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PRANGTIP CHANSOMSAK : TECHNICAL CHANGE AND ECONOMIES OF SCALE IN THE
THAI HOTEL INDUSTRY. THESIS ADVISOR:

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The purpose of this thesis is two-fold. The first is to study technical change in the Thai hotel business. The second is to study economies of scale in this business. A translog cost function is used in this study.

It was found that there was technical change in the Thai hotel industry during the period 1982-1989. For the full period 1982-1989, an average annual rate of technical change with inputs held constant was 0.71 percent while that of technical change with output held fixed was 0.83 percent. The rates of technical change were low because most of hoteliers in Thailand employed a technology of a fixed proportion of production inputs and hotel size.

It was also found that technical change in the Thai hotel industry was embodied technical progress which was a 'putty-clay' model. The 'putty-clay' model allows for a substitution of labor and capital only when new equipment is introduced.

As a result of the study, there are economies of scale in hotel business in every part of Thailand especially in the Northeastern area.