

## **Abstract**

The main research purpose is to explore organizational factors affecting success and failure of Small Inbound Tour Operators (SITOs) in Bangkok during the first five years of business operations.

The research used qualitative approach to gain deep understanding of reasons to business failure and important factors contributing business success. The multiple-case study with semi-structure interview was conducted. Six sample cases of small inbound tour operators that provide ground services to foreign tourists in Bangkok were selected from the database of the ministry of commerce. The six sample cases that consist of four successful cases and two failed cases facilitated cross-case analysis.

The findings showed that most of SITOs failed or discontinued their businesses because they lack knowledge and capability in human resource management, and they did not succeed in sales and marketing. In respect of human resource factors, SITOs are failed if they could not solve employee turnover problems, hire too many staffs, or apply a non-salary policy. The most critical factors affecting to business failure are sales and marketing factor. The findings showed that failed cases do not succeed in other marketing activities apart from personal connection, do not use overseas travel agency as their distribution channels, and directly sell their products to tourists.

The findings showed that important factors in SITOs success are detailed and classified into main factors, namely business strategic choices, sales and marketing, human resource management, supplier selection and contract management, and collaboration with external organizations.

In respect of business strategic choices, SITO's have high potential to survive and succeed in their businesses if they target to one geographical market, differentiate their products to specific market segmentation such as Christian group. Provide personalized products such as tailor-made tour program. Furthermore, providing mass product with low cost leadership in one geographical market does not constrain business success of SITO's if they are strength in price negotiation with their suppliers.

In respect of sales and marketing, personal connection will enhance sales and marketing of SITO's at the beginning stage of business establishment. However, SITO's must have a formal structure in marketing practices to gain stability number of tourists. The marketing practices are overseas travel trade fair participation, using overseas travel agencies as travel intermediaries. A human resource management policy that contributes to success of SITO's is having a close relationship with their employees, internal communication, mutually identifying problems and solving them, being able to identify their special skills and assign appropriate tasks to them, and understanding their personal problems.

In respect of supplier selection and contract management, SITO's should not invest in transportation or paying fixed salary to tourist guides. The findings showed that outsourcing to transport company and hiring freelance tourist guides with contract management, and setting guidelines contribute success of SITO's.

The collaboration with external organizations should enhance success of SITO's. The findings showed that collaboration with suppliers could help SITO's in cost negotiation, collaboration with regulatory agencies could help SITO's in sales and marketing, and collaboration with their competitors could help SITO's in sharing information of suppliers, and reselling their products to their competitors.