Human Resource Management
Concepts within Micro Businesses

The study of Thai micro businesses

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Abstract

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Micro businesses are the most common form of business in the world and they play an important role in the economic growth of every country. They are usually characterized by a lack of financial resources, which influences the management of such firms. The role of the owner manager is crucial in micro businesses and has a strong influence on every aspects of the business and one of these aspects is human resource management.

Compared to the research about larger companies, the number of researches in the scope of human resource management (HRM) specifically within micro businesses is very small. Another fact which caught the attention of the authors is that the situation in Thailand regarding HRM within micro businesses remains a blank spot. This master thesis will try to provide more information about the situation on the Thai micro businesses and human resource management within them.

In order to do so, a theoretical framework was created based on the literature available about human resource management within micro businesses. The second step was to interview the owners of nine Thai micro businesses and discover what their HRM practices are. After these steps we compared the literature and the data provided by the owners of micro businesses in order to find similarities and differences between the two.

The conclusions of this study were that many similarities could be found between the theory chosen in our frame of reference and the reality of the nine Thai micro firms. Some differences were noticed but those could not overshadow the fact that the frame of reference was able to describe the situation of the Thai businesses. This thesis obviously evidences some limitations and recommends that more studies should be performed in order to generalize human resource management within micro businesses in Thailand.
# Table of Contents

1 Introduction ............................................................................... 1  
1.1 Purpose .................................................................................................. 1  
1.2 Disposition .............................................................................................. 1  

2 Theoretical framework .............................................................. 3  
2.1 Micro businesses .................................................................................... 3  
2.1.1 The definition based on quantitative data ............................................... 3  
2.1.2 The definition based on qualitative data ................................................. 4  
2.2 The characteristics of micro businesses ................................................. 4  
2.2.1 Start-up ................................................................................................... 4  
2.2.2 Self-employed ........................................................................................ 5  
2.2.3 Stages of growth ..................................................................................... 5  
2.2.4 Owner manager ...................................................................................... 5  
2.3 Micro business owner: the influence on human resource management in micro businesses .......................................................... 6  
2.3.1 Categories of micro business owners ..................................................... 6  
2.3.1.1 Micro business success .................................................................................................. 7  
2.3.2 Characteristics and role of the owner manager ...................................... 7  
2.4 The concepts of human resource management ..................................... 8  
2.4.1 Background ............................................................................................ 8  
2.4.2 Definition ................................................................................................ 9  
2.4.3 Perspectives of human resource management ...................................... 9  
2.5 Human resource management under the perspective of micro businesses .................................................................................... 10  
2.5.1 Human resource management and the micro business world model .................................................................................................... 11  
2.5.2 Recruitment in micro businesses .......................................................... 14  
2.5.3 Human resource development in micro businesses ............................. 15  
2.6 Summary of the theoretical framework ................................................. 19  

3 Methodology ............................................................................ 21  
3.1 Exploratory approach and qualitative study .......................................... 21  
3.2 Interview as empirical data collection method ...................................... 22  
3.3 Data analysis ........................................................................................ 23  
3.4 Validity .................................................................................................. 24  

4 Empirical data ................................................................................ 26  
4.1 Overview of the empirical data ............................................................. 26  
4.2 Summary of the empirical data ............................................................. 30  

5 Analysis of the empirical data ................................................ 32  
5.1 The Characteristics of Thai micro businesses ...................................... 32  
5.1.1 Start-up ................................................................................................. 32  
5.1.2 Self-employed ...................................................................................... 33  
5.1.3 Stages of growth ................................................................................... 33  
5.2 The role of owner managers in Thai micro businesses ....................... 33  
5.3 Human resource management in Thai micro business: analyzed by micro business world model ............................................................................................................. 35
5.4 Informality of human resource management in Thai micro businesses ................................................................. 36
5.4.1 Informality in the recruitment process .......................................................... 36
5.4.2 Informality in the human resource development process ....................... 38
5.5 Similarities and differences ........................................................................ 39
5.5.1 The similarities .................................................................................. 40
5.5.2 The differences .................................................................................. 40

6 Conclusion ........................................................................................................ 42
6.1 Limitations .................................................................................................. 42
6.2 Suggestions for future studies ................................................................. 43

References ......................................................................................................... 45

Appendices ......................................................................................................... 50
Appendix 1: Questionnaires .............................................................................. 50
Appendix 2: Summary of the written notes taken from interview ................. 52
Table of figures

Figure 1.1: Disposition of the master thesis 2
Figure 2.1: European Commission definition of SMEs 3
Figure 2.2: The micro business world (Stage 1) 11
Figure 2.3: The external intervention (Stage 2) 12
Figure 2.4: Joining the micro business world (Stage 3) 13
Figure 2.5: Training and management development budgets by firm size 16
Figure 2.6: Watkins and Marsick’s dimensions of the learning organization 18
Figure 2.7: The illustration of informality of HRM in micro businesses 19
Figure 2.8: The possibility that micro business will apply more formal HRM practices 20

Table of tables

Table 2.1: Categories of the entrepreneurs’ opinion about micro-business success 6
Table 2.2: Management style of owner managers 8
Table 2.3: Employment Practices of Business Owners in Respect of Formal Agencies and Some Close Ties 15
Table 4.1: Overview of nine Thai micro businesses (1) 30
Table 4.2: Overview of nine Thai micro businesses (2) 31
1 Introduction

It is widely recognized that small and medium enterprises play an important role in the economic growth of every country and when we consider that the majority of these SMEs (Small and medium sized enterprises) are micro businesses, the relevance of the latter businesses is unquestionable (NetRegs, 2003; The European Commission, 2005). However, explaining what is a micro business is not an easy task. This is because the definition of a micro business differs from country to country on quantitative and qualitative data, and in some countries this definition does not exist. This is the case in Thailand for example.

According to many authors, micro businesses differ from larger SMEs in many aspects, and should therefore be studied separately, unfortunately, this does not happen to be the case, with the literature focusing on micro enterprises being very scarce (Scase, 1996). One of the areas where micro firms differ from larger ones is human resource management (HRM). Compared to the research about larger companies, the number of researches in the scope of human resource management, specifically in micro businesses is also very small and should be given more attention (Henneman et al., 2000; de Kok, 2003).

Another phenomenon which attracted the attention of this master thesis is the fact that the situation regarding human resource management within micro businesses, or simply micro businesses, in Thailand remains a blank spot with very little information available regarding these subjects.

The reasons above showing that, while micro businesses play an important role, there is not enough research focusing on this business category, and even less on human resource management within them. This problem is also evident in Thailand, where even an official definition of micro business does not exist. Therefore there is clearly an opportunity for more research to improve the knowledge on the topics mentioned above.

1.1 Purpose

The purpose of this master thesis is to explore human resource management under the perspective of Thai micro businesses using theories. To achieve this, the following sub-purposes need to be fulfilled:

- Reviewing of micro business theory focusing on the definition and the role of the micro business owner which effect human resource management
- Reviewing of human resource management theory in micro businesses with a special emphasis on recruiting processes and human resource development.
- Analyzing the empirical data in Thai micro businesses.
- Identifying similarities and differences between theoretical finding and the practical finding in Thai micro businesses.

By fulfilling these sub-purposes, this master thesis will provide an overview how human resource management is conducted in Thai micro businesses.

1.2 Disposition

The disposition of this study is illustrated in figure 1.1. The first step is to study the theories and approaches from literatures about the definition of micro business, micro business owner and HRM within micro businesses in the theoretical framework which will be used
to analyze the empirical data collected during the interviews with the micro business owners in Thailand.

![Figure 1.1: The disposition of the master thesis (own source)](image)

The result is to get a better understanding about HRM within micro businesses and discover the similarities and differences between the literature about HRM in a micro business context and the reality of the Thai micro businesses studied in this thesis which is our master thesis purpose.

Six chapters are proposed in order to follow this disposition. The first chapter is the introduction which stated the problem and purpose of the thesis. The second chapter is the theoretical framework part which explores the definition of a micro business, its characteristics and the role of the micro business owner, description of human resource management, funnelling down to human resource management within micro business and focusing on recruitment and human resource development activities. The third chapter will describe the chosen research method and the validity of it. The fourth chapter provides the conclusion on the empirical data from the nine Thai micro businesses which will be analyzed by the theories in chapter number five. Finally, a summary and suggestions for future researches will be provided in the sixth chapter.
2 Theoretical framework

In this chapter, the approaches about the definition of micro business as well as the characteristics of micro business owner from the literatures will be described. Therefore, the first part of this chapter (2.1-2.3) will fulfill the first sub-purpose of the master thesis. This chapter also provides the approaches of human resource management in general in the sub-chapter 2.4 then funneling down to the concept of human resource management specifically within micro business in sub-chapter 2.5 with a special emphasis on recruiting processes and human resource development. The second sub-purpose of this master thesis then will be fulfilled as well.

2.1 Micro businesses

2.1.1 The definition based on quantitative data

First of all, the definitions of large, medium, small and micro businesses are mostly based on quantitative data. Government agencies tend to base their definition on the number of employees in the business while banks and financial institutions always define the size of an enterprise by using the value of assets, sales or other financial measurements (O'Dwyer & Ryan, 2000; Coetzer, 2002).

Micro businesses are defined as businesses employing up to 10 people (Stanworth & Gray, 1991; Storey, 1994; Johnson, 1999). This definition is entirely based on quantitative data and some misunderstandings can arise. When considering solely from quantitative data, the term SMEs could be used exchangeably with small businesses and it includes the micro business definition inside. Some definitions, such as the European Commission definition (2005), are more specific and state that micro businesses are firms which employ less than 10 persons and whose annual turnover or annual balance sheet total is inferior to 2 million Euros.

![Figure 2.1: European Commission Definition of SMEs (The European Commission, 2005)](image-url)
2.1.2 The definition based on qualitative data

The management in the micro business context was sometimes viewed as synonymous with management in the small- and medium-sized enterprises (SMEs) context. This conclusion is however argued by part of the scholars. Burrows and Curran (1989) argued that the emphasis to define only from quantitative basis is not sufficient to explain the uniqueness of micro businesses when a range of other qualitative criteria such as the type of economic activities, types of employed technology or the characteristics of decision making process are being neglected.

The Bolton Committee (1971) proposed the qualitative definition of micro firms and described three essential characteristics as:

1. The business is owner-managed in a personalized way, and not through a formal management structure.
2. The business has a relatively small share of its market.
3. The business is independent, in the sense that it does not form part of a larger enterprise and that the owner managers should be free from outside control in making their principal decisions.

The discussion about quantitative and qualitative analysis to define micro businesses was illustrated to prove that there is no exact, widely accepted definition of micro business. The uniformity of approach to define the micro business does not exist and, furthermore, the previous researches argued that researchers should offer reasoned justifications for the definitions they adopt for their particular research project (Curran & Blackburn, 2001; Storey, 1994 cited in Coetzer, 2002).

This master thesis will follow the definition proposed by the European Commission (2005) due to its simplicity and that fact that most scholars agree that a micro business has less than ten employees. The selection of the companies as interviewees paid exclusively attention to the number of employees and the annual sales turnover which is the quantitative qualification of the micro business presented in the European Commission definition.

2.2 The characteristics of micro businesses

Devins et al (2002) proposed that micro businesses, in spite of their size and relatively simple organisational structures include organizations of considerable diversity including start-up businesses, the self employed, owner-managed organizations, distinct ‘social’ groupings (e.g. women, ethnic, family), franchises, hi tech and businesses with different legal status. To make this master thesis explicitly discussed in human resource management, the concept of the nature of micro business from Devins et al. (2002) will be deducted and the nature which affects the management of human resource in micro firms will be focused.

2.2.1 Start-up

Start-up business is one of the nature of micro business which start from the very ground. The problems they tend to face are insufficient business resources, lack of business planning and controlling. Another important characteristic is the motivation of the entrepreneur which can easily decrease when the business is confronted with serious problems. These facts can be seen as reasons why the number of micro businesses has declined in many countries and the rate of failure in the first five years of new micro business operation is high (Blewitt, 2000). Another reason proposed to explain the declining number of micro businesses created is that too many micro businesses are launched with insufficient
preparation and an unstable financial basis and are, therefore, in trouble from the begin-
ning (Blewitt, 2000). However, when the firm grows, the skilled entrepreneur, through ex-
perience learns rapidly, modifies his or her behavior and learns to take a realistic approach
to running the business in the long term (Frank, 1988).

2.2.2 Self-employed
Another nature of micro business is the “Self-employed” entrepreneur who decided to
create a second job or start the business which has only one employee, him or herself. The
benefit for a self-employed person does not derive from salary but from the business prof-
it. The self-employed category provides an illustration of the differing nature of businesses
which employ the same number of people in the scope of the micro business definition
(Devins et al., 2002) and it is the simplest kind of entrepreneurship (Blanchflower, 1998).
The overlapping between start-up and self-employed nature of micro business can be no-
ticed from these definitions. The difference between a start-up and a self-employed busi-
ness in term of human resource management is the number of employees. While only one
employee is hired in self-employed, there is no precise limit of number of employees in a
start-up business. However, as Devins et al. (2002) proposed start-up business as one of
the natures of micro business. It can be interpreted that, in most cases, start-up businesses
are managed with less than ten people.

2.2.3 Stages of growth
Greiner (1998) identified five stages of organizational evolution and revolution. Start-up
businesses are located within the initial start-up stage or Phase 1: “Creativity” in which
start-up businesses are driven by an entrepreneurial culture with an emphasis on develop-
ing the product and the market as their first priority (Greiner, 1998). Organizations, at this
stage, are characterized by having a founder who is entrepreneurial and the communication
within the firm is informal. However, when the business grows and formal management is
needed, the micro business is considered to apply formal management knowledge and
techniques in order to let the firm grow further, nominally to Phase 2 in Greiner’s model
(Greiner, 1998). Kao (1991), basing his statement on Greiner’s model, proposed that the
transition from phase one, whereby all decisions are informal and closely linked to the indi-
vidual founder, to phase two, defined as formal procedures and structure within an organi-
zation, that occurs as the organization grows often leads to a crisis in control in which the
need for coherent systems and professional or technical management are exposed.

It is also important to clarify that not all of the start-up businesses, including self-employed
ones, will be transitng from phase one to phase two in Greiner’s model. This is because
the rate of failure in start-up micro businesses is high (Blewitt, 2000) and some micro busi-
nesses do not desire to grow (Greenbank, 2001).

2.2.4 Owner manager
Greiner’s model is useful to analyze another nature of micro business, owner manager. The
characteristic of owner manager is entrepreneur or owner of micro business who also play-
ing the part of manager in his or her business at the same time (Devins et al., 2002). Cor-
responding with Phase one from Greiner’s model, a start-up micro business owner is in-
volved in managing and operating its business. He or she is in charge of management deci-
sion-making, being the one responsible for choosing whether the business will grow or not.
The researches show that some of them do not want to grow and are concerned that they
will lose control if the business growth exceeds the limit of their capacities and they have to
apply more formal management methods (Simpson et al., 2004). The characteristic of mi-
Micro business owner as an owner manager will be discussed in details in the following section.

2.3 Micro business owner: the influence on human resource management in micro businesses

2.3.1 Categories of micro business owners

Simpson et al. (2004) proposed that the characteristics and the opinion about business success of micro business owners can be categorized in mainly four types (See table 2.1).

Table 2.1: Categories of the entrepreneurs’ opinion about micro business success (Simpson et al. 2004)

<table>
<thead>
<tr>
<th>Elements of theory</th>
<th>Empire Builder</th>
<th>Happiness Seeker</th>
<th>Vision Developer</th>
<th>Challenge Achiever</th>
</tr>
</thead>
<tbody>
<tr>
<td>Properties of the category</td>
<td>Success is a combination of growth, profitability and teamwork</td>
<td>Success is to be happy at work</td>
<td>Success is the collective sense of achievement and recognition and respect from the marketplace</td>
<td>Success is a personal sense of achievement and recognition</td>
</tr>
<tr>
<td>Personal characteristics of the owner-manager</td>
<td>Commitment and loyalty to their staff and customers</td>
<td>Emphasize enjoying work, not taking too much out of the business and being honest with everyone</td>
<td>Vision, commitment, and enthusiasm</td>
<td>Sit back and enjoy the achievements</td>
</tr>
<tr>
<td>Hypotheses</td>
<td>Teamwork and motivation will achieve results.</td>
<td>Doing your best is more important than a high salary or profits. And: Growth is not an objective.</td>
<td>Shared values, vision, creativity, and building on strengths will achieve success and: Seek new objectives and challenges</td>
<td>Everyone, including customers, are responsible for the success</td>
</tr>
<tr>
<td>Effect of education, training, prior knowledge and experience</td>
<td>Some conflicting evidence that past experience, training, and development may be equally important for success</td>
<td>Prior knowledge and experience was more important than training to achieve success</td>
<td>Experience in the business and the market was more important than training, education or prior knowledge for success</td>
<td>Conflict evidence that training may be a big factor contributing to success in one company but not another</td>
</tr>
</tbody>
</table>

Regarding human resource management, Simpson et al. (2004) deduced differences in terms of selection and human resource development between the different categories. In the companies where the manager was falling into the category of “Happy Seeker”, the efforts put on training were very low with past experience and knowledge being more valued when recruiting a new employee. Smith and Whittaker (1998) state that these are characteristics of managers in the sector and the main reasons behind these characteristics were that the managers had doubts about the benefits of training. In the category of “Empire Builder”, the evidence from the research is that past experience and training seem to influence success in an equal way, and that the managers did not seem to prioritize one or another. The entrepreneurs included in the “Vision Developer” type valued experience in the sector the most and training was considered less important when selecting a future employee. Only two owners were considered to be part of the “Challenge Achiever” and the results show that in one company training was very important and accessible to every employee while in the other one training was not provided. The conflicting results in this category do not allow determining whether the emphasis on training is high or low. Simpson and al. confess that the low number of firms studied in this research have an impact on the approximation of the results and that the study of more firms is required.
Overall the results from this study regarding human resource management are in line with the opinion of various authors (Johnson, 1999; Devins et al., 2002) that training, and human resource management in general, is not a priority for owner managers of micro businesses and that it is scarcely provided.

2.3.1.1 Micro business success

After analyzing the categories, the relations between characteristic of micro business owner and the definition of business success are noticed. Traditionally, business success is often viewed in term of growth and profitability (Empire Builder). But for micro businesses, this conclusion becomes an argument because some of them do not want to grow (the other three types in Simpson et al.’s table). Watson et al. (1998) found that money was not the main motivator, but that the satisfaction of owning a business and the desire to remain in control was found to be a major factor limiting growth. This proposition is supported by Hill and McGowen (1999) that the success of the business and the individual personality, commitment and vision of the entrepreneurs are related to each other. Moreover, the objectives of small business owners often relate to personal goals and are subconsciously set rather than formalized in business plans and many micro business owners do not want to achieve further growth once the firm had reached a certain level, as they felt there was an upper size limit after which they would lose control (Greenbank, 2001). Devins et al. (2002) proposed growth and lifestyle organization concepts. The lifestyle business is set up to provide the owners with just an acceptable level of income and comfortable level of activity. Growth and success, therefore, are not completely the same meaning in the micro business context.

2.3.2 Characteristics and role of the owner manager

The micro business owner manager is a very decisive person especially in the very small business. The managers within micro enterprises are particularly well placed to influence the development of their organizations as the roles of chief executive, line manager and chief allocator of financial resources are managed by one or perhaps two people. Moreover, they do not have the career development paths of managers like in larger enterprises or any control system to appraise their performance (Devins et al., 2005). Ownership and all that is connected with it, such as self employment, family income; societal status is the extra motivation for the entrepreneur to invest labor, time, money and creativity in the business. Micro Business owner managers play an essential role in the management of their businesses, and the vast majority of them refuse to delegate these responsibilities regarding decisions within human resource management (Matlay, 1999).

A National Skills Task Force research report (Johnson & Winterton, 1999) confirmed this idea of the omnipresence of the owner manager and drew attention to the characteristics of management within SMEs which would appear to have particular resonance with the micro business context as opposed to the medium sized business context, where human resource management structures and processes become more formal. The characteristics of management in micro business from the research are

- The vast majority are owned and managed by a single person or by two people working in partnership (often family)
- A small minority can be said to be team managed
- Most owner managers are heavily involved with the day to day running of the business
- The owner manager generally has a significant financial stake in the business
- There is a limited internal labor market with prospects for supervisory/lower managerial staff progression minimal
The research showed that many micro business owners do not want to hire employees and decide not to grow because they will be dependent on external personnel in that case. They prefer to work by themselves or let only family members’ help. The previous research then illustrated that, the micro business owners are willing to remain small, be in control and be successful in other perspectives rather than growth and increasing profitability of the businesses (Kruse et al., 1997).

Table 2.2: Management style of owner managers (Matlay, 1999)

<table>
<thead>
<tr>
<th>Management style</th>
<th>Micro business (%)</th>
<th>Small business (%)</th>
<th>Medium sized (%)</th>
<th>Large business (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal</td>
<td>0.00</td>
<td>7.22</td>
<td>21.71</td>
<td>0.00</td>
</tr>
<tr>
<td>Informal</td>
<td>91.53</td>
<td>68.05</td>
<td>24.03</td>
<td>0.00</td>
</tr>
<tr>
<td>Mixed formal/informal</td>
<td>6.35</td>
<td>24.73</td>
<td>3.10</td>
<td>0.00</td>
</tr>
<tr>
<td>Professional</td>
<td>0.00</td>
<td>0.00</td>
<td>54.26</td>
<td>100.00</td>
</tr>
<tr>
<td>External/agency</td>
<td>2.12</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

These characteristics of the owner managers in micro enterprises are clearly evident in their management styles. In a study about employee relation within 6,000 small, medium and large firms, among which 5,383 were micro businesses (see table 2.2), Matlay (1999) concluded that the management style adopted by managers of micro businesses tends to be informal, relying mostly on the interactions between the owner manager with his/her employee(s) or solely on his/her capacities (Matlay, 1999). This informal type of management has a great impact on the firm organizational aspects such as human resource management.

2.4 The concepts of human resource management

2.4.1 Background

Early studies on human resource management can be traced under the field of the studies of personnel management (Scott, 1915; Asher, 1972; Campbell et al., 1970). However a shift from personnel management to HRM occurred in the early 1980’s (Boselie, 2002; Legge, 1995). Legge (1995) tried to explain the similarities and differences between the two in a study concluding that they had a lot in common since they both:

- stress the importance of integrating personnel/HRM practices with organizational goals;

- identify assigning the right people to the right jobs as an important means of integrating personnel/HRM practices with organizational goals;

- emphasize the importance of individuals developing their abilities for their own personal satisfaction to make their best contribution to organizational success;

- vest personnel/HRM firmly in line management (de Kok, 2003).

Some authors (Storey, 1994; Torrington et al., 2008) argue that human resource management has two meanings. According to one of them, human resource management covers the same activities that personnel management used to before the shift in the 1980’s. Fol-
lowing another meaning however, personnel management and human resource management differ. Legge (1995) argues that the difference between the two is very thin and is based on the way people are treated, as the main actor for personnel management, or as a resource part of the company’s strategy for human resource management. A better way to understand this difference is by analyzing normative models which can be divided into two different models, the Harvard approach, or soft idea of HRM, and the Michigan approach, or the hard idea of HRM (Boselie, 2002; Legge, 1995; de Kok, 2003). The Harvard approach focuses more on people within an organization, the human resources, and argues that HRM should emphasize on the development of the workforce in order to enhance the performance of the organization. The Michigan approach looks at HRM from a more managerial point of view and states that HRM should focus on finding the adequate practices which will fit the business strategy of the organization.

2.4.2 Definition

Finding a clear definition of human resource management is not an easy task due to the complexity of the subject. Some authors tried to do so, like Storey (1994), who defines HRM as “a distinctive approach to employee management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce, using an integrated array of cultural, structural and personnel techniques”.

Other authors (de Kok, 2003; Legge, 1995) preferred to explain what is included in human resource management instead of a clear definition in order to describe the subject. Human resource management is about the management of an organization workforce (de Kok, 2003). This management requires efforts from the organizational leadership in different activities such as recruitment, selection, appraisal and compensation to create a workforce and manage it (de Kok, 2003).

Another activity of human resource management is human resource development in order to make sure the workforce acquires the skills and knowledge necessary to operate within the organization. These training activities are used to stimulate the workforce’s satisfaction or improve their commitment to the organization which will positively affect the overall performance of the organization (de Kok, 2003).

The activities enumerated above can be used to limit the study of HRM rather defining it. As we mentioned it above, it is difficult to come up with a definition of Human Resource Management but scholars within the field of studies of HRM have been using different theoretical perspectives in order to do so.

2.4.3 Perspectives of human resource management

The human resource management literature is mostly backed by two different theoretical perspectives, the resource-based perspective and the behavioral perspective (de Kok, 2003; Delery & Doty, 1996; Koch & McGrath, 1996; Huselid, 1995).

The resource-based perspective is based on the assumption that companies can gain a sustained competitive advantage over their competitors using human resources they possess (Barney, 1991). This is only the case when four requirements are met. The first requirement is that the resource must add value to the organization. The second requirement is that the resource should be rare. The third condition to create sustained competitive advantage (SCA) is that the human resource should not be easy to duplicate. The final criterion to meet in order to have a SCA is that the human resource cannot be replaced by another resource, such as a machine for example. This view points out to the importance of having a
specific, formal human resource management strategy which motivates the workforce and increases their competences through the use of different HRM practices.

The behavioral perspective suggests that human resource practices can be used as tools to influence the behavior of the workforce in order to reach the goals and objectives of the organization, creating a fit (Naylor et al., 1980; de Kok, 2003). In other words the goals and objectives are the main component in this theory and the behavior of the workforce set to serve these influences the recruitment of external workers and the ones present in the organization.

Micro firms have different needs and characteristics in terms of human resource management. Some micro business owners are satisfied with their situation and do not want to grow (Johnson & Winterton, 1999), therefore they will not feel the need to hire the services of external sources as a tool to influence the behavior of the workforce in order to reach the goals and objectives of the organization. Some activities, such as recruitment and human resource development from the list of activities part of human resource management proposed by de Kok, 2003, are handled in a specific way in micro businesses. It is therefore relevant to study human resource management under the perspective of micro businesses. This is what this thesis will pursue in the section below.

2.5 Human resource management under the perspective of micro businesses

Compared to the research in larger enterprises, the number of researches in the scope of human resource management, specifically in micro businesses is very small (Scase, 1996; Henneman et al., 2000; de Kok, 2003). The internal situation in micro businesses has largely remained a blank spot in labor sociology and research on qualification (Kruse et al., 1997). Matlay (1997) justified this lack of research within the field of HRM in micro-businesses by pointing out to different difficulties arising while studying them. One reason is the large number of micro firms, as well as their differences. Another reason is the difficulty to access and collect data regarding these firms. The fact that it is difficult to provide accurate results from the collected data is yet another reason to explain the low number of publication within the field of human resource management within micro businesses.

Nevertheless, most of the founded literatures and researches about human resource management in micro business discussed about two main problems, how to find the employees and the human resource development since these are the main problems micro firms are facing (Mazzarol, 2003).

Micro firms tend to use less formal HRM practices than larger corporations (de Kok, 2003; Heneman et al., 2000). One explanation given by researchers in this field is that micro businesses face great level of uncertainty and that adopting this informal approach makes them more flexible in order to cope with these challenges (Hill & Stewart, 2000). Another explanation given by scholars is that HRM practices are not viewed as a necessity but rather something optional and only used when inevitable (Hendry et al., 1991). Finally, Golhar and Deshpande (1997) point out to the fact that micro business owner managers tend to not understand the HRM issues and how can HRM practices be useful in solving these problems.

In other words, the previous studies suggest that micro businesses tend to have an informal approach toward human resource management unlike larger firm (Mazzarol, 2003; Kotey & Sheridan, 2004). Informality then becomes the main characteristic of human resource management in micro business (Cardon & Stevens, 2004; Cassell et al., 2002; Heneman et al.,
This means that the practices used to recruit, select, manage and appraise employees’ performance are not written down (for example, a list of skills and qualifications for each job), regularly applied (for example, yearly performance reviews) or guaranteed they take place (for example, employer sponsored training) (Barrett et al., 2007) and the role of owner managers, therefore, has a lot of influence in decision making regarding human resource policies in micro businesses which is already discussed in the second chapter. In the next section, the micro business world model will be described to support the proposition about informality characteristic of HRM in micro business.

2.5.1 Human resource management and the micro business world model

Devins et al. (2005) proposed a model of learning for managers and employees in the micro business context. The model is used to explore the nature of learning and management development in the micro business and to discuss the implications of this for business support. However, the model of micro business world can also explain the picture of HRM in micro businesses as a metatheoretical approach. It is suitable to demonstrate how the HRM in micro businesses has the informality as the main characteristic.

The model has three stages. The first stage presents a view of what is referred to as the micro business world. This highlights the core relationships among people within a micro business which form the source of most of the learning about managing and leading. The second stage examines how interventions from outside may or may not affect learning in the micro business. The final stage of the model presents a view of how such external interventions might have an increased chance of impact.

Stage 1: The micro business world

At the core (A) (See Figure 3.1) of the business is an inner context composed by the ongoing and daily activities of the micro business manager and employees. Much learning occurs naturally in a non-contrived manner as part of an everyday process. Much of the literature supports the view that the motivation that inspires micro businesses is based on the desire to be independent and support a preferred lifestyle. This often feeds into its orientation towards survival and organic growth rather than rapid or major growth (Greenbank, 2001; Perren & Grant, cited in Devins et al. 2005).

![Figure 2.2: The Micro Business world (Stage 1) (Devins et al., 2005, pp.544)](image-url)
However, at the one step outside the core of micro business (B), people other than the manager and the employees, the close others, also provide the context for learning within network inter-dependency. They have a significant interest in the business but are not involved in its day-to-day operations. Close others may include family or friends or other stakeholders such as suppliers or customers. They can provide informal learning opportunities through mentoring.

The outer ring in the micro business world is Network Agents (C) which may include professional service providers such as bankers or accounting firm. These professional agents can indirectly share knowledge with the micro business manager and employees through their service itself. For example, managers and employees can learn the processes of accounting system from the services of a professional accounting firm being regularly hired by the micro business, and this knowledge can be enhanced permanently even after the service ends.

**Stage 2: The External Intervention**

These are the attempts to promote and supply external managers and employees development from outside the micro business’ existing network in this stage. Non-network agents play the important role to deliver these formal training activities to micro businesses. An example of non-network agents can be the government backed organizations such as higher education or the institutions which provide labor or vocational training courses. The activities from non-network agents are formally developed or adapted from the large organization context then offered to smaller businesses through training, education and business support. However, the research stated that the micro organizations seeking to grow may be more open to the offer of external interventions than those wishing to retain their existing business orientation (Devins, 1996). This concept can be developed to discuss about other aspects of human resource management as well. In the recruitment process, there are also external agents such as recruitment agencies which supply external and formal recruitment methods to micro businesses.

![Figure 2.3: The external intervention (Stage 2) (Devins et al., 2005, pp.545)](image)

The route E1 in the figure 2 demonstrates a resistance from micro businesses. There are many reasons why a micro business does not want to receive any formal development programs from non-network agents. For example, in case of insufficient resources, the owner
managers may believe that their employees do not need any formal training or they do not want to change the practice from their past day-to-day operations which they and the employees are used to already (Devins et al, 2005)

**Stage 3: Joining the micro business world**

The collaboration between network agents and non-network agents should be created. The networks such as banks and accounting firms are closer to receive the feedback and information about what micro businesses truly want to be supported and developed. This information will be passed to non-network agents who then can create programs that serve the micro businesses’ requirements accurately. This process will decrease the resistance from micro business’ owners or managers (route E1). This stage is proposed by Devins et al. (2005) in order to suggest external non-network agents to intervene in the management style of owner manager in micro businesses. This demonstrates an academic opinion from literatures which believe that it is better for micro businesses to receive a formal suggestion, including formal human resource management techniques which can be useful in solving the problems regarding human resource management (Huselid, 1995; Legge, 1995)

![Diagram](https://example.com/diagram.png)

**Figure 2.4: Joining the micro business world (Stage 3) (Devins et al., 2005, pp.546)**

Considering and analyzing the micro business world model, it can be said that it reveals the overall picture of decision making in human resource management in micro businesses. The most important part of the process is in the core of the micro business world, the owner manager of the micro business. In a study about employee relation within small firms, Matlay (1999), supported this argument by concluded that in micro businesses, owner managers have the entire control of the firm. Another conclusion was that the actions taken within the field of human resource management decision-making processes in these firms was also almost entirely the responsibility of the owner managers. As Matlay says: “In micro businesses, the owner manager was identified as the gatekeeper of all decisions relating to human resources”. The decision whether to use only informal processes within the firm and close agents or accept the formal assistance from external agents is, therefore, relying on the owner manager.
2.5.2 Recruitment in micro businesses

Recruitment is an operational human resource management activity being the means by which new employees are brought into the firm when it is considered from a strategic perspective. It is the important component in ensuring the personal and job requirements needed to achieve the overall business objective (Barrett et al, 2007). Recruitment, therefore, is vital for the survival of a micro enterprise as well, and can have a tremendous impact on its success or failure, like for example if a hired employee underperforms. This is why owner managers will opt for channels of recruitment they can trust and therefore will almost exclusively opt for informal ways of recruitment. An informal recruitment practice might be the use of “word-of-mouth” advertising, while using family membership, friendship, neighbors or former employees as the overriding criteria for selecting a new employee would be an example of an informal selection practice (Barrett et al., 2007; Matlay, 1999) Sometimes persons referred by suppliers are an option as well. This is because recruitment activities is viewed as a burden by the owner manager and hiring people he/she knows eases the process. The managers of micro firms will sometimes use more formal channels of recruitments, such as recruitment agencies, but only for positions for which finding an appropriate candidate is hard (Matlay, 1999). He called this situation as the “Desperately busy owner manager” when informal, unplanned recruitment processes becomes a major burden in an effort to replace leavers and/or identify future needs (Matlay, 1999). However, a reliance on the informal practices, particularly word-of-mouth, is increasing as size decreases, to the point where recruitment in the smallest businesses can be conditional on the availability of a known individual (Atkinson & Meager, 1994). It means that the business which has nine employees tends to apply more formal recruitment process than the business which has only two employees, for example.

Kotey and Sheridan (2004) conducted a study regarding changing HRM practices with firm growth. The results of this study shown that the recruitment practices used by these companies tend to evolve from informal to formal as the business grew. At the micro business level word of mouth was the main recruitment source however as the size of the businesses was increasing, the use of formal sources, such as newspaper advertisement or recruitment agencies, was more predominant. Another finding in the study was that interview is the most common selection method used by all the companies and that the interviews tended to be more thorough in small and medium enterprises than in micro enterprises.

On the other hand, in a study about networking on 210 micro businesses in England, Chell and Baines (2000) discovered facts contradicting other scholars (Curran et al., 1993; Matlay, 1999) regarding recruitment within micro firms. They discovered, unlike what it was expected, that new employees were recruited preferentially through the use of advertising, referral of a business partner and employment agencies rather than from the referral of a family member or a friend (See figure 5).
Table 2.3: Employment Practices of Business Owners in Respect of Formal Agencies and Some Close Ties (Chell & Baines, 2000).

<table>
<thead>
<tr>
<th>Mechanism</th>
<th>Frequency of use</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
</tr>
<tr>
<td>Employment agency*</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>No</td>
</tr>
<tr>
<td>Advertising*</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>No</td>
</tr>
<tr>
<td>Recommendation by a business contact*</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>No</td>
</tr>
<tr>
<td>Recommendation by a family member†</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>No</td>
</tr>
<tr>
<td>Recommendation by a friend†</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>No</td>
</tr>
</tbody>
</table>

* Formal indirect/weak ties.
† Informal direct/strong ties.

This result (table 2.3) shows the facts that should not be overlooked and will be useful to analyze the empirical data in Thailand as if which research or approach is more appropriate to explain the recruitment process in the Thai micro businesses of our study.

### 2.5.3 Human resource development in micro businesses

The development of skills and the sourcing of training are often a third order issue for micro business management, behind questions concerned with competitive and product market strategies and second order choices about work organization, job design and the people management systems needed to deliver them (Devins et al. 2002). The previous researches noted that micro businesses are less likely to identify skills shortages and less likely to provide formal training than larger organizations (Johnson, 1999). Westhead and Storey (1997) supported that the likelihood of a business having a training plan is positively associated with firm size with just under 16% of businesses with 1-9 employees having training plans as compared with 70% of those businesses employing 50-199.
Figure 2.5: Training and management development budgets by firm size (Devins et al. 2002)

Figure 2.5 shows the differences between micro businesses and the larger firms in relation to the budgeting for training which are statistically significant. Organizations with over 20 employees are around twice as likely as micro businesses to possess a specific training budget. Many literatures and previous researches stated in common that micro businesses are more likely to create informal training and learning internally rather than investing in the formal training from external agents. The characteristics of informal training was defined by the previous research (van den Tillaart et al., 1998) as

- Learning by solving problems by oneself
- Learning by solving problems together with colleagues
- Learning by asking for help/advice from an experienced colleague
- Learning by direct employee participation
- Learning new things under the responsibility of a boss or experienced worker

The informal type of management usually present in micro businesses also influences the training and the human resource strategies. Among the vast majority of micro firms, training is not planned but rather a response to actual needs and necessities (Matlay, 1999).

Another characteristic of human resource development processes in micro business is the influence of owner manager who play the active role in training employee. Kotey and Sheridan (2004) proposed that the responsibility for training operational staff is highly dependent on the owner manager of the micro business. According to their research, the majority of owner managers, as an employer, provided on the job training for the employees and also watching, correcting on the job. However, this dependence on the owner will decrease as the firm grows. Shifting responsibility for training operatives from owner manager to
middle management is consistent with increasing delegation of operations in middle management as the firm grows (Kotey & Sheridan, 2004)

In addition to employee development, the previous researches also described the process of human resource development for the owner manager of micro business. O’Dwyer and Ryan (2000) proposed the concept of Management Development (MD) which is “the sum of a number of activities which, when put together in a systematic way, result in a total process contributing in the long run to the success of a business” There is clearly a correlation between the success of a business and management capacities, hence improving management education and training helps managers to solve problems more easily and work more effectively (Mumford, 1994).

This type of development has usually been targeted towards large company managers (Gorb, 1978). However some scholars (Brady et al., 1985; Goss, 1989) have been focusing their work on management development within micro firms, and originated courses which suit their needs. Again, as we have already explained before, one of the main characteristics of owner managers is the central role they play in decision making. This characteristic also applies to Management Development, and managers will only be willing to take development courses if they feel the need for it (Tait, 1990). It is therefore important for MD courses developers to understand what the needs of the owner managers are if they want to catch the attention of the latter.

O’Dwyer and Ryan (2000) conducted a research to study the nature and content of Management Development courses required by the owner managers. The results of this study show that the courses should focus on time management, marketing and alternative sources of financing since these are the areas in which the owner managers seem to experience more difficulties. Another finding is that owner managers do not attend MD courses because they were confident of trainers’ abilities and the anticipated lack of benefit from mentoring. The two main obstacles are the risk of giving away valuable information about their company and that they think the mentors will try to offer complicated systems suitable for large corporations but not for micro businesses. The research also indicates that 55% of the managers who took part of the survey had participated in training and development programs. Time to attend those sessions was the main reason given the managers to explain why they did not follow this training or not participated in them. Managers do not anticipate the need for training and would only attend these programs in case of threat of their business; they also suggest that these should not be academic but practical. Another remark made by the owner managers is that the courses should not be too expensive since the vast majority of them do not have a budget assigned to training. They would also like managers to be involved in the courses since they could relate better with persons like them and that practical problems they face could be tried to be solved. A certainty is that if the Management Development courses would follow the conditions mentioned above they would be willing to attend them.

Development can also be enhanced at an organizational level by turning the firm into a learning organization. A study on learning organizations was also conducted by Birdthistle and Fleming (2005). This study compares micro, small and medium family enterprises in terms of creation of learning organizations, with an emphasis on micro businesses. For this paper they used a model of the learning organization developed by Watkins and Marsick (1997). The reasons to opt for this model are its clarity and the fact that it covers all learning levels and system areas. The model integrates two main components, people and structure. Both structure levels contain seven different dimensions, in order to facilitate the evaluation of an organization in terms of learning.
One of the results of this study is that there are significant differences between the size of a company and the creation of continuous learning opportunities. Micro businesses have more difficulties than larger enterprises to offer continuous learning opportunities, mostly for financial reasons. Another finding is that these learning opportunities given in micro enterprises are not offered on a regular basis but only from time to time. In terms of promotion of inquiry and dialogues, micro firms tend to offer similar conditions to the other enterprise groups, with a listening culture clearly present. When it comes to encouragement of collaboration and team learning, micro firms tend to offer worse conditions than larger enterprises. No significant differences in terms of empowerment of people toward a collective vision were found, but micro businesses clearly show difficulties in allowing the employees to express their ideas and play an active role in defining the company’s vision.

At a structural level, the findings show that micro businesses clearly demonstrate the capacity to connect the organization to its environment. They understand the customers’ needs and adapt their operations according to those. Employees’ satisfaction is also taken into account by micro businesses by offering them the possibility to find a good balance between work and family. Regarding the establishment of systems to capture and share learning, micro enterprises perform poorly. Most of them do not evidence the presence of a developed IT system and/or a database of employees’ skills and two-way communication tend to be only present on an informal basis. When it comes to provide strategic leadership for learning, micro firms appear to offer similar conditions to the ones offered by the larger firms.

The conclusion is that micro businesses have the potential to become learning organizations if they invest in strategic review, system development and cultural changes which likely to be possible when the formal human resource management is practically implemented. Nevertheless, the micro business world model showed that the decision making in human resource management in micro business mainly relies on owner managers who tend to resist the intervention from external non-network agents. These agents, such as training providers are not consulted due to the fact that the owner managers will only be willing to contact them if they feel the need for it and believe that these can be applied to his business.
2.6 Summary of the theoretical framework

To conclude, micro businesses differ in many aspects from larger businesses and should therefore be studied separately due to its characteristics and the ones of its managers.

One of the main characteristics of micro businesses is the predominant role of owner/managers (Johnson & Winterton, 1999; Matlay, 1999; Kruse & al., 1997). They are heavily involved in the day-to-day running of the business and are the ones responsible to take every decision of the firm (Johnson & Winterton, 1999). Their main characteristics are their willingness to keep control of operations and their reluctance to delegate responsibilities. These characteristics will also have a strong impact on the practices regarding Human Resource Management (Matlay, 1999).

The conclusions we can draw from the existing literature regarding Human Resource Management within micro businesses is that the practices used tend to be informal and the omnipotent role of the owner manager is clearly evident.

The recruitment and selection process is largely done internally with the appointment of a relative or a person referred by the family or business partners. The use of external sources of recruitment, such as recruitment agencies for example is not common and only used in cases where filling the position are hard (Matlay, 1999).

Human Resource Development in micro firms also evidences this informality. On the job, informal training is by far the most common, and often only, type of training provided within these companies (van den Tillaart et al. 1998). More formal practices such as external training or Management Development is scarcely used. The reasons behind this informality seem to be financial with not many micro businesses being able to afford external training and management development, as well as perceptive since many micro firms owners do not see the benefits of such courses (Curran & al., 1997; O'Dwyer & Ryan, 2000). This conclusion can be illustrated in figure 2.7.

![Figure 2.7: The illustration of informality of HRM in micro businesses (own source)](image)
The interpretation of the theoretical framework also shows that there is the possibility that micro businesses will apply more formal human resource management (see figure 2.8).

![Diagram](image.png)

**Figure 2.8: The possibility that micro business will apply more formal HRM practices (own source)**

The key factors are the willingness of the owner manager to grow the business and the perception of external intervention to enhance more formal human resource practices in his or her micro firm. The owner managers who decide to grow their business as “Growth organization” rather than “Lifestyle organization” (Devins et al., 2002) will be confronted to the limits of business growth. They will reach the conclusion that they cannot control every parts of their business by themselves and that a more formal structure including human resource management methods should be developed. Therefore, they will be more open to receive the intervention from external agents from outside the organization.
3 Methodology

3.1 Exploratory approach and qualitative study

The exploratory research is conducted when a phenomenon has not been clearly defined (Stebbins, 2001). The exploratory approach, therefore, was chosen due to the fact that the phenomenon about human resource management within Thai micro businesses has not been clearly explained. The exploratory research often relies on secondary research such as reviewing available literature and/or data, or qualitative approaches such as informal discussions with consumers, employees, management or competitors, and more formal approaches through in-depth interviews, focus groups or projective methods. The author of an exploratory thesis begins writing without having a definite position or attitude to the subject but the author will learn more during thesis writing and the reader can trace the formation of the author’s subjective opinion (Stebbins, 2001).

We also chose a qualitative research as our method of investigation and empirical data collection. A qualitative method studies subjects in their natural settings, trying to understand a phenomenon in terms of meaning that people bring to these settings. It aims to secure an in-depth understanding of an issue (Denzin & Lincoln, 1994). Creswell (2009) also mentioned the characteristics of qualitative research as:

- **Natural setting**: The data is collected by actually talking directly to the people in the field at the site where participants experience the issue or problem under study, not in the laboratory. In this thesis, this requirement could not be respected since the authors conducted the interviews over the telephone since it was impossible for them to be in Thailand, the natural setting. This aspect will be discussed in the limitations section.

- **Researcher as key instrument**: Researchers collect data themselves through examining documents, observing behavior or interviewing with the participants. Qualitative researchers mostly create data collection method by themselves. They do not rely on questionnaires or instruments developed by other researchers. Following this instruction, the questions asked to the owners were created by the authors and, moreover, we interviewed them to collect the data on our own as well.

- **Multiple sources of data**: such as interviews, observations and documents rather than rely on single source. Then the researchers review all of data, make sense of it, and organize it into categories. In this study, the two main sources of data for this thesis are literatures and researches, and interviews with Thai micro business owners.

- **Inductive data analysis**: Qualitative researchers build the patterns, themes and categories from the bottom up, organizing the data into increasingly more abstract units of information. The inductive process illustrates working back and forth between the themes and the database until the researchers have established a comprehensive set of themes. In this thesis, nine interviewees is not enough to give the information capable to generalize the theory in HRM in Thai micro businesses. Inductive analysis then takes a major part in our analysis process. Generalization will be possible in future researches, as we will suggest at the end of the thesis.
- **Participants’ meaning**: In the entire qualitative research process, the researcher keeps a focus on learning the meaning that the participants hold about the problem or issue, not the meaning that the researchers bring to the research or writers express in the literature. This characteristic also appears in this master thesis as well, when the researchers utilize the literatures and researches only as a lens to analyze the situation happening in some micro businesses in Thailand. The main learning is to bring more knowledge about HRM in Thai micro businesses via the owners’ perspective while the literatures are used to find similarities and differences between the two contexts.

- **Emergent design**: The initial plan of the research cannot be tightly prescribed and all phases of the process may change or shift after the researchers begins to collect the data. During the empirical data collection process, we adapted and changed our questions in order to look for the suitable questions which would lead to answer related to this thesis study.

- **Theoretical lens**: Researchers use theories as their lens to analyze the data that they can collect. Apparently, in this thesis, we used the theories present in our theoretical framework as our lens to explain the HRM in the Thai micro businesses from our study.

- **Interpretive**: Qualitative researchers make an interpretation of what they see, hear and understand which cannot be separated from their own background. After the research is issued, the readers and participants make their own interpretations as well and this characteristic is utilized in the thesis. The different contexts cannot be suitably compared perfectly. The interpretation is required both from theories and from empirical data to link them together.

We used the characteristics of qualitative research from Creswell (2009) as our model and create the study and data collection process mainly based on these characteristics. The similarities between explorative method and qualitative research are also noticed. In a qualitative research, the initial plan cannot be prescribed and researchers, participants and readers will learn and interpret what the research discovered together in the different ways. These characteristics are similar to exploratory method which proves that the two methods can be utilized together in this thesis.

### 3.2 Interview as empirical data collection method

Interview is one of the qualitative data collection types. It is useful when participants cannot be directly observed. Participants can provide historical information and interview also allows researcher to control over the line of questioning (Creswell, 2009). There are many ways to hold and structure interviews, face-to-face personally or through the use of mail, e-mail or telephone for example (Richards & Morse, 2007). Moreover, interviews involve at least two individuals, a participant and a researcher or can take the form of a group interview when involving several participants and/or researchers (Blaxter et al., 2006).

Interviews by telephone were the method used in this thesis to collect the empirical data due to the fact that the authors could not make a field observation in the real natural setting in Thailand. Nine entrepreneurs were interviewed individually by one of the authors of
this thesis since the interviews were conducted in Thai, and that one of the authors cannot speak the language.

As we mentioned above, the structure of an interview can differ. These can take the form of unstructured, interactive interviews, semi structured questionnaires or conversations (Richards & Morse, 2007). Unstructured, interactive interviews are considered the most common type of qualitative interview. The goal of this type of interview is to allow the participant to tell as much as possible about his or her story and the researcher should therefore minimize his or her interruptions. The researcher choosing this type of interview usually only prepares a small number of open-ended questions which are only asked after the participant told his or her story if there is information missing in that story. Unplanned questions can be also be asked to bring more information during the interview. In semi-structured questionnaires the researcher has some knowledge about the phenomenon and prepares open-ended questions which will be asked to make sure the interview covers the ground required. Conversations are a type of interview during which no questions are prepared and whose dialogue is analyzed by the researcher has it occurs. One example is the dialogue between a patient and a doctor (Richards & Morse, 2007). In this thesis, the method used was semi-structured questionnaires since the authors wanted to compare the knowledge present in the theoretical framework with the story of the owner managers interviewed.

The types of questions in an interview can be divided into two different forms, open or closed. In an open question, no answer categories are given to the participants while in a closed question the answer categories are given. When using open questions it is likely that the answers differ from each other. When researchers use an open question the participants have to think on their own and can answer individually, while for a closed question the researchers provides possible solutions and therefore influence the participants’ answers (Berkeley, 2005). This thesis used both open and closed questions in the semi-structured questionnaire. However the majority of those questions were open so that the owner managers could tell as much as possible about their story, and closed questions were only used during the interview when more elaborated thoughts were needed.

The capturing of information is another important part of interviews. This task can have two different forms, audio-taping or written notes (Blaxter et al., 2006). Audio-taping allows the researcher to concentrate on the interview and at the same time show interest in what the participants are saying. However this method can disturb the participants and those will not be willing to answer openly or even participate in the interview. Taking written notes allows capturing key points of an interview easily and there is no need to worry about initial sorting and categorizing of the collected data. A disadvantage about taking notes is that it is difficult to do while having to listen and ask questions at the same time. Due to the fact that the interviews were conducted over the telephone, audio-taping was not an option available and therefore taking written notes was the form of capturing of information chosen for this thesis. The notes taken during the interviews are summarized in appendices (see Appendix 2).

### 3.3 Data analysis

Data Analysis involves making sense out of text and image data. It also involves preparing the data for analysis, conducting different analyses, moving deeper and deeper into understanding the data, representing the data, and making an interpretation of the larger meaning of the data (Creswell, 2009).
According to the author, it is an ongoing process involving continual reflection about the data. Data analysis involves collecting open-ended data, based on asking general questions and developing an analysis from the information supplied by participants. Despite analytical differences depending on the type of strategy used, qualitative inquirers often used a general procedure and convey in the proposal the steps in the data analysis. Creswell (2009) suggested a series of steps to follow during data analysis in qualitative research. The following ones, from the list provided by Creswell (2009) were followed during the writing process of this thesis.

- Organize and prepare the data for analysis by for example transcribing interviews or sorting the data into different types depending on the source of information. This step was followed during the writing process of this thesis when the authors transcribed the interviews of the owner managers and while looking for suitable literature to be included in the theoretical framework.

- Read through all the data in order to obtain a general sense of the information and reflect on it. During this step, the authors selected some of the literature collected for this thesis in order to create the theoretical framework they will be using to analyze the transcript of the interviews.

- Advance how the description and themes will be represented in the qualitative narrative by conveying the findings of the analysis through a discussion or using visuals such as figures or tables. In this thesis the authors followed this step by including visuals in order to explain the reasoning they used in some chapters of the thesis as well as to explain some of the theories present in the theoretical framework.

- Make an interpretation or meaning of the data by capturing the essence of it. This is done by a personal interpretation of the researcher. It could also be a meaning derived from a comparison of the findings with information taken from the literature in theories. The recommendations from this step were used in the formulation of the analysis present in this thesis.

3.4 Validity

Maxwell (2005) defines validity in a fairly straightforward, common-sense way to refer to the correctness of credibility of a description, conclusion, explanation, interpretation, or other sort of account. This definition is generally used by the qualitative researchers and does not pose any serious philosophical problem (Maxwell, 2005). The main emphasis of this part is providing a clear argument that the approaches described will adequately deal with the particular threats in the context of study being proposed. The threats are impossible to be completely removed but it is very important to understand how it works and how this affects the validity of the information (Maxwell, 2005).

To discuss about validity of this thesis methodology, two broad types of threats are raised, according to Regan-Smith’s proposition (1991).

Researcher “Bias”: The selection of data that fits the researchers’ existing theory or preconceptions and the selection of data that stands out to the research originated researcher’s bias in qualitative research. It is apparent that the authors have a preconception about the characteristics of HRM in Thai micro businesses because one of the authors is Thai and knows some of the interviewees quite well. For this reason, there is a possibility that the theoretical framework he used will be selected according to his preconceptions. The researchers noticed this bias and decided to let the non Thai researcher select the theoretical framework, to reduce this bias and increase validity.
Reactivity: The influence of the researcher on the setting or individual studied, generally known as reactivity which is often raised in qualitative studies’ problem in validity. For interviews, reactivity has a powerful influence unavoidably. The interviewees are always influenced by interviewer and interview situation. Avoiding leading questions is one of the solutions to resolve this problem. Therefore, the questions included in this thesis are a mixture between close and open-ended questions. The interviewees then have a chance to express their own opinion independently. This can decrease reactivity from the interviewer’s influence.
4 Empirical data

The empirical data received from interview sessions with Thai micro business owners will be transcribed and rearranged in this chapter. A general sense of the information, therefore, will be described and prepared for the analysis in the next chapter.

4.1 Overview of the empirical data

All data are collected from the micro business owners directly. The point of view in this study then comes directly from the owners as our interviewees. The authors used the definition of micro business provided by the European Commission (2005), as the business which employs less than ten employees and has a sales turnover rate lower than two million Euros (approximately 100 million Thai Bahts) in order to select which companies should be included in this thesis.

Thai 1

The owner trades car floor mats which are 100% fit with specific size and shape for the customers’ cars. The business process is based on e-commerce. The owner has two people helping him in this business, his mother and his younger brother. They earn a commission from sales rate without fixed salaries.

The role of the owner: The owner of Thai1 is also the manager in his business and has a responsibility in every aspect of decision-makings and business strategies. He has the willingness to grow his business but admits that it will take time.

Recruitment: No external employee is hired now. However, the owners look forward to hire the first employee soon and will use the word of mouth such as suggestions from family member as the main process.

Human resource development: The owner attended the free seminars which are arranged by commercial banks. However, on the job training process is applied for employees with no formal training session offered.

Thai 2

This business operates in the automobile service sector. It is a mixture between a trading business and a service business at the same time. The business has six full time employees, including the owner. Three of them are family members and the rest are external employees. The owner of Thai2 is highly expecting that his son will operate this business further after he retired.

The role of the owner: The owner of Thai2 is also the manager in his business and has a responsibility in every aspect of decision-makings and business strategies. Moreover, he is heavily involved in day to day business operations and does not want to transfer his responsibilities to anyone and the willingness to grow his business is low.

Recruitment: Two external employees were recruited by the announcement in front of his work shop and through the suggestion from employees. The owner never contacted any recruitment agency or used other more formal recruitment processes.
**Human resource development:** On the job training is the main process to train the employees. No formal training session is offered. The owner never contacted any external agents in order to improve his own and his employees’ skills.

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**Thai3**

The small Thai fast food kiosk which is situated in the western part of Bangkok. The owner is a middle aged woman. At first, she started her business with her two sons. One year after that, one of her son got a job in another company then she hired an external employee to help her. This business is the smallest in the findings in terms of sales turnover rate.

**The role of the owner:** The owner of Thai3 is also the manager in her business and has a responsibility in every aspect of decision-making and business strategies. She is heavily involved in day to day business operations as the only cook in the business. The willingness of the owner to grow her business is low.

**Recruitment:** One external employee was hired by the suggestion from one of the owner’s relative.

**Human resource development:** On the job training is the main process to train the employees. No formal training session is offered. The owner never contacted with any external agents in order to improve his own and his employees’ skills.

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**Thai4**

The chemical manufacturing business which produces industrial glue for the furniture and shoe industry. It is the oldest business (20 years old) in our study and is still in the micro business stage with nine employees including the owner. He started his business alone by himself as self-employed and grew the business until now. He has a health problem and looks forward to pass on the business to his daughter to operate it further.

**The role of the owner:** The owner of Thai4 is also the manager in his business and has a responsibility in every aspect of decision-making and business strategies. However, he delegated the responsibility in some of the day-to-day operations to his employees. The willingness to grow his business, however, is low.

**Recruitment:** Word of mouth is the main recruitment process. Former and existing employees will introduce the new employees when the owner would like to hire.

**Human resource development:** The owner attended the free seminars which are arranged by commercial banks. The meetings with suppliers and customers are also a source of knowledge to improve the owner’s skills. However, on the job training process is applied for employees, no formal training sessions are offered.

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**Thai5**

The barber shop in the centre of Bangkok. The owner is also the only one barber in the shop who can cut the customers’ hair. It is because of his unique skills which are famous. For this reason, he cannot leave his shop otherwise he has to close it. Though he has three
employees helping him, none of them can cut the customers’ hair. The role of owner manager is extremely strong in this business since he cannot transfer his responsibility to anyone.

**The role of the owner:** The owner of Thai5 is also the manager in his business and has a responsibility in every aspect of decision-makings and business strategies. He is extremely involved in day to day business operations as the only barber in the business. The willingness of the owner to grow business is low.

**Recruitment:** Two external employees were recruited by the announcement in front of his shop and the suggestion from an employee. The owner never used other more formal recruitment processes.

**Human resource development:** On the job training is the main process to train the employees. No formal training session is offered. The owner never contacted with any external agents in order to improve his own and his employees’ skills.

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**Thai6**

Thai6 is a fast growing business operating in the printing business for four years. No family members are involved in this business according to the owner and he plans to grow his business further by hiring more employees. According to the interview, his business will grow beyond the micro business stage in a few months. This is the biggest business in this study in term of sales rate and is the business which is the closest to the transition to another step ahead from micro business.

**The role of the owner:** The owner of Thai6 is also the manager in his business and has a responsibility in important decision-makings and business strategies. However, he attempted to create a business system which will require less involvement from his part. Therefore, he does not have to be involved in every routine business operations. His willingness to grow is high.

**Recruitment:** The techniques he used to recruit new employees are advertisements in newspapers and using the matchmaking session from a governmental organization. He did not contact with recruitment agency because the service is too expensive.

**Human resource development:** The owner attended the free seminars which are arranged by commercial banks. However, on the job training process is applied for employees. The owner does not train the employee by himself but has another employee to perform the task of training the new one. The owner would like to apply more formal training sessions for his employees but the financial resource is the main distraction. The owner is still searching for free training sessions from governmental organizations to send his employees to attend.

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**Thai7**

Thai7 is a car dealing business whose nature is self-employed with no employees helping the owner. The owner operates this business alone and is in charge of every business activities. The lack of financial resources is the main problem for the owner in his decision to hire a new employee.
The role of the owner: As a self-employed business, the owner of Thai7 is also the manager in his business and has the responsibility in every aspect of decision-makings and business strategies. The willingness to grow is low due to the high competition of this business sector.

Recruitment: No external employee has been hired until now. The main problem is the lack of financial resource. Moreover, due to its smallness, the business does not require more employees at this time.

Human resource development: Since he is the only person in the business, no training session is formally planned. From the interview, he stated that he improved his skills from past experiences and by reading books or magazines about automobiles.

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Thai8

This business consists of a 40 rooms building for rent and has been operating for eight years. The owner has seven employees including his family members. From the interview, we discovered that the nature of this business does not require so many skilled employees to be operated. It is a mature business in which it is very hard to increase the sales rate. On the other hand, it is easy to be run, and the owner does not have to be physically present all the time. No radical changes in this firm make it mature and simple to manage.

The role of the owner: Though the nature of this business does not require his involvement in day-to-day operations, the owner of Thai8 still has responsibilities in every aspect of decision-makings and business strategies.

Recruitment: The suggestions from existing employees are the main process of recruitment, as well as announcements in front of the building.

Human resource development: There are no formal plans of training sessions both for employees and for the owner himself. The owner prefers to hire an employee who already has the skills which suit the job description.

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Thai9

This company is a small restaurant run by a woman entrepreneur. She dedicates herself at being the only chef in the restaurant as well. Other employees take care of the simple duties such as taking orders and serving the food. No high skilled labor is needed and there is no need to hire more employees because she strongly stated that the main objective is not growth but to earn enough money for the family’s expenses and she is satisfied with her situation right now.

The role of the owner: The owner of Thai9 is also the manager of the business and is responsible for every aspect of decision-making processes and business strategies. She is heavily involved in day-to-day business operations as the only cooker in the business. The willingness of the owner to grow her business is also low.

Recruitment: No external employee has been hired until now. The owner prefers to work only with her family members. Therefore, the recruitment process was never planned. However, if she has to hire an external employee, she would rather choose the informal way such as word of mouth and suggestions from her relatives.
**Human resource development:** On the job training is the main process to train the employees. No formal training sessions are offered. The owner never contacted with any external agents in order to improve her own and her employees’ skills.

### 4.2 Summary of the empirical data

Table 4.1 shows the main qualifications of the micro businesses necessary to compare them to The European Commission (2005)'s definition of micro business. All of them have less than 10 employees and sales rate lower than two million Euros per year. The lowest sales rate is the business number 3 (Thai3) with around 21,600 Euros per year (1,080,000 Bahts per year) and the one with the highest sales rate is the business number 6 with around 720,000 Euros per year (36,000,000 Bahts per year).

**Table 4.1: Overview of nine Thai micro businesses (1) (own source)**

<table>
<thead>
<tr>
<th></th>
<th>Number of Employees</th>
<th>Sales Turnover (Euros per year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thai 1</td>
<td>3</td>
<td>24 000</td>
</tr>
<tr>
<td>Thai 2</td>
<td>6</td>
<td>120 000</td>
</tr>
<tr>
<td>Thai 3</td>
<td>3</td>
<td>21 600</td>
</tr>
<tr>
<td>Thai 4</td>
<td>9</td>
<td>216 000</td>
</tr>
<tr>
<td>Thai 5</td>
<td>4</td>
<td>72 000</td>
</tr>
<tr>
<td>Thai 6</td>
<td>9</td>
<td>720 000</td>
</tr>
<tr>
<td>Thai 7</td>
<td>1</td>
<td>72 000</td>
</tr>
<tr>
<td>Thai 8</td>
<td>1</td>
<td>48 000</td>
</tr>
<tr>
<td>Thai 9</td>
<td>6</td>
<td>36 000</td>
</tr>
</tbody>
</table>

*(Approximately) 1 Euro = 50 Bahts*

From table 4.2, two of the nine businesses are strictly limited within family members in term of employees. Five of them include family members with external employees and another two businesses ignore to work with family member completely. The interesting point is that Thai1 and Thai9, who employ only family members, insist that it is far better to work with someone you can trust and these persons should be your own family members. Thai6 and Thai7 owners have a different opinion and strongly argued that working with family members causes many conflicts in terms of human resource management. One of them stated that “If it is your parents whom you are working with, you must respect what they say and you will not have enough authority to make any important business decisions.”
Table 4.2: Overview of the nine Thai micro businesses (2) (own source)

<table>
<thead>
<tr>
<th></th>
<th>Type</th>
<th>Size</th>
<th>Subsector</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Family</td>
<td>Non Family</td>
<td>1 - &lt; 5</td>
<td>5 - &lt; 10</td>
</tr>
<tr>
<td>Thai 1</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Thai 2</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Thai 3</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Thai 4</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Thai 5</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Thai 6</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Thai 7</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Thai 8</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Thai 9</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>

In term of size, four of our case studies have less than five people working in their business (Thai1, Thai3, Thai5 and Thai7) and five have from five to nine employees (Thai2, Thai4, Thai6, Thai8 and Thai9). The businesses we interviewed can be categorized in three sectors. Three of them are in the trading sector (Thai1, Thai2 and Thai7), meaning that they do not produce any product in their own production line but buy the products from suppliers, increase expected profit and then sell them to customers. Five of them are in the service sector (Thai2, Thai3, Thai4, Thai8 and Thai9). The resting two (Thai5 and Thai6) are in the production sector, meaning that they have their own production line to create new products for customers. Please note that Thai2 is categorized in two business sectors. Thai2 operates as a trading business and a service on at the same time. Three businesses are situated in the centre of Bangkok (Thai1, Thai5 and Thai6). Five businesses are located in the suburbs (Thai2, Thai3, Thai4, Thai8 and Thai9) ranging from 25-45 kilometres from the city centre and one (Thai7) is situated in the Rayong province, about 250 kilometres away from Bangkok.

Thai6, the printing business, has a high willingness to grow and a clear business goal to step forward from the micro business stage. The owner has a formal plan to grow the business sales and looks forward to hire two more employees to support increasing business activities. The willingness to grow of the three other businesses with more than four employees is lower. They do not have any exact plan to follow. Most of them even stated that they do not know how to grow their business further. There are many reasons behind this statement such as economic situation or fear of losing control. Finally, five businesses in this study do not want to grow (Thai1, Thai3, Thai5, Thai7 and Thai9). They satisfied with their current situation and clearly stated that they only want to earn enough money to cover their living expenses.
5 Analysis of the empirical data

In this chapter, the third sub-purpose will be fulfilled by using the theories in chapter 2 to analyze the empirical data from micro businesses in Thailand. The last sub-chapter (5.5) will present the similarities and differences between the theory present in theoretical framework and the empirical data from nine Thai micro businesses which will complete the fourth sub-purpose.

5.1 The Characteristics of Thai micro businesses

The study does not use all of the explanations of characteristics in micro business proposed by Devins et al. (2002) to explain the Thai micro businesses. It is because the purpose of this study is to explain the human resource management in micro business. Therefore, only the nature of micro business, which has an influence to human resource management, will be analyzed.

5.1.1 Start-up

First of all, a start-up business is a business which has been operating for not longer than five years (Blewitt, 2000). Four of the Thai micro businesses from the nine studied in this research are then still in the start-up period, Thai1, Thai3, Thai6 and Thai 9.

Thai1 is a trading business in the start-up stage. The owner mainly operates this business on his own with some help from his mother and his younger brother. There is no external employee involved in this business. The Thai1 owner mentioned that “My business is still young (three years) and the sales rate is still small. I just cannot hire any external employee because I don’t have enough financial resource to do so at this time. Even my mother and brother do not receive any fixed salary every month. Our income is based on commissions and therefore depends on how many products we can sell each month.”

The same situation happens in Thai9 business, a small restaurant (30 square metres) in the suburb of Bangkok, managed and operated by a woman entrepreneur. The business was started two years ago and is therefore considered as a start-up firm. The owner of Thai9 is also working exclusively with her family members in the business. She said it was too risky to hire anyone outside the family circle when the profit is still unstable. Moreover, working with her family members is easier to control and more reliable. This corresponds with Blewitt’s research (2000) which stated that start-up micro businesses very often tend to face an unstable financial situation, and it is this problem which distracts micro business from applying the formal practice of human resource management (Birdthistle & Fleming, 2005).

However, only two start-up micro businesses in the study, Thai3 and 6, have the external employees in the business. Thai3 is a fast food kiosk which is operated by three family members, and which hired its first external employee about 2 months ago. The owners said “I did not intend to hire anyone. It is just because she (new external employee) needed a job and I wanted to help her. It’s not necessary to have her. It’s all about mercy.” The reason behind the hiring decision in Thai 9 is quite different from the one of Thai6. Thai6 is a business operating in the design and printing industry and is very successful, growing at a very impressive rate. The owner employs nine workers at the moment and plans to hire more employees in the future “I should say that I’m quite lucky. I got a permanent contract with a customer about 2 years ago, so I know how much I will earn consistently. After that, I know how many people I can hire.”
5.1.2 Self-employed

In Thai7, the owner works alone without any help from family members or external employees. The business is only 2 years-old and only has the business owner manager as the unique employee. This business can then be considered both self-employed and start-up micro business in the same time according to Devins et al. (2002) characteristics of micro businesses. The owner answered the question about why he did not decide to hire more employees by saying the same as the other start-up businesses did. He does not have enough and reliable financial resources to hire anyone at this time. Thai1, Thai7 and Thai9 then share the same important characteristic, which is that they limit the number of employees rigidly or only working with family members in the start-up stage.

5.1.3 Stages of growth

Another topic which was discussed in the theoretical framework is when a start-up micro business is growing, the transition from phase 1 to phase 2 in Greiner’s model (1998), from informal and closely linked to the individual founder to more formal procedures and structures within an organization can be noticed.

Thai2, 4, 5 and 8 are not in the start-up stage anymore but the transition according to Greiner’s model (1998) did not happen. It does not mean that these business have not increased in size, for example Thai4, which has been in the market for 20 years, grew from a self-employed micro business at the beginning into a business with nine employees nowadays. Nevertheless, Thai4 did not grow until the point of breaking through the micro business stage and the transition described in Greiner’s model did not happen.

The explanation deriving from the willingness of micro business owners to grow and their central role as an owner manager can clarify the situation in Thai2, 4, 5 and 8. None of these business owners have a clear business desire to grow their micro businesses further until it becomes a professional organization with more formal structures as it is explained in Simpson et al.’s research (2004). For this reason, the owners of Thai 2, 4, 5 and 8 would rather like to keep business decisions in their control and not delegate their responsibilities as owner managers to other persons. The only firm which complies with the characteristics described in Simpson et al.’s model (2004) is Thai6, whose owner has a business goal to grow his business further. He then tries to apply more formal management methods and structure in his company. However, this topic will be discussed in details in the next section about characteristics of Thai micro business owners which have an influence on human resource management.

5.2 The role of owner managers in Thai micro businesses

Back to the theoretical framework, the discussion about the relation between characteristics of micro business owners and business success was raised (Hill & McGowen, 1999). Most of the cases, the satisfaction of micro business owners are neither business growth nor more money (Watson et al., 1998; cited in Simpson et al. 2004, Kruse et al., 1997). They prefer to maintain their business when it had reached a certain level that the business still remains in their control (Kruse et al., 1997, Greenbank, 2001). An acceptable level of income and comfortable level of activity are enough for “Lifestyle business” which is applied by micro business owners rather than “Growth business” definition (Devins at al., 2002).

In the empirical data from Thailand, seven out of nine businesses (Thai 2, 3, 4, 5, 7, 8, 9) do not have a high willingness to grow. They prefer to stay in micro stage and earn the acceptable income to cover their expenses. Thai1 and Thai6 are only two respondents who
clearly stated that they want to grow their business further until it becomes a professional organization.

Another important characteristic is a very central role of the micro business owners. They play an essential role in the management of their businesses, and the vast majority of them refuse to delegate the responsibilities regarding decisions within human resources (Matlay, 1999). Most of them, therefore, are heavily involved with the day to day running of the business (Johnson & Winterton, 1999) and the management style adopted by owner/managers of micro-businesses tend to be informal, relying mostly on the interactions between the owner-manager with his/her employee(s) or solely on his/her capacities (Matlay, 1999).

In Thai micro business cases, seven from nine micro businesses owners (Thai 1, 2, 3, 4, 5, 7, 9) are still heavily involved in day to day business activities. They cannot leave their business to anyone to look after their business instead of themselves. The answers from seven micro business owners are similar that the business needs them to play an important and central role of management by themselves to control the business in the way they want it to be. Thai2 business owner can be a good example. He has an expertise in car fixing and opened his workshop about ten years ago to give a service to his clients. This business then differs from Thai1 and Thai9 because it requires highly skilled employees who have knowledge in fixing cars. The owner, instead, has the dominant role in this case. He said that he has to execute tasks on his own all the time. Otherwise he feels that his employees will commit mistakes and that will become a serious problem for the business. The owner of Thai 2 still does not want to set-up any planned processes to improve the skills of his employees. He tends to manage and control everything on his own. The other people in the business will only have the role to help the owner manager and execute everything according to his orders. The same goes for Thai5, which is a hair salon. The role of the owner is even more important in Thai5 because he is the only one who can cut the customers’ hair. If he is not in the shop, none of the employees has the permission to provide a service to customers. It can be summarized that the dominant role of the owner manager is also the characteristic of Thai micro businesses.

On the other hand, Thai6 business which almost steps out from micro business stage is one of the business owners who can leave from day to day operation and transfer his responsibility to his employee who he called as “successor”. Another business is Thai8 in the business which does not require many day to day duties. Thai 8 owner stated that “The nature of this business does not force me to heavily be involved in business activities. All the things I have to do is maintain my asset and collect the rental from tenants. However, I still do those duties by myself with the help of my employees. It is just I don’t have to do it every day and my employees can look after my asset in general without me”.

In conclusion, two characteristics related to each other. Most of Thai micro business owners in the study do not have the strong willingness to grow and would like to maintain their business so far it still remains in their control. Therefore, they prefer to play an important role in most of business decision making and management style which mostly relying on informal interactions between owners and employees or solely on owners’ skill. The informal management style which is mostly applied by these micro business owners effect the characteristics of human resource management in Thai micro business unavoidably. The data from Thai business can prove this approach when eight from nine businesses applying an informal human resource management. Only Thai6 business which attempt to apply more formal approach when the firm is growing until it almost steps out from micro business stage in a few months. The informality of human resource management will be analyzed in details in the next part of empirical data analysis.
5.3 Human resource management in Thai micro business: analyzed by micro business world model

Devins et al. (2005) proposed the model about learning organization in the context of micro business. The authors stated that in the core micro business world, employees and owner manager will exchange their knowledge internally. The close other is the person who is not involved in day to day business activities but gives some advice to employees and owner manager. The literature proposed two other factors that network agents and non-network agents which stay outside of micro business world. The importance of network agents and non-network agents is to create a complete learning organization in micro business. Devins called this process as an “intervention” from outside world. This concept illustrated the picture of micro business as self-reliance organization and it is the duty of other agents outside the micro business world that have to intervene and help micro business create a learning organization.

The interpretation of this concept in term of human resource management is very useful to explain the characteristics of the Thai micro businesses. From the empirical data, Thai micro businesses also have a self-reliance characteristic in human resource management. The human resource management in Thai micro business is always managed only inside the firm. However, analyzing from the data we noticed some interventions from network agents with Thai1, 4 and 6. The suppliers, customers and commercial bank, which these businesses are dealing with, are offering some suggestions and training sessions. For the suppliers and customers, they give suggestions to micro businesses informally via business meetings. Thai1 and Thai4 explained related to each other that when the owner manager has a meeting with suppliers or customers, he always receives new information about how to improve his product and service from the suppliers and even from customers themselves. The intervention from network agents like commercial banks is through more formal ways such as free seminars and free training sessions for business owner managers. Customers of this commercial bank can register to attend the seminar or training session, which are conducted every month, free of charge. Nevertheless, this intervention from network agents is aimed at owner manager, not the employees in the business. It is understandable that free seminars from the commercial bank are part of the bank’s marketing plan to support the customers. Free seminars or training sessions for business owners, therefore, are easier to find and attend. Thai1 and Thai6 gave the similar information about this. The owner manager of Thai6 said “There are some free seminars and free training sessions which are very interesting and I would like to send my employees to attend. The problem is that the bank which organizes the seminar only allowed me to attend it. So, I have to go and listen and then come back to tell my employees what I have heard. I hate this process. It should be the other way round. I would love to see my employees receive new knowledge and come back and tell me what they have learned. Unfortunately, it is impossible to find free seminars like that or at least I never have heard about it.” Another reason that shaped the self-reliance characteristic in human resource management in micro businesses is the lack of financial resource. Five from nine businesses which we interviewed strongly stated that they would attend the seminars, training sessions or suggestions if they are free of charge.

In conclusion, eight micro businesses from nine in this study manage their human resource management internally without hiring any external agent such as recruitment agents or training companies. All of them operate it informally without any specific plan and policy. The only business owner who tried to set up more formal human resource management is Thai6 in the printing business. For example, Thai6 created a training session which let the existing workers teach the new employees the tasks they are supposed to do and how they
can do it properly during the first week. However, this process is still operated within the firm, without any intervention from external agents. Thai6 only makes this process look more formal than other micro businesses in this study. Moreover, Thai6 is almost growing pass the stage of micro firm in term of number of employees very soon. It is, therefore, common to see more formal processes in the Thai6 company during this transition. However, the formal process they created still did not change the self-reliance characteristic in Thai6 micro firm in terms of human resource management.

5.4 Informality of human resource management in Thai micro businesses

One of the most important characteristic of human resource management in micro firms stated in previous researches, therefore, is the informality of the processes (Mazzarol, 2003; Kotey & Sheridan, 2004). Micro firms use less formal HRM practices than larger corporations (de Kok, 2003; Barron et al., 1987). In the micro business context, HRM practices are not considered necessary but rather something optional and only used when inevitable (Hendry et al., 1991). Golhar and Deshpande (1997) also point out to the fact that micro business owner managers tend not to understand the HRM issues, and how can HRM practices be useful in solving business problems.

Matlay (1999) conducted a research to support this proposition. The result of his research demonstrated the informality of management in micro businesses which has an impact on human resource management in micro businesses. All of the owner managers in the micro businesses claimed to have a crucial role in the management of their firms. Human resource management decision-making processes in micro firms were also concentrated mainly in the hands of the owner managers. In micro-businesses, the owner manager was identified as the gatekeeper of all decisions related to human resources. The vast majority of respondents preferred informal management style and none of respondents would like to use formal management methods in their micro businesses. The informality of management in micro firms creates a significant impact on human resource management which tends to be informal also according to the owner manager's preferences. (Matlay, 1999)

The data collected demonstrated the similar characteristics in Thai micro businesses. The informality of human resource management is obvious in every business in the study. However, in order to fulfill its purpose, the thesis will emphasize on the informality of recruitment and human resource development processes within micro businesses

5.4.1 Informality in the recruitment process

Informality in recruitment processes involved referrals from family members, friends, relatives, neighbors and business partners as well as existing and former employees. On occasions, suppliers and customers were asked for useful information regarding suitably qualified or experienced individuals to be considered for specific jobs or positions. Close family members seem to have played a particularly important role in informal recruitment, both in terms of actual and prospective vacancies (Matlay, 1999; Barrett et al., 2007).

The vast majority of the Thai micro businesses in this study conducted informal recruitment process. Job descriptions are not prescribed and the channels of recruitment used are limited and informal. For example, every business that we interviewed had been using word of mouth or in other words referrals, to recruit a new employee. The suggestions from existing or former employees are also important in order to find suitable new employees. For most of the businesses in this study, another common recruitment technique is to put an
announcement with the job requirement on the shop window and wait for someone to walk in. The whole process is unplanned and is only implemented to solve immediate workforce problem. For example, Thai2 business faces problems regarding recruitment because it needs skilled workers who have enough knowledge about how to fix the customers’ cars. The problem is that it is very hard to find the right person through informal methods such as word of mouth and announcement on the window of the workshop.

Matlay’s research (1999) also discussed this topic and analyzed that micro firms will sometimes use more formal channels of recruitments, such as recruitment agencies, but only for positions for which finding an appropriate candidate is hard. Otherwise, the owner of the micro firm will end up facing the situation known as “desperately busy owner manager” if he continues to prefer informal methods of recruitment when looking to fill in a position for which finding a candidate is hard. This approach can explain the situation of Thai2, because though it is hard to find appropriate high skilled employee in the car fixing business, he did not apply any formal processes of recruitment and is still using informal process. As he stated: “I do not have so many choices when it comes to hiring new employees. I need someone to help me immediately because fixing cars is too hard of a work to be done alone. So, I have to hire someone who does not have any skills and train him by myself. The same problem will come again when he resigns and I have to train the new one, and this happens again and again. It is a boring process”

It was discussed in the theoretical framework that the reliance on the informal practices, particularly word-of-mouth, increases as size decreases, to the point where recruitment in the smallest businesses can be conditional on the availability of a known individual (Atkinson & Meager, 1994). Kotey and Sheridan (2004) supported this proposition that, at the micro business level, referrals were the main recruitment source. However, as the size of the businesses tended to be larger, the use of formal sources, such as newspaper advertisements or recruitment agencies, was more predominant. This is a very interesting approach to compare the recruitment processes among the nine Thai micro businesses we study, especially regarding Thai6.

The Thai6 business is the only one in the study which tries to apply more formal recruitment processes compared to the other smaller ones. Thai6 uses advertisements in a more formal way than the other businesses by using external channels such as newspapers, websites and magazines for job seekers. We already stated that Thai6 is the fastest growing firm of all, and which will very likely step out of the micro business stage. Therefore, this phenomenon is related to what the researches stated, a business tends to apply more formal recruitment processes as it is growing.

However, another business which has to be discussed in this topic is Thai4, the one operating in the chemical industry. Thai4 is the business which is employing nine employees, the same number as Thai6. It is therefore also on the verge of becoming considered as a small business but, unlike Thai6, its owner does not use any formal recruitment processes. Thai4 apparently still relies on word-of-mouth to find new employees. Nevertheless, when considering that Thai4 and Thai6 are different in their willingness to grow, it is understandable
that the Thai4 business apply less formal processes than Thai6 because it does not have a strong willingness to grow further unlike Thai6.

The last discussion in the theoretical framework regarding recruitment in micro businesses is Chell and Baines’ research (2000) that discovered facts contradicting other scholars. They discovered that new employees were recruited by owners of micro enterprises preferentially through the use of advertising, referral of a business partner and employment agencies rather than from the referral of a family member or a friend. However, considering the empirical data we collected from the Thai micro business owners, it can be concluded that the processes of recruitment in Thai micro businesses do not support Chell and Baines’ proposition but rather comply with other scholars’ proposals which we already discussed.

5.4.2 Informality in the human resource development process

The literature and previous researches proposed that micro businesses are less likely to identify skills shortages and provide formal training than larger organizations (Johnson, 1999; Westhead & Storey, 1997) and human resource development is always considered as a lower priority in micro businesses (Devins et al., 2002). Therefore, training sessions to develop the skills of employees in micro firms is not formally planned but rather a response to actual needs and necessities (Matlay, 1999). Moreover, one of the main restrictions for a micro business to offer formal training sessions for employees is financial limitations (Birdthistle & Fleming, 2005). The cost of formal trainings is usually high and cannot be afforded by micro businesses (Curran et al., 1997).

It can be concluded that human resource development processes in micro firms are also informal and operated within the company through interactions among colleagues, between owner manager and employees or direct employee participation (van den Tillaart et al., 1998; Birdthistle & Fleming, 2005). This means that training and human resource development strategies in micro businesses that were managed externally or by agencies were found to be formal, and largely reflected the requirements and the time limitations of the managers responsible for this function. But in the micro business context, in which owner manager prefers informal style of management; formal processes of human resource development are very hard to be discovered. Previous research support this argument that external employee development agency was considered as a last resort strategy by those who were forced to adopt it (Matlay, 1999).

The empirical data collected from nine micro businesses in Thailand also shows that, similar to recruitment processes, the vast majority of the Thai micro businesses in this study conducted informal employee development.

In micro enterprises, the owner manager of the business is “The Best One” who knows everything in the business and has a dominant role in employee development. He or she will train the employees and develop their skills by him or herself with on the job training sessions and by watching and correcting their actions and decisions. Therefore, the responsibility for training the operational staff is highly dependent on the owner manager (Kotey and Sheridan, 2004).
However, Kotey and Sheridan (2004) also proposed that this reliance will decrease as the firm grows. Shifting responsibility for training operations from owner manager to middle management is consistent with increasing delegation of operations in middle management as the firm grows (Kotey & Sheridan, 2004) and this transition can be noticed in Thai 4 and Thai 6 from the study. The business owner of Thai 4 and Thai 6 delegate the responsibility about training staff from owner manager to another employee. A new employee entering Thai 4 and Thai 6 will be trained by former employees about what he or she has to do and how to do it properly. Though this process is still considered as informal, according to Van den Tillart et al. (1998), it shows the attempt of Thai 4 and Thai 6 businesses to apply more structure in the human resource development within the firm.

As we stated in our theoretical framework, the human resource development concept is not only limited to employee development but also to the development of the entrepreneur who is considered as a human resource as well. This is especially the case for micro business managers who have a dominant role in their business decision-making. The development of owner managers of micro businesses will influence the development of the business at the same time. However, because of their dominant role in the business, owner managers cannot spend too much time away from their company (Gibb, 1983), and will also only be willing to take development courses if they feel the need for it (Tait, 1990).

Thai1, Thai4 and Thai6 are the businesses in this study which gave the information that they contacted external agents in order to attend free seminars or free training sessions. These were arranged by commercial banks, the Thai government and other organizations. These can be considered as the intervention from external agents to micro business (Devins et al., 2005). However, this intervention is always only limited to micro business owners and neglect employees. The owner of Thai6 stated that he would like to send his employee to attend some of the seminars arranged by the bank at which he is a customer. The bank responsible however did not respond positively to this request and told him that the session was only for the customers of the bank. The owner of Thai6 also added that “I’m quite sure there are free training sessions arranged by the government for my employees. The only problem is that I have never heard about it. I don’t know if it is because of the government’s poor divulgation campaigns or because I do not open my ears wide enough”.

For these reasons, it can be concluded that Thai micro businesses also use informal processes to develop the employees. However, the owner manager is also a human resource of the micro business and, from our study, some of them utilize the intervention from external agent in order to improve their skill, which is considered as a formal process from the literatures used in this thesis.

5.5 Similarities and differences

According to the introduction part, describing some of the HRM practices in the nine Thai businesses and finding the similarities and differences between these practices and the ones present in the theories used in the theoretical framework is the fourth sub-purpose of this master thesis. This study conducted interviews with nine micro businesses in Thailand. The definition from the European Commission (2005) is the main qualification to choose which business to interview. All of the nine businesses have less than ten employees and have sales turnovers lower than two million Euros (one hundred million Thai Bahts). We
utilized theories to analyze the phenomenon in Thailand and the similarities and differences are concluded in this part.

5.5.1 The similarities

- **The vast majority of the Thai micro businesses in this study also conducts the informal plan of human resource management**

  Basically in the owners’ point of view, their businesses are “too small to have a formal thing”. They prefer managing their firms in an informal way and since the decision making in micro businesses always rely on the role of owner manager, this management style effects human resource management which is also informal.

- **The majority of the Thai micro business owners in this study are still heavily involved in day to day business activities**

  Six out of nine business owners in this study evidence this similarity. The other three business owners who stepped back from general day to day operation is the owner of Thai 4 and Thai 6 which are almost step out of the micro business stage which also can be explained by Greiner’s model (1998). Thai8 business owner is the only one not heavily involved in day-to-day business activities due to the specificities of the nature of his business.

- **Owner managers in all of nine micro businesses have a dominant role in human resource management decision making**

  Though there is a difference between the amounts of time the owners spend in each business from our samples, the decision making in term of human resource management is still completely relying on the business owner. The dominant role of owner manager then becomes the similarities for all of the case we interviewed. This dominant role is evident in the recruiting and development activities with the owners being responsible for taking decisions.

- **Informality in recruitment and employee development processes**

  Matlay’ research (1999) pointed out at the informality in recruitment and development processes in micro business. The micro business world in learning organization model proposed by Devins (2005) visualized similar conclusions. The recruitment and human resource development processes in the Thai micro businesses also evidence this informality. The processes are literally operated within the firm rather than by hiring professional management or relying on external agents outside of the firm. This characteristic is connected to the management style of micro business owner managers who are heavily involved in day to day operation and likely to train the employees by themselves. The financial resource is one of the most important factors which also distract the Thai business owners from expensive professional recruitment and development service.

5.5.2 The differences

- **The definition of micro business**
Due to the fact that an official definition of micro business does not exist in Thailand, it could be argued that it is impossible to make a comparison with the definition chosen for this thesis. However, the definition proposed by the Thai Office of Small and Medium Enterprise Promotion (OSMEP) (2008) still vests some formality and was therefore considered for the comparison.

First of all, the definition proposed by the OSMEP considered quantitative (number of employees) and qualitative data (such as legal status), while the one chosen in this thesis only considered quantitative data. The two definitions also differ in the number of employees which should be the limit to still be considered a micro business. Another difference is that the OSMEP definition did not consider the yearly sales turnover in its formulation.

Thai micro businesses only have less than five employees as the qualification and there is no qualification about the sales turnover per year in Thai’s definition. However, as the comparison in analysis part, the nature of micro business in general is similar and can be used to explain Thai micro business appropriately.

- **The argument about recruitment practices in micro businesses**

  Chell and Baines (2000), on the other hand, argued in their research that formal methods of recruiting that did not involve networking were the most frequently used by micro businesses. This argument clearly contradicts other literatures and researches present in our theoretical framework. However, the study from the Thai micro businesses demonstrates different results from Chell & Baines research. Thai micro businesses use informal recruitment processes from its close network rather than formal and external contacts from outside the firm. Nevertheless, it is unreasonable to conclude that the theories cannot explain the recruitment process in Thai micro businesses since the majority of literatures still indicate informality more than formality. The conclusion here only would like to remind about the argument which could be very useful for future research.

- **The argument about management development in micro businesses**

  While the theories stated that the intervention from external agents is not usually solicited by micro businesses, the study found some acceptance from part of owner managers. This phenomenon is obvious in the case of Thai 6 since its owner not only accepted the intervention from external agents to receive management training, but he also took action to enter in contact with those agents such as governmental organizations. It is the clear example of two ways communication between micro business owners and external agents.
6 Conclusion

The purpose of this master thesis was to explore human resource management under the perspective of Thai micro businesses. In order to fulfill this purpose four sub-purposes were conducted.

The first sub-purpose was to review the theory about micro businesses focusing on the definition and the role of the micro business owner which effect human resource management. The second sub-purpose was the review of theories on human resource management in micro businesses with a special emphasis on recruiting processes and human resource development. These two sub-purposes were successfully completed with the creation of a theoretical framework.

Evaluating the empirical data in Thai micro businesses with theories presented in the theoretical framework was the third sub-purpose. The study conducted the interview with nine micro businesses in Thailand. The definition from the European Commission (2005) is the main qualification to choose which business to interview.

After analyzing the reality from nine Thai micro businesses, the last sub-purpose, identify similarities and differences between theoretical framework and the practical data in Thai micro businesses was concluded in the sub-chapter 5.5

By fulfilling these sub-purposes, this master thesis provided an overview how human resource management is conducted in Thai micro businesses. The study discovered that the previous literatures and researches are useful to explain the characteristics of human resource management in Thai micro business. We detected more similarities than differences.

Micro businesses are defined by their small size since those can only employ up to nine workers in order to still be considered a micro firm. The role of the owner manager is essential as well as his willingness to keep control in decision making processes by usually not being willing to grow his business further than the micro business stage. The type of management adopted is informal due to the fact that communication within micro businesses does not require formal patterns. Considering that human resource management is one of the business activities controlled by the owner manager, informal practices are also evident. These are the conclusions this master thesis deducted from the theories which can be applied to explain how human resource management is conducted within Thai micro businesses.

6.1 Limitations

The limitations can be of different types and three categories of limitations were identified as (Wiklund, 1998)

*Limitations concerning how far reaching conclusion can be drawn from the findings*

The explanation must be deep enough in order to reach sufficient far back in causal chain (Miller, 1983). Explanatory factors very far back in the causal chain for this topic should include more assumptions like, for example, the education level of the micro business entrepreneur which effect the willingness to grow and the limit of knowledge to improve the human resource management system in a more proper way. Macroeconomic circumstances should also be considered to show the difference between recession periods and good economic periods. Many assumptions should be added, researched and analyzed in order to make the conclusion more deep in details. However, the limit of time was the main problem to conduct the research with a deep explanation and this is one of the limitations in this thesis.
Limitations due to the chosen empirical data collection method

Interview was chosen to be the data collection method and it has several limitations. It can provide indirect information filtered through the views of interviewees; provides information in a designated place rather than natural field setting and researcher's presence may bias responses (Creswell, 2009). Staying in a foreign country is, therefore, the limitation when the researchers could not conduct a face to face interview or observations at the real natural setting. Therefore, the information from them is indirect and was already filtered. Moreover, the researchers recorded the information from interviewees by making hand written notes which means that some of the information may be missed or neglected unintentionally by the researchers.

The study chose the induction method to interpret and analyze the empirical data. However, the limitation from too few respondents and explanatory factors also affect the induction method as well. The study concludes that micro businesses in Thailand also use informal human resource management in general. However, more case studies and more interviews are needed in order to generalize the conclusions from this thesis. Nevertheless, though it is a limitation, this research is useful as the starting point for future studies, considering that researches about human resource management in Thai micro business is extremely difficult to find.

Limitations due to choices that may appear less appropriate

The types of micro business in Thailand differ. They vary from a business with just one person working in it and generating sales as low as two hundred Euros per month to a business like Thai6 which can generate more than 50,000 Euros per month. Due to the limit of time, the study could not conduct an empirical data collection process which can cover the broad range of micro businesses in Thailand perfectly. Most of the interviewees for this reason, were connections of the author from Thailand. The choice of interviewees, therefore, is unavoidably a limitation of the thesis.

Moreover, the study chose to collect empirical data only in the micro business owner manager's perspective. The limitation appearing from this point that the employees may have a different opinion on human resource management in the micro business they are working in. This limitation appeared in many previous researches also. Future studies should add this alternative choice of methodology inside their work in order to obtain new perspectives.

6.2 Suggestions for future studies

The topic of this study was chosen because of the lack of literature and research related to the specific topic of human resource management within micro businesses. Another reason for the choice of the subject of this master thesis is that the situation in Thai micro businesses remains unknown. For example, a formal definition of a micro business does not exist yet. The topic of the thesis was developed and modified, in order to be more specific and accurate, continuously due to the limit of time to conduct this research. Considering the limitations, the suggestions can be categorized as:

1. Using the similar research purpose but including more factors and gathering more case studies and sources of empirical data in Thailand
   
   As the careful reader could have noticed, the variation of empirical data sources is the important limitation in this research. The future studies should then extend the data collection in a broader sense, both quantitatively and qualitatively. The number
of respondents should be increased, as well as the types of micro businesses, to receive more varied information which can lead to the generalization of the analysis. The depth of the analysis should be considered as well. More factors should be included in the theoretical framework in order to analyze the data. The levels of education of micro business owners or the willingness to grow the business are examples of factors which could be added in future researches.

2. **Using different research questions and purposes**

The analysis and conclusion from this thesis demonstrate the informality of human resource management in the nine Thai micro businesses which clearly relates to the explanations from previous researches from the theoretical framework part. The limitation of this research is that it cannot create a phenomenon to be narrated after the conclusion. The future studies are highly suggested to use and combine the appropriate explanatory factors to bring about the solution for micro businesses in terms of human resource management. The problems could be “What are the advantages and disadvantages of informality in HRM within micro businesses?” as well as “Should micro businesses apply the formal plan of human resource management or continue relying on informality and what is the best solution?” These research questions for future studies could then create the phenomenon for micro businesses to be applied in the real world. It is the extension of this research conclusion and will become useful both academically and practically.
References


Appendices

Appendix 1: Questionnaires

General Business information

These problems are used to gain the basic information about the Thai micro businesses and the human resources within them to show that they are suitable with the thesis’ micro business definition and to categorize them in an overview section which makes it is easier to follow.

1. What kind of business sector are you in?
2. Can you please explain in brief your day-to-day operations in the business?
3. How many years have you been operating this business so far?
4. How much is the sales turnover of your business per month (Approximately in Bahts)
5. How many family members were involved in the business activities at the startup stage?
6. How many external employees were present in your business at the startup stage?
7. How many employees do you have now (including family members)?
8. How many family members are involved in the business activities now?
9. How many external employees are present in your business now?
10. What is your business goal? Would you like to grow your business until it becomes a professional organization or stay in this micro enterprise stage? Why?
11. Do you pay any fixed salary to the family members who are involved in the business?
12. Apart from salary, what types of benefits do you offer your employees?

The role of owner manager

The thesis uses the following problems in order to compare them with the micro business world model and to find the dominant role of owner manager in the Thai micro businesses. Question number 14, for example, will demonstrate the commitment of owner in day to day operations.

13. Do you have any plan to share your ownership with your employees in order to make them feel like one of the owners of the business?
14. Are you still heavily involved in the day to day running of the business?
15. Could you leave your business and leave the decisions regarding it to your employees and take for example a vacation for one month? Three months? Six months? One year? And what do you think the result would be? Why?

16. If you take that vacations, who will be the highest authority to control the business in general instead of you?

Recruitment

The thesis asks these problem to receive information about recruitment process in the Thai micro businesses.

17. Do you want to hire more employees now? Why?

18. How did you find the new employees?

19. Did you use word of mouth rather than formal recruitment plans to find the new employees?

20. Do you want to hire any services from a recruitment company to help you find new employee?

Human Resource Development

The thesis asks these problem to receive information about human resource development process in the Thai micro businesses.

21. How do you develop your employees’ skills?

22. Do you have any formal budget plan for training programs for your employees or yourself?

23. Have you ever hired an external agent to train your employees?

24. Have you ever contacted with external agents such as government, banks, suppliers, competitors, customers in order to improve your employees’ skills or yours?
## Appendix 2: Summary of the written notes taken from interview

### Appendix 2.1: Summary of the written notes taken from interview with Thai 1, Thai 2 and Thai 3

<table>
<thead>
<tr>
<th>No.</th>
<th>Questions</th>
<th>Thai 1</th>
<th>Thai 2</th>
<th>Thai 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>What kind of business you are in? Which products or services are you offering to the market?</td>
<td>Trading Business for car accessories</td>
<td>Trading and Service Business (Car Tyres, Wheels, Brake and clutch)</td>
<td>Fast food kiosk</td>
</tr>
<tr>
<td>2</td>
<td>Please explain in brief about your day to day operation in the business.</td>
<td>We use website as our e-commerce shop. Receiving order from customers then order the products from suppliers. After that, we deliver the product to our customer and collect the money.</td>
<td>A small workshop and showroom in the eastern part of Bangkok, Thailand. Customers come to the workshop when they have a problem with tyres and brake system. Owner analyzes and fixes that problem.</td>
<td>A small kiosk selling traditional Thai food from the southern part of Thailand. Open from 8:00am until 9:00pm.</td>
</tr>
<tr>
<td>3</td>
<td>How many years that you operated this business so far?</td>
<td>3 years</td>
<td>10 years</td>
<td>3 years</td>
</tr>
<tr>
<td>4</td>
<td>How much is your business’ sales turnover per month (Approximately Yens/Bahts)</td>
<td>100,000 Bahts</td>
<td>500,000 Bahts</td>
<td>90,000 Bahts</td>
</tr>
<tr>
<td>5</td>
<td>How many family members are involved in the business activities at the startup stage?</td>
<td>2 people</td>
<td>3 people</td>
<td>3 people</td>
</tr>
<tr>
<td>6</td>
<td>How many external employees in your business at the startup stage?</td>
<td>0 people</td>
<td>2 people</td>
<td>0 people</td>
</tr>
<tr>
<td>7</td>
<td>How many employees do you have now (including family members)?</td>
<td>3 people</td>
<td>6 people</td>
<td>3 people</td>
</tr>
<tr>
<td>8</td>
<td>How many family members are involved in the business activities now?</td>
<td>2 people</td>
<td>4 people</td>
<td>2 people</td>
</tr>
<tr>
<td>9</td>
<td>How many external employees in your business now?</td>
<td>0 people</td>
<td>2 people</td>
<td>1 people</td>
</tr>
<tr>
<td>10</td>
<td>What is your business goal? Would you like to grow your business until becomes a professional organization or to stay in this micro stage? Why?</td>
<td>I would like to grow my business further to be professional organization. I do not want just to earn enough money to spend. The important thing is operating the business is fun and I’m happy to manage it and see it growing.</td>
<td>The goal is not about growth. My goal is to earn a money that cover my and my family's expense. It that does not matter whether my business will grow or not. The growth of my business depends on my son, if he would like to operate this business further after my retirement.</td>
<td>I don’t want to grow my business further. I just try to earn some money because I don’t have a skill to apply for a job. Since I can cook, I think I should open the kiosk and it’s going good. Moreover, even I want to grow it further, I don’t know how to do it, I haven’t any management knowledge.</td>
</tr>
<tr>
<td>11</td>
<td>Do you pay any formal salary to family members who are involved in the business?</td>
<td>My family member will receive a commission when the product was sold. There is no fixed salary yet.</td>
<td>No, I don’t.</td>
<td>No. Basically they share the profit with me in daily life expense informally.</td>
</tr>
<tr>
<td>12</td>
<td>Instead of salary, what else is the welfare that you pay to your employees?</td>
<td>Commission</td>
<td>I offer free accommodation</td>
<td>nothing else</td>
</tr>
<tr>
<td>13</td>
<td>Do you have any plan to share your ownership with your employees in order to make them feel like one of the owner of the business?</td>
<td>Yes, but it is still in the long run. I like the concept that when the employees have the feeling of ownership, they tend to pay more attention to my business also.</td>
<td>Definitely no. I would like to own this business alone. I don’t trust anyone except my family member to look after this business. However, even family members don’t have any formal ownership sharing option because, in my opinion, they sharing my profit no matter what.</td>
<td>I don’t have any knowledge about this. I don’t know how I can do that. However, I don’t think I have to do that because I can look after the business by myself since it is very small.</td>
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<tr>
<td>No.</td>
<td>Questions</td>
<td>Thai 1</td>
<td>Thai 2</td>
<td>Thai 3</td>
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<tr>
<td>14</td>
<td>Are you still heavily involved with the day to day running of the business?</td>
<td>Yes, of course.</td>
<td>Yes. I don’t trust my employees. I should do things by myself all the time.</td>
<td>Yes because I’m the only one who can cook</td>
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<tr>
<td>15</td>
<td>Could you leave your business to your employees and take a vacation for one month? Three months? Six months? One year? And what do you think the result will be? Why?</td>
<td>Actually I could. Because I have trust in my family members who help me look after the business. But it will be a mess after I come back from vacation. Sales rate will drop and the accounting system will be unorganized after all.</td>
<td>No, I cannot. It’s my business. I should look after it by myself. It does not mean that I don’t have to take a vacation but just when I looking around, I do not have anyone who I can totally trust to leave the shop under his responsibility.</td>
<td>No, I cannot. Because I’m the only one who can cook the food. Without me, the kiosk cannot be opened.</td>
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<tr>
<td>16</td>
<td>If you take that vacation, who will be the highest manager to control the business in general instead of you?</td>
<td>My mother (family member)</td>
<td>I must be only</td>
<td>No one can</td>
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<tr>
<td>17</td>
<td>Do you want to hire more employees now? Why?</td>
<td>I would like to hire part-time employee rather than full time and if it is possible, I will looking for outsourcing rather than hiring any employee. Because our sales rate and profit is still not enough to afford any full time employee’s salary.</td>
<td>The economic situation in Thailand is bad nowadays. The goal is to survive only. So, I don’t think I will hire any new employee soon.</td>
<td>I don’t think so. I don’t have enough money to hire more employee. Moreover, like I told you, this is very small business and I think I already have enough people to cover all of the work.</td>
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<tr>
<td>18</td>
<td>How did you find the new employees?</td>
<td>Reference from my friend who is in the similar business would be helpful to find one. Also recruiting directly from vocational school is an option.</td>
<td>I just put the job announcement in front of my workshop. Some of them are from employee’s suggestion. I always have unskilled labor as my new employee. I trained them and then they walked away. The history keep repeating itself for many years like this.</td>
<td>I used word of mouth. Actually I don’t need any employee. It looks like I help someone to get a job. The benefit is I have less work to do in daily routine which actually it is not necessary.</td>
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<tr>
<td>19</td>
<td>Did you use word of mouth rather than formal recruitment plan to find new employees?</td>
<td>I did not hire anyone yet but I do not think I will have any formal recruitment plan. I prefer informal one because it costs less.</td>
<td>Yes. I don’t know any formal recruitment process.</td>
<td>Of course, it is the only way I do.</td>
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</tr>
<tr>
<td>20</td>
<td>Do you want to hire any recruitment company to help you find new employee?</td>
<td>No, it’s very expensive to do that</td>
<td>No. I can find them by myself.</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>How do you develop your employees’ skills?</td>
<td>I trained them by myself and on the job training.</td>
<td>I trained them by myself when I’m working.</td>
<td>My son train her how to serve and how to clean the dishes properly. She didn’t learn anything about cooking.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Do you have any formal budget plan in training program for your employees?</td>
<td>No</td>
<td>No</td>
<td>No, I don’t think that my employee need any formal training.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Have you ever hired external agent to train your employees?</td>
<td>I used to think about sending my employees to vocational school to train them. Also the government agents have a free training program which I think it’s also very useful.</td>
<td>No. Not at all.</td>
<td>No, I don’t think that my employee need any formal training.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Have you ever contacted with external agents such as government, banks, suppliers, competitors, customers in order to improve your employees’ skills?</td>
<td>Yes. The bank I dealing with has a free seminar about business management which I can attend to improve my skills. Moreover, my suppliers also give a lot of suggestion to do the business.</td>
<td>No.</td>
<td>No</td>
</tr>
</tbody>
</table>
### Appendix 2.2: Summary of the written notes taken from interview with Thai 4, Thai 5 and Thai 6

<table>
<thead>
<tr>
<th>No.</th>
<th>Questions</th>
<th>Thai 4</th>
<th>Thai 5</th>
<th>Thai 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>What kind of business you are in? Which products or services are you offering to the market?</td>
<td>Chemical factory</td>
<td>Barber and hair salon in the central of BKK</td>
<td>Printing industry</td>
</tr>
<tr>
<td>2</td>
<td>Please explain in brief about your day to day operation in the business.</td>
<td>Producing industrial rubber glue for furniture and shoe industries.</td>
<td>Offering services such as hair cut, hair design and other beauty hair salon to customers</td>
<td>Offering printing service such as name cards, inkjet printing graphic on CD, Digital printing on advertisement billboard.</td>
</tr>
<tr>
<td>3</td>
<td>How many years that you operated this business so far?</td>
<td>20 years</td>
<td>12 years</td>
<td>4 years</td>
</tr>
<tr>
<td>4</td>
<td>How much is your business’ sales turnover per month (Approximately Yens/Bahts)</td>
<td>900,000 Bahts</td>
<td>300,000 Bahts</td>
<td>3,000,000 Bahts</td>
</tr>
<tr>
<td>5</td>
<td>How many family members are involved in the business activities at the startup stage?</td>
<td>1 people</td>
<td>1 people</td>
<td>0 people</td>
</tr>
<tr>
<td>6</td>
<td>How many external employees in your business at the startup stage?</td>
<td>0 people</td>
<td>0 people</td>
<td>0 people</td>
</tr>
<tr>
<td>7</td>
<td>How many employees do you have now (including family members)?</td>
<td>9 people</td>
<td>4 people</td>
<td>9 people</td>
</tr>
<tr>
<td>8</td>
<td>How many family members are involved in the business activities now?</td>
<td>2 people</td>
<td>2 people</td>
<td>0 people</td>
</tr>
<tr>
<td>9</td>
<td>How many external employees in your business now?</td>
<td>7 people</td>
<td>2 people</td>
<td>9 people</td>
</tr>
</tbody>
</table>

**10** What is your business goal? Would you like to grow your business until becomes a professional organization or to stay in this micro stage? Why?

- **Thai 4**: The goal is not clearly set. It totally depends on economic situation. I just play it along and do the best I can. You can say that I don’t have any will to grow my business to be very big because I need to let it stay in my control. However, if my daughter would like to grow it after my retirement, I’m totally ready to give her a chance.
- **Thai 5**: I prefer to stay in micro stage. I am totally happy with the status right now. I earn enough money to spend within the family. I don’t know why I have to grow more and lost my control. Money is not the main point for me.
- **Thai 6**: I definitely want to have a successful and professional business. However, I do not know I can develop this business to be the professional one or not. I am thinking about to be portfolio entrepreneur, have many businesses in the same time, and figure out which one I can turn it to be a professional business in the future. Anyway, I think my business will escape from micro stage within 1-2 months.

**11** Do you pay any formal salary to family members who are involved in the business?

- **Thai 4**: No. They share the profit with me in their daily life basically.
- **Thai 5**: No. I and my wife sharing the profit together.
- **Thai 6**: I will pay if I have one.

**12** Instead of salary, what else is the welfare that you pay to your employees?

- **Thai 4**: I offered free accommodation, informal health care plan and social security is the law in Thailand which you have to offer to your employees.
- **Thai 5**: Nothing else. Just social security fund, according to the law.
- **Thai 6**: Social security fund is the law. I also offer health care funding when the employees have the accident from their works.

**13** Do you have any plan to share your ownership with your employees in order to make them feel like one of the owner of the business?

- **Thai 4**: No. I don’t have any plan to do it. Actually because I don’t know how to do it. I trust my employees some what but I think it’s a very good idea to share them a part of ownership. Yes, it is a very good idea but I don’t know how to do it. Could you tell me?
- **Thai 5**: No. Never think about that before
- **Thai 6**: Yes, I’m working on it. It’s the process of stepping back from the business to create other businesses else where. I prefer to have my more own time rather than get involved in the business all the time.
<table>
<thead>
<tr>
<th>No.</th>
<th>Questions</th>
<th>Thai 4</th>
<th>Thai 5</th>
<th>Thai 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>Are you still heavily involved with the day to day running of the business?</td>
<td>I should say yes but actually I stepped back quite far from day to day operation. At the beginning, I did everything on my own but right now I have the employees who can look after the production process instead of me. I just taking care of sales and marketing and customers relation.</td>
<td>Yes because I am the only barber here</td>
<td>Not anymore. I tried to step back and create the system to look after my business by itself. I believe that if you have appropriate and efficient system, you can create self-organizing system for your business.</td>
</tr>
<tr>
<td>15</td>
<td>Could you leave your business to your employees and take a vacation for one month? Three months? Six months? One year? And what do you think the result will be? Why?</td>
<td>I don’t think so. Eventhough I trust my employees but I can’t let them run the business without me. There are still many business activities which I have to look after. If it’s just 2-3 days vacation, maybe. But if it’s a week, it’s impossible.</td>
<td>No, I cannot. Otherwise who gonna cut our customers hair? All of the customer come to my shop and expect that it will be me only who will cut his hair. If I’m not there, all of them would rather leave or wait until I come back.</td>
<td>Yes, I can. This business can be operated by my employees and the system that I created. I think I can take a vacation for a month and come back to see my business still run properly.</td>
</tr>
<tr>
<td>16</td>
<td>If you take that vacation, who will be the highest manager to control the business in general instead of you?</td>
<td>No one now. But I have a hope with my daughter.</td>
<td>No one.</td>
<td>I have a successor who I can rely on. He working as general manger in the business and knows every part in the business already.</td>
</tr>
<tr>
<td>17</td>
<td>Do you want to hire more employees now? Why?</td>
<td>The economic situation still in the hard time. Our sales rate didn’t improve that much and we have enough employee to handle it. So, I don’t think I need any new employee right now.</td>
<td>My business is such a tiny business. I had enough employees to do everything already. Sometimes I think I have too many. I would rather clone myself up than hire new employees.</td>
<td>This is tricky. I rarely find the suitable employee. I always use word of mouth and ask for suggestions from my existing employees. I do not want any high skill employee but I want the person who can communicate and suit with my organization culture. I also use the advertisement in newspaper, jobs seeker website or books.</td>
</tr>
<tr>
<td>18</td>
<td>How did you find the new employees?</td>
<td>Mostly, my employees will introduce someone when I need new employee. It is word of mouth, I guess.</td>
<td>I announce my requirement at the front door. Otherwise my existing employee suggest me to someone who would like to has a job. Pretty easy.</td>
<td>My business is growing. I’m thinking about hiring new employees to support increasing work.</td>
</tr>
<tr>
<td>19</td>
<td>Did you use word of mouth rather than formal recruitment plan to find new employees?</td>
<td>Definitely yes</td>
<td>Yes, mostly</td>
<td>Yes, mostly</td>
</tr>
<tr>
<td>20</td>
<td>Do you want to hire any recruitment company to help you find new employee?</td>
<td>No never</td>
<td>No... who is recruitment company?</td>
<td>No, it’s expensive. I prefer using the announcement in local newspaper or co-operate with public sector which offer matchmaking between job seekers and business owner.</td>
</tr>
<tr>
<td>21</td>
<td>How do you develop your employees’ skills?</td>
<td>At first, I trained them by myself. But right now I have an employee who can teach the new one how to work. I don’t have to do it by myself anymore.</td>
<td>I told them how to do things. However, the main task still remains with me according to customers requirement. My employee cannot cut any customers hair because it will effect the reputation.</td>
<td>New employees will have training session in the first week by the employee who worked in that specific part of business. After that, it's mostly on the job training.</td>
</tr>
<tr>
<td>22</td>
<td>Do you have any formal budget plan in training program for your employees?</td>
<td>No</td>
<td>No</td>
<td>Not really. The training session is arranged within my business. It doesn’t cost any more expense.</td>
</tr>
<tr>
<td>23</td>
<td>Have you ever hired external agent to train your employees?</td>
<td>No. The process in my business is remain the same as it was 10 years ago. I think in house training is totally enough.</td>
<td>No, I can teach them by myself if they want.</td>
<td>No. Never. But maybe in the future</td>
</tr>
<tr>
<td>24</td>
<td>Have you ever contacted with external agents such as government, banks, suppliers, competitors, customers in order to improve your employees’ skills?</td>
<td>It’s not about employee. It’s me who improves with this method. I attended the seminar which is arranged by the bank I dealing with. I also have a meeting with my customers and suppliers to receive the information and more knowledge about how to improve my product.</td>
<td>No. Government does not know anything about hair cut, I think....</td>
<td>I am trying to. But it must be a free training course. I’m thinking about send my employees to attend some free training sessions which operate by government or any other organization. But I never do it so far.</td>
</tr>
</tbody>
</table>
## Appendix 2.3: Summary of the written notes taken from interview with Thai 7, Thai 8 and Thai 9

<table>
<thead>
<tr>
<th>No.</th>
<th>Questions</th>
<th>Thai 7</th>
<th>Thai 8</th>
<th>Thai 9</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>What kind of business you are in? Which products or services are you offering to the market?</td>
<td>Used car dealer</td>
<td>Apartments for rent</td>
<td>Restaurant</td>
</tr>
<tr>
<td>2</td>
<td>Please explain in brief about your day to day operation in the business.</td>
<td>Buy used cars from auction and sell them to customers in Rayong province, THA</td>
<td>40 rooms apartment building for rent</td>
<td>30 sqm. Restaurant in eastern Bangkok</td>
</tr>
<tr>
<td>3</td>
<td>How many years that you operated this business so far?</td>
<td>2 years</td>
<td>8 years</td>
<td>2 years</td>
</tr>
<tr>
<td>4</td>
<td>How much is your business' sales turnover per month (Approximately Yens/Bahts)</td>
<td>300,000 Bahts</td>
<td>200,000 Bahts</td>
<td>150,000 Bahts</td>
</tr>
<tr>
<td>5</td>
<td>How many family members are involved in the business activities at the startup stage?</td>
<td>1 person</td>
<td>2 people</td>
<td>2 people</td>
</tr>
<tr>
<td>6</td>
<td>How many external employees in your business at the startup stage?</td>
<td>0 people</td>
<td>3 people</td>
<td>0 people</td>
</tr>
<tr>
<td>7</td>
<td>How many employees do you have now (including family members)?</td>
<td>1 person</td>
<td>7 people</td>
<td>6 people</td>
</tr>
<tr>
<td>8</td>
<td>How many family members are involved in the business activities now?</td>
<td>1 person</td>
<td>3 people</td>
<td>6 people</td>
</tr>
<tr>
<td>9</td>
<td>How many external employees in your business now?</td>
<td>0 people</td>
<td>4 people</td>
<td>0 people</td>
</tr>
<tr>
<td>10</td>
<td>What is your business goal? Would you like to grow your business until becomes a professional organization or to stay in this micro stage? Why?</td>
<td>This business is in very high competition. I do not think I can grow this business until it turns to be a professional or big business. I would rather use this business to raise some money as a capital to do their business and seek new business opportunities instead.</td>
<td>The nature of this business does not want so many employees to look after. It can be professional business without increase more employees. I would like to grow the business further to somewhere else. The sales rate here is very stable and cannot be increased dramatically. So, if I want to grow it further, I should build or buy a new building which require a lot of capital to invest.</td>
<td>I just want to earn the money to cover my family's expense. I do not the exact goal to expand my business dramatically. However, I would like to try if I have a chance.</td>
</tr>
<tr>
<td>11</td>
<td>Do you pay any formal salary to family members who are involved in the business?</td>
<td>This business has only myself as self employed person. No formal salary is paid, even for myself.</td>
<td>No, I didn’t pay any formal salary to my family member. They share the profit from rental fee with me apparently.</td>
<td>No. My family share the profit from restaurant. But it’s me who hold the money.</td>
</tr>
<tr>
<td>12</td>
<td>Instead of salary, what else is the welfare that you pay to your employees?</td>
<td>Nothing, just only profit that I earned</td>
<td>Free accommodation and social security fund according to the law in Thailand.</td>
<td>No. All of my employees are family members so they don't have any salary or welfare because I suppose to look after him no matter what.</td>
</tr>
<tr>
<td>13</td>
<td>Do you have any plan to share your ownership with your employees in order to make them feel like one of the owner of the business?</td>
<td>No</td>
<td>No, I don’t have any plan to do that.</td>
<td>No, I don’t have any plan to do that.</td>
</tr>
<tr>
<td>No.</td>
<td>Questions</td>
<td>Thai 7</td>
<td>Thai 8</td>
<td>Thai 9</td>
</tr>
<tr>
<td>-----</td>
<td>---------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
</tr>
<tr>
<td>14</td>
<td>Are you still heavily involved with the day to day running of the business?</td>
<td>Definitely yes. Right now I doing everything in this business on my own.</td>
<td>This business does not have many daily routine work to look after. The important period is at the end of every month which is the period to create invoice in order to collect the rent and, exactly, I am the one who do that.</td>
<td>Yes. I am only one chef here in this business.</td>
</tr>
<tr>
<td>15</td>
<td>Could you leave your business to your employees and take a vacation for one month? Three months? Six months? One year? And what do you think the result will be? Why?</td>
<td>No, I can’t. I have to close my showroom when I go to auction.</td>
<td>Yes I can. This business can look after it and does not require any specific person to stand by. I can take a vacation maybe 2 weeks.</td>
<td>I cannot. There won’t be anyone who can cook if I’m on vacation.</td>
</tr>
<tr>
<td>16</td>
<td>If you take that vacation, who will be the highest manager to control the business in general instead of you?</td>
<td>If necessary, my father can look after it from time to time.</td>
<td>I can leave this apartment to one of the housekeepers to look after it temporarily</td>
<td>No one</td>
</tr>
<tr>
<td>17</td>
<td>Do you want to hire more employees now? Why?</td>
<td>I haven’t enough resource to hire new employee. Moreover, I don’t think I need any now.</td>
<td>I’m thinking about hiring the person who can fix home appliances in the room when the tenants need any help.</td>
<td>I would rather rely on my family members than external employees and right now I have enough people already.</td>
</tr>
<tr>
<td>18</td>
<td>How did you find the new employees?</td>
<td>I didn’t try to find new employee yet.</td>
<td>Mostly, I got a name from the suggestion from my existing employee. I also announce my requirement on the sign in front of the building.</td>
<td>They are all my family. I don’t have any plan to hire new employee.</td>
</tr>
<tr>
<td>19</td>
<td>Did you use word of mouth rather than formal recruitment plan to find new employees?</td>
<td>I think I will</td>
<td>Yes</td>
<td>They are all my family. I don’t have any plan to hire new employee.</td>
</tr>
<tr>
<td>20</td>
<td>Do you want to hire any recruitment company to help you find new employee?</td>
<td>That’s too far from my situation right now. No point to talk about it with me.</td>
<td>No, I don’t need it. It’s too expensive, I guess.</td>
<td>They are all my family. I don’t have any plan to hire new employee.</td>
</tr>
<tr>
<td>21</td>
<td>How do you develop your employees’ skills?</td>
<td>If I have one, I will train him or her by myself.</td>
<td>I prefer the employee who already knew what to do. Honestly, I don’t know exactly how to fix everything in the room. So, I need someone who knew already what should be done.</td>
<td>My business does not require any skilled labor. Employees only have to know how to receive order and serve the customers which can be learned in a few days.</td>
</tr>
<tr>
<td>22</td>
<td>Do you have any formal budget plan in training program for your employees?</td>
<td>No.</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>23</td>
<td>Have you ever hired external agent to train your employees?</td>
<td>No.</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>24</td>
<td>Have you ever contacted with external agents such as government, banks, suppliers, competitors, customers in order to improve your employees’ skills?</td>
<td>No.</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>