

CHAPTER ONE

ENTREPRENEURIAL TRADITIONS: UP FROM THE RICE FIELDS

In developing a theme for a research volume, choices about coverage had to be made. Some areas are addressed briefly, so that others can receive fuller treatments. In some cases, this is because certain topics are peripheral to the central theme of the volume. In some cases, topics may not be fully covered because there is not sufficient information available to fully explore them. Some topics receive more extensive coverage because they fall within the particular research expertise of the authors. We have attempted to maintain a thread that ties entrepreneurial activity together, across several time periods while also trying to explore some recent areas in greater detail.

We occasionally make an intended diversion, in order to more fully explore certain aspects of entrepreneurial activity in greater depth. Obviously, as we move from the periods dominated by the rice farmer to periods of expanded foreign trade and economic development, there are numerous topics worthy of coverage. We have tried to take major routes, in an effort to show entrepreneurial behavior as a natural evolutionary process, while attempting to maintain a theme related to business rather than economic history. Obviously, this type of neat separation is not always possible. We have skimmed in some areas, so that we could present our original research data in other areas. However, for those not familiar with the historical development of Thailand, we wanted to provide some historical context in which to review this research.

If there is one thing about which modern scholars are in agreement, it is that explanations of entrepreneurial activity are difficult.¹ Culture, history, random environmental circumstances, the availability of economic opportunities, religion, family traditions, education and government policies all play important roles in both the amount and location of entrepreneurial activity. In his famous article "In Search of the Heffalump," Peter Kilby pointed out the problem with dealing with a subject as broad as entrepreneurship. Everyone agreed that the heffalump, a creature from a children's story, was a big and important animal, but there was little agreement on its shape and form.² Each person claimed to have seen the mysterious animal, but each described it differently. However, they all agreed that it was an important animal.³

In attempting to describe entrepreneurial activity for an entire country, over an extended period of time, the task is much more complex. An examination of the major entrepreneurial components, organizations, and entrepreneurs for an entire country must of necessity sway back and forth because the context in which entrepreneurs emerge and succeed changes. The factors that were conducive to entrepreneurial behavior in one period may actually discourage it in the next time period. The entrepreneurial institutions that emerge in one period often create conditions that inhibit entry by those so inclined to do so, during a later period. That is

¹ Some examples of different approaches include Casson, Mark (1982) **The Entrepreneur**, Totowa, NJ: Barnes & Noble Book. Kirzner, Israel (1979) **Perception, Opportunity, and Profit: Studies in the Theory of Entrepreneurship**. Chicago: The University of Chicago Press. McClelland, David C. (1961). **The Achieving Society**, Princeton, NJ: Van Nostrand.

² Milne, Alan Alexander (1926). **Winnie-the-Pooh**. London: Methuen & Co., Ltd.

³ Kilby, Peter (1971). "Hunting for the Heffalump." In (Ed.) Peter Kilby, **Entrepreneurship and Economic Development**, (pp. 1-40). New York. The Free Press.

to say, the entrepreneurial institutions in one era often turn into ossified organizations during the next era, and act to inhabit rather than encourage innovation and new businesses..⁴

Treatments of Thai entrepreneurs have focused on industrial activities, famous persons and the participation of certain ethnic groups, especially Chinese immigrants, in entrepreneurial activities.⁵ Research that has focused on commercial activities such as ceramics, trade, wood carving or agriculture has usually taken an historical or anthropological rather than an entrepreneurial perspective. These studies have tended to be descriptive, focusing on the variety or volume of production or trade, although particular entrepreneurs are often discussed.

Individual expositions of entrepreneurs are also important, but they tend to lack the type of systematic analysis that ties them to the activities of others, or to factors that permitted them, and others like them, to emerge. In the popular press, there has been considerable attention to modern Thai entrepreneurs, but the journalistic form is not consistent because the interests of each writer varies. We have used some of this material, especially as it relates to contemporary entrepreneurs. However, this material is often more suited for the journalistic occasion for which it was written. This uniqueness makes it difficult to draw any systematic conclusions, when reading this literature in a sequential fashion.

Research on immigrant-entrepreneurs has tended to focused on the Chinese immigrants, although in some areas such as real estate, attention has been focused on immigrants from India. However, during the Ayudhya period immigrant-entrepreneurs from Japan, Portugal,

⁴ Peterson, Richard A. (1981). "Entrepreneurship and Organizations." In (Eds.) Paul C. Nystrom and William H. Starbuck, **Handbook of Organizational Design** (Vol. 1, pp. 65-83). New York: Oxford University Press.

⁵ Skinner, William G. (1957). **Chinese Society in Thailand: An Analytical History**. Ithaca, NY: Cornell University Press. Suehiro, Akira (1985),

Vietnam, and The Netherlands established settlements just outside the city. Each of these groups was deeply involved in commercial activity and not just in the context of foreign trade. While research on these groups is not as extensive, it reveals a certain amount of entrepreneurial activity by these groups, which is consistent with the experiences of immigrants in many countries.

Research on immigrant-entrepreneurs and their descendants has looked at the disproportionate representation of certain ethnic groups in the commercial sector. For instance, it has been clearly established that ethnic Chinese-Thais are proportionately over represented in larger scale commercial activities. Subsequent research has focused on historical reasons for this over representation and on the techniques successful entrepreneurs use to manage their organizations.

This book does not attempt to present a grand theory of entrepreneurship that explains entrepreneurial activity in Thailand. Neither does it attempt to comprehensively cover the lives of all Thai entrepreneurs. However, the attempt is made to look at those factors that influenced entrepreneurial behavior and to examine how that behavior was exhibited during various periods of Thai history. In addition, in modern eras have been given more attention, because of a greater availability of data. In some cases, this involves discussing data collected by the authors, related to various aspects of entrepreneurship, which we believe captures representative behavior.

This research attempts to follow the thread of entrepreneurial evolution in Thailand. That is to say, although this behavior takes different forms at different times, the focus of the research is to attempt to show how and why different types of entrepreneurs emerged in

different periods. In this way, outside forces are seen as combining with inside elements to account for spurts or sputters in entrepreneurial activity. Entrepreneurial activity is not portrayed as either purely internal or external, but rather the logical outgrowth of a complex series of factors, with many variables playing an important role.

Background

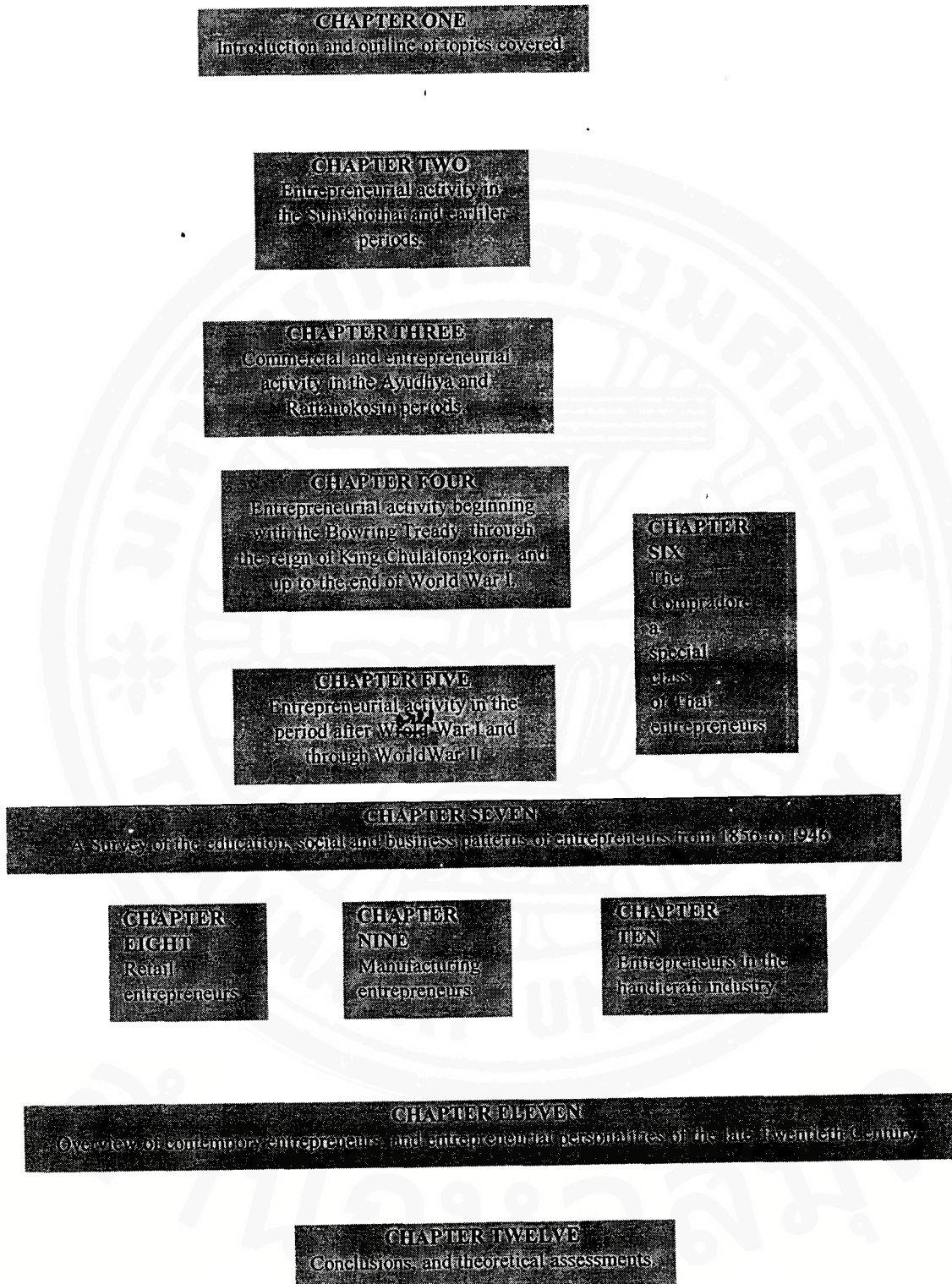
This book attempts to focus on business, and on entrepreneurial personalities as individuals and as a collective group, although we believe a historical approach provides a good perspective to examine entrepreneurial activity in Thailand. It allows commercial activity to be linked to entrepreneurial action. It also provides a context in which this type of behavior occurs. We believe that the historical time line is a good way to approach a subject this broad, during its earlier periods.

Entrepreneurial behavior does not occur in a vacuum. There are reasons why it occurs when it does, and logical explanations as to why some individuals are better positioned to exploit these opportunities. Governmental policy, environmental occurrences, and even the actions of other entrepreneurs all provide opportunities for commercial activity. When entrepreneurship is viewed in a broader context, it is much easier to see why certain industries emerged when they did, and why some ethnic groups are more visible in commercial ventures.

Research Themes

Figure 1, below, outlines the major research themes covered in this volume. The early chapters provide a historical introduction, which makes it easier to place the later chapters in

Figure 1: Research Plan and Chapter Guide for Book



a suitable context. While those with a broad background in Thai history may find the material very elementary, those without such a background will find it useful in providing a context for later discussion.

First, an attempt is made to look at entrepreneurial behavior during the early periods of Thai history. Although extensive documentation does not exist, there is sufficient information to indicate that there were relatively high levels of commercial activity. Some of this involved trade between China, India, and Middle East countries, but some of this commercial activity occurred within Thailand, and attracted foreign traders. Some attention is also paid to the early history, because the links between religion, government, trade and commerce began during these periods. The interaction between these forces had a major impact, as is true in most countries. They also spilled over to other areas, and played a major role in the religious demarcation of the country.

We know that the Sukhothai empire was sufficiently vibrant, in a commercial sense, to build infrastructures such as water works and roads. Generally, these types of infrastructures are associated with the commercial needs of a country. Thus, while the specific names of early Thai entrepreneurs may not be known, it is obvious that they must have existed in large numbers, relative to some of the other agriculture empires of this period. Chapter Two looks at these early periods.

The establishment of an empire at Ayudhya marked a dynamic increase in the scale of economic activity in Thailand. In addition, although many governmental records were destroyed when the Burmese attacked and destroyed the city, records of foreign governments and traders have survived. Observations by those who visited the city confirm the fact that it was a vibrant hub of commercial activity. We know entrepreneurial activity existed, and

attempt to describe the nature and extent of this activity, even if it is not possible to provide the biographic information as it relates to typical entrepreneurs.

The destruction of Ayudhya in 1767 marked a political turning point for Thailand, but it was a minor disruption in its commercial activity. . After the interim government of King Taksin, the present ruling Chakri family began its reign on the site of present day Bangkok. The reign of the current line can be divided into certain reigns for commercial purposes. It is for this reason that the Rattanakosin period (Rama I to the early years of Rama IV) is included in a chapter dealing with the Ayudhya period. The Ayudhya empire suffered a massive political disruption, but the entrepreneurial behavior followed a consistent evolution.

The country began to reestablish itself commercially with European and other Asian countries during the reign of King Mongkut (Rama IV), who made many governmental and administrative changes and who could speak English. The Bowring Treaty in 1856 is often seen as a turning point for Thailand's trade relations with other countries. During this period the government began to recognize that the Thai people would be involved in more commercial exchanges with other countries than had been true in the past.

The reign of King Chulalongkorn (Rama V) marked tremendous change in Thailand, in part because of its length, but also because it occurred during a period of tremendous technological, political, social and economic change. The late nineteenth and early twentieth century resulted in an dramatic increase in commercial activity in Thailand. In addition, the abolition of slavery, marked the beginning of a historical period that dramatically changed the extent to which the general population could engage in entrepreneurial activities. This material is covered in Chapter Four.

The first well known entrepreneurs of Thailand also emerge during this period. However, this was also a period when many smaller business begin to operate, even in remote rural locations. The written records of this period, allow some identification of actual entrepreneurs as well as some comparative analysis of where they came from, with whom they interacted, their education, and their business interests. Thus, during this period it is possible to begin to get a more generalizable picture of those who came to characterize successful entrepreneurial ventures. A special class of entrepreneurs, the compradores, operated extensively during this period and they are treated separately in Chapter Six.

Chapter Five covers the reigns of King Vajiravudh (Rama VI) and King Prajadhipok (Rama VII) and King Ananda Mahidol (Rama VIII). This marks the beginnings of modern industrialization, as well as covering the period when the country was transformed to a constitutional monarchy in 1932 . Several of the oldest commercial establishments in Thailand trace their origins to this period. Although modern businesses began before this period, it was during this period that the economy reflected sufficient domestic demand to support these domestic firms. Agricultural products and commodities continued to be exported, but products such as beer began to be produced for local consumption.

The worldwide depression that began in 1929 acted to stall the rate of economic progress. The abdication of King Prajadhipok (Rama VII), and the subsequent disruptions of World War II, reduced the amount of new entrepreneurial activity during this period, at least that of most larger scale private sector organizations. However, recent history suggests that there were some entrepreneurial activities during the war, and at least one famous piece of

Thai literature suggests that the role of the “middleman” was one where knowledge about prices and demand could be exploited in an entrepreneurial fashion.⁶

Chapter Seven attempts to take a comprehensive look at the entrepreneurs who emerged in the Rama IV to Rama VIII period. Using biographical information from funeral books, an attempt is made to profile those entrepreneurs who successfully established business firms in the period between the Bowring Treaty and the end of World War II. In this way, characteristics that are common to particular groups of entrepreneurs can be used to deduce the type of characteristics needed to succeed during this period.

The current period, of modern Thai entrepreneurship, has been arbitrarily set as beginning at the end of World War II. This is not because the Thai economy began some dramatic modernization during these years, but the evolution towards modernity did begin. Natural resources continued to provide most commercial opportunities, in the beginning of this period. However, modern business forms also began to emerge. In many cases these involved foreign partnerships, but in many cases they were purely Thai ventures. The political situation in the country was not too stable between the late 1940's and late 1970's, but the reign of a single monarch, during the entire period did provide some stability.

In looking at the modern Thai entrepreneur, we could focus on many different entrepreneurial segments. We have chosen three, for which we have collected original data. Each is reflective of an entrepreneurial type or industry that made dramatic changes during this period. Chapter Eight will deal with the retail-entrepreneur. There was been increased

⁶ Reynolds, R. Bruce (1994). **Thailand and Japan's Southern Advance, 1940-1945**. New York: St. Martin's Press. Singh, Samruam (March 9, 1976) "Escaping the Middleman." *Jaturat*, Vol. 2 (39), pp. 42-3, [Reprinted in English in (Ed.) Katherine A. Bowie (1991), **Voices from the Thai Countryside: The Short Stories of Samruam Singh**, Madison, WI: University of Wisconsin Press].

interest in this type of entrepreneurial activity during recent years, and data will be presented that relates to the entrepreneurial profile of modern Thai retail-entrepreneurs. This represents an important gap in the literature with respect to both Thai commerce and the field of entrepreneurship research.

Chapter Nine takes a similar look at Thai entrepreneurs involved in manufacturing activity. No sector exhibited greater growth, during the late 1980's and early 1990's, a period when economic growth in Thailand was the highest in the world. In addition, several individual entrepreneurs will be examined, to determine the degree to which they conform to the statistical profile unearthed. Many small and medium sized manufacturers did grow into large firms, but the population of entrepreneurs running small and medium sized firms is very large and had a big impact on commercial activity.

Chapter Ten examines entrepreneurial activity in the handicraft industry. This was chosen because it has both retail and manufacturing aspects. In addition, it is tied to larger numbers of home-workers, who also often act in an entrepreneurial capacity. Thus, with the exception of agriculture, this industry may have the largest existing entrepreneurial network in Thailand. It also crosses geographic regions and income and educational points of demarcation.

Highly visible and successful entrepreneurs are examined in Chapter Eleven. It should be remembered that this is not an encyclopedia of entrepreneurs, and thus the selection biases of the authors, and the availability of useful data, are reflected in the choice. In discussing these entrepreneurs the attempt is made to place them in some theoretical context and to avoid including highly competent and successful business leaders who either inherited their positions or who moved up the corporate bureaucracy. That is not to say that these corporate

managers cannot be creative or innovative, but that our focus is more on those who actually start new ventures, or dramatically altered the one's inherited.

Finally, the conclusion chapter attempts to take a theoretical look at all that has proceeded it. It also attempts to recast some of the findings of this research in terms of the research on entrepreneurship that has proceed it. By tying the data here to the broader research literature, we hope to both add to the existing research literature but also to stimulate further research in areas where we have left questions unanswered or prompted new questions.

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