

FINANCIAL PLANNING FORMS FOR THE GOOD QUALITY OF LIFE OF BUSINESS ENTREPRENEURS IN THAILAND

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ABSTRACT

The objective of this research is to study financial planning and the financial planning forms for the good quality of life of business entrepreneurs in Thailand. This is a qualitative research conducted through in-depth interviews with business entrepreneurs in Thailand. The key informants for the research are business entrepreneurs in Bangkok, including small, medium, and large-sized businesses with a business operation period of 5-35 years and an age range of 26-65 years. The sample size is 20 individuals, selected through purposive sampling. The data is collected through interviews and the content analysis is employed. The research findings reveal that the key informants, who are business entrepreneurs in Thailand, engage in financial planning through savings, life insurance, and other investments aside from their business activities. These investments include stock purchasing, mutual funds, and government bonds. The financial planning of business entrepreneurs in Thailand aims to prepare for various aspects of their future lives, such as preparing for the education expenses of their children, preparing for the post-retirement expenses, creating an inheritance fund for the family's future livelihood, preparing for personal and family healthcare expenses, and achieving financial freedom. Therefore, the financial planning forms of business entrepreneurs consist of asset accumulation with reputable financial institutions, life insurance, mutual funds, and government bonds, as well as stock purchasing. Financial planning allows business entrepreneurs to mitigate risks that may negatively impact their lives and their families, leading to a comfortable and high-quality life. It also alleviates concerns related to physical and mental health, enabling them to live happily with their family members and close associates as well as the wider society.

Keywords: Financial planning, personal financial management, good quality of life, business entrepreneurs

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INTRODUCTION

The debt problem in recent years reflects that Thai people still lack knowledge and understanding of financial matters. When a crisis occurs, people accumulate debt and suffer debt repayment problems. This is the result of poor financial planning. The financial literacy involves understanding about money and financial planning to ensure a smooth life (Business Today, 2021). Financial planning is important for people of all genders and ages to establish a solid financial foundation for a good retirement life. The “Pension Dashboard” is an important tool used in many countries to promote financial discipline among their population (Tharathip Tungkanaphas, Pichamon, Kittiakkarasathian, and Thiranan Sanguanjeen, 2020: 1). Personal financial planning covers important financial management aspects such as efficient consumption and expenditure planning, insurance planning, investment planning, retirement planning, and estate planning. Financial planning in each aspect can create wealth, maintain wealth, and increase wealth for financial planners as well as delivering wealth to others (Ratchaneekorn Wongchan, 2016: 8). In addition, good financial planning and know how to use money cause understanding and decision making more easily in financial matters or doing any financial services. It also improves money management and debt management efficiency, serving as a tool to achieve financial goals. Increasing knowledge and understanding of finance is crucial for Thai people in managing their lives, especially with future changes and potential crises. This helps create a defensive barrier to prevent additional debt problems after years of accumulation (Business Today, 2021). The research conducted by GoBear and Kadence identified four main financial problems among Thai people; 1) having expenses exceeding income, leaving no money for savings or investments, 2) lacking sufficient cash on hand, 3) lacking retirement financial planning or starting financial planning too late in life (with the average age of Thai people interested in financial planning being 41.5 years), and 4) serious lack of knowledge in financial matters, leading to frequent mistakes in financial management (The Nation, 2019).

Given the importance of the aforementioned aspects, the researcher is interested in studying the financial planning of business entrepreneurs in Thailand with the aim to utilize the research findings to develop the financial planning of business entrepreneurs and provide guidance for relevant public and private organizations in developing appropriate and suitable financial planning for all genders, ages, and professions in Thailand. The objective is to study financial planning and the form to promote a good quality of life for business entrepreneurs in Thailand.

LITERATURE REVIEWS

Financial planning is a process of evaluating and improving an individual’s financial status by studying relevant economic factors and individual decision-making. Financial planning involves managing and allocating resources to meet personal financial goals. It helps individuals plan for income generation, expenditure, life insurance, savings, investments, and reaping the benefits of saving and investing. Effective financial planning fosters financial stability and sets objectives for the future (Center for the Promotion of Capital Market Knowledge Development, Capital Market Development Fund Institute, Stock Exchange of Thailand, 2010, cited in Raksuda Laokha, 2020: 9). Financial planning is a tool that prepares individuals and leads them towards financial security. It should begin with cultivating habits of saving and sensible spending from childhood to instill financial discipline. As one enters the working age, it becomes necessary to understand how to plan income allocation to achieve savings goals and manage expenses appropriately. With the presence of a family, responsibility increases and financial burdens grow. Therefore, financial planning becomes even more crucial. Even during retirement, financial planning remains important as income decreases while expenses, particularly in areas like healthcare, often persist or even rise. Without proper planning, problems may arise (Center for the Protection of Financial Consumers, Bank of

Thailand, 2014, cited in Phanita Soonthornchai, Rathawan Apichothanakun and Kobchai Nikornpitthaya, 2017: 14-15).

Personal financial management refers to the efficient management of finances to achieve success. It involves managing various aspects of personal finances, including income, expenses, savings, investments, and retirement planning. Personal financial management is about organizing one's finances, earning money, spending it appropriately, and achieving financial goals. The benefits of personal financial management include helping individuals and families establish financial directions, making individuals aware of the importance of responsible and effective money management, promoting stability and prosperity for individuals and families, and contributing to the overall economic stability of the country (Sukjai Namphut, 2014: 3). The scope of personal financial management includes; 1) Building financial health, which includes having suitable employment that provides a stable income, budgeting and planning expenses, and using credit wisely to enhance one's lifestyle; 2) Spending money wisely in all areas, such as food, housing, transportation, and others; 3) Using money for house and real estate to provide a comfortable and secure living environment and serve as a non-damaging investment; and 4) Establishing life and asset security through insurance programs (Sukjai Namphut, Somnuk Wiwatthana, and Anuchanat Charoenjittakam, 2017, cited in Phanita Soonthornchai, Rathawan Apichothanakun and Kobchai Nikornpitthaya, 2017: 13-14).

Quality of life refers to living with complete well-being and stability, encompassing four dimensions; physical, emotional, social, and spiritual well-being (Nithat Sirichotirat, 2017: 323). According to the United Nations Educational, Scientific and Cultural Organization (UNESCO, 1993), quality of life is defined as the level of well-being in society and the level of satisfaction with one's needs. Therefore, quality of life represents a level of living that is good, happy, and satisfied, both for individuals and their living environment in the society (Chumphorn Chamsaeng et al., 2012, cited in Khaimuk Uthayawalee et al, 2020: 39). The importance of quality of life includes; 1) Individual and family-level significance, which entails having a healthy and strong body, good physical and mental health, and the ability to reduce personal expenses and effectively pursue a career, resulting in a good quality of life and a warm family without problems; and 2) Societal and national-level significance, where a society with a population having a good quality of life leads to an improved quality of life in the society and the nation entirely. However, the government needs to have policies to promote the development of the population's quality of life, such as environmental conditions, education, occupation, and income (Patcharee Lalaeng, 2013: 8-9, cited in Anak Ishoh, 2019: 9).

RESEARCH METHODOLOGY

This research is a qualitative research study conducted using in-depth interviews. The population of interest consists of 5,253,295 business owners in Thailand. Regarding the key informants used in the research, as this research is qualitative research and there are many business entrepreneurs in Thailand, the researcher therefore used a purposive sampling method by selecting a group of business entrepreneurs in Bangkok, whether small, medium and large, who have been operating business for a period of 5-35 years and aged between 26-65 year. The sample size was 20 individuals. The data were collected through in-depth interviews and analyzed qualitatively. From in-depth interviews, the information obtained is in the form of opinions and suggestions. The researcher classifies the data and compares the data to create an inductive conclusion with the following data analysis steps; 1) collecting data and categorize data obtained from qualitative research by compiling only the key points of information, 2) check the completeness of the information to reduce ambiguous and redundant information in order to obtain concrete information, 3) consider the consistency and connection between the obtained information by summarizing and interpreting in a descriptive form according to the

established research conceptual framework; 4) qualitative research conclusion. The data from the literature review were used to synthesize and discuss the results.

RESEARCH FINDINGS

The analysis on financial planning among business entrepreneurs in Thailand reveals that their financial planning involves preparing for various expenses. This includes ensuring sufficient funds for education expenses for future generations and preparing for post-retirement expenses. They also plan for creating a fund for family livelihood, including healthcare costs. In the event of illness, both the business entrepreneurs and their families prefer private hospitals over government hospitals due to the availability of modern medical equipment, adequate facilities, prompt service, and convenience. Regarding financial preparedness, most of them opt for health insurance to cover medical expenses and life insurance as a legacy for their families' protection. Additionally, the primary objective of their savings plan is to achieve financial freedom and secure their retirement. They consider estate planning crucial for themselves and their families as it provides stability, safeguards against unforeseen problems, and prevents family disputes or financial turmoil after their demise. The prepared inheritance may include businesses, land, money, houses, vehicles, assets, stocks, bonds, or government securities, as well as life insurance. Furthermore, financial planning emphasizes financial stability and financial independence (wealth). The majority of business entrepreneurs dedicate around 7-16 years to accumulate wealth, while some take 20 or more years, and a few achieve it within 1-3 years. Financial independence implies having sufficient funds to meet one's needs, being debt-free, and being able to live comfortably according to personal preferences. It also relieves the burden of various family expenses that require additional income. After retirement, they envision spending time traveling with their families, socializing with friends and family, consulting for organizations or agencies in their areas of expertise, and enjoying leisure activities at home.

The results of the analysis on financial planning strategies for a good quality of life for business entrepreneurs in Thailand have shown that there are several methods. These include saving assets with reputable financial institutions, having life insurance, investing in funds and government bonds, as well as planning investments such as buying stocks. Financial planning allows business entrepreneurs to mitigate risks that may negatively impact their own and their family's lives, ensuring a comfortable and good quality of life. It reduces worries about physical health, promotes good mental health, and fosters happiness in relationships with family members, close acquaintances, and society at large. A good quality of life entails being free from chronic illnesses, taking care of one's health, managing worries and obstacles, constantly wearing a bright smile, and maintaining positive interactions with both family members and the larger community.

CONCLUSION AND DISCUSSION OF RESEARCH FINDINGS

The research on financial planning for business entrepreneurs in Thailand can be summarized as follows. Financial planning for business entrepreneurs involves various strategies such as saving, life insurance, investing in funds, purchasing government bonds, and making investments. These strategies aim to prepare for future expenses such as education costs for children, post-retirement expenses, family healthcare costs, and inheritance. Additionally, financial planning enables financial freedom and the ability to live a satisfying life. It allows individuals and their families to be well-prepared for future expenses, leading to financial stability and a good quality of life. This aligns with the concept presented by Ratchaneekorn Wongchan (2016) that financial planning plays a crucial role in achieving financial stability, a stable lifestyle, and financial freedom, which ultimately contribute to the well-being of families, society, and the nation. Furthermore, the research findings align with the perspective

of the Bank of Thailand's Consumer Financial Protection Center (2014 cited in Phanita Soonthornchai, Rathawan Apichothanakun and Kobchai Nikornpitthaya, 2017: 14-15). It is stated that financial planning is a tool that helps individuals prepare and achieve financial stability. It includes planning for insurance, children's education, tax planning, and investment planning. The research also supports the findings of Sirilak Wannakun (2016), who conducted a study on financial planning behavior for retirement among individuals aged between 22-60 in Mueang District, Udon Thani Province. The research results revealed that the majority of the sample group engages in saving or investing on a monthly basis, accounting for 55% of respondents. The primary objective of financial planning for this group is to mitigate risks associated with future uncertainties. The study further found that the majority of respondents choose to deposit their funds with banks accounted for 73.5%, followed by purchasing life insurance policies accounted for 58.5%, and a smaller portion invests in debt instruments such as government bonds, treasury bills, and debentures accounted for 14.3%.

Financial planning forms for the good quality of life of business entrepreneurs in Thailand can be discussed as follows. There are several ways to plan for a good quality of life for business entrepreneurs, including asset accumulation, life insurance, mutual funds, government bonds, and stock investments. These strategies allow business entrepreneurs to protect themselves and their families from negative impacts that may affect their livelihoods, leading to a comfortable and high-quality life. This is because business operations have various risk factors, especially environmental factors that directly impact business operations. Therefore, financial planning helps mitigate various risks and provides stability for business entrepreneurs and their families, promoting happiness and a good quality of life. This is consistent with the concept stated by Sirinuch Inlakhorn (2016: 2) that financial planning is beneficial in the following ways; 1) It helps improve the quality of life and achieve desired goals, 2) It enables efficient management of income, expenses, and savings, 3) It helps maintain a regular financial status to prevent excessive debt burdens, and 4) It helps reduce financial anxiety in the future. This also agrees with the ideas of Sonthaya Khemvirat and Duangjai Khemvirat (2013: 12, cited in Thanaphorn Chansawang, 2019: 26) stating that personal financial planning has the following benefits; 1) It helps individuals improve their quality of life because personal financial planning allows individuals to achieve their desired goals, 2) It helps individuals manage their income, expenses, and savings more effectively, 3) It helps individuals maintain control over their financial status to prevent excessive debt burdens, and 4) It helps reduce financial stress for individuals because financial planning enables individuals to forecast their future income and expenses more accurately, allowing for realistic financial planning and emergency preparedness. Moreover, it also corresponds with the research findings of Thanwalai Sodathipphornchai (2021) on financial planning and its impact on a good quality of life based on the principles of sufficiency economy in the community members of Talad Noi Community, Bangkok. The research results showed that channels for creating personal financial plans by planning through financial planning advisory services of various organizations such as banks or insurance companies in 183 people have the objective of personal financial planning for retirement. 144 people want to have a better quality of life before and after retirement representing 38.0%. 206 people want to have a form of personal financial planning for retirement, focusing on creating wealth or financial independence representing 54.4%. For the good quality of life of the Talad Noi community people, Bangkok, according to the sufficiency economy principle, it was overall at a high level.

Recommendations from the research

From the results of study on financial planning of business entrepreneurs in Thailand, the researcher has the following recommendations.

1) The business entrepreneurs should prioritize financial planning by considering the proportions of their own and their family's income and expenses. Financial planning should be

divided into various categories, such as savings for financial security, investments beyond the business to generate higher returns, life insurance, and debt management.

2) The business entrepreneurs should manage the risks associated with their business operations and personal risks that may negatively impact their business, themselves, and their families. This includes mitigating external factors beyond their control.

3) The business entrepreneurs should seek up-to-date knowledge and expertise on financial planning from professionals, experts, or organizations specializing in the field to ensure accurate and suitable financial plans.

Recommendations for future researches

1) In future researches, it is recommended to expand the study of financial planning for a good quality of life to other groups of business entrepreneurs beyond Bangkok, for example, business owners in the Northern, Southern, and Northeastern regions, as well as other professions outside the realm of business. Additionally, studying and comparing financial planning practices among different professions and age groups can provide guidance for financial planning strategies that promote a good quality of life for people of all occupational groups and ages.

2) The future research should explore financial planning models beyond a good quality of life, such as financial independence.

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