

**TRANSGENERATIONAL PROBLEMS OF THAI SME FAMILY  
BUSINESS IN TOURISM AND HOSPITALITY INDUSTRY**



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Thematic paper  
entitled  
**TRANSGENERATIONAL PROBLEMS OF THAI SME FAMILY  
BUSINESS IN TOURISM AND HOSPITALITY INDUSTRY**

was submitted to the College of Management, Mahidol University  
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Apichaya Toovichean

## **TRANSGENERATIONAL PROBLEMS OF THAI SME FAMILY BUSINESS IN TOURISM AND HOSPITALITY INDUSTRY**

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### **ABSTRACT**

This thematic paper is conducted to explore how does Thai SMEs family business in tourism and hospitality industry deal with transgenerational problems. Theories related to family-owned business are analyzed to discover negative and positive factors, which influent effectiveness of business transitional phase from predecessors to descendants. A Three Circle Model, Overlapping System, Three-axis Life Cycle Model, and Family Business Dilemma are the framework that used for examining constraints and problems. Industry-Specific Modifier framework and The Parallel Planning Process (PPP) are determined and given potential solutions for transgenerational family business.

Qualitative method is utilized for the primary data collection. Respondents are three family-owned hotel and resort in Thailand including antecedents and heirs. They involved in an in-depth interview with two different sets of open-ended questions.

The results of this study represented that conflict of family relations always resolved within short period of time. However, an effective succession plan requires longer duration and has more aspects to be concerned; for instance, guidance for parents to select the right leader for the second generation. Moreover, coaching style parenting is suggested for the forerunners to prepare their successors regarding to industry-specific competencies.

**KEY WORDS:** Transgenerational Problems/ Family Business/ Succession Planning/  
Family-Owned Business/ Thai Tourism and Hospitality Industry

46 pages

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## CHAPTER I

### INTRODUCTION

The fast growing in Tourism and Hospital industry in Thailand encourages the expansion and glory of accommodation business and other lifestyle recreational activities. The inspiration of this research is based on personal experience as being the second generation of family-owned resort at Koh Tao, Suratthani. I have found that most of my friends share similar conflicts while working with their parents. We agreed that running the second generational business is very challenging to sustain the prosperity like our parents have done. Thus, I would like to be the representative to explore factors of constraints and potential succession plan for both predecessors and their competent descendants in transgenerational family businesses. There are many cases from personal experience that some family hotels failed to sustain their glory in the second generational management team. Although the forerunners had done well in business, their inheritors could turn all successes into bankruptcy. Hence, both generations must prepare well for all unexpected events in the upcoming future in order to sustain their business.

According to Getz, Carlsen, and Morrison (2004), they defined that ‘family business’ composes of any commercial ventures, which are possessed and/or operated by individual, couple(s), and family. They also mentioned that the main objective of running family business is not always seeking for growth or profit maximization; it is operated under family needs and preferences, which impact family business strategic direction and sustainability.

The owner-manager feature is most fit with family business, particularly in service industries such as hotel and resort sectors (Leach & Bogod, 1999). However, there are few researches that focus on Thai family business, especially in tourism and hospitality industry; even though this industry has been well running and generating huge income to Thailand. According to research, the family business in tourism and hospitality sectors is dominated by small and medium-sized owner-operated business. Most books and studies have been published to guide families and owner-operators

mostly in business term, a few of them mentioned about how to deal with family conflicts and possible issues. These problems are necessary to be studied and explored to provide unique set of opportunities and to maintain good relationship among family members and other stakeholders. As a consequence, this thematic paper will target small and medium family-owned hotel and restaurant in Thailand, which are located in rural tourist destinations.

This study aims to identify the key elements and the problem factors to achieve a successful transitional generation in Thai SME Family hotel and resort sectors. The area of study would rely on comprehensive in family-owned hotel and resort industry-specific modifiers, the acknowledgement of succession planning strategies, and other perspectives affecting smooth transitional phrase under the research question that *“How does Thai SME Family Business in Tourism and Hospitality Industry deal with Transgenerational Problems?”*



## **CHAPTER II**

### **LITERATURE REVIEW**

This chapter will be divided into three sections as following;

1. Definition and Characteristics of Family Business
2. Problems and Constraints found in Transgenerational Family Business
3. Succession Plan for Transgenerational Family Business

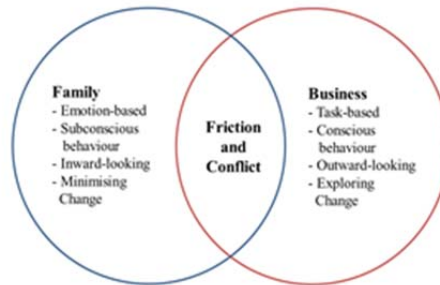
#### **2.1 Definition and Characteristics of Family Business**

##### **2.1.1 Definition**

Many researchers and scholars define 'Family Business' in various argumentative explanations. Sharma et al. (1996) and Chua et al. (1999) did comprehensive literature review on the definition and found almost 34 different one. Barry (1975) gave a brief definition of the family business as 'an enterprise which, in practice, is controlled by members of a single family'.

To understand keys roles and conflicts of the family owned business, the differences between 'family business management' and 'business management' have to be clarified. The Family System is emotional base operation involving with bond of relationship among members in the family. This benefits family enterprise to have high value in long term loyalty, sense of ownership, and great commitment toward company (Leach, P. & Bogod, T., 1999). Unlike the family system, business system is a task accomplishment cooperating on contractual agreement between two or more parties to be responsible on task for the return. These two dissimilar systems create overlap that leads unavoidable conflicts in both family and business dimension.

**Figure 2.1 The Overlapping Systems**



**Figure 2.1 The Overlapping Systems**

**2.1.2 Characteristics**

Like general business operation, Family business also has framework and life cycle. Firstly, the three-dimensional developmental model is one of the most famous models to study family business. Also, each dimension of the family system has a particular life cycle varies by times and growth as following:

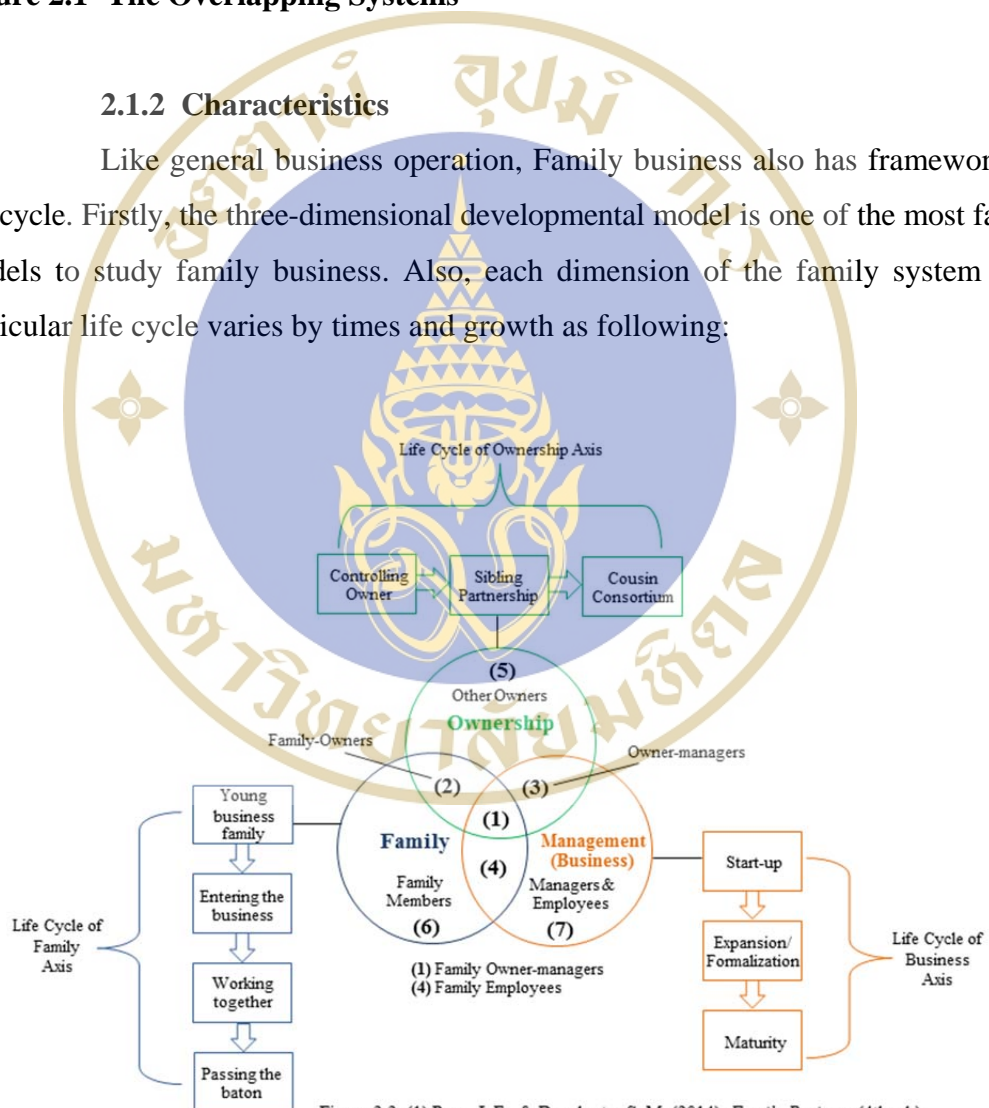


Figure 2.2 (1) Poza, J. E., & Daugherty, S. M. (2014). *Family Business* (4th ed.). The United States of America: Michael Schenk.  
 (2) Getz, D., Carlsen, J., & Morrison, A. J. (2004). *The Family Business in Tourism and Hospitality*. The United Kingdom: Cromwell Press, Trowbridge.

**Figure 2.2 The Family Business Framework and Life Cycle Model**

From figure above, I combined two theories from different studies to illustrate both Family Business System Model and Timeline of each dimension. According to Poza & Daugherty (2014), the first diagram is the 'System theory' illustrated the overlapping, interacting, and interdependent of subsystems of family, management, and ownership. The intersection (1) of family, ownership, and management, shows that family members own and operate enterprise, who are normally fulfilling family needs is prior to business demands. The (2) area is the overlapping between family and ownership, this means family members possess the business but do not involve in management team; hence, they are more likely to concern only on satisfying families rather than investing in business requirements. The overlapping between ownership and business in area (3), owner-managers have right to possess the business and have authority to run the company even though they are non-family members in the family business. The (4) area represents that they are family members and are involved in management team; however, they do not share ownership in the business, the relatives of families are one of examples, who are work similarly as ordinary employees and do not have much authority in business wills. The (5) business owners who are non-family members and do not take any parts in business management; thus, they are more willing to receive income without worrying about business running. The members in (6) are family members but do not participate in ownership and management part; then, people in this area seems to work outside the family business and careless about sustainability and profitability of the family firm. In (7) region, managers have much power to authorize the company although they are non-family member and do not share ownership; they set business demands as priority beyond individual interests. The summary of this diagram is that each subsystem has specific roles and responsibilities, which represent different sequences of action and perspectives toward family business; therefore, family corporations need to integrate each subsystem together in order to enhance business performance and profitability.

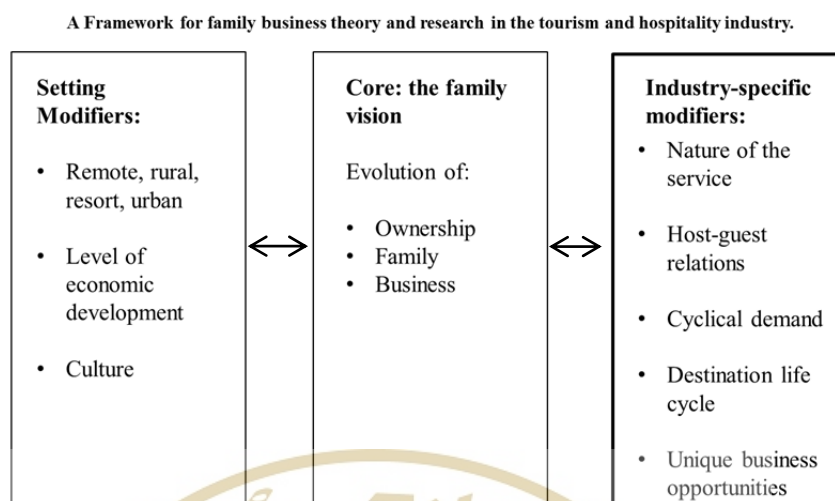
Based on Getz, Carlsen, & Morrison (2004), they stated the life cycle model by Gersik et al. (1997) that family, ownership, and management have different timeline, which represents dissimilar challenges based on hypothetical development in each stage. There are four phase in 'the family axis', which the critical concern is entrepreneurship, foundation motives and goals. In accordance with the research, most founders of family-owned resort and hotel are inspired by lifestyle, locational preference, and passion. After

initial generation had worked for a long time, they become retired and decided to pass the business to the next generation, who are normally their skilled inheritors. Nevertheless, participating children to the firm will ultimately lead to ownership and control problems. Hence, those potential descendants should be involved in business since in the early stage and their roles and responsibilities should be gradually increased in order to integrate them into ownership control and business management; consequently, the second generation of family members would be more likely to accomplish business succession. For the 'business axis', there are three growth stages starting from start-up, expansion/formalization, to maturity consecutively, which are related to business management, structure, and growth, owner-worker relations, and planning. Most family resort and hotel never evolve beyond foundation phase due to reasons like lack of the heirs' ambition, ineffective customer service, no competent alliances in marketing, and low entry barrier in tourism and hospitality sector (Getz, Carlsen, & Morrison (2004). Lastly, the 'ownership axis' consists of three main stages including controlling owner, sibling partnership, and cousin consortium orderly, these rely on key problem of control. If parents would like to remain governance in the family business, they can conduct legal mechanisms like family trust and wills to protect conflicts of interest among siblings and cousin. Moreover, the representatives of families, who are normally female, have to deal with controlling family spending and business investment against debts and other business expenses. The application of life cycle model does not only reveal possible constraints at each family, ownership, and business development stage, it also point out that every family business in tourism and hospitality industry needs long-term and strategic thinking for achieving transgenerational succession. Besides, these three axes together with family vision help fortifying family-owned resort and hotel to set culture and norm, which permeate scope of decision-making and set emotional climate into non-family member employees and family members. For this reason, the transgenerational succession is more effective and smooth.

The crucial objective of mixing the models together is to elaborate that each dimension of family, ownership, and business has different lifecycle and potential challenges through development stage. Therefore, as a Family Business that based on these three dimension, a family members have to understand each timeline and should be able to know which state of their family business status. As a family business especially

in multigenerational enterprise, all these dimensions and timeline have to be analyzed in the strategic, transition, and succession plan. This because the period of 'Passing the Baton' from predecessor(s) to descendant(s) is reaching after family business has been running for years; thus, comprehensively understand which stage of family business will benefit all family and nonfamily members in the company to prepare business continuity succession plan. From all researches, without the proper plan, family business will have higher chance to fail after transition and some of them even gone bankruptcy.

Unlike generic family business conflicts, a tourism and hospitality industry consists of a number of unique or exceptionally important deliberations related to family business. Figure 2.3 below shows a conceptual framework to comprehend the family business in this specific business segment. To begin with 'the core' that composes of family vision and the other three independent evolution of ownership, family, and business axis. It is noteworthy to understand family matters beginning with family vision, motives because these are key elements that impact on business viability and on extending economic and community development (Getz, Carlsen, & Morrison, 2004). The family vision is commonly based on personal inspiration and preference, in tourism and hospitality sectors, most founders have a vision to run the resort or hotel related to lifestyle, passion toward travelling, and destination preference. However, the transition from generation to generation, the family vision became the secondary importance, which has other vital aspects that will be mentioned in the part of succession plan.



**Figure 2.3 A Framework for family business theory and research in the tourism and hospitality industry**

For the business environment and industry-specific modifiers, there are five features that families need to be comprehended to achieve the family hotel and resort competitiveness. Tourism and hospitality are greatly experiential in nature and the family business is well fit, especially when customers visit family's home or land. This because families could give out interesting and insight local information to tourists and this is called 'family branding', which is required to create in order to reach competitive advantage. The second feature is that family business in tourism and hospitality segment is required to have well host-guest relations management. This is more related to 'people skill' that involves with individual talent, integrity, friendliness, helpfulness, and willingness; these potential characteristics would help families to have effective solutions to solve customers' complaints, seasonal demand, and to deal with time pressure well. They cyclical demand and seasonality are commonly found in tourism and hospitality business. The third aspect of industry-specific modifiers is the cyclical demand and seasonality, this means businesses in this industry are commonly face with low and high seasonal demands. Luckily that family-owned hotel and resort can predict the period of high and low seasons. The problems, which are derived from inconstant seasonal demands, are the fluctuation of cash flow and unbalancing workload of all staffs between peak and normal seasons. These vital problems are needed to be managed well to sustain the performance of family hotel and resort. Lastly, family business in tourism and



hospitality sector has unique business opportunities, which are belonged to individual families. Each family-owned hotel and resort has specific vision, lifestyle, working culture, and business location preferences; these uniqueness lead families to have different ways to retain service quality, customers' satisfaction, and to extend new business ventures.

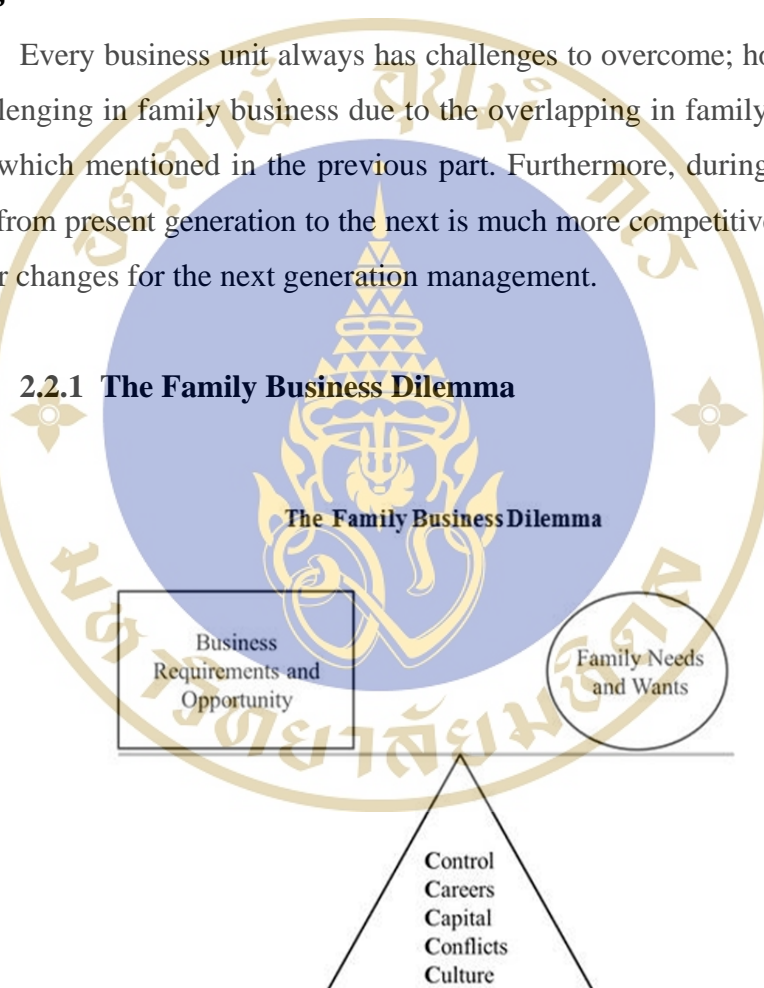
The third aspect of family business in tourism and hospitality industry is the setting modifiers. According to Getz, Carlsen, & Morrison (2004), many literatures in this field are about geographical terms of family business location in mostly rural area, in resort term, and other peripheral settings. For the urban setting, there are other business choices like catering, retailing, and other service, which are suited well with family business nature. However, mostly in civic area many bigger hotels already conquer the urban market share; hence, the small family hotel and resort are not competitive in the suburb market. In contrast, rural areas are more attractive to family business to found their hotel and or resort due to alternative choices of location, lifestyle, economic environment, and other recreational activities. From the Family Business in Tourism and Hospitality book (2004), Page and Getz identified and discussed various environmental issues of family-owned hotel and resort in rural area. First, the family businesses in rural area are relied heavily on natural resources to attract customers who love outdoor recreations and would like to have exotic adventurous experiences. So, family business in this industry must conduct 'sustainable developmental plan' together with nurturing ethical perspectives to business operators and to other related stakeholders. These are vital to do for preserving charm of natural environment and importantly for sustaining prosperity of tourism and hospitality sector in the rural region. The second issue is financial difficulties, many family businesses are self-financed because they would like to retain balance control and external business ventures are not investing in family-owned business due to much power belongs dominantly by family members. Moreover, family businesses in remote and other peripheral areas are normally lack of viable alternatives. For instance, lack of infrastructure and accessibility of public utilities, and local workers might not have skills specific to industrial modifiers. These obstruct family-owned hotel and resort in remote, rural, and peripheral areas from developing business and to enhance service performance. The setting modifiers are also mentioned about level of economic development. This aspect is more related to circumstances of economy in that specific business area; if the business is located in developed countries, the financial aid is more accessible.

On the other hand; if the family-owned resort and/or hotel is settled in developing nations, the external financial and government aid might not easy to access. The last aspect of setting modifiers is culture. From the literature review, culture influences entrepreneurial attitude and family's ways of operating the business.

## 2.2 Problems and Constraints Found in Transgenerational Family Business

Every business unit always has challenges to overcome; however, it is even more challenging in family business due to the overlapping in family, ownership, and business, which mentioned in the previous part. Furthermore, during family business transition from present generation to the next is much more competitive because it deals with major changes for the next generation management.

### 2.2.1 The Family Business Dilemma



**Figure 2.4 The Family Business Dilemma**

The imbalance in family management toward business expected outcome. This happens throughout every phrase of family business timeline; therefore, without comprehensive understanding, during generation transition will face high risk of failure such as bankruptcy or selling out family business to survive. The figure below

illustrates conclusion of family business problem about balancing family management to be fit with economic situation. According to Carlock and Ward (2001), the family business is composed of business history and personal stake rooted from family generation to generation. The figure 2.4 shows the family business dilemma as a scale to equilibrate business requirements and opportunity and family needs and wants. In order to achieve the balance, families are imposed to identify plans and policies to address 'five C factors' mentioned in the triangle. The first variable to manage the balance is 'control' that requires family-owned business to establish agreement among family members on decision making, on management, and on ownership of the business with fairness. The second aspect is 'careers' that sets clear roles and responsibilities to family members as well as rewarding policies regarding to personal performance. This will help reducing conflicts among families and non-family members in the family-owned workplace such as bias, job duplication, and so on. The third 'c', capital also affect the equivalence between business and family needs and wants. Family should create formal systems and agreements about family capital both on reinvestment and harvest. All members have right to acknowledge the family capital status and are responsible to take care of it. Conflict also makes unbalancing issues, which is usually happened when families work together. This is because families act so closely and directly to each other, these often end-up with personal argument and lead to have a problem on relationship. The last 'c' is culture that shapes the links between family values and every business actions and plans. This family culture has heavy impacts on decision makings like when the leader always prioritizes on investing in family interests; the next generation is more likely to follow. As a consequence, the business will have low retain-earning resulting in low development and lack of sustainability.

### **2.2.2 The characteristics of the next potential leader(s) in the family business**

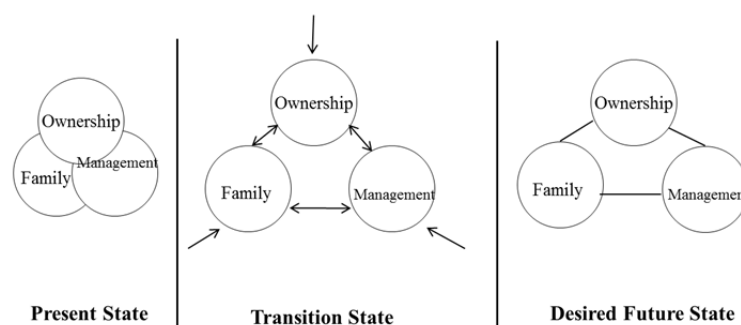
Incompetent of next generation leader is another key factor, which it could be from parents' perspective only or descendants are hesitant due to unconfident and other reasons (Poza J, E. (2007). Changing a new leader will definitely alter rapid family business modification; so, selecting potential leader from next generation is vital to emphasize on these following characteristics:

- New leaders know the situation and analysis of the business well; especially, they like or even love the nature of the business of their family.
- They have strategic leadership vision, knowing their strengths and weaknesses also have passed outbound experiences together with proper educational background.
- They had been guiding, coaching, and mentoring by previous leader for years.
- They have good relationship bond to every related member in the family business.
- They are better team oriented leader because they have to manage relationship and so on.
- They have to be accepted from every member in the company including family members, employees, and other stakeholders.
- They state past works of post generation as guidance and focus on implementing all useful knowledge to sustain the growth of family business.
- Because they own power in the company, they have to be fair and encourage good corporate governance to their family business.

### **2.3 Succession Plan for Transgenerational Family Business**

Samuel Curtis Johnson III, the former Chairman, SC Johnson (A Family Company) said that “Each generation has the responsibility of bringing to the business their own vision for the future of the business”. Therefore, the effective vision statement has to be clear since the first generation; also it has to be passed on to another generation with comprehensive understanding.

Apply the prospect continuity and family-management-ownership structure that three phases of family business transition process: present state, transition state, and desired future state (see figure 2.5). According to Lansberg (1988) and Poza (2007), there are basic steps in business transition planning to ensure continuity business from generation to generation.



**Figure 2.5 The Three Phases of the Family Business Transition**

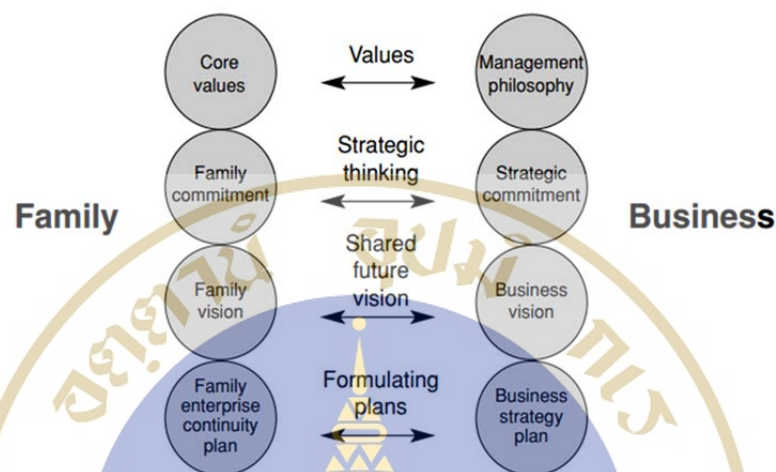
- Formulating and sharing a viable vision for succession are first step to follow in order to transfer depth understanding and nurture company direction among multi-generations.
- Select the potential successor(s) and top management team through coaching, training, and mentoring both business and family perspective; especially nurturing vision of innovation.
- Design the process to transfer power from generations, this often requires experts to consult. This can be done by writing family business transition planning.
- Create company structure to manage the changes like family council and family meeting.
- Promote non-family members who are skilled and have strong commitment to join the business for leveraging their talents and adapting to company strategic planning.

### **The Parallel Planning Process**

Based on Carlock and Ward (2001), all family business are always required to develop effective plans as well as business perspective by balancing businesses' and families' needs and wants. The framework of figure 2.6 by Carlock and Ward is called 'The Parallel Planning Process' (PPP) is an expansion from the traditional model of family business planning. The main objective of PPP is to set factors that impact on business strategy; however, those outcomes are shaped and agreed by the concern of the family. The PPP framework is a tool for integrating and balancing both thinking and action of family and business sides. The parallel approach consists of four premises

that lead families to think and behave for balancing family needs and business necessity at the same time.

The following information below is the use of parallel planning process based on four premises:



**Figure 2.6 The Parallel Planning Process (PPP)**

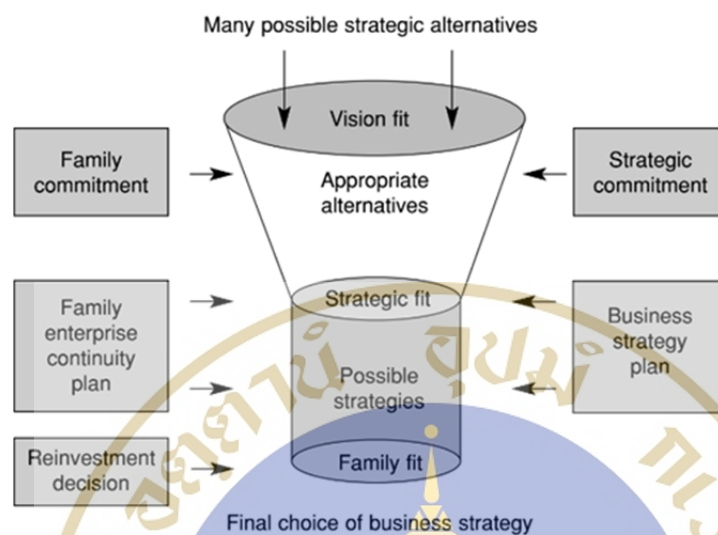
- The family value and business managerial philosophy are the foundation of the PPP. The goal of the PPP is to identify and describe family and business plans that are mutually encouraging each other's interests, goals, and competencies. To accomplish this, the business strategies have to concern both family and business expectations. Also, the supreme goal of business plan is to reach long-term economic value for all stakeholders.

- All family members and/or non-family staffs must implement strategic thinking skill. Importantly, the strategic thinking skill is needed to be fit with a Shared Future Vision.

- Family members must communicate and discuss the family and business vision to create one common vision throughout the company. Also, this shared vision will clarify and direct company toward the development of the family and business strategic plans.

- Based on a Shared Future Vision, family-owned company is then required to conduct the family business plan including the Family Enterprise Continuity Plan and the Business Strategy Plan for achieving long-term economic values to the business

and all stakeholders. Nonetheless, the family business plan is too complicated; hence, the figure 2.7 will help showing components and steps within the strategy.



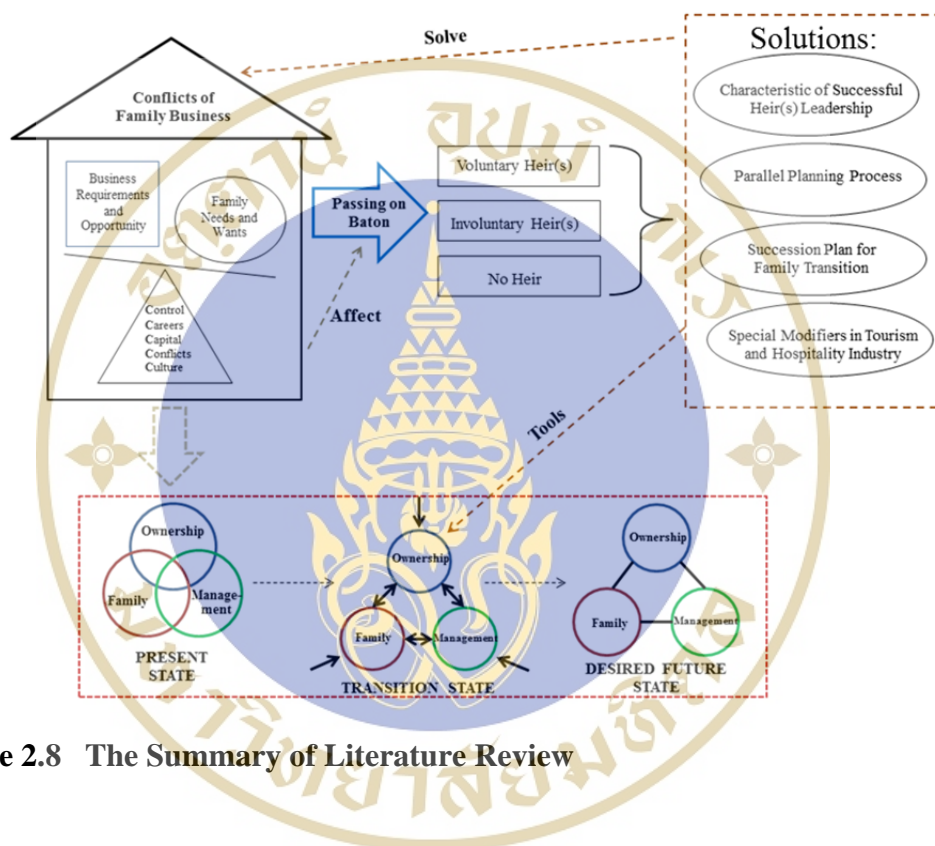
**Figure 2.7** Selecting a Business Strategy

The Family enterprise continuity plan includes securing family commitment, encouraging family participation, preparing the next generation of family managers and leaders, and developing effective owners. The business strategy plan consists of assessing the firm's strategic potential, exploring possible business strategies, and finalizing strategic and reinvestment decisions. These two plans are needed to use simultaneously to reach effective outcomes.

## 2.4 Conclusion

The diagram 2.8 below is the concluded framework of the literature review part. The house picture illustrates that unbalancing between family and business needs and wants is one of the most important issues related to family business conflicts. These problems will impact on passing baton stage whether the children and/or family members will decide to inherit the family-owned business. No matter choices of those potential heir(s) took, family business is required to conduct succession plan as tools to prepare the next leader and to handle all unexpected situations. The components of the succession plan are the Characteristic of Successful heir(s) Leadership, Parallel Planning Process,

Succession Plan for Family Transitions, and Specific-Industry Modifier in Tourism and Hospitality Industry, which is directly related to scope of the research. These tools will mute conflicts of family business and then help managing families, owners, and managers to balance their needs and wants during transitional state. As a result, family-owned company will achieve the desired future state, which benefits them to reach sustainable growth and to make the transgenerational activities become smooth.



**Figure 2.8** The Summary of Literature Review



## **CHAPTER III**

### **RESEARCH METHODOLOGY**

After selecting the topic for thematic paper, I started to collect information related to the topic from other research papers. However, I found only few of them and most of them are not directly relevant to industrial specific as my topic would like to focus on, which is Thai SME Family Business in Tourism and Hospitality industry. Therefore, I changed to find textbooks and literature books from the library. I have found some interesting books that are directly relate to my topic and provide useful information to write in the chapter two, literature review. There are many case studies, strategies, and theoretical practices from the books; unfortunately, it is not sufficient to be comprehensive in this thematic topic. This is because running hotel or resort requires working experience; especially in family business, the relationship among family member is one of the most important factors that this paper will focus on. Hence, I applied ‘qualitative research’ to examine the personal attitudes, emotions, and other intangible information in order to gain more specific answers to those factors mentioning in the literature review part.

#### **3.1 Primary Data Collection Method**

Besides from the secondary data researches, which are mainly derived from textbooks, the specific of thematic paper topic also needs a primary data collection from personal or individual experience and information. The common definition of “Qualitative Research” is a type of scientific research that uses to investigate answers, collect evidences, and probe for outer boundaries of studies. In addition, Qualitative research is markedly effective in acquiring culturally specific ‘human’ information about the opinions, values, behaviors, emotions, and relationships of individual (Piantanida & Garman, 2009). Also, this kind of research is most suitable for identifying intangible factors like social contexts, social norm, socioeconomic status, gender roles, ethnicity, and religion of the particular populations. In consequence of that, this paper will apply ‘qualitative research’ as the

primary research methodology to become more comprehensive in finding literature review based on semi-structured interviewing (Lincoln Y. & Denzin N., 2000).

### **3.1.1 Qualitative research methods**

There are three common methods including participant observation, in-depth interviews, and focus groups. They are used differently to obtain specific kinds of information.

*In-depth interview* is most appropriate for collecting information on personal histories, perspectives, and experiences. Importantly, this method suits well with sensitive topics like the family conflicts and economic status which are directly relevant to this thematic paper. Because this paper will interview both parents and their children, the in-depth interview will be applied individually to those children to get more comprehensive intangible factors which are important to be analyzed as an potential heirs of the family business in tourism industry. Whereas, parents will be interviewed as the same time in order to know nature and characteristics of particular family relationship and norm. The list of interviewees will be shown in the Table 3.1.

The interviewees are from three different families and business location. One of the children of each family is my best friend sharing more than 10 years of friendship. Hence, they are convenient interviewees to probe about sensitive information like family conflicts and economic status.

### **3.1.2 Develop open-ended questions and apply probing technique**

The vital factors that asked and probed for further studies are about family conflict management. This means the issues about family member relations, succession plan, and family management perspective. Therefore, open-ended questions and probing technique must be applied with semi-structured interview in order to deep down intrinsic or core problem of each family. The samples of open-ended question are shown in the Table 3.2A (Parent(s)' Questions List) and Table 3.3 (Heir(s)' Questions List).

**Table 3.1 Interviewee List**

<b>Code</b>	<b>Status</b>	<b>Position</b>	<b>Location of the Resort</b>	<b>Experience</b>	<b>Gender</b>
Father A	Married	CEO	Pattaya	25 years	Male
Mother A	Married	CEO	Pattaya	25 years	Female
1st Child A	Single	General Manager	Pattaya	5 years	Female
2nd Child A	Single	Work outside family business	Pattaya	-	Female
3rd Child A	Single	Last term of Master Degree	Pattaya	1 year	Male
Mother B	Widow	CEO	Koh Samui	19 years	Female
Child B	Single	General Manager	Koh Samui	5 years	Male
Father C	Married	CEO	Koh Tao	24 years	Male
Mother C	Married	CEO	Koh Tao	24 years	Female
1st Child C	Single	Taking Master Degree	Koh Tao	3 years	Female
2nd Child C	Single	New grad	Koh Tao	-	Male
3rd Child C	Single	Last year of Bachelor's	Koh Tao	-	Female
4th Child C	Single	Still studying	Koh Tao	-	Male

**Table 3.2 Open-ended Questions List: Parents**

<b>Interview Questions</b>	<b>Finding Factors</b>
1. What is your inspiration to build this resort and since when you have the idea? 2. How many children you have? How you permeate and guide your children to inherit your family business?	Vision alignment among parents and inheritor(s)

**Table 3.2 Open-ended Questions List: Parents (cont.)**

Interview Questions	Finding Factors
3. In your opinion what is your resort competitive advantage, strength, or key success factor(s)?	Comprehensive in Industry Specific Modifier (Tourism and Hospitality Industry)
4. What do you want your resort to be in the next generation? 5. In which direction that you would like your children to run the resort? Any modifications that you think you want to improve or change?	Vision alignment among parents and inheritor(s)
6. Because you have many children as potential successor(s), who will you select as the next business leader and why you think she/he can perform well?	Choices of Passing Baton and preparation of Succession Plan
7. Do you think studying in the related field of tourism and hospitality can help improving the resort? Why? 8. What characteristics or skills that you think your children must have to run the business?	Potential inheritor(s) characteristics
9. What will you do if none of your children voluntary to inherit your resort? 10. In case you have one child, if she or he in your perspective is incapable of continuing your resort, what will you do?	Choices of Passing Baton and preparation of Succession Plan
11. Have you ever involve your children in any decision makings or ask them any new ideas to develop the hotel operation and service? If yes, could you please give some example? If not, could you please explain why you did not involve them in the process?	Potential inheritor(s) characteristics
12. As you are in hotel and tourism service industry which require specific knowledge and experience to handle problems and serve customers well, How you teach or guide your children to handle with customers' dissatisfaction and other operational problems?	Comprehensive in Industry Specific Modifier (Tourism and Hospitality Industry)

**Table 3.2 Open-ended Questions List: Parents (cont.)**

Interview Questions	Finding Factors
<p>13. How do you maintain host-guest relationship?</p> <p>14. How you manage business income, do you save it as company retain earning or deposit as family income? Who are responsible for financial management of both family and business income?</p> <p>15. How often your business set a meeting? Who normally lead and join?</p>	<p>&amp; Conflicts of unbalancing in Family, Business, and Ownership Control</p>
<p>16. In your perspective, between rebuilding and renovating rooms, which one is better, why?</p> <p>17. Because of today competitiveness, do you think invested in new technology, system, program, and online marketing will make your business profitable?</p>	<p>Vision alignment among parents and inheritor(s)</p>
<p>18. In your opinion, when will be the perfect time to let your children run the resort or hotel by their own?</p> <p>19. During transition to your heir or in a period that your heir comes to work in the family business, if staffs feel uncomfortably to work with one of your family members especially your children what will you do? What are the possible reasons based on your opinion?</p> <p>20. What will you do after completely retire from your business? Are there any new things or hobbies you would like to do?</p>	<p>Choices of Passing Baton and preparation of Succession Plan &amp; Conflicts of unbalancing in Family, Business, and Ownership Control</p>

**Table 3.3 Open-ended Questions List: Children/ The Heir(s)**

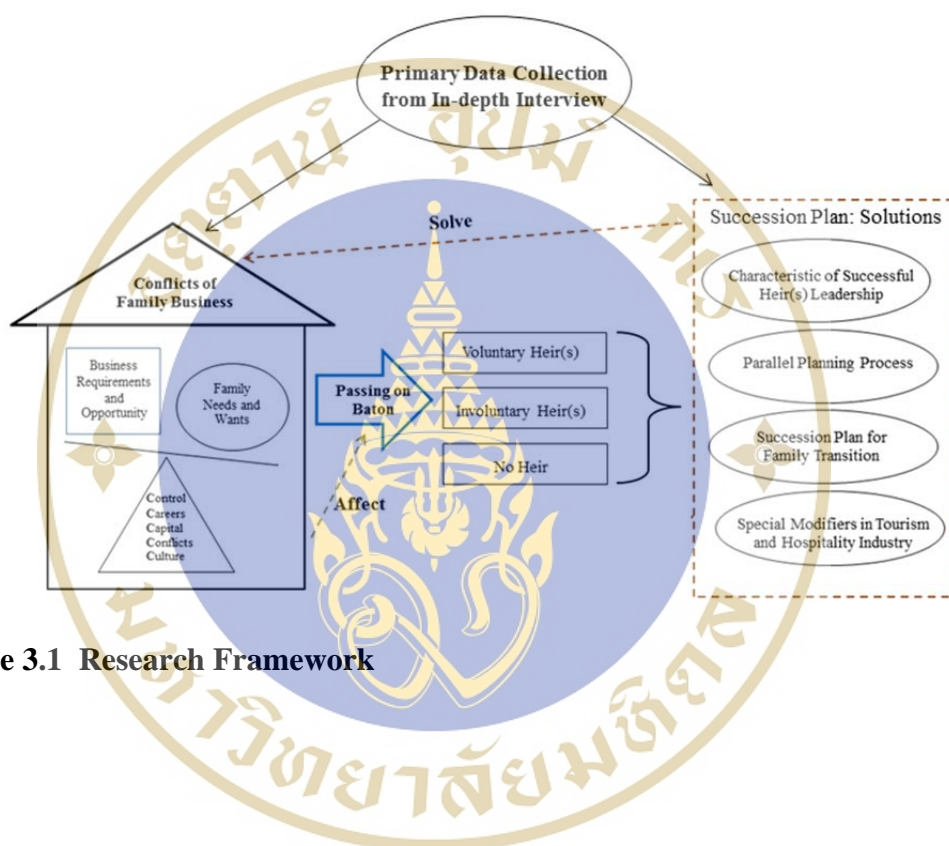
Interview Questions	Finding Factors
<p>1. What do you think about resort and tourism industry? Is it interesting, are you planning to inherit your home business?</p> <p>2. If you are a single child and do not want to inherit your family business, what do you think your parents would do?</p> <p>3. If you are selected as the next leader, what will you do first?</p> <p>4. If none of your sibling(s) plan to work at the resort, who do you think will help you run the resort, why?</p> <p>5. What characteristics or skills that you think you must have to run or support the business, or what skills you would like to improve, why? And could you please briefly tell me about your educational background?</p> <p>6. And what If your sibling(s) is chosen as a leader, what will you do to support him or her?</p>	<p>Choices of Passing Baton and preparation of Succession Plan &amp; Potential inheritor(s) characteristics</p>
<p>7. Since when and how do your parents communicate vision, culture, or perspective of running resort to you and your siblings?</p> <p>8. Do you have any ideal business owners or leader, why do you like him or her?</p> <p>9. Do you prefer working without parents order and control, why?</p>	<p>Vision alignment among parents and inheritor(s)</p>
<p>10. In your opinion what is your resort competitive advantage, strength, or key success factor(s)?</p>	<p>Comprehensive in Industry Specific Modifier (Tourism and Hospitality Industry)</p>
<p>11. As your family business is in service industry, how your parents teach or guide you to handle with customers' dissatisfaction and other operational problems?</p> <p>12. How do you maintain host-guest relationship, do you think it is vital?</p>	<p>Comprehensive in Industry Specific Modifier (Tourism and Hospitality Industry) &amp;</p>

**Table 3.3 Open-ended Questions List: Children/ The Heir(s) (cont.)**

Interview Questions	Finding Factors
<p>13. With high competitiveness in hotel and tourism industry, do you have any key success factors in your mind that you would like your resort to have to achieve sustainable growth?</p> <p>14. What do you think about resort and hotel business at the present day? What do you think about the design of the room or management style that needed to be changed or developed based on your opinion?</p> <p>15. Have you ever involved in any decision makings or propose any new ideas to develop the hotel operation and service? If yes, could you please give some example? If not, could you please explain why you did not involve them in the process?</p>	<p>Vision alignment among parents and inheritor(s)</p>
<p>16. How often your business set a meeting? Who normally lead and join?</p> <p>17. If you found out that discussing or raising different ideas with your parent(s) will bring family relationship conflict, what should you do or what do you usually do to solve the conflicts?</p> <p>18. In case all family members inherit the business, have your parents divide work tasks and responsibilities to each of you?</p> <p>19. Are there any clear job position and salary of all family members?</p> <p>20. If your siblings get married, how you and your siblings will manage the assets and work task? Have you and your family plan it yet?</p>	<p>Conflicts of unbalancing in Family, Business, and Ownership Control</p>

### 3.2 Research Framework

There are combination of literature review and in-depth interview information as a research framework to conclude, analyze, and provide recommendations to the research question that “*How does Thai SME Family Business in Tourism and Hospitality Industry deal with Transgenerational Problems?*”. The figure 3.1 shows that the qualitative research had used to collect insight personal family relations and conflicts as well as the readiness of the next generational manager(s) or leader(s).



**Figure 3.1 Research Framework**



## **CHAPTER IV**

### **DATA ANALYSIS**

After information from the qualitative research had been collected by in-depth interview with three family-owned resort and hotel, the conclusion of data finding from interviewees both the founders and the heirs are analyzed based on the research framework. The summary of data finding and analysis from selective interviewees are mentioned to present factors, which have impacts on the success of family transgenerational period. Moreover, the analyzed information about how each families deal with transitional phase is provided.

#### **4.1 Conflicts Among Family Members & Unbalancing In Family, Business, And Ownership Control**

The information about conflicts within the family was mentioned along the interview session from all interviewees. Therefore, the following details are the core problems of each family, which obstruct family business to run effectively as well as to affect choices of passion baton from the first generation, parents, to another, the heirs or children. The Family A have five people involved in the interview, consists of parents and three children; the resort is located in North Pattaya, Thailand. There are two interviewees from the Family B: mother and single son as potential heir; their resort is settled in Koh Samui, Suratthani, Thailand. There are six interviewees from Family C including parents and four siblings; their resort is located in Koh Tao, Suratthani, Thailand.

##### **4.1.1 The unique ways how does each family handle with family conflicts and relations**

From the interview, the ways how parent(s) and children handle with family conflicts are unique, that are based on family culture and characteristics. Parents of Family A and C avoid having an argument with their children by listening children's ideas and

reasons of action. Parents from Family A said that “We never let any problems last long overnight”, “And if there are conflicts, we avoid raising our voice to them”. Mother A also mentioned that “We have been teaching our children to respect older people such as speaking with polite words and behave humbly”. Similarly, parents of the Family C mentioned that “We have one common rule whenever conflicts are occurred; everyone needs to talk and explain in rational ways”. Mother of Family C also said that “We normally walk-away for a while until our temper is stable; then, we start talking to seek out mutually accepted solutions”. These show that children of both Family A and C usually share all problems and normally ask their parents some advices before they decided to do any things. Thus, most of the time, they comply the parental guidelines; and this is the identical resolution of Family A and C mute the conflicts among parents and children.

Unlike the Family A and C, the mother of Family B and a son are normally having serious arguments and disagreements. Family B has only mother who has been running a resort for decades. She has high expectation on her son because she has no one else to rely and pass on the business. She hopes that her son would run the resort like she has been doing, so, she teaches her son everything to think and act like her. Nonetheless, the son is not quite ready to tolerate all pressures from his mom due to his lifestyle and personalities. Mother B mentioned that “When I am not happy of what he did, I normally blame him in front of our employees because I would like everyone to know that my son is an ordinary one like other staffs; if I can scold my staffs, I can do it with my son too”. She also admitted that “Because I only have my son to inherit my resort so I admit that I have high expectation on him”, “I tried to teach him many things but normally it seems to become serious dispute”. “I did not separate family problems and business problems, I think that they are the same problem and I usually teach this to my son”, answered by the mother B. The family issue of family B is usually solved by the son, who bears all his mother’s temper and scolding. “I get used to it when my mom scolds at me, she usually does”, “But I do not get mad because like I told you, I get used to it; she has been doing this since I was young”, said by son of the Family B. He also said that “I just walk away and wait until she calms down”, “She is hot-tempered mom and easily gets mad but she easily gets better too”.

Besides the conflicts between parents and children, the problems among siblings are also concerned. The Family B does not have sibling problems because there is single son; whereas, Family A and C do have some disputes. From the one-by-one interview, children of Family A mentioned that they usually quarrel but not quite serious. Because their parents have been teaching them to respect older persons, two younger siblings are nurtured to listen and comply oldest sister's decision making. The oldest child of the Family A mentioned that "My parents have been nurturing me to become an ideal sister for my two younger siblings as well as to be the second generation leader of our family business". "I am the second child of the family and I usually show few ideas because I mostly agree with my older sister and I like interesting ideas from my brother", said by the second daughter of the family A. The youngest child, the only son of the Family A said that "In every discussion among three siblings; I normally listen to the oldest sister first then I share my ideas", "Mostly, my second sister and I agree with the final decision making from our oldest sister because she knows everything better than us". Siblings of Family C have common characteristics as a straightforward person. They usually use casual languages to each other and careless about the rank among siblings; consequently, there are many arguments happened among them. The oldest child (the first daughter) of Family C said that "For me, discussing any things with my younger sister is most unlikely to succeed", "We are normally think different; she gives many new ideas but most of them cannot apply to our resort". The second daughter or the third child of the Family C said that "Whenever disagreement among siblings happen, we tried to calm down first then talking to each other after our temper is getting better according to our family common rule".

In summary, all families prove that no matter how serious disputes occurred; the family members always find their unique ways to solve those family conflicts based on individual family culture and taught. The strength of family bonding and intimate relationship among members are the key solution. Moreover, the hierarchy of family members affects the level of respect and priority: parents and then the oldest child to the youngest consecutively. Also, Parents A and C avoid sibling conflicts by always nurture the oldest child to sacrifice personal interest for her younger sister(s) and brother(s). At the same time, the younger children have been taught to abide by their oldest sister. Importantly, Family Business, especially during the second generation, one of the most

vital aspects to reach the competitive advantage is to create the innovational mindset to both predecessors and descendants. Innovation can be easily created by sharing and welcoming new ideas from all family members. Children have fresh ideas and eager to fix and improve things in the novel ways; likewise, parents have working experiences to sharpen those new opinions into more practical and applicable for the business. Thus, these are not only maintaining good relationship among family members; but they are also enhancing long-term business growth.

#### **4.1.2 Technique of each family to equalize family and business needs and wants**

From the interview session, parent(s) of family A, B, and C are completely responsible for managing capital investment in the business and making the final decisions related to managerial activities. Even though all three families are in the transitional phase; all heirs still rely heavily on parental control, especially financial management. Father of family A and C lead the business vision and bring up new business opportunities to invest. However, all money management is fully administrated by mother from Family A, B, and C, mothers, who always make the final decision about investment and expenditure. There are eight children, who are involved in the interview; only two oldest daughters from Family A and C are responsible for helping their mother to manage the capital investment. Mother of Family A said “I am responsible for managing all family income, last year 2015, my husband decided to invest in condominium business in south Pattaya, he did invest about a half of million baht for the floor plan sketch; however, I told him to cancel that project due to unstable of Thailand economy related to politics and so on”. The son from family B said that “All income from the family is kept and managed by my mom, she is good at this and I am happy to have her handles these duties”. Father of the family C replied that “Without my wife’s budgeting management, I am sure that we would not have enough money to pay back debts and to raise our four kids”.

Family A and B weight their investment and spending heavier in family fulfillment rather than in developing business regarding to requirements. Father of the Family A mentioned that “If comparing between family and business needs, we usually invest in family first”. He also said that “All rooms in our resort are quite new; therefore, the cost of re-investment in re-design or renovate are unlikely to be concern presently”.

Mother A also said that “The reinvestment in any businesses require long-term period to get money back; so investment in family happiness is priority now”. Mother of the Family B said that “I do not think that invest too much on business will return good income, just remain on what our resort do is fine enough”. The son of Family B answered that “We once invested in operational system to our resort but anyway family comes first for every payout”.

Conversely, Parents of the family C spend a majority of family capital on business requirements more than family needs. Father of Family C said “I have four children and I would like them to have their own business in the future; so I opened new related business for them to inherit”. Mother supported father’s answer that “Because we invested a lot, we have huge debts with a high interest from banks”, “Therefore, I have to explain our children why I have to set specific monthly expense for each of them”. She gave further elaboration about her capital management that “I am responsible for making money and budget control for our family members and business; so, I am quite strict on all expenditures”.

Overall, All three families are still facing the unbalancing problems about family needs and business requirements. Two families consume more money on family expenses; in contrast, one family pays more capital on business development. Even though there is no exact spending amount to equate family and business sides, all families assign a mother to handle this challenge. This implies the gender specific of being a female is good at arranging household and other capital managements. Also, all children from the interview prefer to have their mother handle this task. Moreover, during the interview session, the answers and actions from all eight heirs justify that they are more intimate with their mother than father. They are more likely to share personal conflicts with their mother; whereas, they normally discuss business topics with father.

## **4.2 Vision alignment among founder(s) and the heir(s)**

During start up family business, founder(s) set business vision and mission to sustain their resort and related businesses for their potential heir(s). However, during the transition period, transferring vision from post leader(s) is one of the most key success factors.

Parents of Family A and C have been sharing family and business vision to their children since they were young. This benefits parents and children to ensure that they share the same vision and common goal toward family value and business vision and mission. To share the same perspective among family members, disagreement within families is reduced and the working performance will be enhanced.

Father A said that “I have been nurturing my children that running business only has one thing to set as a goal, the rule of never fail”. He also mentioned that “I am their coach, I teach all my technique and knowhow to them; now it is their responsibility to follow my taught”. Mother A mentioned that “I teach my children to save money first before looking for new investment”. She also said that “My husband and I had worked in bank about 15 years before founding the resort”, “So from my experience, I always tell my children that my vision toward the resort is to invest only on lower risk but giving good return such as investment in room quality than hiring high skilled workers because we can run by ourselves”. The answers from the heirs can prove whether they share the same family value and business vision. The oldest daughter from the Family A said that “I have been working for our resort for 8 years; I am now Managerial Director and am responsible for all marketing strategies”. “I still ask my parents to suggest on every new project because they are the best teacher”. She also explained that “I have been managing marketing strategies follow my dad’s vision, very precise on every investment; additionally, I control my subordinates like my mom’s vision, which is treating them equally but not invest on them too much because resort employee turnover rate is always high”. The son of the family A mentioned that “My sisters and I always listen and follow on everything that our parents taught; we are strongly believe them because they can become this successful within four years and all of them are flourishing”. These can be concluded that Family A share a vision of risk-averse investment in business. Nonetheless, among three children of the Family A, the middle child (the second daughter) does not align with family values and business vision; thus she decided to work outside the family-owned business. She mentioned that “When I graduated, I decided not to work with my family because I found that it is hard for me to think like others”.

Family C apply frequency of communication to convey vision from generation to generation. Father C mentioned that “I always teach my children to be dedicated on

operating resort and other businesses”, “I told them that owners must know everything related to the business and must be able to teach employees”. Mother also agreed with father and she said that “I always nurture all of my kids to treat everyone equally to mute unhappy workplace because we have different nationalities in our business such as Thai, Burmese, and others”. From four siblings, they shared the similar vision or management style that they have been learning from their parents. The oldest daughter said “I talk to my employees in friendly style, I encounter them first in order to make warmer working place, working in team and treat them like family member”.

Unlike Family A and C, parent of the Family B does not have an empirical family value and business vision to the single son; hence, mother and son do not share a vision. Mother of the Family B set business prime goal as profit maximization but her son eagers for business growth. While asking about vision and mission on running the resort, mother replied “I have been running resort business for a decade but I never handle the direct contact with the customers, the only thing that I opened this resort was just because it could generate good income to me and my son”. In contrast, the son B answered that “I have a vision to make my resort become the top 3 stars hotel in Samui Island”, “To be the top means becoming the most remarkable 3 stars hotel to revisit and share to love ones”. He also said that “I set this vision and mission by myself because my mom let me operate the marketing both online and offline, customer relationship management, and other hotel operations”. He gave further information that “I have full authority to make the decision; my mom is presently responsible for collecting business income and gardening”. “So, my mother and I usually dispute about hotel operations because she has no direct experience with customer while I have”, he concluded.

To summarize, the earlier parent(s) share the family value and business vision to the potential heir(s), the stronger attitude and vision alignment. The shared vision and perspective will help family to work more smoothly toward the same goal. Moreover, when family members share the same mind set and goal; the arguments will be decreased resulting in better working performance in family-owned resort and hotel business. Also, family members whose vision and thought do not fit with family and business value; they are more likely to work outside their family venture.

### **4.3 Potential Successor(s) characteristics & Comprehensive in Industry Modifier (Tourism and Hospitality Industry)**

Because this paper focuses on the transgenerational family business in tourism and hospitality industry, the list of potential successor characteristics and the comprehensive understanding toward this industry are two main competencies of the next leader(s). From the interview, only parent from the Family B does not directly assign her child to study related to hotel and resort operation. Family B is the only family that the next selected leader is male and does not have any siblings as a backup team. On the contrary, parents from the Family A and C guide and plan the study for their children individually based on personal interests and skills. Additionally, parents of Family A and C have selected the oldest child who is also the oldest daughter of the family to be the next leader for the business and family management.

Because there is single child in the family B, the son had thought that he should study in any degrees related to management field. Mother of the Family B said that “I allowed my son to choose where and which faculty he would like to study; however, I just asked him for one thing that it needs to be adapted to our resort”. The son B mentioned that “I decided to take accounting as my major and I graduated from Thammasart University”, “I thought accounting management is one of the most areas that it cannot be learn in work place; it needs theories, cases, and tests to refine and shape comprehensive in recording and controlling business inflow and outflow”. He also said that “However, after I had worked at my resort for years, in the practical way; I have planned that I should take some more marketing course”. He also mentioned that “With the high competitive market in hotel especially in most famous tourist destination like Koh Samui, the quality of the room is not enough; the most effective and strategic marketing are the key to success”.

In contrast, parents of the Family A and C had set the children’s study plan since their offspring were young. From the Family A, both parents said “We encouraged them to study engineering because this field could shape them to think in process with rational mindset”. “For my oldest daughter, she graduated Bachelors’ degree in computer engineering from SIIT, Thammasart University, and she studied master's degree in hospitality management from Australia”, said by father A. “I sent her to master's degree there because we would like her to be prepared for working in our resort”, father also mentioned this.



Mother supported that “We allow them to study in any fields that they like, we gave them suggestion; however, we always tell them that the great and precise learning are from working in our resort”. From the oldest daughter side, she replied that “When my dad told me I better go study for hospitality field, I said yes because I thought I would be easy and I could travel around”, “Nonetheless, it was quite complex to study management fields; though, I have learnt many interesting experience and I always utilize and adapt my educational knowledge with our resort operations”. Parents A succeeded in guiding their heirs to study in the field that they suggested because children normally believe in their decision and guidance. Thus, the next potential head of the Family A would have characteristics and skills like parents had set. This is similar to the Family C as well.

Parents of the Family C did plan and lead their children to study on what they had suggested. “I do not have any degrees from college and I think it is the reason why I cannot make our business better than we are doing”, the father of the family C said this. Mother said that “For me, I graduated bachelor’s degree but I am not good as my children because they have impressive chance to learn many effective ideas and knowhow from travelling and studying abroad”. Parents also replied that “We guided our oldest child to take Bachelor’s degree in Tourism and Hospitality industry then continue master’s degree in marketing because we are quite sure that she could do it well”. They also told that “We selected our second child (the first son) to learn about business law to be the backup of his older sister”. “For our third and fourth child we supported them to learn in any related fields to hotel or management faculty”, parents mentioned this about their second daughter and the second son. The oldest daughter said that “I have to work every school break when my younger brothers and sister can travel and hang around”, “I have grew up like this so I get used to it and I am appreciated to do it for our family because I was born as the oldest child of the Family, it is my duty”.

All in all, the family A and C that have more than one child have more alternative choices to select the next leader for family and business management. Two families had chosen the oldest child, who is also the oldest daughter, to help working in family-owned resort and is required to study about tourism and hospitality field to acknowledge the industry-specific modifiers. One family has only one option to select the next leader. So, the numbers of the heirs affect this constraint. Based on the primary data collection, the gender is not a key factor to elect the next head; yet, the sibling

ranking does affect. The industry-specific skills of the successor are shaped by parents; thus, they have to plan a head about the study and working plan. Additionally, the intrinsic knowledge and practical experience from direct working in family business are required for all competent heirs to achieve the successful transgenerational family business. Last but not least, the right next leader is not the most talented person but she or he has to be a good mediator among family members and staffs.

#### **4.4 Choices of passing baton**

The choices of passing baton relate to the parents' retirement plan and the selection of the next leader, which is mentioned earlier in 4.3. All Family A, B, and C selected the next leader and the chosen child already admitted and worked for the family business. Subsequently, the selection stage is already clarified. Family A and B, parents prefer to work until they cannot. They do not have specific retirement plan because they would like to guide and suggest their children about running business and investment. Nonetheless, only parents from the Family C have planned the retirement preparation for themselves. They decided to lead the resort with their inheritor for five more years; then, all power and decision making will completely belong to the next leader.

Parents of the Family A and B have not plan any retirement procedures. Father of Family A mentioned that "I can still work and I am sure that my children still need my lead and guidance", "This because it is the way we live, I always coach them in every step since I do not want them to experience the failure events". Mother of the Family A replied that "I presently handle for all money management for our household and business expenses", "I think my oldest daughter still needs more time to be ready for this responsibility". From the family B, mother only has her son to continue her resort. She said "I do not know how long I can work so I tried to work until I cannot". She also said that "We have only one business line which is resort because I do not have additional capital to invest in the new business venture". Mother B also mentioned that "If my son decided not to inherit the resort, I definitely sell out", "I do not order him to continue our resort but I always tell him that our business can generate the most stable income for him".

Moreover, Family A and C have more than one family-owned business apart from resort; thus, they tried to assign other businesses to the younger heirs. Parents A said that “We have three main businesses including resort, fresh market, and real estate construction”. “I already assigned our businesses to our children: resort will be led by the oldest child, the fresh market will be controlled by our second child, and the third child will handle the real estate business”, said by father A. He also mentioned that “I divided businesses to all of them according to gender, educational background, competencies, and their interests”. Mother A said that “Our resort seems to be well-fit with our oldest child because she is detail-oriented and have specific knowledge about hotel management from her master’s degree”. Father A mentioned that “Also because resort generates main income; my wife and I always teach our first child since she was young to become great sister for her younger siblings”, “She is well-trained and I am sure that she is competent next leader to manage income for a whole family”. Parents A said that “Although our second child is not working for the family business yet, we strongly believe that she will finally come back home helping her siblings running our businesses”.

There are four successors in the Family C; accordingly, parents established and expanded business line to be led and controlled by individual inheritor. Family C have resort, hostel, night boat (travel from Suratthani to Koh Tao back and forth), and waste pressing company. Parents said “We selected our first daughter to run both resort and hostel with the assistance from our third child”, “The second child will handle night boat business”, “And the youngest child will control the waste pressing factory”. Mother C mentioned that “I have been training my first daughter, who is our oldest child, to be prepared for resort and hotel business by supporting her to take Bachelor’s degree in hotel management”. Father supported that “I am sure that she could run resort and hostel well because she has service mind and she usually seeks out effective ways to overcome any problems happened in the business”.

In conclusion, the choices of passing baton are impacted by numbers of children and businesses that family owned. Family A and C have more alternatives, more sources of income, and more descendants to disperse the responsibility. They just selected the next potential leader who can manage and balance both household and family requirements well. The huge change of passing business from generation to another is happened only when predecessors are completely retired from the family business. If

parents insist to work with the next leader without clarified retirement period, the second generation head is more likely to heavily rely on parents' decision making. This decision making skill is vital to all leaders and it could be developed only when the next leader has a self-experience. So, with parents continuously control, inheritors would have higher change to drive business to failure and bankruptcy.

#### **4.5 Preparation of Succession plan**

According to Literature Review, The Parallel Planning Process (PPP) and the succession plan are the important tools. These are used for smoothly and effectively transfer and prepare the next potential leader to the organizations including family business. This plan requires time and continuous training from post leaders (parents) to the next leaders (the heirs). Regarding to literature review and interview data, the effectiveness of succession planning is ranking from the Family C, A, and B consecutively. There are many reasons to support this statement.

Family C have set explicit rules and agreements though out family members and their employees. Family members could be punished like the ordinary staffs who are non-family participants. This encourages Family C to equalize treatment resulting in becoming a good governance resort and could win workers' heart. Secondly, parents of the family C have been nurturing family value and business vision to their heirs since they were young. This makes children sharing parents' attitudes and perspectives. Hence, Family C would achieve a smooth transgenerational family business. The third reason is that parents C have done a fantastic family continuity plan; and they have drafted long-term business strategic proposal for their four successors. The clear retirement stage is perhaps the clearest proof that parents C are quite ready to pass on the business to their heir(s). Mother C said that "Because my oldest daughter has been helping me managing resort since founding; hence she is well-trained", "And we are sure that in five more years she could control and run the resort by her own". Parents C also harmonize the readiness of their children with the business lines expansion. All of these support that Family C have a high possibility to achieve fluent transgenerational family business.

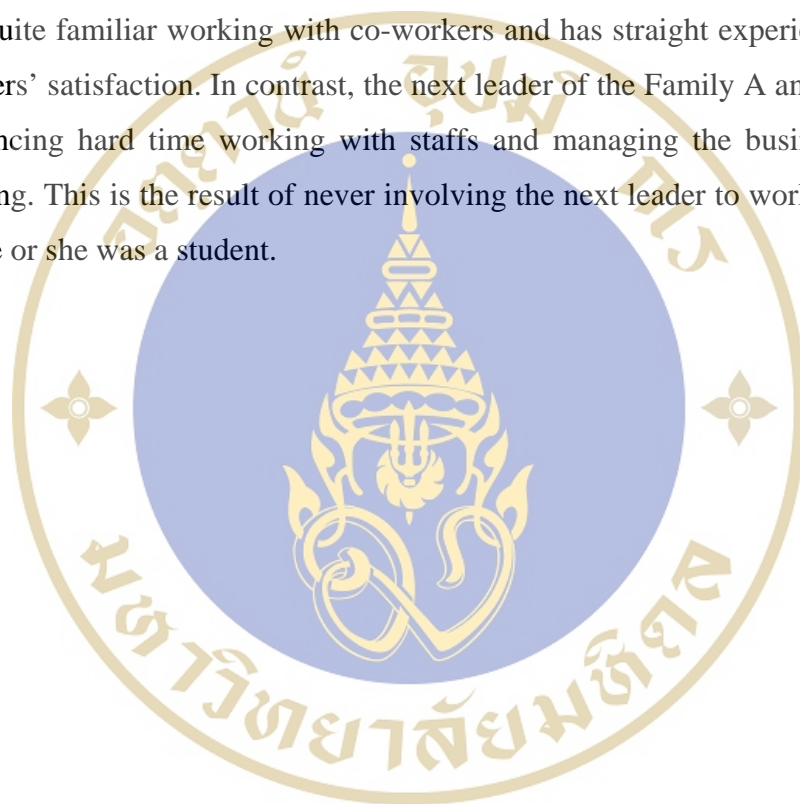
Family A earn the second rank of a succession planning preparation. This family has a strong family and business commitment because father is now controlling

and setting all agreements, rules, and punishments. The third child of the family A said that “My dad has a clear regulation that you cannot make the same mistakes more than three times”, “If anyone do not comply with the rule; he will immediately ask him or her to leave”. He also replied that “My dad is quite strict with my sisters and me about our lifestyle”, “For example, we are directed to arrive home before midnight and sleeping somewhere else besides the house is prohibited”. Also, Parents A use the family vision of being risk-averse and humble to set a business vision. Mother A mentioned that “I always tell my children to show respect to everyone, especially to older people”. The oldest daughter or the next leader of the family A said that “My mother is my idol to manage and control employees, capital, and family conflicts”, “And my father is my superb business strategic coach”. Consequently, parents A and the next leaders share both family and business vision; this supports Family A to lessen arguments and to enhance business performance in the long run.

Family B have the least efficient succession plan preparation for the transgenerational family-owned business. These because of two main constraints: number of the prospective heir and no shared vision. Like mention previously, mother B is only responsible for family income management since founding the hotel. She sets profit maximization as the key objective. She always lets staffs to handle all customers’ complaints; so, she is unlikely to have working experience and skills that are useful for developing hotel. So, the single son barely discusses business managerial conflicts with his mom because they both do not share the same attitude and working perspective. Mother said that “I do not have strategic and real plans to prepare my son, I do not have time to teach him; especially in teaching skills”, “All I could do is telling them to be like me, observe what I do and try to copy”. She also explained that “Now he is full-time working so I give him 20,000 baht as his salary and again without extra”. The son said that “Because my mom is only responsible for capital administration, I have authority in managing hotel operation; I could work freely, easily, smoothly, and of course profitability as well”. He also said that “However, I still need someone to consult about business strategic management”.

To sum up, all three families conduct a succession plan but none of them have a perfect preparation based on the literature review. The most impressive plan for transgenerational family business is belonged to the Family C even if they are yet

incapable of balancing family value with management philosophy. However, among three families; they are the only family that has clear family expansion plan that links to business strategic procedure. They have been starting the succession plan since the first child was born. This proves that faster parents prepare family continuity plan to be parallel with business direction, the finer family business performance in the second generation. Prominently, the second generational successor of the Family C is most ready for operation family-owned resort without parents' order. This is because Family C direct the next leader to help working in the resort during every school break. Accordingly, she is quite familiar working with co-workers and has straight experience in handling customers' satisfaction. In contrast, the next leader of the Family A and B are possibly experiencing hard time working with staffs and managing the business at the very beginning. This is the result of never involving the next leader to work in the business since he or she was a student.

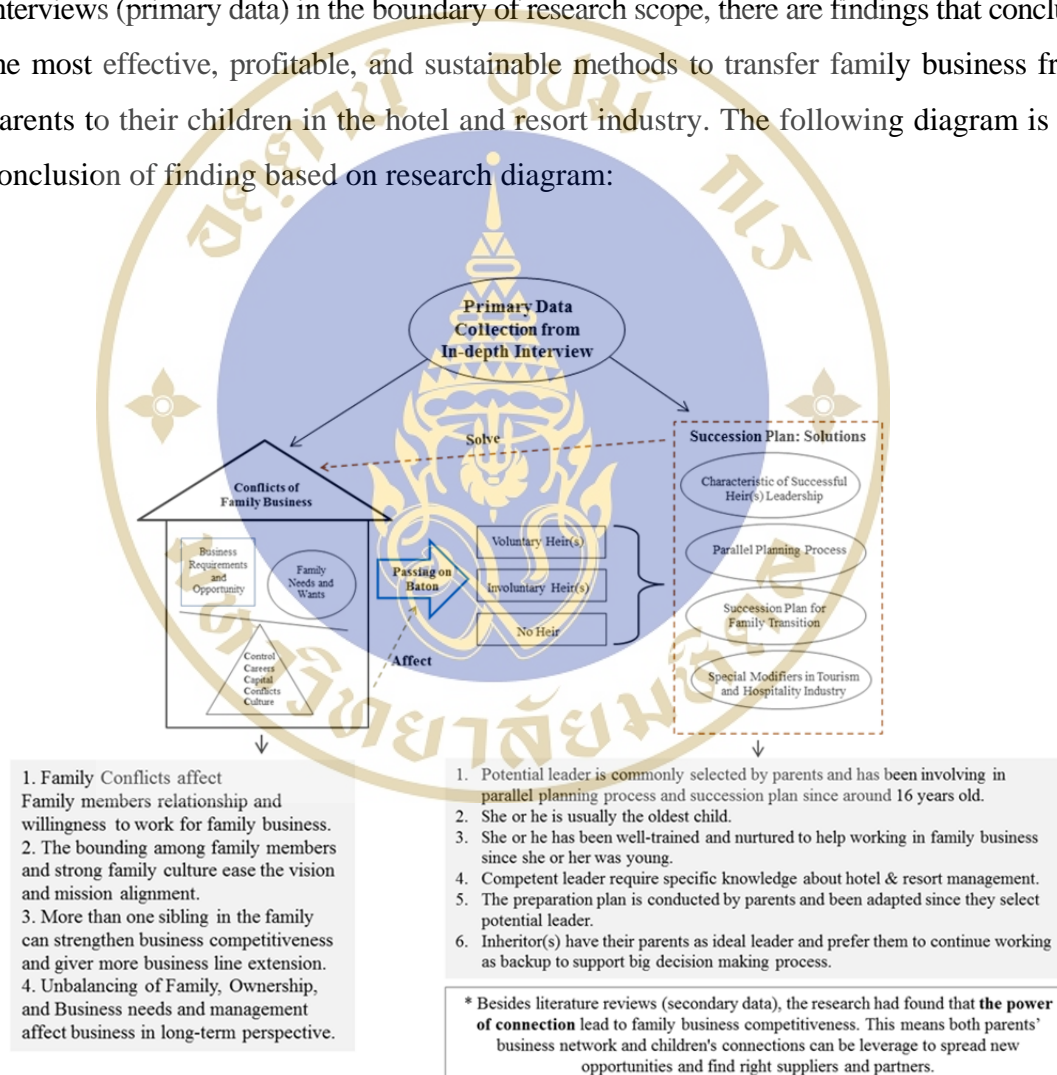


## CHAPTER V

### CONCLUSION AND RECOMMENDATION

#### 5.1 Conclusions

According to the data collection from both literature reviews and in-depth interviews (primary data) in the boundary of research scope, there are findings that conclude the most effective, profitable, and sustainable methods to transfer family business from parents to their children in the hotel and resort industry. The following diagram is the conclusion of finding based on research diagram:



**Figure 5.1 Research Conclusion**

I have found out that there are negative and positive factors that impact Thai SMEs Family Business in the Tourism and Hospitality industry during the transition phase. The negative aspects are origin problems for transgenerational family business. There are two significant constraints that obstruct the predecessor(s) to pass on the baton to the descendant(s). The first problematic factor is the family conflicts and relations. The second constraint is the unbalancing management between family, business, and ownership. Conversely, the positive factors make transgenerational family business successful. There are four major positive factors that support smooth and productive transferring phase from the first generation to the second including vision alignment among two generations, selection the right next leader(s) to run family-owned business, decision making of passing baton, and preparation of the succession plan.

## **5.2 Comparison Between Primary Data and Literature Review**

For the analyzed negative factors according to the ‘overlapping system’ by Leach & Bogod (1999) and the ‘family business dilemma’ by Carlock & Ward (2001), all three families have family conflicts and management problems because families cannot balance the family’s needs with business’s requirement. Two families weight heavier on family fulfillment; whereas, one family emphasizes on business investment. These are similar to the literature review part that most of family-owned business cannot equate family and business demands well. However, I have found out that family economic status affects the unbalancing difficulty. Two families spend majority of their income on family expenses because they did not reinvest to renovate their resort and hotel, which is required large amount of budget. On the other hand, one family expanded new related business lines and reinvested in increasing numbers of rooms as well as renovating resort decorations. These investments require large amount of capital; thus, one family has to make a loan with high interests from banks. So, this family spend majority of family revenue to pay back debts. Moreover, all families assign a mother to control and manage family money and other properties. This implies that mother always conducts household things while father leads the family value together with business vision and sustainable strategies.



The positive factors regarding to the 'industry-specific modifiers' by Getz, Carlsen, & Morrison (2004) and the 'characteristics of the potential next leader' by Poza (2007), two families selected the oldest child as the next leader; whereas, another family has no alternative due to there is a single son. I have learnt that numbers of children in the family and sibling ranking affect transgenerational family business. Two families elected their oldest daughter and prepared her with training and guidance since their eldest daughter was young. The vision alignment is the key aspect that links the first generation leader's family value and business philosophy with the second generation leader. From the primary data collection, it proves that if children do not share similar attitude and perspective of working style with their parents; during family transitional phase and after passing on the baton will be troublesome. I have found out that the earlier parents nurturing and communicating their family commitment as well as business vision to their heirs, the more productive and stable business performance. By thinking and behaving in the same direction, the first and the second generation leaders could leverage his or her opinions and competencies to enhance the business growth. Like literature review mentioned about selecting the right characteristics and skills for the successors, parents are responsible for crafting, setting, and guiding their children to be prepared for inheriting the family-owned business. To sum up, I have discovered that succession planning requires a long period of time to establish and implement. Also, all positive factors are consecutively links to the effective succession plan. The strong foundation of vision alignment between antecedent(s) and descendant(s) will sharpen the family culture and attitude. These encourage family members to adapt themselves to reach the common goal like the next leader admitted and agreed to study in management fields as parents requested. Last but not least, one of the most exotic interesting points is that the transgenerational family business could not succeed if 'trust' is not occurred among the next leader, family members, and employees. To accomplish this, the next family-owned leader has to enhance his or her competencies, sacrifice self-satisfaction, and devote time working with parents and coworkers.

### **5.3 Recommendations**

Based on the conclusion of primary research and literature review, there are some gaps and constraints that everyone in the family business has to fulfill unless the pathway to success is unlikely to reach. The transition phase is the most vital process to transfer power, vision, mission, knowhow, etc. from parents to potential heir(s). Both founder(s) or parent(s) and children (the heir(s)) must involve in parallel planning process and succession plan in order to have strategic and preparation for the next competent leader(s). Therefore, there are some recommendations that this paper was found by interviewing three families including parents' and children's perspectives.

#### **5.3.1 Early select potential leader together with training him or her**

From the data collection, all next potential leaders knew since she or he was young that she or he has to inherit the family business. She or he has been grown up together with parents' nurturing, coaching, and sharing working experience and industrial skills. These are vital competencies that new leaders must be well-prepared. Besides from those abilities, the heir(s) has to remain business working environment and culture; especially the vision alignment is critical aspect, which is required to successful transgenerational family business. Also, the inheritor(s) must have 'evolution' not 'revolution' mindset. One of the most smoothest and effective ways to develop or reinvestment in the family business is to gradually change or improve rather than spending huge investment on eliminating existing properties.

#### **5.3.2 Create coaching style parenting**

The family is the first and the strongest business partners and team; hence, the more close relationship, the easier, faster, and more effective family and business operation. There are many methods and activities that enhance warm relationship among family members. According to the research, the allowance and equally accept ideas from everyone are important to do or should set as family culture; welcoming innovative ideas to solve problems. Another way is that parents should apply coaching style rather than teaching and parenting style. This means whenever children experience failure case or raise some ineffective ideas; parents should provide reasons together with proper

solutions. One of the great ways to improve the next leader is that parents are prepared to backup for any failures and become the consultant team for the heir(s).

### **5.3.3 Promote family discussion as well as business meeting**

Family business is also the company that requires clear strategic direction toward profitability and sustainable growth; thus, conduct the scheduled meeting is a must to perform. Meeting among family members could be less formal and the proper keys to effective discussion are to rely on the majority vote and to found family council in order to create common agreements or rules. For example, the family spending should be controlled by setting proper amount and may flexible based on situation. In contrast, business meeting ought to be more formal and needed to be recorded to observe the improvement. All family members must join meeting like they are employee of the company and the meeting must allow everyone to speak out ideas, the main objective of every meeting should be oriented in innovative ideas generation.

### **5.3.4 Conduct proper succession plan and parallel planning process since having first child**

There are not clear components of family business succession planning; however, the inevitable things to have are ‘founder(s)’ and ‘successor(s)’ willingness to become part of the plan. After parent(s) done selecting the competent heir(s), parent(s) must immediately involve next potential leader into the plan, explain and train him or her to be ready for continuing family business. Also, the present leaders are better clarifying assets and capital management to all family members to avoid conflicts of interest. All in all, key main components like vision alignment, industrial-specific knowledge in tourism and hospitality management, and ability to propel and balance family members relationship as well as equal treatment to all employees; all of these must be included in the succession plan starting from founder(s) to the next generation.

There are no clear definitions of ‘failure of transgenerational family business’ or ‘success of transgenerational family business’ in family business term. Some families might say that they are happy to let their potential children to work outside family business and this is not counted as ‘failure’. This is defined as their worthy learning experience to start working as subordinate before becoming a good employer. Similarly, the ‘successful

transgenerational family-owned business' does not always count when the children of the founder inherit the business. The successful transition from present to future generation can be done by passing baton to relative, employees, or other people who are interested and may be more capable of continuing the company than those children of that family business.

#### **5.4 Research Limitation and Suggestion for Future Research**

By emphasize on transgenerational problems of SME family-owned hotel and resort and interviewed only three families, this paper might omit constraints related to family business in other industries. Also, because of time limitation, other useful theories are not included in the research framework.

For the potential future research, it would be great to conduct a research on Thai accommodation business because there is no direct research in this topic. This is because tourism and hospital industry is sustainable growth and can increase national income. Also, this topic may extend to search for key success factors how the leader will make it in the third generation.

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