test results, only the mean of “Tangibles” dimension had a significant difference ( $p$  value = 0.000). The longstay guests had higher expectations for the quality of “Tangible” than short stay customers.

- *Repeat Hotel Guest*

The results show that repeat hotel guests had significantly less expectations for the qualities of the “Professional” ( $p$  value = 0.010) and “Empathy” ( $p$  value = 0.046) dimensions than the first time hotel customers.

- *Intention to Recommend*

It was found that there were two factors that had significant differences between the means of the two groups: the customers who would recommend the hotel and the ones who would not. The mean score of the expectations for the quality of the “Confidence” dimension of the respondents who would not recommend the hotels is significantly higher ( $p$  value = 0.012). Results for the “Empathy” dimension ( $p$  value =



0.000) paralleled that of “Confidence”, the hotel customers who would recommend the hotels have a lower level of expectation for the quality of the ‘Confidence’ and ‘Empathy’ dimensions.

### ***One - Way ANOVA***

The rest of the characteristic variables (Question 3, 4, 5, 7, 11, 12, 13, 15, 16, and 17) in Section 3 are in the format of multiple choice (ordinal) or open ended (nominal), therefore one-way ANOVA tests were administered in order to compare multiple sample groups and determine whether there were significant differences (Phongwichai, 2010). In the case of significant difference, Morgan et al. (2001) suggested a post-hoc multiple comparison test should be conducted as a follow-up. Fisher’s Least Significant Difference (LSD), one of the oldest post-hoc comparison methods (Phongwichai, 2010), was chosen for this stage based on the assumption of equal variance.

From the ten demographic variables analysed, four were significantly different from the means of the five service dimension variables. The variables that have significant differences from the one-way ANOVA tests and their Fisher’s LSD are summarised in Table 4.22.

#### ***- Overall Service Quality of the Hotels***

The results of the one-way ANOVA conducted show that there are significantly different expectations for the qualities of the “Confidence”, “Professionalism”, “Empathy”, and “Tangibles” dimensions amongst the groups of respondents who had different satisfaction levels. For the “Confidence” dimension, there are significantly different expectation mean scores between the customer satisfaction level groups which are three pairs of the hotel guest groups as shown in Table 4.22 ( $p$  value = 0.005, 0.001, and 0.015).

**Table 4.22 The Summary One-Way ANOVA Results**

Demographic	Service Dimension	Different Pairs			p value	
Overall Service Quality	Confidence	Very Satisfied	>	Satisfied	0.005	
		Satisfied	<	Neither dissatisfied nor satisfied	0.001	
			<	Dissatisfied	0.015	
	Professional	Very Satisfied	>	Satisfied	0.000	
		Satisfied	<	Neither dissatisfied nor satisfied	0.034	
			<	Dissatisfied	0.017	
	Empathy	Very Satisfied	>	Satisfied	0.002	
		Satisfied	<	Neither dissatisfied nor satisfied	0.001	
	Tangibles	Very Satisfied	>	Satisfied	0.016	
			>	Neither dissatisfied nor satisfied	0.015	
	Age	Professional	Under 25	<	25 - 34	0.014
				<	35 - 44	0.033
<				45 - 54	0.012	
<				55 - 64	0.018	
Empathy		Under 25	<	55 - 64	0.005	
		25 - 34	<	55 - 64	0.005	
Competitiveness		25 - 34	<	55 - 64	0.004	
			<	Over 65	0.027	
Annual Income	Empathy	US\$20,000 - 40,000	<	US\$ 60,001 - 80,000	0.001	
			<	Over US\$ 80,000	0.001	
		US\$40,001 - 60,000	<	US\$60,001 - 80,000	0.020	
			<	Over US\$ 80,000	0.015	
	Competitiveness	Under US\$ 20,000	>	US\$20,000 - 40,000	0.003	
			>	No income	0.034	
		US\$20,000 - 40,000	<	US\$40,001 - 60,000	0.026	
			<	US\$60,001 - 80,000	0.017	
			<	Over US\$ 80,000	0.001	
		Over US\$ 80,000	>	No income	0.021	
	Occupation	Confidence	Employed	<	Unemployed	0.011
			Unemployed	>	Student	0.008
Professional		Employed	>	Student	0.002	
		Unemployed	>	Student	0.015	
Empathy		Employed	<	Unemployed	0.016	
		Unemployed	>	Student	0.003	
Competitiveness		Employed	<	Unemployed	0.007	
		Unemployed	>	Student	0.021	

For the “Professionalism” dimension, there are three pairs of groups that had significantly different expectations similar to the previous service dimension ( $p$  value = 0.000, 0.034, and 0.017). For the other two service dimensions, “Empathy” ( $p$  value = 0.002 and 0.001) and “Tangibles” ( $p$  value = 0.016 and 0.015), there are two couples having significantly different mean scores of expectations (see Table 4.22).

- *Age*

After the analysis of one-way ANOVA was conducted, it was found that there are significant differences between the means of expectations for the “Professionalism”, “Empathy”, and “Competitiveness” dimensions amongst the age groups. For the mean of expectations for the “Professionalism” dimension, there are four pairs of age groups having significantly differences to the under 25s ( $p$  value = 0.014, 0.033, 0.012 and 0.018). There are two pairs of groups having significant differences in both of the other two service dimensions, in the “Empathy” dimension ( $p$  value = 0.05 and 0.05) and in the “Competitiveness” dimension ( $p$  value = 0.004 and 0.027). Overall, it appears that the younger customers have less service expectations.

- *Annual Income*

The annual income replies were sorted into six groups. Between each of the different annual income respondent groups, the mean scores of expectations for the “Empathy” and “Competitiveness” dimension have significant differences. There are five different pairs for the “Empathy” dimension ( $p$  value = 0.001, 0.001, 0.020, 0.015 and 0.039) and five different pairs for the “Competitiveness” dimension ( $p$  value = 0.003, 0.034, 0.026, 0.015 and 0.021).

- *Occupation*

According to the results of the analysis, there are significantly different means of the expectations for the quality of four service dimensions among the three occupation groups: employed, unemployed, and student; “Confidence” ( $p$  value = 0.023),

“Professionalism” ( $p$  value = 0.005), “Empathy” ( $p$  value = 0.012), and “Competitiveness” ( $p$  value = 0.026). The different mean occupation types were matched into eight pairs with the  $p$  values (see Table 4.22).

To summarise, the inferential analyses of customer expectations in relation to the respondents’ characteristics produced statistically significant results with respect to ten variables; first visit to Thailand, longstay experience in Thailand, longstay experience anywhere, current stay length, repeat hotel guest, intention to recommend, overall satisfaction, age, annual income and occupation. Analyses without statistically significant results are not reported.

#### **4.3.5 Conclusion for the Analysis and Findings of Phase Three**

The analyses of the empirical evidence of customer service quality expectations are illustrated in the findings section. A modified SERVQUAL survey of 266 family run and owner-operated hotels’ international guests in the Chiangmai area identified by Phase One’s was utilised. This section firstly revealed the demographic and visit pattern characteristics of the respondents. Secondly, the customer expectations of longstay provision and additional services are provided. Thirdly, before presenting customer expectations, the validity and reliability of the measure were confirmed by EFA and Cronbach’s alpha as well as item-to-total tests. Five new dimensions emerged: “Confidence”, “Professionalism”, “Empathy”, “Tangibles” and “Competitiveness”. The respondents voted “Competitiveness” as the most important service expectation dimension. These five new dimensions in relation to customer characteristics were further investigated. Some statistically significant results were found.

#### **4.4 DISCUSSION OF PHASE THREE**

This section of Chapter Four discusses the research findings from Phase Three which primarily aimed to ascertain customer expectations of hotels in Chiangmai. There

were two supplementary objectives: to identify the characteristics of the customers and to investigate the longstay service provisions needed in the family run hotels of Chiangmai. To achieve these aim and objectives, a modified SERVQUAL was utilised. There were 266 usable questionnaires analysed by EFA, descriptive and inferential statistics. The salient points of the findings derived from the analyses are discussed in this section. Additionally, contributions of the study in terms of both theoretical and practical context to the literature are provided.

This research was designed to measure the hotel service expectations of customers by quantitative methodology using a modified SERVQUAL scale. However, the validity and reliability of the instrument had to be confirmed (Bryman and Bell, 2007). To validate the scale, EFA with principle component extraction and oblique rotation was applied. Five factors emerged: “Confidence”, “Professionalism”, “Empathy”, “Tangibles”, and “Competitive”. Although three of the factors are different from the service dimensions of SERVQUAL (Parasuraman et al., 1988) and LODGSERV (Knutson et al., 1991); two of the original dimensions remain, “Empathy” and “Tangibles”. Like Juwaheer (2004); Kang and James (2004) and Ekinici (2001), these findings demonstrate that the SERVQUAL dimensions are not generic across service contexts despite being adapted or supplemented to fit the characteristics or specific research needs of a particular firm as Parasuraman et al. (1988) claimed. The different factors obtained in this project originate in specific characteristics of the hotel business and are related to aspects of operations and facilities. These results tally with other studies in the hotel sector (Juwaheer, 2004; López Fernández and Serrano Bedia, 2004; Chu and Choi, 2000; Tsang and Qu, 2000). Although the dimensions of this study are different from SERVQUAL, reliability, tested with Cronbach’s alpha, gave the same highly satisfactory level (0.93) equivalent to the prototype scales of SERVQUAL and LODGSERV (Knutson et al., 1991; Parasuraman et al., 1988).

Due to the different factors extracted from the analysis, the dimensions' mean scores and alpha values of the present research cannot be compared with the previous customer expectations measurement studies from the literature. Nevertheless, the service dimensions that still remained; "Empathy" and "Tangibles" are discussed. For this research's findings, the service dimension of "Empathy" consists of five items like the original SERVQUAL scale (Parasuraman et al., 1988) but with different wording because the statements were adapted to be industry-specific. The American LODGSERV scale (Knutson et al., 1991) has eight items in the "Empathy" dimension whereas there are seven items in the international version of LODGSERV (Patton et al. 1994). The ranking of this dimension's mean score in this study does not differ from other service expectation measurement in the hospitality industry. Knutson, Stevens, Patton and Thompson (1993), Knutson et al. (1991), and Fick and Brent Ritchie (1991) indicated that the "Empathy" mean score is the least amongst the five dimensions, while Mok and Armstrong (1998) and Heung and Wong (1997) ranked this dimension as the fourth highest mean score. For the "Tangibles" dimension, the present study mean score is 5.4. This is within the mean range of other expectation measurement studies from the same sector which range from 5.4 to 5.9 (Mok and Armstrong, 1998; Heung and Wong, 1997; Knutson et al., 1991). This dimension can be considered generic because it is found across the service quality literature, although it is termed "Tangibility" in some studies (Zeglat, 2008; Narangajavana, 2007; Ekinici et al., 2003; Getty and Getty, 2003). The service attribute that has the highest mean score is "All hotel staff should work professionally and have expertise in their jobs" with the score 5.70 (see Table 4.20), with a possible maximum mean score of seven and a possible minimum mean score of one. Compared with other empirical studies, particularly on hotel service expectations, the highest mean score of this research is quite low. The highest mean service item from Knutson et al. (1991)'s study using LODGSERV was "Equipment works" with a score

of 6.76. Heung and Wong (1997), replicating Knutson et al.'s (1991) study in Hong Kong, found the same top item with a score of 6.67 for business travellers and 6.61 for leisure travellers. Mok and Armstrong's (1998) research revealed that their subjects thought that "When guests have a problem, shows interest in solving it" was the most important expectation with a mean score of 6.74. The dissimilarity of these highest mean scores to the present study's 5.70 for "All hotel staff should work professionally and have expertise in their jobs" possibly results from the sizes and rates of the Chiangmai hotels investigated which are micro, small, and medium size with economical prices. This notion is supported by Knutson et al.'s (1993) study indicating that luxury hotel customers have higher expectations than mid-price and economy hotel customers for all five dimensions.

The longstay service expectations of family run and owner-operated hotel customers were obtained by multiple choice questions, with multiple responses, which were analysed by descriptive statistics. The results are illustrated in Appendix G. The top ten longstay provision attributes (two equal scores for eighth) reflect all four categories of service. There are two items from 14 for "General Hotel Services", three from five items of "In-room Services", two from four items of "Corporate and Community Responsibility" and two from three items of "Accreditation". According to the results, the "Accreditation" has a high ratio of items chosen (many subjects ticked multiple boxes) and also the highest mean score item is from this category. Therefore the longstay findings are in line with those of general customer expectations in that the service dimension relevant to hotel accreditation is the most important. The second and fourth high ranking items are concerned with the location of the hotels in that the hotel should be in a safe, clean environment, and easily accessible. The third and fifth ones are about the appropriate amenities that should be provided for longstay customers, such as a small kitchen and comfort seating. These findings support the study of Suan

Sunandha Rajabhat University (2007) in which the important attributes of longstay accommodation are standard accreditation, convenient location, proper facilities, and a cosy ambience.

This study also identified the characteristics of the hotel customers who have significantly different expectations for the service dimensions. Demographically the 266 samples representing customers of family run and owner-operated hotels in Chiangmai had a gender distribution of 57.1 per cent male and 42.9 per cent female, the number of men is slightly higher than women. The distribution of gender in this study is not different from others in the same industry (Boon-itt and Chomvong, 2010; Juwaheer, 2004; Ekinci et al., 2003). For marital status, the highest proportion of the respondents (50.8 per cent) fell into the single group and it was followed by the married group (30.9 per cent). According to this study's findings, there are no significant differences of expectations for all five dimensions between male and female groups of hotel customers as well as amongst the three marital status groups. Contrariwise, Juwaheer (2011) argued that gender affects the service quality based on her empirical research. In addition, Webster's (1989) research points out that both gender and marital status have significant effect on expectations of quality for professional services.

The nationalities of the respondents were varied, 34 countries and a special administrative region (SAR) being represented. The five most numerous were American, Australian, Japanese, British and French. According to the inferential analysis findings, there were no differences in the service expectations for all dimensions among the nationalities of the family run hotel customers. The results do not comply with the previous studies concerning the influence of culture on service quality found in the literature (Laroche et al., 2004b; Poon, Hui and Au, 2004; Liu and McClure, 2001; Donthu and Yoo, 1998; Mok and Armstrong, 1998). Within the same industry, Mok and Armstrong (1998), who investigated the expectations of hotel



customers from five countries by using LODGSERV, found that the expectations for two of the service dimensions; “Tangibles” and “Empathy”, were significantly different amongst the five groups. Additionally, Mey et al. (2006) found that in Malaysia, Malaysian hotel customers had lower expectations for the “Reliability” and “Responsiveness” dimensions than non-Asian customers.

In this study, the highest proportion of the respondents, 32 per cent, fell into the 35-44 year age group. This was followed by the 25-34 age group (30.1 per cent) and the under 25 age group (14.7 per cent). This result shows that Chiangmai family run hotels are considerably more popular with customers in their twenties, thirties, and forties rather than older people, together these younger groups accounted for 76.8 per cent of the total number of the respondents. These findings point out that family run hotel customers are not senior tourists, the retiree market, the primary longstay segment targeted by the Tourism Authority of Thailand (2001). Moreover, only 1.88 per cent of the respondents (5 from 266 persons) were on a longstay trip at the time of interview, although 28 per cent claimed that they had previous longstay experience in Thailand and 37.59 per cent elsewhere. The age of customers affects service quality (Caruana, 2002). In the present study, different age groups had varied expectations for the dimensions of “Professionalism”, “Empathy”, and “Competitiveness”, the older the age, the higher the expectation level. Contrarily, Ariffin and Maghzi (2012) examined the influence of age on the customer expectations of Malaysian hotels and concluded that age has no effect.

Almost 80 per cent of the respondents were employed and the rest were unemployed or students. For the occupation variable, surprisingly the unemployed respondents had higher level of expectations for the “Confidence”, “Professionalism”, “Empathy”, and “Competitiveness” dimensions than the employed and student groups.

These results contradict those of Boontor (2009) who found that, for service quality in a hotel in Bangkok, occupation had no influence on dimensions of service quality.

According to the categories relating to the income of the respondents, the vast majority of the family run hotel customers (28.6 per cent) earned between 40,001–60,000 US dollars annually. Around 27 per cent of the customers had an income between 20,000 and 40,000 US dollars and 15.8 per cent between 60,001 and 80,000 US dollars. The other hotel customer income groups were almost equal. It may be concluded that family run and owner-operated hotels in Chiangmai have customers from diverse income groups perhaps because of the wide range of accommodation offered. This is similar to the results of Ekinici et al. (2003) in their empirical research conducted in Crete. Inferential analysis found that the level of the expectations varied directly with income, particularly in the “Empathy” and “Competitiveness” dimensions. According to Swarbrooke and Horner (2007), the behaviour pattern of customers in tourism is characteristically linked to their prosperity. Therefore, the earnings of hotel customers shape their expectations of service.

This study identified the customers’ patterns of visit to family run and owner-operated hotels. It was found that 57 per cent of the customers had been to Thailand before, whilst the rest (43 per cent) were visiting Thailand for the first time. These two groups of respondents had different expectations for the “Tangibles” and “Competitiveness” dimensions. For both dimensions, the first time visitors to Thailand had higher expectations than the return visitors. The hotel customers who were visiting their hotel for the first time accounted for 81 per cent of the respondents, and similar to the visiting Thailand pattern, they had higher expectations than repeat guests, but in different dimensions, “Professionalism” and “Empathy”. The first impression that a hotel customer receives from their lodging and its services is highly significant in setting the tone for their visit and founding a continuing business relationship (Bardi,

2011). Andrews (2007), Ismail (2002), and Baker, Bradley and Huyton (2001) confirmed the importance of first impressions for hotel businesses. Zeithaml et al. (1990) highlighted the importance of delivering services “right the first time”.

For the longstay experience, the hotel customers who had stayed in holiday accommodations in Thailand before had higher expectations for the service dimensions of “Confidence”, “Professional”, and “Tangibles”, whereas the ones who had longstay experience somewhere other than Thailand had lower expectations in the same three dimensions as well as in “Competitiveness”. According to Zeithaml et al. (1993) and Robledo (2001), customers’ past experience is one of the determinants of service quality expectations for future encounters. Boon-itt and Chomvong (2010) conducted a study on service quality of hotels in Thailand and found that different expectations arose from customers’ previous experiences and current objectives.

As recently mentioned, the majority of respondents were on a short stay, or less than 15 days, visit. This group accounted for 96.62 per cent of the subjects and the rest, 3.38 per cent, were longstay customers, amounting to only nine respondents. It appears that only a small proportion of Chiangmai family run hotel customers are longstay visitors, perhaps reflecting that this is not a target market. Between these two segments, longstay and short stay, the customer service expectations for the “Tangibles” dimension are significantly different. The longstay customers have higher expectations than the short-stay guests. These findings correspond to the research of Usui (2011), Madhyamapurush (2009b), Suan Sunandha Rajabhat University (2007), and Intaratas et al. (2006) who found that hotel facilities are important in longstay accommodation in Thailand. Moreover, Boon-itt and Chomvong’s (2010) research pointed out that the service expectations of longer staying hotel customers are higher because of their various needs such as communication with hotel staff and increased sightseeing information.

The analysis of the variable, the customer's intention to recommend the hotels, Question 8 in Section 3 of the questionnaire, revealed that the greatest frequency of answer was "would recommend this accommodation", 71 per cent. Customer recommendation is a positive word-of-mouth communication which plays an important role in shaping customers' attitudes and behaviour (Brown and Reingen, 1987). Several studies in the area of tourism and hospitality demonstrated the influences of word-of-mouth communication (Crick, 2003; Morgan, Pritchard and Piggott, 2003; O'Neill, Palmer and Charters, 2002; Shanka, Ali-Knight and Pope, 2002). From this research, the independent T-test analysis results show that the expectations for the "Confidence" and "Empathy" dimensions of the customers who would recommend the hotels were lower than the opposite group. With a lower degree of expectations, customer desires are more easily met. It may imply that the hotel customers who share positive opinions about the hotels to others have lower levels of expectations especially in the "Confidence" and "Empathy" dimensions.

Phase Three's findings from the modified SERVQUAL used to assess Chiangmai family run hotel customer expectations have led to several points of discussion. These began with the validity and reliability tests, followed by the service dimensions, longstay provision expectations and the characteristics of the respondents.

#### **4.4.1 Contribution of Phase Three Study**

Contributions to the literature and implications for management are provided by Phase Three of the research which aimed to ascertain customer expectations of family run and owner-operated hotels in Chiangmai by employing a modified SERVQUAL scale. The following sub-sections discuss these contributions in terms of both theoretical and practical contexts and the implications for government and business owners.

### *Contribution to the Literature*

This empirical research contributes to the understanding of customer expectations of family run and owner-operated hotels in Chiangmai, Thailand. Service quality and measurement have been extensively researched in the tourism and hospitality industry, but family businesses which dominate, have not received much attention from scholars especially in Thailand where tourism is a primary source of national income. Therefore, this research makes a contribution to knowledge and to theoretical development in this area. Conceptually, the review of related literature and the exploration of service expectation and measurement enhance comprehension into the concepts and theories. This study, moreover, contributes to the process of integrating and extending the theoretical understanding of longstay service expectations. Although the intention of the empirical research of this phase of the study was to ascertain customer expectations of family run hotels in Chiangmai, the research instrument for obtaining the data had to be designed, developed and validated before it could be used to achieve this aim. This process brought into question the validity of the SERVQUAL service dimensions which were identified as a possible foundation of the new instrument through the literature review. Previous research using SERVQUAL was supported to a certain extent in that two of the SERVQUAL dimensions were validated in this study. The other three dimensions were not replicated by the Phase Three's findings although they have been validated by others, such as Hsieh et al. (2008) and Patton et al. (1994), in the tourism and hospitality industry. The two dimensions validated, "Empathy" and "Tangibles", were obliquely rotated allowing them to underpin the SERVQUAL conceptualisation of service quality. Ekinci noted that 'as some dimensions were validated and therefore, it could be assumed that there are dimensions in use and that service quality can be captured by multidimensional

instruments' (Ekinci, 1999, p. 316). However, as the validity of three of the dimensions was not supported SERVQUAL receives some criticism.

This research did not aim to debate the generalisation of service dimensions but the issue emerged in the process of refining and validating the dimensions in this specific context. In this present study, the validity of the SERVQUAL service quality dimensions was not proved. However, the presence of a generic structure of evaluation was not rejected and its dimensions may be valid in other settings. This notion is supported by Ekinci (1999) since his empirical research findings are similar.

The dimension of "Tangibles" in this present empirical research is comparable with both the "Tangibility" and "Physical" dimensions from previous studies in the tourism and hospitality industry (Akbaba, 2006; Getty and Getty, 2003; Ekinci et al., 1998; Getty and Thompson, 1994). The validity of this dimension was confirmed and supported as a generic and simply determined construct in service quality evaluation even in the context of the hotel sector (Ekinci, 1999; Getty and Thompson, 1994; Parasuraman et al., 1991; Saleh and Ryan, 1991; Parasuraman et al., 1988; Parasuraman et al., 1985).

### ***Managerial Implications***

Using a reliable and valid instrument especially designed for service quality measurement in industry-specific settings is crucial since it provides accurate dimensions and better explanations (Buttle, 1996). This study developed a tool for measuring customer service expectations and its validity and reliability were proven as a context specific scale. Therefore the instrument can be used to assess customer service quality expectations of family run and owner-operated hotels in Thailand, for both stays in general and of longstay provision. The service dimensions are helpful to hotel owners/managers for the design of hotel products and services as well as developing customised marketing for the various guest segments with different expectations.

For family run and owner-operated hotels in Chiangmai, these research findings enhance the hotel owners/managers' understanding of their customers' expectations of service and can guide the development of strategies meeting the desires of their market segment. Based on the empirical study results, hotel customers prioritised the service dimension of "Competitiveness" indicating that hotel managers/owners should investigate their competitors' facilities in order to provide similar, or better, products and services. The national or international hotel standards assure customers that accredited hotels have minimum facilities in line with the star rating system. In other words, these results should encourage hotel operators to research the market, learn what competitors do, improve their own service quality, and aim to be standard accredited. Consequently policy-makers should supply market information and motivate hotel operators to join accreditation schemes.

Hotel customers are also concerned about the professional appearance of the buildings, facilities and staff which are reflected in the tangibles and intangibles. Hotel operations, ranging from the hotel location and decoration to the frontline staff, should be well designed in order to create the image of professionalism. However, the expectations of the different market segments must be considered due to the significant differences between customer groups. For example, a hotel targeting the mature traveller market should pay attention to the details of the "Professionalism", "Empathy", and "Competitiveness" dimensions because this group of customers have very high levels of expectation for these service dimensions.

When the mean scores of all of the service attributes are compared, the highest mean expectations are concerned with the hotel staff. The hotel customers have high expectations that all hotel staff should work professionally and have expertise in their jobs. The hotel staff should be flexible and responsive and, moreover, they should make the customers feel comfortable and confident when dealing with them. This finding is in

line with other research in asserting that human resources play a significant role in the tourism and hospitality industry (Williams and Thwaites, 2007; Jones and Haven-Tang, 2005; D'Annunzio-Green, Maxwell and Watson, 2004; Williams and Buswell, 2003). Therefore hotel operators should prioritise personnel issues such as the recruiting process, skill training and staff development. For the policy makers, the expectations of international hotel customers in Chiangmai revealed the need for national strategic plans for human resource development in the tourism and hospitality industry. Cooperation is needed from all of the stakeholders such as government ministries responsible for employment and education, tourism organisations, local tourism boards, and both national and local education institutes.

Based on this empirical study, it is suggested to hotel owners/managers that they should provide the internet for their guests as this was the most frequently mentioned desirable additional service for both general and longstay hotels. Although most of the hotels in the survey already provide this amenity, the customers still emphasized this service and research has shown that offering free Wi-Fi internet access improves hotel ratings (Bulchand-Gidumal et al., 2011). Moreover, this finding supports the Phase Two results in that the “Wi-Fi/internet” is important. Hence, the hotel operators should advertise and communicate to the customers that the internet is provided either for free or with a charge and should ensure that the Wi-Fi works well. With the importance of tourism to the national economy, the government needs to ensure that the internet infrastructure is well maintained and kept up to date, especially in the major tourist destinations such as Bangkok, Chiangmai, and Phuket.

This research further investigated the services needed for longstay customers who stay for longer than 15 days in Chiangmai. This information should help improve and enhance hotels that target, or may target, this niche market by identifying products and services desired by longstay customers. In common with the general hotel service



expectations, the most frequent need expressed by customers for longstay accommodation is the national hotel standard accreditation. This would certify that the products and services provided by hotels should meet customer expectations. Therefore, the hotels which are not accredited should aim for the national standard. Moreover, these research findings pointed out the importance of guests' expectations for a good hotel location in an easily accessed area with a safe and clean environment especially for longstay visits. However, for the established hotels, location cannot be easily changed but the owners/managers should improve as much as they can. For example, the safety and cleanness of the surroundings should be managed by the hotels and secure transfer services should be promptly provided to essential places such as airports, bus stations and hospitals. Furthermore, it was found that a small equipped kitchen is important for longstay customers. This study also emphasises that longstay customers have significantly higher expectations in the "Tangibles" service dimension than short-stay guests. Therefore, the hotel managers/owners should be aware of this point.

Longstay tourism has been recognised and promoted by the Royal Thai Government and it has launched a longstay accommodation standard as a quality framework particularly for hotels targeting longstay customers. A prerequisite for all types of commercial accommodation which would like to apply for this standard accreditation is a legal hotel license. However, the hotel sector is only one of four longstay accommodation types (Phiromyoo, 2011) and several studies have attempted to find the best practice model for the longstay accommodation market segment (Phiromyoo, 2011; Madhyamapurush, 2009a; Suan Sunandha Rajabhat University, 2007; Intaratas et al., 2006). Currently, only hotels can apply for The Royal Thai Government's longstay standard and not other types of accommodation such as rented houses and special property projects. The customers surveyed in this phase of the research were mainly short stay tourists because, in the opinion of the hotel owners and

managers interviewed in Phase Two, longstay visitors mostly prefer monthly rented accommodation rather than hotels. However, there were a few customers who were interviewed who were longstay guests in the sample hotels. The expectations identified in this research can be used for developing service guidelines for accommodation businesses which have longstay customers but are not yet ready to apply for the standard accreditation.

From the discussion of the findings in the previous section, the importance of first time visitors' first impressions of the hotel have been pointed out. Therefore, hotel owners/managers should be aware of the significance of the first service encounter such as reservation and registration; such services should meet customer expectations at this "moment of truth". This also applies at the government level; the tourists who come to Thailand for the first time have higher expectations than repeat visitors. Therefore, the policy makers should generate a strategic plan in order to create a positive first impression for such international tourists.

The Phase Three empirical research findings have provided contributions to the service quality and SERVQUAL literature and a number of managerial implications for both family run hotels and policy makers. The theoretical contribution emerged from the instrument validity and reliability testing with three of the SERVQUAL service dimensions unconfirmed. The results of this research into Chiangmai family run hotel customer expectations have managerial implications for the business owners and the government for meeting guest needs.

#### **4.5 CONCLUSION OF CHAPTER FOUR**

It is essential for service providers in the tourism and hospitality industry to comprehend customer expectations. In order to be able to assess customers' opinions of what services a firm should perform, a validated instrument of service expectation measurement must be set up and implemented. This phase of the study aimed to

ascertain customer expectations of family run hotels in Chiangmai which were identified by Phase One of the thesis. This study identified characteristics of hotel customers and also investigated their service expectations for longstay customers. Prior studies and current theoretical models from the literature such as service quality measurement paradigms, service measurement in the hospitality industry, and customer expectations were reviewed and consolidated. A modified SERVQUAL was chosen as a research instrument for investigating family run and owner-operated hotel customers' "desire expectations" in Chiangmai, Thailand. The SERVQUAL scale, consisting of 22 items and the five service quality dimensions, was successfully applied in several research areas; however, its validity in the hotel sector was not accepted without reservations in the light of criticism in the literature.

Three types of analysis, factorial, descriptive and inferential were used to examine 266 questionnaires. After developing and validating the research instrument, there were new five factors emerging from the EFA with principle component extraction and oblique rotation. These service dimensions were named as "Confidence", "Professionalism", "Empathy", "Tangibles", and 'Competitiveness'. Among these five dimensions, hotel customers rated "Competitiveness" as the highest expectation followed by "Professionalism" desiring that all hotel staff should work professionally and have expertise in their jobs. However, there were significant differences in the ranking of dimensions of customer expectations between the groups of hotel customers categorised by demographics and patterns of visiting. The hotel customers recommended additional services such as Wi-Fi internet to improve their hotel. The guests' expectations of services for the longstay market segment were also investigated. Analysis of the data suggests that a longstay hotel should be accredited to the Royal Thai Government Accommodation Standard.

This study has contributed to research in the area of service quality for family business hotels as well as longstay tourism research. Some important issues in the literature have been addressed. This study can guide future research aimed at measuring and explaining hotel customer service expectations that can also be managerially useful as discussed in detail above.

The analysis of Phase One data in Chapter Two revealed that the majority of hotels in Chiangmai are family run businesses whose owners/operators were motivated by lifestyle factors, aiming to keep their businesses modest, and concern about their descendants. Based on these findings, Phase Two, discussed in Chapter Three, examined the business environment of these family run hotels in terms of the implementation of quality assurance and found that they have a low level of engagement due to internal and external factors. This chapter reviewed the theoretical background, methodology, analysis and discussion of Phase Three. The findings showed that the international customers of the family run hotels have five dimensions of service expectations. The highest scoring expectation was that a hotel should have similar facilities to its competitors. How these family run hotels meet customer expectations and their own goals will be further appraised in Chapter Five. This will also outline the salient analysis findings of all three phases of the research project and address all of the research questions. A generic model will be proposed along with its implications.

## **CHAPTER FIVE**

### **DEVELOPMENT OF A GENERIC MODEL**

The previous chapters have discussed the results of the three phases of this study. A number of important findings have been made regarding the research objectives of each phase. Consequently, in this chapter, the salient findings from all phases are summarised and the three research questions are addressed. A generic model of quality assurance for family run hotels, its implications, contribution to knowledge and further research are also provided in this chapter.

Family run and owner-operated businesses dominate the tourism and hospitality industry including the hotel sector. This business type plays a significant role in the industry in terms of numbers, economic value, and longevity (Getz and Carlsen, 2005; Peters and Buhalis, 2004; The Economist, 2004). Visions and goals not only lead family businesses' missions and reflect their strategies but are also the essence and a competitive advantage when they are accepted by all of the family members (Poza, 2010; Ward, 2002). Family enterprises in the tourism and hospitality industry, in general, have different visions and goals from traditional entrepreneurs. This notion is supported by the Phase One empirical research findings conducted in Chiangmai, Thailand. It was found that the visions and goals of Chiangmai family run hotels are non-economic and, therefore, the opposite to classic entrepreneurs as defined by Burch (1986), Carland, et al. (1984), and Schumpeter (1934).

Driven by these unique visions and goals, Chiangmai family run hotel operators have a low level of engagement with quality assurance and its' implementation. Engagement and implementation can both be either enabled or hindered by internal and external business environment factors and are also influenced by the family visions and goals. Family run hotel owner/managers with lifestyle motivations are not fully aware

of quality management techniques (Peters et al., 2009). For instance, customer expectations in the five dimensions of service: “Confidence”; “Professionalism”; “Empathy”; “Tangibles”; and “Competitiveness” are not proactively ascertained.

Chapter Five aims to develop a generic model of quality assurance for family run hotels grounded in the empirical findings from the three phases of the research study: the postal questionnaires (Chapter Two), the interviews and business environment analysis (Chapter Three) and the customer expectations survey (Chapter Four). The findings presented in Chapter Five identify the empirically supported relationships between theory constructs which determine the fourth research objective, *“To devise a generic model of quality assurance for family run hotels”*. Implications and recommendations for enabling Thai family run hotels to identify strengths and opportunities to improve their business practices aligned with their business motivations emerged from the model as well as avenues for further research.

## **5.1 RECAPITULATION OF THE OBJECTIVES AND METHODOLOGY**

Quality management has emerged as a dominant issue in the manufacturing and service industries. It is generally accepted that quality management plays a crucial role in the survival and success of a business endeavor. The cascading effects of the failure to deliver quality products and services in any industry may be felt in the entire economy, society and government of a nation (Al-Baharna, 2002). However, developing a quality assurance model appropriate to an organisation is a significant challenge particularly for family business firms which have unique visions and goals rather than those of traditional entrepreneurship. Family businesses in tourism and hospitality are internationally significant in terms of numbers, longevity and economic value but have only recently been researched by academics, especially in Thailand where this industry is a major source of income.

In recognition of this importance, the Royal Thai Government established hotel standards based on a star system in 2004 (The Ministry of Tourism and Sports of Thailand, 2009). However, in 2010 only 227 hotels were accredited to the standard out of approximately 2,550 registered hotels (The Department of Tourism, 2011a).

The government service quality systems and tools have not incentivised hoteliers to engage with the star ratings and many are not even aware of its importance. This, despite continuous improvement being important in an industry where products are often similar and service is the only way of distinguishing offerings and maintaining a competitive edge.

Chiangmai, located in the north of Thailand, is one of the top destinations for domestic and international tourists. This is partly because of the variety of tourism experiences offered which attract longstay tourists from many nations, such as Japanese and Europeans. Chiangmai has been designated as a strategic area for tourism development by the Lanna Group of northern Thai cities and the Borderline Economic Group of countries (Chouybumrung, 2004). For these reasons, the sustainability and continuous improvement of Chiangmai family run hotels are important for The Royal Thai Government to meet their provincial tourism development goals. Therefore, developing a quality assurance model enabling Thai family run hotels to identify strengths and opportunities to improve their business practices aligned with their business motivations becomes a challenging issue. This is the crux of the research problem. As a result, the following objectives were developed for this study:

- (i) To critically appraise the visions and goals of Chiangmai family run hotels,
- (ii) To ascertain customer expectations of family run hotels in Chiangmai,

- (iii) To critically examine the business environment of family run hotels in Chiangmai in terms of the implementation of quality assurance principles, and
- (iv) To devise a generic model of quality assurance for family run hotels.

The above objectives were translated into the research questions. These are critically discussed in the next section with salient findings.

To achieve the aim and objectives of the research, a mixed method approach was utilised. Therefore, a pluralistic methodology was used which strengthened the overall study design (Clark and Creswell, 2007). This research relied on both primary and secondary data. The primary data were collected in three phases.

Phase One comprised a postal structured questionnaire survey of family run hotel owners in Chiangmai in order to investigate the visions and goals of their businesses. The questionnaire was distributed to 418 hotels listed in the Chiangmai hotel directory (The Tourism Authority of Thailand Northern Office Area 1, 2007). EFA with PCA extraction and Varimax rotation technique was used for Phase One alongside descriptive and inferential analyses.

Based on the initial analysis of the Phases One data sets, Phase Two involved in-depth semi-structured interviews with key personnel from family run hotels, the Chiangmai Tourism Business Association, and the Department of Tourism. These interviews were designed to investigate the issues relevant to the engagement with quality management principles and practices. Grounded theory was utilised and informed the PESTLE and SWOT analyses which were used in an in-depth evaluation of the business environment in terms of quality assurance principles implementation.

Phase Three comprised of a modified SERVQUAL questionnaire survey of family run hotel guests in the Chiangmai area. The hotel sites were identified from the in-depth analysis of the hotels' ownership profile in Phase One (Veal, 2006). The



questionnaire was validated by EFA with PCA extraction and the use of the Oblique rotation technique and, in addition, descriptive and inferential analyses were carried out.

In order to improve validity and reliability, the qualitative and quantitative findings of the three Phases were triangulated (Guion et al., 2011). The research questions are answered through the integration of the review of literature and the findings of the primary data analyses. These answers are used to generate a generic model of quality assurance for family run hotels, underpinned by grounded theory, which meets the specific aims and objectives of the research and contributes to the body of knowledge.

### **5.1.1 Research Questions and Salient Findings**

This section reviews the analyses used in this study to answer the research questions stated in Chapter One. These research questions were used to develop an appropriate methodology and measurement instrument to collect primary data and involved a triangulation of multiple research designs, methods and analyses. The findings relevant to developing a quality assurance model enabling Thai family run hotels to identify strengths and opportunities to improve their business practices aligned with their business motivations will be discussed in the following paragraphs.

**Research Question (i):** *What are the visions and goals of family run hotels in Chiangmai, Thailand?*

Similar to other research in the tourism and hospitality industry, it was found that the Chiangmai hotel sector is dominated by family run businesses that are owned and/or operated by members of a single family (78.75 per cent). The family enterprise profiles were mostly similar to the literature but the demographics of the owner/managers were varied. The goals pertaining to start-up, operations, the family, and ultimate disposition of the enterprise by family run hotels were examined.

Gartner and Vesper (1994) noted that business entry or start-up is a fundamental activity unlike managing an enterprise. The motivations for the start-up of a business influence the transition through the entrepreneurial process (Shane et al., 2003). The highest mean score of the start-up goals was 4.24 from 5 for “To keep this property in the family” with 42.2 per cent answering “Very important”. The next highest mean score was “To enjoy a good lifestyle” (4.14 from 5) with 45.3 per cent replying “Very important”. Table 5.1 illustrates three factors that emerged through PCA: “Wealth”, “Lifestyle”, and “Local” (see Table 2.8 and 2.9) with “Lifestyle” as the highest factor with a mean score of 4.02 from 5. It can be concluded that lifestyle motivation was the primary factor in the start-up of Chiangmai family run hotels.

**Table 5.1 Start-up Goal Factors**

Factor	Mean (from 5)	Eigenvalues	Number of Items
1. Lifestyle	4.05	3.55	4
2. Local	3.93	1.97	3
3. Wealth	3.49	4.23	8

Through an open question, the hotel owner/managers added depth to their reasons for entering the hotel business. These results were tabulated; Table 2.7 in Chapter Two, revealing that 28.57 per cent of the family run hotel owner/manager respondents entered the hotel business because of a “Business Opportunity and Revenue”. About 22 per cent of them gave the reason as “Inherited from Family Business” whilst 12.70 per cent answered “Appealing lifestyle”. This finding did not agree with the start-up goal factor analysis. However, there are significant differences among marital status and education groups with regard to “Lifestyle”.

The research PCA empirical findings contrasted with the traditional entrepreneurship definition that concentrates on growth and profit (e.g. Burch, 1986; Carland, et al., 1984). Nevertheless, the results conformed to other research in the field of tourism and hospitality (e.g. Smith, 2006; Getz and Petersen, 2005; Getz and Carlsen,

2000). For start-up goals, it may be concluded that “Lifestyle” is the pillar of establishing the hotel business but must be accompanied with “Business Opportunity and Revenue”. In other words, the family enterprise owners in the Chiangmai hotel sector started their hotels, in the main, because of lifestyle reasons but they were also concerned about business viability.

The goals pertaining to the operation of the business sought out the desired direction of the hotel management and administration, the enterprise vision (Cole, 2003). The highest means, indicating a very high level of Chiangmai family run hotels’ agreement, were “Delivering a high quality product/service is a high priority” (73.4 per cent answered “totally agree, mean = 4.67) and “It is best to avoid debt as much as possible” (70.3 per cent answered “totally agree”, mean = 4.48). The findings of PCA with mean and factor loading scores are presented in Table 5.2 and there were eight factors derived from the PCA (see Table 2.10 and 2.11):

- |                        |                          |
|------------------------|--------------------------|
| (i) “Business Pride”,  | (v) “Enjoyment”,         |
| (ii) “Challenge”,      | (vi) “Hotel Nature”,     |
| (iii) “Profitability”, | (vii) “Inseparable”, and |
| (iv) “Performance”,    | (viii) “Modest”          |

**Table 5.2 Business Operations Goal Factors**

Factor	Mean (from 5)	Eigenvalues	Number of Items
1. Modest	4.30	1.31	2
2. Hotel Nature	4.13	1.42	2
3. Enjoyment	4.08	1.69	2
4. Business Pride	3.76	2.08	4
5. Performance	3.45	1.71	2
6. Challenge	3.44	1.94	4
7. Inseparable	3.44	1.34	1
8. Profitability	2.89	1.86	2

As the three highest mean factors (4.30, 4.13 and 4.08 from 5), the “Modest”, “Hotel Nature” and “Enjoyment” identified that Chiangmai family run hotel owners are not growth-oriented entrepreneurs. They prefer to keep the business modest and under control, avoiding debt and are still concerned about aspects of the nature of their hotel operation such as seasonality. Moreover, they prioritise their enjoyment and personal interests rather than money. As a result, growing the business and investing more money into it are not desirable for Chiangmai family run hotel owners/managers.

However, significant differences were found concerning the “Modest” factor amongst the business length and business involvement length groups. Also, the inferential analyses revealed significant differences with regard to the “Performance” factor between marital status groups. These results, moreover, support the finding that the visions and goals of Chiangmai family run hotels are different from those of traditional entrepreneurs that are orientated on growth and profit. In addition, these results show that any further business processes, management work, and investment may not be desirable for Chiangmai family run hotel owners.

Questions concerning family-related goals explored the planned inter-relationships between the family and the business which motivated the hotel owners/managers. The owners’ most important family goal was to “Earn enough to support the family” (39.1 per cent answered “very important”, mean = 3.94). This was followed by two goals with equal means of 3.60: “Pass on the family business to children/family” and “Provide family members with jobs” with 37.5 per cent answering “very important”. According to the PCA results summarised in Table 5.3, there were two factors extracted, “Family” and “Descendant” (see Table 2.12 and 2.13).

The “Descendant” factor is more important, meaning that Chiangmai family run hotel owners are mainly concerned about their children, such matters as sufficient finance for them and their inheritance. Further analysis revealed significant differences

between marital status and education groups with regard to this factor. These results pointed out that Chiangmai family run hotel owner/managers were specifically obsessed by their children's lives and their future.

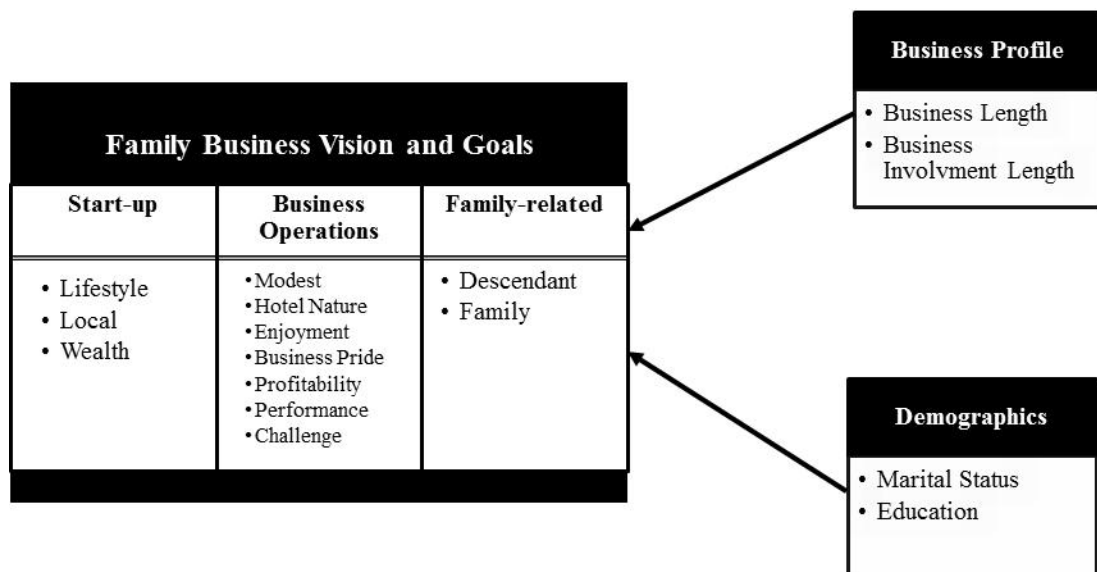
**Table 5.3 Family-related Goal Factors**

Factor	Mean (from 5)	Eigenvalues	Number of Items
1. Descendant	3.61	2.92	4
2. Family	3.33	3.14	5

The analysis of answers about the disposition of the business most strikingly revealed that a very high frequency of the owners/managers had no plans about the future ownership (25.40 per cent). Equal proportions (23.80 per cent each) were uncertain about the disposition of the business or indicated a plan of part ownership with the business transferred/sold in the future to one or more children. There were no significant differences found amongst business profiles and demographic groups. These results indicate that the family run hotel owners should be concerned about their lack of future planning; the majority of them were uncertain about the business disposition and had no plans for the ownership of the hotel in the future. Sharma, Chrisman and Chua (1997) noted that succession is one the most important strategies determining the longevity of the firms. In particular, these family run hotel owners wanted to pass the business to their children as shown as by the second high mean score for the family related goal, but the findings pertaining to the disposition of the business revealed that the hotel owner/managers did not have a concrete plan for their succession which is crucial for family businesses (Molly et al., 2010; De Massis et al., 2008; Brun de Pontet et al., 2007; Chittoor and Das, 2007; Jun Yan and Sorenson, 2006; Venter et al., 2005; Sharma et al., 2003; Santiago, 2000).

These salient findings are conceptualised and illustrated as a model, Figure 5.1.

**Figure 5.1 Conceptual Model of Visions and Goals of Chiangmai Family Run Hotels**



In conclusion, family run and owner-operated hotels are important to the Chiangmai hotel sector in terms of number. According to the literature, their characteristics were both similar and different to this type of hotel in other countries. The predominant visions and goals of these hotels, the essence of family business competitiveness (Poza, 2010), were “Lifestyle” and “Modest”, and also “Descendant”. To explain further, these family run hotel owners are motivated by the “Lifestyle” factor. They do not want their businesses to grow (“Modest” factor). Therefore, it may imply that additional investment, in terms of time or money spent on such things as hotel standard accreditation, is not attractive for them despite prioritising the delivery of high quality products and services. They pay attention to “Descendants”, their children’s lives and future. Most of the respondents had no formal goals and were uncertain about the ultimate disposition of their business. Concordant with other empirical research in tourism and hospitality, the visions and goals of Chiangmai family run hotels are not growth and profit-oriented and therefore do not appear to meet the minimum criteria to be considered as entrepreneurs according to the traditional definitions. Economic factors such as profit and growth do not motivate Chiangmai family run hotel owner/managers.

**Research Question (ii):** *What are the customer expectations of family run hotels in Chiangmai, Thailand?*

Customer expectations are used to form opinions with respect to the likely performance of a product or service in both the customer satisfaction and service quality literature, particularly in the disconfirmation based paradigm. This study employed “desire expectation” based on Parasuraman et al., (1988). Research Question Two was answered through ascertaining Chiangmai family run hotel customer expectations by utilising a modified SERVQUAL instrument. The survey was conducted with international tourists staying at 23 family run hotel respondents from Phase One of the study who agreed to participate further.

In order to validate the questionnaire, five service dimensions, “Confidence”; “Professionalism”; “Empathy”; “Tangibles”; and “Competitiveness”, were extracted by EFA. Table 5.4 below shows that the mean score (5.5 from 7) of customer expectations regarding the “Competitiveness” dimension was highest, followed in descending order by “Professionalism” (5.46 from 7), “Tangibles” (5.40 from 7), “Confidence” (5.34 from 7) and “Empathy” (4.97 from 7) (see Table 4.20 of Chapter Four).

**Table 5.4 Factor Analysis of Customer Expectations**

Factor	Mean (from 7)	Eigenvalues	Number of Items
1. Competitiveness	5.50	1.17	2
2. Professionalism	5.46	3.31	6
3. Tangibles	5.40	1.52	4
4. Confidence	5.34	10.82	10
5. Empathy	4.97	2.46	5

By way of explanation, Chiangmai family run hotel customers placed most importance on the expectation of the “Competitiveness” service dimension. The customers expected that a hotel should have similar facilities to its competitors and have a nationally or internationally standard rating. Significant differences were found

amongst the respondent groups with regard to patterns of visit and demographics: first visit to Thailand, age, annual income, and occupation.

The “Professionalism” dimension was the second high expectation with the customers feeling that a hotel should be visually attractive in line with its image and price range and also be located in a convenient area. All hotel staff should be flexible and responsive, and work professionally. Among the patterns of visit and demographic groups of the respondents, repeat hotel customer, overall service quality, age, and occupation had significant differences of expectations.

The “Tangibles” dimension is the third highest service need that the customers expected. The customers expected that a hotel should provide amenities, complimentary services, technological equipment, and high quality food and beverages. Further analyses revealed that there were significant differences amongst the respondent groups of patterns of visit and demographics: first visit to Thailand, current stay length, and overall satisfaction.

The fourth service expectation is “Confidence”. This dimension includes the knowledge and courtesy of employees and their competency and ability to perform promised services dependably and accurately. Additionally it incorporates overall hotel safety and security. Significant differences were found in the respondent pattern of visit and demographic groups: intention to recommend, overall satisfaction, and occupation, were found.

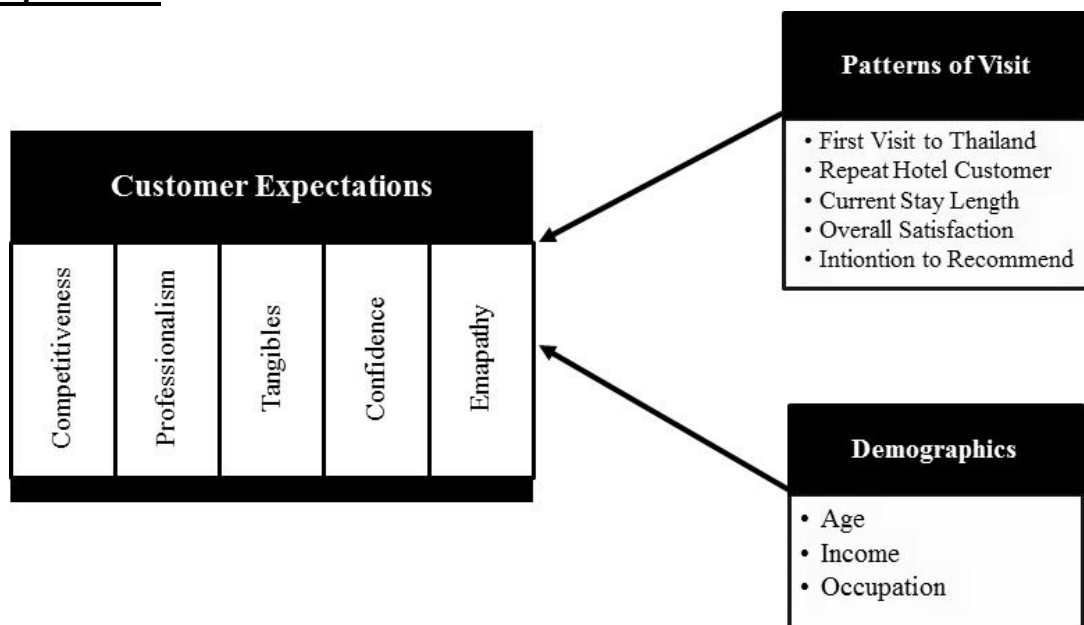
The “Empathy” dimension had the least mean score. The customers expect that a hotel should give caring and individualised attention to its guests, whilst creating an informal atmosphere. For example, hotel staff should call guests by their name. The inferential analyses showed that there are significant differences among the respondent groups of the patterns of visit and demographics: repeat hotel customer, intention to recommend, overall service, age, annual income, and occupation.



Moreover, the additional services that the family run hotel customers in Chiangmai expect are “Wi-Fi or Internet” (16.51 per cent), “Food” (14.68 per cent), “Facilities” both in the hotel general access areas and in the room (12.84 per cent), “TV” including appliances and programmes (11.93 per cent), “Safety” (0.92 per cent) and “Staff Service” (1.83 per cent) (see Table 4.16).

A conceptual model of customer expectations of family run hotels in Chiangmai has been developed from these empirical findings, Figure 5.2.

**Figure 5.2 Conceptual Model of Chiangmai Family Run Hotel Customer Expectations**



The Chiangmai family run hotel customer expectations were ascertained by utilising a modified SERVQUAL scale analysed by EFA with principle component extraction and oblique rotation. Five service dimensions emerged from the analysis: “Confidence”; “Professionalism”; “Empathy”; “Tangibles”; and “Competitiveness”. The empirical findings suggested that the family run hotel customers rated the “Competitiveness” of the service expectation as the most important dimension. They expect that a hotel should have accreditation and provide similar facilities and services as others in the same star group. However, the expectations vary according to the

patterns of visit and demographics. The customers, moreover, recommended “Wi-Fi or Internet” as an additional service that a hotel should offer.

These five service dimensions derived from the scale validation are different from those of SERVQUAL (Parasuraman et al., 1988). These findings are in line with other studies of service quality measurement in tourism and hospitality where the number of service dimensions that emerge vary. Based on the empirical data analysis, Chiangmai family run hotel customers evaluate service through five dimensions: “Confidence”; “Professionalism”; “Empathy”; “Tangibles”; and “Competitiveness”.

**Research Question (iii):** *How do family run hotels assure customer expectations and meet family business goals?*

The discourses on quality and its management, originating in the manufacturing sector, have shifted into the service industries and have become significant for securing competitive advantage. A number of scholars and practitioners have conceptualised and analysed quality and the relevant issues. A variety of categories of definitions were discussed in Chapter Three, and it was found that customer perspective plays an important role in quality as exemplified in Garvin’s (1988) user-based and value-based view (i.e. quality is determined by the degree to which the wants and needs of customers are satisfied and when a reasonable price is charged). For service industries whose products have specific characteristics, a distinctive approach to defining and measuring quality is required (Lovelock and Wirtz, 2010). Although the concepts of quality in manufacturing are similar to those of service industries in some respects, Al-Baharna (2002, p.214) argued that several of the “cryptic formulations of quality” cannot be applied to them, such as Crosby’s (1979) “zero defect”, making it right at the first time and “elimination of variations”. Grönroos (1984), from the Nordic school of thought, conceptualised service quality into two dimensions, the process of service

delivery (functional quality) and the output/outcome of the service (technical quality) because customers are sometimes involved in service production. On the other hand, Parasuraman et al. (1988), from the North American school, identified five service dimensions: tangibles, reliability, responsiveness, assurance, and empathy. Both schools of thought suggested that the perceived quality of service is the results of an evaluation comparing perceptions of service delivery and the expectations of customers. Customers and their expectations and perceptions are the keys to service quality management from this perspective. In line with other service industries, tourism and hospitality's quality was defined by Kapiki (2012, p.54) as 'the consistent delivery of products and guest services according to expected standard'. Therefore, knowing customer expectations is crucial to the hotel sector when devising strategic quality assurance programmes.

However, the findings from the interviews with the owner/managers (Chapter Three) revealed the low level of engagement with quality assurance principles in Chiangmai family run hotels. There were no quality policies or goals, or any quality management systems employed in the hotels. Additionally, customer expectations have never been proactively ascertained by these hotels. According to Chapter Two's SWOT analysis, it may be concluded that the level of Chiangmai family run hotels' quality assurance principle implementation and engagement are affected by the current business environment factors (see Table 3.5).

Further SWOT results showed that the family run hotel owner/managers conceptualised "quality of service" differently. They had their own determinates such as "guest satisfaction", "no complaints", and "no problems". Moreover, the analysis of the in-depth interviews pointed out the low level of quality assurance engagement. The family run hotel owner/managers did not systematically or proactively practice quality management. They perceived that if there are no complaints, customers are satisfied. Performing something extra than their daily operation is an additional expense. Such

quality assurance practices are influenced by internal and external business environment factors.

The SWOT analysis in Chapter Three, based on the view of the Chiangmai family run hotel sector, also presented cost-related factors (“poor financial condition” and “price war”) leading to the low level of quality assurance engagement. For instance, the tangible elements (e.g. the hotel properties) were not improved. This is because the competitive advantage and customer satisfaction resulting from this maintenance are thought to be not worth the investment costs. Moreover, the hotel owners claimed that price competition forced them to reduce prices; hence, they could not invest in any quality improvement in order to maintain, or lower, the current costs of products and services.

In addition, a lack of English language proficient staff is one of family run hotels’ weaknesses in terms of service quality compared to other ASEAN countries. According to the literature, human resources in tourism and hospitality play a significant role in service quality. For example, a hotel whose staff are incompetent in English may be judged inferior to the competitors by potential customers and this may become more important as regional competition increases through the AEC. The interview findings showed that family run hotel owner/managers may not prioritise human resource development and, consequently, this is a weakness of the Chiangmai hotel sector.

The AEC is also impeding quality assurance implementation in the Chiangmai family run hotel sector. Due to the impending AEC tourism professional standards and free labour market, the hotel owner/managers need to prepare strategies. Most Chiangmai family run hotels concentrated on daily operations and, at the time of the empirical research (Phase Two), the potential impacts of the AEC were not recognised by either government representatives or hotel owner/managers.

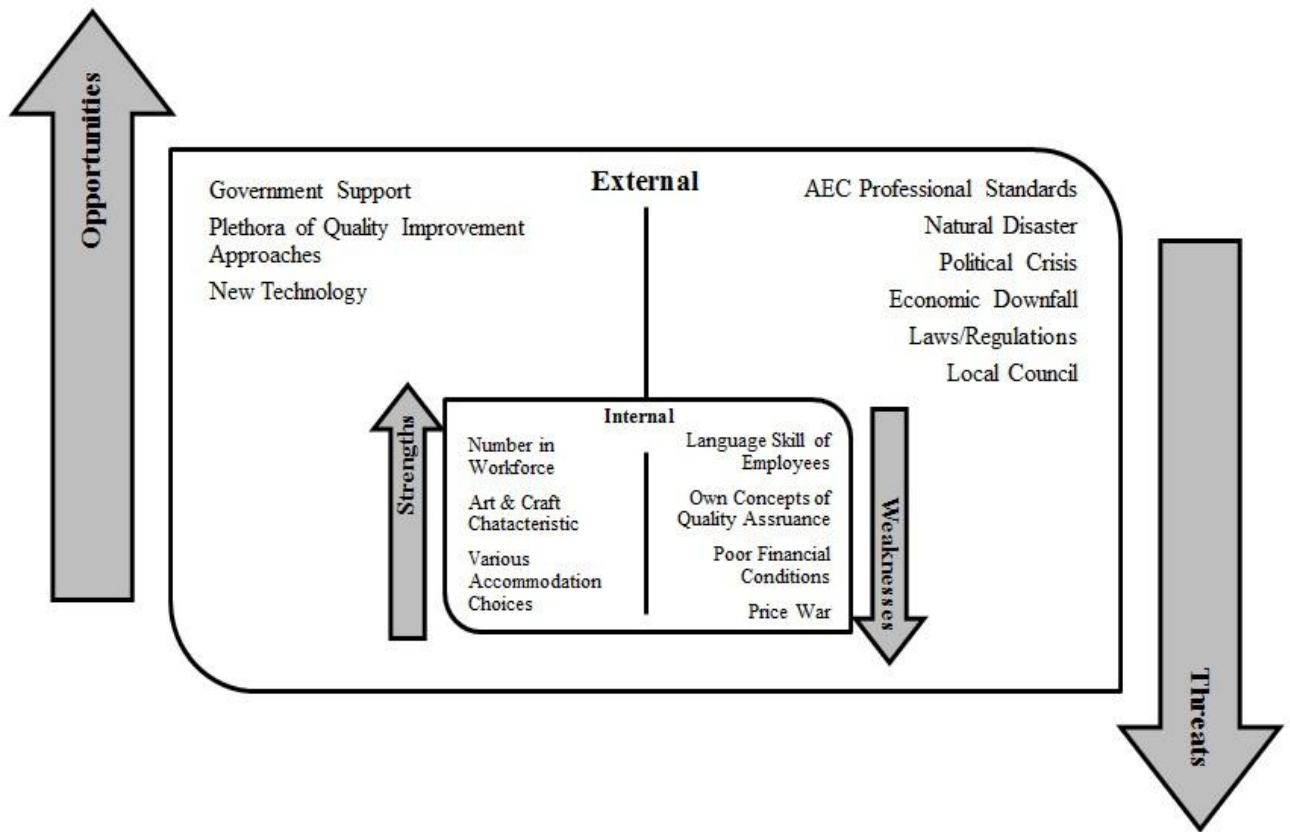
There are several external business environment factors affecting Chiangmai family run hotels' quality management implementation (see PESTLE and SWOT analyses in Chapter Three). The threats were perceived to be natural disasters, political crises, laws and regulations, and the ineffectiveness of the local council. Both natural disasters and political crises cause harmful economic damage to the hotels and have a chain effect on the industry. They did not care about quality assurance because previously they had almost gone out of business in the aftermath of the flooding of 2011 and the political upheavals of 2010.

The opportunities, at a macro-level, that may encourage the implementation and engagement with quality assurance are government support, the plethora of quality improvement approaches and new technology. When the tourism and hospitality industry has faced macro level threats in the past, there is a record of government support through such measures as fund raising, marketing campaign initiation and human resource training. In addition, the hotel owner/managers have a wide range of quality improvement approaches and techniques available to help their quality management due to new research and technology.

For the family run hotel sector in Chiangmai, there are other strengths in regard to service quality. First, there are a large number of existing accommodations of various types available to tourists in Chiangmai as well as a numerous and accessible workforce in the labour market. Second, the family run hotel owners, whose motivations and goals are "craftsman", operate their businesses with passion and enjoyment and aim to provide a service quality experience to satisfy their guests (see SWOT analysis in Chapter Three).

The discussed macro and micro factors affecting quality assurance from both internal and external business environment are illustrated in a conceptual model, Figure 5.3.

**Figure 5.3 Conceptual Model of Quality Assurance Implementation Factors**



To address Research Question iii, the empirical evidence was employed as well as conclusions from the review of literature to generalise the key findings throughout the three phases of the project. Service delivery stages were empirically synthesised and grounded to explain how family run hotels assure customer expectations and meet family business goals.

The analysis of Phase One in Chapter Two ascertained the start-up, business operations, and family related goals of Chiangmai family run hotels’(see Figure 5.1)., Three factors emerged for the start-up goal: Lifestyle, Local, and Wealth; and seven from business operations: Modest, Hotel Nature, Enjoyment, Business Pride, Profitability, Performance, and Challenge. Two family related goal factors are Descendants and Family. These visions and goals are significantly different among the groups of business profile (business length and business involvement length) and demographics (marital status and education).

Phase Two of the research in Chapter Three pointed out that the goals of family run hotels are one their strengths as internal environment factors. These dynamic business environment factors have influenced family hotel quality assurance implementation (see Figure 5.3). Opportunities and strengths drive whilst threats and weaknesses restrain the level of quality assurance implementation.

Grounded in the Phase Two empirical data from Chapter Three, the results of the in-depth interviews revealed various conceptualisations of “service quality” from the perspective of family run hotel owner/managers. They utilised only their perceived quality requirements to design or specify the service. This may be compared to Gap 1 of the 5-gaps model developed by Parasuraman et al., (1985) (see Phase Three Literature, Figure 4.3). This “Knowledge Gap” (Lovelock and Wirtz, 2010, p.406) is the difference between what family run hotel owner/managers believe they should provide and the actual customer expectations and needs. Johns (1996) identified that the perception of the quality required, and service quality planning implementation and control result from a company’s mission and objective. It can be concluded from the evidence that family run hotels’ visions and goals do affect the perception of the quality required and service planning implementation and control. Both vision and goals and the perceptions of quality influence and translate into service quality specifications which become service standards (Lovelock and Wirtz, 2010). The analysis of Phase One identified that profit and growth were not the vision and goals of Chiangmai family run hotels. Therefore, the perception of quality required, planning, implementation and control of family run hotels are based on their lifestyle.

The empirical evidence derived from the Phase Two in-depth interviews and observation in Chapter Three conforms to the lifestyle characteristics of the family run hotel operators as identified by other researchers (e.g. Peters et al., 2009; Weiermair, 2001; Morrison and Thomas, 1999). Such business owners’ ways of living are

important; they are generally unwilling to accept professional advice or external involvement and have low innovation, irrational management, and are not fully aware of quality management. These characteristics influence their quality assurance implementation.

Not only do the visions and goals and their own perceptions of quality affect the implementation of quality assurance principles, but also internal and external business environment factors, as illustrated in the Chapter Three findings (PESTLE and SWOT analyses). The internal factors, “strength”, positively support family run hotels’ quality assurance implementation. However, one of the strengths emerging from the SWOT analysis results from the family visions and goals is “Art and Craft Characteristics”. Getz et al. (2005) and Smith (1967) pointed out that the owner-operator is a “craftsman”, non-profit and growth motivations provide a quality experience because of the business fulfilling a leisure interest in a creative environment, particularly in the tourism and hospitality industry. However, this service quality of “Art and Craft Characteristics” is not in line with the family run hotels’ quality assurance practice which has a low level of engagement.

According to the empirical findings from Phase Two presented in Chapter Three, one of the weaknesses is “Own Quality Conceptualisation”. Family business visions and goals shape how these hotel operators conceptualise and perceive service quality. Peters et al. (2009) noted that business owners who are motivated by lifestyle prioritise their own habits rather than customer service. Amongst the other external factors is the macro business environment which is dynamically changing and affecting other types of enterprise as well. Designing and specifying the service, based on their own perceptions, creates Gap 2 in Parasuraman et al.’s (1985) model (see Figure 4.3). As Zeithaml, Berry and Parasuraman (1988) noted it is not only goal setting that varies the gap between management perception of customer expectations and the actual



service specified, but also other business environment factors, such as resource constraints and market conditions.

Grounded in the empirical findings, these family run hotel owner/managers used an inside-out approach to confirm/disconfirm customer expectations. They think customer expectations are met by the hotel's service specifications, which are typically set in accordance with cost and feasibility considerations (Lovelock and Wirtz, 2010). This is because they assume their guests set expectations through knowledge acquired on social media sites. These social media are 'in various forms of consumer-generated content such as blogs, virtual communities, wikis, social networks, collaborative tagging, and media files shared like YouTube and Flickr' (Xiang and Gretzel, 2010, p.179).

Such communication is referred to as one of the explicit service promises that Zeithaml et al. (1993) identified as determinants of customer expectations of service. In other words, family run hotel operators take their customer expectations for granted because they assume the customers are knowledgeable when they book their hotels; the service specifications meet the customer expectations. As discovered in the Phase Two interviews, customers who have higher expectations than what is offered are not welcomed by the family run hotel owner/managers because sales and profit are not primary motivators. The hotel products and services have already been presented through communication channels or the social media such as Facebook and the hotel website. The interviewees argued that:

...before they came, they already saw the pictures from our website...

...we have already informed and showed our guesthouse pictures on the internet...what we offer and everything...for a phone booking, I will tell the customer...go check the website for our guesthouse pictures and services before booking...

However, there may be differences between service delivery and what is communicated about the specification to customers. This is referred to as Gap 4, the communication gap (see Figure 4.3). Zeithaml et al. (1988) suggested that the discrepancies between service delivery and external communication begin from exaggerated promises and/or the absence of information about service delivery aspects intended to serve hotel guests. Although Chiangmai family run hotel owner/managers insisted that they provided all service information, some of the customers still showed disappointment.

Being micro and small sized firms, most of the hotel owners/operators performed service delivery to the customers themselves. It appears, from the literature and secondary research in Phase Two, illustrated in Chapter Three, one of the strengths of the family run hotel sector is the “Number in Workforce”, there is a large labour pool. This gives the owner/managers the power to bargain with employees and may contribute to the neglect of human resource management. The literature search revealed that staff training and developing is often regarded as unnecessary from the perspective of the family business owner (e.g. Kotey and Folker, 2007; Loan-Clarke et al., 1999; Westhead and Storey, 1996). Therefore, service improvement models such as the Service Profit Chain or ROQ are not applicable to these lifestyle family run hotels because profit is not their motivation. This may lead to Gap 3 of Parasuraman et al.’s (1985) model (Figure 4.3). This gap is the extent to which frontline staff are unable and/or unwilling to perform at the level of service expected by family run hotel owner/managers (Zeithaml et al., 1988).

According to the findings of Phase Two (see Figure 3.4), there were no formal quality policies and operational procedures implemented in family run hotels paralleling other lifestyle business operator characteristics mentioned. The family run hotel owner/managers have no systematic monitoring process. However, there are

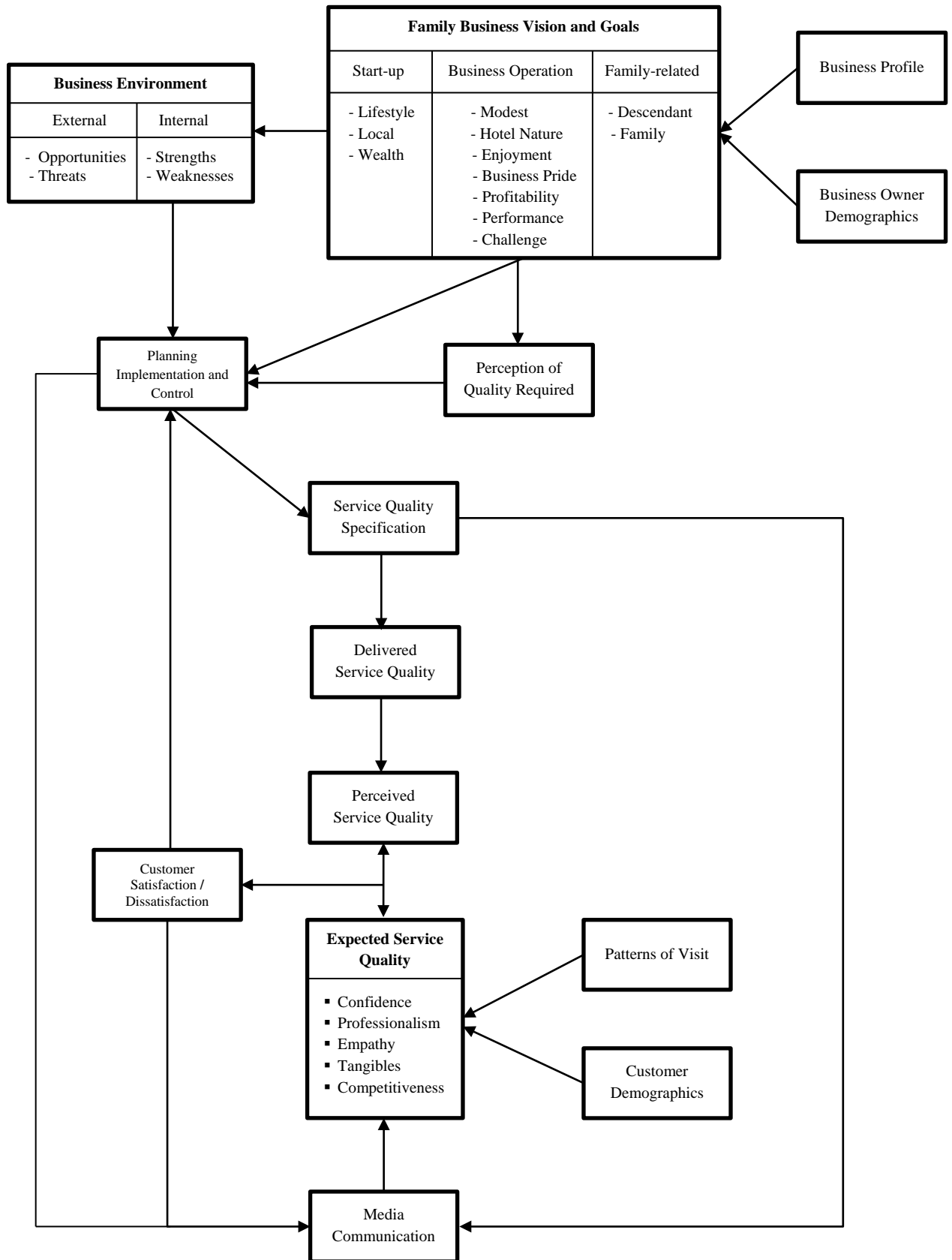
inconsistent assessments administered through informal approaches. This is considered as Gap 5 which is reduced by examination in Parasuraman et al.'s (1985) model. The owners verbally acquire customer feedback although it is not formalised and carried out with every customer.

Based on the analysis data of Phase Three in Chapter Four, the customers judge the expectations of service quality by five dimensions: "Confidence"; "Professionalism"; "Empathy"; "Tangibles"; and "Competitiveness" (see Figure 5.2). Phase Two showed that for service quality evaluation, family run hotel owner/managers use "no complaint" as their service quality indicator. For example, one family hotel owner interviewee noted that: *'...because the guests are satisfied, there is no complaint...we have service quality.'* Without a service recovery system, hotel staff who receive complaints or negative feedback must be responsible for resolution.

As well as reporting satisfaction and dissatisfaction face-to-face with the hotel operators, customers can also comment via communication media, one of antecedents of service quality expectations (Reid, 2011; Johns, 1996; Zeithaml et al., 1993; Brogowicz et al., 1990). In particular, social networking media, such as Facebook and TripAdvisor, are rapidly gaining traction as part of the purchase decision making process in the tourism and hospitality industry (McCarthy, Stock and Verma, 2010; O'Connor, 2008). Customer reviews on such social media have much credibility and undoubtedly influence purchasing decisions (O'Connor, 2010). Family run hotel operators are able to respond to feedback through these social media as well. However, this creates a new gap because family run hotels have no service recovery systems.

From the evidence of the empirical and secondary data of the three phases of research, how family run hotels assure customer expectations and meet family business goals can be conceptualised as a generic model, Figure 5.4.

**Figure 5.4 Conceptual Model of How Family Run Hotel Assure Customer Expectations and Meet Family Business Goals**



## 5.2 IMPLICATIONS AND RECOMMENDATIONS

The findings of this research provided useful insights regarding quality assurance for family run hotels. The first theoretically relevant insight emerged from this study is that visions and goals of family run hotels are not profit and growth oriented. These results contradict classic entrepreneurial literature, such as Schumpeter's (1934, 1951) theory of economic development and the traditional definition of entrepreneurs by Burch (1986) and Carland et al. (1984), because these visions and goals are different from general entrepreneurs; family run hotels' management and business operations do not aim at high profit and growth. The differences in visions and goals impact on their quality assurance practice. The empirical data revealed the low level of quality assurance engagement and implementation within both the internal and external business environment which are enabling and hindering factors. According to Peters et al. (2009) and Morrison and Thomas (1999), lifestyle business owners are not fully aware of quality management techniques; this study supports this view as the family hotel operators use their own perceptions to stipulate services and let the five dimensions of customer expectations meet the hotel specifications, an inside-out approach. They do not have systematic service evaluation and recovery.

The conceptual model of this study was based on grounded theory using the empirical data. These findings, concerning the analyses from the three phases of the research, show several gaps and areas for improvement in family run hotel quality assurance. This leads to the view that encouraging the implementation of quality assurance principles is difficult in the absence of a supportive internal and external environment. The findings of this study have several implications and recommendations for family run hotels regarding the improvement of their quality assurance practices in

line with their visions and goals which would enable them to meet their customer expectations.

From a business perspective, family run hotel operators should be aware of their currently employed model of quality assurance. This cogitation enables family run hotel owner/managers to realise their shortfalls in performing service delivery and improve quality management practice. As can be seen from the model, Figure 5.4, family run hotel visions and goals have an important impact upon all service delivery operation processes as well as the internal business environment factors that affect quality assurance implementation. Based on this model, family run hotel operators should clearly identify their visions and goals and transfer them into strategies, including one for service delivery which takes into account the dynamic business environment and the hotel's resources.

Grounded in the empirical findings, the family run hotel operators use an inside-out approach for confirm/disconfirm customer expectations. In other words, they implicitly presuppose their customer needs are met because their guests are assumed to accept the advertised service specifications. The hotel owner/managers communicate their offered products and services through the social media, an important information source for travellers which have a great impact on the tourism system (Xiang and Gretzel, 2010). This medium is recommended because it is a low cost form of advertising and an efficient communication channel. However, different social media have specific patterns, formats and platforms. Therefore, hotel operators should learn how to best utilise the media in order to effectively communicate their service quality specifications to their customers.

The empirical evidence revealed the low level of quality assurance engagement and unsystematic management in the family run hotel sector. As mentioned in Chapter Three, these family run hotels barely monitor their services and whether they conform

to specifications or not. According to Peters et al. (2009), lifestyle entrepreneurs have irrational management and are not fully aware of quality management techniques. Within the current situation and lifestyle vision, only simple quality management principles and methods, which do not require much cost, time, and understanding, are recommended such as the PDCA (Plan-Do-Check-Act) cycle (Deming, 1986). This iterative four-step management method enables family run hotels to systematically plan, implement, and control service delivery without complications and hardships for lifestyle business owner/managers.

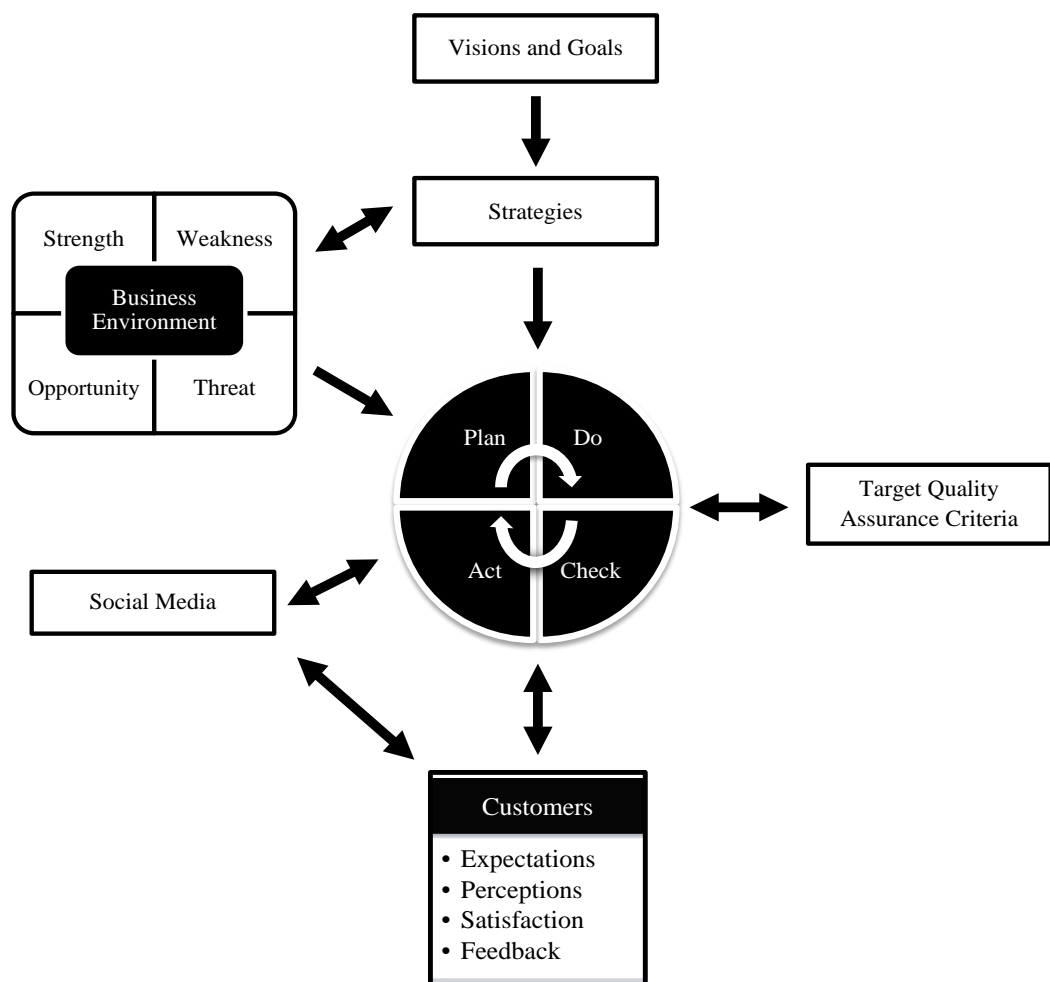
Beginning with planning, hotel operators should develop strategies for service quality by integrating family business visions and goals, the internal and external environment, and previous customer feedback. The derived service quality specification should be presented in chosen social media. A customer whose expectations conform to this specification may agree to purchase and then, at a service encounter, the customer perceives that service quality is delivered by the hotelier. In the checking process, the hotel operator verbally inquires whether the customer is satisfied or has any problems. In the case of a service failure, the hotel operator must respond and correct the problem with the feedback received used for re-visiting planning.

Although hotel licensing is a legal requirement, there are only 233 hotels registered in Chiangmai (The Department of Provincial Administration, 2012). Therefore it is suggested that becoming licensed is the first priority for the hotels. The hotels should use the criteria of the Hotel Acts to develop a check-list as a self-audit process before applying for the licence. For licensed hotels, criteria from quality management systems, such as the government hotel standard, the Thailand Tourism Quality Award and the Green Leaf Standard for ASEAN, should be used as audit and appraisal framework (Hillman, 1994). Once they are certain that they meet the criteria they can apply for accreditation.

The model, Figure 5.4, shows gaps between service production and delivery comparable to the North American school's conceptualisation, (Parasuraman et al., 1985). Consequently, it is recommended that to close or minimise the gaps, family run hotel operators, who are advanced in management skills, should utilise a modified SERVQUAL questionnaire to survey different response groups such as hotel guests, owner/managers, and operations staff (if relevant).

These recommendations to family run hotels can be illustrated in a simplified framework, Figure 5.5. A Thai language version of this model has been developed, Appendix I.

**Figure 5.5 Self-Audit Framework of Family Run Hotel**



Policy makers can also benefit from this model. As shown previously, the visions and goals of the family run hotels are not profit and growth oriented. Economics



is a poor motivator for these hotel operators. As visions and goals have significant impacts upon a hotel's management and business operations, policy makers should pay attention to these when developing strategies. For example, an increase of profit could be used as a motivator for "Wealth" oriented family run hotel owner/managers, whilst recognitions and awards should be used to incentivise "Business Pride" enterprises.

The empirical evidence pointed out that family run hotel owner/managers are generally lifestyle business operators. This supports the findings of Weiermair (2001) who showed that lifestyle businessmen have low involvement within the industry growth and structure as well as being reluctant to innovate and unwilling to cooperate. It is not surprising that the accommodation standards are not widely recognised by family run hotels given that the majority are not even licenced as hotels. The government needs a new strategy to incentivise these hotel operators. Firstly, a self-audit intuitive manual for hotel license application should be developed and introduced to these business owners. Secondly, a self-audit manual of accommodation standards should be provided for licensed hotels accompanied by training.

As can be seen from the model (Figure 5.4), there is a gap between the hotel operators' perception of the quality required and customer expectations. From the research findings, family run hotel owner/managers do not proactively investigate customer expectations. The government, especially the Ministry of Tourism and Sports, has a budget for tourism research and it is suggested that a study of customer expectations in various market segments should be conducted and be publicised to hotel operators.

According to the findings, family run hotel operators communicate their service quality specification through social media. Therefore, the relevant government agencies should deliver training courses or a consultancy service regarding the utilisation of social media as well as providing techniques and tips to family run hotel operators. In

addition, other training topics concerning quality management principles, systems, methods and tools should be offered.

The process of improving quality assurance systems for family run hotels is complex. Developing an appropriate quality assurance systems model enabling family run hotels to meet their business and customer needs and thereby contribute to the business improvement and service quality management of hotels in Thailand in general becomes a challenging task. Grounded in the empirical findings and literature, there are some implications and recommendations from this study for both practitioners and policy makers.

### **5.3 CONTRIBUTION TO KNOWLEDGE**

This research contributes to quality management knowledge, in particular to family run hotels and service quality principles. Research contributions have been synthesised throughout the three phases of the study intending to address the research questions, as well as providing practitioners with guidance towards better practices as previously mentioned in each phase of the study. Little scholarly literature on service quality has focused on the family businesses in the tourism and hospitality context. The academic research relating to family businesses in the Thailand hotel sector is limited. There was insufficient evidence to identify whether these Thai enterprises' visions and goals, which are the essence of family business and lead the direction of organisational strategies and operations, were contradictory to those of the traditional entrepreneur. This research, therefore, filled this gap through Phase One. In addition, a clear understanding of visions and goals, and characteristics of family business has been provided. These findings added to the existing knowledge of family business in the tourism and hospitality context.

For this industry, quality assurance is one way of allowing businesses to maintain a competitive edge. The empirical and recent research on quality assurance

implementation of family run hotels was inadequate. Therefore, Phase Two and Phase Three critically investigated how family hotels implement quality assurance principles and practices within business environment factors including customer expectations. Through these research phases, a modified industry-specific instrument was developed. It was empirically found that service quality is a multidimensional construct. These phases made both theoretical and methodological contributions.

As its main contribution to the body of knowledge, this research was devoted to filling this gap by exploring existing phenomena and providing a better understanding of how family run hotels assure customer expectations and meets the business visions and goals. A generic model was developed, based on underlying family run hotel visions and goals, to help explain the implementation of quality assurance using the confirming/disconfirming with customer expectations concept within internal and external business environment factors. One important aspect of the model was an attempt to understand the impact of family business visions and goals upon quality assurance implementation which was addressed as a key gap in the literature.

In practice, this generic model should give family hotel owner/managers a better understanding and help them establish visions and goals which result in improved strategies and operations processes in order to meet their customer expectations. The model provides a constructive foundation for further development of quality assurance practices, assisting practitioners and policy makers to more systematically enhance strengths and improve shortfalls within dynamic business environment.

#### **5.4 FURTHER RESEARCH**

The aim of this section is to highlight areas for further research. This study was conducted in Chiangmai, Thailand and could be repeated in other locations to see if family run hotels have similar characteristics globally. The sampling frame for the research could be extended from the hotel sector to other sectors in tourism and

hospitality such as food or retail, tour operation, wineries, and tourist attractions. Similarly the sampling time could be extended to cover the seasonality of the trade to see if the demographics of the customers of family run hotels change over the year and whether their expectations remain constant. The validity of the developed quality assurance model for family run hotels, Figure 5.4, can be tested in other locations and countries to see if the results differ according to regions and cultures. Also, it is suggested that it should be investigated whether or not this model changes over time. From the customer perspective, it would be useful to compare the expectations of Thai with the international guests. Moreover, the perceptions, as well as the expectations, of the customers should be measured in order to know the levels of customer satisfaction and service quality of family run hotels.

As found from the empirical research, profit is not the goal of most family run hotel operators, therefore service improvement models such as the Service Profit Chain and Return of Quality are not able to demonstrate the significance and benefits of quality enhancement from the perspective of this specific type of business owner. Consequently, it is suggested that research needs to be carried out to empirically test the relationships of service quality improvement and the aspects of lifestyle fulfilment or other non-economic goal achievement based on this generic model of family run hotel quality assurance (Figure 5.4). This could be applied by policy makers to incentivise family business owners' engagement with government quality schemes.

Finally, development of a quality self-assurance criteria framework based upon the quality assurance model, Figure 5.4, is needed. In order to develop a successful self-assessment, its three main elements: model, measurement and management, must be simultaneously devised (Hillman, 1994). Firstly, a model for continuous improvement, complying with the conditions of Thai family run hotels and government, should be researched and devised or modified along with an associated evaluation instrument.

This would measure how well a family run hotel is performing against the criteria of the model. Management strategies for the implementations of the self-assessment process from the used model (e.g. groundwork, communication, and plans) must be well prepared. However, Sturkenboom et al. (2001) suggested a practical self-assessment instrument specifically for SMEs that is not too complex, giving directions for what has to be done, and focusing on actions instead of scoring in contrast to business excellence models. This would provide practitioners with an effective framework which could be applied to the level of quality assurance implementation that family run hotels have reached with their various visions and goals and different customer market segments. In addition, this framework should be extended to assess the outcomes of quality assurance at a more strategic level by considering the links with other quality management systems such as government hotel standards, Thailand Tourism Quality Awards, and other excellence models.

To summarise, the proposed model provides a basis for the further development of empirical work, both qualitative and quantitative, relating to family run business quality assurance in the hotel sector context.

## **5.5 CONCLUSION OF CHAPTER FIVE**

This chapter aims to answer the research questions and generate a model of quality assurance for family run hotels. Before research questions and salient findings were presented, the four objectives and methodologies employed were recapitulated. The questions were addressed by the findings of Phase One, Two, and Three as well as grounded data synthesis. The empirical findings showed the visions and goals of Chiangmai family run hotels were lifestyle, modest, and descendant. These agreed with other research findings identifying family businesses' motivations in the tourism and hospitality industry as not being primarily about profit and growth. The visions and goals of family business also have an impact upon quality assurance implementation

within internal and external business environment factors. These factors resulted in a low level of quality assurance engagement and implementation. Based on five dimensions of service: “Confidence”; “Professionalism”; “Empathy”; “Tangibles”; and “Competitiveness”, it was found that Chiangmai family run hotel customers expected that a hotel should have similar facilities as its competitors and have a national or international standard rating. However, the hotel operators did not utilise this information but let their customer expectations confirm/disconfirm with their service specification through social media communication. This model has implications and recommendations for both practitioners and policy makers. The contribution to knowledge of this research was provided. Additionally, further research was suggested.

This research project comprised three phases with three stages: preliminary, empirical study and postlude stage. These have been presented in Chapter Two, Three, Four, and Five. All key empirical analyses findings from Phase One, Phase Two and Phase Three, along with secondary research, were analysed by grounded theory and a generic quality assurance model devised that enables Thai family run hotels to identify their strengths and opportunities to improve their business practices aligned with their business motivations. The whole study process was a long journey for the researcher to travel and final reflects thoughts are presented in the next chapter.

# **CHAPTER SIX**

## **EVALUATION AND REFLECTION**

### **6.1 STRUCTURE OF THE CHAPTER**

The previous chapter, Chapter Five, drew together the key research findings reported in the three phases of the study in Chapters Two, Three and Four and revealed a generic model of Thai family run hotel quality assurance. This model was developed from mixed methodology based on multidisciplinary theories and multiple sources of data. The whole process of this research project was an Odyssean journey for the author involving challenges and complexities. In this way, Chapter Six provides an evaluation of the research project and self-reflective thoughts from the research process. This chapter is organised into two main sections: Section 6.2 discusses the theoretical, methodological and analysis findings; whilst Section 6.3 presents the author's personal reflections on the research journey. Section 6.4 concludes the chapter outcomes.

### **6.2 EVALUATION OF THE RESEARCH**

As outlined above, this section evaluates the theories, the methodological approaches and methods adopted for achieving the aims and objectives of this research project as well as the analysis findings.

#### **6.2.1 Theoretical Evaluation**

The first challenge of this multidisciplinary research was to determine the theoretical background that most fully appropriates the aim and the objectives of the study, the research questions, and its context. One of the core principles underlying this research study is "family business". Reviewing the literature about family business in Chapter Two, it was found that there is no single common definition for this type of enterprise. Moreover, there have been scant studies on family business in Thailand. Therefore, it was an ambitious task to identify the definition that best suits Thai family

business particularly in the tourism and hospitality industry. As discussed in the literature review of Phase One, Chapter Two, definitions of family businesses, especially in the tourism and hospitality industry, overlap in several ways with that of SMEs but they are still different in the succession, interactions between family dynamics, business operations and goals (Smith, 2006; Getz et al., 2005; Getz and Carlsen, 2000). Previous research that studied Thai family businesses mostly focussed on public and large companies; however, the majority of enterprises in Thailand, 98.5 per cent, are small and medium size organisations (The Office of Small and Medium Enterprises Promotion of Thailand, 2013). Consequently, the theories emerging from prior family business research in Thailand were not applicable in this study context. The definition of family business identified by Getz and Carlsen (2000) was viable for this research setting. This definition aggregated owner-operated and family-owned businesses in the tourism and hospitality industry into the SME category. The results of both the pilot and main survey revealed that this operationalized definition was able to reflect the majority of family businesses in the Thai hotel sector.

From the service quality literature, it was imperative to comprehend the multiple service quality dimensions proposed by several researchers. For example, Parasuraman et al. (1985) put forward ten dimensions and then, later, five dimensions (1988) but Lehtinen and Lehtinen (1991) and Grönroos (1984) suggested two dimensions. These researchers are from two main service quality schools of thought, the North American and the Nordic. Both schools are well recognised and accepted by academics and practitioners. Based on multiple dimensions of service, the Phase Three research findings confirmed this theory but identified different emerging dimensions in disagreement with the generic form of the SERVQUAL dimensions (Parasuraman et al., 1988). Five dimensions of service quality: Tangibles, Reliability, Responsiveness,



Assurance and Empathy are not valid in the Thai hotel sector. However, they are still contained within multiple dimensions.

### **6.2.2 Methodological Evaluation**

This section aims to provide the evaluation of the methodological approach employed in this study. The methodology decision was based on the researcher's philosophical assumptions; the aim and objectives of the study as well as the nature of research questions are explained in Chapter One. However, the methodological approaches were additionally influenced by the establishment of reliability and validity of the research (Bryman and Bell, 2007). This section will mainly discuss the evaluation of the research design employed, sample and data collection procedures and processes. Some points can be considered as both obstacles and challenges. The solution and alternative means to overcome the identified difficulties are suggested.

There is little evidence in the literature about Thai family business in the tourism and hospitality industry and how these enterprises assure their customer expectations. In consequence, for the aim of this study, and in order to achieve the research objectives, three phases of primary data collection and analyses were adopted. Phase One consisted of an exploratory quantitative approach conducted through a postal survey, followed by qualitative semi-structured interviews with family run hotel owner/managers identified in the survey and key personnel from related tourism organisations as Phase Two. The findings of these two phases were building blocks incorporated into the final survey of face-to-face administered questionnaires with family run hotel customers. This research design enhanced the efficacy and validity of the data in both the qualitative and quantitative data collection processes, and eventually the reliability of the research project. Moreover, this approach is especially suitable when the constructs are weakly conceptualised and research demonstrating its practical implications is insufficient (Creswell and Clark, 2010). This is the case in family businesses in Thailand and

service quality in the Thai hotel sector. As described in Chapter Two, Section 2.1.3 and 2.1.4, there is scant research about the designation and conceptualisation of family businesses in the Thai tourism and hospitality industry. On the other hand, and although the concept of service quality and its dimensions are well established in the literature as critically discussed in Chapter Three, Section 3.1 and Chapter Four, Section 4.1, there are very limited contributions to their conceptualisation and practical implications in the tourism family businesses context.

This research context focused on Thai family run hotels in the Chiangmai area which were firstly assumed to be micro-enterprises and SMEs. According to Getz et al. (2004), location variable is a modifier for tourism family businesses. They explained that opportunities are presented for urban area family businesses because of large local and travel market while numerous rural area family businesses are motivated by lifestyle and locational factors. Chiangmai combines both urban and rural areas in the same province. The urban area is located at Number 1 in Figure 1.3 (Chapter One) where most of hotels clustered. However, the population of the Phase One research, all family run and owner-operated hotels, are spread across urban, rural, and semi-urban areas. Therefore, the location, of great significant differences for family businesses, is not underlined.

Although Chiangmai has facilities, public utilities, and transportation, it is far from the researcher's base in Bangkok. This was inconvenient for the Phase One postal survey in terms of response time and distance as from the researcher's personal view; the Thai post office is not fully reliable. Hence, the researcher followed up the survey with telephone calls to request replies as well as engaging with other general strategies such as a covering letter and a stamped pre-addressed return envelope (Dillman, 2011; Salant and Dillman, 1994; Dillman, 1978). This strategy was employed because the

target group of Phase One research was hotels and they must answer telephone calls. These strategies resulted in the high response rate for a postal survey of 20.1 per cent.

Phase Two was based on the initial analysis of the Phase One data and involved in-depth semi-structured interviews with key personnel from family run hotels, identified by Phase One, and members of the government and the local tourism board. As suspected, the data collection process was quite hard, not only because of the research subject itself, concerned with their businesses and family which may have been potentially offensive for the interviewees, but also due to the difficulty in arranging interviews. The researcher initially sent a letter requesting an interview to each subject and then followed this up with a phone call. An added difficulty was that the fieldwork was undertaken between December 2011 and January 2012, the high season for Chiangmai tourism, so hotel owners were busy. Most of the hotel respondents from Phase One were not willing to cooperate; therefore it is recommended that this type of research with tourism business owners be carried out during the low season. Furthermore, even though appointments were made, some family run hotel owners, four, failed to keep their appointments and then would not reschedule interviews. Two respondents would only give vague information and were unwillingly to discuss their hotel operations and families. Nevertheless, these circumstances can occur in any qualitative research. It would have been possible to add more data to this study through conducting more interviews which would have added more time and costs to the study. It was difficult to make an appointment with the key informants from the government and local tourism board subjects, and both personal and organisational connections were utilised.

The sample for Phase Three was international customers of the Phase One hotels from which permission had to be sought to carry out the survey on their premises. Twenty three from 63 hotels allowed the research to be carried out stipulating that the

work could only be carried out with their guests in the lobby. Initially this was thought to be satisfactory because of health and safety concerns for the researcher, but because most of the hotels are micro and small size, few customers came to the lobby except when entering or departing and were then unwilling to stop to answer a questionnaire. There were also significant times when no customers passed through the lobby because this stage of the research, Phase Three, was carried out in September and October 2012, the low season for Chiangmai tourism when the number of hotel customers was not high and not every customer cooperated. Hence, the researcher decided to cover as many hotels as possible each day. Fortunately, the target hotels were not far from one another, within walking distance or only a few minutes' drive. This data collection strategy is recommended. As outlined in Table 4.10 in Chapter Four, 84.1 per cent of the respondents had higher education; this high figure may have been because university graduates understand some of the problems of data collection and had sympathy for the researcher.

### **6.2.3 Analysis Findings Evaluation**

The final outcome of the thesis emerged from the empirical evidence which led to the conclusions from the key findings throughout the three phases of the project. As described in Chapter Five, Section 5.1.1, within the internal and external business environments, Chiangmai family run hotels operate their businesses driven by non-profit and growth motivations. They use an inside-out approach to assure their customer expectations through the social media. This model of family run hotel quality assurance is unique, reflecting the originality of the work and contributing to knowledge and having implications for both hoteliers and other tourism stakeholders. This research has focused on family run hotels in Chiangmai and was limited by the use of the small scope of sampling; therefore replicability may be questioned. However, it is argued that

it would be possible to replicate the research, in relation to family run hotels, in other areas.

### **6.3 SELF-REFLECTIVE THOUGHTS**

This study project has been a personal adventure for me as a researcher although there were several repetitive processes and tasks. However, this PhD journey consisted of challenges and complexities that I confronted during the way and learned lessons in terms of physical, intellectual, mental, and emotional development.

The beginning of this research project journey started after the decision to enrol as a PhD student. On the behalf of the researcher, I had to dedicate myself to the PhD project and commit extensive time from my life planning to even apply for the study and a PhD programme. This rigorous research process had to align with my philosophical assumptions as well as the conditions that I had to meet, such as the sponsor's requirements and my personal background.

The empirical research had three phases of primary data collection. The anticipation and preparation of the field work had to be well planned to meet the projects data needs and to remain within a limited time and financial budget. Primary data collection in the field by either quantitative or qualitative methods is not simple. It makes physical demands upon the researcher's body and mind, requiring long hours in unfamiliar environments and a talent for solving problems alongside an emotional maturity to deal with various situations.

Conducting this PhD thesis has also improved my understanding of Chiangmai where the research data collection occurred. Although I am a native Thai speaker, I was born in Bangkok and have spent most of time in central Thailand. The analysis of findings concerning Chiangmai family run hotel owner/managers gave insight into their artistic way of business operations that I had never found in the Bangkok tourism business. Moreover, the verbal language of these family hotel owner/managers is

dissimilar from that of Bangkok due to the different dialects and local culture. It was very interesting and challenging for me to learn the infinitesimal cultural variations and to interpret the latent meanings.

#### **6.4 CONCLUSION OF CHAPTER SIX**

This chapter has provided an evaluation and discusses of the theoretical, methodological, and analytical findings of the study alongside the personal reflections of the PhD journey from the view of the researcher. The adoption and integration of multidisciplinary theories of family business and service quality has demonstrated an innovative approach. Due to its originality, this project had the challenge of finding the best theoretical background to suit research into the Thai family run hotel setting. With regards to the methodology, it was suitable for the exploratory stage to use a multi-method approach. Strategies and techniques were used in order to overcome the inherent weaknesses of the methods and circumstances which have been discussed such as frequently making follow up telephone calls to boost the postal survey response rate and avoiding high season for conducting research with tourism business operators. Although this research employed mixed methodology, the in-depth analysis findings were still based on a small sample size. The results may not absolutely represent the population; however, it would be possible to replicate, in relation to family run hotels in other areas. Finally, the PhD project is a journey from which the researcher has learned many things and it has opened up choices for further expeditions, but a valuable lesson is that worthwhile journeys require a high commitment of the traveller's life.

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## **APPENDICES**

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**APPENDIX A**  
Family Business Definitions from Previous Studies

	<b>Source</b>	<b>Definition</b>
2011	Tassiopoulos (2011)	A family business is a firm, or informal business venture, owned by a sole proprietor or one or more person in the same family, and which is not publicly traded.
2011	Burns (2011)	A family business is one that is owned or controlled by one family.
2010	Chaston (2010)	A firm where a single family owns between 51 and 100 per cent of the business. Approximately 70 per cent of all small firms are family businesses.
2010	Poza (2010)	Ownership structure aside, what differentiates family business from management-controlled business are often the intentions, values, and strategy-influencing interactions of owners who are members of the same family. The result is a unique blending of family, management, and ownership subsystems to form an idiosyncratic family business system. This family-management ownership interaction can produce significant adaptive capacity and competitive advantage. Or it can be the source of significant vulnerability in the face of generational or competitive change.
2006	Maury (2006)	The largest controlling shareholder who holds at least 10% of the voting rights is a family, an individual, or an unlisted firm (unlisted firms are often closely held and therefore considered under family control).
2005	Chrisman et al. (2005), p. 557	Family involvement is only a necessary condition; family involvement must be directed toward behaviours that produce certain distinctiveness before it can be considered a family firm
2004	Getz et al. (2004a)	The 'family business' consists of any business venture owned and/or operated by an individual, couple(s) or family.
1999	Sharma et al. (1997), p.2); Sharma and Chrisman (1999), p.25)	Governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families
1998	Westhead and Cowling (1998)	The whole capital is privately held, practically all the important and administrative posts are filled by members of the family
1997	Westhead and Cowling (1997)	Have undergone a inter-generational transition, speak of themselves as a family firm, more than 50% shareholding owned by family, 50% of daily management team are family members
1996	Aronoff et al. (1996), p.2	A family firm is one that includes two or more members of a family that has financial control of the company.
1995	Litz (1995)	Ownership and management are concentrated in a family unit [and in which] individuals within the firm seek to perpetuate or increase the degree of family involvement
1995	Galiano and Vinturella (1995), p.178	A business in which the members of a family have legal control over ownership

	Source	Definition
1994	Carsrud (1994), p.40	A firm's ownership and policy making are dominated by members of an 'emotional kinship group' whether members of that group recognize the fact or not
1994	Leach (1994)	Any firm which was influenced by a family relationship
1994	Poutziouris (1994)	An owner-managed enterprise with family members predominantly involved in its administration, operations and the determination of its destiny. Family members may include parents, children and grand-children; spouses; brothers, sisters and cousins.
1992	Stoy Hayward (1992), p.3	The family body has a considerable impact on the on-going and future operations of the business and can also be considered where any one of the three following criteria is true: a) more than 50% of the voting shares are owned by a single family; b) a single family group is effectively controlling the firm; and c) a significant proportion of the firm's senior management is drawn from the same family
1992	Daily and Dollinger (1992), p. 126; Daily and Dollinger (1993), p.83	Two or more individuals with the same last name were listed as officers in the business and/or the top/key managers were related to the owner working in the business
1992	Singer and Donaho (1992), (Donckels and Fröhlich 1991)	The family-centred business is a way of life, whereas in the business-centred family the enterprise is just a means of livelihood.
1991	Donckels and Fröhlich (1991), p.149	Family members in one family own 60% or more of the equity in the business
1989	Handler (1989), p. 262)	Major operating decisions and plans for leadership succession are influenced by family members serving in management or on the board indicates that current family involvement in the business, even though these family members may not necessarily be in line for succession, would qualify the organization as a family business
1988	Meredith (1988)	One with the majority of key executive positions filled by members of the extended family, and (usually) the founder and spouse holding the majority equity.
1988	Lansberg et al. (1988), p.2	Members of a family have legal control over ownership
1987	Ward (2010)	Will be passed on for the family's next generation to manage and control
1986	Dyer et al. (2009)	Decisions regarding its ownership or management are influenced by a relationship to a family (or families)
1985	Rosenblatt (1985)	Majority ownership or control lies within a single family and in which two or more family members are or at some time were directly involved in the business
1983	Davis (1983), p. 47	It is the interaction between two sets of organization, family and business, which establishes the basic character of the family business and defines its uniqueness
1975	Barry (1975), p.42	Is controlled by the members of a single family
1964	Donnelley (1964), p. 94)	Closely identified with at least two generations of a family and when this link has had a mutual influence on company policy and on the interests and objectives of the family

**Chiangmai Hotel Business Owners' Motivations and Goals**

Please tick a box/multiple boxes and fill in the blanks provided.

1. Your business ownership is/are..... (please tick boxes that apply)

- Sole proprietor
- Husband/Wife
- Partnership with family members
- Partnership, no family
- Limited company
- Public company
- Other, please specify \_\_\_\_\_

2. How long has the business been established? \_\_\_\_\_ years

3. How many years have you been involved in this hotel business? \_\_\_\_\_ years

4. How have you started the business? (please tick only one box)

- Purchased as established business
- Started myself
- Inherited from my family
- Other, please specify \_\_\_\_\_

5. What are the hotel property ownership and business operation? (please tick only one box)

- Owned property with owned operation
- Owned property with chain/franchise operation
- Rented property with owned operation
- Rented property with chain/franchise operation
- Other, please specify \_\_\_\_\_

6. Please fill in the number of hotel rooms. \_\_\_\_\_ rooms

7. Please fill in the number of paid employees.

Full-Time \_\_\_\_\_ professionals (non-family) \_\_\_\_\_ family members  
Part-Time \_\_\_\_\_ professionals (non-family) \_\_\_\_\_ family members

8. Is there any family involvement? (Please tick boxes apply)

- No, only me
- Yes, with spouse
- Yes, with sibling(s)
- Other, please specify \_\_\_\_\_



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9. Please indicate by tick boxes the accreditations your hotel has and fill in the number of hotel stars (if appropriate).

- None (please go to number 10)
- Hotel standard \_\_\_\_\_ stars (please go to number 11)
- Resort standard \_\_\_\_\_ stars (please go to number 11)
- Guesthouse standard \_\_\_\_\_ stars (please go to number 11)
- Service apartment standard \_\_\_\_\_ stars (please go to number 11)
- Longstay (please go to number 11)
- Green Hotel (please go to number 11)
- Others, please specify \_\_\_\_\_ (please go to number 11)

10. Do you plan to be accredited? (Please tick only one box)

- Yes, accredited with \_\_\_\_\_ within \_\_\_\_\_ months
- Perhaps
- No, because \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

11. What are your target market segments? (e.g., honeymooners; backpackers; mature travellers)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

12. Do you have any longstay(stay over 15 days) guests? (Please tick only one box)

- Yes (Please go to number 13)
- No (Please go to number 15)

13. Do you provide any additional facilities/services for longstay guests? (Please tick only one box)

- Yes, please specify \_\_\_\_\_
- No

14. What are your longstay guests' nationalities?

\_\_\_\_\_

\_\_\_\_\_

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15. What aspect of the hotel business gives the most satisfaction?

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16. What is the most difficult aspect of the hotel business?

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17. Please provide your previous business before entering this hotel business. (Please leave blank if not applicable)

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18. Please describe why you have entered in the hotel business.

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19. How important are the following motivations and goals **to you when getting started/entered** in the hotel business?

<b>Please tick only box from 1-5 for each statement</b> (1 = Not important, 5 = Very important)	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
To be my own boss					
To avoid unemployment					
To gain prestige by operating a business					
To provide me with a challenge					
To permit me to become financially independent					
To make lots of money					
To provide a retirement income					
To supplement my income (from other sources)					
To keep my family working together					
To keep this property in the family					
To live in the right environment					
To support my/our leisure interests					
To enjoy a good lifestyle					
To stay in Chiangmai					
To meet interesting people					

20. Do you agree with the following **statements about this hotel business?**

<b>Please tick only box from 1-5 for each statement</b> (1 = Totally disagree, 5 = Totally agree)	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
It is important to keep the business profitable					
I want to keep the business growing					
Eventually the business will be sold for the best possible price					
I enjoy taking risks					
After making this business a success I want to start another					
I am always trying something new					
Delivery of a high quality product/service is a high priority					
Enjoy the job is better than making lots of money					
In the business customers cannot be separated from personal life					
I would rather keep the business modest and under control than have it growing too big					
My personal/family interests take priority over running the business					
I come into daily contact with customers					
It is hard to separate work and family life in a hotel business					
The business is a legacy for my children					
This business currently meets my performance target					
It should run on purely business principles					
This business is highly seasonal					
I believe in hands-on management					
It is best to avoid debt as much as possible					

21. How important are the following **family-related goals** for you?

<b>Please tick only box from 1-5 for each statement</b> (1 = Not important, 5 = Very important)	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Train the children for future ownership of the business					
Pass on the family business to children/family					
Earn enough to support the family					
Prevent disharmony among family members					
Share the work equally with my spouse					
Ensure the family has lots of free time together					
Share all key decisions with the spouse or family					
Provide family members with jobs					
Elevate our family position in society					

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22. What is your plan for this hotel business ownership in the future?

- Part ownership has already been transferred/sold to one or more children or family members
- Ownership will be transferred/sold in the future to one or more children
- The business will be sold, but not to family or children
- Ownership to be willed to children/family
- Uncertain
- Others, please specify \_\_\_\_\_

23. Why would this hotel business not be passed on within the family? (Please leave blank if it is not applicable for you)

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24. Your age (Please tick only one box)

- Under 25
- 25 - 34
- 35 - 44
- 45 - 54
- 55 - 64
- 65 up

25. Your gender (Please tick only one box)

- Male
- Female

26. Your marital status (Please tick only one box)

- Single
- Married
- Other

27. Your education (Please tick only one box)

- Primary School or below
- Junior – High School
- Vocation Diploma
- Higher Vocation Diploma/College
- Bachelor Degree
- Master Degree/Postgraduate
- Doctoral Degree

===== End of the questionnaire =====

Thank you very much for completing this questionnaire. All information will be kept confidential.

## APPENDIX C

### Demographic profiles and Business Characteristics of Respondents

Profile Variables	Categories	Family Run (n=63)	Confidence Interval (95%)
Business Ownership (Multiple responses permitted)	Sole proprietor	33	
	Husband/Wife	17	
	Partnership with family members	16	
	Partnership, no family	2	
	Limited company	16	
	Public company	0	
	Others	2	
Business Length	1 year or less	3.18%	± 4
	5 years or less	25.40%	± 11
	10 years or less	15.87%	± 9
	20 years or less	28.57%	± 11
	30 years or less	22.22%	± 10
	40 years or less	3.17%	± 4
	Over 40 years	1.59%	± 3
Years in this business	1 year or less	7.94%	± 7
	5 years or less	39.68%	± 12
	10 years or less	12.70%	± 8
	20 years or less	23.81%	± 11
	30 years or less	14.28%	± 9
	40 years or less	1.59%	± 3
	Over 40 years	0.00%	± 0
How to Start the Business	Purchased as established business	12.70%	± 8
	Started myself	65.10%	± 12
	Inherited from my family	20.60%	± 10
	Others	1.60%	± 3
Property Ownership & Operation	Owned property with owned operation	90.50%	± 7
	Owned property with chain/franchise	1.60%	± 3
	Rented property with owned operation	7.90%	± 7
	Rented property with chain/franchise	0%	± 0
	Others	0%	± 0
Number of Rooms	Less than 25 rooms	39.68%	± 12
	25 - 59 rooms	36.51%	± 12
	60 - 149 rooms	22.22%	± 10
	150 rooms up	1.59%	± 3
Number of Paid Employees (Non-family, full-time)	Micro-enterprise (Less than 20 employees)	77.78%	± 10
	Small Enterprise (20-50 employees)	15.87%	± 9
	Medium Enterprise (51-200 employees)	6.35%	± 6
	Large Enterprise (More than 200 employees)	0%	± 0
Family Member Involvement (Multiple responses permitted)	No, only me	19	
	Yes, with spouse	22	
	Yes, with sibling(s)	25	
	Other	9	

**Demographic profiles and Business Characteristics of Respondents (Continue)**

Profile Variables	Categories	Family Run (n=63)	Confidence Interval (95%)
Standard Accreditation (Multiple responses)	None	28	
	Hotel standard	10	
	Resort standard	7	
	Guesthouse standard	5	
	Service apartment standard	5	
	Longstay	2	
	Green Hotel	9	
	Others	3	
Accreditation Plan (From who answer no)	Yes	17	± 12
	Perhaps	12	± 12
	No	0	± 0
Longstay Guest	Yes	50.80%	± 12
	No	49.20%	± 12
Longstay Service	Yes	25%	
	No	75%	
Succession Plan	No plan	25.40%	± 11
	Part ownership has already been	6.30%	± 6
	Part ownership will be transferred/sold in the	23.80%	± 11
	The business will be sold, but not to family	11.10%	± 8
	Uncertain	23.80%	± 11
	Others	9.50%	± 7
Age of Respondents	Under 25 years	0.00%	± 0
	25-34 years	20.60%	± 10
	35-44 years	15.90%	± 9
	45-54 years	30.20%	± 11
	55-64 years	20.60%	± 10
	65 years up	12.70%	± 8
Gender	Male	49.20%	± 12
	Female	50.80%	± 12
Marital Status	Single	30.20%	± 11
	Married	65.10%	± 12
	Others	4.80%	± 5
Education	Primary School or below	3.20%	± 4
	Junior – High School	3.20%	± 4
	Vocation Diploma	4.80%	± 5
	Higher Vocation Diploma/College	3.20%	± 4
	Bachelor Degree	63.50%	± 12
	Master Degree/Postgraduate	22.20%	± 10
	Doctoral Degree	0.00%	± 0

## APPENDIX D

### Phase One Descriptive Statistics

#### Number 19 Descriptive Statistics

	1 Not important (valid % of responses)	2	3	4	5 Very important	Mean	SD
ข้อ 19 (1) profit	23.4	7.8	17.2	12.5	37.5	3.33	1.616
ข้อ 19 (2) profit	39.1	3.1	17.2	14.1	25	2.83	1.671
ข้อ 19 (3) profit	26.6	1.6	25	18.8	25	3.13	1.529
ข้อ 19 (4) local	10.9	4.7	26.6	25	34.4	3.71	1.275
ข้อ 19 (5) profit	4.7	7.8	26.6	32.8	29.7	3.79	1.080
ข้อ 19 (6) profit	12.5	7.8	32.8	23.4	21.9	3.35	1.272
ข้อ 19 (7) profit	10.9	3.1	21.9	34.4	23.4	3.52	1.255
ข้อ 19 (8) profit	9.4	7.8	21.9	31.3	32.8	3.76	1.228
ข้อ 19 (9) lifestyle	10.9	7.8	15.6	21.9	42.2	3.78	1.373
ข้อ 19 (10) profit	7.8	3.1	9.4	15.6	62.5	4.24	1.241
ข้อ 19 (11) lifestyle	4.7	3.1	21.9	20.3	48.4	4.06	1.134
ข้อ 19 (12) lifestyle	4.7	0	18.8	32.8	42.2	4.10	1.027
ข้อ 19 (13) lifestyle	4.7	1.6	14.1	32.2	45.3	4.14	1.045
ข้อ 19 (14) local	6.3	4.7	10.9	25	31.6	4.13	1.184
ข้อ 19 (15) local	7.8	3.1	15.6	32.8	39.1	3.94	1.190

#### Number 21 Descriptive Statistics

	1 Not important (valid % of responses)	2	3	4	5 Very important	Mean	SD
ข้อ 21 (1) Descendant	14.1	4.7	34.4	14.1	31.3	3.44	1.365
ข้อ 21 (2) Descendant	14.1	1.6	31.3	14.1	37.5	3.60	1.386
ข้อ 21 (3) Descendant	3.1	4.7	26.6	25	39.1	3.94	1.076
ข้อ 21 (4) Family	12.5	7.8	39.1	17.2	21.9	3.29	1.263
ข้อ 21 (5) Family	21.9	9.4	35.9	15.6	15.6	2.94	1.343
ข้อ 21 (6) Family	14.1	7.8	29.7	26.6	20.3	3.32	1.293
ข้อ 21 (7) Family	10.9	7.8	28.1	25	26.6	3.49	1.281
ข้อ 21 (8) Family	7.8	1.6	37.5	26.6	25	3.60	1.129
ข้อ 21 (9) Descendant	9.4	7.8	34.4	23.4	23.4	3.44	1.215

**Number 20 Descriptive Statistics**

	1 Totally disagree (valid % of responses)	2	3	4	5 Totally Agree	Mean	SD
ข้อ 20 (1) Pride	4.7	6.3	15.6	39.1	32.8	3.90	1.088
ข้อ 20 (2) Pride	3.1	1.6	17.2	29.7	46.9	4.17	.993
ข้อ 20 (3)Profitability	34.4	7.8	20.3	12.5	23.4	2.83	1.602
ข้อ 20 (4) Challenge	10.9	3.1	32.8	32.8	18.8	3.46	1.175
ข้อ 20 (5) Challenge	21.9	4.7	29.7	17.2	25	3.19	1.458
ข้อ 20 (6) Challenge	10.9	6.3	23.4	20.3	37.5	3.68	1.342
ข้อ 20 (7) Challenge	0	0	7.8	17.2	73.4	4.67	.622
ข้อ 20 (8) Enjoyment	3.1	1.6	20.3	18.8	54.7	4.22	1.039
ข้อ 20 (9) Pride	15.6	14.1	26.6	23.4	18.8	3.16	1.334
ข้อ 20 (10) Modest	3.1	3.1	15.6	28.1	48.4	4.17	1.025
ข้อ 20 (11) Enjoyment	3.1	1.6	28.1	31.3	34.4	3.94	.998
ข้อ 20 (12) Hotel	1.6	7.8	23.4	25	40.6	3.97	1.062
ข้อ 20 (13) Inseparable	17.2	10.9	31.3	23.4	15.6	3.10	1.304
ข้อ 20 (14) Pride	4.7	9.4	21.9	28.1	34.4	3.79	1.166
ข้อ 20 (15) Perform	7.8	12.5	39.1	23.4	15.6	3.27	1.125
ข้อ 20(16)Profitability	17.2	10.9	45.3	10.9	14.1	2.94	1.230
ข้อ 20 (17) Hotel	3.1	1.6	15.6	20.3	57.8	4.30	1.010
ข้อ 20 (18) Perform	6.3	6.3	32.8	25	28.1	3.63	1.154
ข้อ 20 (19) Modest	3.1	0	12.5	12.5	70.3	4.48	.954



## APPENDIX E

### **Quality programmes and systems: ISO9000 series, Six Sigma, Lean, and Business Process Re-engineering (BPR)**

#### *- ISO 9000 Series Standard*

The ISO 9000 series quality management system published by the International Organization for Standardization (ISO) is designed to assist firms ensure that they meet the needs of customers and other stakeholders (Poksinska, Dahlgaard and Antoni, 2002). The ISO 9000 series' framework is based on the eight quality management principles: customer focus, leadership, involvement of people, process approach, system approach to management, continual improvement, factual approach to decision making, and mutually beneficial supplier relationships (International Organization for Standardization, 2012). As a process oriented approach system, ISO 9000 is a set of guidelines for applying and implementing ISO 9001, 9002, and 9003; moreover, it provides a quality management and quality assurance standards outline (Tassiopoulos, 2011). Certifying ISO 9001, 9002 or 9003 must be by a specialist external organisation as well as by internal auditing. Furthermore, the award must be renewed, usually once every three years. However, ISO 9000 has been criticized, as have other accredited quality awards, because of the financial and time costs and the amount of documentation (Vasconcelos-Vasquez, Balbastre-Benavent and Redondo-Cano, 2011; Briscoe, Fawcett and Todd, 2005). Zhang (2000) used a developed performance measure model empirically tested in terms of strategic business performance and operational business performance in Netherland.

He found that ISO 9000 had low level effect on overall business performance. Lima, Resende and Hasenclever (2000) investigated the relationship between the ISO 9001 and 9002 certificates and the performance of Brazilian firms: operating income of total assets, net income to total assets, sales to total assets, operating income to sales,

and net income to sales. They found that there was no differential levels of performance between companies with ISO 9001 certification and those not accredited.

For some sectors in the tourism industry, such as tour operations, 'it is difficult to standardise service quality' (Mak, 2011, p.15). Mak (2011) found that for tour operators in Hong Kong the problems of attaining ISO 9000 certification were the high cost of implementation and a lack of enthusiasm by staff. Once employed its effectiveness reduced over time, the staff remained uncommitted and the consistency of procedures did not equate to improving quality. For the hotel sector, Ling (2001) analysed the characteristics of both the 2000 edition of ISO 9000 and hotel services and concluded that it was feasible to apply it to hotel management. She deduced that the implementation of ISO 9000 could improve hotel management and help meet customers' needs more effectively as well as promoting the competitive capacity of hotels.

- *Six Sigma*

Six Sigma has been developed and introduced as an engine to drive business performance and organisational transformation (Adams, Gupta and Wilson, 2003; Geoff, 2001). It is based on statistical thinking and methods, and focuses on the reduction of process variation. Six Sigma is a set of methodologies (Define, Measure, Analyse, Improve, and Control or DMAIC) and techniques aiming to reduce process variation, cycle time and waste. In statistical terms, Six Sigma's goal is for companies using it to meet their customers' expectations better than their competitors. At a minimum, companies using it should 'be able to deliver goods or services at a defect rate of less than 3.4 parts per million ... on target with minimum variation' (DPMO) (Adams et al., 2003, p.49). The success of Six Sigma is evident in several leading companies such as Motorola, General Electric (GE), American Express, and Ford (El-Haik and Al-Aomar, 2006). Moreover, it has increasingly expanded to service industries due to its underlying

concept which is rooted in understanding true customer needs (Schroeder, Linderman, Liedtke and Choo, 2008; Antony, Antony, Kumar and Cho, 2007). However, Thawesaengskulthai (2007) opined that Six Sigma is not a business transformation tool because it is project oriented exposing the flaws of existing processes. She noted that ‘Six Sigma projects concentrate on low level and small-scale activities and the aggregate projects do not contribute to larger corporate goals’ (p. 18). This supported the findings of Goh et al. (2003) who found, unlike TQM results, that institutions employing Six Sigma did not show outstanding performance in the stock market.

In recent times, the Human Sigma model has been specifically developed by practitioners in response to the lack of effectiveness of the Six Sigma methodology in the areas of employees’ and customers’ emotions (Fleming and Asplund, 2007). Unlike Six Sigma, Human Sigma focuses on the quality of the employee-customer encounter, combining a consistent method for evaluating it and a disciplined process for managing and improving it (Fleming, Coffman and Harter, 2006). By any means, both Six Sigma and Human Sigma aim at reducing variability and improving performance. Sutton (2009) revealed that Human Sigma is not widely embedded in the tourism and hospitality industry.

- *Lean*

In 1990, the book, “The machine that changed the World”, introduced the term “lean production”. It pointed out that manufacturing industry was tending to change from mass production to Lean production, also called Lean manufacturing (Womack, Jones and Roos, 2007). The word “Lean” originated on the shop-floors of Toyota Motor Corporation, a Japanese automotive company (Hines, Holweg and Rich, 2004). The philosophy of Lean aims to improve processes by eliminating waste and non-value activities, and enhancing value to end customers with the most economical approach (Dahlgaard and Dahlgaard-Park, 2006; Womack and Jones, 2005). A number of tools

and techniques are used to accomplish the objective of Lean such as Kanban, Kaizen, 5S, and Value-Stream Mapping (Mann, 2012). Lean has been further developed and extended from Lean Production through Lean Enterprise, Lean Marketing, to Lean Consumption (Womack and Jones, 2005; Hines et al., 2004). The Lean Consumption approach is customer-focused aiming to increase their satisfaction through meeting their expectations of goods and services through improved operational efficiency. Recently, Bicheno (2008) noted that Lean Service is a system whose primary principle prioritises customers. Rather than a tool, Lean Service is a process to reduce waste, overburdening and unevenness by adopting 3R, Reduce, Reuse and Recycle (Yao-Hung, Chen and Chang, 2010). Although Lean has been widely implemented as an improvement initiative, academic research regarding the applicability and suitability of Lean to the service industries is still at an early phase (Buavaraporn, 2010; Hines et al., 2004).

- *Business Process Reengineering (BPR)*

Business Process Reengineering (BPR) is an improvement initiative providing for radical change in the business processes of firms (Hammer and Champy, 2009; Williams, Davidson, Waterworth and Partington, 2003; Prajogo and Sohal, 2001). Hammer and Champy (2009, p.2) defined BPR as ‘the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance such as cost, quality, service and speed’. Slack et al. (2009) argued that the belief that operations should be organised in end-to-end business processes to deliver value for customers is the underlying approach of BPR. He thought that the improvement team should be members from associated functional units, the units that would be affected by the improved process. In contrast to TQM, Six Sigma and Lean which use a bottom-up approach, radical change by BPR tends to start from the beginning, using top-down methods (Thawesaengskulthai, 2007). Fadel and Tanniru (2005) and Lin, Yang and Pai (2002) argued that BPR has become an important

tool for facilitating processes across the internal boundaries of organisations, integrating back- and front-office processes. However, BPR is a risky operation consuming both money and time (Chiplunkar, Deshmukh and Chattopadhyay, 2003; Dennis, Carte and Kelly, 2003). Shin and Jemella (2002), moreover, pointed out BPR's limitations of a perceived lack of the concrete foundations of an implementation approach, and an apparent lack of concern for the soft sides related to employees, such as change management, reward, and human involvement training.

## APPENDIX F

**“Survey Questionnaire on the Expectation of Thailand Accommodation and Longstay Services”**

This questionnaire is to assess the expectations of service quality in hotels in Thailand to enable business improvement. All information will be kept confidentially. Your cooperation is greatly appreciated.

The questionnaire below is in three sections: expectation of hotel services, expectation of longstay services, and your profile.

**Section 1** This section of the survey deals with your expectations of hotel services. Please put an ‘X’ in the box which indicates your answer to each question. 1 being strongly disagree and 7 being strongly agree.

	1=Strongly Disagree ← → 7=Strongly Agree							Not Applicable
You expect that.....	1	2	3	4	5	6	7	
A hotel room is visually attractive.								
Hotel buildings and public areas are visually attractive.								
A hotel’s décor is consistent with its image and price range.								
A hotel has up to date equipment.								
A hotel should be in a convenient location.								
A hotel should provide technological equipment both in-room and in other guest areas.								
A hotel should provide in-room amenities such as towels, soap, shampoo, and drinking water.								
A hotel should provide complimentary services like courtesy shuttles, coffee, and newspapers.								
A hotel should have leisure facilities such as a swimming pool and gym.								
A hotel should serve food and beverages that are consistently high in quality.								
A hotel should have restaurant menus that include healthy and/or special diet options.								
A hotel should have utilities and equipment that work.								
A hotel should be dependable and consistent.								
A hotel should quickly correct anything that is wrong.								
A hotel should provide promised or advertised services on time and promptly.								
A hotel should perform guest services right at first time.								
A hotel should have security and safety systems and procedures.								
A hotel should have a good image.								
A hotel should have personnel who are clean, neat and appropriately dressed.								
All hotel staff should work professionally and have expertise in their jobs.								
A hotel should have flexible and responsive personnel.								
A hotel should have staff who make an extra effort to handle special requests.								
A hotel should provide on-going service training and support.								
A hotel should have personnel who make you feel comfortable and confident in your dealings with them.								
A hotel should have knowledgeable front desk staff who answer your questions completely.								
A hotel should have similar facilities as its competitors.								
A hotel should have a nationally or internationally standard rating.								

You expect that.....	1=Strongly Disagree ← → 7=Strongly Agree							Not Applicable
	1	2	3	4	5	6	7	
Hotel staff should make you feel like a special and valued guest.								
Hotel staff call guests by name.								
A hotel should have employees who are sympathetic and reassuring if something goes wrong.								
A hotel should eliminate unnecessary bureaucracy for the guests.								
A hotel should anticipate your individual needs and wants.								
A hotel and its staff should create an informal atmosphere.								
A hotel should have a customer loyalty programme								

**Section 2** This section of the survey deals with your expectation toward products and services that **longstay hotels should provide (over 15 days)**. Please put a 'X' in the box/boxes of features which you think hotels should possess for stays of over 15 days. You can 'X' more than one box.

**General Hotel Services**

- A longstay hotel should be in an easily accessed location (from city centre, hospital, station).
- A longstay hotel should be located in a safe and clean environment.
- A longstay hotel should have a 24 hour communication system with hotel staff.
- A longstay hotel should have security systems such as CCTV and 24 hours security guards.
- A longstay hotel should have medical aids and staff who have medical knowledge.
- A longstay hotel should provide accidental/life insurance.
- A longstay hotel should have staff who can communicate in a variety of languages.
- A longstay hotel should provide facilities for disabled persons (grab bar, wheelchair ramp, elevator)
- A longstay hotel should provide laundry facilities.
- A longstay hotel should provide a reading corner or a small library.
- A longstay hotel should have a swimming pool.
- A longstay hotel should arrange activities for guests (culture exchange activities, cooking classes).
- A longstay hotel should have an on-site restaurant.
- A longstay hotel should have a restaurant offering a variety of food (diet food, international).

**In-Room Services**

- A longstay hotel room should have comfortable seating.
- A longstay hotel room should have a small kitchen (counter, sink, kettle, microwave oven).
- A longstay hotel room should provide a dining set (table, dining wares, cutlery)
- A longstay hotel room should offer free satellite or cable TV and entertainment.
- A longstay hotel room should have an emergency alarm and equipment (fire extinguisher).

**Corporate and Community Responsibility**

- A longstay hotel should have environmental and energy saving policies.
- A longstay hotel should hire local people.
- A longstay hotel should purchase local products.
- A longstay hotel should participate in local activities.

**Accreditation**

- A longstay hotel should be rated to the Royal Thai Government Accommodation Standard.
- A longstay hotel should be rated to the Royal Thai Government Longstay Standard.
- A longstay hotel should be rated to international standards (AA, AAA, Japanese Longstay,ISO.).

**Section 3** This section of the survey deals with the accommodation you are staying in, in Thailand and your personal details. Please fill in the blank or tick a box.

1. Have you been to Thailand before? (Tick only one box)
  - No, this is my first time
  - Yes, this is my \_\_\_\_\_ time
2. Have you ever stayed over 15 days at any lodge type in Thailand? (Tick only one box)
  - Yes
  - No
3. What is the longest you have stayed in any type of holiday accommodation?
 

\_\_\_\_\_ days.
4. Accommodation name where you are currently staying
 

\_\_\_\_\_
5. How many nights are you staying?
 

\_\_\_\_\_ night(s)
6. Have you stayed at this accommodation before? (Tick only one)
  - Yes
  - No
7. What do you think of the overall service quality of this accommodation? (Tick only one box)
  - Very satisfied
  - Satisfied
  - Neither dissatisfied nor satisfied
  - Dissatisfied
  - Very dissatisfied
8. Would you recommend this accommodation? (Tick only one)
  - Yes
  - No
9. Please list any additional facilities and services which would improve this accommodation.
 

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

10. What are the most important facilities and services an accommodation should provide for longstay guests?
 

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_
11. What country are you from?
 

\_\_\_\_\_
12. What is your occupation?
 

\_\_\_\_\_
13. Your ages: (Tick only one box)
  - Under 25
  - 25 – 34
  - 35 – 44
  - 45 – 54
  - 55 - 64
  - Over 65
14. Your gender: (Tick only one box)
  - Male
  - Female
15. Your marital status: (Tick only one box)
  - Single
  - Married
  - Other
16. Your annual income: (Tick only one box)
  - Under US\$ 20,000
  - US\$ 20,000 – 40,000
  - US\$ 40,001 – 60,000
  - US\$ 60,001 – 80,000
  - Over US\$ 80,000
  - No income
17. Your education: (Tick only one box)
  - Primary School or below
  - Junior – High School
  - Vocation Diploma
  - Higher Vocation Diploma/College
  - Bachelor Degree
  - Master Degree/Postgraduate
  - Doctoral Degree/Postdoctoral

End of the question. All information will be kept confidentially. Thank you for your kind cooperation.

Internal use:

Date \_\_\_\_\_ Place \_\_\_\_\_ Remark \_\_\_\_\_



## APPENDIX G

### Expected Longstay Hotel Products and Services Provision

General Hotel Services	Frequency	Valid % of Total	Confidence Interval (95%)
A longstay hotel should be in an easily accessed location (from city centre, hospital, station).	140	52.6	± 6
A longstay hotel should be located in a safe and clean environment.	151	56.8	± 5.95
A longstay hotel should have a 24 hour communication system with hotel staff.	104	39.1	± 5.86
A longstay hotel should have security systems such as CCTV and 24 hours security guards.	84	31.6	± 5.59
A longstay hotel should have medical aids and staff who have medical knowledge.	87	32.7	± 5.64
A longstay hotel should provide accidental/life insurance.	62	23.3	± 5.08
A longstay hotel should have staff who can communicate in a variety of languages.	117	44	± 5.97
A longstay hotel should provide facilities for disabled persons (grab bar, wheelchair ramp,	99	37.2	± 5.81
A longstay hotel should provide laundry facilities.	106	39.8	± 5.88
A longstay hotel should provide a reading corner or a small library.	54	20.3	± 4.83
A longstay hotel should have a swimming pool.	101	38	± 5.83
A longstay hotel should arrange activities for guests (culture exchange activities, cooking classes).	88	33.1	± 5.66
A longstay hotel should have an on-site restaurant.	72	27.1	± 5.34
A longstay hotel should have a restaurant offering a variety of food (diet food, international).	69	25.9	± 5.26
<b>In-Room Services</b>			
A longstay hotel room should have comfortable seating.	136	51.1	± 6.01
A longstay hotel room should have a small kitchen (counter, sink, kettle, microwave oven).	147	55.3	± 5.97
A longstay hotel room should provide a dining set (table, dining wares, cutlery)	101	38	± 5.83
A longstay hotel room should offer free satellite or cable TV and entertainment.	87	32.7	± 5.64
A longstay hotel room should have an emergency alarm and equipment (fire extinguisher).	107	40.2	± 5.89
<b>Corporate and Community Responsibility</b>			
A longstay hotel should have environmental and energy saving policies.	117	44	± 5.97
A longstay hotel should hire local people.	135	50.8	± 6.01
A longstay hotel should purchase local products.	81	30.5	± 5.53
A longstay hotel should participate in local activities.	86	32.3	± 5.62
<b>Accreditation</b>			
A longstay hotel should be rated to the Royal Thai Government Accommodation Standard.	184	69.2	± 5.55
A longstay hotel should be rated to the Royal Thai Government Longstay Standard.	126	47.4	± 6
A longstay hotel should be rated to international standards (AA, AAA, Japanese Longstay,ISO,).	105	39.5	± 5.87

## APPENDIX H

### Principle Component Analysis First Time with 34 items

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings <sup>a</sup>
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
	1	12.850	37.795	37.795	12.850	37.795	37.795
2	4.088	12.025	49.820	4.088	12.025	49.820	6.065
3	3.040	8.942	58.763	3.040	8.942	58.763	5.839
4	1.951	5.739	64.502	1.951	5.739	64.502	8.441
5	1.454	4.277	68.779	1.454	4.277	68.779	6.366

### Second Time with 30 items

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings <sup>a</sup>
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
	1	11.720	39.066	39.066	11.720	39.066	39.066
2	3.659	12.195	51.261	3.659	12.195	51.261	5.759
3	2.541	8.469	59.730	2.541	8.469	59.730	8.079
4	1.647	5.489	65.218	1.647	5.489	65.218	4.665
5	1.392	4.641	69.859	1.392	4.641	69.859	4.441

### Third Time with 27 items

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings <sup>a</sup>
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
	1	10.824	40.089	40.089	10.824	40.089	40.089
2	3.312	12.267	52.355	3.312	12.267	52.355	4.906
3	2.463	9.124	61.479	2.463	9.124	61.479	7.801
4	1.524	5.644	67.123	1.524	5.644	67.123	4.037
5	1.170	4.335	71.458	1.170	4.335	71.458	2.790

# APPENDIX I

## Family Run Hotel Self-Audit Framework Model (Thai Version)

