

Firm Performance of Thai Cuisines in Bangkok, Thailand: Contribution to the Tourism Industry

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Abstract—This study is a descriptive-normative research. It attempted to investigate the restaurants' firm performance in terms of the customers and restaurant personnel's degree of satisfaction. A total of 12 restaurants in Bangkok, Thailand that offer Thai cuisine were included in this study. It involved 24 stockholders/managers, 120 subordinates and 360 customers. General Managers and restaurants' stockholders, 10 staffs, and 30 costumers for each restaurant were chosen for random sampling. This study found that respondents are slightly satisfied with their work environment but are generally satisfied with the accessibility to transportation, to malls, convenience, safety, recreation, noise-free, and attraction; customers find the Quality of Food in most Thai Cuisines like services, prices of food, sales promotion, and capital and length of service satisfactory. Therefore, both stockholder-related and personnel-related factors which are influenced by restaurant, personnel, and customer-related factors are partially accepted whereas; customer-related factors which are influenced by restaurant, personnel and customer-related factors are rejected.

Keywords—Firm performance, Thai Cuisine, Tourism industry.

I. INTRODUCTION

NOWADAYS personnel and stockholders are the "bloodline" of organizations. Organizations to be more efficient and effective need strategic actions and improved management performance to achieve customer satisfaction which is the primary reason why they exist. Sustainability of businesses largely depends on customer satisfaction. Customer satisfaction yields maximum retention rate.

Government Savings Banks have significantly ameliorated the creation of many forms of loans. [1] There are many spin-off businesses created from these loans. It is still true for the Customer satisfaction is a strategic goal for all organizations involved in the delivery of customer goods and services. It is a business term which is used to capture the idea of measuring how satisfied an enterprise's customers are with the organization's efforts in a marketplace. [2] Every organization has customers of some kind. The organization provides products (goods and/or services) of some kind to its customers through the mechanism of a marketplace.

The reason why an organization is interested in the satisfaction of its customers is because the latter purchase the farmer's products. The organization is interested in retaining its existing customers and increasing their numbers.

Tourism is a wide issue today among developing and highly developed nations the world over. More and more, the

countries of the world are taking a closer look at tourism, and the potential benefits from tourism: contribution to the country's balance of payments; dispersion of development; effect on general economic development; employment opportunities; social benefits; educational significance; cultural enrichment; and political value. Food has always been a component of tourism. [3] As a physical necessity and as a prominent arena for expressing creativity and for embodying cultural and individual identity, food has functioned as destination, venue, and vehicle for tourism. As destination, food is the primary experience sought.

Thai food has become in recent years, one of the world's favorite cuisine. When we speak of "Thai food", we are in fact talking of four very distinct regions in the country, each with their own culinary traditions. We are speaking too, of the dishes created in the royal courts and palaces of Old Siam, that have been passed down through many generations of chefs and finally into public domain.

The food industry in Thailand benefits a lot from those who travel. That is why restaurants keep in mind the diversity of competition in their market. The establishments' food and services meet the satisfaction of the guests who will measure its effectiveness and sustainability in the industry.

The challenge for restaurants is to produce loyal and also satisfied and delighted customers. All decisions of the management begin with the customers and guests. Therefore, the success of the restaurant also depends on the policies formulated by the management to produce a degree of guest satisfaction. [4] These policies provide management decisions and actions; hence the need for this kind of study.

Many tourists who travel for pleasure within Thailand say that they enjoy their trips are to enjoy good food, and places with authentic but delicious dishes. The number of foreign tourists visiting Thailand has increased more than five-folds over the past 30 years, reaching over thirteen million today. Many foreign visitors travel to the ancient and modern capital, Bangkok, but very few explore other regions. [5] Yet regions that attract few foreign visitors also offer fascinating sightseeing opportunities and a standard of hospitality that has to be experienced and appreciated.

The recent tourism-related survey targeted 800 tourists across the country aged 16 – 60 years old when asked to state from a checklist their motive for their travel in Thailand, the most frequent response, cited by 626 of the 800 survey participants, was "to relax and recharge my batteries". Next is "to bathe in hot springs" with 595 responses, and "to eat gourmet food" got 526 responses. "To view natural scenery" was in fourth place with 460 responses, and "to experience the

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freedom of independent travel" ranked fifth with 403 responses.

The research will be of benefit to the following individuals; First, the restaurant owners who will use the findings as a determinant on how to improve their goods and services to fully satisfy their customers, specifically the tourists, second; the restaurant personnel, who will develop within themselves communication skills, positive attitude to the customer, personality, and competency, third; the managers, who will use the findings of the study to improve the manner of managing, services, facilities, atmosphere, strategies, and value aspects. Fourth, the customers who will be able to strengthen their loyalty to the establishments because of improved services and goods. And lastly, the owners who will cope us with the customers' needs and demands thus earning is profit or return of investment (ROI) and which will serve as a working model for other business establishments.

Since Thailand is considered as a center for conventions, conferences and connections, a big number of people have to stay either for a short or long period. [6] And also, in as much as the tourism industry in this country is in boom, the travelers' need for food should be met – thus, making this study imperative. The researcher feels that food industry in Thailand offers great economic opportunities for the country; however, there is still much to be done to improve its performance.

II. LITERATURE REVIEW

A. Restaurant-Related Factors Capital

In economics, capital or capital goods or real capital refers to already-produced durable goods available for use as a factor of production. Steam shovels (equipment) and office buildings (structures) are examples. Capital goods may be acquired with money or financial capital. In finance and accounting, capital generally refers to financial wealth especially that used to start or maintain a business

In common usage the word "capital" is the single term used to cover the land, buildings, machinery, tools and materials of a productive enterprise. Financial specialization recognizes different classifications of capital, depending on such features as the use that is to be made of it, the time element involved, and the sources and methods of raising it. If an enterprise is to be started from the ground up, it will need land and buildings, machinery, tools and equipment. Assets of this kind, intended to be used over and over again in production for a long period of time, are commonly called fixed capital; and the money and credit required to pay for such assets take the same name. An enterprise also requires funds to cover its operations – to maintain the plant, to purchase materials and supplies, to pay salaries and wages, to cover storage, transportation, and shipping services, for advertising, and to tide over the enterprise during the time lag between the sale of its products and payment for them. [1] These are current operations, and the funds to cover them are commonly called working capital [10]

In the new enterprise, working capital must come largely through the initial financing. After the firm is in operation, other sources will be open to it. Chief of these sources, of course, is the current operations of the enterprise. These operations should be sufficient to produce all the financing required to meet the routine current needs of the enterprise. They may, in addition, yield sufficiently in excess earnings to provide for special reserves and for expansion of the business.

B. Assets

In business and accounting by asset is meant economic resources controlled by an entity as a result of past transactions or events and from which future economic benefits may be obtained. The Three Essential Characteristics of Assets

They embody a future benefit that involves a capacity, singly or in combination with other assets, in the case of profit oriented enterprises, to contribute directly or indirectly to future net cash flows, and, in the case of not-for-profit organizations, to provide services;

- 1) The entity can control access to the benefit; and,
- 2) The transaction or event giving rise to the entity's right to, or control of, the benefit has already occurred.

It is not necessary; in the financial accounting sense of the term, for control of access to the benefit to be legally enforceable for a resource to be an asset, provided the entity can control its use by other means.

It is important to understand that in an accounting sense an asset is not the same as ownership. In accounting, ownership is described by the term "equity". Assets are equal to "equity" plus "liabilities". Assets are usually listed on the balance sheet. It has a normal balance, or usual balance, of debit (i.e., asset account amounts appear on the left side of a ledger). Similarly, in economics an asset is any form in which wealth can be held. [3]

C. Classification of Assets

Assets may be classified in many ways. In a company's balance sheet certain divisions are required by generally accepted accounting principles (GAAP), which vary from country to country. Current assets are cash and other assets expected to be converted to cash, sold, or consumed either in a year or in the operating cycle. These assets are continually turned over in the course of a business during normal business activity. There are 5 major items included into current assets: Long-term investments.

It is often referred to simply as "investments". Long-term investments are to be held for many years and are not intended to be disposed in the near future. This group usually consists of four types of investments: Investments in securities, such as bonds, common stock, or long-term notes. Investments in fixed assets not used in operations [7] (e.g., land held for sale).

Fixed assets also referred to as PPE (property, plant, and equipment), or tangible assets, these are purchased for continued and long-term use in earning profit in a business. This group includes land, buildings, machinery, furniture, tools, and certain wasting resources e.g., timberland and minerals. They are written off against profits over their

anticipated life by charging depreciation expenses (with exception of land). Accumulated depreciation is shown in the face of the balance sheet or in the notes. These are also called capital assets in management accounting.

D. Intangible Assets

Intangible assets lack physical substance and usually are very hard to evaluate. They include patents, copyrights, franchises, goodwill, trademarks, trade names, etc. These assets are (according to US GAAP) amortized to expense over 5 to 40 years with the exception of goodwill. Some assets such as websites are treated differently in different countries and may fall under either tangible or intangible assets. In the study, the capital was determined using the assets of the organization under study in term of million baht as reflected in part of the questionnaire.

III. METHODOLOGY

This study is a descriptive-normative research. It attempted to investigate the organizational performance of the restaurants in terms of the degree of satisfaction of the customers and restaurant personnel. [4] As articulated by Van Dalen this type of research ranges from simple survey that inquires and provides empirical support to questions on “status quo”, and to studies that present explicit statement on the relationships between the hypothesized variables. [11]

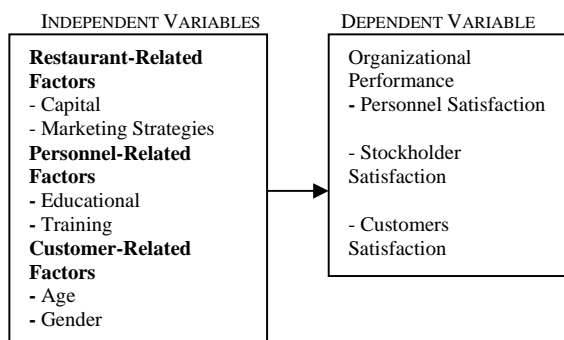


Fig. 1 Research Conceptual Framework

IV. FINDINGS

A. Capital and Annual Budget

The result shows the average capital and average annual budget of the respondents' restaurants. As shown, the average capital is 9557500 which range from a minimum of 5000,000 to a maximum of 16,500,000. These data were based on the capital statements. [8] Provided by the respondents for use in this study. The Annual budget on the other hand, ranges from a minimum of 4500000 to a maximum of 8790000. These annual budgets of the subject restaurants average 6042416.7. The data further shows diversified capitalization and budget to establish diversity of competition in the market.

B. Marketing Strategies

Advertising is the result that shows that the rate of agreement on how the respondents observe the used of the following media in promoting the restaurant.

TABLE I
 THE DESCRIPTIVE OF THE MARKETING STRATEGIES

Marketing strategies	Mean	Interpretation
1. Advertising		
1.1 Print, broadcast, on-line ads	3.64	Effective
1.2 Packaging	3.67	Effective
1.3 Motion pictures	3.59	Effective
1.4 Brochures, booklets	3.65	Effective
1.5 Websites and banners	3.53	Effective
1.6 Billboards, posters	3.66	Effective
1.7 Display signs	3.71	Effective
1.8 Point- of purchase displays	3.63	Effective
1.9 Audio Visual materials	3.64	Effective
1.10 Symbols and logos	3.70	Effective
Overall Mean	3.64	Effective

The data displays various marketing strategies the subject restaurants employ to advertise their business and attract customers. Respondents affirmed the use and effectiveness of all these media as manifested in their almost equal mean responses to the following strategies: print, broadcast, on-line ads (X=3.64), packaging (X=3.67), motion pictures (X=3.59), brochures, booklets (X=3.65), websites and banners (X=3.53), billboards, posters (X=3.66), display signs (X=3.71), point-of-purchase displays (X=3.63), audio-visual materials (X=3.64) and symbols and logos (X=3.70). [7] Overall, the extent at which these media are utilized for promotion purposes is quite apparent. Overall mean (X=3.64) which means “Effective”.

Regression of Organizational Performance: Personnel Satisfaction on Restaurant-Related Factors reveals the regression of Personnel Satisfaction on Restaurant-Related Factors. The optimal equation generated using the stepwise regression analysis is found to be statistically significant at 0.000 level with an F value of 125.196. With the initial combination of four (4) independent variables (restaurant-related factors), only one (1) came out to provide the greatest explanatory power to the optimal equation of the Personnel Satisfaction. [6]

TABLE II
 THE PREDICTOR OF THE FACTOR THAT MOST SIGNIFICANT

Predictor	Beta Coefficient	t	Significance
Sales Promotion	0.509	11.189	.000

Adjusted R-Square: .257 F-Value: 125.196 Significance of F: .000. As indicated, sales promotion predicts positively the Personnel Satisfaction. The beta coefficient (B=0.509) implies that for every standard unit deviation increase in Sales Promotion, there is a 0.509 standard deviation unit increase in Personnel Satisfaction.

Advertising respondents affirmed the use and effectiveness of the advertising media as manifested in their almost equal mean responses to the following strategies: print, broadcast, on-line ads packaging, motion picture brochure booklets, web sites and banners, billboards, posters display signs (X=3.71),

point-of-purchase displays ($X=3.63$), audio-visual materials ($X=3.64$) and symbols and logos ($X=3.70$). Overall, the extent at which these media are utilized for promotion purposes is quite apparent and effective with a mean rating of 3.64.

All the sales promotions are effectively utilized as manifested from the equal mean ratings of the customer respondents. Low interest financing ($X=3.72$) however is proven to be a common sales promotion employed by restaurant owners. This sales promotion gives the customers an option to pay thru credit cards with a very minimal interest charge. [9] Overall, with a mean rating of $X=3.61$, these sales promotions are apparently effective marketing strategy of restaurant owners.

Training Thirty (30) or 25% of the respondents attend trainings not more than 2 per year. Fifty-six (56) or 46.7% of the respondents attend trainings at an average of three (3) per year, twenty-six (26) or 21.7% of the respondents attend trainings at an average of four (4) per year while eight (8) or 6.7% of the total 120 respondents attend trainings at an average of at least 5 per year.

V. DISCUSSION

Since stockholder-related factors such as marketing strategies, advertising and sales promotion induce customers to make purchases, the hypothesis that the organizational performance as to personnel satisfaction in terms of work environment and benefits is influenced by restaurant-related, personnel-related and customer-related factors is partially accepted. b) Since personnel related factors such as attitude towards customers, work environment and benefits predict organizational performance, the hypothesis that the organizational performance as to stockholder satisfaction in terms of sales volume and annual profit is influenced by restaurant-related, [9] personnel-related, and customer-related factors is partially accepted. c) Since customer related factors such as age, gender, nationality, occupation, and purpose of stay do not predict the customers' satisfaction, the hypotheses that the organizational performance as to customers' satisfaction in terms of location, quality of food, services and price is influenced by restaurant-related, personnel-related, and customer-related factors is rejected.

VI. RECOMMENDATION AND FUTURE STUDIES

Customer satisfaction depends on the product quality and service performance. In a highly competitive industry like the restaurant business, the biggest concern of restaurant owners is to attain customer loyalty. The results of this research showed that stockholders need to be aware of the following.

Stockholders should be highly concerned about the marketing strategies such as advertising, and sales promotions of the restaurant to induce customer to purchase. The taste and quality of the food, freshness of the ingredients, and nutritional value, as well as the preparation, and presentation should be given preferential attention to assure the patrons of the standards and quality of each dish. Promotion and discounts might be an option to promote the restaurant to a

new group of customers while also reinforcing the loyalty of current customers. [9] The restaurants should provide an orientation or training to every staff member in order to set standards and to be able to provide an efficient, effective, warm, and friendly service to the guests. The restaurants should provide a welcoming, friendly, and relaxed atmosphere. Research can be conducted in other restaurants and in different provinces of Thailand at different time of the year, and different groups and other variables.

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