

A Feasibility Study for Investing on an Elderly Care Center in Thailand

Dr. Vichian Puncreobutr*

Assistant. Professor- Faculty of Education, St. Theresa International College, Thailand

Email: vichian@stic.ac.th

*Corresponding Author

Dr. Jitrapun Pusapukdepop

Assoc. Professor-Faculty of Public Health, St. Theresa International College, Thailand

Email: jitpusa@gmail.com

Vipa Pengsa-ium

Faculty of Nursing Science, St. Theresa International College, Thailand

Email: deannurse@stic.ac.th

Rangsan Padungtham

Chairperson of the Network Partnership of the Local Development Institute

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Abstract

The objective of this study is to investigate suitable investment models of the Elder Care Centre business and to study the feasibility of investing in the Elderly Care business in Thailand. This study is mixed research done with both quantitative and qualitative research methods. Instruments for the qualitative research were document analysis and in-depth interviews with a total of 60 respondents, scholars in the field of health promotion for the elderly, elderly patients in Elderly Care Centres, and entrepreneurs in private large scale medical ventures in the Bangkok Metropolitan. For the quantitative research, Return of Investments Analysis and Customer Demands Analysis were employed. There were 196 respondents for the quantitative research composing of the elderly and their caregivers using the services of the Elderly Care Centres in state

hospitals or large private hospitals. Findings from this study are 1) there are three possible business models for Elderly Care Centres in the future, i.e., Full-Service Elderly Care Centres, Health Care only Elderly Care Centre, and Services only Elderly Care Center. The four Elder Care businesses with growing trends are the Exclusive Residents for the elderly or Hospices, Elderly Day Care Centres, Long-stay Hospitals, and Health Promotion Centres for the Elderly. 2) The analyses of the Return of investment and Customer Demands showed that the highest feasibility for investments is on Elderly Day Care Center followed by Long-term Care Hospital.

Keywords: elderly; feasibility for investments; elderly care business

1. Introduction

One of the most prominent crises of modern Thai society is its advancement into the ageing society which continues to worsen in similar magnitude and severity of the economic and the traffic congestion crises (Thawa & Chaiyavisit, 2016). Unless there are plans in place to manage the Ageing Society crisis, there will be serious impacts on the country's economy and its society in the future. (Virameteekul, 2018).

It is estimated that Thailand's Ageing Society will advance into the Super-aged Society by B.E. 2568 (A.D. 2525) (Sirisunhirun, 2017) meaning that Thailand will have a 17.74 Million population of people aged over 65 years with a growth rate of 500,000 people annually (Puttakorn, 2018). If this is the case, Thailand's elderly population will rise to 25.8% of the total population of 68.3 million (Virameteekul, 2018).

As the Ageing Society begins to expand, the number of Elderly Care Centres and services providers must also increase (Puttakorn, 2018). These new centres are the Institutional Care Centres such as Acute Care Centres and Sub-acute Care Centres, or Institutional Long-term Care Centres such as Nursing Homes and Hospices, Respite Care, and Residential Homes, or Community Care Services such as Home Care Services or Home Health Care for the Elderly by trained medical volunteers. The centres can also be Multi-purpose Senior Citizen Centre, Day Care for Older Person Centre, Home Visit Programme, and Day Hospitals (Thianpajeeekul, 2015; SCB EIC, 2018).

The Thai government, to a certain extent, is currently focussing to have services to the elderly available by pushing for new elderly services businesses. For example, the Department of Business Development, the Ministry of Commerce (2016) is setting up standards of operations in their efforts to develop quality and standardized Elderly Care

Center businesses. These standards will cover six businesses, namely Day Care Centres, Nursing Homes or Long-term Care Hospitals, Elderly Homes, Home Care Services, Welfare centres for the Needy and Kinless elderly, and Health Promotion Centres for the Elderly.

In response, there has been a reciprocal increase in the Elderly Care business (health and residential services) to support the growing ageing population of the Thai and foreign elderly. (Tagpruittipan, 2015; In Jaieuar, 2016), therefore both Elderly Care Centre businesses in residential services and health care services for the elderly must completely satisfy their customers' demands. (Jakpaisan, 2017).

In the majority of cases, a high level of risk usually accompanies the initial stages of new businesses. Since the business in Elderly Care Centre businesses in residential services and healthcare services for the elderly is considered as a new business, it is this researcher's view that there are studies on suitable models for Elderly Care Center and the feasibility of investing in Elderly Care Centres in Thailand. The studies should also cover whether the Elderly Care Center businesses will provide full or partial services. Hence, the studies will benefit entrepreneurs and consumers in their future initiatives or measures to support the ageing society. They will also benefit, as a whole, those involved in promoting, supporting, and improving the quality of life of the elderly society of this country.

2. Objectives of the study

1. To study suitable business models for Elderly Care Centres in Thailand
2. To study the feasibility for investing on an Elderly Care Center in Thailand

3. Research Methodology

This study was carried out in two steps.

First step

To study the suitable business models for Elderly Care Centres in Thailand This step employed document analysis and in-depth interviews with 60 respondents comprising of 10 scholars from the field of health promotion for the elderly, 46 Elderly Care Centre patients, and 4 entrepreneurs of large scale private medical ventures in the Bangkok Metropolis. Instruments used were document analysis templates, content analysis, and structured interview questionnaires.

Second Step

To study the feasibility of investing in an Elderly Care Center in Thailand.

This step studies the feasibility of investing in an Elderly Care Center in Thailand by using the Return of Investment and Customer Demands Analyses. Respondents were 196 elderly patients and caregivers in the state or large scale private medical from the population of 400 selected by the simple random sampling methods. The instrument used were survey questionnaires, analytic forms, and feasibility modelling.

4. Research findings

The findings from this study as follow:

1. The study on the business models for Elderly Care Centre in Thailand

Below are the findings from the study on suitable models for the Elderly Care Centre in Thailand.

1.1 The three suitable business models for future Elderly Care Centre in Thailand are the Full-service model, the Health Care only model, and the Services only model.

1) The Full-Service model operation is a large scale business operation. The level of investment for this model is high. This model requires a large plot of land with clearly defined operation zones. The zoning designates health services area, residential area, and other services area. For this model, investors should acquire property outside the city limits to save real estate costs. However, the limitation for locations outside the city is that a longer marketing campaign will be required to generate Customer Demands.

2) The Health Care only model is a medium-scale operation that does not require the acquisition of a large plot of land. The investment level on this model is medium to high depending on the type of centre to operate, e.g., Elderly Day Care Centre, Nursing Home, Long-term Care Hospital, Hospice Care, Respite Care, or Residential Home. The pro for this model is that investors can selectively invest in some or multiple types of the above-mentioned centres since they are independent of each other. Moreover, each type of these centres does not require large plots of land, so their locations can be within the city limits. This is an attractive venture since it will not be difficult to market. However, the cons of this model are that the centres can only admit and service a limited number of patients.

3) The Service only model is a medium-scale operation. It requires a small plot of land. The level of investment is medium. This model provides important services for the elderly such as Home Care Service, Multipurpose Senior Citizen Centre, Daycare for Older Persons Centre, Home Visits Services, Health Centre (for medical check-up), or Health Promotion Center for the Elderly (for health screening and health advice). The pro of this model is that it is affordable to middle to high-income families which is a large group of customers. The con of this model is that it requires a logistics system to support the deployment of modernized service to quickly respond to customer needs.

1.2 Elderly Care Center businesses with potential growths are Elderly Housing and provision of other Services business models.

1) Exclusive Residential Homes for the Elderly provide suitable homes for the Elderly or the Pre-Elderly aged 45 years and above. This service offers long term leases of homes or apartments with a contractual term of about 30 years or until the tenants pass away, but with no rights to the property after their deaths. This service can be contracted out to Thai and foreign (Japanese, Chinese, etc.) elderly.

The market for this kind of business already exists in Thailand with a high level of promising growth. The analysis of the survey showed that the level of interest from customers is high. However, responses from experts showed that the level of potential for investment in this business is limited since this business tends to require a high level of investments, quality equipment, technology, or innovations for modern services, and there is a shortage of experts in this field of business.

2) Elderly Day-care Centre is a centre that cares for the elderly during the day (Morning arrival and evening departure) while their children or relatives go to work and don't want their parents or elderly relatives to be alone at home, or to protect them from accidents such as slips and falls in the bathroom, forgetting to turn off electrical appliances or gas stoves, forgetting to take their medicines, overdosing themselves with medicines, or forgetting their way home. The pro for Elderly Day-care Centre is that it gives opportunities to people around the same age to do activities together.

The market for this kind of business already exists in Thailand with a high level of promising growth. The analysis of the survey showed that Customer Demand from the elderly or their caretakers is very high because this business will meet the needs of the elderly well. Responses from experts showed that the level of growing trends for investment in this business is limited. Since the centre will not operate at night (no night

services), this kind of business does not require a high level of investment. It does not require a large plot of land and its location can be inside the city limits.

3) The services of Long-term Care Hospital cover overnight care, daily living assistance, and basic health care. The centre has doctors, nurses, and practical nurses to take care of the patients closely 24 hours a day. The centre's services are systematically designed to provide regular health checks by doctors, standardized data management of patient's records in order to efficiently communicate with their relatives, and the ability to transfer patients for immediate medical care should there be any kind of emergencies.

The market for this kind of business already exists in Thailand with a high level of promising growth. The analysis of the survey showed that Customer Demand from well to do customers is high. Responses from experts showed that to conduct this business model, all seven standards of elderly care must be strictly met. These standards include the centre's environment, security, facilities, and equipment, personnel who must have specific qualifications and in the proper ratio to the elderly patients, communications with patients and their relatives, recreational activities, and management.

4) The health promotion centre for the elderly provides basic health checks and advice on health care for the elderly. It is a community health care centre operated by personnel who aren't doctors and do not practice medicine. They provide services in developing technologies and innovations in Elderly Care, for example, using the capabilities of IoT (the Internet of Things) to follow, give medical care, and perform physical check-ups for the elderly.

This model of business has only a very small number of start-ups with a high level of promising growth. The analysis of the survey showed that the Customer Demand from younger generation relatives and care providers of the elderly is very high. Responses from experts showed that conducting this kind of business requires low investment, but it requires in house specialists who can sufficiently integrate the knowledge of elderly care and health care counseling with the use of innovative care for the elderly.

2. The study on the feasibility for investing on an Elderly Care Center in Thailand Below are findings from the study on the feasibility for investing on an Elderly Care Center in Thailand.

2.1 Return of Investment analysis was done using the Cost of Capital: WACC, Net Present Value: NPV, Interest Rate of Return: IRR, and Payback Period: PP analyses and compared the results to benchmarks. Results in Table 1.

Table 1: Analysis of Return on Investment

Businesses	Analysis of Return on Investment compared to benchmarks			
	WACC	NPV	IRR	PP
Exclusive Residential Homes for the Elderly	High	Medium	Medium	Medium
Elderly Day-care Centre	High	Very High	Very High	Very High
Long-term Care Hospital	Very High	High	High	Medium
Health Promotion Centre for the Elderly	Very Low	Medium	High	Very High

From Table 1, it is found that the highest Return on Investments for Elderly Care Center business is Elderly Day-care Centre followed Long-term Care Hospital

2.2 The Customer Demands analysis. Results in Table 2.

Table 2: Customer Demand analysis for Elderly Care Centre Business

Businesses	Customer Demand Level		
	Mean	S.D.	Demands Level
Exclusive Residential Homes for the Elderly	3.48	.689	Medium
Elderly Day-care Centre	4.35	.563	High
Long-term Care Hospital	4.13	.457	High
Health Promotion Centre for the Elderly	3.39	.743	High

From the Customer Demand analysis in Table 2, it is found that the highest feasibility for investing on the Elderly Care Centre business is Elderly Day-care Centre followed by Long-term Care Hospital

5. Summary of findings

1. The study on the business models for Elderly Care Centre in Thailand

Findings from the study on suitable business models for Elderly Care Centre for Thailand which includes possible Elderly Care Centre businesses in the future and Elderly Care Centre businesses with promising growth correspond in these manners:

1.1 Possible Elderly Care Centre business models in the future include the Full-Service model, the Health Care only model, and the Services only model.

1.2 Elderly Care Centre businesses with promising growth are the specific business groups, i.e., Exclusive Residential Homes for the Elderly, Elderly Day-care Centre, and Health Promotion Centre for the Elderly.

2. The study on the feasibility for investing in an Elderly Care Center in Thailand

Findings from the Return of Investment and Customer Demand Analyses correspond as follow:

2.1 The analyses of Cost of Capital: WACC, Net Present Values: NPV, Interest Rate of Return: IRR, and Payback Period: PP revealed that the highest feasibility for investing in the Elderly Care Centre business is Elderly Day-care Centre followed by Long-term Care Hospital.

2.2 The Customer Demands analysis revealed that the highest feasibility for investing in the Elderly Care Centre business is Elderly Day-care Centre followed by Long-term Care Hospital.

6. Recommendations

6.1 Recommendations for future benefits

From the finding that possible Elderly Care Centre business models in the future include the Full-Service model, the Health Care only model, and the Services only model, therefore entrepreneurs of the future with competitive advantage must have expertise in real estate and elderly care business.

From the finding that Elderly Care Centre businesses with promising growth are the specific business groups, i.e., Exclusive Residential Homes for the Elderly, Elderly Day-care Centre, and Health Promotion Centre for the Elderly, hence executive officials and government agencies relating to business development should revise the rules and regulations to allow for growth of health businesses that will support the ageing society of the future

6.2 Recommendations for future studies

This study found that the highest feasibility for investing in the Elderly Care Centre business is the Elderly Day-care Centre followed by Long-term Care Hospital with a high level of investment. In order for the investments to respond to the measure to develop the nation driven by the policy for improving the quality of life for people of the ageing society, this researcher recommends further studies on factors influencing the effectiveness of developing Elder Care Centre business, especially on Day-care Centre and Long-term Care Hospital.

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