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Model of Management Strategies Affecting Crisis Management of Real Estate Business

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Abstract:

The purposes of this research were to study management strategies and the crisis management of real estate business, to compare the crisis management of real estate business classified by business size, operation period, department that encountered crisis, and to present the model of management strategies affecting crisis management of real estate business. The researcher applied the mixed methods in conducting this research.

The research results show that the real estate business with different business size and operation period places different importance on crisis management of real estate business with the statistical significance at the level of .05. The strategy of innovation and technology (X_5), the strategy of work process (X_4), and the strategy of human resources management (X_3) can describe the variance of the crisis management of real estate business at 82.70% (Adjust $R^2 = .827$). This can be written in the equation as follows: $\hat{Y} = .399$ the strategy of innovation and technology (X_5) + $.398$ the strategy of work process (X_4) + $.175$ the strategy of human resources management (X_3)

Keywords: Management strategies, crisis management, real estate business

1. Introduction

The slowdown economy and purchasing power in the past few years caused an effect on real estate market. Consequently, this led to the aggressive competition between the old and the new entrepreneurs. The information from Kasikorn Research Center was revealed that the overall of residence market in 2017 is slow down and steady. The entrepreneurs in real estate business in many provinces still could not raise the price of housing, including draining housing stock. In addition, the entrepreneurs in real estate business should adjust the strategy to present the housing stock to more various target groups. The entrepreneurs in real estate business still had to encounter many dimensions of challenges in developing the new residence project (Kasikorn Research Center, 2017). Some entrepreneurs conducted self-adjustment by setting a promotion and investment in the project that is able to satisfy many target groups in order to add values and spread the risks (Bank of Thailand, 2017).

In the western region of Thailand, because of the expansion of city, nowadays the numbers of residences sharply increased and varied. The major entrepreneurs have expanded their businesses to more urbanized cities; thereby, the local entrepreneurs, most were the small entrepreneurs, changed their direction to develop the real estate in which they were good and advantageous in terms of location. Additionally, the situations were quickly changed and unpredictable. The real estate organizations might not be able to adjust itself according to the current time; this could cause the crisis to the organization. The crisis management, therefore, is important not less than the organizational management in normal time. The entrepreneurs should have knowledge and capability in managing risks, in solving immediate problems, and in leading the organization to survive through the crisis urgently. Moreover, the entrepreneurs had to prepare the management plan in advance which is easy to understand and apply; also, to communicate effectively and quickly in the complicating situations. The entrepreneurs must have good image, skills in persuasion, and readiness. They had to create reliability in order to create the good attitude of the customers toward the organization (Mangi, et al., 2011). The management strategies were divided into 5 aspects: (1) the strategy of marketing, (2) the strategy of finance, (3) the strategy of human resources management, (4) the strategy of work process, and (5) the strategy of innovation and technology.

Although many researchers today tried to build the model for crisis warning systems of real estate business in Thailand (Polpirun, 2010), there was not the study about the management strategies of real estate business which can be used in crisis time in order to prepare themselves to cope with the potential changes in many conditions of economy. With these

reasons, the researcher was interested in studying model of management strategies in crisis of real estate business with the expectation that Thai entrepreneurs in real estate business can adapt this model in managing their organization in proactive, reactive and interactive ways. This helps to reduce the risk and damage to the organization. It also reduces the impact on the overall economy of the country.

2. Purposes of Research

- To study the management strategies of real estate business.
- To study the crisis management of real estate business.
- To compare the crisis management of real estate business, classified by business size, operation period, department that encountered crisis.
- To present the model of management strategies affecting crisis management of real estate business.

3. Hypotheses of research

H₁: The real estate business with different business size, operation period, and department that encountered crisis, places different importance on crisis management of real estate business.

H₂: The management strategies of the organization have a relationship with crisis management of real estate business.

H₃: The management strategies of the organization have an effect on crisis management of real estate business.

4. Research Methodology

The researcher applied the mixed method research, both quantitative and qualitative research method, in conducting this study, as follows:

In part of the quantitative research, the researcher studied the secondary data by reviewing the documents and related research. The populations in this study were 355 real estate businesses for residence in the western region of Thailand (Real Estate Information Center, Government Housing Bank, 2017). The sample size was determined by using the table of Krejcie and Morgan and derived 186 samples (Prutipinyo, 2010). The researcher studied the primary data by using the questionnaire as the research tools. The questionnaires were tried out with 30 non-sample real estate businesses for residence in the western region of Thailand, by using the Alpha Coefficient, and then retrieved the reliability coefficient at .974. The statistics used in this study were frequency, percentage, mean, standard deviation, t-test, F-test, Pearson Correlation, and Multiple Regression Analysis (MRA).

In part of qualitative research, the researcher conducted the in-depth interview by using the structured interview. The key informants were the real estate businesses for residence in the western region of Thailand. The researcher used the purposive sampling and retrieved 5 key informants. The researcher used the content analysis to analyze the data from interviewing the key informants. The qualitative data would be used to support the quantitative data in the next step.

5. Research Results

5.1. Analysis about the demographic profiles

With regard to the demographic profiles of all 150 respondents, the results show that 46.67% work in sale department. 58.60% of all organizations are small and medium enterprise; 54% have operated their business for 5-10 years; 42.60% used to encounter the marketing crisis; 74% implemented horizontal real estate project (residences); and 80.60% planned to implement the horizontal real estate project (residences) in next 1-3 years.

5.2. The analysis of management strategies of real estate business in crisis

With regard to the management strategies of real estate business in crisis, the results show that in total the management strategies are at the highest level ($\bar{x} = 4.43$, S.D. = .395). In particular, the strategy of innovation and technology (X_5) has the highest mean score ($\bar{x} = 4.57$, S.D. = .478), followed by the strategy of marketing (X_1) ($\bar{x} = 4.54$, S.D. = .413), the strategy of work process (X_4) ($\bar{x} = 4.53$, S.D. = .462), the strategy of human resources management (X_3) ($\bar{x} = 4.46$, S.D. = .510), and the strategy of finance (X_2) ($\bar{x} = 3.93$, S.D. = .391) respectively (see table 1)

Management Strategies Of Real Estate Business In Crisis	\bar{x}	S.D.	Translation	Ranking
The strategy of innovation and technology (X_5)	4.57	.478	Highest	1
The strategy of marketing (X_1)	4.54	.413	Highest	2
The strategy of work process (X_4)	4.53	.462	Highest	3
The strategy of human resources management (X_3)	4.46	.510	Highest	4
The strategy of finance (X_2)	3.93	.391	High	5
Total	4.43	.395	Highest	

Table 1: Mean and Standard Deviation of Management Strategies of Real Estate Business in Crisis in Total and in Particular

5.3. The analysis of crisis management of real estate business

With regard to the crisis management of real estate business, the results show that, in total, the crisis management is at the highest level ($\bar{x} = 4.53$, S.D. = .467). In particular, interactive crisis management has the highest mean score ($\bar{x} = 4.57$, S.D. = .478), followed by proactive crisis management ($\bar{x} = 4.54$, S.D. = .506), and reactive crisis management ($\bar{x} = 4.51$, S.D. = .505) respectively (see table 2).

Crisis management of real estate business	\bar{x}	S.D.	Translation	Ranking
Proactive crisis management	4.54	.506	Highest	2
Reactive crisis management	4.51	.505	Highest	3
Interactive crisis management	4.57	.478	Highest	1
Total	4.53	.467	Highest	

Table 2: Mean and Standard Deviation of Crisis Management of Real Estate Business

5.4. The Comparison Analysis of Crisis Management of Real Estate Business, Classified by Business Size, Operation Period, Department That Encountered Crisis

With regard to the comparison analysis of the crisis management of real estate business classified by business size, operation period, department that encountered crisis, the results show that the real estate business with different business size and operation period place different importance on crisis management of real estate business with the statistical significance at the level of .05. The real estate business with different department that encountered crisis places the same importance on crisis management of real estate business (see table 3).

Crisis management	Sources of variance	SS	df	MS	F	p
Business size	Between Group	6.742	2	3.371	19.713*	.000
	Within Group	22.913	134	.171		
	Total	29.654	136			
Operation period	Between Group	4.743	3	1.581	8.440*	.000
	Within Group	24.912	133	.187		
	Total	29.654	136			
Department that encountered crisis	Between Group	.221	3	.074	.332	.802
	Within Group	29.434	133	.221		
	Total	29.654	136			

Table 3: The Comparison Analysis Result of the Crisis Management of Real Estate Business, Classified by Business Size, Operation Period, Department That Encountered Crisis

*With the statistical significance at the level of .05

5.5. The Analysis of Relationship between the Management Strategies in Crisis and the Crisis Management of Real Estate Business

With regard to the correlation between the management strategies in crisis and the crisis management of real estate business, the results show that the inside correlation between management strategies in crisis has the relationship with the statistical significance at the level of .01; the highest correlation is the relationship between the strategy of marketing (X_1) and the strategy of human resources management (X_3). In addition, the management strategies in crisis have the relationship with the crisis management of real estate business with the statistical significance at the level of .01. The highest correlation is the relationship between the strategy of innovation and technology (X_5) and the crisis management of real estate business (Y) (see table 4).

Variables	X_1	X_2	X_3	X_4	X_5	Y
X_1	–					
X_2	.652**	–				
X_3	.863**	.581**	–			
X_4	.780**	.574**	.779**	–		
X_5	.807**	.587**	.803**	.829**	–	
Y	.801**	.603**	.805**	.865**	.869**	–

Table 4: The Correlation between the Management Strategies In Crisis and the Crisis Management of Real Estate Business

** With the Statistical Significance at the Level Of .01

5.6. The Analysis of Model of Management Strategies Affecting Crisis Management of Real Estate Business

With regard to the important weight of the component variables of the management strategies affecting crisis management of real estate business, analyzed by the multiple regression equation with stepwise method, the results show that the strategy of innovation and technology (X_5), the strategy of work process (X_4), and the strategy of human resources

management (X_3) can describe the variance of the crisis management of real estate business at 82.70% (Adjusted $R^2 = .827$), whereas the rest 17.30% was the result of other variables which were not considered in this study (see table 5). This can be written in the equation that

The equation of management strategies affecting crisis management of real estate business is as follows:

$\hat{Y} = .399$ the strategy of innovation and technology (X_5) + $.398$ the strategy of work process (X_4) + $.175$ the strategy of human resources management (X_3)

Variables	Crisis management of real estate business				p
	B	SE	β	t	
Constant	.219	.170		1.289	.200
the strategy of innovation and technology (X_5)	.389	.070	.399	5.588**	.000
the strategy of work process (X_4)	.402	.069	.398	5.867**	.000
the strategy of human resources management (X_3)	.160	.058	.175	2.744**	.007
$R^2 =$.831			F =	217.906**
Adjusted $R^2 =$.827	SE =	.194	p =	.000

Table 5: The Important Weight of the Component Variables of the Management Strategies Affecting Crisis Management of Real Estate Business, Analyze the Equation with Stepwise Method
**With the Statistical Significance at the Level Of.01

5.7. The findings from the analysis of qualitative data

With regards to the strategy of marketing, in the view of key informants, most real estate entrepreneurs used the particular strategy of marketing but adapt it to be suitable to their own customers. The important principle is the location and modern design, including using modern materials with good quality to construct and decorate the house. The price is reasonable with the customer. Communicate with customers via social network such as website, Line, and Facebook; including applying the strategies to create relationship with customers after the sale. Moreover, it is to use promotional campaigns to motivate customers to make faster decisions.

With regards to the strategy of finance, in the view of key informants, they did not apply various strategies; most of the funds were from owners and partners, or loans from financial institutions and the key informants have negotiated to reduce the interest burden. In addition, the key informants recorded the revenue and expense account, reduced the costs by purchasing materials from affiliates, and did not stock the material too much. Most entrepreneurs motivated customers to put the down payment and to transfer ownership quickly. With regards to the strategy of human resources management, in the view of key informants, the entrepreneurs prioritized the process of recruitment. They considered the candidate's knowledge, capability, experiences that relates to work. The specialist was also hired to give advices. The entrepreneurs focused on teamwork; work together in normal time, solve the problem together in crisis time. And most importantly, the organization took well care of their staff in terms of adequate income and appropriate life quality.

With regards to the strategy of work process, in the view of key informants, the work was divided for each department. The entrepreneurs assigned the work based on duties and responsibilities, which is an important principle in work process of all organizations. Most of the construction work was done by contractors. The contract was separated for each project. Employees are strictly assigned to supervise the contractor to deliver the work on schedule. In addition, the entrepreneurs also hired the engineer and architect to inspect and control the quality of construction along with the work of the contractor. In case there were problems or obstacles from materials or construction techniques, it is a common way to discuss in order to take immediate action.

With regards to the strategy of innovation and technology, in the view of key informants, the entrepreneurs in real estate business must always develop themselves by searching for knowledge; follow the news, movement, direction and trend of house demand in each area in order to design a modern house that is unique to the project. In addition, the entrepreneurs also used innovation in construction materials or new construction techniques in order to reduce the costs and to enhance the work quality.

6. Discussion

From the research results, the strategy of innovation and technology, the strategy of work process, and the strategy of human resources management (X_3) affect the crisis management of real estate business in the same direction.

With regard to the strategy of innovation and technology, the results show that the real estate business conducts the market research before developing the project had the highest mean score, followed by developing the proactive service innovation in both pre-sale, during sale, and after-sale by cooperating with related business, conducting research and development on new design in order to create the specific market and to reduce confrontation with competitors, applying the construction technology to reduce the time to work, using the knowledge on residence innovation from various sources in

order to develop the outstanding point of the products, and using the material technology to reduce cost and upgrade the product quality. This is relevant to the study of Sangprasit, Tochaiwat, Satasuk, and Jeevasuwankolayut (2011), which the results show that it is important to conduct the research before developing the project because the research could help the entrepreneur to realize the behavior and demand of the customers in order to build the houses to satisfy the customers' demand. This took a part in the success in sales volume. The study of Ratanapreechavej (2011) also reveals that some innovations do not require a massive amount of R&D fund but it helps add value to the business. This demonstrates the importance and possibility in developing and creating the specific innovation of each real estate business. In addition, it is difficult to determining the explicit scope of the innovation of real estate business, thereby, there have been various aspects of innovation that are possessed by each company in the pre-sale process, process of design, process of construction, till the customers move into the house. This shows the competitive advantages of that real estate business. This is also relevant to the study of Pakdeelao (2011), which its results show that the characteristics of the innovative organization are vision, strategy and goal, organizational structure, human resources management, reward and acceptance, communication, knowledge and news management, resources, evaluation and conveying ideas, leader, personnel, connection, and shared culture and value. Furthermore, this is relevant to the direction of Ratanapreechavej (2011) that divides the innovation of real estate business into 2 main types: process innovation, and product and service innovation.

With regard to the strategy of work process, the results show that the real estate business have a detailed flowchart diagram for each department, including determining a critical breakdown of each department, in the case of hiring the contractor, the contract is strictly supervised, focusing on delivering quality products and on-time delivery to customers, including staying tuned for the duration of the warranty, when problems arise, they will be analyzed and solved immediately, regardless of the offender at that moment, following up and informing the progress of construction to customers on time, applying the communication technology to track the work and to reduce the error points to ensure that the work is in accordance with the timeline, outsourcing the external auditor to help control the quality of the work, and to set up the standards of each department and to regularly monitor at every stage. This is relevant to the study of Incharoen (2011), there are 7 factors of the relationship of construction management of Pakkred Municipal Nonthaburi Province: planning, operation, control, evaluation, knowledge, capability, and working skills. These 7 factors had the relationship with construction management of Pakkred Municipal Nonthaburi Province in the same direction in the positive way. This is also relevant to the study of Saisut (2010) that the process of planning can reduce the potential problem during the construction, the duplicate steps, and time to complete the construction. The planning on material usage can help reduce costs of materials. Determining the attributes of labor in each construction steps and the deadline can help summarize the number of workers in the project.

With regard to the strategy of human resources management, the real estate business consider recruiting employees within the organization based on the skills and expertise of the individual staff, selecting the employees who have knowledge and capability to work for the business in crisis, ensuring the well-being of all employees equally, allowing employees to offer feedback on problem solving to build the sense of ownership, considering to give the reward of the individual even when the crisis, finding the business consultants to provide suggestions on how to resolve the problem and arranging measures to keep employees out of work in times of crisis. This is relevant to the study of Rachadaphanhikul and Prasertlam (2016), which indicates that World Health Organization set up the 4 ways to build an organizational well-being: 1) physical environment, 2) psychosocial environment, 3) source of human well-being at work, and 4) community of company. Therefore, the human resources management leading to organizational well-being was the important modern management direction to manage the human resources influencing the individuals by encouraging employees to work, to have commitment to the organization, to work with happiness and to develop the organization purposefully in order that the organization can grow up stably, and employees work with physical and mental happiness. When employees work happily, they will have a positive impact on their assigned tasks and will contribute to the development of the organization in the future. According to the study of Sriakaralarp and Kongklai (2016), there were 6 expected characteristics of human resources helping achieve its goals efficiently and effectively: continuous learning and commitment to learning, openness to change and adaptability to flexible structure, creative and innovative, teamwork, information sharing and organizational loyalty and citizenship.

7. Recommendations

7.1. Recommendations for this research

The management strategies of real estate business from this research can be applied in the management in crisis, as follows:

With regard to the strategy of innovation and technology, the real estate entrepreneurs should conduct the market research before developing the project in order to know the real demand of home buyers, and to lead to the development of projects to meet the target market.

With regard to the strategy of marketing, the real estate entrepreneurs should manage the marketing promotion in terms of goods and services in accordance with the buyer's daily living habits, in addition to the distinction of the project and its good value for money, in order to motivate customers to make easy decisions.

With regard to the strategy of work process, the real estate entrepreneurs should have a detailed flowchart diagram for each department, including determining a critical breakdown of each department in order to create mutual awareness and responsibility.

With regard to the strategy of human resources management, the real estate entrepreneurs should consider recruiting employees within the organization, based on the skills and expertise of the individual staff that they have worked for the company for a while so they can understand the context and help manage the crisis.

With regard to the strategy of finance, the real estate entrepreneurs should make accurate and transparent financial reports to make the business operate in the right direction. This will be a good foundation for future business. Real estate entrepreneurs can use the research results in planning to cope with problems and to manage the crisis more effectively. Effective communication between management teams and employees at all levels is critical to the successful implementation of the strategy for the good cooperation and success.

7.2. Recommendations for Future Research

In this research, in addition to the results indicated that entrepreneurs have to adapt to crisis management, they must take into consideration the crisis within the organization that affects sustainability, for example, successors do not take over the business or they are not so good at the job. There should conduct the research to find a model of land accumulation business to increase business opportunities.

There should be the study about proactive crisis management in order to adapt the small and medium real estate entrepreneurs to be stronger and more competitive in the market, for example, adaptation guidelines for small and medium real estate businesses to be registered in Stock Exchange of Thailand (SET).

There should conduct the research on approach to access to innovation and technology for small and medium real estate businesses in order to create competency to compete with major entrepreneurs.

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