ENTREPRENEURSHIP FOR FOREIGNERS IN THAILAND



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ABSTRACT

The objective of this study was to identify possible ways of becoming foreign entrepreneur and do efficiently business in the Kingdom of Thailand. If is it possible without previous experience, if there are any obstacles in a form of discrimination, religion, political or cultural habits. How to deal with mixed staff of Thais and foreigners and lastly to what extend is it possible to own a company.

Research methodology: The sample group consisted 7 qualitative in deep interviewees from various fields as information technologies, marketing, finances, hospitality, restaurants and direct import of goods, however all with same linking fact – they were all of non-Thai origin plus their work experience always overrode 6 months.

Research findings were as follows: Establishing an entrepreneurship in Thailand is to certain extent possible, however with recommended physical existence accompanied with the understanding of culture and business etiquette. Discrimination or different forms of mistreatment were not recorder, except seldom separations in pricing policies across the country. Mixed employees, regarding to the law statutes, are possible, but always at the ratio 4/1. The experiences were overall highly positive amongst high skilled and educated majority. On the other hand the middle or lower educational employees often underperformed and run to the cultural clashes exquisitely more. Ownership of a company is possible, however the assistance of Thai subject is required and excluding special supported cases might usually go only up to 49 % of the company shares.

Keywords: Entrepreneurship in Thailand, Foreigner ownership, Working and managing Thais, business culture, ASEAN

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CHAPTER 1 INTRODUCTION

The Kingdom of Thailand, often called the "Land of smiles" (Koval, 2012), is world widely known as one of the top leisure destinations for its wonderful natural and cultural heritage. Nevertheless, from a last century, is has also become important business partner in its region of South-east Asia, even in a world scale. This country in general is known for its positive attitude towards foreign countries, companies and their new products. The transformation from primary agricultural economy has been done as one of the best and most diversified in the region. These facts, together with its population over 67 million inhabitants, (Thailand Population Review, 2014) strategic position, certain level of economic development, infrastructure and its membership in ASEAN might bring a unique and valuable opportunities for foreigners, who decide to do business with Thailand.

The world today, especially in terms of business, is moving forward faster than ever. It now allows possibility of connecting the variety lines of the industry that would be merely impossible to do just a few decades ago. Hence, international trade has to be affected by these new modern trends. It shall take advantage of putting most of the information online and try to cooperate with the partners around the globe and deal with them anywhere in a blink of an eye. Thailand is not an exception, and is definitively ready to do business with the world's partners on daily bases.

This survey tries to bring local business environment closely to the people, who might be attracted to operate in this field, however with their very limited or none of the previous experiences. As anywhere in the world, it has its particular specifications, and differentiations comparing to the similar neighboring countries (IAC Asian Tigers, 2014). Also traditions, expectations and of course its own and unique history and culture still applied which might be seen in social behavior, including the world of business and management (Holmes, & Tangtongtavy, 2003). Many people, from all parts of the world, did not succeed as expected in Asia, only because of the lack of knowledge and simple attitude that did not put much of

importance to local culture and special business environment. This research focuses on combination of all possible advices, recommendations and hints that might lead to avoidance of failure on local grounds. Author however wouldn't dare to rely on his own observing, so official information, regulations, laws, behaviors or definition stem from reliable literature, magazines and reliable online resources. Survey itself represents the real persons' experiences with peerless examples of obstacles and unexpected issues. The finish of the research summarizes and concludes all information gathered, and prepares some of the future foreigners for their business start in Thailand.

1.1 Problems and Limitations

Before setting up any specific targets of the survey, it is wise to be aware of possible obstacles in the way that might occur. First and general problem of the research is, to find proper and adequate candidates for the research. Less is sometimes more, so the aim shall not be in a tendency of finding any and as much possible foreign entrepreneurs available. But more to concentrate of the validity, quality and a long experience in various economic branches for comparison.

Secondly, to make sure all the interviewees will speak truth, without fear and possibly to reveal some of their keys of success.

Thirdly, as in every researched study, time is always a factor of limitation. It would be a great study, if the chosen subjects could be observed within certain time, and their success or failures could be recorded, explained and possible figured out why some action lead to these consequences. However it would take numbers of months, possibly years, which overreaches the limitation of this study.

1.2 Background

While writing this thesis, author was studying a Master of Business Administration program at Stamford International University in Bangkok. In a meantime, he luckily did receive a part time internship at the Embassy of the Czech

Republic, which is also his home country. During a very limited free time, he had tried to visit as many places as possible in all Asia; including Thailand in a bigger scale. Since all the multiple trips in the area already overreached one year, some experiences were already made on his personal behalf. Nevertheless, the majority of other business performances were carefully recorded during the numbers of meets with many expats from all corners of the world, far diverse that only Czech Republic. For better understanding of the researched topic, but also for author's personal development and self-interest, many books and articles had been read. Some of them more oriented towards doing business in the country, some more to the cultural and historical understanding. Either way, author assumed it is the only way how to really understand ones culture. Read and gather as much information possible, talk to older and more experienced people, life part of own life there and after all of that, start to put all the little puzzles together.

1.3 Objective of the study

Firstly, this study tries to identify basic descriptions how does the Thailand environment for doing business look like. For deeper understanding, we need to see how are the people like, what are their habits, major religion types, perceptions of other nations, market specifications, market gaps, political background and specialties of the society that could have occur as a surprise for newcomers. Since there is no ideal entrepreneurship environment without any negatives in the world, neither is Thailand. Therefore, this research will try to be maximally objectives and will try to describe both, upped and lower parts of the business culture. For extending the future opportunities understanding, preferred and economic branches of economy will be shown for better orientation.

Secondly, this study shall concentrate on a different ways of possible market entries, which government allows for the foreign subjects. Along with this problematic, it is also necessary to understand average employees, that due to law, needs to be always hired in a bigger scale than foreigners, government rules and last

but not least its exemptions and special cases which might be valid only for certain time period.

To display applications of all the information above, real lifetime experience of foreign people shall be taken into account and possibly briefly generate inner look, which might not be always the same, as the primary theory shown in the books. To do so, qualitative researched method has been chosen to observe real market situation.

1.4 Scope of research

The goal of the companies in a capitalistic world is to grow, rises profits, to develop a new products and possibly add value. Once the home market of the company is fully penetrated or costs of production overreached acceptable numbers, finding a new country of influence might be a wise solution. And for many, Thailand might be this particular choice. Bringing the most important inquiries for a business success at stake shall be the major goal.

Analyzing the differences and specifications might be done in many variant ways, hence qualitative researched method will be applied. Reasons to do so are majorly the facts that we are considering data, or more information based inputs that would be hard to measure by regular questionnaire. Another reason is the state's regulation system, which is simply released or updated, however shall be clearly understood and applied thru the entire surface. In a second practical part, interviews with a different expatriates will be vastly different one to another and hence it would be extremely difficult merely impossible to compare different business branches, occupations, opinions and advices. However the approach of this study is trying to be complex as possible, hence qualitative measurements, shall be exerted in additional descriptions and appendix contents.

For a displaying the secondary data, official resources will used. In a statistical comparison in a world's scale, author disposed data from World Competitiveness Yearbooks, World Economic Forum, World Trade's organizations, International Money Fund and ASEAN official publications. For closer inner look into a local law

and regulatory system, official government sources were applied as National Statistical Office of Thailand, Department of Intellectual Property, Thailand Board of Investment, Customs Department, Thai Industrial Standards Department (Ministry of Trade and International Industry, 2014), Consumer Protection Board and Ministry of Finance.

1.5 Research questions

Major topics settled for the survey focused on core section as followed:

- 1. How is possible to start entrepreneurship in Thailand for foreigner without any previous experience?
- 2. Are the religions, political and cultural habits of Thais correlated with attitude towards foreign firms, products and employees/employers?
- 3. How is possible to run efficient management in Thailand mixed with foreigners and Thais?
- 4. Is it possible to fully own a company, real estate or intellectual property in Thailand as a foreigner, if yes to what extend?

1.6 Significance of the research

Surprisingly, more expatriates in Thailand than author expected occasionally write articles, glosses, blogs or simplified brochures. However often, after the searching about the author's biography or about the time spend in this part of the world, it is possible to find only a couple months of work experience, often in one place with many other expats and way to few locals on the other hand. Therefore, the major significance of the research shall use mostly both valid and relevant resources, longer time experience and possibly neutral overviewing information. Another fact that makes this research unique is an opportunity of putting the "hard data" as regulations and permits together with actual showing how it is most likely to work in a practical world and where shall be a potential entrepreneur more needful. Besides the organizational parts as mentioned, separate section will be dedicated to potential market gaps. Estimating what is the economy in general lacking of is often neglected,

hence completely new products, services or processing's could be brought from anywhere, where they have already reached some level and are working slightly well. Besides a finding an empty places at these, there are potential governmental subsidiaries, either from Thai side in a form of taxable relieve, or either in grants from the home countries for example EU programs for development aids.

From a literature aspect, in authors own experience, there are numbers of books about almost exact necessary steps to be taken for starting new or co-branching business in places as China, India or Japan. However less often, publications could be found for ASEAN with Thailand specialization. Lastly, since the author has taken an internship at the Embassy of Czech Republic, he couldn't miss a fact of total zero numbers of publications of this type in Czech language. Hence, if this thesis will be accepted by the school board commission, possible very similar and mostly updated version in Czech (also understandable for the people of Slovakia) might soon appear, dedicated to potential investors of entrepreneurs from Central Europe in their Embassies, exporting departments dedicated to South-east Asia or local economical branch department's supports.

Lastly, even though different versions of analysis and projects are being released occasionally about ASEAN environment, there is nothing more important that stay up to date. Especially in today's rushing world of business, driven by the endeavor of getting freshest possible information amongst the first and possible take advantage for one's personal or company's usage.

1.7 Implication in academia

This research shall enrich previous researches, books and brochures in a field of overviewing information about the Kingdom of Thailand for foreign entrepreneurs or possible investors. Also, it will make a good summary of the foreigner peoples' personal experience across variety of working sectors. Furthermore, the good combination of socioeconomic research, barriers, limitations but also market gaps and favored sectors might put together complex study about the topic, which might enlighten some of the parts less spoken of in academic world. Future plan of the author,

is a version of this study in Czech language that shall enrich much narrowed field of publications for business purposes in Thai Kingdom.

1.8 Implication in practice

Putting all the gathered information together with proper conclusions shall be useful for anyone interested in an entrepreneurship in Thailand. Without regards to possible reader's intentions, this study shall provide comprehensive advices, observations, habits, advantages but also limitations of local environment. Although there are variety of the ways how to measure business success such as market share, profit gain or growth, none of these could have been properly done without the real cultural understanding. Future possible managers might run into this with the clients beginning, over governmental behavior to clashes management ending. Hence, myopic view leading only to short term success shall be replaced with a deeper socio economical understanding, in order to succeed in a long time perspective. Especially in Asia, where once an appropriate business partner is found, it might be kept for decades, and in less likely to be change averse than western world.

Since business operates in different levels of economic cooperation, branches, types of approaches and different personal goals, it is hard to determine exact requirements what possible foreigner, interested in this location, would find out the most important to know. Nevertheless, general overviewing information, both about the environment and also about the market entry shall be displayed.

So, who exactly might find out this research useful in practice? Any business person, who already planned to go to this area, tourists who hesitate whether not to change the status to expat workers, students looking for a new opportunity and investors, who might not necessarily need to stay in Thailand or cooperate with Thais face to face daily, but still would need to gather reasonable information.

CHAPTER 2 LITERATURE REVIEWS

2.1 Related literature – part 1

Before taking a deeper look into a problematic on business daily bases, we first need to summarize, what we already know, which is general information about the country itself in terms of socio economy. Amongst many, we shall take a look at the geography, its demography, culture and major economical characteristics.

2.1.1 Geography of Thailand

The location of Thailand is set at Southeastern Asia, bypassed by the Andaman Sea and the Gulf of Thailand, southeast of Myanmar. Bordering countries are Myanmar, Laos, Cambodia and Malaysia. All country is spread in an area of 513,120 km² in total (The World Fact book, 2014). The country as whole is tropical, where annual arrival of monsoons brings in turns, rainy seasons from around June to October and long warm for the rest of the year. (Koval, 2012).

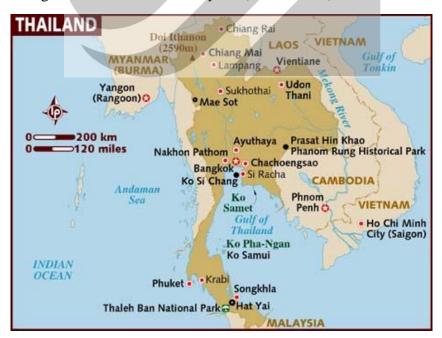


Figure 1.1 Map of the Kingdom of Thailand

Source: www.lonelyplanet.com

The landscape is very diverse. It reaches from mountains with tropical forests in the north, where the conditions for agriculture are the most difficult; weather is generally colder than rest of the Kingdom, but with more humidity. Cultural and touristic centers are the second largest city Chiang Mai and Chiang Rai. Northeast is the largest and most populated region with a great amount of agricultural and industrial production, with major town Udon Thani (Amazing Thailand geographical characteristic, 2012). Although it was used to be known as a poor, it's on rise and is becoming more interested and also valued place for investors, also due to development of Greater Mekong Sub region project (Master plan of ASEAN connectivity, 2011). Central part has without doubt the main strength in its capital Bangkok, with all the surrounding suburbs. It is the economic, cultural and political center not only for Thailand, but for entire region, South is touristic wise most visited area, because of its variety of different islands and beach resorts. Mostly known are biggest island Phuket, Krabi, Hua Hin, Pattaya and inner islands Koh Samui and Koh Phan Ngan. (Koval, 2012)

2.1.2 Demography of Thailand

Last official national census was carried out in Thailand back in 2010 and the country's official population was declared at 65,479,453. Current estimations show a population in Thailand of 67,368,000 for year 2014, although there are possibly over 2 million people illegally without any proper registration. (Thailand Population Review, 2014) Structure of people tends to be more homogeneous, since over 85 % present themselves as Thais, who are sharing the common culture and also are speaking the Thai language, even though there are several dialects. Biggest minority, around 12 %, are ethnical Chinese, who are generally very well integrated in the country. Second meaningful group are Malay-Thais in the southern regions on Malaysian peninsula with 2.3 %. Other minorities under 1 % are Khmers, Vietnamese, hill tribes (Hmong, Mein, Karen) and others. (Koval, 2012) Major occupations tend to stay in agriculture, mainly in rice or crop production. However, together with the processes of development, significant numbers annually tend to follow the process of urbanization and industrialization. Primer religion for 94.5 % of people is Theravada

Buddhism, which is the oldest its surviving branch and keeps traditions closer to the early practices. Around 4.6 % are active Muslims and little bit under 0.7 % are Christians. (U.S. Department of State Background Thailand notes, 2013); (Gethin & Rupert, 1998)

2.1.3 Culture of Thailand and its specialties for business approach

Thailand had never been a colony and proudly keeps its traditions and habits as a free Asian state. No language, besides standard Thai, had been accepted for official use. Along with the King and Buddhist religion, it may be the strongest symbol for national consciousness, even for those who speak it as a second language, or barely speak it at all. (Smalley, 1994). Nevertheless, English language, by certain level, became sufficiently spoken for business purposes by the well-educated part of the society and the situation is getting slightly better throughout the years. Also, as the country grows in an economical field, it is influenced by big scale with so called "western culture". On one hand by the products, which are often considered luxury and more reliable, on the other hand by management who are getting well suited jobs due to their attendance of quality schools in U.S. or Europe. These newly gained skills are applied either in own governance of the company or while dealing with foreigners (Boussard, & Pierre, 2004). Without doubts, modern Thai society is going thru vast changes and accepts many new trends. Despite these facts, there is still deeply settled system in society far different from western one, which requires attention and further concentration for better understanding. Following paragraphs shall therefore look closely into major specialties important in business contact.

2.1.4 Western Influence

Since Thailand has never had any of western rulers, also entire law system practiced in the country has been developed from scratch in local unique way. Hence, in most of the distinguished cases, hiring a local lawyer would be wise. Further to this, foreign people shall be prepared to accept local perception of time, which is not always the fastest in very time precise oriented west, especially in busy branch as local jurisprudence. (Boussard, & Pierre, 2004). Time by itself has completely different

meaning in society, therefore, the future projects, goals and other targets shall stay within reachable limits. Anyway, the absence of being colonized country brought on the other hand some advantages as well. General attitude towards people coming from western countries is very pleasant. People tend to stay friendly without any suspense, so after all the dealing part with Thai might bring good experience over all. (Wise, & Whitney & Leland, 2009)

2.1.5 Culture differences

Basic criteria how to understand the world around us differ between Western and Thai culture very often even in basic ideas. *Culture in West* is very individualistic, more punctual and strict about time, oriented to set and fulfill all or most of the goals. Power or strong ego might be shown by louder and assertive behavior, which might sometimes lead to misunderstanding under local (Thai) conditions, since fewer social restrictions are strictly hold in West (Klasner, 1993). *Culture in Thailand* on the other hand is based on family circle and cooperation amongst the closest. Basic perception of time is less strict, everything has its time to come in life and long term goals are often settled with expectation of not fulfillment by 100 %. In a terms of behavior, humility and more submissive approach is expected and welcome, while rushing to a "losing a face" would be considered as personal failure. (Klasner, 1993) At last but not at least, since very young age, variety of rules, recommendations and behaviors are taught to follow and keep, especially in traditional families living away from big cities.

2.1.6 Behavior and habits

As mentioned above, majority of the country follows Buddhism, which is not only projected into personal lives, but goes beyond to business perspective as well. Essences of the behavior are the avoidance of the conflicts in general scale, paying the respect and humbleness towards elders or upper persons and keeping the face in front of others by any cost. By following the Buddhist concept of energy flowing thru the body, we shall not touch on other person's head, since soul is located there. Further, our feet, the lowest and unclean part of human body shall not be shown. (Holmes, & Tangtongtavy, 2003). By understanding these cores, possible future managers shall be

aware of theses habits, especially lower employees not to pester with recommendations, struggles, and exchange of views or even serious problems. In their eyes, it might be sometimes considered rude. Similarly, if employee doesn't exactly follow the conversation by 100 %, he will be most likely not often ask for repeating or deeper explanation for the same reason. However it might have fatal consequences in working process, therefore learning Thai, paying English training program or hiring a good translator might a good option. It might seem as an unnecessary high additional cost, but if the working intensions are evaluated in a long term, it will pay the expenses multiple times.

Thai famous smile and Wai are one most known factor from local human behavior. Even though Thailand's second name is the land of smiles (Koval, 2012), it might express variety of feelings, remember the basic rule of conflict avoidance. Smile by itself is in most of the cases means the expression of friendliness, agreement and joy. However under pressure situations, it might be also used to pressure on opponent's side or instead of direct refusal. If the Thai person is smiling but also express the nervousness, it might be a sign of hesitation. Also, short laugh expresses during the appointment without any reasons shows mostly reaction on impropriate conduct. Thais are very tolerant and polite, so in a case of serious insult, proper smile and take off might be their way of ending the negotiations and complete stop of further cooperation (Holmes, & Tangtongtavy, 2003). Wai, the typical Thai way of greeting others, is made by nodding head accompanied by two hands putted together in front of the face, while fingers are pointed upwards. Higher the hands are hold, higher respect is urged. Wai is meant to be given to elders or more superior person, but never to chamber maids, facility cleaners, waitresses etc. For equal young mates, brief nod by head and smile if enough. During the first new business meets however, Wai knowledge is not expected, so the regular hand shake shall do the work. If Thai partner is male, foreigner might initiate introducing, on the other hand if dealt with female, it is polite only to smile and wait for her to do the move (Wise, & Whitney & Leland, 2009). What to have in mind all the time

2.1.7 What to have in mind all the time

This research would like to simplify the situation of doing business in Thailand for foreigners. For this reason it is good to be also aware of certain taboos that shall never be putted during operation with Thai counterparts.

Proper business act is never expected to happen during the first meeting. Similar to Chinese way of Guanxi which is known as "set of personal connections which and individual may draw upon to secure resources or advantage when doing business or in the course of social life" (Davies, 1995), Thai tradesmen also prefer to build a trust during a longer period time and prefer get to know possible future partner. Also, it is very unlikely to deal with high ranking managers or decision makers in first time. Thus, building proper relationships takes greater amount of time than what western world is used to. In conjunction with this, it is normal trying to combine and open personal life and make friend from professional partners. Mutual understanding and trust might take a while, but it is the normal way, how to become reliable foreign partner for trade (Wise, & Whitney & Leland, 2009). While presenting ourselves and our company, we should obey Thai standards by being decent, calm, humble, a bit quieter (westerns are often considered almost rudely loud), with sense of proper humor. That might target our own fails or little things, but never target things involving Thai country, society, Buddhism, royalty of directly counterparts fail. Instead, it would be wise to blame indirectly other party responsible for the problem. External displaying of negative emotion shall never happen, since it would be considered a serious insult. Reaching the final point without struggle and no conflict is the key stone of all social philosophy. During exchanging more personal information, we shall not be surprised by the questions about our salary, age or background, since it shall not be anything extraordinary to discuss. Generally, for all Thai society the process of "keeping a face" in front of others is the most important social preference (Holmes & Tangtongtavy, 2003). Hence, imagination of the situation in the eyes of others correlates with often showing off personal success by proper clothes, jewelry, watches even cars but also number of followers on business travels or the way of traveling. If any business person does not put enough effort into sufficient self-presentation, he

faces the danger of being overlooked and not taken seriously (Holmes, & Tangtongtavy, 2003). Concluding many ways of Thai social dealings, it important to always stay alert. Many things are not mentioned directly, but are expected to come up front from the context. Disagreements and struggles seldom come to light by spoken words, rather than that it is needed to listen carefully and read between the lines. It is not very easy in the begging, but it is necessary for running successful international trade in this part of the world.

2.1.8 Economical characteristic

Thailand has been following a dynamic way of growth, typical for Asian Tigers in last few decades. Looking up the history, we can see, that positive attitude towards foreign direct investments paid its rewards. Situation comparing to communist oriented neighbors as Laos or Cambodia, made grow vastly up and the gap between once prosperous former Indochina became tremendous (IAC Asian Tigers, 2014). Nowadays, Thailand has one of the largest middle classes with efficient disposable income across the region. It stands as a good example of transformation of economy to far more diverse. It is now Thailand, who seeks cheap labor costs among neighbors in some cases. Despite that, there are issues with a very high level of bribery or political uncertainty, which is going on for many years by now. With its current GDP per capita of \$6,571, it still does belong to the list of developing countries (Economy watch, GDP) per capita – statistics of all countries, 2014). Notwithstanding, it has tendencies to remind developed economy in many ways. Supporting this fact is the booming sector of services 44.2 % and industry 43.6 %, which also have the biggest share of GDP (The World Fact book, 2013). On the other hand the highest numbers, under 40 % (see picture no. 2) in employment remain in agriculture, which brings shares only 12.1 % of GDP (Employment in agriculture, 2013).



Figure 2.1 Thailand - Employment in agriculture

Source: www.indexmundi.com, 2014: Online

All economy, as mostly of ASEAN members, is oriented towards strong export strategy. It does bring strong customer base on demand side, but still keeps the country in constant vulnerability due to affairs in the world globally. From product type segmentation, we can present the country as the world's top producer of natural rubber, hard disk drives, cassava products, canned pineapple, pineapple juice, processed chicken, rice, canned and frozen seafood, and processed shrimp, and is the second biggest sugar producer. For ASEAN, it is also one of the most common places with assembly centers for integrated circuits and semiconductors (Thailand's region logistic hub, 2012).

2.1.9 Potential market opportunities

Thailand, with its market over 67 consumers (World population reviews 2014), has a lot to offer. Although many innovation processes already took part in recent development, there are still many projects yet to be done.

All infrastructural system is great ground for massive improvements and investments. About 86 % of Thailand's cargo is currently moved by road, 12 % by ship, 2 % by train and the rest via air freight. It is sort of Thai specialty to use ground transportation in most of the cases with its extensive network of 191,000 km

(Thailand's region logistic hub, 2012). Network of connectivity has become seriously needed, with application for Greater Mekong Sub region, East-West corridor Yunnan Province (China), Vietnam, Cambodia, Laos, Myanmar and overloads to the Andaman Sea. Taking into account near full start of AEC (ASEAN economic community) in 2015, more and more connected markets will bring demand for even greater amount of logistics (Master plan of ASEAN connectivity, 2011). Furthermore, besides road transportation, if railway system could have been used more efficiently, under proper investment and aids, all traffic ability of the country could increase and use its new patterns. Entire railway system contains 4,044 km with an ability of going internationally to Malaysia and from there on to Singapore. However, *only 234 km are ready for heavy load good transportation by freight trains*, the rest are smaller scale goods or mostly passengers (Thailand's region logistic hub, 2012). Thailand has also many opportunities in the naval use, but it uses only 12 % of it. Putting more importance into ports, still close to capital, but far from the center, might help with the avoidance of the urban traffics and seldom closed areas due to the political disability.

Long term business opportunities are open in in areas as energetics, since major amount of daily required energy, over 67 % in 2012, is imported (Alternative energy in Thailand, 2013). The base for home production is by 2/3 (see picture no.3) coming from natural gas, so any other option would tend to ease the dependence on such a limited and princely unstable product.

Power Generation by Energy Sources, 2012

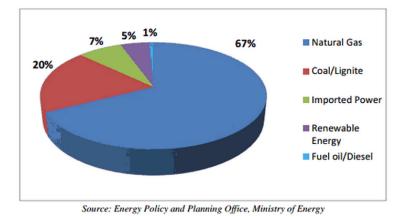


Figure 2.2 Graph of power energy sources for Thailand in 2012 **Source**: www.boi.go.th, 2014: Online

Governmental released incentives of Alternative Energy Development Plan (AEDP), which is programmed until 2021, plans on rise by 35 % from recent 5 %. Extra attention shall be given to the followings: Biomass (organic agricultural waste), Biogas (mixed gas of methane and inert carbonic gas), Municipal Solid waste (trash from the urban areas), Biodiesel (plant oil base, plentiful in the country), Ethanol (alcohol made from sugar canes, corns, molasses etc.), Solar panels (used in very small scale yet), Wind (mountains in North, sea shores in South) and Hydro (large water flow scale, rainy seasons, sea) (Alternative energy in Thailand, 2013). General conclusion for potential investors is, that the government is ready and plans for the future major support, aid and best available conditions to attract new technologies with a chance of being applied to the energy market. The office for energy policy and planning at Ministry of Energy provides additional value to the normal purchasing rate and guaranteed demand for agreed price, if required norms for the usage of renewable resources will be fulfilled. Exact list of supportable incentives is available on tables below in years 2012 and 2013, depending on their difficulty.

Table 2.1 Support for investors Thailand in 2012 and 2013

Type of renewable energy	Adder rate	Special Adder for Diesel Replecement	Special Adder fot Southernmost Province (Baht/kWh)	Year supported
1.Biomas				
-Installed Capacity ≤ 1MW	0.50	1.00	1.00	7
-Installed Capacity ≥ 1MW	0.30	1.00	1.00	7
2.Biogas				
-Installed Capacity ≤ 1MW	0.50	1.00	1.00	7
-Installed Capacity ≥ 1MW	0.30	1.00	1.00	7
3. Waste (MSW, industrial waste and O	rganic Waste)			
-Landfill and Digestor	2.50	1.00	1.00	7
-Thermal Process	3.50	1.00	1.00	7
4.Wind				
-Installed Capacity ≤ 1MW	4.50	1.50	1.50	10
-Installed Capacity ≥ 1MW	3.50	1.50	1.50	10
5.Small/Hydropower				
-50kW ≤Installed Capacity ≤ 200 kW	0.80	1.00	1.00	7
-Installed Capacity ≤ 50 kW	1.50	1.00	1.00	7
6.Solar	6.50	1.50	1.50	10

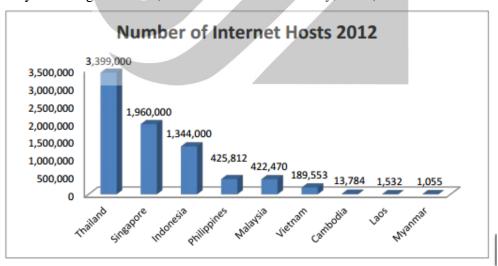
Source: www.boi.go.th, 2014: Online

Table 2.2 Pricing scale for solar based energy base

Classification	Scale	Quota	FIT (Baht/kWh)	Year Supported
Residental	0-10 kWp	100MW	6.96	25
Small Enterprise	>10-250 kWp	100MW	6.55	25
Medium and large Enterprise	>250-1,000 kWp	100MW	6.16	25

Source: www.boi.go.th, 2014: Online

Digital technology and connectivity has been set amongst goals of government for a long time and offers one of the best conditions in Southeast Asians markets. Thailand has 69 million active mobile phones (more than its population), over 24 million Internet users, 3.34 million hosts (see figure 2.3 for comparison). With above average level of reliable energy supply and already existing networks as 3G and 4G, it is and will be strong it is in a sustainable demand for adequate advanced software support. Government listed this sector as of a few into priority, so tax, fiscal and IP protections aid are ready. Also, startups, on the job trainings and requalification are offered by advantaged loans. (Thailand software industry, 2013)



Source: The US Central Intelligence Agency World Factbook, 2012

Figure 2.3: Hosts of Internet on Southeast Asia for 2012

Source: www.boi.go.th, 2014: Online

From the more typical, but still needed, favored branches of Board of Investments and Industrial Estates Authority are aids the involvedness in supports of: aircrafts, cars and yacht part making, electrical components (hard drives), bio plastics, biotechnology, machinery and metal working, food industry, medical centers, petro chemistry, printing, and rubber production (BOI Business opportunities, 2014).

2.2 Related literature – part 2

Second part will concentrate on the definition of entrepreneurship, establishing entrepreneur's entry into Thai market, what structure to choose and its possible specifications with regulations.

2.2.1 Concept of entrepreneurship

Entrepreneurship in general, is an ability to become an entrepreneur. Regarding to English dictionary of Business, there are two main definitions. First reflects as "a person who organizes the factors of production, land, labor, and capital, to produce and sell goods, often in anticipation of demand, in the expectation of receiving a profit" (Adam, 1989) which shows main interest of person doing business in a profits and raising money. Due to the second explanation, entrepreneur is "a person whose business actions make him a leader in the economic world especially when they result in industrial growth or technical advances" (Adam, 1989). In this case, we can see ones intention goes beyond personal benefit and reaches towards economic growth in an economy helps future's development. These various circumscriptions combine micro and macro economical perspectives and together create picture for this research of becoming and entrepreneur in Thailand while being a foreigner.

2.2.2 Doing business in Thailand

Doing business internationally brings a lots of new opportunities, costumers, connections, notwithstanding on the other hand variety of obstacles as well. Especially while connecting for instance the western style of business habits, law systems,

regulations and customs. Year 2006 was a crucial for foreigners doing or thinking of doing business here. It did bring the release of a set of laws generally easing the whole situation of FDI¹, ownership and visa maintenance. Nevertheless, it does keep closer eye on the ownerships to avoid the fake stockholders by local citizens for foreigners (L.T.D. companies are required to be hold by Thais majorly). Now, the stock owners need to be financially well equipped to pass the verification. Entire market with real estates had been kept strict by not allowing any foreign subject of having any property in the Kingdom (Thai real estate laws, 2006).

2.2.3 Deciding the proper way of entry

The foundation stone of foreign success is the quality of foreign product. If it has a good reputation already, it might even be the Thai counterpart asking about the distribution of our products. At this moment, is it wise to value all the pros and contras and decide what next. Letting local company do their sells and simply import, we might lose the control about proper presenting and might destroy or reputation in short time on the market. Nevertheless, if we only want to try the market in small scale, it might save tons of expenses, permission and time. Choices are either in the forms of distributors, whom we sell products and he deal with the sells by himself, or either agent with proper commission, but working for us under our name. In any case, we should choose, reliable Thai partner is the first priority target. This person(s) helps with local HR², translations, local contacts and authorities and will be our major representative. Proper selection is crucial; therefore it shall be taken wisely with discretion.

2.2.4 Financial coverage

To be successful in long run, entrepreneurship needs to be safe in terms of financial safety. Being wrong with under or overestimation of the company or product value might cause gradual loss. It's rarely easy, but proper setting of loans, payments

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¹ Foreign direct investments

² Human resources

to suppliers and all other expenses is the key. For determining some of these, many professional financial agencies are available, including Thailand. Setting a proper limit, which shall not be overreached, might be one good option. During the planning, all expenses for all foreign members shall be taken into account, including work permits, visas, licenses, costs of running the office, insurances, wages etc. (WYLIE, 2007). Besides all of the expenses listed, it is always good to be ready for unexpected and keep some reserves. ASEAN banks, in Thailand particular, dislike to offer loans to nonresident Thai subjects, hence it is wise to count on that in advance by any possible preparations.

2.2.5 Proper company types

To start entrepreneurship in Thailand, it is needed to pick legislatively correct structure. Legal choices are following:

Representative office: Simple way of entry with limited power. Only little decisions are possible to make. Also, in a case of branch of greater corporation, long procedure before passing changes, ideas, advices (WYLIE, 2007).

Joint ventures: Mixture of foreign and local ownership, where many variations are available to arrange (share of responsibility, profits, legitimacy, conditions for leaving). If all rules are settled clearly and correctly, it might be beneficial for both parties. Quality of products and services are accompanied with the knowledge of local culture, market and regulations rules could have been the proper way (The International Bank for Reconstruction and Development 2014).

LTD (Limited Liability Company): The most common way of establishment. Decreases the risks of managing by others, but with its expenditures (higher than regular Thai company). Stockholders' equity divided equally to stockholders by their shares. To avoid higher taxation policy, normal foreign subjects shall kept shares under 50 %.

- **A)** Partly foreign owned enterprises: Normally, possible to own up to 49 % of the company established. Nevertheless, if the scope of production meets the preferences segments of BOI (Board of Investment), it might be extended.
- **B)** Wholly foreign owned enterprises: 100 % of the ownership belongs to foreign subjects. By all measures, the most controlled way of running a company, however allowed by the government only for special and individual cases, under special circumstances. (Thai limited company, 2014)

Usage of Thai citizen: The way of letting person with legal Thai citizenship registering the company under his name. The novel of the law requires at least basic financial background to support the business. After that, foreign persons run the business in real. Obviously the highest risk purely depending on trust, but with big financial relieves in taxations (WYLIE, 2007).

2.2.6 Suitable employees

No company, even world widely, can be prosperous without proper employee base. Getting well qualified staff might take some time, effort and money. However, the Asian culture is less likely to tend to high turnover, hence efficiency of choosing people might bring lifetime loyalty (Gullová, 2011). As said in nation's culture, avoidance of conflict is majorly important for the local society. That is why all collective of the company would dislike firing of the people around themselves. It is not uncommon to see well covered "free rider problem", just in order to save face of the group. While a person is being promoted, managers expect the best performances and expect no reason to fire someone in the future. The rule of paying the respect towards elderly or also highly suited people is still takes place in daily life.

2.2.7 Business Regulations

Thailand has two organs for regulation and supporting foreign investors with their capital. First, Thailand's Board of Investment, which encouragements are set via the regional policy. Second case, Industrial Estates Authority of Thailand, targets the projects and incentives thru special and most required branches of economy. (Doing business, 2014), It has the authority and power to start the developing of projects by itself, where possible joint ventures might take part into future. Here is the list of necessary standards required by the law for items brought as imported:

- Value added tax: first of the duties for product. Today's value is 7 % normally,
 3 % for newly introduced products. Note: Only refers to import this, not exports.
- **Import duty**: strongly depend on duty rate for particular product type in tax tables. Differs from 0 % up to 100 %.
- Export duty: if not set otherwise, it applies for rice, hides (raw), metal, rubber, wood, silk (raw and yarn) beef and veal animals and powdered fish.
- Excusive tax: applied for imports of oil based goods, electrical equipment, beverages, cosmetics, crystal goods, automobiles up to 10 passengers, boats
- Exchange control: imported good valued more than 500,000 bht are required to contain proper certification of which own commercial bank did send acknowledgement to Bank of Thailand. If the product of same value would be exported, it needs to have Certificate from customs and receipt of being paid for in BHT or putted to Thai account (in 15 days).
- Special cases: Enterprises might be freed from all or parts of some of the taxations by the government. Current regular items on exceptional lists are machinery and equipment for oil/gas concessions.

(Custom tariffs – Thailand, 2013)

CHAPTER 3

METHODOLOGY

There are many different ways how to conduct a proper research. The best suited way taken for investigating the foreign entrepreneurship in Thailand has been set as in-deep qualitative researched method, with the utilization of inductive approach (Isaac & Michael 1971). Amongst many different reasons, very different branches of economy are targeted and observed people are going to have a different backgrounds, opportunities and lengths of operation in local market and financial assets. And since it is desired to find out about the ways of establishing business connectivity, or presence operating accompanied with all the unexpected obstacles, it is better to choose a more detailed and personal approach. The average profile of interviewee used for the discussion was a foreign (non-Thai origin) person that did start its own/participated in an opening enterprise in at least 6 months or more. Expected respondents, desired number from 10-15, were sought after in areas where foreigners tend to attend the most: information technologies, marketing, finances, hospitality, restaurants and direct import of goods. The aim of the findings was to compare their experience with existing theoretical knowledge and the distinguishing or similarities in a real world of business. Last but not least, if proper findings were measured properly, some of the potential conflicts could have been avoided or at least reduced due to the awareness and enough of information available in advance.

3.1 Validity of research

To gather the best of the research, it shall also get the validity in order to fulfill the intended representations. Otherwise it will be senseless to conduct this project. External validity is not relevant for our case, since the observed groups are foreigners without any preferences, so it would be inefficient to apply the same method on Thais in Thailand (Isaac & Michael 1971). However the internal validity can be more easily applied with brief usage of some of the overviewing methods.

Experimental Mortality: If one comparison group experiences a higher level of subject withdrawal/mortality than other groups, then observed differences between

groups become questionable (Campbell & Stanley, 1966). Possible question is in subject, however more colorful portfolio of the examples are going to be, more complex and holistic idea is going to be putted together.

Instrumentation: Changing the measurement methods during a study affects what is measured (Campbell & Stanley, 1966). All the necessary topics of research shall be taken in advance, so the shifted measurements shall not occur.

Maturation: *Natural changes that occur as a result of the normal passage of time*. (Isaac & Michael, 1971). Limitation of time is evident, especially since many subjects work under time pressured conditions. Time of interview shall never cross 80 minutes.

3.2 Inquiry about doing business in Thailand

This survey is based on qualitative level, so the exact movement of each interview might take slightly different direction, especially since working experiences and job types might vary. Main idea is not to receive always same length of answers for every single question. These topics are more as a question guides leading to discover what has been for a respondent problem, while starting and establishing business or how did he or she struggle with governmental restrictions.

From variety of offered choices, author had chosen *in-depth interview* qualitative form in order to acquire best possible results. The advantage of this method is oral way face-to-face of interviewing or maximally via phone or skype call. Hence answers are more flexible, topics might be shifted towards the way of personal experiences. Advantage for this case is, answers are not limited with predefined limits, as quantitative form would be, but might are more flexible and continuous.

To get the adequate data for following survey, proper area of questions and bounded area of information needs to be created. Knowledge gain from chapter 2 shall be putted in to place, meeting the in the field experience.

These are the selected topics determined for the final survey:

- 1. **Brief introduction** nation, age, gender, length of stay, reason of stay in Thailand, type of business.
- 2. How did the foreigners face the **Culture shock**, different approaches and **language barriers**? What experiences did the foreigners have in the **early months**?
- 3. Determination is settled on the difficulty of first time entry, to the country with business purposes. First major issue is getting proper **permit** for at least the stating period of time of stay, so that the person might have time for proper observation and arrangements. Furthermore, how is the **visa extension** working? What are the experiences with **Thai immigration offices**?
- 4. To run a legal business in the country there is a certain jurisdiction requirements. How were the **juridical issues** of getting started, finding a proper help and struggles in finding a correct needful. Is it possible to use your own foreign lawyer, or is it required to have local Thai?
- 5. The problem of **ownership** is often big issue. To what measure was it possible to get ahold of the company and assets in every single case? How to possibly minimize risk from your point of view?
- 6. Is the cooperation with governmental departments of **Board of Investments** and **Industrial Estates Authority** efficient of at least well known? Have you ever used any?
- 7. **Taxation policy** applied on foreign companies is significantly higher than on average Thai. What are the best possible options for the foreign newbies?
- 8. Are the **foreigners** getting a worse **treatment** regarding to their religious or cultural base? Have you ever experienced negative behavior from your Thai business partners?

- 9. Foreign company needs to have **mixed staff** employed, by the needs and also by the law. Is it possible to run efficient management in Thailand with mixed foreigners and Thais or would it be better to separate them into different branches with different tasks? How about the **English / Thai language** difficulties?
- 10. Thai economy has been constantly affected by **political uncertainty**, which also appeared into the value dropping of the Thai baht. What are the safest ways of preventing loses? Is it more profitable to keep greater financial base at Thai bank or foreign in a long run?
- 11. Do you see yourself getting more involved across **ASEAN** with your business in near future?
- 12. Overall feelings from working in Thailand and recommendation not yet mentioned for future possible entrepreneurs or investors?

CHAPTER 4

RESULTS

Chapter 4 shows the research findings of the qualitative research by in depth interviews and its juxtaposition.

Author tried to get as various mixture of business branches and nationalities as possible. Therefore, there are people from banking world, tourism, publishing, information technologies, but also direct importers of goods. The key was not to gather information form any particular industry branch, but to get a general and holistic picture, how is it to be an entrepreneur in Thailand while being a foreigner. Even though people are from different backgrounds, educational and cultural backgrounds, everybody from sample group is a foreigner in Thais eyes, which matters for this survey. Therefore, entry obligations for newcomers could be summarize for the future, regardless the origin. Primary goal was set at the investigation with a regular entrepreneurs. Notwithstanding, one exception has been made, since author managed to contact an employee, however highly situated invest manger from international bank sector, which is directly answering to the CEO of the company. Whereas he cannot be officially counted as an entrepreneur, author deeply believes in his contribution for the survey, especially with his previous work experience in many other countries. Everybody else did fulfill the entry requirements. The final number of interviewees, excluding the people who also helped but did not fully accept to do the full interview, was 7. The choosing was not so easy for the author, firstly contacted amount of people was around 16. However not everybody for so open about discussing all the required topics plus businessman's schedule if often very busy. The way of contacting these people varied from person to person. Sometimes it was only a coincidence, sometimes friend recommendation or their family relatives.

The structure of this survey was prepared in advance, readjust and finally approved by the project advisor before the actual start with contacting the real people. This particular tool, the qualitative in-deep inductive research (Isaac & Michael 1971) was selected due to its chance of having live discussion with interviewees, getting to know them more close, find out about their experiences, observations and expand any of their remarks beyond the basic surveyed scheme. Also, author had a feeling that

respondents doing the questioners tend to simplify answers and finish as soon as possible. On the other hand by this used method, people understand that their work is not indifferent to someone and they are more willing to open themselves.

Despite the fact all of the interviews were very interesting, author tried to narrow the recorded information and focused on mentioned topics only, so irrelevant information are excluded. In order to keep everybody in safe feelings, interviewees were not asked to publicize more private information as the names, companies, salary, etc. Therefore only relevant information shall be seen in results.

As mentioned above, the structure of the survey and the way of guiding the interviews were focused on the topics not exact questions, since some questions were more interesting for one person with more experiences to share than others and vice versa.

4.1 Analysis of the surveyed topics

4.1.1 Brief introduction of the interviewees and reasons of stay

Most of interviewees were from Europe (Sweden, Italy, United Kingdom, Norway), however Asia (Bangladesh), Australia and South America (Venezuela) were included as well. Age meridian spread from 32 to 47 years of age. The length of stay and reason of choosing the country did vary in every single case.

First reason was simply economical, because especially Bangkok has a strategic position in entire area and many strong and powerful companies reside here. It also has a good combination of cheap and semi-skilled labor.

Second factor many of interviewees had in common, was their start or higher education finished in US or UK, where they did get ahold of sufficient knowledge. Afterwards, with good experience base, they were more valued as an experts in many fields in Thailand, or they were amongst a few entrepreneurs, who tried to develop brain new idea on local market. Overall advice was, to concentrate on an actual needs of current market, possibly predict if possible and mainly concentrate on growing minorities (not the ones decreasing as in a case of Scandinavian bankrupt diving

school) of your segment. In example rapid increase of Russian speaking communities in Pattaya, Phuket, Krabi and Koh Samoi if we talk about tourism industry in last decade. As a real consequence, this led interviewee no. 7 to totally close down his business and to start again his luck in Singapore for instance.

Third factor convincing them to stay, was finding a Thai wife/husband here, and starting a family before thinking of doing actual business. A few times, off the direct record list of, author was told, there was usually a first effort of convincing Thai wife for staying overseas. However, the most common result, even targets of investigation, even around their friends, was simple dislike of foreign environment. Possible explanation could be too much different culture, higher livings costs, lack of Thais friends or not so sunny and exotic climate. Nevertheless, in every case author had a chance to see, conclusion was always the same: go back to the land of smiles, start a business here and possibly even a family.

Fourth common reason to start a presence here, was more and more intensive traveling, leisure time spending or getting further education. This led people to miss this country with rapidly cheaper living costs so much that after getting some basics of the local language, only one stop was getting them away from trying their luck here.

4.1.2 Culture shock, language barriers, early months

Culture shock was as different as was every single case of the survey. Nevertheless, they all did share same major difficulties in the beginning. Struggle number one was the language barrier and miss valued level of English availability. It's a great pity, but the ability of understanding, at least basic language level, not even cultural, is a keystone of every proper cooperation. And yet, it was not sufficient in a scope in the society across in most of the cases in the beginnings, without proper training (excluding minority of well-educated upper middle and upper management). However general trend is, starting by generation Y (late 1980's – early 1990) and later on definitively with generation Z (middle 1990's – middle 2000's) more intensively, the overall interest of English knowledge increased. Perhaps the popularity of western products, pop culture and movies could a factor that helped, who knows. But the slow

and upward shift in this area is a good sign for the future possible development and progress of the labor market as a whole.

Besides the language barrier, which occurred the most fatal factor, many did experience same common signs far from Western standards.

Swedish experience after ten years of working in Bangkok refers as: *People in* Thailand do not usually speak directly with straight information. They tend to go around with problem avoidance. Also, you need to be careful not to put Thais into the position of losing a face and never be rude in public / in front of other colleagues. They think on a little bit different level and are putting considerably more importance to firm's hierarchy. Others, longer they stayed, more they agreed on similar findings. They also add local disfavor of keeping the classical "American way" of dealing with managing people. To be more specific, keeping exact deadlines, integrity, reporting of the problems, or accountability is often big problem. What the author was told, the after all experience after establishing western/international standards usually had two possible solutions. First was mostly positive acceptance of international standards of the management that led usually to the growth, higher profits, and better transparency. Second way was the negative approach, desiring traditional Thai way, which led to the loss of the job in a case of management or high turnover in a case of employers. This is also still practiced way leading the people, but by far more rigid, very hierarchical, mostly closed for family members and the level of expanding or assimilating with foreign companies is more difficult. Factor that obviously effects positive working thru out the working period is the self-study of the increase of the personal Thai language still at any level.

Now to be fair, there are plenty of other factors influencing the generally positive impression of the Thai people. One of the Venezuelan sisters, owning coffee business, shared her findings and similarities with her domestic behavior of the people half of the globe far away: There are many things we have in common. People are very friendly, with many smiles in general, we love to socialize a lot and we tend to spend more time and money on dinning together with friends and family. I guess I haven't had any cultural shock yet after a few years here. I love to learn about new

cultures, therefore I even started to practice a bit of a Thai language which helped a lot with socializing. This also lead to nice and summarizing reason of the of the British publisher: If my decision on where to base a business in South-East Asia was purely commercial (which isn't) I would look to countries such as Cambodia and Vietnam, who offer far fewer obstacles to foreign investment and seem to actively encourage it. However it is the very unique combination so special for Thailand. Mixture of a great a friendly nation, with their relaxed approach to life and simplicity in a daily happiness so badly often missed in the West. It just takes some time to get used to Thai perception of time and reserved admittance to greater responsibility.

Early months: the beginnings of the business carriers in some cases correlated with the reasons for the stay after. Middle aged people, both men and women, did manage to find a local partner very soon in the begging of the stay, which also helped the first establishments and set ups. Young people on the other hand often ended in Thailand, because of getting proper education at Universities (ABAC for instance), or getting involved at local youth groups of the Christian church etc. Common sign for the youth with limited initial financial base often led to home offices or small startups trying to get stable at booming market, not rarely with completely new products. As could be seen at the case of interviewee no. 2 and his software company, sometimes it took one bankruptcy to learn from beginner's mistakes and lack of information in Thai market. Or, as a rapid change in life of interviewee no. 7 with diving school, sometimes market changes are too vast that he simply fled to completely another country.

Connecting factor for majority of observed group, regardless of age or nationality, was that they did sooner or later start to look for adequate language base of Thai language, either at community colleges, family members or in a form of private lectors.

4.1.3 Work permit, visa and Thai immigration office

The Kingdom of Thailand has a specific set of rules, regulating the flow for incoming foreigners. Every country has a little bit different entry position of

communication, due to the existence or nonexistence of the support at home country via embassy. Conditions are however not always directly proportional to the ones, Thai citizens have, while they try to get abroad. For instance 6th interviewee from Australia shared his surprisingly fast and efficient way of getting things done by the assistance Thai-legal branch at his home country without expected obstacles. However even though questioned people did operate in a very different business, they all shared similar experiences. Nice summarization was recorded with interviewee no.2: Visas and work permits are not too complicated to get, however if you tend to do it only by yourself, you will end up spending more or similar amount of money, than what you will have to pay for hiring established agency for these purposes. The problem is, it usually takes lots of time and it is wise to start, if possible with the assurance of Thai Embassy in an advance of arrival, the longer the better. Anyhow, for all the allowed visas, people need to report every 90 days at the immigration offices indiscriminately. Some people solve this problematic, in a case of not having longer visas, by visiting neighboring countries as Cambodia, Laos or Myanmar for instance. But especially under the recent political situation, this system could get more difficult to pass and people might risk not being allowed to the country again. Anyhow, especially with working permits, it is generally considered wise to use local and established company made for this purpose. Doing everything by yourselves could work possible with the assistance of somebody close (as a Thai family member for instance), or with the ability of speaking fluent Thai. Visas are easier to get in a first place, but extension needs the assistance of the employer/educational institution anyway.

Interesting observation was noticed, while taking notes of the people running or working in a bigger sized companies. Human resources departments do most of the paper work and personal attendance is not needed, if required documents are properly signed. The government main concern is about the proper attendance of educational or working place, in order to avoid unregistered labor force.

4.1.4 Juridical issues, foreign or Thai lawyers

The understanding of the local law and juridical issues are keystones for efficient entrepreneurship anywhere in the world, Thailand including. Nevertheless, there are several ways of getting to the point of having everything fully under control.

First and most practiced way is a variant of hiring a local Thai lawyer educated in Thailand with Thai certificate. Major advantage is, in a case of trial, foreigner lawyers are not allowed to espouse their clients. Only excuse might occur in a case of mixed, for instance Indian-Thai or Chinese-Thai citizens with valid citizenship. Notwithstanding, their professional skill doesn't necessary mean their ability of speaking foreign language nor being conscious of foreign issues. So before finding one, people shall consider potential scale of threat of having juridical problems.

The other option is hiring a foreign, mostly US/UK, lawyer service with decent juridical past. They might not be able to stand at the court, however it still suitable solution for many strangers. Interviewees, especially from Scandinavia did prefer this way. I used the service of American lawyer with long experience under local conditions with fluent Thai. I picked him mainly because of my previous US life experience and also due to his language skills. I also used again American citizen living here helping me with accounting, which is extremely difficult under local conditions. The simplicity of better understanding, both cultural and in language could have fit often.

Either way, general message addressed from the Venezuelan sisters is simple: Try to have everything as much legal as possible. Hire local lawyer and accountant who takes a very good care of our accounting and all the juridical obligations. Keep in mind foreigner are easiest to penalize, especially if they miss proper acknowledgment about territorial laws.

To be fulfill complex survey, it is also substantial to add an international scale in some cases. As a good example served Italian interviewee with financial background, who in spite of operating from Thailand, deals mostly on supranational ground. We do cross border financial transactions and setting proper due diligence,

we have to include numbers of lawyers and accountants, but it all goes beyond only Thai jurisdiction.

4.1.5 Ownership of the company, required time to do so

It is not so easy to own a company, even with enough of financial reserves, as in many other countries in ASEAN. Thailand's main concern is the protection of local people and their interests in a first place. Exceptions are only in special supported branches, which will be shown in next topic. Classical settings is shown in Swedish experience: In most of the cases you can only own 49 % maximally. However if you use part of American treaty company, you can actually own 100 %. I personally think I was the first one who opened company of this (online marketing) type in Thailand. Surely it's kind of a challenge to open a company first of a kind on market in location as this. For the Thais partners for owning rest of the shares with you need to be careful, because they will have lots of power for controlling basically your own firm. But you have to start somehow right. I guess I was lucky, I found reliable partners, but I had to find them by myself. Again, local Thai juridical offices might be of help if people are without idea. Yet, avoid at any cost "best offers" doubtful offices with short or none of previous experiences, saving a few thousands of BHT might be costly in future. Some time spend in the country might probably also work. Two of interviews used the problematic of ownership directly wife/husband, or some relatives in a family. One participated member of the survey also enlighten, what is commonly used while struggling with the trust in other shareholders: It is not a big problem really. There are two types of shares. Paid up capital and not paid up capital. But the law doesn't say the money for a share has to be paid up. To the person holding yours 51 % might hold them, but they are not paid until you decide it's the correct moment.

Anyhow, always be extra careful while choosing Thai partners, more reliable people you surround yourself, more chance you have in a future success.

Now, to see some actual time period in a practical world, Venezuelan entrepreneurs showed, the about average time between first day of setting till the actual

opening: I think with all the required paper work about 3 months in total. First you need to apply for certain documents, open a company's account, where you need to hold at least 50 % of the finances you have for running the business and then you can start the waiting process. But I recommend to do everything properly and follow the right steps in order to get started as soon as possible, but in a legal way. Believe me, it is worth it if you wish to do proper entrepreneurship.

4.1.6 Board of Investments and Industrial Estates Authority

To be able to use advantages of either one of these departments, company needs to fulfill numbers of criteria. One of the core entry points *is reserved company capital set on at least 1 million USD* (+- 32 mil. BHT), which is basically scratching small sized companies off the list straight away. Another limitation is the prioritization of supported sub branches in every part of the industry. For example in IT, recent preferable area is software development and its startups. However once you are being countenanced, company is allowed to have up to 100 % of foreign share holder, might deduct taxes until some measure or is offered to utilize different governmental subsidies. Most of the interviewees did know about these offers, but didn't use any help. Only exception happened in a case no.3: his boss and CEO in one person also happened to be major shareholder of unnamed financial institution, is publically traded, and did manage to be under the BOI with all its benefits. However, due to the compulsory reticence, no further information were allowed to discuss.

4.1.7 Taxation policy

Even more than a good lawyer, good accountant is essentially needed at every proper tax declaration while opening almost any sort of the business. Good and skilled person can often save tons of expenses, only because of the awareness of the recent legal regulation shifts. Furthermore, proper knowledge might help by far into the future decision making and proper planning.

Taxation policy of Thai Kingdom is based on a progressive scale, so that people are barely able to work in different positions than multinational companies passing billion USD contracts. Then, major difference is a foreign ownership up till 49 % in most of the cases, or over 50 % where taxes are set significantly higher, but single regulation in every case after the approach interference of BOI or IEA (International Energy Agency).

Survey mostly agreed in general numbers of: up to 35 % for personal tax plus 0-20 % for company tax, withholding tax 3 %, property tax 12 %, and payroll tax. Plus, if you have employees, social security was 4 %. Better than Scandinavia (60 % in total) or Italy (50 %) or UK or Australia, but worse than Singapore. Another example, this time of an online marketing company shows from potential contract of \$1000 gives you in the end after deducting all the necessary taxes around net profit around \$700 for the company.

Up till now, these were figures only from a business managed and created in Thailand. However two investigated cases, coffee distribution and holiday bar, did have to deal with direct importing of the goods. Here again, as an area with the ownership, general idea is to protect local market to maximal possible matters, which puts importing duties to numbers as 90 % tax per unit. Next, example of the BOI conditions: no problems, we are required to pay 22 % which is around 28 % less than Italian system. I cannot see a reason to complain at all!

At last, interesting was the heterogeneity of the observed group. On one hand, people from more developed countries had no issues of paying the taxes and warmly welcomed local policy. On the other hand people from similar or lower level of development complained a lot about absurdity of such a highly set system. Their opinion was to concentrate on getting the lowest possible tax at any cost, with an excuse that locals do in the same.

4.1.8 Treatment of foreigners, religion, culture

Thailand and Bangkok in particular, with its distinguished position lays in an area of many mixed nations, religions and cultures. Majority is Buddhist of course, whose people are very open minded, but yet, there are some strong communities, and as Venezuelan interviewee mentioned: No bad experiences. They (Thais) are very open in most of the cases. I am catholic and I visit church nearby with my sister and we found a lots of Thais attending as well. No religion issues at all. What surprised me even more, what I could see in Arabic quarter in Nana, I had a feeling that people in here simply grew up with various religion beliefs. Overall experience of everyone was, we cannot really talk about any racism in particular. There is and always will be the distinguishing between them vs. us, but it is not by any measures in a violent mode. It could by possibly sense at the well-known double pricing for locals and foreigners, but as a matter of fact, this happens all across South-east Asia. What could be however less expected, this trend appears not only on the touristic and leisure ground, but as well along with doing business with small companies. With upper middle or bigger sized, it is less common. What survey also proved again: You will always look as foreigner in local eyes, but showing the understanding, even though it is not 100 % puts you to completely different position. About the racism, I assume it's happening to certain level in every country around the world. It is actually a very good way of finding out who is stupid around you and who is worth of your attention and hanging around. By the terms of understanding, different people had slightly different evaluation what is more and what is less valuable, but the respect of Royal Family, Thai people in general, Buddhism and language skill were mostly mentioned.

Another remarks after working experience are brought by Italian financial manager again: No discrimination. But sometimes in our company, where we have approximately half Thai and half international crew, you feel certain tension. There is a definitively big space between international or domestic style of running a company and managing employees. I personally don't have any particular issues, but my colleague is an American and sometimes has problems with Thais. Typical example are our few Americans running the manufacturing doing some new processes dealing

with Thais people working as engineers or operators. I don't because I am hired to do the strategy with CEO. But they are used to work in American way to put everybody under pressure. In US or Europe everybody starts running up to meet the deadline. In Thailand you cannot do that, if you do, they freeze. It's an issue for our western culture. They call it passive aggressive. Thai team says yes the all-time when we have the meeting, but in the end they seem like deaf and they keep their slow tempo and they don't care about foreign managers. I think the key here is to slow down in general. You can put little bit more pressure, but it will never have such an impact as it would be in the west. Time, deadlines and final terms mean less here... You shall never abuse people, if you manage to find a midway, you might get some results. Use pure American way and you simply get screwed here.

4.1.9 Mixed staff of employees, English / Thai language difficulties

Thai regulations, excluding the special cases of BOI, have strict rules about the employment of foreigners. They do allow it, but in a cost of mandatory ratio 4 Thais on 1 foreigner. All of the interviewees knew about this fact before they even started so their business plans were mostly ready for it straight away. Especially in a cases, where not so highly skilled and educated labor force is needed, it would be probably even natural consequence anyway due to lower salary requirements. For this study, it were publishing company, coffee distribution, former diving school and a bar. What was another conjunctive style of labor layout, was dividing the employees regarding to the origin of customers. ...hire Thais and let them to deal with Thai speaking customers. Any other nation will not be look at equally...Also be ready, to fell, that they never say what they want to say! Foreigners must always try to guess the real information. So let Thai speaking with Thai unless your personal level reached very high and English speaking with foreigners or well prepared Thais. Interesting fact is a common problem with minority customers as Japanese or Koreans. These groups are not so highly represented as Chinese or Russians for instance, so except huge leisure agencies, they struggle with bad English or merely zero Thai.

On the other hand, there are also types of industries, where employers found it very difficult or previously had not so brilliant experiences with hiring so many Thais. The speech is about IT services, software development or banking. The place as Bangkok fits with the position within a region, taxes etc., but 4/1 rule puts some companies to extreme numbers, if they want to rely on a well-educated labor, but not local. Some people have heard of the possible solution that does not even go against the law: As everywhere, there are always some loopholes. The solution is so funny. Does the law say they all have to actually work? No, it only gives you the obligation of registration and tax payments. On the paper, they get salary, from where I must pay income tax. Thus you could cooperate with low or no paid Thai citizens and for adequate payment (around 500 BHT) use them to help with their ID. Of course the restriction was not meant to be as this, but until the law will be reformed, some foreign employers might stay this way in order to stay more competitive and save on dispensable wages.

4.1.10 Political uncertainty, drop of BHT

As in every economy with floating exchange rate, even Thailand reflects its inner situation by the rate of BHT to foreign currencies as USD for example. And as everywhere else, even here people loss or gain, depending how tight is their business bound to Thai or international customers.

IT services, with majority of international clients were in a little gain, simply because of the written contracts had been made in USD. With local clientele it depended on a size: People from tourism area had some troubles from finding proper customers. However in a case of midsize or bigger companies, they are probably going to be in a need of proper advertise anyway, so they shall stay with us. Now on the other hand small companies might have shortage of financial reserves and if they will not recover from this political situation soon, they might end up in a bankruptcy, which could affect us directly, I guess time will show us soon.

Ordinary business establishments were with no big effects of exchange rates, since everything stayed in BHT, however some, as a publishing or hospitality did notice slight decrease in a numbers of incoming tourists. Nice explanation had been brought by older gentleman from UK: Well, I am in a tourism related so in my case definitively a decrease. But I live in this country over 15 years now, so it happened in the past several times. And as you can see, we have always survived. We all need to be patient, besides what else can we do right? And long term effects, I am not even slightly concerned about. What I have learned at least tourism forgets fast and I can see Thailand being back where it was before any political uncertainty soon. It is always hard to predict what these political tension are going to cause, but stories as this make fell people little safer in a long run. Also Italian investment manager did no see this recent situation so dark.

We mainly do business to business and here are very high costs for switching a customer. You cannot simply jump from one to another unless there would appear a fatal reason. We deal with our customers for many years and they know Thailand, they know every 2-3 years they have political problems and demonstrations. So recent events did not cost us single USD nor a customer. Only the European or US news make from time to time some dramatic reports about local conditions and some clients might get nervous.

By the way, since one of the requirements of running a company in Thailand is having an account with 50 % of capital in BHT anyway, there aren't so many ways how to get away with it. Possible securities could be currency options, which make sure of the future of contract. But of course for adequate payment, so it's up to everybody to decide, whether to take risk or pay a bit extra in order to avoid it.

4.1.11 Business in ASEAN

ASEAN as such is thru out the years growing with intentions of getting more integrated within the countries inside. With programs of AEC (ASEAN economic community) and its intention of lowering the tariff with the targeted 0 by year 2015, stronger and more influential might Southeast Asia become in not so far future. Without doubts, for economy and market in general, it shall have positive impact and it will open plenty of opportunities around. On the other hand many smaller tradesmen might suffer from cheap competition.

Business established by Swedish online marketer sees the situation as followed: Staying in Thailand probably. But I like the idea of combining the markets for the future. As I see it, they probably are not going to be much happy in Singapore because of cheaper prices getting closer from developing Thailand for example. Companies from south East Asia are going to come to Thailand anyway, so the AEC will just boost it all possibly. Now, Singapore and Hong Kong are great places for opening business with no taxes, better ratio of educated labor, but it's all getting more expensive now and Thailand has way lower labor force and for me at least easier way of entering the market. Lot of companies use at least virtual offices in these two places in order to avoid taxes. It is not my case however. Anyway if all goes well, I might start a branch in Hong Kong, later on this year.

This topic already passed validity few years ago for the interviewee from Norway: Yes I did, to Singapore. Much friendlier starting positions for new entrepreneurs, not so strict complicated bureaucracy while dealing with the government and lower taxes. However completely different branches of industry, not that much about tourism and higher living costs. I can say I am looking forward to see economic changes after AEC and better cohesion amongst the members, although Singapore might be possible suffer more than gain in the beginning. I wouldn't be surprised if many especially small businessmen will get bankrupt, but hopefully in a long run, the entire market will be more market resistant and would get stronger against still growing China for instance.

General atmosphere however remains positive. A few people wonder, how will be the entrance of cheaper products as beginning from Vietnam now, but will less or zero tariffs and tax obligations. They still however believe in a loyalty of the customers. *Important is to have a best product with service, than you are capable of surviving everything*. At last, some did see ASEAN countries as a great opportunity, however they put the family in a first place and will only try to stay competitive in a Thailand as until now.

4.2 Overall recommendations for working in Thailand

This section summarizes the overall recommendations from the interviewees, based on the major survey, however the characteristics of the results did not fit to any previous topics.

Swedish online marketer: While working with Thais, you have to be clear with communication and patience. My key of success was to bring something completely new. Competitors in Thailand: Not such a problem, biggest companies are in the US anyway. Occasionally, we even cooperate with Americans and we do the live meeting in here for them and thanks to that we can cooperate on one project together. Thais are pretty traditional and they rely mostly on face to face communication, so trying to go big far away from Asia is less likely to be a threat.

Word of mouth: Works pretty good in Thailand! Not only with customers, but sometimes with other marketing companies who do not want to do all the work by themselves. So they share work responsibilities with us since we did have a good resulted in the past together.

Bangladeshi IT company owner: in a professional world, it is so hard to get the job done. So I discovered, always hire Thai and it has to be female. It might sound too simple, but most of the developers are middle aged males. So this small difference does the final deciding. Venezuelan sisters' coffees: I think this country is very open with many opportunities and they welcome here foreigners with at least a little bit of money to invest. I strongly suggest to follow all the rules and do everything in a legal way. Also respect this culture, remember you came to their country, so behave well. If you are coming to live here, live with a respect.

British publisher: If the decision on where to base a business in South-East Asia was purely commercial, I would look to countries such as Cambodia and Vietnam who offer far fewer obstacles to foreign investment and seem to actively encourage it. Potential investors should be aware of the significant legislative challenges Thailand imposes on foreign businesses.

Australian bar owner: Make sure you do proper research of the area you intend to live and do business. Also, make sure you access the right people, because I assume, in any entrepreneurship in this country, you need connections. At last, be smart and start business that really suits the area and average clients!

Norwegian former owner of diving school: It is hard to do so, but try to feel major market changes and new trends. As you can see from my example, efficient business in the start seemed as a never-ending gold mine. But times flies fast and so does the demand. Nothing personal, but I had a feeling that all of these Russian investors and half legal migrants will soon destroy many of smaller nations trying to survive on the market, including me. I should have probably study Russian language and no German, Dutch or Thai. I do not want to be only negative all the time, there are still needs and gaps on the market, but new investors and fresh entrepreneurs must be ready for all the entry barriers.

CHAPTER 5

CONCLUSION, DISCUSSION, RECOMMENDATIONS

5.1 Results, summary, conclusion, recommendations

Following chapter puts together the findings based upon the information gathered from theoretical part base on literature materials and practical part with own survey. It will be divided in to the sections as: conclusion, recommendation, suggestions for further research and discussion.

5.1.1 Conclusion

This research examined miscellaneous areas of the entrepreneurship for people of non-Thai origin. Notwithstanding that most of the observed subjects came from far different economic branches, intriguingly they ended very often with same experiences and results.

Working environment within of Thai Kingdom is very unique and might by be founded as a very specific within the region. Business opportunities are not influenced only by factors such as economy, politics or juridical base. Determinants as position of the country in Southeast Asia, historical evolution and religion also contribute to a great degree. All of these parts are all connected together and shape unique place for business either on local market, or even in international scale.

If the possible entrepreneur, from western country (or even any other international), desired to succeed at Thai market, not only good business plan, product and financial assets are keys to success. It is also the culture, and values worshipped by locals the most. Thai understanding and abidance of business etiquette, are one of the aspects, which have fundamental influence at success or failure of hoped final goal. The creation of close business and private friendships mutually, is considered as vital amongst Thai business environment, where the absence draws near to impossibility of existence. This fact has been repeatedly confirmed by the entire group from the survey.

The survey also found, that most of the respondents did welcome a working presence established in Thailand as a pleasant place with descent conditions in

summarization. Without consideration, everyone agreed on the possibility of starting the new business without actual physical experiences. But, constant interest of the political world, recent changes and updates with different bureaus concerning the foreigners as well is strongly suggested. So for answering the major researched question, whether entrepreneurship is possible without previous experience, the answer is yes. If it will persist for long, or if the business person will make up his mind to shift the other direction, that's up to everyone's mind. ASEAN in particular, or by broader terms all south-east Asia, offers variety of options nowadays. But for the most, Thailand occurs to be as a good choice.

The literature mostly says, the law system is conditioning the entrepreneurship of foreign subjects at Thai market excludes foreign holding of the majority of the company (Boussard, & Pierre, 2004). Thus required cooperation with Thai partner is needed, that represent the company and hold the rest of the shares. As the survey disapproved, it is truth, nevertheless not in 100 % of the cases. On one hand, there is an option of trying to get included to the governmental program under the support of BOI (Board of Investment) or IEA (International Energy Agency) (BOI Business opportunities, 2014). On other, as entrepreneur with software Development Company suggested, trying to find the loopholes with accordance to the law, and establish yourself due to this, that could be also solution for someone.

Now, some interviewees did have slightly different idea, what is meant by discrimination, mistreatment or perception of foreign cultures versus native. The literature sees the situation simple as: General attitude towards people coming from western countries is very pleasant (Wise, & Whitney & Leland, 2009). Yes, the general expression predominated positive during the ordinary contacts. However they have all agreed upon that Thai feeling and a bit reserved perception from foreign cultures. Possible explanation is the size and partial isolation of the nation on comparison to Europe for instance. In any case, interviewees experienced different pricing policy, sometimes more difficulties to enforce their interests and reserved approach towards the employees or higher managers. If the behavior is getting close the usual "American style" of leading and managing, the effect would be even empowered. Against all odds

case what literature did warn from, and what nobody personally experienced, was the discrimination on a behalf of the different religion.

At last, researched question concerning topic was hesitating, whether is it possible to run mix groups of employees with Thais while working. These information are not commonly mentioned in publications, so the finding had to be based only on personal experiences of investigated. These actual data vary, depending on the daily contact of the questioned people. If the person mostly works and manages high management or another form of skilled labor (high tech software developers), problems rarely occur. They explained, the lack of obstacles in a way due to the higher education, often also accompanied with foreign internships or fulltime working experiences. The other side of the coin, people working with lower management or lower structured employees did struggle significantly more often. Without exception, only differed by patterns of time, they discovered the personal approach to the local people. If the working duties are pushed too hard, and the motivation is to sharp, it rarely meets any effect. So getting used this tempo helps to avoid future misunderstandings. And, if done properly, even slowly puts Thais to participate on desired goal from based upon their own wants.

Overall vision of the survey sees Thai market as a place open for broad variety of miscellaneous business opportunities, different life styles, unique cultural habits and mentality, that might enrich the domestic market and life of many people in any other international economy in the world.

5.1.2 Recommendations

To use properly the stationary experience of existing entrepreneurs after this research, it would be necessary to go thru most of their story line. However, this list of basic recommendation could be taken as top 15 necessary tips for proper start.

1. Do not try to teach others your own culture, try to understand Thai. Once you are the foreign person, so be polite, even when you do not know exactly how to act all the time. People will reward you with same generosity.

- 2. Good level of English is a key of behaving in a modernizing business world of Thailand and ASEAN.
- 3. That language is still the only officially accepted language. Increase by any level puts you ahead of foreign competitors and makes your daily life easier.
- 4. Business and personal life is not in Thailand so divided. Try to make friendships and take a good care of your working partners.
- 5. Try to be punctual with time, even though not all business partners will do so automatically.
- 6. Follow the trends of the market, try to find the gaps and don't be afraid of innovations.
 - 7. If the conditions require it, bring an educated and prepared translator.
- 8. Never, under any consequences, make jokes about the Royal Family or religion. Always pay the maximal respect.
- 9. While choosing your local partners for partial ownership of the shares for company, be extra careful and choose wisely.
- 10. Stay as legal as possible. Few saved BHT by unfair practices are not always the smartest thing to do.
- 11. Before doing big international orders, make sure to use correct currency in order to avoid needless loses.
- 12. Try to find good and expected services of lawyers and accountants. Foreigner or local it's up to everyone's choice, but do not underestimate it.
- 13. Having proper visa and work permit is another mandatory obligation that shall be in a constant good condition.
- 14. Before importing foreign goods, make sure you have counted all the extra charges and taxes imposed upon the object.

15. Learn to be patient. Local philosophy of time perception is far different from western. Also, set attainable goals while cooperating with Thais.

5.1.3 Suggestions for further research

The author has a few suggestions for further possible extension of the survey:

- 1. Repeating the interviewees after 1, 2 or 3 years of time, compare their level of progress with this current study and deduce appropriate conclusions.
- 2. Extend further the explored topics or add entirely new ones. For example: to what extend is it possible to use foreign subsidies as of European Union and its programs for supporting developing economies. Or how could the local embassies encourage more Thai customers' interest of foreign importers?
- 3. What are the possible government impacts after the recent political changes after summer 2014? Emigrational policy is supposed to get stricter, is it currently happening?

5.1.4 Discussion

Learning about the Thai business culture in general takes certain time, does not come so easily and requires certain openness to the new life admittance. Even in the self-sacrifice of opening yourself to the new habits, even in the professional with all the necessary requirements of setting up professional business presence.

Herewith, people shall be really decided, whether the start of a new entrepreneurship fits them the best. If they are not 100 % sure, they might try to travel around bit, visit the interested branch of the industry, watch competitors, and talk about the supports from the government or their own embassies. In a case of hesitating, opportunity seekers shall therefore all the can to get ready.

What author's sees as a possible change in system without rapid changes up till recently, is the uprising power of the strong Asian countries as China or India, and the response of more and more integrated ASEAN. Nobody knows the consequences now exactly. But since the world is getting more and more globalized nowadays, any great macro-economic changes of this scale will certainly have a huge impact. For the ones who will be capable of adaptation, possibly great. Author definitively aggress with the trend of ASEAN as an integration group that leads to appeling of most of barriers of trade and unification of within the members. It comes back and extends the core ideas why to have such a political coalition. In the beginning more of a political type as a response on the spread of the communism. Today's and future's main concern is set upon the unification of the power on the field as economy. Possible treat will be still here for a smaller entrepreneurs with family business structure and old manners of doing the business. Not being able of adaptation might bring short end to some. Nevertheless, the Laissez-fair ("Let them do as they will") way of letting the free market economy flow revealed to be working mostly efficient and helps to keep the economy healthy in general. If some businesses are surviving only because of someone's subsidiary help and will stop now, people will not suffer for long. They will adapt quickly and their new progress will help to go faster thru a new age of development that would be impossible or slower otherwise. It was probably not noticeable so strong across Thailand, but this effect might soon put many things into a move. Thus, it is the perfect time for new possible market entry for some entrepreneurs equipped with know-hows, new products and string intellectual property. Especially after many disappoints as euro-crises with Euro or other unpleasant affairs happening in the western markets. Take your time, look at ASEAN, and who knows, maybe the Kingdom of Thailand, the famous land of smiles, is a right choice for you!

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APPENDIX TRANSCRIPT OF GATHERED INTERVIEWS

6.1 Appendix – transcript of gathered interviews

6.1.1 Interview no. 1

1. Brief introduction— nation, age, gender, length of stay, reason of picking Thailand, type of business.

Swedish male 39 years old, living 10 years in Thailand with Thai wife and a kid. Owner and establisher of online and video marketing company with approximately 15 employees. Major interests are social networks, searching optimization, surveys, advertisement boosting and other marketing based activities. Most of the customers are international companies (Singapore, Hong Kong, EU, USA), foreign companies with a branch in Thailand or pure Thai companies. Recently, we worked for example for real estates, travel agencies, transportation companies with banners at train platforms etc. It all started in USA in 1999 with small start up from a flat after school. Than in 2004, I moved to Thailand and again I worked from home office. Around 2008 business grew bigger so I had to open regular office department, but I am still able to do some work from home now, because me and my (Thai) wife have small baby now. In a terms of business, I am stuck with the online marketing business for over 15 years now, not much of working experiences in other fields. In average, I work daily to satisfy international customers, you cannot let clients wait for long with growing number of competition.

1. How did the foreigners face the **Culture shock**, different approaches and **language barriers**? What experiences were in the **early months**?

Culture shock and getting started: I arrived into Thailand around 4 days before I started to deal with my working arrangements. Culture shock wasn't such a big deal, but the language problem was harder than I expected. Communicating and getting the message across was often tough, especially with all the paper work. Setting up any new company is very difficult in the begging. There are many bureaucratic issues and plenty of paper work. There are piles of documents full of

stamps and payments from a different Governmental departments that need to be signed before everything work as planned and every single paper was in Thai. Also, if you don't know any local Thai person, it is going to be very difficult to settle your presence. Officers are looking differently at local or farang (foreigner of western type) so having someone helping you with paper work with local appearance helps a lot. Comparing to my home country Sweden, where you need only a few documents and you are ready to open your business, in Thailand it is a long process with tons of work. Therefore there are now companies helping and opening company for you for appropriate payment of course.

Culture: People in Thailand do not usually speak directly with straight information. They tend to go around with problem avoidance. Also, you need to be careful not to put Thais into the position of losing a face and never be rude in public / in front of other colleagues. They think on a little bit different level and are putting considerably more importance to firm's hierarchy.

2. Determination is settled on the difficulty of first time entry to the country with business purposes. First major issue is getting proper **permit** for at least starting period of stay, so that the person might have time for proper observation and arrangements. Furthermore, how is the **visa extension** working? What are the experiences with **Thai immigration offices**?

Work permit is also not so easy to get together with different working visa. Nevertheless it all can be pretty much set up within a one month after arrival.

3. To run a legal business in the country there are a certain jurisdiction requirements. How were the **juridical issues** of getting started, finding a proper help and struggles in finding a correct needful. Is it possible to use your own foreign lawyer, or is it required to have local Thai?

I used the service of American lawyer with long experience under local conditions with fluent Thai. I picked him mainly because my previous US life experience and

also due to his language skills. I also used again American citizen living here helping me with accounting, which is extremely difficult under local conditions.

4. The problem of **ownership** is often big issue. To what measure was it possible to get ahold of the company and assets in every single case? How to possibly minimize risk from your point of view?

In most of the cases you can only own 49 % maximally. However if you use part of American treaty company, you can actually own 100 %. I personally think I was the first one who opened company of this type in Thailand. Online marketing was all unheard off when I came here with this idea from US. Thai people whom I first presented my business had no idea what it is. Nowadays we have hundreds of companies working with us here. But surely it's kind of a challenge to open a company first of a kind on market in location as this. For the Thais partners for owning rest of the shares with you need to be careful, because they will have lots of power for controlling basically your own firm. But you have to start somehow right. I guess I was lucky, I found reliable partners, but I had to find them by myself.

5. Is the cooperation with governmental departments of **Board of Investments** and **Industrial Estates Authority** efficient of at least well known? Have you ever used any?

BOI allows you also to own over 50 % of the company, but it needs to be one of supported branches. Also your company would need to match certain requirements. For example in software development and its starts ups. Not everybody can do it nor have I.

6. **Taxation policy** applied on foreign companies is significantly higher than on average Thai. What are the options are best possible solutions for the foreign newbies?

My Thai skill had improved throughout the years so I could hire Thai accountant, (I had American one before). He helps me with filling forms every month, withholding taxes, social security, value added tax, personal tax PND 91 an of course all the company taxes. Tax system is set in a progressive scale. By I think limits are 37 % for a personal tax down to 5 % or 0 % for lowest jobs; company taxes are up to 20 %, comparing to Sweden with 60 % it is not so bad; than social security I believe it is 5 % of your salary, where employee and employer pay half and half; withholding taxes is 3 %; invoice after receiving \$1000 gives you in the end after deducting all the necessary taxes around net profit around \$700 for the company. But keep in mind we are still majorly own 51 % Thai company. Tax system switches rapidly for 51 % plus with foreign ownership.

7. Are the **foreigners** getting a worse **treatment** regarding to their religious or cultural base? Have you ever experienced negative behavior from business partners?

No problem, Thais are very open minded. Maybe only in a case when you go to places where prices are set higher, because you are a foreigner and lower offer prices wait for locals. It is not only in my business, but even if you start to look for apartment of office space they tell you straight away that the owner might charge you a bit higher because of your origin. From my experience, the price policy might vary more while dealing with smaller companies. You don't usually get this while dealing with bigger ones. So maybe this could be considered as mistreatment, I am not really sure.

8. Foreign company needs to have **mixed staff** employed, by the needs and also by the law. Is it possible to run efficient management in Thailand with mixed foreigners and Thais or would it be better to separate them into different branches with different tasks? How about the **English / Thai language** difficulties?

Customers are mostly English speaking foreigners, so my staff obviously has to have very good language skills with proper vocabulary across the marketing field.

I personally can speak Thai fluently and read a little bit which helps me a lot not. Getting ready your Thai employees for decent level of proper language skill is always a big challenge, but it's worth it when it all starts to work properly. If their skill is not 100 % satisfying, but they are good in what they do with IT, they still can work in my company, with lower leveled projects with further assistance.

Mixed staff: Americans, Thais, Dutch, Philippine

9. That economy has been constantly affected by **political uncertainty**, which also appeared into the value dropping of the That baht. What are the safest ways of preventing loses? Is it more profitable in long run keeping greater financial base not necessary needed at the moment at That bank or foreign?

International a little bit. But not so much in our case. Right now we have most of the bigger projects located in Thailand, so most of the businesses stay in Baht anyway. From demand side, most of the clients are stable. Maybe only people from tourism area had some troubles from finding proper customers. However in a case of midsize or bigger companies, they are probably going to be in a need of proper advertise anyway, so they shall stay with us. What they tend to do right now is moving most of the tourists to further and safer provinces in a country with less tensions as Koh Samui, Phuket or Krabi. Now on the other hand small sized companies might have shortage of financial reserves and if they will not recover from this political situation soon, they might end up in a bankruptcy, which could affect us directly, I guess time will show us soon. Another problem I have noticed is, that government tends to move offices a lot around Bangkok because of the demonstration, so getting some permits and documents from the ministry of informational technology gets extremely difficult.

10. Do you see yourself getting more involved across ASEAN with your business in near future?

ASEAN: Staying in Thailand probably. We have clients in Myanmar, but it is going to be hard to get the job done there due to poor level of internet coverage. It could be nice to be there in its beginnings, but it is still a lot undeveloped. I like the idea of combining the markets for the future. As I see, it they probably are not going to be much happy in Singapore because of cheaper prices getting closer from developing Thailand for example. Companies from south East Asia are going to come to Thailand anyway, so the AEC will just boost it all possibly. Now, Singapore and Hong Kong are great places for opening business with no taxes, better ratio of educated labor, but it's all getting more expensive now and Thailand has way lower labor force and for me at least easier way of entering the market. Lot of companies use at least virtual offices in these two places in order to avoid taxes. It is not my case, because if the government see the income coming from foreign country, they start to questions and you might end up with high penalties anyway. It would have to be a company with employees with no income, but that would be a bit of fishy as well. Anyway if all goes well, I might start a branch in Hong Kong, later on this year.

11. Overall feelings from working in Thailand and recommendations not yet mentioned for future possible entrepreneurs or investors?

While working with Thais, you have to be clear with communication and patience. My key of success was to bring something completely new. In an advertisement business, clients were used to see the results of the work life as billboards, newspapers, magazines etc. Owners always wanted to see what they get. Coming here with online marketing was little bit more complicated, because there is a lot of variables involved as optimizing web searches, using high ranked apps etc. Basically they did not see much of a value added at the time. All this technical stuff they had no idea about. I guess that is the challenging part of this kind of industry, especially in early days. But not it got much easier with Facebook, twitter and other social media platforms. I have also noticed big step forward in a terms investing into online advertising in general, since more and more

publications are getting online. Investors started to realize big advantage of going online where they can actually see real numbers of users viewing their goods comparing to billboards where they do not know exact details.

Competitors in Thailand: Not such a problem, biggest companies are in the US anyway. Occasionally, we even cooperate with Americans and we do the live meeting in here for them and thanks to that we can cooperate on one project together. Thais are pretty traditional and they rely mostly on face to face communication, so trying to go big far away from Asia is less likely to be a threat.

Word of mouth: Works pretty good in Thailand! Not only with customers, but sometimes with other marketing companies who do not want to do all the work by themselves. So they share work responsibilities with us since we did have a good resulted in the past together.

6.1.2 Interview no. 2

1. **Brief introduction**— nation, age, gender, length of stay, reason of stay in Thailand, type of business.

Bangladeshi male, 34 years old, 18 years living in Thailand, 10 years actually working here. I started as software developer after graduating at ABEC (Bangkok's University) than I tried to change a job several times, but I was never truly satisfied with working offers. So I decided to open my own business, around 11 years ago, but it did get bankrupted after a while, because of my lack of information about Thai market. So I switched to European and US market, but still operating from here which was much easier.

2. How did the foreigners face the **Culture shock**, different approaches and **language barriers**? What experiences did the foreigners have in the **early months**?

I came to study University at ABAC first and I also found some other classmates from my country, so the beginnings were not too hard. Luckily, there are many Bangladesh's places in Indian district, so even food wasn't such a big deal when I missed it.

3. Determination is settled on the difficulty of first time entry to the country with business purposes. First major issue is getting proper **permit** for at least the stating period of time of stay, so that the person might have time for proper observation and arrangements. Furthermore, how is the **visa extension** working? What are the experiences with **Thai immigration offices**?

In general, visa and work permit are not that complicated to get. However, if you tend to do it only by yourself, I have to strongly dissuade. You will probably end up spending more money for correspondence and transportation to the offices and back than simply hiring someone to do it for you. Remember you need to contact social security, foreign affairs, ministry of commerce, immigration etc.

4. To run a legal business in the country there are a certain jurisdiction requirements. How were the **juridical issues** of getting started, finding a proper help and struggles in finding a correct needful. Is it possible to use your own foreign lawyer, or is it required to have local Thai?

Always use local lawyer! Even though many advertisements will try to persuade you how they are, because they are US or European based and educated, it's good only as advisor! Yes, they might know the law, but not a single foreigner is allowed to stand up at the podium during the court. And if they cannot actually use the law in their/your good are they going to argue or what? Please keep that in mind—Thailand does not allow foreign lawyers, unless they would be something as Indian-Thai or Chinese-Thai with valid citizenship.

5. The problem of **ownership** is often big issue. To what measure was it possible to get ahold of the company and assets in every single case? How to possibly minimize risk from your point of view?

It is not a big problem really. If you do not know anyone, lawyer can help you to arrange a Thai partner for you to hold the shares. But we still have two types of shares. Paid up capital and not paid up capital. But the law doesn't say the money for a share has to be paid up. To the person holding yours 51 % might hold them, but they are not paid until you decide it's the correct moment.

6. Is the cooperation with governmental departments of **Board of Investments** and **Industrial Estates Authority** efficient of at least well known? Have you ever used any?

No, my company is too small for that, we have based capital is set only 3 million baht. For dealing and using advantages of BOI you need 1 million USD (+- 32mil. bht) as a minimum. Plus we have nothing to do with industry, so IEA wouldn't be helpful in our case. Maybe if we could shift more towards the production, but that would be future I assume.

7. **Taxation policy** applied on foreign companies is significantly higher than on average Thai. What are the options are best possible solutions for the foreign newbies?

We have corporate tax 30 %, withholding etc. All these give you hard conditions to compete on the market. Entrepreneurship is not as easy as people think. I remember time when I was completely down with profits, so down that I was without food and water for 3 days! That our burden, we must risk the loss of everything. Coming to my point, get a best accountant you can get in order to save as much as possible while dealing with taxes.

8. Are the **foreigners** getting a worse **treatment** regarding to their religious or cultural base? Have you ever experienced negative behavior from business partners?

I don't think exactly of worse treatment, but I still can sense the "them vs. us" sort of thing. It has a lot historical background, where the saw foreigners colonizing neighbors and they always seek some benefits.

Now you must know of the Thai labor rule of 4 Thais on 1 foreign employee. As everywhere, there are always some loopholes. The solution is so funny. Does the law say they all have to actually work? No, it only gives you the obligation of registration and tax payments. On the paper, they get salary, from where I must pay income tax. Thus you could cooperate with low or no paid Thai citizens and for adequate payment (around 500 bht) use them to help with their ID. First you have to think about what kind of industry you will work at. Are you able to find qualified people to help you? Fine, do it, but there are branches as mine with knowledge intensive, so using more international crew plus going with the law of monthly payments of income taxes might work just as fine. If you are lucky enough to be under the BOI, you don't need to this, but all the rest of us yes.

9. Foreign company needs to have **mixed staff** employed, by the needs and also by the law. Is it possible to run efficient management in Thailand with mixed foreigners and Thais or would it be better to separate them into different branches with different tasks? How about the **English / Thai language** difficulties?

Thais have definitively hard to work in international company sure. I have the feeling that their educational system tells them we are the best, but suddenly, they finish schools and they see there are many more ways of doing business. Before, they are not usually much interested in foreign culture and languages. Sadly, they realize the need of good language level for higher position little late. Of course

than can improve during the time, but if all procedure started form elementary of at least high school more, it would rapidly help the economy as a whole. My recommendation for anybody out of the country trying to run a business here, would be hire Thais and let them to deal with local Thais speaking customers. Any other nationality will not be look at equally and with same understanding. Unless your language level is high. Also, if you don't know local mentality well, be ready to fell that they never say, what they want to say! Foreigner must always try to guess the real information. Plus their perception of time is terrible. All Thais involved in a procedure of project development are usually behind the schedule, but they expect you as a company to be very punctual. Do you best to get the knowledge of conditions as soon as possible.

10. Thai economy has been constantly affected by **political uncertainty**, which also appeared into the value dropping of the Thai baht. What are the safest ways of preventing loses? Is it more profitable in long run keeping greater financial base not necessary needed at the moment at Thai bank or foreign?

The moment my company makes lots of USD got me to great position now. BHT was depreciating recently, so we had more revenues after all. On the other hand when I get paid in BHT, we are losing money a lot now. It is more expensive to stay with one currency, but saves you lots of time and constant rate. Since part of our office is in India and the other part is here, instead of INR (Indian rupee) to BHT doing majority in USD works. By the way be also careful which currency you choose for your contracts, what the expectation are and how the level of stability in is long-term. Only by these you will be capable of risk reducing.

11. Do you see yourself getting more involved across ASEAN with your business in near future?

My company works all across the market with software development. Including some ASEAN countries, nevertheless majority of demand comes from multinational companies based in US.

12. Overall feelings from working in Thailand and recommendation not yet mentioned for future possible entrepreneurs or investors?

Dealing with big corporations was from my experience surprisingly easier than small local ones, since top management is usually foreign based, therefore of the communication gets much easier.

Dealing with middle management might get you frustrated. Don't get me wrong, I have Thai wife and many Thai friends yes. But in a professional world, it so hard to get the job done. So I discovered, always hire Thai and it has to be female. It might sound too simple, but most of the developers are middle aged males. So this small difference does the final deciding. They are often without courage to stand up again a girl, so my company ends up with less obstacles in a way. So the conclusion, you as a foreigner should do all the general solutions with other top management and let the local middle / lower one deal with their partners across the field.

6.1.3 Interview no. 3

1. **Brief introduction**—nation, age, gender, length of stay, reason of stay in Thailand, type of business.

Italian male, 34 years old working as investment and corporate strategist in banking. Working in Thailand one year so far, after great job offer of work from unnamed huge investment bank branch located in a center of Bangkok.

2. How did the foreigners face the **Culture shock**, different approaches and **language barriers**? What experiences did the foreigners have in the **early months**?

I was pretty much aware of most of the things, definitively no shock. My boss and also CEO of this company who brought me here is Thai, but lived over 20 years in the US, so that help a lot I assume. My wife was probably experiencing more of a cultural shock during our first few weeks before we managed to find proper accommodation and establishment. Great think about my job is, that I am mostly dealing with well-educated and language equipped managers, so we have no communication obstacles.

3. Determination is settled on the difficulty of first time entry to the country with business purposes. First major issue is getting proper **permit** for at least the stating period of time of stay, so that the person might have time for proper observation and arrangements. Furthermore, how is the **visa extension** working? What are the experiences with **Thai immigration offices**?

Long process with annoying 90 days redoing at immigration department, however in your company HR^3 is taking care of it. Besides that, I had no real problems in this area. The work permit I needed was given to me before the arrival, so everything has been smooth so far.

4. To run a legal business in the country there are a certain jurisdiction requirements. How were the **juridical issues** of getting started, finding a proper help and struggles in finding a correct needful. Is it possible to use your own foreign lawyer, or is it required to have local Thai?

While we do cross border transactions and setting proper due diligence, we have to include numbers of lawyers and accountants, but it all goes beyond only Thai jurisdiction. So no, I work with foreigners. On the other hand I did work in the past with some Thai investment bankers, where I finished with mixed experiences.

³ Human resources

Couple of banks were very good, but plenty of banks were very low leveled. In the west, nobody would even offered them high position as investment banker, they were more like a simple low leveled corporate bankers. They have never done real hard core bank investment and I think only in Thailand in most of the cases.

5. What do you know about the **ownership** of your company? Is the cooperation with governmental departments of **Board of Investments** and **Industrial Estates Authority** efficient of at least well known? Have you ever used any?

My company is a public company under the BOI. But there is major shareholder who is a CEO at the same time. Why? Because he was the first manager for buyout in Thailand. He is Thai, used to be turnaround guy before and now controls the majority of the company.

6. **Taxation policy** applied on foreign companies is significantly higher than on average Thai. What are the options are best possible solutions for the foreign newbies?

Absolutely no problems working under the BOI and I pay 22 % in Thailand are great comparing to 50 % in Italy (45+other smaller one). I cannot see a reason to complain.

7. Are the **foreigners** getting a worse **treatment** regarding to their religious or cultural base? Have you ever experienced negative behavior from business partners?

No discrimination. But sometimes in our company, where we have approximately half Thai and half international crew, you feel certain tension. There is a definitively big space between international or domestic style of running a company and managing employees. I personally don't have any particular issues, but my colleague is an American and sometimes has problems with Thais. Typical

example are our few Americans running the manufacturing doing some new processes dealing with Thais people working as engineers or operators. I don't because I am hired to do the strategy with CEO. But they are used to work in American way to put everybody under pressure. In US or Europe everybody starts running up to meet the deadline. In Thailand you cannot do that, if you do, they freeze. It's an issue for our western culture. They call it passive aggressive. Thai team says yes the all-time when we have the meeting, but in the end they seem like deaf and they keep their slow tempo and they don't care about foreign managers. I think the key here is to slow down in general. You can put little bit more pressure, but it will never have such an impact as it would be in the west. Time, deadlines and final terms mean less here. From my point of view, when I first started to work for American investment bank, they were a bit more aggressive than what I was used to before from Italy or United Kingdom. But here is the extreme on the other side of the scale. You shall never abuse people, if you manage to find a midway, you might get some results. Use pure American way and you simply get screwed here. We had an American guy running the operations, and after a year he had to leave immediately, only because of his attitude.

8. That economy has been constantly affected by **political uncertainty**, which also appeared into the value dropping of the That baht. What are the safest ways of preventing loses? Is it more profitable in long run keeping greater financial base not necessary needed at the moment at That bank or foreign?

BHT did not go down that rapidly recently to affect us badly. We mainly do B2B⁴ and with our customers, we use electronic manufacturing mix with highly complex stuff. There are very high costs for switching a customer. You cannot simply jump from one to another unless there would appear a fatal reason. We deal with our customers for many years and they know Thailand, they know every 2-3 years they

⁴ Business to business

have political problems and demonstrations. So recent events did not cost us single USD nor a customer. No problems for the company at all, maybe just the traffic is slightly better, so you can get to the work sooner in the morning. Only the European or US news make from time to time some dramatic reports about local conditions and some clients might get nervous. So they call to our business development center and they keep them calm.

9. Do you see yourself getting more involved across ASEAN with your business in near future?

For now I plan to stay in here, we have certain remedy strategy to accomplish. After that we shall see.

10. Overall feelings from working in Thailand and recommendation not yet mentioned for future possible entrepreneurs or investors?

Personally I found it as a very positive experience. But as I said I am very lucky for the people I work with, I couldn't be more thank full. They are either international or Thai-international with long foreign experience. I am sure if I had to manage regular Thai people or the middle management below, I would have had some problems. That's what I hear inside, the other people, the other farangs in management sometimes struggle, Americans in particular the most because they are sometimes too aggressive.

6.1.4 Interview no. 4

1. **Brief introduction**— nation, age, gender, length of stay, reason of stay in Thailand, type of business.

Two sisters from Venezuela, 36 and 32 years old, owning cafeteria in Sukhumwit, (central Bangkok's) area including direct import of variety of coffee beans from all over the world. First reason of opening a business as such, was simple lack of the quality goods of this kind in Bangkok in general. As you can see, we are in

Sukhumwit, thus very close to many international offices and hotels, which generates many foreign clients with desire for 1st class coffee. I suggest most of them are from Europe, America, Thai or Japan probably. Another reason is my older sister, who is married with a Thai husband now.

2. How did the foreigners face the Culture shock, different approaches and language barriers? What experiences did the foreigners have in the early months?

There are many things we have in common in Venezuela and Thailand. People are very friendly with many smiles in general, we love to socialize a lot and we tend to spend more time and money on dinning together with friends and family. Culture shock: Well, we did come as a family, not alone. My brother in law, Thai, is super nice person and he has been always very helpful. Before Thailand, I lived alone in London. But my sister was already in Bangkok, now it's almost 8 years. After finding her future soul mate and new ways of opening the business, I have decided to move again and help her here. I actually almost cannot believe, it will be 5 years now! I guess I haven't had any cultural shock yet. I love to learn about new cultures, therefore I even started to practice a bit of a Thai language in a weekend school which I expect will put in the better position while dealing with others here.

3. Determination is settled on the difficulty of first time entry to the country with business purposes. First major issue is getting proper **permit** for at least the starting period of time of stay, so that the person might have time for proper observation and arrangements. Furthermore, how is the **visa extension** working? What are the experiences with **Thai immigration offices**?

Visas were not that hard to get. But entire procedure of getting proper work permit is very long with plenty of paper work. So when we decided to open a business, we hired an establishing company who did all the necessary paper work for us. I think it is much easier way of getting started. We had an advantage, since most of

them spoke only Thai, but my brother in law was a big help here. This cooperation was very friendly. Anytime we wanted to explain something more, they tried to do their best. However it is still kind of tricky and little bit Difficult to start a small business with limited financial base. Why? Because of the necessity of hiring so many locals. It's 4:1 ratio with locals: foreigners, which doesn't help much with actual need only a few employees for the beginnings.

4. To run a legal business in the country there are a certain jurisdiction requirements. How were the **juridical issues** of getting started, finding a proper help and struggles in finding a correct needful. Is it possible to use your own foreign lawyer, or is it required to have local Thai?

We try to have everything as much legal as possible. Thus we have local lawyer and accountant who takes a very good care of our accounting and all the juridical obligations. Keep in mind foreigner are easiest to penalize, especially if they miss proper acknowledgment about territorial laws.

5. The problem of **ownership** is often big issue. To what measure was it possible to get ahold of the company and assets in every single case? How to possibly minimize risk from your point of view?

We are completely aware of 49 % foreign ownership in business. And we pretty much agree and understand it. It is a simple way of protecting domestic market for its own people. Also, my sister's husband is a Thai citizen, so we do not struggle much in this area anyway. Nevertheless be very careful whom will you trust and who will be deciding about the future of your company.

How long does it take between first day to actual opening?: I think with all the required paper work about 3 months in total. First you need to apply for certain documents, open a company's account, where you need to hold at least 50 % of the finances you have for running the business and then you can start the waiting

process. But I recommend to do everything properly and follow the right steps in order to get started as soon as possible, but in a legal way. Believe me, it is worth it if you wish to do proper entrepreneurship.

6. Is the cooperation with governmental departments of **Board of Investments** and **Industrial Estates Authority** efficient of at least well known? Have you ever used any?

No, we are too little company to do use any support from them.

7. **Taxation policy** applied on foreign companies is significantly higher than on average Thai. What are the options are best possible solutions for the foreign newbies?

We hire a consulting company that helps to with starts for about first three months. Afterwards, we stayed only with a recommended Thai accountant that works for us since then. Also note, since our business is based on foreign products, we need to pay a huge amount for import taxes, for coffee it is 90 %, but I assume it will stay this with most of the non-domestic products. This is very important to keep in mind while trading or managing something in in this country.

8. Are the **foreigners** getting a worse **treatment** regarding to their religious or cultural base? Have you ever experienced negative behavior from business partners?

No, no bad experience. They are very open in most of the cases. I am catholic and I visit church nearby with my sister and we found a lots of Thais attending as well. No religion issues at all. What surprised me even more, even in Arabic quarter in Nana, I had a feeling that people in here simply grew up with various religion beliefs.

9. Foreign company needs to have **mixed staff** employed, by the needs and also by the law. Is it possible to run efficient management in Thailand with mixed foreigners and Thais or would it be better to separate them into different branches with different tasks? How about the **English / Thai language** difficulties?

We have a Thai employees, but I try speak with the customers so that I improve in Thai language. Most important is to have a good communication with the partners for trade of regular customers. Funniest are probably Japanese, because they speak barely some English and definitively no Thai, so we end up pointing at things or use calculators as a street vendors. We are keen on being polite, friendly, always smiling etc. For a good problem avoidance with Thais in general, I assume you need to be very specific and be sure they understand you what you exactly want.

10. Thai economy has been constantly affected by **political uncertainty**, which also appeared into the value dropping of the Thai baht. What are the safest ways of preventing loses? Is it more profitable in long run keeping greater financial base not necessary needed at the moment at Thai bank or foreign?

I am little bit worried about it recently. We were open all the time after the demonstrations started, but it was case only a few days clients did not appear in large numbers. After a while it all got back to normal as before. In terms of economy, in general I am more worried. I guess we cannot see the biggest impacts now, but I am sure it will have consequences in a near future of one or two years. BHT has been going down now, which we always need to keep for paying a taxes. However we need also big amount of USD for our international payments. Recent fluctuation of exchange rate in last year jumped from 28 to 32 BHT/USD. Which in a matter of fact does make you worry about how much it can shift now after political instability. It's better for us to keep some extra reserves, just in case, because bigger packages might stay with us a few months or even over a year and then you can feel the final difference in a price. I hope it all will be over soon.

11. Do you see yourself getting more involved across ASEAN with your business in near future?

We don't plan on entering other markets, but we need to be careful about other competitors. Of course there is a market for everyone, but cheap coffee from Vietnam for instance might be a possible threat. Our strategy is and always will be to satisfy the most demanding clientele with the highest offered quality. That's how we will try to stay and grow on the market. We respect every customer, but you cannot please everybody. Similar in restaurant business with McDonalds, Burger Kings comparing to small private cuisine with Italian or French food. So in our case, for majority with average needs, there is always Starbucks, but client with higher expectations who know what he really wants, this is the time to visit our place!

12. Overall feelings from working in Thailand and recommendation not yet mentioned for future possible entrepreneurs or investors?

I think this country is very open with many opportunities and they welcome here foreigners with at least a little bit of money to invest. I strongly suggest to follow all the rules and do everything in a legal way. Also respect this culture, remember you came to their country, so behave well. If you are coming to live here, live with a respect.

6.1.5 Interview no. 5

1. **Brief introduction**— nation, age, gender, length of stay, reason of stay in Thailand, type of business.

United Kingdom, 47 years old male living 15 years in Thailand working as a publisher in Chiang Mai. I have several reasons for staying. Beautiful weather conditions comparing to UK, my beautiful Thai wife and family, cheap costs of living and I would say sufficient working conditions.

2. How did the foreigners face the **Culture shock**, different approaches and **language barriers**? What experiences did the foreigners have in the **early months**?

Since I was without previous Asian experience, I must say I did feel culture shock for sure. However my first visit was of completely different kind, only as visitor, so it was pleasant part of travel experience after all. My visits did repeat several times, which lead me after a while for a full time stay. Early moths are difficult to describe, because I always had a time to come only for a few weeks. When I moved here, I already knew a lot about the country, so hard to say.

3. Determination is settled on the difficulty of first time entry to the country with business purposes. First major issue is getting proper permit for at least the stating period of time of stay, so that the person might have time for proper observation and arrangements. Furthermore, how is the visa extension working? What are the experiences with Thai immigration offices?

I had lots of problems with visa and works permits as well in the early times. My Thai wife and I dealt with it all ourselves, but with lack of the language skill or somebody to help it would be merely impossible to do only in English. When I got married here, it helped a bit to go thru entry procedures though.

4. To run a legal business in the country there are a certain jurisdiction requirements. How were the **juridical issues** of getting started, finding a proper help and struggles in finding a correct needful. Is it possible to use your own foreign lawyer, or is it required to have local Thai?

I am part of the Thai family now, so we all use one Thai lawyer with many years of experience and complete trust. I would probably suggest to do the same for incomers and hire local person as well.

5. The problem of **ownership** is often big issue. To what measure was it possible to get ahold of the company and assets in every single case? How to possibly minimize risk from your point of view?

No problem, there are simple ways how to deal with it, but I wouldn't like to present them all here in public, I am sorry.

6. Is the cooperation with governmental departments of **Board of Investments** and **Industrial Estates Authority** efficient of at least well known? Have you ever used any?

To be honest I have never heard of neither one. But thank you for telling me about such an opportunity. I will look whether they can help me or if I can share some of my contacts with them, you never know what might interest them. Chiang Mai is not as big as capital, but I shall pay them visit when I will go there next time.

7. **Taxation policy** applied on foreign companies is significantly higher than on average Thai. What are the options are best possible solutions for the foreign newbies?

Taxes are quite fair. As a foreigner, I have to do everything above board whereas certain of the Thai business around me do not. But that's their decision and it doesn't particularly affect my business. Comparing to UK, it's still much better condition and I am happy to pay the required taxes. For the start, I would probably advice to find someone from same or similar country living in Thailand and ask for help there.

8. Are the **foreigners** getting a worse **treatment** regarding to their religious or cultural base? Have you ever experienced negative behavior from business partners?

I wish I could say no, but from my experience yes, in several cases. I would recommend everyone to get to know as much Thai language as possible. You will always look as foreigner in local eyes, but showing the understanding, even though it is not 100 % puts you to completely different position. About the racism, I assume it's happening to certain level in every country around the world. It is actually a very good way of finding out who is stupid around you and who is worth of your attention and hanging around.

9. Foreign company needs to have **mixed staff** employed, by the needs and also by the law. Is it possible to run efficient management in Thailand with mixed foreigners and Thais or would it be better to separate them into different branches with different tasks? How about the **English / Thai language** difficulties?

I guess I am lucky in that, my small business operates most efficiently with one foreigner (me), my wife and three Thai staff. So I have fulfilled all the requirements, even if there were not any. About the language issues, as I mentioned before, I have learnt a decent level of spoken Thai, which is enough for staff communication. Nevertheless my publishing operates with English based articles, guides, books and newspapers so English level is also on a very good level under local conditions.

10. That economy has been constantly affected by **political uncertainty**, which also appeared into the value dropping of the That baht. What are the safest ways of preventing loses? Is it more profitable in long run keeping greater financial base not necessary needed at the moment at That bank or foreign?

Well, I am in a tourism related so in my case definitively a decrease. But I live in this country over 15 years now, so I did happened in the past several times. And as you can see, we have always survived. We all need to be patient, besides what else can we do right? And long term effects, I am not even slightly concerned about. What I have learned at least tourism forgets fast and I can see Thailand being back where it was before any political uncertainty soon.

11. Do you see yourself getting more involved across ASEAN with your business in near future?

No, it would be probably wise choice if I had some bigger and expanding intensions, but we are doing fine and more work consumes multiple times more time. What I have learnt here is always to put family in a first place, which I would be able to do I was half of a year running around ASEAN trying to get possible contracts that could but also could not work.

12. Overall feelings from working in Thailand and recommendation not yet mentioned for future possible entrepreneurs or investors?

If my decision on where to base a business in South-East Asia was purely commercial (which isn't) I would look to countries such as Cambodia and Vietnam who offer far fewer obstacles to foreign investment and seem to actively encourage it. Potential investors should be aware of the significant legislative challenges Thailand imposes on foreign businesses. But hey, life is not only about raising money. Take your time, travel around a lot, compare, and then you see whether is Thailand right choice for you. I can see a reasons why not, but positive factors were so strong that I have decided to spend the rest of my life surrounded with people I like and share great moments every day.

6.1.6 Interview no. 6

1. **Brief introduction**— nation, age, gender, length of stay, reason of stay in Thailand, type of business.

Australian 37 years old male living in Thailand 8 years in a row. Owner of a small bar and alcohol sales shop in Koh Samui which serves as various party venues and live music concerts place occasionally. I have been visiting Thailand for 3 years anytime I was free. Then, I decided to study here a bit Thai language at community College for 2 months before I arrived full time to start a business.

Amongst many reasons, I like the country, more relaxed atmosphere of life and plenty of customers from my home country coming here almost all year.

2. How did the foreigners face the Culture shock, different approaches and language barriers? What experiences did the foreigners have in the early months?

As I said I have been here many times, so no shocks at all. I spend my early months as a student so I assume I had a lot of preparation time to get ready before doing some business here. Now with my recent Thai girlfriend I am getting closer to the local culture and its understanding all together.

3. Determination is settled on the difficulty of first time entry to the country with business purposes. First major issue is getting proper **permit** for at least the stating period of time of stay, so that the person might have time for proper observation and arrangements. Furthermore, how is the **visa extension** working, or is it possible to become long term stayed person. What are the experiences with **Thai immigration offices**?

In my case, it was not such a big deal. I had a lots of time before I actually started the fulltime stay, so I did most of the preparations back in Australia. I went to Thai-legal branch of Thai-Australian embassy. Not problems, everything followed the promised times and payments so no problems here so far. What I have heard it is way more complicated for Thais to get a permit in Australia. I guess they try to be opened for our citizens.

4. To run a legal business in the country, there are a certain jurisdiction requirements. How were the **juridical issues** of getting started, finding a proper help and struggles in finding a correct needful. Is it possible to use your own foreign lawyer, or is it required to have local Thai?

My business is very small and I hope most of my juridical necessities are done. What I use for a full time is my local accountant for solving taxis and sometimes save a little bit if possible.

5. The problem of **ownership** is often big issue. To what measure was it possible to get ahold of the company and assets in every single case? How to possibly minimize risk from your point of view?

I share this duty with my old friend from studies. I am blessed for meeting such a guy seriously. I have heard of sad stories of losing all business few times only because of some divorce or problems in a family. However the actual and real business in on my behalf of course. My advice, be extra careful whom will you trust, even with other foreigners.

6. Is the cooperation with governmental departments of **Board of Investments** and **Industrial Estates Authority** efficient of at least well known? Have you ever used any?

No use for me in this case I guess. I am only a small chain store so my intentions are to remain small as I am now. These two offices are for made for the big investors.

7. **Taxation policy** applied on foreign companies is significantly higher than on average Thai. What are the options are best possible solutions for the foreign newbies?

I was used to a lot harder tax requirements so, I try to behave well and fulfill all the necessities imposed by ministry of finance. However the import taxes for alcohol and cigarettes are set without a proper sense! Most of my clients don't want to consume only local alcohol, so I have to order a lot and give up on import taxes a big share obviously. But such is business in catering I know.

8. Are the **foreigners** getting a worse **treatment** regarding to their religious or cultural base? Have you ever experienced negative behavior from business partners?

All countries have problems with racial area, I could sense that a lot back in Australia. But Koh Samui is comparing to big cities relatively quiet, so I would say it does not affect me somehow big in my case. What I have seen, sometimes people of Indian or African origin struggle with locals more though.

9. Foreign company needs to have **mixed staff** employed, by the needs and also by the law. Is it possible to run efficient management in Thailand with mixed foreigners and Thais or would it be better to separate them into different branches with different tasks? How about the **English / Thai language** difficulties?

Yes I know and I employ 6 fulltime and 3 part time employees, all Thai, depending on a season. Foreigner would want have notably higher salary. Besides, I can do all the dealing with Aussies anyway. For communication with clients, most of my employees speak somehow all right English. If there is any problem on the field of communication, I can always use my Thai.

10. That economy has been constantly affected by **political uncertainty**, which also appeared into the value dropping of the That baht. What are the safest ways of preventing loses? Is it more profitable in long run keeping greater financial base not necessary needed at the moment at That bank or foreign?

Money value has been always in fluctuated numbers in Thailand. Usual problems with transfer are on daily order. But I guess you need to get used to it while living here. It is happening all the time. For my business, I need to keep most of the capital in local account in BHT yes. Concerning the customers our tourism business in general I can feel apparent drop. Recently there were a days with barely anyone taking a visit, which was not normal in this part of the year normally. Good I am not in Bangkok, I assume it is even worse back there. Let's

hope it will be all over soon and people will not flee to Philippines or Indonesia as many of my holiday friends from Australia do nowadays.

11. Do you see yourself getting more involved across ASEAN with your business in near future?

Nope, I assume if I will ever get sick of Thailand, I will probably get back to Australia. My business is not really a type for big time growing into neighboring countries. You need to be here most of the time otherwise employees will start to rip you off. But this is the kind of life I chose right now, and I am grateful for this.

12. Overall feelings from working in Thailand and recommendation not yet mentioned for future possible entrepreneurs or investors?

Make sure you do proper research of the area you intend to live and do business. Also, make sure you access the right people, because I assume in any entrepreneurship in this country you need connections. At last, be smart and start business that really suits the area and average clients! There are several trends of which nationalities prefer Thailand as a holiday destination and I would say it changes every 10-15 years a bit. Back in a days, it was Americans and British mainly, than Scandinavia, Holland and Germany and right now the majority comes from Russian speaking countries. Of course Aussies are coming in some numbers all the time, but the distance for flight tickets are completely different and I wouldn't call us majority now.

6.1.7 Interview no. 7

1. **Brief introduction**— nation, age, gender, length of stay, reason of stay in Thailand, type of business.

Norwegian, 38 years old male. I used to live in Thailand around 7 years while having a small diving school at Koh Samet. I used have a good time with many clients mostly Norwegians, Swedish, Danish, or Germans. I can communicate

with all of them in their mother tongue, but since my business was getting into more and more negative numbers, I suddenly finished all of that. I sold my school to some Russian investors for good, besides, they are the ones who come to Koh Samet mostly now. I moved to Singapore afterwards, where I attended a training program for one logistic company for 7 months, where I am employed now. Looking back, I assume I have a lot less worries now with stable and considerably higher income.

2. How did the foreigners face the **Culture shock**, different approaches and **language barriers**? What experiences did the foreigners have in the **early months**?

I started to visit Southeast Asian countries with few of my friends from Christian community from Sweden. Besides traveling in the beginnings, we found a plenty of friends in local Church group, where amongst many expatriates, were Thai people as well. The helped us to understand many out of local culture, habits, traditions and also recent unstable political situation in the country in past few years till now.

3. Determination is settled on the difficulty of first time entry to the country with business purposes. First major issue is getting proper **permit** for at least the starting period of time of stay, so that the person might have time for proper observation and arrangements. Furthermore, how is the **visa extension** working? What are the experiences with **Thai immigration offices**?

First one I had was fine with proper touristic visas, which I had to re-do every 90 days by visiting neighboring countries as Cambodia or Laos. When I was about to start my diving school, I managed to receive a work permit, but I was long and time consuming experience. I started to all by myself, but after short time I switched to use Thai professional company made for this purpose. Saving money in every case sometimes would cost more, so I recommend this way for future potential entrepreneurs.

- 4. To run a legal business in the country there are a certain jurisdiction requirements. How were the **juridical issues** of getting started, finding a proper help and struggles in finding a correct needful. Is it possible to use your own foreign lawyer, or is it required to have local Thai?
 - Actually, one old friend (from church group) of mine, half Thai half Dutch, helped me with the local law for opening a small business in tourism industry. I assume I might get a bit more difficult now with all the control due to demonstrations, but couple of years ago this system wasn't really hard to go thru. It just take some time and payments everywhere you go. For accounting, I hired local and loyal old lady with descent ability of German, because of her German husband. Foreign accountant would be a great idea, but I assume there are almost none out of Bangkok.
- 5. The problem of **ownership** is often big issue. To what measure was it possible to get ahold of the company and assets in every single case? How to possibly minimize risk from your point of view?
 - As you just asked me already, I used my good half Thai friend, who found me suitable person to share the burden of owning a business in Thailand, under adequate conditions for both of us of course. My decision of closing this business in here however was not caused by local people. Simply by the change of the clientele in this part of the world. How to minimize risk? Maybe use agency with descent past. Definitively no "best offers" sort of people you know only short time and the conditions seem to be over too much promising.
- 6. Is the cooperation with governmental departments of **Board of Investments** and **Industrial Estates Authority** efficient of at least well known? Have you ever used any?

No, I haven't used any. I have heard how they work and what they are from one of my friend in energetic industry, but they are surely not made for someone like me.

7. **Taxation policy** applied on foreign companies is significantly higher than on average Thai. What are the options are best possible solutions for the foreign newbies?

First of all, my company had been owned by Thai in majority, so we stayed under regular taxation. The system how to apply taxes in Thailand are based on progressive scale in most cases. Before I left to Singapore, where welcome you with very low tax punishment for larger companies where I am now, I remember: up to 35 % for personal tax plus 0-20 % for company tax, property tax 12 %, and payroll tax. Plus, if you have employees, social security was 4 %. Better than Scandinavia, worse than Singapore if you ask me.

8. Are the **foreigners** getting a worse **treatment** regarding to their religious or cultural base? Have you ever experienced negative behavior from business partners?

No I cannot say worse treatment. Maybe different sometimes caused by different "exotic" appearance and lack of language, but sometimes I could say maybe even better treatment. Thai people are used to fact, that people coming from Europe or US are used to spend a lot for variety of things, starting with fancy accommodation, leisure activities or gifts. But some newcomers are confused for not having fixed prices for most of the stuff here. It takes a while, but once people adapt to that, they can spend holidays or even start living here much cheaper. In a terms of religion, I happened to be Christian, even though I ended in South-east Asia now. However I still can have a good life and attend a Church activities as if I was anywhere else in the world and nobody seems to have problems with that. I assume Islam is more problematic, especially in southern parts of the country at Malaysian border.

9. Foreign company needs to have **mixed staff** employed, by the needs and also by the law. Is it possible to run efficient management in Thailand with mixed foreigners and Thais or would it be better to separate them into different branches with different tasks? How about the **English / Thai language** difficulties?

Besides me, I used to have 3 foreign accredited diving instructors teaching at my school fulltime. Than, around 10-13 locals helping me to rent boats, do the diving cruises on motor boats and several drivers for easier transportation around the island or around east cost of Thailand. Now what I have experienced about the language barrier. I speak some regular Thai, but I never really manage to be able to fully read and write. My Thai employees very about the same level with their English I would say, but a matter of fact most of the talking did the instructors anyway. Thailand is in general very multicultural and especially when you are and work with foreign people, you can manage to live without proper Thai skill. Only problems we had were sometimes Koreans or Japanese, but my basic translations from the other friends did help to deal with the basic course. For advance and making the proper license as PADI for example, you had to speak English anyway, so one problem less here.

10. That economy has been constantly affected by **political uncertainty**, which also appeared into the value dropping of the That baht. What are the safest ways of preventing loses? Is it more profitable in long run keeping greater financial base not necessary needed at the moment at That bank or foreign?

Well I am off this question straight away, because I quit doing working in Thailand anymore. Major issue was change of basic clientele with a bit different needs. However I remember political uncertainties in the past as well few years ago, and the negative touristic impact was usually gone till the next season for sure. However for opening a new business you must be ready to have some financial base converter to BHT and keep it at local bank in order to get a proper work

permit. Other accounts with foreign currencies I had uses were more for my private use.

11. Do you see yourself getting more involved across ASEAN with your business in near future?

Well, I am already ahead of this question. Yes I did, to Singapore. Much friendlier starting positions for new entrepreneurs, not so strict complicated bureaucracy while dealing with the government and lower taxes. However completely different branches of industry, not that much about tourism and higher living costs. I can say I am looking forward to see economic changes after AEC and better cohesion amongst the members, although Singapore might be possible suffer more than gain in the beginning. I wouldn't be surprised if many especially small businessmen will get bankrupt, but hopefully in a long run, the entire market will be more market resistant and would get stronger against still growing China for instance.

12. Overall feelings from working in Thailand and recommendation not yet mentioned for future possible entrepreneurs or investors?

It is hard to do so, but try to feel major market changes and new trends. As you can see from my example, efficient business in the start seemed as a never-ending gold mine. But times flies fast and so does the demand. Nothing personal, but I had a feeling that all of these Russian investors and half legal migrants will soon destroy many of smaller nations trying to survive on the market, including me. I should have probably study Russian language and no German, Dutch or Thai. I do not want to be only negative all the time, there are still needs and gaps on the market, but new investors and fresh entrepreneurs must be ready for all the entry barriers.

BIOGRAPHY

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