

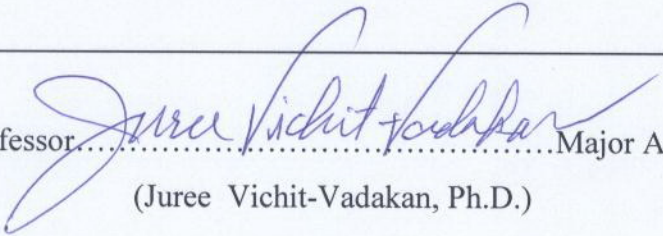
**AN EXPLORATORY STUDY OF THE DEVELOPMENT SOCIAL
ENTREPRENEURSHIP: KEY CONCEPTS, CHARACTERISTICS,
ROLES AND SUCCESS FACTORS OF SOCIAL
ENTERPRISE IN THAILAND**

Sarunyikha Thiemboonkit

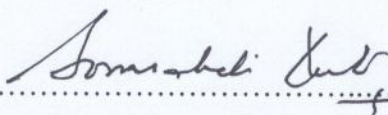
**A Dissertation Submitted in Partial
Fulfillment of the Requirements for the Degree of
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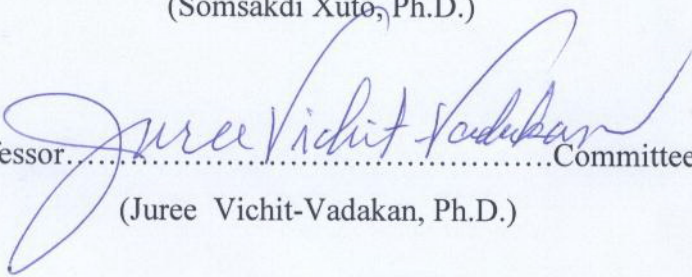
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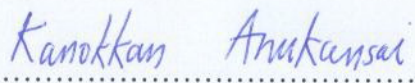
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ABSTRACT

Title of Dissertation	An Exploratory Study of the Development Social Entrepreneurship: Key Concepts, Characteristics, Roles and Success Factors of Social Enterprise in Thailand
Author	Ms. Sarunyikha Thiemboonkit
Degree	Doctor of Philosophy (Development Administration)
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Social entrepreneurship is an emerging global phenomenon. Although much research has been done on this topic, the concept is still hard to define due to the different context and domains within which it operates. Thailand is in the infancy stage of social entrepreneurship. Despite the fact that the concept of social entrepreneurship is relatively new, the practice that integrates economic and social value creation has a long heritage and can be found throughout the Kingdom. In the past, social activities were mostly implemented by non-profit organizations and non-governmental organizations. Recently, a number of businesses participating in social entrepreneurship have emerged.

The study presents the principles and concepts of social entrepreneurship and develops a model of social enterprise which will initiate the direction on the concept's application to social enterprise in Thailand. Key success factors establishing a thriving social enterprise in Thailand have been identified. Challenges and opportunities of social enterprise in Thailand are addressed and can be used as guidelines in future development. Policy recommendations have been created to call for the implementing agency and national attention to treat this mission as a national agenda and policy.

In order to gain in-depth information of social entrepreneurship in Thailand, the qualitative research method is best suited to and applied in this research. This study involves five case studies which were purposively selected. The five cases are AkhaAma Coffee, Green Net SE, Freehap, Farmsook Ice Cream and BE Magazine.

The findings of the study are presented as follows: The combined characteristics of social enterprises found in this study provide an explanation as to what they really are and how they operate. It can be seen that social enterprise position is distinct from non-profits with income-generating activities or from businesses with CSR, as it is the combination of both. The resources for social enterprise include both income from trade and services as well as donations, but with the distinction that the proportion of trade and services has to exceed the amount of donations and grants. Owners of social enterprise can be nonprofit organizations or community groups along with private owners.

Social enterprise roles found in the study align with basic principles from local and/or community economic development in terms of their focus on the common good and their aims to serve unmet needs. From this study, it was found that the measurement of success of a business cannot be fully applied to all cases examined in this dissertation. This is because social enterprises in the study are in the set-up phase or in the early stages of implementation; therefore, it is too early to detect the success factors. Nevertheless, the study could separate social enterprises into groups or categories to identify success. Social entrepreneurs' characteristics are based on values, motivation, passion and life experiences which lead to success in the startup of social enterprises. The challenges for social entrepreneurship in Thailand are business issues, financial assistance, social effects, government support and legal forms suitable for social enterprises.

Recommendations have been made in order to promote social enterprise practices in Thailand. The following are key findings: collective efforts are needed to push forward reforms of social enterprise practices, the legislation environment needs to be improved, and the efficiency and effectiveness of cross-sector collaboration needs to be increased.

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CHAPTER 1

INTRODUCTION

1.1 Statement and Significance of the Problem

Current trends in the world towards globalization, privatization, and liberalization have brought about various challenges that have affected the balance of relationships between the private, public and nonprofit sectors (Mori and Fulgence, 2009: 4). These changes in global rules and regulations have influenced the direction of future development for many countries. One of the challenges, among others, is the emergence of complex social problems (Reis, 1999: 27). Many countries, including Thailand, have continued to face the emergence of these complex social problems which pose threats to the country's development. Regardless of how the issue is framed, the current global crisis stems from deepening socio-economic inequality in societies (Mori and Fulgence, 2009: 4).

In most cases the wealth from large-scale economic prosperity does not filter down to the majority of people in many countries, but has been concentrated within a small group of people in particular enterprises. This differential growth has led to a huge gap in income per capita and living standards that continues to this day. The outcome of complex large-scale economic development under capitalism may cause a negative impact both on societies and the environment. Regarding the societies, this can be seen from the serious economic imbalance, social injustice, inequality in income distribution and social exclusion. The effects on the environment can be seen from serious environmental degradation as well as many other examples of severe impacts of floods and drought (Mori and Fulgence, 2009: 4).

In every society, a very small percentage of the population has a significant share of valued resources, such as funding, property, technology, health and essential utilities. The World Bank Report 2008 claimed that services to satisfy basic human needs, particularly those that contribute to healthcare, poverty reduction, and

education, are failing poor people in terms of access and affordability (The World Bank, 2008). As social and economic problems become more complex and diverse, public organizations cannot respond to the numerous needs in time while private sector only focuses on maximizing profit to satisfy their shareholders. Civil society has emerged to fill the gap between the work of the public and private sectors, meeting social needs which have not been met by governments or the market (Douglas, 2007: 2). Their ultimate goal is to solve problems that are confronted by both the marginalized and the public at large. In the popular stereotype, public organizations are unresponsive, “bureaucratic,” inefficient, and corrupt. For-profit businesses are criticized for being exploitative, rewarding greed, lacking in humane compassion, and producing socially unjust outcomes. Nonprofit organizations however are short of funding and many suffer from rigid, ineffective, unresponsive and under management (Karnani, 2010: 6).

In many countries, non-governmental organizations (NGOs) are an important element and a part of civil society. They can be referred to variously such as nonprofit organizations, philanthropic organizations, civil society organizations (CSO) or voluntary organizations in many countries. These organizations are nonprofit, are established by a person, a group of people or groups of people, share similar values or ideologies, and have the heart and the will to do good deeds (Young and Salamom, 2002).

The environment within which nonprofit organizations operate is rapidly changing due to increasing globalization, increasing needs in their target communities, and a generally tighter funding environment with growing competition for donors and grants (Mort, Weerawardena and Carnegie, 2002: 77).

According to a study of Weerawardena and Mort, for European countries, the United Kingdom, and the United States and Australia share some sort of, “reinventing government” initiatives which has changed the relationship between government and nonprofit organizations. This has also attracted commercial providers to markets traditionally services served entirely by nonprofit organizations and has forced the nonprofit organizations to adopt a competitive position in their operations. By doing so, they have to concentrate on the outcomes of the government policy in order to find innovative ways of delivering superior value to the target market and

obtain a competitive advantage for themselves (Weerawardena and Mort, 2006: 21-35).

As the number of nonprofit organizations or NGOs grew exponentially, it has resulted in competition among nonprofit organizations for funding (Johnson, 2000; Salamon, Sokolowski, and List, 2003), as nonprofit organizations are facing increased pressure from stakeholders to maintain their programs and activities to survive and to find ways to increase their revenues (Brand, 2002). Nonprofit organizations that seek to increase their revenues can attempt to increase donations or generate income through commercial activities, but there are limited opportunities for increased donations unless new incentives are developed (Young and Salamon, 2002). Also, there is an increasing demand for improved effectiveness and efficiency for nonprofit organizations (Zahra, Gedajlovic, Neubaum and Shulman, 2009: 519-532).

This leads to an increasingly passionate search for a new approach to tackle or bridge these problems with the criteria that a nonprofit organization must be sustainable and have enough financial means to support their social missions, such as eradicating inequality, increasing people's standard of life, and helping them to live above the poverty line and be able to access basic needs (Ott, 2001). There is therefore a need for new approaches to social problem solving that will incorporate inter-sectoral collaboration (Mori and Fulgence, 2009: 4).

1.1.1 Why Social Entrepreneurship?

Various initiatives such as millennium development goals have been initiated to address such developmental challenges as well as various social problems. However, despite these efforts, many countries, including Thailand, are still facing difficulties in striving for development. Catford (1998) suggests that, with these new developments, new ways of creating healthy and sustainable communities and society are required as the traditional welfare-state approaches are declining globally. These bring about a challenge with new, creative, and effective environments that support and reward change (Catford, 1998: 95-97).

Many scholars believe that social entrepreneurship is a “desirable and sustainable” model or a strategy for an individual or a group of individuals to empower and create a venture which is not dependent on governmental handouts, aid

contributions or similar financial donations (Dees, 2001; Mort, Weerawadena and Carnegie, 2002; Nicholls, 2005a; Anderson and Dees, 2006; Mair and Marti, 2006; Bornstein, 2007). It is proven that a startup venture by an entrepreneur requires understanding and that he or she must adhere to the both the productive and profitable policies of a successful venture as well as staying away from the expectation of receiving merely handouts from charities (Braun, 2009: 75). The ventures developed by asocial entrepreneur are perceived to fit in between the markets and the state. The venture should be self-sustainable while enhancing the community's well-being and prosperity (Salamon, Sokolowski and List, 2003; Seeols and Mair, 2005). Thus, it helps civil society to create and develop new ways to address both social and market failures and explore new ways and opportunities to create and bring about social values (Nicholls, 2005b). Given these factors, some nonprofit organizations are adopting a social entrepreneurial approach in running organizations as a response to the changing environment and societal demands (Martin and Osberg, 2007: 30-39).

Hence, a balance between the economy, the society, and the environment should be developed in order to achieve sustainable development and to fight against complex social problems. Modern society consists of more than just the public, private, and social sectors. According to Nicholls (2005a), the following three sectors can be conceptualized as intersecting, as they are interrelated: the public sector, private business, and civil society. However, today, as operational boundaries have blurred between these sectors, both public and civil society organizations are increasingly being asked to conform to the discipline of business-like accountability and efficiency (Nicholls, 2005b; Zahra, Gedajlovic, Neubaum and Shulman, 2009). Therefore, in a nutshell, bridging for-profit and nonprofit organizations can explain how social entrepreneurship emerges.

1.1.2 What is Social Entrepreneurship?

Social entrepreneurship is an alternative way, in many countries in the world, to ease social economic and environmental problems. Social entrepreneurship is a phenomenon that can be found around the world and one which has affected people's lives thanks to innovative approaches that have been introduced to address social problems that are prevalent today. Social entrepreneurship has been understood and

defined in multifarious ways over the past few years. For instance, “Social entrepreneurship refers to initiatives which aim at improving what is lacking or non-functioning in society; new solutions intended at creating a sustainable society-economically, socially and ecologically - by applying entrepreneurial logic” (Gawell, 2009); “Social entrepreneurship is a multidimensional construct involving the expression of entrepreneurially virtuous behavior to achieve a social mission” (Mort, 2003). Generally, social entrepreneurship is the use of innovative ways to solve important and intractable social problems, emphasizing the creation of social value with engendered economic benefits. It connects the blank between the business and social facts, with a focus on the aim to serve communities and society rather than a company’s maximum profit (Duff, 2008: 12). Nonprofits and nongovernmental organizations, foundations, governments, and individuals also play the role of promoting, funding, and advising social entrepreneurs around the world nowadays.

According to Robinson and Lo, they defined a social enterprise as “an organization that applies commercial strategies to maximize improvements in human and environmental well-being, rather than maximizing profits for external shareholders” (Robinson and Lo, 2005).

Bill Drayton (2006: 45), Ashoka founder, states that over the last two and a half decades, the “operating half of the world that deals with social issues has gone through historical transformation of unprecedented speed and scale”. The third alternative that has developed features a wide range of nongovernmental organizations (NGOs). Social entrepreneurs, “a new breed of pragmatic, innovative, and visionary social activists” (Nicholls, 2006a: 2), are largely credited with having transformed and developed the third sector to become entrepreneurial and competitive in precisely the same sense as businesses are (Drayton, 2006). Social entrepreneurship can be structured as for profit or nonprofit, and may take the form of a co-operative, mutual organization, a social business, or a charity organization (Dart, 2004; Nicholls, 2006a; Duff and Bull, 2011). Many commercial enterprises would consider themselves to have social objectives, but commitment to these objectives is motivated by the perception that such commitment will ultimately make the enterprise more financially valuable. Social enterprises differ in that, inversely, they do not aim to offer any benefit to their investors, except where they believe that doing so will

ultimately further their capacity to realize their social and environmental goals. Social enterprise is an organization that applies commercial strategies to maximize improvements in human and environmental well-being, rather than maximizing profits for external shareholders (Robinson and Lo, 2005).

1.1.3 Problem of Defining Social Entrepreneurship

The term “social entrepreneurship” has been applied to a range of organizations, small business ventures, and activities from grass-roots campaigns to the social actions of multi-national corporations. Despite widespread agreement amongst community activists, nongovernmental organizations (NGOs), policy makers, the media, international institutions, leading thinkers, academics and commercial managers about the impressive growth in innovative social action globally (Leadbeater, 1997; Salamon and Anheier, 1999; Borzaga and Defourny 2001; Bornstein, 2004; Nicholls, 2005b), the boundaries of social entrepreneurship as a distinct model of effective social intervention remain ill-defined.

Social entrepreneurship still lacks a unifying paradigm (Shane and Venkataraman, 2000); the term “social entrepreneurship” has taken on a variety of meanings. Gregory Dees, a prominent scholar in this field, wrote in 1998 that “though the concept of ‘social entrepreneurship’ is gaining in popularity, it means different things to different people” (Dees, 1998: 1). Proponents of social entrepreneurship disagree about issues such as whether it includes only not-for-profit or also for profit ventures, whether the focus should be on individuals or on organizations, or whether the change involved has to be systemic or can be just incremental, and whether to include only successful ventures or also failed attempts (Karnani, 2010: 4).

Therefore, anyone that samples this array of material may be left wondering exactly what social entrepreneurship is. Is it just the application of sound business practices to the operation of non-profit organizations, as some seem to suggest (Reis, 1999), or is it a more radically different approach to the business of doing good? It is said that “social entrepreneurship is emerging as an innovative approach for dealing with complex social needs” (Johnson, 2000: 1), especially in the face of diminishing public funding. People understand it in a variety of ways. The concept needs to be

clarified just to make those comments and that advocacy intelligible. It is essential to begin by being clear about what social entrepreneurship is. This dissertation intends to undertake this fundamental task.

1.1.4 Thailand and Social Entrepreneurship

Thailand is in the infancy stage of social entrepreneurship. Although the concept of social entrepreneurship is relatively new, the practice that integrates economic and social value creation has a long heritage and can be found throughout the country. In the past, most social activities were implemented by cooperative, foundation, association NGO or nonprofit organization. Recently, a number of businesses participating in social entrepreneurship have emerged.

“Successful” international experience regarding social entrepreneurship provides valuable knowledge but may or may not be easily adapted to the Thai context entirely. At present, social entrepreneurship has been gradually considered as an important movement of NGOs and private businesses in Thailand (Preeyanuch Jariyavidyanont, 2010: 45). Social entrepreneurship practices in Thailand and globally vary in activities, objectives, types and forms, but major commonalities of social entrepreneurship such as size, initiatives, patterns of relations among stakeholders, and the nature of ownership should be categorized and analyzed systematically in order to develop major criteria for conceptualizing and utilizing this concept. It is important to seek both theoretical implications and practical answers for making sense of the concept of “social entrepreneurship.” Among the varieties of social entrepreneurship, a clear concept of it should be developed from the ground. Such questions about characteristics, ownership, size, forms, structure, initiatives, stakeholders, benefit distribution, and utilization of funds need to be raised and answered.

Based on the literature review as well as on primary observations and discussions with some experts, the social entrepreneurship concept around the world, including Thailand still needs further analytical clarification. Even though there is some degree of agreement about its meaning, some issues concerning social entrepreneurship need to be raised in order to achieve greater clarity. In the case of Thailand, much of the research on social entrepreneurship has tended to describe the

practice instead of operationalizing a definition (Varkorn Samakoses, 2009; Preeyanuch Jariyavidyanont, 2010; Ekachai Nitayakasetwat, 2011). As a result, there is a significant lack of coherence in the interpretation of exactly what is and what not social entrepreneurship is in the Thai context. Thailand is trying to build its own social entrepreneurship system based on the Thai situation as well as endeavoring to encourage social entrepreneurship behavior and foster social entrepreneurs.

This study attempts to bring to understanding the conceptualization of social entrepreneurship and to explore its general characteristics. Also, this study will identify the diversity of forms, structures, and patterns of social entrepreneurship and the key success factors in establishing a thriving social enterprise in Thailand by identify the ways in which social enterprises define success and the factors that contribute to this. From extensive data accumulation and analysis, the researcher also hopes to understand the role and influence that they have on the country's development process. The results of this study will also add to the knowledge concerning the development of social entrepreneurship in Thailand.

1.2 Objectives of the Study

The study has the following objectives:

- 1) To study and to understand the concept of social entrepreneurship as manifested in multifarious forms
- 2) To explore the general characteristics of social entrepreneurship and categorize the roles of social entrepreneurship as they exist today
- 3) To explore the key success factors in establishing a thriving social enterprise in Thailand by identify the ways in which social enterprises define success.
- 4) To analyze the challenges and opportunities of social enterprises in Thailand
- 5) To provide policy dimension relating to the role of social entrepreneurship in Thailand and its potential role in developing a more inclusive third-sector system in Thailand

1.3 Research Questions

- 1) What is social entrepreneurship and what is its primary objective?
- 2) What is the role of social entrepreneurship in Thailand?
- 3) What are the common criteria suggested for the classification of social entrepreneurship in Thailand?
- 4) What are the key successes factors of a thriving social enterprise in Thailand?
- 5) What are the challenges and opportunities of social enterprises in Thailand?

1.4 Scope of the Study

This study attempts to examine the phenomenon of social entrepreneurship and seeks to understand social entrepreneurship in the Thai context. Social entrepreneurship includes a wide range of forms of organizations—from business organizations, non-profit organizations, community businesses, cooperative organizations, to saving groups and other forms. Due to the fact that no government, private agency or third sector has a complete database or directory of social enterprises in Thailand, this study's attention is focused on the social enterprises that have been classified by the Thailand Social Enterprise Office (TSEO). The Thailand Social Enterprise Office is a government office established in 2010 to create a direct and indirect supportive environment for creating a culture of social enterprise in Thailand effectively and sustainability. The sample will be drawn from the list of social enterprises that have been classified by the Thailand Social Enterprise Office (TSEO) and in both the 50 best practices of social enterprises in Thailand and Social Enterprise Catalog carried out by the Organizing Committee of the Thailand Social Enterprise.

Hence, within the time and resources available, in addition to the complexities that define an organization along with the multifarious forms of social enterprise, an in-depth study is required in order to reach a good understanding of the multifaceted perspectives of social enterprises. Therefore, this study will not be able to

comprehensively analyze all of the social enterprises in Thailand, but has drawn the scope of the study as follows:

- 1) The social enterprises studied will be limited to only those that are classified by the Thailand Social Enterprise Office (TSEO), therefore excluding other social enterprises that are not in the Thailand Social Enterprise Office (TSEO) database.
- 2) Five social enterprises were purposively selected for in-depth case study.

1.5 Expected Benefits of the Study

1.5.1 Academic Benefit

In recent years, social entrepreneurship, a sub-discipline within the field of entrepreneurship, has gained increasing attention in diverse fields. This diversity has resulted in several definitions and conceptualizations of the concept. An important agenda for the further development of social entrepreneurship involves creating and agreed-upon definition and key elements of the concept. This study aims to advance the conceptualization of social entrepreneurship and to bring to understanding the success factors that are involved in the phenomenon of social entrepreneurship. Also, it aims to explore the relevance of social entrepreneurship. The study further investigates the issues related to how social entrepreneurship fits into the overall third sector of Thailand. The results of this study will add to the theoretical understanding of social entrepreneurship.

1.5.2 Contributions to Thailand's Development

Since the issue is very new to the country, the results of this study will add knowledge and guidance to help the Thai government, especially the Thailand Social Enterprise Office (TSEO), in developing knowledge and understanding about social enterprise.

CHAPTER 2

LITERATURE REVIEW

2.1 Social Entrepreneurship

2.1.1 Background of Social Entrepreneurship

Social histories are filled with many examples of social entrepreneurship around the world. Although the concept of social entrepreneurship is relatively new, the practice that integrates economic and social value creation has a long heritage and can be found throughout the world (Anderson and Dees, 2006; Mair and Marti, 2006). A list of a few historically remarkable people whose work exemplifies classic "social entrepreneurship" might include Florence Nightingale (Nicholls, 2005a; Bornstein, 2007), the founder of the first nursing school and developer of modern nursing practices, Robert Owen, the founder of the cooperative movement, Vinoba Bhave, the founder of India's Land Gift Movement, and Jane Addams, social worker and reformist, the founder of the social settlement Hull House in Chicago in 1889. Hull House provided a welfare center for the poor immigrants' neighborhood and offered a new model that was later replicated throughout the United States (Braun, 2009; Nicholls, 2005a).

However, in comparison with the past, what is notable now is that the number and range of social actors behaving entrepreneurially are far larger than at any previous point in history (Bornstein, 2004: 3-6). For example, a survey of socially-entrepreneurial activity in the UK suggested that new "social" start-ups are emerging at a faster rate than more conventional, commercial ventures (Harding and Cowling, 2004: 5). According to the Social Enterprise UK survey 2011, the median annual turnover of social enterprise had grown from 175,000 pounds in 2009 to 240,000 pounds in 2011. This provides a raising contribution to the UK economy (Social Enterprise UK, 2011: 14). Other research has also demonstrated that employment rates in social-sector ventures are significantly exceeding those in the business sector

in a number of developed countries (Salamon and Anheier, 1999). Whilst all of these new social actors will not necessarily be social entrepreneurs *per se*, the overall picture of such data still underpins the proposition that social entrepreneurship is growing fast worldwide (Nicholls, 2005a: 2-3).

In today's world, social entrepreneurship is considered to be a global phenomenon and is becoming mainstream and is gaining increased attention not only in the United States, Canada, and Europe but also increasingly in Africa, Latin America, and Asia, including Southeast Asia, because of its multidisciplinary attractiveness as well as its impact on governments, communities, and organizations (Dees, 2001; Mort, 2003; Bornstein, 2007; Simms, 2009). Social entrepreneurship is centered on the idea of social innovation and the deep involvement of citizens in shaping and founding the solutions for social problems by the presence of the social entrepreneurs in various organizations (including NGOs), in various geographical areas or communities, responding at the same time to various social problems that need new answers and new solutions (Vlasceanu, 2010). The rise of social entrepreneurship can be seen as the phenomenon of remarkable development that has occurred across the globe. More social entrepreneurs and their organizations are bringing about systematic change by influencing social behavior for the good on a global scale in areas such as the environment, education, economic development, human rights, health, and civic engagement (Pirson, 2008).

According to Nicholls (2006b), the term "Social Entrepreneur" was first introduced in 1972 by Banks, who noted that social problems could also be deployed by managerial practices. Even though social entrepreneurship has been termed under different headings and gained practical relevance during the 1970s and 1980s, it was not until the 1990s that the subject attracted attention from both governments and academia. The Italian government created the first social firm model by adopting a specific legal form for social co-operatives in 1991. The United Kingdom government followed in 2004 by introducing the Community Interest Company, a second juridical form for social enterprise within Europe (Nyssens, 2006). During that same period, a stream of research on the subject slowly appeared in academic work (Boschee, 1995; Leadbeater, 1997; Dees, 1998). From the turn of the century onwards, the stream of publications became more substantial. At the same time, some highly successful

social entrepreneurs across the globe attracted considerable media attention, amongst them: Wangari Maathai, founder of the Green Belt Movement and recipient of the Nobel Peace Prize in 2004; Muhammad Yunus, founder of the Grameen Bank for microfinance and recipient of the Nobel Peace Prize in 2006; and Jeffrey Skoll of eBay, who founded the Skoll Foundation supporting social entrepreneurship and was included among Time Magazine's 100 People of the Year in 2006; and Meechai Veeravaidya, the founder of Population and Development Association and recipient of The Ramon Magsaysay Award for Public Service in 1994 and recipient of the Skoll Award for Social Entrepreneurship in 2008. Their works have been in recognition of the creative, innovative models for sustainable change which have yielded a significant impact in tackling the world's most urgent and economic challenges. They have powerful ideas to improve people's lives and they have implemented social entrepreneurship across cities, countries, and in some cases, the world.

In addition, another benefit of social entrepreneurship is that it may shed light on the intricacies of traditional entrepreneurship by expanding our understanding of how and through which tools we have done business. , Also, social entrepreneurship may lead to business strategies and design of organizations that are more socially-inclined (Seelos and Mair, 2004)

2.1.2 Four Distinct Approaches to Social Entrepreneurship

Through research conducted for this dissertation, the researcher has found that social entrepreneurship is a relatively new field of study, confirmed by both Nicholls (2006a) and Dees (1998). For this reason, social entrepreneurship is “still very phenomena-driven” (Mair and Marti, 2006).

Consequently, there is no clear definition of what exactly is “social entrepreneurship.” For this reason, there is a veritable need to establish this field and to define its scope (Weeraward and Mort, 2006; Martin and Osberg, 2007; Brooks, 2008; Carto and Miller, 2008; Defourney and Nicholls, 2010; Nyssens, 2010). Moreover, as a result of the debate on definitions, certain schools of thought have begun to emerge. Although social entrepreneurship is clearly a global phenomenon (Nicholls, 2006b; Zahra et al., 2008; Bosma et al., 2010), the study of Hoogendoorn, Pennings and Thurik (2010) has stated that there are two regions dominating the

academic discourse: the United States and Western Europe. Within the particular context of these regions, two specific geographical traditions evolved and have resulted in several approaches or schools of thought. As from the work of Hoogendoorn, Pennings and Thurik, there are two American schools of thought and two European approaches. Although the approaches are often mixed in popular discourse, they reveal different perspectives and research preferences (Hoogendoorn, Pennings and Thurik, 2010: 1-30).

2.1.2.1 The Social Innovation School of Thought

This school of thought focuses on individual, social entrepreneur that confront social problems in an innovative manner and meet social needs. According to Dees and Anderson, “[t]he school is focused on establishing new and better ways to address social problems or meet social needs” (Dees and Anderson, 2006: 41). Social entrepreneurs act as change makers as by either establishing a nonprofit enterprise or a profit enterprise. Bill Drayton, founder of Ashoka, is considered the leading figure for the Social Innovation School of thought. The root for this school of thought is embedded in the knowledge of commercial entrepreneurship on the discovery, evaluation, and exploitation of opportunities. These opportunities are found in social needs exploited by innovative means to satisfy those needs which also apply to social entrepreneurship.

2.1.2.2 The Social Enterprise Schools of Thought

This school of thought focuses on the conceptions of social enterprise mainly refers to the use of commercial activities that generates “earned-income” by nonprofit organizations in support of their mission. This school of thought focuses on income generating activities in order to be independent from subsidies and grants as to assure continuity of service delivery. In addition to the theme of funding, this school of thought also promotes the notion that adopting business methods is a successful way to improve the effectiveness of nonprofit organizations. This would make them more entrepreneurial. Edward Skloot is one of the inventors of this school of thought. In 1980, he founded New Business Ventures for Nonprofit Organizations, the first consultancy firm working exclusively for non-market companies. The Social Enterprise Alliance defined social enterprise as ‘any earned-income business or strategy undertaken by a nonprofit to generate revenue in support of its charitable

mission' (Defourny and Nyssens, 2010: 11). Therefore, this school of thought is embedded in the commercial entrepreneurship that defines entrepreneurship as the process of creating and managing new organizations that involve with social mission.

2.1.2.3 The EMES Approach to Social Enterprise

The Emergence of Social Enterprise in Europe (EMES) Research Network devoted itself in investigate the social enterprise phenomenon and to establish a broad definition of a set of criteria to identify organizations likely to be called 'social enterprises' in each of the 15 countries forming the EU by that time that allows for the national differences within the European Union (Defourny and Nyssens, 2010: 10). Such a set of criteria was to be considered as a 'working hypothesis' but this initial set of indicators proved to be a reliable conceptual framework. The EMES Network defines the unit of observation is the enterprise. Under this school of thought social enterprise clearly aims to bring about benefits to the community. Also, citizens started the enterprise by themselves, giving them a high degree of autonomy. Other features include the fact that everyone participates in running the enterprise and decisions are not make based on capital ownership. The organizations within this school consist of the following: foundations, co-operatives, associations, and mutual organizations. EMES allows for some profit distribution due to the inclusion of co-operatives. Although such co-operatives exist within the United States, they are not subject to the social enterprise discourse.

2.1.2.4 The UK Approach

The UK approach existed when the Labor Party in power in the late 1990s, as it proactively pushed to stimulate partnerships between civil society, public sector, and private sector, to promote the establishment of social enterprises around the country. The Blair government launched the Social Enterprise Coalition and created the Social Enterprise Unit within the Department of Trade and Industry (DTI). The DTI defined social enterprise as "businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or the community, rather than being driven by the need to maximize profits for shareholders and owners." In 2004, UK government introduced a new legal form of social enterprise, the Community Interest Company. Social enterprises in UK are trading within the market, and can be initiated by individuals, groups of citizens, or by legal entities and subjected to a limited distribution of profits.

Hoogendoorn, Pennings and Thurik (2010) commented that even if the various schools of thought and approaches differ from one another, there is no clear boundary that separates each one. As a result, it is a challenge to classify articles according to specific approaches. Despite this blurring of boundaries, exploring the distinctions and commonalities contributes to an understanding of conceptual differences, to an interpretation of the emphasis on or the absence of certain research topics, and to the translation of research findings into recommendations. The approaches, as described above, share one main commonality: their emphasis on the creation of social value.

2.1.3 Definitions of Social Entrepreneurship

While social entrepreneurship has been attracting increasing attention, it is not clear what is social entrepreneurship really is. In a recent review of the growing body of literature on the phenomenon of social entrepreneurship, Austin, Stevenson and Wei-Skillern (2006) note that an overabundance of definitions exist for the concept, many of them with apparently conflicting views. Social entrepreneurship has been characterized both broadly as an innovative social venture (Cochran, 2007; Dees and Anderson, 2003) and more narrowly as the use of market-based activities to solve social needs and generate earned income through innovation (Thompson, 2002). Many researches on social entrepreneurship tend to describe the practice instead of operationalizing a definition (Bygrave, 1994; Dees, Emerson and Economy, 2001). As a result there is a significant lack of coherence in interpretations of exactly what is and what is not social entrepreneurship.

In recent years, social entrepreneurship has been regarded as an important source of social, economic, cultural and environmental wealth (e.g. Spear 2006; Steyaert and Hjorth 2006; Leadbeater, 2007; Shaw and Carter, 2007). Traditionally it has been recognized in the field of governments, nonprofit and voluntary organizations, philanthropy and charity, whereas now social entrepreneurship can also take place within or across businesses. These explanations put in a large picture of social entrepreneurship, social entrepreneur and social enterprise, from ventures with a social purpose operating in the commercial sector, to corporate entrepreneurship with a social bend, to specific application of social enterprise in the nonprofit sector (Austin et al., 2006). While these many definitions pursue different aims and focus on specific and often different groups, common threads connect them.

Alter (2004) and Reis (1999) suggest that social entrepreneurship is a two-fold socially-driven action. It is driven by the need to change social problems, and then leading to the need to change the social system to alleviate those problems in the future by creating new means of entrepreneurial support. Seelos and Mair (2005) suggest that social value creation is the crucial distinction for social entrepreneurs. It is creating new systems with which to provide crucial social services and sustainable practices

Along with a focus on social objectives, scholars suggest that a focus on innovation is a key characteristic of social entrepreneurship. The Ashoka Foundation defines social entrepreneurship as “finding what is not working and solving the problem by changing the system, spreading the solution, and persuading entire societies to take new leaps” (Ashoka Foundation, 2005). Dees (1998) suggests a definition of social entrepreneurship that combines a focus on social value and accountability, and a continuing focus on innovation and adaptation, bold actions, and the pursuit of new opportunities. Similarly, Fowler suggests that, within the context of nonprofit organizations, social entrepreneurship is the process of “adopting commercial, innovative and in a nonprofit context approaches and enterprises that generate social benefits as well as surplus, or financially enhance existing social development programmes” (Fowler, 2000: 649). Thompson, Alvy and Lees (2000) define social entrepreneurship as a vision of innovation that will lead to the betterment of underprivileged or neglected groups, while Baron (2005) suggests that social entrepreneurship is a process that is committed to social objectives. In other words, an entrepreneur is willing to enter into an enterprise at a loss, sacrificing both financial outcomes in exchange for social benefits (Thompson et al., 2000; Baron, 2005). Social entrepreneurship can be briefly described as a construct that bridges business and philanthropic by applying entrepreneurship to the social sphere (Roberts and Woods, 2005). In terms of traditional entrepreneurship, it deals with “the identification, evaluation and exploration of opportunities in order to gain personal or shareholder wealth, social entrepreneurs recognize, evaluate and exploit opportunities that results in social value” (Austin, Stevenson and Wei-Skillern, 2006; Certo and Miller, 2008).

Social entrepreneurship has different meanings for different people (Zahra et al., 2008) so therefore an attempt to formulate a definition on the phenomenon is the focal point of this section.

The following table provides sample definitions of social entrepreneurship.

Table 2.1 The Sample Definitions of Social Entrepreneurship

	Source	Definition
1.	Alvord, Brown and Letts (2004: 262)	[C]reates innovative solutions to immediate social problems and mobilizes the ideas, capacities, resources, and social arrangements required for sustainable social transformations.
2.	Austin, Stevenson and Wei-Skillern (2006: 2)	[S]ocial entrepreneurship as innovative, social value creating activity that can occur within or across the nonprofit, business, or government sectors.
3.	Bornstein (2004: 1-2)	Social entrepreneurs are people with new ideas to address major problems who are relentless in the pursuit of their visions . . . who will not give up until they have spread their ideas as far as they possibly can.
4.	Boschee and McClurg (2003: 3)	A social entrepreneur is any person, in any sector, who uses earned income strategies to pursue a social objective, and a social entrepreneur differs from a traditional entrepreneur in two important ways: Traditional entrepreneurs frequently act in a socially responsible manner. . . . Secondly, traditional entrepreneurs are ultimately measured by financial results.
5.	Cho (2006: 36)	[A] set of institutional practices combining the pursuit of financial objectives with the pursuit and promotion of substantive and terminal values.
6.	Dart (2004: 411)	[Social enterprise] differs from the traditional understanding of the nonprofit organization in terms of strategy, structure, norms, [and] values, and represents a radical innovation in the nonprofit sector.
7.	Dees (2001: 2)	Social entrepreneurs are one species in the genus entrepreneur. They are entrepreneurs with innovation that apply into a social mission.
8.	Drayton (2002: 124)	[They] have the same core temperament as their industry-creating, business entrepreneur peers. . . . What defines a leading social entrepreneur? First, there is no entrepreneur without a powerful, innovative, new, system change idea. There are four other necessary ingredients: creativity, widespread impact, entrepreneurial quality, and strong ethical fiber. (p. 124)

Table 2.1 (Continued)

	Source	Definition
9.	Harding and Cowling (2004: 41)	They are orthodox businesses with social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners. (p. 41)
10.	Hartigan (2006: 45)	[E]ntrepreneurs whose work is aimed at progressive social transformation. . . . A business to drive the transformational change. While profits are generated, the main aim is not to maximize financial returns for shareholders but to grow the social venture and reach more people in need effectively. Wealth accumulation is not a priority—revenues beyond costs are reinvested in the enterprise in order to fund expansion.
11.	Haugh (2006: 5)	Social enterprise is a collective term for a range of organizations that trade for a social purpose. They adopt one of a variety of different legal formats but have in common the principles of pursuing business- led solutions to achieve social aims, and the reinvestment of surplus for community benefit. Their objectives focus on socially desired, nonfinancial goals and their outcomes are the nonfinancial measures of the implied demand for and supply of services.
12.	Hibbert, Hogg, and Quinn (2005: 159)	Social entrepreneurship can be loosely defined as the use of entrepreneurial behaviour for social ends rather than for profit objectives, or alternatively, that the profits generated are used for the benefit of a specific disadvantaged group.
13.	Hockerts (2006: 145)	Social purpose business ventures are hybrid enterprises straddling the boundary between the for-profit business world and social mission-driven public and nonprofit organizations. Thus they do not fit completely in either sphere.
14.	Korosec and Berman (2006: 449)	Social entrepreneurs are defined as individuals or private organizations that take the initiative to identify and address important social problems in their communities. Organizations and individuals that develop new programs, services, and solutions to specific problems and those that address the needs of special populations.

Table 2.1 (Continued)

	Source	Definition
15.	Lasprogata and Cotten (2003: 69)	Social entrepreneurship means nonprofit organizations that apply entrepreneurial strategies to sustain themselves financially while having a greater impact on their social mission (i.e., the “double bottom line”).
16.	Light (2006: 50)	A social entrepreneur is an individual, group, network, organization, or alliance of organizations that seeks sustainable, large-scale change through pattern-breaking ideas in what or how governments, nonprofits, and businesses do to address significant social problems.
17.	Mair and Marti (2006: 37)	<p>[A] process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs.</p> <p>They define social entrepreneurship as:</p> <ol style="list-style-type: none"> 1) a process of creating value by combining resources in new ways 2) these resource combinations are intended primarily to explore and exploit opportunities to create social value by stimulating social change or meeting social needs 3) when viewed as a process, social entrepreneurship involves the offering of services and products but can also refer to the creation of new organizations
18.	Martin and Osberg (2007: 35)	<p>We define social entrepreneurship as having the following three components: (1) identifying a stable but inherently unjust equilibrium that causes the exclusion, marginalization, or suffering of a segment of humanity that lacks the financial means or political clout to achieve any transformative benefit on its own; (2) identifying an opportunity in this unjust equilibrium, developing a social value proposition, and bringing to bear inspiration, creativity, direct action, courage, and fortitude, thereby challenging the stable state’s hegemony; and (3) forging a new, stable equilibrium that releases trapped potential or alleviates the suffering of the targeted group, and through imitation and the creation of a stable ecosystem around the new equilibrium ensuring a better future for the targeted group and even society at large.</p>

Table 2.1 (Continued)

	Source	Definition
19.	Masseti (2008: 7)	Introduce the Social Entrepreneur Matrix (SEM). Based on whether a business has a more market- or socially driven mission and whether or not it requires profit, the SEM combines those factors that most clearly differentiate social entrepreneurship from traditional entrepreneurship.
20.	Mort, Weerawardena and Carnegie (2003: 76)	[A] multidimensional construct involving the expression of entrepreneurially virtuous behavior to achieve the social mission, a coherent unity of purpose and action in the face of moral complexity, the ability to recognize social value-creating opportunities and key decision-making characteristics of innovativeness, reactivity and risk-taking.
21.	Peredo and McLean (2006)	[S]ocial entrepreneurship is exercised where some person or group: (1) aim(s) at creating social value, either exclusively or at least in some prominent way; (2) show(s) a capacity to recognize and take advantage of opportunities to create that value (“envision”); (3) employ(s) innovation, ranging from outright invention to adapting someone else’s novelty, in creating and/or distributing social value; (4) is/are willing to accept an above-average degree of risk in creating and disseminating social value; and (5) is/are unusually resourceful in being relatively undaunted by scarce assets in pursuing their social venture.
22.	Perrini and Vurro (2006: 4)	We define SE as a dynamic process created and managed by an individual or team (the innovative social entrepreneur), which strives to exploit social innovation with an entrepreneurial mindset and a strong need for achievement, in order to create new social value in the market and community at large.
23.	Prabhu (1999: 140)	Persons who create or manage innovative entrepreneurial organizations or ventures whose primary mission is the social change and development of their client group.
24.	Roberts and Woods (2005: 49)	Social entrepreneurship is the construction, evaluation, and pursuit of opportunities for transformative social change carried out by visionary, passionately dedicated individuals.

Table 2.1 (Continued)

	Source	Definition
25.	Robinson (2006: 95)	I define social entrepreneurship as a process that includes: the identification of a specific social problem and a specific solution . . . to address it; the evaluation of the social impact, the business model and the sustainability of the venture; and the creation of a social mission-oriented for-profit or a business-oriented nonprofit entity that pursues the double (or triple) bottom line.
26.	Schwab Foundation (2012)	A social enterprise is an organization that achieves large scale, systemic and sustainable social change through a new invention, a different approach, a more rigorous application of known technologies or strategies, or a combination of these.
27.	Seelos and Mair (2005: 241)	Social entrepreneurship combines the resourcefulness of traditional entrepreneurship with a mission to change society.
28.	Sharir and Lerner (2006: 3)	[T]he social entrepreneur is acting as a change agent to create and sustain social value without being limited to resources currently in hand.
29.	Skoll Foundation (2003)	[T]he social entrepreneur aims for value in the form of transformational change that will benefit disadvantaged communities and ultimately society at large. Social entrepreneurs pioneer innovative and systemic approaches for meeting the needs of the marginalized, the disadvantaged and the disenfranchised—populations that lack the financial means or political clout to achieve lasting benefit on their own.
30.	Tan, Williams and Tan (2005: 358)	A legal person is a social entrepreneur from t1 to t2 just in case that person attempts from t1 to t2, to make profits for society or a segment of it by innovation in the face of risk, in a way that involves that society or segment of it.
31.	Thompson (2002: 413)	[P]eople with the qualities and behaviors we associate with the business entrepreneur but who operate in the community and are more concerned with caring and helping than “making money.”
32.	Thompson, Alvy and Lees (2000: 328)	[P]eople who realize where there is an opportunity to satisfy some unmet need that the state welfare system will not or cannot meet, and who gather together the necessary resources (generally people, often volunteers, money and premises) and use these to “make a difference.”

Table 2.1 (Continued)

	Source	Definition
33.	Thompson and Doherty (2006: 362)	Social enterprises—defined simply—are organizations seeking business solutions to social problems.
34.	Tracey and Jarvis (2007: 671)	[T]he notion of trading for a social purpose is at the core of social entrepreneurship, requiring that social entrepreneurs identify and exploit market opportunities, and assemble the necessary resources, in order to develop products and/or services that allow them to generate “entrepreneurial profit” for a given social project.
35.	Waddock and Post (1991: 32)	[A]n individual who brings about changes in the perception of social issues. . . . [They] play critical roles in bringing about “catalytic changes” in the public sector agenda and the perception of certain social issues.
36.	Yunus (2008: 32)	[A]ny innovative initiative to help people may be described as social entrepreneurship. The initiative may be economic or non-economic, for-profit or not-for-profit.
37.	Zahra, Gedajlovic, Neubaum and Shulman (2009: 5)	Social entrepreneurship encompasses the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner.

Source: Dacin, Dacin and Matear, 2010.

Across all definitions, a common denominator such as innovation (Dees, 1998; Drayton, 2002; Alvord et al., 2004; Austin, Stevenson and Wei-Skillern, 2006), personal characteristics, the operating sector, the processes and resources used, and the social mission (Dacin, Dacin and Matear, 2010) are the underlying drive among social entrepreneurs to create social value. Another denominator that differentiates social entrepreneurship from entrepreneurship is purpose, as social entrepreneurship creates social value and entrepreneurship is economically driven. However, this does not mean that economic value cannot be comprehended from the business parts of social enterprises (Austin et al., 2006; Dees, 1998).

The working definition for this study draws from the works of Austin et al. (2006); Dees (1998); Mair and Marti (2006); and Weerawardena and Mort (2006).

Therefore, the definition offered in this study is that, social entrepreneurship is the process of applying a business-like focus on the social mission and applies innovative approaches to social problems to make a difference by stimulating social change or meeting social needs.

This broad definition is found suitable because it encompasses all activities undertaken by social entrepreneurs that create social value.

2.1.4 The Distinction between Entrepreneurship and Social Entrepreneurship

Austin et al. (2006) distinguished between two types of entrepreneurship; commercial entrepreneurship and social entrepreneurship for better understanding on the concept. In their framework, commercial entrepreneurship represents the identification, evaluation, and exploitation of opportunities that result in profits. In contrast, social entrepreneurship refers to the identification, evaluation, and exploitation of opportunities that result in social value. Kirzner explains that “opportunity awareness” and “recognition” are factors that determine an entrepreneur’s skill to identify when there is a supply or demand for “a value-creating product or service” (Kirzner, 1973). Social entrepreneurs have an acute understanding of social needs, and then fulfill these needs through creative organization. This focus on social value is consistent across various definitions of social entrepreneurship (e.g., Peredo and McLean, 2006; Shaw and Carter, 2007). Other than this focus on social value as opposed to private wealth, the definitions of commercial and social entrepreneurship are quite similar.

More formally, Austin et al. (2006: 2) defined social entrepreneurship as “innovative, social value creating activity that can occur within or across the nonprofit, business, or government sectors”. There are two important points worth noting about this definition. First, the definition explicitly notes the role of innovation. Social entrepreneurship presumably involves applying a new technology or approach in an effort to create social value. This focus on innovation is consistent with the Schumpeterian view of entrepreneurship, which emphasizes the role of innovation in entrepreneurship; social entrepreneurs, then, may be viewed as social innovators (Casson, 2005). Dees (1998: 4) confirms the role of innovation by suggesting that

social entrepreneurs “play the role of change agents in the social sector by...engaging in a process of continuous innovation, adaptation, and learning.” Second, the definition highlights the various contexts in which social entrepreneurship may take place. Social entrepreneurship might involve individual entrepreneurs, new or existing organizations (both non-profit or for profit), or governments. In other words, there is no single type of social entrepreneur.

According to Austin et al. (2006), there are at least three primary ways to distinguish between commercial and social entrepreneurship. First, new commercial and social ventures differ in terms of overall mission. For profit businesses are focused on financial returns, but social entrepreneurs strive to bring about some form of social value. It goes without saying that a for-profit business can, of course, create social value as well and that social ventures can also gain profit. (Emerson and Twersky, 1996). Despite these potential secondary gains, these two types of organizations are driven by two very different missions.

Directly related to their differences in missions, commercial and social entrepreneurship differ dramatically in terms of performance measurement (Austin et al., 2006). In commercial entrepreneurship, performance is typically measured in terms of financial performance. Examples of such financial performance measures include profitability (i.e., return on assets, return on equity) and sales growth. Because financial performance metrics are standardized, they can be recognized and appreciated by entrepreneurs and investors. In contrast, performance measures for social entrepreneurship are less standardized and more idiosyncratic to the particular organization.

Third, commercial and social entrepreneurs differ in terms of resource mobilization (Austin et al., 2006). Perhaps the importance of this distinction is most obvious when considering financial resources. For profit businesses are attracted to and motivated by the financial return and gain that they can make.. Investors and venture capitalists, for example, provide capital to commercial entrepreneurs with the hope that they will one day receive even more capital in return. In addition to financial resources, resource mobilization also involves human resources. Commercial entrepreneurs are able to hire employees based on the same factor: potential returns. When individuals decide to work for commercial entrepreneurs, they

typically do so based on the premise that their effort will result in financial rewards such as wages, benefits, future windfalls (i.e., stock options), or some combination of these rewards.

While social entrepreneurship has many similarities to commercial entrepreneurship, one of the primary differences is the type of value generated. Whereas commercial entrepreneurs are mostly interested in the creation of economic value (e.g., Shane and Venkataraman, 2000), social entrepreneurs are driven by the creation of social value (Austin et al., 2006). “For social entrepreneurs the social mission is explicit and central...Mission-related impact becomes the central criterion, not wealth creation” (Dees, 2001: 2). One of the distinctive elements of the domain of social entrepreneurship is a primary focus on social value creation. If a social entrepreneur is able to identify and develop a solution to a social problem, then the questions of measurement and scaling of social value often follow. Both measurement and scaling of social value are critical issues for the advancement of the field of social entrepreneurship (Nicholls, 2006b, Anderson and Dees, 2006).

Without the possibility of earning large sums of money, social entrepreneurs face more problems in obtaining finances.. They must find people, banks or other firms that are willing to focus on the social value rather than purely on financial returns and profit. Nevertheless, there are more and more venture capitalists that are investing in social entrepreneurship thus transforming this sector. There are a few examples, including philanthropic venture capital companies, such as Ashoka, the Acumen Fund, and Venture Philanthropy Partners, which provide financial resources, consulting, and inter organizational relationships for new social ventures. Venture capital is being sought by social entrepreneurs to fund their operations because social organizations have suffered a decline in operating fund reserves (Boschee, 1995).

2.2 Social Enterprise

The label social enterprise has been applied to a range of phenomena. It has been used to refer to earned income strategies by nonprofits (Dees, 1998, Dart ,2004); democratically-controlled organizations with an explicit aim to benefit the community where profit distribution to external investors is limited (Defourney and Nyssens,

2006); profit orientated businesses operating in public welfare fields (Kanter and Purrington, 2008), or having a social conscience (Harding, 2010); and community enterprises founded by local people working to combat a shared problem (Pearce, 2009).

Social enterprise has been explored as a means to tackle some of society's most entrenched social problems (Blackburn and Ram, 2006); as an important revenue stream for nonprofits (Dees, 1998); a new means of delivering state welfare (Haugh and Kitson, 2007); a consequence of a move from government grants to contracts (Peattie and Morley, 2008); and as a potential alternative to capitalism (Pearce, 2003; Amin, 2009).

Specifically, some authors have recently stressed the emergence of hybrid entities, or new forms of social enterprises that use both elements of the nonprofit sector and the for-profit sector (Fowler, 2000, Borzaga and Defourny, 2001, Austin et al., 2006, Townsend and Hart, 2008). Thus, the term "social entrepreneurship" is currently utilized for describing not only the work of community, voluntary and public organizations, but also private firms working for social rather than for-profit objectives. Therefore, it can be seen that there are some similar objectives of social enterprises today: they address some form of social need and come up with social value through "social innovations". As a result of their actions, these enterprises help to bring about social change in their community. (Thompson et al., 2000; e.g. Dees 2001; Guclu et al., 2002; Nicholls, 2006a; Peredo and McLean, 2006; Weerawardena and Sullivan Mort, 2006).

Nevertheless, the term being discussed here is not something which everyone agrees to due to its roots that link it to philanthropic activities in the United States along with "cooperative roots in the UK, EU and Asia" (Duff and Bull, 2011). In the United States the term is associated with "doing charity by doing trade," rather than "doing charity while doing trade." In other countries, there is a much stronger emphasis on community organising, democratic control of capital, and mutual principles rather than philanthropy (Kerlin, 2009).

It is also common for many for-profit entrepreneurs to engage in philanthropic activities by donating to charities for which they do not receive any monetary benefit and incur a financial loss. On the other hand, social enterprises do not focus on profits and work primarily toward achieving positive social benefits.

2.2.1 Definitions of a Social Enterprise

Most definitions of social enterprise contain the notion of social purposes and business likeness. For instance, the UK-based Social Enterprise Coalition (2007) defines social enterprise as “dynamic businesses with a social purpose.” Virtue Venture (2007) provides a more specific definition: “a social enterprise is any business venture created for a social purpose—mitigating or reducing a social problem or a market failure—and to generate social value while operating with the financial discipline, innovation and determination of a private sector business.” These definitions suggest that social and financial achievements are equally concerned in social enterprises, in which social values are generated through entrepreneurial, finance-sustainable, and innovative means.

In the UK, the most common definition of social enterprise was created by the Department of Trade and Industry (DTI, 2002: 13), which is “a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners”. A social enterprise is considered to be a business venture which brings people and communities together for economic and social gain. They are expected to generate surplus from their activities to be used for the benefit of communities. Furthermore, there are many forms of social enterprises which differ according to their more specific purposes, for instance, community enterprises, cooperatives, development trusts, charities with trading arms, credit unions, social businesses, mutual, fair trade organizations, and social firms (Martin and Thomson, 2010).

Shaw and Carter (2007) characterize social enterprises as: 1) operating within complex environments comprised of diverse stakeholders and client groups; 2) making an operating surplus by being directly involved in producing goods or providing services to a market; 3) having explicit social aims; 4) having strong social values and social missions; 5) being accountable to their stakeholders and client groups; 6) being autonomous organizations; and 7) distributing profits among stakeholders or for the benefit of the community (Shaw and Carter, 2007: 421).

There are two issues in identifying the notion of social enterprise. First are the different perspectives on the institutional form of social enterprise. Some scholars see

social enterprises as hybrid organizations that could either be nonprofit organizations engaged in commercial activities, or for profit firms pursuing social responsibility. Recognizing this bend of commercial and non-commercial activity, Dees (1998) suggests that social enterprises are hybrid organizations that have mixed characteristics of philanthropic and commercial organizations in several aspects, such as motives, methods, goals, and key stakeholders (Dees, 1998: 56-57). Building upon this perspective, Dees proposed the social enterprise spectrum where pure forms of nonprofit and for profit organizations reside at opposite ends, and social enterprise, having characteristics of both, falls somewhere in between.

Table 2.2 Social Enterprise Distinction

Key Indicators	Purely Philanthropic	Social Enterprise	Purely Commercial
Motives	-Appeal to goodwill	-Mix motives	-Appeal to self-interested
Methods		-Mission and market driven	
Goals	-Mission driven -Social value	-Social and economic value	-Market driven -Economic value
Beneficiaries	Pay nothing	Subsidized rates, or mix of full payers and those who pay nothing	Market-rate prices
Capital	Donations and grants	Below-market capital, or mix of donations and market-rate capital	Market-rate capital
Workforces	Volunteers	Below-market wages, or mix of volunteers and fully paid staff	Market-rate compensation
Suppliers	Make in-kind donations	Special discounts, or mix of in-kind and full-price donations	Market-rate prices

Source: Dees, 1998: 60.

While Dees identifies social enterprises are hybrid organizations having characteristics of both nonprofit and for-profit form organizations, other scholars limit their discussions of social enterprise to the field of nonprofit management (Alter, 2004, 2006; Dart, 2004; Young and Salamon, 2002). Alter (2004) developed a hybrid

spectrum to identify social enterprises. On that spectrum, hybrid organizations are organized by degree of activity as they relate to motive, accountability, and use of income (Alter, 2004: 7). This enables the spectrum to be organized into four categories of hybrid organizations: 1) nonprofits with income-generating activities, 2) social enterprises, 3) socially responsible businesses, and 4) corporations practicing social responsibility. Alter's hybrid spectrum clearly identifies social enterprises as a form of nonprofit organization that differs from the traditional nonprofits that engage in income-generating activities.

Table 2.3 Social Enterprise a Hybrid Organization

Type of Organization					
Traditional Nonprofit	Nonprofit with Income- Generating Activities	Social Enterprise	Socially Responsible Business	Corporation Practicing Social Responsibility	Traditional For-Profit

Source: Alter, 2006: 7.

The second issue in identifying the notion of social enterprise is about what has made non-for-profit-formed social enterprises distinctive from the nonprofits that engage in income-generating activities. Scholars have different viewpoints about the essential elements that make social enterprises distinctive. From Alter's (2006) perspective, business activities in social enterprise are either motivated by mission or driven by profit. Hence, in terms of mission orientation, social enterprises may engage in business activities which are in the form of mission centric, mission related or unrelated to a mission. However, some scholars emphasize that the business activities in social enterprises should be mission related. Boschee and McClurg (2003) claim that social enterprises are different from traditional nonprofit organizations because social enterprises' earned income strategies are directly tied to their social mission. Business activities such as employing the disadvantaged or selling mission-driven services and products can have a direct impact on social programs.

This study recognizes there are various viewpoints on the distinction between social enterprises and traditional nonprofit organizations and social enterprises exist in both nonprofit and for profit form. It is important to keep in mind that for the purpose of this study social enterprises are enterprises which operate in a business form set up by organizations in the nonprofit sector and for profit sector. For analytical purposes, this study chose to focus on the profit-based social enterprises. Regarding the distinction between “nonprofit’s earned income activity” and “social enterprise,” this paper agrees with Boschee and Jim McClurg’s viewpoint, that the business-like strategies which social enterprises adopt are usually directly tied to their social mission. In sum, the term social enterprise used in this paper refers to the for profit form edopting entrepreneurial, mission-related, and business-like activities that creates social values.

2.2.1.1 Reasons for Setting up Social Enterprises

The reasons behind setting up social enterprises vary from organization to organization. Dees (1998) has identified five different factors that play a role when non-profit organizations decide to set up social enterprises. These are (Dees, 1998: 56-57):

- 1) A new pro-business spirit has made for-profit initiatives more acceptable.
- 2) Non-profit leaders are looking to deliver social goods and services in ways that do not create dependency in their target audiences.
- 3) A wish to become financially self-sustainable and viewing earned income generating activities as more reliable sources for funding than donations and grants
- 4) The sources of funds available to non-profits are shifting to favour more commercial approaches and competition for philanthropic donations is intense.
- 5) Competitive forces are leading non-profit managers to consider commercial alternatives to traditional sources for funding.

These five points presented by Dees provides a good indication as to why it has become attractive for non-profit organizations to set up social enterprises. A common point is a desire to decrease dependency on donations and grants for

various reasons. For example, a non-profit organization whose social programme is 100 percent funded by grants and donations could set up a social enterprise that in turn could cover 40 percent of the costs, thereby reducing the need for grants and donations. This could be viewed as a successful social enterprise (Alter, 2008).

2.2.1.2 Mission-orientation and Social Enterprise Models

As has been stated earlier, the social mission is fundamental for social entrepreneurs but this is also the case for the social enterprises they set up. Non-profit organizations must decide the degree of the mission relationship that the social enterprise must have with the core social mission and also the motivations that they have for setting up enterprises.

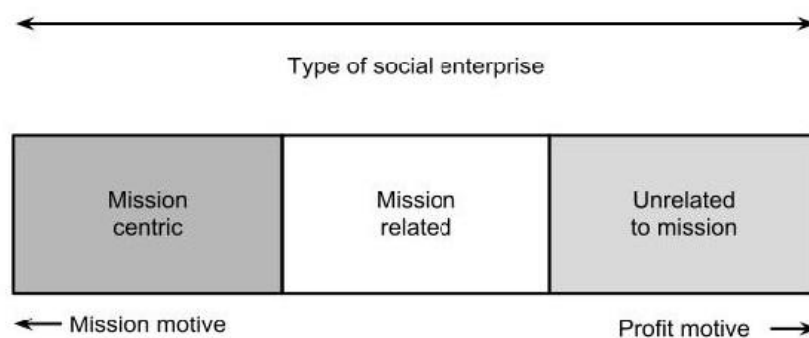


Figure 2.1 Social Enterprise Type by Mission Orientation

Source: Alter, 2008: 209.

The mission-centric social enterprise centers all of its business activity on the parent organization's social mission. This kind of social enterprise is set up with the explicit purpose of advancing the parent organization's social mission through self-financing (Alter, 2008). In the mission-related social enterprise, business activities are related to the social mission or social programs of the parent organization. They are synergetic with the parent organization, creating social value for social programs and generating income to fund socially-programed or operating costs. Commercialization of social programs is also a trait of the mission-related social enterprises (Alter, 2008).

When the social enterprise is unrelated to the mission it is not intended to advance the social mission of the parent organization. This type of social enterprise is set up purely to generate income for the organization's social programs and operating costs (Alter, 2008).

There are some guidelines on how social enterprises can be established based on their motivation and aim. For instance, if they focus on profit and "advancement of the social mission," then they should rely on a "mission centric or mission related approach". On the other hand, if their desire is just to make money, then their social enterprise will be one which is not linked to a social mission. To further illustrate the mission orientation of social enterprises, figure five shows how the enterprise activities are positioned in relation to the social programs.

2.2.2 Typology of Social Enterprise

Alter (2004) suggests that there are three main categories defined by the emphasis and priority given to its financial and social objectives: external, integrated, and embedded social enterprises (Alter, 2004).

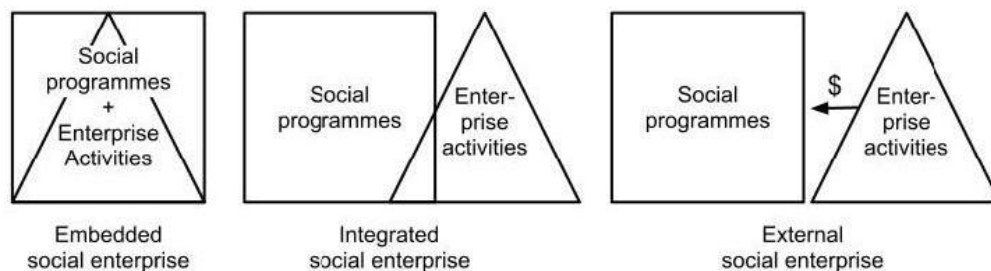


Figure 2.2 Social Enterprise Models

Source: Alter, 2004: 209.

2.2.2.1 External Social Enterprise

In external social enterprises, social value-creating programs are distinct from profit-oriented business activities. The business enterprise activities are "external" to the organization's social operations and programs. Businesses can partner with nonprofit organizations to create external enterprises that fund respective

social programs and/or operating costs. This stage represents an incremental adoption of social value-creation objectives. Examples of external social enterprises are partnership programs such as Product Red or licensing partnerships with the WWF. The activities in a business can be mutually beneficial, for example external programs can often receive help in the form of money as well as assistance that is not based on money. In such cases, for-profits, maximizing a single objective function support non-profits, maximizing a single objective function (mission related).

2.2.2.2 Integrated Social Enterprises

In integrated social enterprises, social programs overlap with business activities, but are not synonymous. Social and financial programs often share costs, assets, and program attributes. The social enterprise activities are thus “integrated” even as they are separate from the organization’s profit oriented operations. This type of social enterprise often leverages organizational assets such as expertise, content, relationships, brand, or infrastructure as the foundation for its business (Alter, 2006). The Aravind Eye Hospital in Madurai, India is an example of an integrated social enterprise. It serves cataract patients in a main hospital, where wealthy patients pay a market fee for their surgery. The profit surplus created by these fees is then used to pay for the surgery of poor patients in the free hospital (Rangan, 1993). The relationship between the business activities and the social programs is hence synergistic, adding financial and social value to one another. In the integrated approach there are still two separate arms of a venture that pursue different objectives and which are mutually supportive.

2.2.2.3 Embedded Social Enterprise

In the embedded social enterprise, business activities and social programs are identical. Social programs are self-financed through enterprise revenues. Thus, the relationship between business activities and social programs is comprehensive, financial and social benefits are achieved simultaneously. Prahalad (2005) stated that businesses that serve the base of the pyramid could be regarded as such embedded social enterprises, and the group of enterprises structured by the Grameen and the BRAC groups present other approaches. The Grameen Bank model of micro loans for example is based on the disbursement of model micro-loans to the poorest of the poor without collateral. As such profitability can serve a social goal of eliminating poverty.

In addition, the Department for Business Innovation and Skills (BIS) points out that more accurate definitions are preferable for many reasons, for example, identifying the size of the sector, representing bodies in the sector, qualifying which organizations should be supported, etc. Thus, the definition created by the BIS Small Business Survey (SBS) was adopted. This definition set the criteria which any organizations must meet in order to be a social enterprise, which are:

- 1) SEs must generate more than 25 per cent of their income from trading goods and services (earned income);
- 2) SEs must derive less than 75 per cent of its turnover from grants or donations;
- 3) SEs must have mainly social and environmental aims;
- 4) SEs must not pay above 50 percent of trading profits or surpluses to owners or shareholders;
- 5) SEs must principally reinvest its surpluses in the business or the community (Allinson et al., 2011).

2.2.3 The Characteristics of Social Enterprises

Since the social enterprise has been increasingly gaining traction as either a future economic engine or the ideal example of social responsibility, the debate on the boundary of the social enterprise sector and the nature of social entrepreneurship continues. For example, the UK government executed an asset-locks and a “not-for-profit” orientation. While for-profit enterprises are preoccupied with holding surpluses in their own enterprises, SEs distribute their surpluses to all stakeholders with the aim of creating sustainable social and economic democracy (Ridley-Duff, 2007).

Nevertheless, as Vanek (1977) argued through his study of the Yugoslav economy that asset-locks can discourage the inward investment necessary for long-term sustainability. This may cause the SEs managers and employees to change their wage policy in order to satisfy their contribution. Then, the absence of equity, which can be traded, can decrease the commitment of investors and employees in SEs unless other benefit-sharing measures are established.

The other key characteristics of social enterprise, which were introduced by Allen (2005: 57), are “ownership structures based on participation by stakeholder groups” and “profits are distributed . . . to stakeholders or used for the benefit of the community.” According to these characteristics SEs are constituted by people that have the intention to invest their money through social entrepreneurs and control the purposes of those organizations. These empower managers and employees to determine how profits should be distributed and reinvested (including to members as individuals). Some scholars have claimed that SEs may have the potential to integrate economic and social ways of thinking to yield more effective outcomes (Ridley-Duff, 2007).

In addition, the four characteristics of SEs which were introduced by Defourny (quoted in Allinson et al., 2011) from a study across 15 EU countries are:

- 1) A high degree of autonomy
- 2) Activities include paid work—even a minimal amount
- 3) An explicit aim to benefit the community
- 4) Decision-making power not based on capital ownership

Finally, SEs can be seen as a rational starting point of a new way of doing business. Their achievements may challenge the existing bureaucratic form of both big business and governments. However, SEs still have to face the great contest, which is to extend the common individual financial benefits way of thinking and the entrepreneurship vision, to the social benefits and interpersonal relationships within organizations (Ridley-Duff, 2007).

The European Commission states that social enterprises are positioned between the traditional private and public sectors and that those social enterprises devote their activities and surpluses to achieving social goals. The European Commission also lists the following characteristics of social enterprises (European Commission, Enterprise and Industry, 2012).

Economic and entrepreneurial nature of initiatives:

- 1) Continuous activity of producing goods and/or selling services
- 2) High degree of autonomy
- 3) Significant level of economic risk
- 4) Minimum amount of paid work

Social dimensions of the initiatives:

- 1) An initiative launched by a group of citizens
- 2) A decision-making power not based on capital ownership
- 3) A participatory nature, which involves the persons affected by the activities
- 4) Limited profit distribution
- 5) An explicit aim to benefit the community

2.2.4 Role of Social Enterprise

There are several main operational areas in which social enterprise have created change. These are the areas where social enterprise enters most (Bornstein, 2004 quoted in Nicholls, 2006b):

- 1) Poverty alleviation through empowerment, for example the microfinance movement;
- 2) Health care, ranging from small-scale support for the mentally ill “in the community” to larger-scale ventures tackling the HIV/AIDS pandemic;
- 3) Education and training, such as participation and the democratization of knowledge transfer;
- 4) Environmental preservation and sustainable development, such as “green” energy projects;
- 5) Community regeneration, such as housing associations;
- 6) Welfare projects, such as employment for the unemployment or homeless and drug and alcohol abuse projects;
- 7) Advocacy and campaigning, such as the fair trade and human rights promotion.

Therefore, it can be stated that a social enterprise is an organization that applies commercial strategies to maximize improvements in human and environmental well-being rather than maximizing profits for shareholders. Social enterprises can be structured as a for-profit or non-profit, and may take the form of a co-operative, mutual organization, a social business, or a charity organization.

Many commercial enterprises would consider themselves having social objectives, but commitment to these objectives is motivated by the perception that

such commitment will ultimately make the enterprise more financially valuable. Social enterprises differ in that, inversely, they do not aim to offer any benefit to their investors, except where they believe that doing so will ultimately further their capacity to realize their social and environmental goals.

2.2.5 The Concept of Social Enterprise Success

The notions of “success” and “failure” have been widely researched, most commonly in relation to business generally but also in relation to social enterprise. “Success” is not clearly or objectively defined in the literature, and is principally used in reference to a company’s ability to weather difficulties or expand. Also, the term has been applied to companies that have expanded financially or to companies that have been able to adjust to market conditions. In other cases, “success” means that the companies have introduced innovative products, have been able to sustain its operations for a long time and to pass on the business to another generation (“succession”). In the context of social enterprise, the terms “success” and “sustainability” are often used interchangeably to describe the business of staying in business; in other words, the long-term viability of a social enterprise and its continuing ability to meet its social purpose. “Failure” is a more straightforward concept. This is where business activities stop in an involuntary or unplanned way. Cressy (2006) describes how a business exits an industry when it ceases to trade in it, either on a voluntary basis (sale, merger, or planned closure) or through involuntarily cessation (i.e. bankruptcy). Business failure among social enterprises has been attributed to various difficulties related to size, a lack of resources, and finance and funding issues (Leslie, 2002). Other prominent issues reported include a lack of qualified staff, inadequate premises, and cash flow difficulties (Brown and Murphy, 2003). Others have highlighted lessons from the failure of an earlier wave of social enterprises that emerged during the 1970s and 80s. McArthur (1993) chronicles the failings of community businesses in Scotland, which with substantial government support appeared to be highly successful. Commenting on this period, Brown (2002) has suggested that one of the most common erroneous advice is to operate a “small-scale enterprise” because such enterprises are often not “viable” in the market and are likely to fail. As a consequence, the idea that “small is beautiful” is not always true and applicable.

In any organization certain factors will be critical to success. A “critical success factor” is something that drives a company forward, and makes the difference between success and failure. Rockart and Bullen (1981) describe five sources of critical success factors:

The industry - resulting from specific, shared characteristics of companies within a given industry;

Competitive strategy and industry position - resulting from the chosen strategy of the business and its positioning within the market;

Environmental factors - resulting from economic, regulatory, political, and demographic changes;

Temporal factors - resulting from short-term situations, often crises, which may be important but are usually short-lived; and

Managerial position - resulting from managerial actions that may be critical to success.

There is a growing body of literature about what makes social enterprises successful, although this is not usually based on strong empirical research. Most recent research in this area looks at the stories of five social enterprises in North England, and reveals the importance of the quality of relationships and networks, having the right people to rely on, and the need to build a strong profile and good reputation (Cox and Schmuecker, 2010). “Social entrepreneurs” are often referred to in the literature as important influences on success. These are people that recognize a social problem and use entrepreneurial principles to organize, create, and manage a venture that can bring about change (Johnston, 2000). Others suggest that the successful combination of entrepreneurial skills and social motivation is often difficult to find in a single individual (Dees and Anderson, 2003). In the same vein, Haugh (2006) argues that to be successful social enterprises have to rely on building teams with shared values and the right skills. The literature also points to the influence of external factors in determining the prospects of success for social enterprises. The importance of informal networks of support has been identified as important in this respect (Haugh, 2006). Likewise, the provision of appropriate and effective support services is generally thought to provide a positive influence, although its weaknesses are as frequently identified as the following (Social Enterprise Unit, 2007):

- 1) the need for access to high quality business support;
- 2) the fragmented, inconsistent nature of the infrastructure; and
- 3) the lack of responsiveness of mainstream support.

Survey research with social enterprises frequently suggests that access to finance and funding is a key outside influence on success. Recent research has, however, found no significant difference between social enterprises and mainstream businesses in this respect (Cabinet Office, 2007).

2.3 Selected International Experience of Social Entrepreneurship Operations

2.3.1 Social Entrepreneurship in the United Kingdom

In recent times social enterprises have been afforded a high profile by the government in the UK as a vehicle for enabling economic and social regeneration in communities. The social enterprise sector is currently valued at approximately 18 billion pounds, with such organizations accounting for 1.2 percent of all enterprises in the country (The Department of Trade and Industry (DTI), 2005). More importantly, social enterprises are invaluable in the daily lives of the communities they serve and support. Prior to publication of these data, the social enterprise sector (as a part of the “third sector”) had not been fully surveyed. Social enterprises are defined in the UK government report as follows: “Social enterprise – a strategy for success” as: “business (es) with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community” (The Department of Trade and Industry (DTI), 2002: 7). Social enterprises form part of the broader third sector or social economy, which includes non-profits and charities. There are a range of organization types that are classified as social enterprises, including:

- 1) worker cooperatives;
- 2) social firms;
- 3) charity trading-arms;
- 4) housing associations; and
- 5) credit unions (Spear, 2001; Westall, 2001; Pearce, 2003).

2.3.2 The Legal Structures for Social Enterprises in the UK

Social enterprises use a wide variety of legal forms, and the most common forms are the following.

2.3.2.1 Community interest company (CIC)

A community interest company (CIC) is a new type of company introduced by the United Kingdom government in 2005 under the Companies (Audit, Investigations and Community Enterprise) Act 2004, designed for social enterprises that want to use their profits and assets for the public good. The positive benefits of CICs include the fact that they can be easily started and enjoy “the flexibility and certainty of the company form.” However, some aspects of their operations are aimed at helping their community. It has a social objective that is “regulated,” ensuring that the organization cannot deviate from its social mission and that its assets are protected from being sold privately.

As for “community interest companies,” their principal goals are socially-inclined, and their profits are retained and invested in the company to help the business and the community in which it operates. What they do not focus on is profit or the maximization of profit for shareholders. CICs tackle a wide range of social and environmental issues and operate in all parts of the economy. By using business solutions to achieve public good, it is believed that social enterprises have a distinct and valuable role to play in helping create a strong, sustainable, and socially-inclusive economy.

CICs are diverse. They include community enterprises, social firms, mutual organizations such as co-operatives and large-scale organizations operating locally, regionally, nationally or internationally.

CICs must be limited companies of one form or another. A CIC cannot be a charity, an IPS, or an unincorporated organization.

2.3.2.2 Industrial and Provident Society (IPS)

An industrial and provident society (IPS) is a legal entity for a trading business or voluntary organization in the United Kingdom, the Republic of Ireland, and New Zealand. Recent UK legal developments include the Co-operatives and Community Benefit Societies Act 2003, which has introduced the concept of an asset lock, which a society registered as a community benefit society (but not one registered

as a co-operative) can introduce to prevent specified assets being used for unintended purposes. Cooperatives are formed primarily to help the society in which they operate. Another factor of cooperatives is that each member is involved and has a say in running the business. Another point is that IPSs can engage in any business that is legal, but one thing that they do not do is make investment in hopes of earning profit.

2.3.2.3 Companies Limited by Guarantee or Shares

This is the most common legal structure for standard businesses, and many social enterprises also are operated in this way due to the flexibility in terms of governance and obtaining investment. To ensure that a standard company is a true social enterprise it will need to ensure that it has a social mission written into its Memorandum and Articles of Association and is clear about reinvesting its profits.

A private company limited by guarantee is an alternative type of corporation used primarily for non-profit organizations that require legal personality. An interesting fact of a company that is limited by guarantee is that it normally does not have shareholders. Instead, the members of the company serve as guarantors who contribute a nominal amount in case of the company's demise. Also, many believe erroneously that this type of company is not able to distribute the profits it earns and its members do not receive these profits. However, a company limited by guarantee that distributes its profits to members would not be eligible for charitable status.

2.3.2.4 Group Structures with Charitable Status

This is a very common legal form for social enterprises. Today, we can find many charities are run more like businesses and no longer raise funds in traditional ways. This is because they have had to adapt in order to survive and sustain themselves. One reason for this new approach is the tax requirement that organizations must retain their surpluses. As a result, a charitable structure and status can bring about benefits in terms of tax breaks.

2.4 Social Enterprise in Thailand

2.4.1 Emergence of the Social Enterprise in Thailand

The concept of social enterprises is really new in Thailand (Berenzon, 2011). SEs could be found in a form of co-operatives, community fund, and community

businesses long ago. SEs appear in every region of Thailand, but each of them has its own goals for responding to the problems in their region's context and achieving economic, social and cultural goals (Nitayakasetwat, 2011).

Regional social enterprises are varied according to the culture and landscape of each region. SEs in northern Thailand focus on conserving local culture and assisting disadvantaged people and ethnic minority groups, especially hill tribe people, who mostly settled in the north. Another significant objective of northern SEs is creating jobs, such as supporting and transforming agricultural products and local handcrafts in order to replace the opium (drugs) crops that used to be the primary occupation of hill tribes. Most of the northern SEs' products are handcrafts, which are based on local skill and local cultures (Nitayakasetwat, 2011).

In the south of Thailand, SEs emphasize conserving natural resources and protecting the environment because natural resources, especially marine natural resources, which are the main sources of their income, have been rapidly destroyed by various causes (Nitayakasetwat, 2011).

Next, SEs in the northeast of the country concentrates on agricultural businesses, such as self-reliance agriculture and bio-technical agriculture, because of droughts and lack of agricultural knowledge in the area. Lastly, a variety of SEs, such as farmer co-operatives and women's businesses and community businesses can be found in the central region since this area is a location where both major agricultural and industrial businesses are located (Nitayakasetwat, 2011).

Nevertheless, the SE sector in Thailand is very still small compared to the business sector. It lacks social enterprise studies and is limited in necessary information at all levels. The SEs that can fully deliver social services are usually established by the royal family such as the "Mae Fah Luang Foundation under Royal Patronage" (Nitayakasetwat, 2011). However, the social enterprise sector was strengthened by the establishment of "The social enterprise Thailand" and the enactment of The Regulation of the Prime Minister's Office on Thai Social Enterprise Promotion A.D. 2011.

2.4.2 Characteristics of Social Enterprises in Thailand

The Regulation of the Prime Minister's Office on Thai Social Enterprise

Promotion A.D. 2011 defines “social enterprise” as a private sector phenomenon, including people, groups of people and communities, doing businesses with clear primary objectives to develop communities and the society or environment. Social enterprises can have revenue from producing and selling goods and services that have no purpose to maximize profit for shareholders or entrepreneurs or their organizations (Prime Minister Office, 2011: 3).

According to the Master Plan to Promote Social Enterprise (2010-2014), the social enterprises in Thailand can be categorized into six groups as follows.

2.4.2.1 Community-Based Social Enterprise

There are many organizations that can be seen as community-based social enterprises in Thailand, for example co-operatives, community businesses, community fund, and community banks. These SEs have dealt with social, health and environmental problems in their communities very well since they have been established, governed and operated by community members that understand those problems. Moreover, the community-based social enterprises have promoted employment and income in the communities. There are two main sources of finances for the community-based social enterprises, which are: 1) supporting funds from central and local government in order to implement policies such as the National Village and Urban Community Fund, One Tambon (sub-district) One Product (OTOP), and the “SML” program; and 2) funds that come from local savings (The Thai Social Enterprise Office (TSEO), 2010).

2.4.2.2 Non-Governmental Organizations

This group of SEs has been established to reduce the dependence on grants from NGOs. Establishing new businesses or business creating divisions is the strategy of NGOs to create their own revenues (TSEO, 2010).

2.4.2.3 Social Enterprises Created by Government or State Enterprises

This group of social enterprises is an important tool in the distribution of power to locals by distributing public services from state organs to SEs (TSEO, 2010).

2.4.2.4 Social Enterprises Created by New Entrepreneurs

The concept of the social enterprise has been of interest by Thai people, in particular young people. Most of these young entrepreneurs have faced

problems of accessing finances, either in establishing new businesses or expanding them (TSEO, 2010).

2.4.2.5 Social Enterprises Created by For-Profit Businesses

Most SEs in this group is an extension of CSR activities in order to sustain pro-social activities. These SEs are mostly seen in the limited company form (TSEO, 2010).

2.4.2.6 Other Social Enterprises

According to The Master Plan (2010 -2014), besides the 5 groups of SEs, there are some SEs that cannot be categorized, for instance, SEs created by temples and SEs in the form of alternative educational institutions (TSEO, 2010).

2.4.3 The Promotion/Support of Social Enterprises in Thailand

The Royal Thai Government has placed a great deal of effort into establishing a social entrepreneurship environment for Thailand. First, the Social Enterprises Master Plan (2010-2014) illustrates the vision, mission, and goals of promoting social enterprises as follows.

2.4.3.1 Vision

Social enterprises are established to support social enterprises as a model for sustainable economic development, constructing a more equal, just and wise society and initiating a broad social innovation network (TSEO, 2010).

2.4.3.2 Mission

Promoting acknowledgement and learning about social enterprises in Thailand, enhancing the social enterprise's form and efficiency, and enabling the financial accessibility of social enterprises (TSEO, 2010).

2.4.3.3 Master Plan Strategies

1) 2010: Establishing the Social Enterprise Thailand Office, creating a definition and particular form of Thai social enterprises, researching case studies of social enterprises and contexts, and promoting social enterprise networks, which comprise the public sector, the private sector and civil society (TSEO, 2010)

2) 2010-2012: Thai people well acknowledge social enterprises, their objectives and activities. There is a clear form of social enterprise mentioned in the law. Social enterprises have been well developed in terms of efficiency, and social

enterprises can access finances in order to establish or expand (TSEO, 2010).

3) 2010-2014: The number of social enterprises has increased in many areas and with a 20% annual growth rate(TSEO, 2010)

Secondly, the Regulation of the Prime Minister's Office on Thai Social Enterprise Promotion A.D. 2011 was legislated in May 2011. Besides giving a definition of social enterprise, this regulation has appointed the "Thai Social Enterprise Promotion Board," which has the following authority and duties.

1) Create policy, strategy, a Social Enterprise Master Plan which was proposed to the Cabinet to be approved and implemented, and monitor the implementation

2) Advise the Cabinet to legislate or revise laws and regulations to facilitate social enterprises

3) Promote efficiency, performance and appropriate forms of social enterprise

4) Promote financial and resource accessibility for the social enterprise

5) Legislate related regulations to promote social enterprises

6) Report overall operation obstacles and difficulties to the Cabinet annually (Prime Minister Office, 2011: 10)

In 2010, TSEO, a small strategic department was established under the Office of Prime Minister during the time of Prime Minister Abhisit Vejjajiva. TSEO was set up under the Thai Health Promotion Foundation Act regarding the Thailand Social Enterprise 2010. Its main responsibility is to create a supportive environment, both direct and indirect, for every social section being able to be part of creating the culture of social enterprise in Thailand effectively and sustainability. The government has issued a master plan for the Thailand Social Enterprise Master Plan (2010-2014) to support the TSEO. The government has also appointed experts as the board of the TSEO.

TSEO's major goal is to motivate, support, and cooperate in order to build social enterprises and develop those enterprises to be a social enterprise network all over the country. In addition, the TSEO will also respond to economic, social, cultural, and environmental problems. The TSEO will inspire and build the good

consciousness of people that aim to do the business to realize how their business can affect society and the environment so that everyone can take part in social responsibility and develop a better society.

The TSEO applies social innovation and the concept of design thinking as tools that lead to solutions for major problems in Thailand through cooperation at many levels, as the TSEO believe that sustainable systemic change requires an innovation mechanism that can pull all social sectors together effectively, neither from any particular person or segment nor using the old development method.

However, Nitayakasetwat (2011) has argued that the effectiveness of the Social Enterprise Promotion Board and the public recognition of social enterprise in Thailand are still low.

In order to understand the context of Thai social entrepreneurship, it is important to know how social entrepreneurship emerges and the role that the government takes in handling the phenomenon of social entrepreneurship in Thailand.

2.5 Thailand Social Enterprise Office (TSEO)

The Thailand Social Enterprise Office (TSEO) was established under The Prime Minister Office during the time of Prime Minister Abihist Vejjajiva in 2010. The TSEO was set up under the Thai Health Promotion Foundation and enactment of The Regulation of the Prime Minister's Office on Thai Social Enterprise Promotion A.D. 2011. The Royal Thai government has issued a master plan for Thailand Social Enterprise for the years 2010-2014 (TSEO, 2013).

According to The Regulation of the Prime Minister's Office on Thai Social Enterprise Promotion A.D. 2011, social enterprise was defined with the following characteristics:

- 1) The production, the management or product do not affect any long-term social and environmental context.
- 2) Apply the Sufficiency Economy Philosophy into practice
- 3) Ability to sustain itself through self-funding

4) The majority of profit from operations will be contribute to society in order to achieve the objective of tackling social problems or to develop the community, society and environment or give back to society.

5) Organizations can be in any form.

6) Have good governance

2.5.1 The Vision of the TSEO

Supporting social enterprise as a model for sustainable economic development and creating equality, fairness, and intellect for broadening socially-innovative connections (TSEO, 2012)

2.5.2 The Objective of the TSEO

The objective of TSEO is act as a hub in promoting a suitable atmosphere in order to motivate Thailand's social enterprise by creating free movement and strategic management. Also, by creating, developing, and expanding the cooperation's connection, which promotes the social enterprise by allowing all social allies to participate in social enterprise development. Moreover, by supporting the budgeting for the intermediary organization, as a tool to supports social enterprises in developing their skills, creating marketing channels, and fund raising (TSEO, 2012).

In 2010, TESO, in cooperation with the Organizing Committee of the Thailand Social Enterprise, consisted of eight organizations that specialized in social entrepreneurship and published the first book on social enterprise called "50 Best-Practice Thailand Social Enterprises." The Organizing Committee of the Thailand Social Enterprise consists of the following organizations:

- 1) Thai Social Enterprise Office
- 2) Thai Health Promotion Foundation
- 3) Change Fusion under Thai Rural Reconstruction Movement Foundation
- 4) British Council, Thailand
- 5) Corporate Social Responsibility Institute, The Stock Exchange of Thailand Group
- 6) Ashoka Thailand

- 7) Fringer Organization
- 8) Thai Financial Planners Association

The book aims at creating awareness among the public about social enterprise in Thailand and as a kick-off for the TSEO. These fifty best-practice social enterprises have been chosen from the database of 100,000 social enterprises determined by the Master Plan for Thailand Social Enterprise. In order for the project to have a “model” and “diversity” for social enterprise, the committee agreed to set a new definition of social enterprise to use as a framework and guideline in defining social enterprise in Thailand. Therefore, for this purpose, social enterprise is defined as “any kind of enterprise that core mission is to tackle community, social and or environmental problems (50 Best Practice Thailand Social Enterprises, 2010). The enterprise’s main income must be from trade and/or services which are related to its mission. For the criteria of selecting a best practice social enterprise, the committee focuses on these points

- 1) Social and environmental benefit
- 2) Impact (in terms of benefit)
- 3) Sustainability (enterprise)
- 4) Pioneer

The book also categorized the 50 best practice social enterprises into four categories:

- 1) Private
- 2) Non-government organization
- 3) Community-based
- 4) Triple-bottom line business

During the first phase, the TSEO followed the guideline and definition according to The Master Plan for Social Enterprise (2010-2014), where there were more than 100,000 enterprises in Thailand considered as social enterprises.

In 2012, TSEO conducted the first level of self-assessment by categorizing social enterprises according to the Master Plan for Social Enterprise (2010-2014) and TSEO’s criteria for assessment. As a result, this has left TSEO with approximately 200 entities that it classified as social enterprises, mostly in SE Catalog and 50 Social Enterprises Book (Khomkrit, 2013).

Later in 2012, TESO published the first Social Enterprise Catalog to build awareness of society and to promote social enterprise. TSEO stated that this catalog is a business plan for social enterprise in Thailand. The social enterprise list in the catalog consists of many forms of social enterprise from companies, government agencies, state enterprises, non-profit community-based organizations to new entrepreneurs. According to the SE catalog (SE Catalog, 2012: 1), the model for social enterprise is as follows:

$$\text{Social Problem} + \text{Business Planning} \times \text{Passion} = \text{Social Enterprise}$$

The output and outcome of social enterprise have been summarized in terms of products and services provided, social innovation, and the social impact of each case (SE Catalog, 2012: 1-303).

Our office have not yet set the characteristics regarding to Social Enterprise, rather we follow the guideline of the master plan which in some points is unexplainable of how to classifies the organization to be social enterprise, for example, applying the concept of sufficiency economic, this criteria is a bit difficult for reality implementation” (Khomkrit, 2013).

2.5.3 Social Enterprise—The Meaning from TSEO

A new definition of social enterprise under TSEO is that a “Social Enterprise is an enterprise that operate for profit and not rely on contribution, donation and grants with major goal to solve social and environmental problem. The social enterprise operation needs to develop social and environmental sustainability through trades and services mechanism. By applying new innovations with the hope for sustainable change to tackle and response to existing or new challenges in the society and environment” (TSEO, 2013)

2.5.4 Role of TSEO

Since the beginning of TSEO, the three-year budgeting worth 96 million baht

comes from Thailand Health Promotion Foundation for a 3-year operation, focusing on organizational public relations and creating SE awareness for others (The Guardian, 2012).

In March 2013, TSEO and partner organizations organized the event called “Our Hands for Better Thailand. TSEO’s first mission was to create awareness on the part of society. They are working on public relations matters. TSEO is a flat organization; there is director and officers. Presently, there are 6 officers. The positions in the organization are for example a policy advisory that is responsible for policy, finance, international collaboration, SE development, building SEs, and making it even stronger.

The TSEO funding plan has been divided into 3 different funds.

- 1) Start-up Funding (a small amount to contribute to others) for project planning
- 2) Seed Funding (a bigger amount to contribute to others) for particular projects that have possibility.
- 3) Venture Funding (a low interest loan). A sufficient amount to startup the business.

TESO has contacted the Kenan Institute Asia and the Rockefeller Foundation in order to request funding. These two institutions will be social investors and will support TESO’s work. Thus, TESO needs to adjust some criteria for SE selection in order to meet the SE definition, which is more concrete.

As well as working with the other funding institutes, TSEO also works with the stock exchange of Thailand, and TSEO is looking into tax incentives for investors and for social enterprises themselves. It is also working on common social impact measurement standards.

In addition, TSEO planned to spend at least 30 million baht on a pilot loan and equity funds scheme, which supporters keenly hope will help develop the capacity of the sector (The Guardian, 2012).

TESO is trying to promote SEs to be known to the group who has potential to establish SE. It is divided into 3 different groups.

- 1) University. Promoting SE courses in universities. At the moment, TESO is in cooperation with Srinakharinwirot University.

2) NGO/NPO. Creating the concept of doing business with NGOs in order to establish social enterprise.

3) Community Enterprise. For example, community financial organizations, business community, etc.

TESO has tried to build a connection between educational institutes and state departments. In addition, NGOs and elements of the private sector that are involved in SEs have also tried to find a channel for connecting with universities as well. Now, the Faculty of Social Administration, and the Faculty of Commerce and Accountancy, Thammasat University, are focusing on knowledge for those that are interested, while the Kenan Institute Asia is focusing on social financing.

TESO also plays a role of distributor. On one occasion, TSEO arranged a project entitled “Eat Organic Now” which was aimed at raising awareness among consumers to eat organic fruits and vegetables. Rambutans were chosen as the first pilot fruit in this project.

During the month of June, TSEO launched its project at Park at Siam in Siam Square on 15 June 2013, and at this event, organic rambutan farmer groups came to meet consumers and to sell other organic products. The TSEO staff and volunteers became sales persons for organic rambutan; selling three kilograms for 100 baht. Not only did they have a booth at participating locations to sell rambutans directly to consumers, but they also accepted telephone orders of 30 kilograms and more. The TSEO staff and volunteers also delivered rambutan to consumers’ homes. Since they were relatively new at this, one time, there was a mix up and the wrong amount was delivered to the wrong organization.

It is important for TSEO to understand its role to create a supportive environment both direct and indirect for every stakeholder in society to be able to be a part of creating a culture of social entrepreneurship in Thailand and to make social enterprises more effective and sustainable.

2.6 Rational and Related Theories

In this study, the related theories are as follows.

2.6.1 Social Capital

Theorists have identified three types of social capital: bonding, bridging and linking. The first type, “bonding” concerns the sharing of norms and values (Newton, 1997). Putnam (1993) and Coleman (1998) also described it as being “thick trust and dense networks” similar to what one would find among one’s families or with people we are close to.. Bridging relationships indicate weak trust and thin networks that cut across different groups (Granovetter, 1973; Massey, 1998; Portes, 1998; Woolcock and Narayan, 2000; Lin, 2005). Linking social capital reflects the relationship of a community or group with groups of higher social order (Woolcock, 2001; Aldridge, Halpern and Fitzpatrick, 2002). Social capital is broadly described by researchers as actual and potential assets embedded in relationships among individuals, communities, networks and societies (Burt, 1997; Nahapiet and Ghoshal, 1998). As per sociologists and organizational theorists, there are three interrelated aspects of social capital : “structural capital—the structure of the overall network of relations” (Burt, 1992); “relational capital—the kind and quality of an actor’s personal relations” (Granovetter, 1992); and “cognitive capital—the degree to which an individual shares a common code and systems of meaning within a community” (Nahapiet and Ghoshal, 1998). The third, or cognitive, dimension also refers to how normative and mimetic forces shape behavior, and its implications are therefore consistent with the study of Mair and Marti (2006), as stated in the previous discussion on how the first two dimensions contribute to the study of social entrepreneurship. In terms of “the structural dimension”, it involves the patterns of how the different actors are intertwined and who is reached (Burt, 1992). Various authors have emphasized the importance of networks for social entrepreneurship. Regarding structural capital, it involves how social entrepreneurs can obtain “information, resources and support.” The structural dimension of social capital is important because it will determined how the social entrepreneur will help address the types of problems citizens face and bring these issues to the public’s attention in the public sphere. Specifically, how will the program will built, expanded and sustained.

Another dimension is the relational dimension which involves how good the relationships are among stakeholders, including such qualities as “trust, respect and friendliness.” Research has pointed to the fact that if there is trust then those involved

will be more likely to work together which in turn will lead to even greater trust. (Fukuyama, 1997). Using an actual example, the Grameen Bank in Bangladesh can be examined. Its credit delivery system exemplifies that Fukuyama described.. Those who borrow money and have similar backgrounds are grouped together. As a group, they must be responsible for loans that are given to other people in their own group. This, in turn, builds solidarity and “participatory interaction.” The Bank’s example sheds light on how trust is built, nurtured and sustained and the importance of trust among group members as well as with the bank.

2.6.2 Accountability and Transparency

In a notion that social enterprise is hybrid organization, therefore, accountability is handled differently when compared to traditional nonprofit organizations. As Imperatori and Ruta (2006: 107) have indicated, one key difference is that social enterprises hire people and obtain finances from various sectors, including the not-for-profit as well as the for-profit market sectors. The latter operates using rules that are different from the former. In addition, the ways resources are allocated also differ given the fact that the people who work in each sector have “different knowledge and preferences.”

The internal stakeholders of social enterprises include the executive, board members, along with paid employees and people who volunteer. All these stakeholders play a role in making decisions when it comes to what they make and what services they provide. As for the external stakeholders, they include various people such as the government and civil servants, the public and those who donate funds. Each stakeholder, thus, has a different influence on how the social enterprise is run and operated.

As a consequence, a social enterprise is made up of many different stakeholders. The common binding factor, however, is that they all have a common vision and mission. Being accountable is of vital importance as all internal stakeholders must ensure that their work delivers positive social change, as is the purpose of the existence of the social enterprise.

The accountability information about generating economic values is important to the internal stakeholders in social enterprises. In order to maintain financial

sufficiency, internal stakeholders need information for financial management purposes.

Social enterprises obtain their legitimacy by carrying out social impacts and fulfilling the expectations of external stakeholders effectively. Therefore, external stakeholders, including clients, donors, and the public, need the accountability information about whether and how social enterprises generate positive social impacts to the society.

Social enterprises are held accountable through market mechanisms. In order to gain more income, social enterprises have had to resort to activities that are more business-oriented and through other channels which they may not be accustomed to. This strategy allows them to gain funds from various sources and to ensure they are financially stable.

2.7 Summary of Literature on Social Entrepreneurship

Dees (1998: 1-5) analyzed the meaning of social entrepreneurship. The study emphasized that social entrepreneurs play the role of change agents in the social sector, by:

- 1) Adopting a mission to create and sustain social value (not just private value)
- 2) Recognizing and relentlessly pursuing new opportunities to serve that mission
- 3) Engaging in a process of continuous innovation, adaptation, and learning
- 4) Acting boldly without being limited by resources currently in hand
- 5) Exhibiting heightened accountability to the constituencies served and for the outcomes created

Sagol Jariyavidyanont (2010: 45-68) presented the principles and basic concepts of social entrepreneurship that initiated the discussion on the concept's application for future Thai social development. Jariyavidyanont defined social entrepreneurship as a process consisting of: 1) acceptance of the idea that opportunity creates social values; 2) opportunity creates social rewards and creates new markets or

products; 3) resources mobilization; 4) life cycle of the social programs; and 5) achieve the organization's mission as planned.

According to Ekachai Nitayakasetwat (2011: 99-125), even though the Thai government has established the National Social Enterprise Committee, there is still very little exposure and recognition of social enterprises in the country partly due to the fact that this organization has not been very effective. What they must do is to raise awareness and introduce steps that will help to support the expansion of this type of enterprise in the Kingdom. Moreover, they should also be tasked with helping to motivate the for-profit sector to think more about social enterprise as a possible alternative business model.. Perhaps there could be further research and surveys to examine how social enterprises contribute to the Thai citizens' and the general community's well-being, especially in regards to economic progress. Nittayagasetwat also urges the Thai authorities to include social enterprises on the national agenda and to include this into the country's policy. Lastly, he is of the opinion that the creation of new social enterprises and their continued support should be financed by the government. They should also receive support for marketing and management, or general business skills.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Qualitative Research Method

Qualitative research helps researchers to delve into the intricacies of a given social phenomenon rather than simply scratching the surface of an issue, especially topics that are relatively unknown and for which few articles have been published. In order to gain in-depth information of social entrepreneurship in Thailand, the qualitative research method is best suited and applied. Qualitative methodology, to be effective in the analysis of social interaction, is paramount. Researchers have made every effort to socially interact with the subjects to explore the objectives, success of the current operation, lessons learned, and the future path forward. The reasons that the qualitative research method was selected are as follows.

First, through the utilization of this research tool, the insight of the overall operation of a social entrepreneurship is captured and analyzed, not limited to fragmented parts. The relationship of multiple variables can be studied simultaneously through inductive reasoning from secondary data in parallel with factual field data obtained through in-depth interviews and observations. The distinctive feature of qualitative research is its nature of in-depth data acquisition in order to understand the dynamism of the phenomena as well detected diverse variables. This study aims to explore the key concepts, characteristics and roles along with the strategies, control methodology and the management structure of social entrepreneurship, as well as the internal and external factors that affect the planned operation, so the qualitative research method is best suited for such an analysis. Qualitative research is best suited to be conducted in the context of real events of social enterprise, and in this way the researcher will be able to study the organization and its operation itself as well as its context. The qualitative research methodology will provide a more comprehensive understanding of the operation and control characteristics and the roles of social

entrepreneurship, in Thailand, because this method provides a holistic viewpoint and multi-dimensional analysis.

Secondly, organizations initiated with the social entrepreneurship concept can be very complex, ambiguous, and paradoxical. The study makes an effort to identify and conduct a qualitative analysis of such areas. It is important for researchers to be broad and open minded to identify and analyze as new ideas and changes as they occur with time and changing situations. Therefore, the researcher has to keep close contact with the subjects during the time of the study and the qualitative method is the method for this.

Thirdly, the unit of the study is organizations evolved through social entrepreneurship; however, human behavior, attributes and interactions are an integral part of the study. Values, recognitions and ideology are the soul of social entrepreneurship work. The qualitative research method helps to explore values and their meaning within social enterprise, and also helps to reflect how these social enterprises view themselves, their environment, as well as other organizations.

Fourthly, some issues under study include sensitive matters, such as the relationship between social enterprise and other organizations, which can involve negative feelings. The researcher needs to use qualitative techniques to build rapport and form a relationship and trust with the informants in order to be able to obtain true and accurate information and data. Thus, rapport techniques are very important to research findings. In addition, as researchers discuss and share their research objectives with their interviewees (research subjects), they are also enhancing the field and knowledge base that they are contributing to. As qualitative research involves discussions and observations with the interviewee, it allows for the development of a closer and more in-depth rapport with each person the researcher meets.

The research is written in a descriptive and inductive method using data and information from fieldwork in order to provide a complete analysis of social entrepreneurship in Thailand. The qualitative research method allows the researcher to have adequate information essential for abstract reasoning, synthesizing and evaluating. This method also helps to capture the richness and diversity of information on social entrepreneurship and its environment can create a revealing body of knowledge for future researchers.

3.1.1 Case Studies

Case study research involves the examination of a contemporary phenomenon in its natural setting (Yin, 1984: 23), and it is especially appropriate for research in new topic areas. According to Babbie (2001: 285-286), the main purpose of case study is to “seek in-depth analysis for a particular case that may yield explanatory insights.” As a result, the researcher may gain a factual understanding of why the instance happened as it did, and what might become a case study for new subject matter and research. Case study research is a very useful approach as it helps to simplify difficult and complex phenomena through the in-depth investigation of the issue being researched. Also, it helps to shed light on something that has already been researched by strengthening the research findings or adding new and pertinent details and discoveries.

3.1.1.1 Case Selection

Yin suggests that the type of case the researcher selects hinges on the type of information the researcher is searching for and the types of questions he/she poses. Moreover, she explains that the degree of control the researcher wishes to have over the case as well as the emphasis on previous or present phenomena are also issues that should be considered. (Yin, 1994: 39). This study involves multiple cases study. Multiple cases are ideal as they contribute to a framework that is ideal for the collection of data. (Remenyi et al., 1998). In addition, these studies serve as “source(s) of explanatory data” that help with the generalizations of the issues being investigated, including “the how and why of the network explored.” In brief, the addition and use of multiple case studies in qualitative research allows for the data to be better explored and presented in a macro manner (Huberman and Miles, 1994: 172). The five cases that are included in this research were purposively selected. As an inductive study, Billett (1996) indicates the value of a constructivist approach with case studies is in developing an understanding of learning practices in the organization.

The units of analysis in this paper are business organizations that have developed and managed social enterprises. Three of the five cases discussed in this study present a social enterprise at a more advanced stage of development (more than 4 years of operations), while in the other two cases they are only in an early phase (first year of operations).

The criteria for selection of cases are as follows:

1) The five cases selected here were based on their potential to be successful, as all of them have been awarded as a winner for various competitions and awards organized by the Thailand Social Enterprise Office (TSEO) and other recognized and well-established organization, such as The Global Social Venture Competition Organization (GSVC).

2) This research will only focus on the business form of social enterprise as it is a critical issue concerning how such enterprise that operates in a business context can be social. Therefore, this research will focus only on social enterprises that operate in trades and services. There are various types of organizations, from a limited company, to one that has been registered commercially to an illegal entity. As for the formation of these organizations, four were established as independent entities without a sponsoring or parent organization, and one was established as an independent entity with a parent organization.

3) These five cases had many features in common; each was established at approximately the same; each was based in big city (Chang Mai and Bangkok); each generated income through commercial activities to achieve its goals; and each organization is a small business consisting of fewer than 15 employees.

3.1.2 Research Techniques

3.1.2.1 Documentary Research

Documentation or archival analysis is rarely used as the sole technique in field research, but it is almost always used to supplement other techniques. It is also collected as a means of triangulation (Hatch, 1997). The documentary acts as a source of theoretical sensitivity. Strauss and Corbin (1990) explain that theoretical sensibility involves “having insight, the ability to give meaning to data, the capacity to understand, and capacity to separate the pertinent from that which is not.” In order to obtain an overview of the whole picture of social entrepreneurship in Thailand, a map or profile of social entrepreneurship will be developed. Information about social entrepreneurship in Thailand will be obtained with documentations from seminars, workshops, books, journals, leaflets, Internet archives, government publications, etc. Relevant documents and archival data about the organizations using cases study were

collected at the time of the interviews. The documents on social entrepreneurship will be reviewed extensively to gain a rich background of information that sensitizes the researcher to the phenomenon that is being studied.

3.1.2.2 In-depth Interviews

Case studies usually use a combination of data-gathering methods (Eisenhardt, 1989; Fossey et al., 2002) referred to as triangulation. “Triangulation made possible by multiple data collection methods provides stronger substantiation on constructs and hypotheses” (Eisenhardt, 1989: 538). In order to enhance the quality of data and have a more holistic view of the researched problem, the empirical material of the present research consists of semi-structured interviews (with key actors such as the manager of the social enterprise), observations and casual conversations and secondary sources such as archives (mainly documents submitted by the organizations for TSEO, interview articles in magazine, and books). This strategy helps the researcher to develop a more complex understanding of the phenomenon being studied, and at the same time increasing the validity and reliability of the findings.

For the purpose of this study, semi-structured, in-depth interviews were chosen as the primary data source. A qualitative research approach using interviews shows the efforts of the researcher to understand the object of the study from “the subject’s point of view, to unfold the meaning of their experience” (Kvale and Brinkman, 2009). Semi-structured interviews include the use of open-ended questions which permit the researcher to explore issues that were not previously planned. The researcher utilized this particular data collection method because it allows for a more in-depth investigation of the issue through the “probing” of the interviewee (Gillham, 2005). This technique can be used in exploratory research as well as theory testing. All interviews were done face-to-face, and were conducted in Thai. This allowed the researcher to reduce possible limitations determined by language barriers. All interviews were recorded and transcribed directly into English.

Secondary sources of information were used in order to reinforce the findings of the research. The documents submitted by the organization during TSEO and GDVC Social Enterprise Competition created valuable information regarding the organizing processes of the social enterprises chosen to be studied. Given that these documents are confidential and only for internal use, they will not be included in the

annexes. The researcher has only extracted relevant information to be presented in the analysis section.

3.1.2.3 Non-participant and Participatory Observations

The researcher selected the unobtrusive observation method to explore unspoken behaviors and activities. Observation is useful in the cross-examination of data achieved from interviews and were conducted in situations such as the following: 1) seminars, 2) workshops, 3) general or group meetings, and 4) at the site of the social enterprise.

3.1.3 Data Analysis

Data analysis takes place concurrently during the data collection, and continues after completion of the data collection. Working hypotheses are to be shaped, replaced, and refined during the course of the data collection. They help to guide the direction of field research. Considering that the amount of data gathered was not too large, the analysis was done manually. Each case was first analyzed separately, coding each interview according to themes identified as important in the venture-creation process. Afterwards, cross-case analysis was used to compare patterns across the five cases determining similarities or differences.

Huberman and Miles (1994: 428-430) suggested that the components of data analysis include the following elements.

3.1.3.1 Data Collection

Data collection involves obtaining data based on the above-mentioned methods: observations, interviews, and document reviews. However, raw data cannot be used instantly but require further processing. A good data-management system, both for data storage and as a retrieval system, is as important as data collection itself.

3.1.3.2 Data Reduction

Once the field data are collected in forms such as documents, field notes, and interview tapes, data sorting should be undertaken. This can be done by performing data summaries, coding, finding themes, clustering, and writing stories.

3.1.3.3 Data Display

Data display refers to the organization and combination of data which allow the researcher to make conclusions and take further steps in the analysis of the

collected data. Some of the examples of data display include: structured summaries, synopsis, network diagrams, and matrices. A data display will help to inform the researcher of emerging patterns and meanings.

3.1.3.4 Conclusion and Verification

The validity and soundness of research are important issues in qualitative research. Indeed validity, in terms of credibility and legitimacy, is often identified as the strength of qualitative research. Primary strategies for addressing soundness and validity were implemented in this research. The relevant documents and archival data about the organization were collected and analyzed to provide triangulation. Rich, thick descriptions were used to convey the findings of the research to improve the shared experiences.

Drawing conclusions also largely involves connecting the relationships of sub-conclusion to answer the research questions. The data are as important as the utilization of relevant background theories and knowledge. The ability to draw on theories to support conclusions will further enhance the conclusion of the research findings.

3.1.4 Limitations

The study initially has selected five case studies; however, the information collected and obtained from one of the cases was weak and limited in scope. The reason for this limitation was that the one of the businesses interviewed, Green Net SE, could not reveal many of its trade secret and information. Therefore, the researcher decided to drop one case and focus mainly and thoroughly on the other four cases.

CHAPTER 4

DESCRIPTION OF FIVE SELECTED CASES OF SOCIAL ENTERPRISES IN THAILAND

Five cases on social enterprise—Aka Ama Coffee, GreenNet SE, Freehap, Farmsook Ice-cream, and BE Magazine—are described in this chapter to display their settings, contexts, and environment.

Table 4.1 Five Cases on Social Enterprise

Case	Location	Legal Form	Purpose
Aka Ama Coffee	Changmai	Sole Proprietorship	Promote well-being of agricultural community of Akha Hill Tribe
GreenNet SE	Bangkok	Company Limited	Promote sustainable environment and well-being of agricultural community in the rural area of Chang Rai
Freehap	Bangkok	Company Limited	Create a better society through web application
Farmsook Ice-Cream	Bangkok	Informal group	Support children that are victims of domestic, structural and gender-based violence to incorporate into society after release
BE Magazine	Bangkok	Company Limited	Create jobs for urban poor and unemployed people

The information presented in this chapter contains data collected from various methods and sources. The description of data is based on the field research undertaken between November 2012 to February 2014. Comparison and contrast analysis of the five cases, including data interpretations and other analyses, will be presented in the following chapter.

Table 4.2 Descriptive Data of the Cases and the Interviews

Social Enterprise	Found	Sector	Year of Establishment	Founders	Education	Total Number of Employees	Status of Employees	Interviews
Akha Ama Coffee	March 2007	Agricultural	6	Male (27)	University degree	8	7 full time 1 trainee	Founder
GreenNet SE	Oct 2012	Agricultural	< 1	foundation	-	15	15 full-time Employees	CEO / 2 Staffs
Freehap	May 2009	Service Industry	4	Male 2 (24,25)	University degree	10	10 full-time employees	Founder / Co Founder and staffs
Farmsook Ice-cream	June 2012	food Industry	1	Male 2: Female 2 (33 -39)	University degree	7	1 full-time employee 3volunteers 3 part-time disadvantaged children	Founder and Co-Founders /children /Staff at reception home
Be Magazine	Apr 2008	Service Industry	5	Male (26)	University degree	5	5 full-time employees 100 network Disadvantaged people	Founder

4.1 Aka Ama Coffee

4.1.1 Social Enterprise and Organizational Context

4.1.1.1 Background

The only reason why I am doing this is because of my community - we are facing some financial difficulties at home. If you asked me if we can sell our goods, the answer would be “yes,” but the prices we would get would be very low. We have problems with marketing and distribution, and plus nobody is helping us. So, I think I should do something about this to help my community improve our household income. If they earn more money, their quality of life will get better, and then the children can go school and university which will improve their quality of life. The villagers up on the hills want their children to go to school, but they are poor and that would be impossible to do (Cheupa in Lifestyle, 2013).

The above situation triggered Chuepa to think about establishing a business that could help his village that mostly grow coffee for a living. Mr. Ayu Lee Chuepa, the founder of Akha Ama, is a twenty-seven year old coffee distributor and owner of a coffee café. He was born in an Akha hill tribe which is located in a very small remote village called Ban Maejantai, Ampor Maesalour, Chang Rai province in the north of Thailand. Ban Maejantai consists of 32 families which are mostly related to each other: brothers, sisters, in-laws and relatives. The primary language spoken in Ban Maejantai is the Akha language. The Akha people in Ban Maejantai speak very little Thai and very few of them that can speak or write Thai fluently. As with other Akha people, Lee’s family did not have a state identity card. They were stateless, and Akha people were not considered as Thai citizens then. Nevertheless, a year after Lee was born, the Thai government granted nationality to the Akha people. The village is in a very remote location, contributing to the minimal technological development taking place in the village. Due to the remote location and limited access to technology, most of the agricultural knowledge in the community has been passed

down from generation to by word of mouth or obtained from neighboring villages. The Akha people are known for their skill and knowledge of subsistence farming, and similar to other Akha families in other villages, Ban Maejantai, traditional occupations are in agriculture, they do rice framing, plant vegetables and beans and grow opium. In the past few decades, the Thai Royal Projects and the Thailand Highland Development Project introduced the Akha people in Ban Maejantai to coffee, peaches, strawberry, cabbages and other crops. The projects were intended to help phase out the production of opium in the region. In Ban Maejantai, farming currently serves as the primary source of income.

The intention of the royal project is good and brings lights to us, they teach us how to grow these crops in order for us to make a better living but we did not know where or how to sell our products (Cheupa, interviewed on 11 April 2013).

In Ban Maejantai, many villagers decided to grow Arabica coffee more than other crops due to the ideal climate conditions of the community. As coffee is a cash crop, it has the potential to help the villagers earn an income. However, Charuwan explained that this coffee is only of high quality when grown in the correct manner,

Akha people in Ban Maejantai do farming for a living, as they are known for growing crops such as vegetables, fruits and coffee, and have been self-sustaining until recent years, where the flow of modernization and capitalism has set them against modern agricultural farming, forcing them to produce cash crops for survival. The introduction of chemical fertilizers, although increasing the speed and amount of crops harvested, makes the soil vulnerable to being unusable in a short period of time, therefore shortening the production capabilities of the Akha community in Ban Maejantai.

Lee's father and mother are farmers that grow coffee; their coffee plantation is 20 rai. Lee's father is also a volunteer village healthcare worker that has been trained by the professional healthcare personal of the Ministry of Public Health. He has been elected by the village to participate in healthcare training courses by the

ministry to take care of minor health problems and to monitor people's health in the village.

Lee is the older son of the family, with one younger brother and two younger sisters. Like other kids in the village, Lee has to help out his families on the farm, and also went to a primary school, called Maenamkhun School. This school is the closest to Ban Maejantai. He walked altogether 8 kilometers to school and back home. At this school he learned how to write and speak Thai. Around his village, there was no secondary or high school, but despite that, he wants very much to continue his studies through secondary school and high school.

My family always encouraged me to continue my education because they knew that education is a fundamental foundation for any kind of development and education will help us in improving our household economy (Cheupa, interviewed on 11 April 2013).

4.1.1.2 The Turning Point in Life and Upbringing.

Lee has received an education scholarship for all of his studies until university level. During one summer's school break, Lee met a monk that came for mediation near his village and gave him some thought that changed his life. The monk recommended Lee to attend a temple school in Lumpoon province where he could follow his dreams and further his studies until high school. He decided to take the challenge and left his home village and family to pursue his dream. During his time in Lumpoon, he stayed for free in a temple, as a "temple boy" or "dek-wat who helped around the temple in exchange for free food and accommodation"

During his secondary and high school tenure in Lumpoon, Lumpoon being a cosmopolitan town, Lee encountered different sets of issues—cultural, economic, and social. Some of the issues were his dialect, behavioral and respectfulness to others, and preference for food products.

Just before graduating from high school, he was granted a partial scholarship covering his university fees from an Inter Mountain People and Culture in Thailand Foundation. He also applied for a student loan from the government. He studied at Changrai Rajabhat University majoring in English studies. He was the first

person from the village that had graduated from university where he received a second class honor degree. He said:

To be honest, I had never liked English before, but I knew that one day I would have to use English in my future jobs and I always wanted to work in an international environment to support local people in Thailand (SACC, 2013: 41).

However, the situation that he faced during his studies did not make him feel depressed or intimidated; on the contrary, it motivated him to move forward self-aggressively and efficiently to achieve its objective.

All of that could not stop me, I had changed those unhappy things to be the positive push for myself and hope that one day I would go back home to the village and support my family and others because I am the one who get the opportunity, I am the hope of the village” (Cheupa, interviewed on 11 April 2013).

4.1.1.3 Working Life

Lee’s first job was at Child’s Dream Foundation, an organization based in Chang Mai, run by former Swiss bankers that focus on education for underprivileged children and work with communities to improve healthcare and education for children and provide socioeconomic opportunities for families. Child’s Dream Foundation has been approved as a charitable foundation by the Royal Thai Government on 3 November 2005. The Foundation is also registered in Switzerland, and Child’s Dream Association has been incorporated as a charitable society under Swiss law (ZGB, article 60ff) since October 2003. In March 2008 Child’s Dream Foundation Limited was incorporated as a Hong Kong-registered charity and is tax exempt according to the Inland Revenue Department. This entity was established for fundraising purposes only. Funds are exclusively used to support the work of Child’s Dream in the Mekong Sub-Region (Child’s Dream Foundation, 2013).

At Child's Dream Foundation, he worked as a project coordinator for three and half years. He worked on projects taking care of children in five countries: Laos, Cambodia, Vietnam, Burma and Thailand. One of the projects that he was proud of was a project on building a dormitory for students of his old school "Maenamkhun School." This is due to the fact that during the rainy season it was very difficult for students, especially the little ones, to walk in the rain to school and to go back home. This project was funded by the Swiss Embassy. At Child's Dream Foundation, Lee learned many things about community development through work programmes under Child's Dream projects that included education, literacy, and sanitation. He always showed an interest in these projects as he frequently mentioned that he had received a chance and he wanted to pay his village back. He decided to leave Child's Dream Foundation and go back to Ban Maejantai to get started on his project.

During his third year, he started to think about how to improve the standard of living in his village. He thought of coffee, as it is a stable commodity and his village already grows it. He talked about his coffee project and asked for feedback and opinion from us. His working experience at Child's Dream was a starting point for him to pursue his dreams (Charuwan, interviewed on 9 March 2013).

4.1.1.4 The Emergence of Akha Ama

Lee began exploring, analyzing, and studying various processing methods from around the region and around the world on the whole process of coffee making—from growing to brewing. By learning and practicing, Lee started with a computer search for information as there was plenty of information available through the Internet and YouTube. Along with searching for information, Lee started talking to coffee drinkers, coffee roasters, coffee growers, coffee producers, expats that lived in Chang Mai and foreigners on how they perceived coffee. Also, assistance was given to him through a network from Child's Dream Foundation, and Lee has been introduced to coffee farmers, local coffee roasters, and baristas where he learned how to make coffee. It took Lee more than two years to learn about coffee and what other

coffee farmers have done to strengthen their production capability and sustainability. Lee mentioned that the problem for his village was that coffee cherries from his village have been sold at very low prices since he was little. He thought that there must be a way to help his family and others. He learned that there was what they call the market price of coffee cherries, parchment coffee, and roasted coffee. He surprisingly found that there was a great difference in the price between what his village was offered by middlemen and other places. Also, the price between coffee cherries, parchment coffee, and roasted coffee was also incomparable. He learned that the quality of coffee was the indicator for pricing the coffee. Moreover, as more coffee is processed, its price also increases. Another point was that the money was going to the middlemen, from local middlemen to national middlemen. From research, Lee realized that the villager's disadvantage was a lack of information and education compared to the middlemen and other profit seekers in the coffee industry. The villagers knew only how to grow coffee trees and harvest coffee cherries but did not have skill in processing coffee cherries to create value added to their agricultural product. The villagers also know nothing at all about management or marketing. The problem, however, was that they had no processing abilities and lacked capital for investing in machines. Traditionally, as farmers, the villages grow and harvest coffee cherries. Whoever comes up to the village to buy the product, the villagers tend to sell their coffee cherries at whatever price is offered. They were forced by the nature of the agricultural product that after harvesting, coffee cherries will over ferment if kept too long and then they become rotten. Another point was that villagers also had no concern for market demand information, and they were not aware of it. This was due to lack of knowledge, and therefore the villager's coffee cherry quality was hardly well suited to the market demand. The villagers do coffee farming in the traditional way.

Therefore, Lee came to know that by selling coffee cherries individually, each villager would get nothing; they had no bargaining power.

The middle man or the merchant who came to our village gave us very unjust price, they always offer at a very low price, we were forced to choose between get some money or get nothing at all, if we

do not sell them, our coffee cherries would be rotten. We are uneducated and we do not know what to do (Cheupa, interviewed on 11 April 2013).

Furthermore, Lee learned about farmer groups from his previous work at Child's Dream and the Internet—that this would help them gain more power and could be an advantage to the village. Lee thought that instead of selling coffee cherries individually to middlemen, the group could sell coffee cherries collectively to increase their bargaining power. Also, knowledge sharing among the group would be an asset to improve the coffee quality. As the quality of coffee increases the price would also rise.

Therefore, the solution to his problem was to educate the coffee farmers to produce high-quality coffee cherries that met the market demand and to establish a coffee production house where the villagers could carry out the whole process of making coffee—from harvesting to roasting—by using modern technology and machines for processing; the village could stock coffee beans longer and also yield higher quality control for coffee processing with standard procedures on an economy of scale. Therefore, if they were able to do the complete production circle from harvesting coffee cherries and processing coffee cherries to parchment coffee and further to roast and produce excellent-quality roasted coffee beans, then completing the circle by selling the product under their own brand would be possible.

Lee and his mother started talking to their relatives about the issues selling coffee collectively to middlemen, processing coffee cherries to dry parchment and even the marketing of coffee by the Akha people themselves as a group. Lee shared information with his relatives about the benefit of becoming a coffee-grower group and also knowledge and information on issues such as organic farming, high-quality coffee production, and coffee demand and the coffee market.

With Lee's mother's support, in 2007, Lee created the Akha Ama coffee growers group with the participation of only four or five of his immediate family members. Lee's mother is the main person that talked her relatives into forming a group, along with the father, who also helped out. With his parents help in talking their relatives into the coffee growers group, later, more family members

joined the group that were relatives on both side of the father and mother of Lee. At the beginning of Akha Ama, there were 14 of 32 families of Ban Maejantai that joined the group to begin “Akha Ama Coffee” and cultivated beans under the Akha Ama brand. The group was very informal; there was no written agreement. They agreed by word-of-mouth. Lee proposed the idea that each family produce his or her own coffee by following group standards and regulations. For example, the coffee cherries to be picked had to be red only without being green or rotten. Coffee cherries were normally picked by villagers all at once because it was easy and less labor intensive, but as the group agreed, the picking had to be selective, which required manual labor to pick only the ripe cherries. Then that members would bring their cherries to the Lee house to weigh and store them there, waiting to be sold together in big lots to middlemen. The market price used to come from Doi Chang Coffee, as Doi Change Coffee was the biggest coffee wholesaler and buyer in Chang Rai and Chang Mai. The price varied from 8 – 12 baht, depending on the year. Therefore, instead of selling the coffee cherries to middlemen individually at a low price, as collective group, the group could bargain for a better price. However, the group could sell coffee cherries very close to market price and sometimes at the market price.

The coffee group has a good outcome for the coffee farmers in Ban Maejantai, as middlemen pay more for better-quality red, ripe coffee cherries.

Market price for coffee cherries at that time was approximately 10 baht per kilograms, parchment coffee was approximately 15 baht per kilograms, process coffee (green bean) was approximately at 100 baht per kilograms and roasted coffee was at 200 – 400 baht per kilograms while coffee cherries from Banmajantai sold for less than 7 baht a kilogram when sold individually (Cheupa, interviewed on 11 April 2013).

From 2008 to 2009, Lee broadened his idea of the group and the other villagers to improve their cultivation by changing the way they grew coffee to an organically sustainable, multi-cropping system for their coffee, reducing the use of chemical fertilizers, herbicides or pesticides. The coffee plants, which grow up to

about the height of a human, have to grow in between larger fruit trees and a wide variety of vegetables. This system is beneficial to the soil ecology, produces humus, stabilizes hillsides against erosion and retains moisture during the dry season. Due to constant crop rotation, pests are less liable to negatively affect the plants. Lee mentioned that it was actually very close to the system that the Akha people have used throughout their whole history; to work in cooperation with nature instead of against it but a few years ago, it was replaced by mono-cropping and industrial agriculture.

Almost ten months before expanding Akha Ama from the collective farmers group to coffee production and a coffee shop, after consulting and persuading his mother about the idea of building a small coffee plantation at home in Ban Maejantai, he opened up a café in Changmai to be a distribution unit for Ban Maejantai's coffee. Lee pointed out to his mother that this would complete the coffee circle for Ban Maejantai—by picking only good quality coffee cherries and adding knowledge and skills to the processing coffee beans, Ban Maejantai could produce good-quality coffee which would increase the value added and the selling price would also be higher along with a longer shelf life for dry coffee beans, despite the fact that the villagers would have to work harder and spend more time in processing it. The benefit would then return to the local villagers themselves and they could sell their coffee beans at higher prices, as there was a great difference in price between cherries and dry-sorted green beans. They were incomparable. Even though his mother agreed and was willing to help, Lee was not sure that other villagers would understand, agree, listen and follow his path or not, as that required changes to the way Ban Maejantai did things, changes that were not always welcomed. It was difficult at the beginning as Lee and his mother understood the villagers' reluctance. In Lee's way, the villagers had to change the way they grew coffee trees with lots of chemicals to a method that used fewer chemicals. Villagers had to place more emphasis on quality control in picking the cherries, which is very time consuming. Even though they earned more money, they were more tired. The villagers also had to process the coffee cherries, which is a complex system and requires discipline.

They have always lived their lives with practice, not theory. I was gone for ten years, so why should they believe me? Perhaps it seemed very strange to see someone who knows nothing about the coffee business and with my background coming out to build a business for the community. I was so scared too that the business would fail, but I must do this to fulfill and complete the business circle of our coffee product and to make other villagers see the benefit they would receive from adding value to their coffee (Cheupa, interviewed on 11 April 2013).

The reason in setting up the processing plant and coffee shop was because Lee wanted to increase the bargaining power for the coffee farmers and to remove the middlemen, who took advantage of the farmers, as well as educating the coffee farmers to produce high-quality coffee for the market, in a model that was sustainable both environmentally, reducing the usage of chemical fertilizers and changing to organic farming, and economically, at the villagers received higher pay for what they had done.

4.1.2 Social Enterprise and the Operations

4.1.2.1 Objective

The objective of Akha Ama was to help the Akha people raise their income and quality of life by selling good-quality coffee and incorporating the fair trade principle into its business. The name Akha Ama comes from the word “Akha,” which is a hill tribe and “Ama,” which means mother in the Akha language. The logo of Akha Ama is a portrait of Lee’s mother, who supported and encouraged him to develop a coffee marketing enterprise as his business venture. Akha Ama uses the slogan “socially empowered enterprise.”

4.1.2.2 The Initiative Funding and Support

The capital funding from Lee’s saving was not much with his own seed fund at 100,000 baht, and therefore he searched for loans and grants. With a background from working with NGOs, he knew that there were grants available for a person that wanted to do something to improve the well-being of the community like

him. Consequently, Lee turned to ask the Child's Dream Association to find a grant to support his business. During the same period, Child's Dream Foundation opened a new program called the "Social Entrepreneurship Grant."

As Ms. Charuwan, a Senior Field Coordinator of Basic Education at Child's Dream Foundation, mentioned, the Social Entrepreneurship Grant Program (SEG) is an initiative that was started in 2010 to create opportunities for educated individuals to give and contribute back to their community by starting programs that promote community development and bring about positive social benefits to their community (Charuwan, interviewed on 9 March 2013). Additionally, Child's Dream Foundation has a program that provides social entrepreneurship grants to graduated university students that want to start their own social enterprises, which have a requirement to be self-sustaining in two years. The grant is up to 300,000 baht per grantee per grant (Child's Dream Foundation, 2013).

As he turned to Child's Dream for assistance and support, Lee's proposal was accepted as the first project under the Child's Dream SEG program. He got a 50,000 baht grant to obtain the equipment that the village needed to start processing their coffee beans and 250,000 baht for the equipment and operational costs for the Akha Ama coffee shop. With the help of the friends and contacts he made at Child's Dream, he managed to gather enough resources and funding from various people from friends of founders of Child's Dream Foundation, in terms of donations in cash and some of old equipment such as coffee machines, coffee grinders, a refrigerator, tables, to kick start his venture and for him to obtain practice. In addition to the grant, Child's Dream also supported training by paying for Lee's classes and workshops in coffee making, coffee roasting in Bangkok, and Chang Mai (Charuwan, interviewed on 9 March 2013).

As other support, Lee's parents gave him an accumulation of coffee cherries for a total of 1,500 kilograms from their coffee plants as raw material endowment for him to use in product testing and sampling and for sale at the beginning of the Akha Ama operation. According to the Office of Agriculture and Cooperative Economic, the average coffee production for mix farming in the north of Thailand is between 143 – 180 kilograms per rai, and therefore under the 20 rai farming of his parents' farm, Lee is receiving partial support of coffee beans from his

parents (Office of Agriculture and Cooperative Economic, 2013).

In doing business, cash flow is very important to operate the business. To increase more flexibility in cash flows, Lee had asked for a loan from the commercial banks and attached with a business proposal to ensure that he would have enough funds to operate the coffee shop and office. In the business proposal, it was stated that Akha Ama is a social enterprise, but the banks seemed not to understand or care about it. He was turned down by the SME Bank and commercial banks because he could not guarantee repayment. The bank did not give him a loan due to the fact that he had no credit. Therefore, under the very limited budget, Lee operated everything on a very small scale and did it by himself.

4.1.2.3 Type of Organization and Organizational Structure

There are two parts of Akha Ama. Regarding the first part, it is a coffee growers group. This is an unofficial group as there was no written agreement upon group formation; there was a handshake agreement between families and relatives to work together as a group. Lee acts as a manager of the group, taking care of financial matters and management, while Lee's mother is the head of the processing plant. The group set up an operational plan and used it as a guideline for group activities. The group meets informally at least once a month and with more frequency in the harvesting season. The group makes decisions on important matters such as pricing.

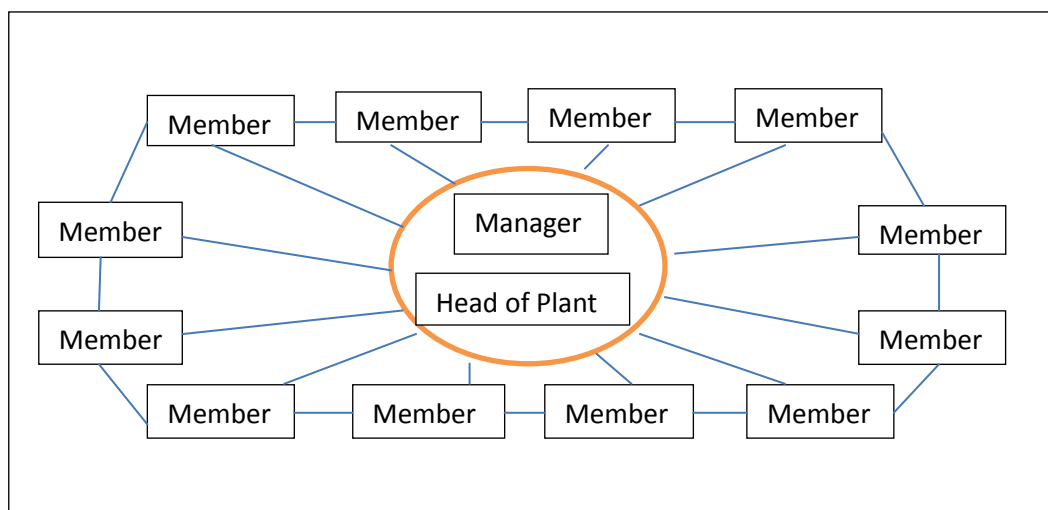


Figure 4.1 Group Structure

Then regarding the second part, Akha Ama has been created as a business enterprise in order to market the group coffee production. The business enterprise is registered under sole proprietorship for the restaurant operation from the City of Chang Mai. Akha Ama Cafe was established on the 29th March, 2010.

Akha Ama obtained from the city of Chang Mai a food service establishment permit to open a coffee shop. This permit ensures that Akah Ama meets the regulations regarding food sanitation, storage, protection and preparation.

For Akah Ama to open a coffee shop, Lee first obtained a business license. The business license gave Lee permission to legally operate his Akha Ama coffee shop within a specific jurisdiction. For tax purposes, Akha Ama coffee shop pays tax at a gross receipt rate. For this part of the operation under Akha Ama, there is no membership and shareholders, as it is a sole proprietorship. Lee is the owner and has full authority in operating the business. The management is similar to other restaurant businesses Lee mentioned that all staff members working at Akha Ama are like one big family. There is no boss or subordinate; they work as a team. At Akha Ama, instead of having a supervisor or manager that focuses on facilitation, all employees as the operational team focus on achieving objectives together. This allows true collaboration in the workplace as they feel that they are part of the total organization rather than members of an individual division that they are assigned to. Akha Ama has no working level: they are working at the same level only on different tasks, which can promote involvement through a decentralized decision-making process. Although Akha Ama applies the term-based organizational model to its operational, still Lee has designated a Branch Manager to control and make final decisions.

There are eight staff members, including Lee, at the two locations. Among these eight staff members, three of them are from Ban Maejantai; they are the son and daughter of the coffee growers. There are two baristas, one for each branch. Two people are responsible for coffee production. Two persons are responsible for logistics, the warehouse and stock, customer relations and the day-to-day operation in the café. One person is a trainee.

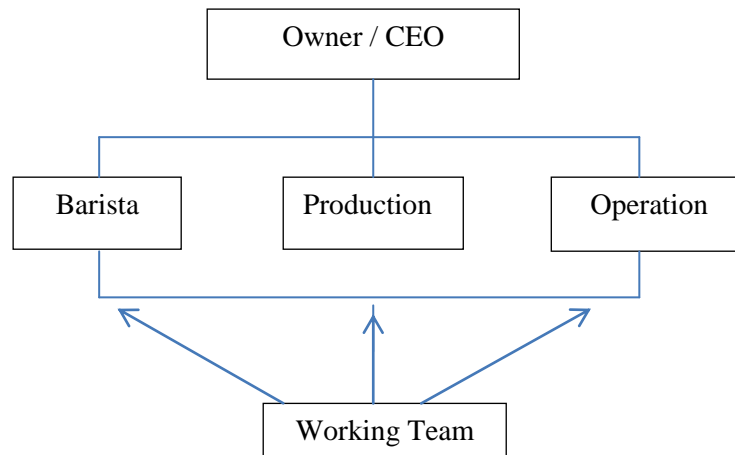


Figure 4.2 Organizational Structure

4.1.2.4 The Café Operation

Among other things, finding the location became difficult for him. It was impossible for Akha Ama to rent a good location in Chang Mai because it would cost around 30,000 – 40,000 baht a month or more for a prime location. Therefore, Lee searched for a cheap rental space from newspapers and friends. He found Mata Apartment on Hassadhisawee Road, in Chang Mai. It was hidden on a very deprived and isolated area. The rent cost was less than 10,000 baht a month. Even though the location was not good and it would be difficult for customers to find Akha Ama Café, Lee decided to choose this building because it was the only place that he could bear the rent and this area was a university student lodging and had some NGO expats. These people were his target customers. The cafe started out in a single small space in an easy style decoration with a newly-bought espresso machine and grinder, a few cups and saucers, a few chairs and tables, and a counter.

The first nine months of opening the Akha Ama Café was the most difficult part. Lee was the only one working full-time at the café, Lee worked from early morning until late at night, seven days a week from buying the materials, cleaning the shop, brewing coffee, selling coffee, delivery of coffee beans to the supermarket and other coffee shops to packing roasted coffee beans in his bedroom. His brothers and sister came and helped out from time to time as they were still attending school. During the first month at the café, there were very few customers, and some days there was no customer at all. The average sales would be three cups a

day. Other than being a barista, Lee is also a sale person. He has paid a visit to more than 100 sites which include super markets, grocery stores and coffee shops in Chang Mai to give out coffee samples. At the beginning, very few people would like to accept or test the sample of Akha Ama coffee, and the reason why most of them turned down the product was because the brand was unknown.

During that time, by approaching 10 people and if 1 person would agree to listen to me explain what Akha Ama is and what is our coffee, I would consider that is my lucky day (Cheupa, interviewed on 9 March 2013).

The first campaign for Akha Ama was a “free coffee” campaign, and during the first nine months, he give out coffee for free during happy hour, one cup for one person at a time. After this campaign stopped, during the first few days one person come back, after that then ten came, and then twenty and more customers returned to the café. During the first nine months the Akha Ama income was mainly from the selling of dry beans for other coffee shops in Chang Mai. During the ninth months of operation, the sales in the café increased to an average of 40 cups a day and continued to increase in number.

During its first year of operation, Lee focused on processing coffee cherries from his family and relatives’ farm alone. The reason for that was because he wanted the villagers to see and understand and trust that he could do it. Akha Ama Coffee has made a positive difference in the lives of the Akha people.

However, within six months of the second year of operation, Akha Ama was making enough to cover its expenses, so Lee has high hopes. As they could sell more coffee, the villagers would be able to add more equipment. The sale of coffee at the café increased to an average of 2,400 cups and 200 kilograms coffee packages a month in 2011.

In 2012, Akha Ama café increased it sales to roughly 100-160 cups a day. For the coffee packages, average trade increased to 400 kilograms a month in 2012. Therefore, the income of the villagers increased because they could sale a lot of coffee beans (Bangkok Post, 2012).

Table 4.3 Amount of Coffee Sales

Year	Average Sale (cup / month)	Average Sale of Roasted and Dry Green Beans Coffee (kg./month)
2011	2400	200
2012	4800	400

These sales are the average sales calculated by the researcher excluding the sale of the coffee cherries done by the Akha Ama coffee farmers group as the café does not yet meet the capability to buy all that is cultivated from the Aha Ama coffee farmers. Concerning income, Lee says that this is just the beginning and he needs to continue the development so that the business can go on and also can help the community even more as per Lee's intention.

In terms of the income, it's in the infant stage. The business can survive, but not earning much profit. It's in the learning period just like getting to the school there is kindergarten, then grades 1, 2, 3. This is how I perceive myself. I did not think that I am very good in this business, but I am learning by doing. Lee says his financial model is based on sustainable growth, without any debt burdens. Sustainable positive cash flow with growth is the key to a successful social entrepreneurship (Cheupa, interviewed on 9 March 2013).

With the help and support of his friends and family, along with the Child's Dream Association, in 2010, the first branch of Akha Ama Café was opened. After eleventh month, the café expanded its space by adding a garden area and a covered terrace. Two years later, the café expanded and is more than five times its original size. The decorations in the café mainly are from leftover materials when expanding the shop and items from the Akha tribe. In its third year of operation, the second branch of Akha Ama Café was opened on 13 June 2013, called Akha Ama Coffee La Fattoria. This new branch of Akha Ama Café is located on Rachadamnoen Road in front of Wat Phrasingh. Every Sunday, this road would turn into a Sunday

walking street. This second branch was open 7 days a week from 08:00 – 18:00 hrs., whereas the first branch changed from being open 7 days a week to closing on Wednesday and opening from 08:00 – 18:00 hrs. This second branch has received much help from the friends and customers that had become connected to Akha Ama; for instance, the interior designs was free of charge and donations were received for some of the decorations.

Lee has planned to increase the number of branches in Chang Mai and also other provinces, including Bangkok. Lee is now working on putting Akha Ama Roasted Coffee Beans on the shelf at Villa Market.

4.1.2.5 About the Product

Akha Ama coffee is a single origin. It is only grown in three villages in Ampor Maesalour. The coffee is grown in a sustainable way on farms which are owned, cared for and harvested by the Akha people of Ban Maejantai, Ban Doingam and Ban Siblang at an altitude of around 1500 meters (5000 feet) above sea level, ideal for growing Arabica coffee. Ban Maejantai is the main grower of Akha Ama coffee, consisting of more than 80 percent of the total production.

For Akha Ama, we develop the knowledge for villagers; we are studying together when planting. We further develop products by selecting those high quality seeds to plant. This process runs in a cycle.. When we cultivate the coffee cherries, we do it in a step-by-step to process: we roast, brew, and then sell coffee at the shop. We take care of all the processes by ourselves to the point that we deeply understand the entire process, step-by-step from planting till brewing a cup of coffee. We are confident that our coffee is of high quality and safe to consume (Cheupa, interviewed on 9 March 2013).

Harvesting season lasts around 6 months, and every day each member harvests good-quality red coffee cherries from their coffee farm, then brings the coffee cherries to the processing plantation. At the plantation the coffee cherries are weighed and the amount is written down and recorded in a book. The team of members that are working on the plantation help each other make sure that the coffee

cherries go through the process at the processing plant. First the fruit is stripped from the bean in the machine and then the bad beans are removed. Then a machined husks the beans, sorts the beans from the husks, and these wet coffee beans are taken to huge tarp-covered pallets so that they can be dried out in the cool mountain air. The beans are sun dried for days or weeks, depending on the weather. Once dried, the beans are bagged and can be stored for six months. At the village, the coffee processing is complete here. Then parchment coffee is packed and transported to Chang Mai. At this stage, the staff at the Akha Ama Cafe handle where the beans are then machine processed to remove the outer husk, then sorted to remove defects and separated by grade and are then ready for roasting and packaging. Akha Ama does not have a coffee roaster, as a coffee roaster machine is very expensive. Akha Ama cannot afford to buy it now. Akha Ama coffee is roasted by experienced coffee makers in Chang Mai.

At his home in Ban Maejantai, Lee has built a small processing plant on his parent's land in Ban Maejantai. It is a very simple concrete structure, with columns that are built which allow the sorting and grading method as well as for wet processing. There is a small storage building and open area for wet processing. For this, the villagers would have an alternative and do not have to sell only coffee cherries. They could produce their own parchment coffee by using the wet process and then dry it with the dry parchment skin still attached. There is benefit to this; first of all, the parchment coffee can be kept much longer. It can be kept for more than 6 months. Secondly, the selling price of parchment coffee is higher than for coffee cherries but also requires a lot more effort. Lee has taught his brother and mother how to do wet processing.

At the very beginning, no villagers or coffee grower groups had joined Akha Ama for coffee processing. They were afraid and resistant to change. After harvesting, the cherries have to be processed within 24 hours for best quality. This was something new to them and required hard work. Lee said that the villagers allocated only 10 percent of their coffee cherries to Akha Ama, and the other 90 percent they sold to middleman. This was due to the fact that, first, Akha Ama could not give the money to them at the time of buying; it was credited until the roasted coffee could be sold. The other buyers that bought the coffee cherries could pay a

good price and also gave fertilizer as a free gift. Secondly, most villagers only wanted to sell the product after harvesting, not processing.

Lee said that villagers do not want to go a step further. They felt that there would be a lot more for them to do in processing coffee even though they would earn more money. It is something that new to them and they have to learn to do (Cheupa, interviewed on 28 November 2012).

The year 2010 was an experimental period for Akha Ama in terms of persuading the villagers to participate in processing methods and to open up the café. Lee and his family had to spend most of their time educating the members that joined the Akha Ama coffee growers group in improving their cultivation method and persuading them about the processing method. During the harvesting season, Lee's family, including his father, mother and brother, made sure that the members only harvested the red coffee cherries and at the amount agreed on by the group. Lee thought that the group could process the red handpicked coffee cherries within 24 hours. The members of the group learned how to do the coffee processing in a processing plant, and Lee added quality control to the production process to make sure that Akha Ama coffee was clean and met the standards of the premium coffee market.

The coffee bean de-shelling process was inspected by Lee's brother. In the wet method, after harvesting and sorting, the cherries go through four additional steps, which are pulping, fermentation, washing, and hulling. Pulping is the stage where the outer shells are removed. This is done within 24 hours after harvesting and requires machinery. The floating tanks are used to separate the ripe cherries from the unripe. The cherries that are ready for the next steps of processing sink and those that should be discarded float in the water. Pulping is followed by the fermentation process. Fermentation consists of immersing coffee beans in a tank that contains natural enzymes in order to remove the mucilage that is in contact with the beans. The coffee beans are then washed by machine in fresh, cold water. After washing, these beans are then laid in the sun, either on the floor or on raised beds, for drying. Drying

in the wet method takes eight to ten days, depending on the weather conditions, and the beans should be stirred at least once per hour to guarantee even drying.

The coffee season was between October to April. The maximum coffee output goes to market in February every year. For the coffee for 2010 / 2011, the Akha Ama coffee growers group cultivated beans under the Akha Ama brand, producing two tons of beans.

In 2011, the coffee production of coffee growers group at Ban Maejantai increased to five tons. Akha Ama bought four tons at the guarantee market price. In 2012, the coffee produced by coffee grower group coffee growers group at Ban Maejantai community jumped to more than fifteen tons. Starting with one family of making coffee, now, there were more than 17 families with nearly 200 rai of land working together to produce high-quality coffee. In 2013 coffee grower group Akha Ama coffee plantation expanded from one village to three villages which included Ban Maejantai, Ban Doingam, and Ban Siblang. In 2013, more than 20 families from 3 villages were selling products to Akha Ama.

Table 4.4 Productivity of Akha Ama

Year	Productivity (kg. / year)	Workers (families)
2010	2000	14
2011	5000	14
2012	15000	17

After the years, the coffee growers in Ban Maejantai began to accept Akha Ama more in terms of it being a trustworthy business partner and were willing to sell the coffee cherries to Akha Ama, as it had shown an increase in the number of participating families. It appears that Lee is willing to buy the raw coffee beans at an agreed fixed price during the growing period. However, earning the trust of the Ban Maejantai village coffee farmers was a major step for Akha Ama business model. Lee's objective was to offer a fair price to the farmers, whilst allowing Akha Ama to be profitable and to expand as well. Lee believes that this philosophy is beneficial to his coffee entrepreneurship and the farmers in his village. This model can be a win-

win situation for all stakeholders of Akha Ama.

The Akha Ama business model is to ensure that Ban Maejantai has better quality lives and to reduce the marketing issue with the middlemen that are always forcing the farmers to sell produce at a lower price than the actual market price. Because of Lee's effort and perseverance, Akha Ama made a good old fashion "hand shake" type agreement to buy the coffee from the villagers in the community.

Akha Ama guarantees the coffee price, ensuring that villagers will sell the produce at a fair price. This benefit goes directly to directly villagers. At the beginning, only a few families sold coffee to Akha Ama, but when Akha Ama established trust and punctual payments for the coffee beans supplied, along with a much larger customer base, Akha Ama was able to guarantee a better return for the produce. With a larger customer base enjoying the locally-produced coffee beverage, Akha Ama made a major contribution to enhancing the quality of the life in Ban Maejantai village as Akha Ama could buy more coffee from farmers at directly market price.

4.1.2.6 Type of Product

Lee sets his business in two segments; the first segment is wholesale roasted coffee beans and the second segment is retailing freshly brewed coffee and roasted coffee bean pack in 250 gram bags. The prices of the freshly-brewed coffee by cup range from 40 baht to 70 baht.

The fresh coffee brews are available at two branches of Akha Ama Café. The coffee menu consists of espresso, cappuccino, latte, Americano, and mocha, both hot as well as ice cold. The Irish is coffee made with Jameson whisky. A signature coffee is the Shakerato: a double espresso shaken in a cocktail shaker full of ice.

The Akha Ama Café not only serves coffee but also has a variety of teas and fruit juices to select from. Cakes and muffins are freshly made every day. The most popular menu among customers is Americano hot and cold, cappuccino hot and cold, and Shakerato.

Table 4.5 Akha Ama Coffee Price List (in baht)

Type	Hot	Cold
Espresso	40	50
Espresso Macchiato	40	-
Regular Ice Coffee	-	50
Café Latte	40	50
Plccolo Latte	40	-
Caramel Latte Macchiato	45	55
Cappuccino	40	50
Mocha	45	55
Americano	40	50
Irish Coffee	70	-
Café Shakepato	-	50

The roasted coffee beans in 250 gram packs are also available for sale at Akha Ama Cafe; prices range from 250 baht to 400 baht. The price has slightly increasing since 2010 to approximately 100 baht. To expand their retail presence, today Akha Ama roasted coffee beans, in 250 gram bags, are available at Akha Ama Café—both branches and in Chiang Mai grocery stores in the Rimping Supermarket and Kasem or by mail order throughout Thailand. Bigger bags of roasted coffee beans at 500 grams, 1 kilogram and more are available via email, Facebook, order, and to be delivered via mail.

Currently Akha Ama offers three different kinds of roasts and one blend of roasts:

1) Full city roast: This coffee comes with a full range of complex flavors and citrus tones in the body. It has a smooth finish. The roast is sweet with a nutty aroma and hints of toast.

2) Italian roast: This coffee is a full bodied with a balanced acidity and a wide range of fruit flavors. The aroma is enhanced by a hint of spiciness and a smooth finish.

3) Strong roast: The rich and intense tones of this coffee are

balanced by a mild body, resulting in a bright aroma. This roast has lower caffeine content.

4) Italian café blend: This blend of roast gives an intense, full flavor and is a well-balanced coffee, with hints of dark chocolate and dried fruits. It has a rich finish.

Table 4.6 Akha Ama Price for 250 Gram Bags

Type (250g)	Price (in baht)
Full city roast	250
Italian roast	300
Strong roast	300
Italian café blend	400

4.1.2.7 Awards and Quality

Lee and his mother did not give up. Lee searched and tried every way to increase the trust and belief from the group members and villagers. From talking to foreign customers and searching on the Internet, Lee has learned about coffee certification regarding cleanliness and other certifications for coffee. Therefore, Lee decided to send an Akha Ama coffee sample to test for cleanliness and food safety in the production process in Hamburg, Germany. Lee also sent a coffee sample to the World Cup Tasters Championship, with the hope that the members would be honored and feel proud of what they were doing and to gain their trust in the product. This is in line with the SACC who said: “We don’t sell coffee just to help our coffee farmer but we sell coffee to you because we produce real quality coffee, which could be everyone’s favorite” (SACC, 2013: 42). Lee knew about the World Cup Tasters Championship because he searched websites about where to test Akha Ama coffee for cleanliness and food safety in the production process. He found that in Hamburg Germany, he could test his coffee. From that, he was suggested by the institution to send Akha Ama coffee to this event in London.

Once quality coffee beans became available, Lee decided to enter the evaluation event in London called the World Cup Tasters Championship 2010. The

competition requires a 350 Euro submission fee, which of course, for a tiny little Akha mountain village is difficult to raise, much less send off to Europe. Lee negotiated with the committee and grasping the idea that if they wanted everyone represented, including the small growers, they would need to consider how to help. Committee members found friends that pitched in and paid the fee for the villagers.

The gamble paid off for both the donors and the villagers, as Akha Ama coffee gained international renown. Robust with a good balance of bitter and sour, the coffee was also very good as espresso as well as just a regular cup of coffee. The prices are extremely reasonable considering the effort that these mountaintop villagers take to grow and harvest the coffee

As a result of the exposure, he received certification for the only Thai coffee brand currently submitted. In 2010, there were over 2000 coffee submission, Akha Ama coffee was one among 21 that was selected for the World Cup Tasters Championship.

Akha Ama has been selected for three consecutive years from 2010 to 2012; in the year 2010 in London, England; in the year 2011 in Maastricht, Netherlands, and in the year 2012 in Vienna, Austria. Akha Ama coffee strives to produce the best coffee in the world and aims to be selected for the same competition in 2014 again.

We are not saying that our coffee is the best. No, I never say such a thing. But I can say that no one can ignore Thai coffee. This happens from the cooperation among consumers, manufacturers, state department, and private sector in order to develop all the processes till we can get high quality of coffee products. No one would have known our coffee products if I did not import the products to the world. There was a joke saying among my foreigners' friend that they just know Thailand can plant the coffee (Cheupa, interview on 11 April 2013).

Lee was pleased that after Akha Ama coffee was accepted and certified three times continually and also found that there was stabilization in the production process of Akha Ama coffee made by the villagers.

In my opinion, in order to make Thai coffee to be accepted, we have to prove as an action, not by wording. We must let them taste the coffee. This starts since production. We must understand how to select the coffee seed to plant, what soil is good for planting, how high from the sea level is suitable for planting, how to cultivate, how to roast and brew. This is how to prove that our coffee products are genuine, high quality, as international (Cheupa, Interview on 11 April 2013).

Maejantai farmers grow two strains of true Arabica, Catuai and Typica. Akha Ama coffee is distinct for its citrus notes and acidity, and has been selected out of 2,500 entries to be used in the World Cup Tasters Championship by the Specialty Coffee Association of Europe.

Although the majority of coffee plants grown in northern Thailand are of the Catimor hybrid, Maejantai village, the “birth place” of Akha Ama Coffee, mainly grows the true Arabica varieties Catuai and Typica, which produce a much higher quality coffee.

4.1.2.8 Marketing

Three years ago when Akha Ama Café started up, unfortunately not many people in Chang Mai drank freshly-brewed coffee from locally grown coffee beans. Besides that, Thai coffee brands were not very popular. It was also difficult for people in Chiang Mai to change their minds. Mostly, Thai brands had no “name” and were not popular compared to other international brands. Akha Ama was among those: a poorly-known brand, and it was difficult to find Akha Ama Café because it was hidden on a small isolated road in Chang Mai. Location is one of the main strategies for marketing, but good location also comes with high rent, which Akha Ama could not justify in the company’s financial model. Nine months passed by after the store’s opening, with lots of stress, and Lee was still running around to distribute samples of coffee to coffee shops, hotels, restaurants, and supermarkets. After that, people started to hear and talk about Akha Ama coffee and the café, and several customers used Akha Ama coffee in their coffee shops and customers popped into the Akha Ama Café.

Many of the customers heard of Akha Ama through Facebook. Akha Ama updates its Facebook page every day. Since Akha Ama has no budget for advertising or marketing, social media such as Facebook and the Akha Ama website were the answer. Akha Ama has more than 7000 followers on Facebook. The people that participated in the Coffee Journey also posted on their web blogs, and therefore it became more widespread to others. Also, media played very important roles in marketing for Akha Ama, and the national and international media published the story of Akha Ama coffee, saying that it was a good quality coffee that supported the Akha community. Akha Ama was on many television programs such as Kon Thai Kor Mur Noi on TPBS, VIP on channel 3, Morning news on channel 3, BBC Travel, and in magazines such as Praw Maganize, BE Magazine, and newspapers such as Bangkok Post.

Lee does not want to franchise the business because of the concern for quality control, and Akha Ama cannot afford to do a franchise due to the difficulty of management, the lack of staff, and the quality of the coffee's flavor. Lee knew that the hardest task for a franchise was to control the quality of the products and services. Additionally, it is not an easy task to control all of the staff and produce a coffee menu that has exactly the same taste.

I want to maintain our original objective that is making a high quality for coffee. In some business, when they expand, they will focus only on quantity on quality, but that is not for me at all. More than 30 persons are asking me about doing franchise. Definitely, I will earn a lot more if I do franchise, but that idea never in my head at all. It is not the happiness for both of me and the community (Cheupa, interviewed on 11 April 2013).

Lee's first priority in doing business is to stay focused on the Akha Ama objectives. He wants to equally consider the development of the the café's marketing strategy as well as the community. It has to be consistent. By focusing only on community development but not do any marketing, no one will know about the coffee and the villagers will earn nothing. On the other hand, by focusing on

marketing while villagers are not focusing on quality, the products will not be acceptable. Even though focusing on both marketing and community development is a slow method, Akha Ama is growing steadily.

At this point in time, Akha Ama is not at the stage of expanding to the international market yet; they are learning step by step to get to that point. Akha Ama distributes their coffee internationally for coffee lovers around the world who wish to support their good product and good deeds.

Akha Ama customers are mainly local students and middle income white collar and expats that live and work in Chang Mai, and also Thai and international tourists that have learned about the mission behind the business; they would like to stop by and support Akha Ama and the Akha community to strengthening its activities. In addition to Thai customers, Akha Ama also has many customers from other countries. Akha Ama Cafe in Chang Mai can be classed as an international gathering place to exchange ideas and learn about the Akha community.

In marketing a product, produce or service, middlemen come into the picture. This is a reality that is true in any part of the world at any time. Because of Akha Ama's close proximity to the coffee farmers in Ban Maejantai, Lee was able to minimize the middlemen's participation and thereby give higher return to the village growers of the coffee. As in the past, the coffee farmers at Ban Maejantai were working 365 days a year and earned very little money; nothing ever changed for them. They had no negotiation skills, and they did not understand their bargaining power, and therefore the villagers needed some guideline and methods to change this situation. Before the farmers in Maejantai village formed the collective, they had only one means of making money—sell their coffee beans at the going rate to whoever was buying. Lee imitates the link between the villagers and middlemen. However, Lee saw an opportunity to complete the production circle. He sees the coffee beans completely through the process. Consequently, the farmers have been able to see more monetary returns on their time and effort. Political issues and cultural differences have resulted in limited financial advancement opportunities for hill-tribe communities over the years, but Akha Ama aims to fill that gap.

4.1.3 Social Enterprise and Social/Environmental Impact

4.1.3.1 The Coffee Journey and Community Development

The aim of the Akha Ama Coffee journey is to study the life of a coffee farmer and to understand the real nature and the life cycle of coffee plants. Akha Ama does not want to offer a tourist attraction for coffee picking and a coffee-tasting site. This journey entails the full picture of a cup of coffee from farmers that are constantly preoccupied with the coffee beans and concentrate day after day on their growth. While customer drinks coffee though, they do not always think of the farmers that stand behind the delicious taste. After the trip, Lee wants customers to feel that drinking coffee will never be the same again, as they will be able to appreciate the life behind a coffee cup. The coffee journey is also an opportunity for the customers to understand the concept of free trade, why it makes a whole lot of difference to support local farmers instead of mega brands, and the hard work of the villagers that goes into a cup of coffee.

Every year, Akha Ama Coffee organizes two coffee journeys during the end of the year, mostly in November and December. This is a three-day, two-night trip to Ban Maejantai as the home to Akha Ama Coffee. As this trip is not of a commercial purpose, there is therefore no minimum and maximum number of participants. It mainly depends on the capability of the host family and popularity of the participants. The journey starts at Akha Ama Café in the morning travelling by small van. Halfway through, the participants have to change transport. The rough road to Ban Maejantai can only be accessed by pickup truck because the road is very bumpy. Participants spend two nights in villagers' homes, usually on raised platforms in one- or two-room huts with dirt floors, with family members sleeping right alongside. Shower water is heated over the stove or on-demand by propane. Cooking is done over a fire, either in the house or in a separate hut. All of the food is produced locally. On the second day, participants spend the whole day on the coffee farm. It is about a 45-minute walk from the village. They pick red cherries in the coffee plant until the late afternoon. During the next morning, the participants help out with the coffee processing and return to Changmai.

The coffee journey is among other things that Lee has put a lot of effort into doing. Lee spent a great deal of time on coming up with a way to make the

customer appreciate and understand the concept of “Socially Empowered Enterprise.” Lee came up with the idea of a documentary movie, but instead of making the customers watch the movie, rather, he made them part of the journey, since Akha Ama wants to connect customers and villagers and to voice the idea of sustainability and fair trade. This would make the customers and villagers connect, learn about, and cherish each other.

During the coffee journey, not only do the customers learn about the entire process of coffee making, which includes coffee farming, coffee harvesting, coffee processing, coffee brewing and coffee drinking techniques from the villagers that are the growers themselves, they also learn about how coffee production can be used as a poverty-alleviation strategy. Many customers will realize that the cup of coffee that they drink is filled with the value and effort of coffee maker. Once these coffee makers can touch Akha Ama’s lives, they will know that they are just different ethnically, but they all are part of mankind, though individually each has his or her own way of life and culture. When they understand this fact, they will respect each other.

This journey also helps the growers learn about their customers and cherish the appreciation that the customers give to them. This would make them proud of what they are making; it is like a reward to them when customers show their appreciation. The trip is also another source of income generation for Ban Maejantei villagers, as mentioned in the BBC world travel reported.

Lee believes in the equal importance of all stakeholders—of coffee farmers, customers, businessmen and Akha Ama themselves, that they are the key elements to establishing sustainable development.

As coffee farmers, they are working hard every day to grow and process only the best coffee, taking care of the environment and make sure that coffee beans are in the best quality. As coffee seller and distributor, they are doing fair trade, generate high quality of each cup and bag of coffee, and as customers, they are helping the community by buying and appreciating the hardworking of the grower of their coffee (Cheupa, interviewed on 28 November 2012).

There has been continued success for the coffee journey as shown from the increase in the number of participants. During the first year that Akha Ama organized the trip, there were only seven people, and this then increased to 37 people in the second year and in the third year, there were 50 people. The people that joined the trip were mostly foreigners' tourists and expats that live in Thailand. A coffee journey fee is on a courtesy basis. All of the money collected from the journey will be kept for competition fees and fees for applying for Organic Certification and also Fair Trade Certification. Lee is currently trying to obtain Fair Trade Certification, which is a difficult and expensive process. The fee is 2000 Euros for the application and a 1400 Euro annual fee after certification. Some of the money can also be used to improve the village. For example, last year, Akha Ama joined with the village administration in repairing the road in Ban Maejantai.

4.1.3.2 Akha Ama and Education

Lee places a lot of effort into and pays very close attention to the education of the new generation of Ban Maejantai. Lee mentioned that as he is the first person in the village that graduated from university; everyone in village looks up to him, especially the new generation. He uses this advantage to persuade the youngsters in the village to go to school and university and he tried to be a role model for them to come back to help out in the village. Akha Ama is hiring villagers and youngsters to work at the plantation and coffee shop. This is why he has always reserved internship spaces for Ban Maejantai, who comes into town to study. Also, Lee has gained much knowledge from both direct and indirect research, including his experience working with international organizations, to contribute to his own community by adding more value to the community's products and increased income for the villagers. The most important thing for Akha Ama is to secure the community so that they will not migrate to the city or to other countries:

I don't want us to forget where we are, forget our homeland.
Thai people have good culture, sharing, and taking care of each other
(Cheupa, interviewed on 9 March 2013).

Families can live together because they have jobs in the community and receive good pay and self-respect. This is another way to reduce the social problems that can be found in the village.

Lee focuses not only on the community's success at Ban Maejantai but foresees that his community will be an experimental area which can be expanded to other areas; for now Akha Ama has expanded its business into three villages nearby.

Though today, I am talking about small community, but I will not stop. I am hoping that one day what I am doing now will be like plant a tree and this tree will grow. It is important to create a good conscious mind and motivate others in the society to realize that everyone has responsibility in treating other fairly, making them proud to be part of the community development. It does not matter that others have to do coffee business just like me, but I only would like them to see how social contribution it is and they will apply for other businesses or activities, for example, helping villagers regarding to making organic fertilizer, selling fruits, or rice farming, etc., making these even better. What I do at the moment does not focus only contributing to the community, but consumer society also earn this contribution in regards to high quality coffee, value that they can touch, social development, social awareness. This is a win-win situation (Cheupa, interviewed on 9 March 2013).

Lee's mission is to educate the farmers on the benefits of organic farming—a challenge in a country where there is no local “organic market.” The reduction of pesticides reduces the size of the crop, and the size and beautiful colors and shapes of the produce, and as a result also reduces the amount of income coming back to the farmers in the short term. When families live entirely off their daily income from the market, this is a problem. The immediacy of profit makes using pesticides desirable, if not necessary, for many farmers. Lee has started to educate and introduce natural fertilizers from the coffee cherries. Remaining shells are used as compost. The villagers are very environmentally conscious. In addition, and as

acomplement to organic farming, Lee places a huge emphasis on integrated farming, harvesting different crops that help each other to grow and eliminating the dependency on just one crop. This is not easy task.

By sharing information and doing training, Ban Maejantai can now participate in the value added process of coffee. From the harvesting the cherries are shelled, soaked and dried right in the village, and all of these processes are done by villagers. Then the coffee is sent to Chiang Mai to be hulled, sorted and roasted at a local roaster before being packaged in the Akha Ama Café and sold.

4.1.3.3 The Environment

Mono-cropping has been practiced for some time in the village to support the demands from large companies, which was dangerous. Lee said that when farmers are growing only one kind of crop and if the price of that particular crop falls, then the farmers suffer, but if they had multiple crops then there would be less risk. Also, they could sell difference kinds of crops all year round. Lee found out that the coffee trees would produce at their highest yield when they are planted in a forest atmosphere, with many trees and shade. Therefore, Lee started by transforming his farm into multi-crops and then the other growers' families followed. Step by step in the development, they also decided to change to an organically-sustainable system of mixed multi-cropping for their coffee, reducing the use of chemical fertilizers, herbicides and pesticides. The Akha Ama coffee plants, which grow up to about the height of a human, are now grown in between larger fruit trees and a wide variety of vegetables. This system is beneficial to the soil ecology, produces humus, stabilizes hillsides against erosion, and retains moisture during the dry season. Due to constant crop rotation, pests are less liable to negatively affect the plants. Working in close cooperation with nature rather than against it is what the Akha people have been doing throughout their whole history.

4.1.4 Social Enterprise and the Markets

Building of Network

Akha Ama was initiated in a community where most members are families and relatives. In the past, the villagers in Ban Maejantai worked as individual farmers. Akah Ama sees that as a disadvantage for villagers. Akha Ama is trying to

build a group whose members have common interests, purposes and visions, and in this case, it is better for the well-being of the villagers to be able to sell coffee at higher prices. Akha Ama helped to bond people together and to promote a sense of shared identity, in bridging communities to the wider world through networks that extend their communications with others, and in linking people to opportunities and structures of support. This led to the formation of Akha Ama, a business which operates based on the common interests of everyone involved. Everyone works for the common good with the same goals and objectives.

Akha Ama also builds social networks with other groups such as NGOs, the media, coffee businesses, and coffee farmers in other villages, for example, the Child's Dream Association, the Chang Mai Expats Club, A day Foundation, Stumptown Coffee Roasters, and Gallery Drip Coffee. This allows different groups to share and exchange information, ideas and innovation and builds a consensus among the groups representing diverse interests.

Akha Ama does not pay for advisements but rather uses word-of-mouth about what Akah Ama has done for the community and uses the Coffee Journey as a tool in promoting its coffee and coffee shop. As Nattporn, media program officer at the Thai Public Broadcasting Service (TPBS), mentioned, she went to Changmai and heard of Akha Ama and then she visited the coffee shop and learnt about the story behind it and then the story attracted media attention as it has been on the Kor Koh program on TPBS (Nattporn Archan, interviewed on 12 February 2014).

4.1.5 Social Enterprise and the Government

Right from the start Akha Ama has not received any help from the government as at that time the Thailand Social Enterprise Office (TSEO) was not established. Akha Ama learnt about the government office in charge of Social Enterprise in Thailand, so when the Thailand Social Enterprise Office (TSEO) approached and offered to include the story of Akha Ama in their SE Catalog, Akha Ama agreed. At that time, Akha Ama has already been mentioned on some websites, and that was how TSEO found out about them. The TSEO officer, Mr. Arthit, stated that Akha Ama is among very few social enterprises that fit TSEO's criteria, and therefore, TSEO wanted to use its reputation in order to promote and raise the awareness of the

public about TSEO and Akha Ama. TSEO has helped Akha Ama by giving it the opportunity to become a social enterprise model for others.

Akha Ama has an opportunity in working with TSEO to be a business role model for social enterprise. TSEO has presented the story about effort and management for society of Akha Ama, publishing in the book “SE Catalog” in order to motivate and push any business that would like to be a social enterprise by managing the business together with focus on social development (Cheupa, interviewed on 11 April 2013).

Lee has proposed that all of the obstacles that happen to social enterprises in Thailand are related to a lack of business lessons or business models for social enterprise to learn from. TSEO could provide this so that every business will be able to pass on its skills and create a connection among social enterprises for product expansion to both international and domestic markets.

4.2 Green Net SE

4.2.1 Social Enterprise and the Organizational Context

4.2.1.1 Background

Green Net SE started as a project when the Green Net Cooperative and the Earth Net Foundation were searching for a solution to deforestation. This deforestation was due to the fact that the people in the area entered the forest for farm expansion and strong pesticide usage in industrial farming, which caused land and water pollution. A study on organic farming done by Green Net Cooperative suggested that agro-forestry was needed for the area along with education on soil and water preservation. The study also proposed coffee as an alternative crop for the area. The study pointed out that coffee needs shade in order to grow naturally and coffee also can grow in the forest without any further deforestation. Moreover, organic coffee, grown in the forest, has an excellent or very unique quality both in aroma and taste—better than the coffee grown in the open air. It appears that forest-grown

organic coffee beans have a higher demand relative to farm-grown coffee beans. This would give a competitive advantage to farmers in the area over other coffee producers and would lead to a more secure income and decrease in deforestation.

The farming techniques practiced in northern Thailand are very rudimentary and depend on the family and extended family circle for the labor force. This concept has its own successes and drawbacks. The successes are that the farmers have moderate life and become self-sufficient. The drawbacks are that there has been very little or no growth at all in most cases. Such practices are self-defeating regarding the fundamental definition of social entrepreneurship. In the 21st century in northern Thailand there a small-scale industrial revolution is brewing and the mechanization of agriculture is on the rise. Large pieces of complex machinery are required for large farm land and this precipitates deforestation to create barren land for farming and land erosion. Earth Net Foundation is very concerned about the impact of this revolution, which is the development of the farming land to suit machinery thereby eliminating human intervention or a large labor force. Deforestation creates land erosion, removes the top soil and its organic matter, which is a natural fertilizer required for plants to grow. As long as there is significant demand for produce and products, mechanization is there to stay. Also the demand for grain and grain produce increased vastly in the last century. The area of the Mae Lao community watershed in Wiang Pa Pao District Chiang Rai has been affected by heavy fertilization and the mechanization of farmland. Trade reform in Thailand has left many farmers free to exploit the forest, soils, water reserves, and even the hill tribes have made a profit in the suddenly-booming industry of the coffee market when they were doing coffee farming of the open farm type. Coffee producers are being confronted not only with daily changes in coffee prices but also with extra costs due to soil erosion and water scarcity because they cut down trees to gain more space for coffee farms. The villagers in the district are in danger of dropping below the poverty line and have little resources to better their coffee production. Also, the benefits of coffee production are not being equally received due to a lack of education in how to improve their farming technique, negotiation and livelihood, and some lack the resources to keep up in an unstable economy. Therefore, launching a project such as organic coffee would give the farmers an alternative farming method and sustainable

development for the community.

4.2.1.2 Parent Organization

Green Net Cooperative was established on 25 November 1993 originally under the name “The Nature Food Cooperative” by a group of people led by Vitoon Panyakul. Vitoon wanted to enhance environmental preservation and promote socially-responsible business as at that time farmers were suffering from upsurges in production costs and low prices in agricultural products. Meanwhile, Thai consumers were becoming increasingly conscious of the impact of pesticides on their health and on the environment. Green Net Cooperative was set up in response to this demand for organic and equitable produce.

The experiences in working with rural producers and organic agriculture have made Green Net Cooperative realize the need to develop the organic movement in a more comprehensive manner. Various activities such as farm extension, processing, product research and development, strengthening community enterprises, and quality assurance, organic awareness and its benefits need to be addressed and published. For example, in order to promote sustainable organic awareness, certification needs to be identified and planned and implemented with a holistic and integrated approach in order to ensure synergy and effectiveness. This requires specialized professional organizations. In 2000, Green Net Cooperative decided to establish "Earth Net Foundation," which is responsible for developing organic agriculture systems from farm to table while Green Net Cooperative works on marketing.

The Earth Net Foundation was registered as a non-profit organization on the 12th of October 2000. Earth Net Foundation's mission is to support and promote all activities related to organic farming. They strive to stay away from non-organic produce, especially the agricultural products that has been through the process of genetically modified organism (GMO) variety, which mean they are not anymore organic Earth Net Foundation is a research, fact finding, academic, and knowledge distribution center acting as a supporting organization for farmers that seek know-how. Earth Net Foundation provides a number of services to the farmers including forums, quality assurance, farmer field schools and organic farming technology as well as promoting consumer awareness.

On 10 May 2001, the Nature Food Cooperative legally changed its name to “Green Net Cooperative” and thereafter the size and scope of its activities grew. It was the first organic fresh produce wholesaler in Thailand. The mission of Green Net Cooperative is to assist small-scale organic farmers in their marketing efforts, helping them to promote fair-trade principles and organic agriculture. Green Net Cooperative’s motto is “Live Fair, Live Organic.”

In 2002 Green Net Cooperative was certified by Fairtrade Labelling Organizations International (FLO). Green Net Cooperative has been able to export Fairtrade rice to Switzerland, Belgium, Germany, France, Italy, Austria, the Netherlands and Sweden. Green Net Cooperative exports 800 tons of organic Fairtrade certified rice to Europe each year and also sells a wide range of organic produce in the domestic market (Green Net Cooperative, 2013). Nowadays, Green Net Cooperative is a leading organization in Thailand for marketing organic products. It carries a wide range of products, including fresh produce, dried foods, drinks, snacks, seeds, and local natural dye textiles.

Green Net Cooperative has been invited to share its knowledge and experience with many organizations in the Asian region in developing organic projects and/or setting up national organic certification bodies. Green Net Cooperative has been a pioneer in organic agriculture, founding a national organic certification body which now is the Organic Agriculture Certification Thailand (ACT) (Green Net Cooperative, 2012). Green Net Cooperative set its marketing strategy with regards to organic versus non-organic, which will give a competitive edge to the farmer and Green Net Cooperative itself, which happens to be the final distributor of the produce. The researcher’s observation of this type of cooperative organizational structure is that it is practical for local farmer to become a member and has a guarantee product to be sold as the cooperative has shown to be effective in marketing the organization’s produce.

In 2012, both organizations have 75 full-time staff members. Green Net Cooperative comprises five farmers’ organizations with the total of 996 members, as well as 81 consumer members.

In October 2012, Green Net Cooperative set up Green Net SE Company Limited as a business arm for its cooperative work.

4.2.1.3 The Emergence of Green Net SE

Earth Net Foundation wants to preserve the water source area in the Mae Lao watershed in Wiang Pa Pao District, Chiang Rai, as it discovered that there is a prevailing problem with deforestation and pollution of the land and waterways due to excessive use of pesticides and other man-made fertilizers by other villagers that are not members of the farm of Green Net Cooperative. Such incidents contradict the foundation policies of the parent Green Net Cooperative. Theerasit describes its work with farmers from Mae Lao:

We have been working with a group of farmers in the Mae Lao watershed community for quite some time. We educate the villagers in preserving the forest and the watershed. We promote organic farming and its benefits. During that period, many problems which affected organic farming arose. During the summer season, there was not enough water which affected our crops. During the rainy season, flood water contaminated with pesticides washed into our waterways. This was a major problem for organic farming in the area because of the close proximity of the water source. From that point on, the project on organic coffee for sustainable forestry preservation has been introduced to the villagers at the Mae Lao community by the Earth Net Foundation. Its aim is to preserve the forest and also help villagers to reduce their usage of pesticides and turn to organic farming instead, something which can help them increase their income (Theerasit, interviewed on 9 February 2013).

Earth Net Foundation stepped in and works with villagers on how to solve these problems. The first project at the Mae Lao watershed is at Ban Khun Lao. It took many months before the project could make farmers believe and accept that growing organic coffee on the hillside would have a positive impact on solving land and water pollution and also could improve the social and economic well-being of the villagers. Also, coffee is an economic commodity so there is a demand for it. Theerasit has pointed out that Green Net Cooperative is in charge of the coffee

production and distribution. There is a growing market nationally and internationally for organic coffee because of the public awareness of organically-produced food compared with non-organic food, and the consumers are willing to pay a premium price for it, including coffee. This in turn gives the farmer and Green Net SE a competitive edge to market at a premium price compared with non-organic varieties. Demand dictates the price of a product or a produce, and this feature gives the farmer higher income for good-quality organic coffee produce and leads to a better standard of living (Theerasit, interviewed on 9 February 2013).

During the project's implementation, there were some management obstacles due to the organizational structure of Green Net Cooperative. It is a big cooperative. Under the Cooperative Act, there are rules and regulations that the management team has to follow which lead to slow process in decision making. Also, large numbers of members in meetings led to a longer time to arrive at a consensus on discussed issue. In the Earth Net Foundation, some obstacle also arose such as pauses in project implementation due to new elections of board members as described by Theerasit:

Since the cooperative has to follow the Cooperative Act, the management team needs to change as per the period determined in the Act. Pragmatically, this determination is an obstacle for cooperative management, and sometimes, there are no members in the management team due to the procedures set by the Cooperative Act. Also, the Cooperative Act mandates the requirements and the minimum attendance by the members for the mandated meetings. Such meetings are time consuming and lead to significant expenditures for the members. Green Net Cooperative needs to reimburse the individual members for such expenses, which impact the organization's cash flow due to the non-productive nature of such events (Theerasit Amornsaensuk, interviewed 9 February 2013).

The legal constraints have made Green Net Cooperative and Earth Net Foundation realize the urgent need to solve these management problems, and also

there must be an organization that can handle both organizations' job in one place and under one management team. This requires the shifting of the new coffee project into the new organization. After the new unit was formed, the two organizations would act as technical support organizations.

In 2012, both organizations decided to establish Green Net SE, which is in a business form of organization responsible for the project of organic coffee for sustainable forestry preservation. This new entity should act in a more proactive and comprehensive manner. For this new entity, both Green Net Cooperative and Earth Net Foundation reached a decision to have their board and executive management sit on this new board. The staff members at the new organization were recruited from in-house. Theerasit explains the results after the changes:

In order to solve the problems, Green Net Cooperative has set up Green Net SE and registers as company limited, having its own management team and staff clearly apart from Green Net Cooperative and operate it in a businesslike manner (Theerasit Amrasanesuk, interviewed 9 February 2013).

From the structure, it can be seen that Green Net Cooperative and Green Net SE are both set as cash flow entities, whereas Earth Net Foundation is a knowledge supply and distribution organization without any buying or selling power.

4.2.1.4 Organization Formation

Green Net Cooperative and Earth Net Foundation agreed to set up a new entity as their affiliate organization. During the time of setting up the new entity, the social enterprise concept was introduced as another choice for new organizational set up. After many researches and studies, both organizations came to the conclusion to form a business organization with the mission of improving the quality of life of farms and safe environment. Therefore, they came up with a social enterprise under a business model, and they also came to an agreement on a new name: , “Green Net SE,” which stands for Green Net Social Enterprise.

Green Net SE does not have large amount in capital therefore at the very beginning of operation. Green Net SE has to share office with its parent's organization In terms of the location of its office, Green Net Cooperative has

allocated some office space to Green Net SE, and Green Net SE's new office is situated in the same compound as Green Net Cooperative on Suthisan Road in Bangkok, Thailand.

Green Net SE was established on 30 October 2012 by Green Net Cooperative. Green Net SE is an affiliate company set up to mimic the work of Green Net Cooperative but on a very much smaller scale. Green Net SE is responsible for the project of organic coffee for sustainable forestry preservation. Therefore, their aim is not only to promote the planting of organic coffee trees and the preservation of the forest, but they also strive to distribute and sell coffee on behalf of farmers. These farmers are in the coffee farmers group that joined under the coffee project. Green Net SE created its own brand to be an affiliate brand of Green Net Cooperative that specializes in coffee products. As a coffee producer company, Green Net SE has had to build a brand for its coffee. After a long discussion among board members, Green Net SE got the name for its coffee: "Mivana."

4.2.1.5 Group Formation at the Local Level

Small coffee producers or individual farmers usually confront buyers who have greater liquidity and capacity to purchase, if not more information regarding the development of the current international prices of the product. Unfortunately, farmers frequently do not receive a transparent price that would give local merchants, exporters and processors the ability to generate greater margins which would in turn benefit the farmers.

Therefore, forming a farmers group could increase the to bargain and sell the product. With the assistance of Green Net Cooperative, the Green Net SE's farmers' group formation was created by the coffee farmers themselves.

4.2.1.6 Objectives

The motto of the company is "Better taste Better life Better earth." Green Net SE's goal is to serve as a marketing channel for small-scale organic farmers with fair trade principles in its marketing activities and also to promote the preservation of forestry. It aims to do this in four ways:

- 1) Promoting the organic way of life through marketing and producing high-quality organic and natural products;
- 2) Conducting fair trade through fair prices for producers and buyers;

3) Campaigning for the environment with the focus on sustainable forestry preservation; and

4) Being a model organization of “social enterprise” and encouraging other business bodies to be more concerned about consumer safety, environmental conservation, and social responsibility.

4.2.1.7 Organizational Model of Green Net SE

Green Net SE serves as a marketing channel for participating groups of organic coffee farmers. Starting in 2010 from one coffee farmers group from Ban Khun Lao, presently, in 2013, Green Net SE has 11 groups of coffee farmers from 11 villages that have joined the project. The first seven groups are located in the Mae Lao watershed area in Wian Pa Pao district, Chang Rai. The groups consist of 192 households from Khun Lao village, Mae Haang village, Lhun Pang village, Baan Huay Kai village, Huay Sai village, Puang Ma Kad village and Huay Khun Pra village. There are four other groups located in Wawee, Mae Suai district, Chang Rai. This consists of 118 households from Ban Mai Pattana, Ban Pna Daeng Li Su, Ban Pha Daeng Luang and Ban Doi Chang. The total number of households in 11 villages are 4000, but the number of households participated in the project was 310 at the time of study, which is considered very low in number. This is around 7.75 percent of the total number of households. One reason behind that is, most of the coffee farmers in the area sell coffee to Doi Channg. Doi Channg Coffee is a big coffee maker in Thailand. Green Net SE is trying to increase the number of members in each village. Also, currently, there are 9,000 rai as promoting areas for organic forest coffee.

Table 4.7 The Number of Village Join Green Net SE

Year	Number of Villages that Join the Project
2010	1
2011	3
2012	3
2013	4
Total	11

Green Net SE is set to be a “Social Enterprise” that supports and solves the problems happening from weak, unresponsive and under-management found in social development organizations in the form of foundations and cooperatives. Also, there is increasing need for funding as there is tighter funding from donors and grants. According to Nachapat, there are also clear benefits to operating as a social enterprise:

This new organization, the Green Net SE could bridge the gap between company and this social development organization. This is another role model to other organizations to success in managing the business and solving social problem simultaneously (Natchapat, interviewed on 18 March 2013).

Since Green Net has a Fair Trade Certification, as Natchapat pointed out that Fairtrade has an impact on poverty reduction and that it contributes to the well-being of the coffee farmers. Additionally, she states that the social benefits of Fairtrade are as important, even more important, than the economic benefits. The main achievement of Fairtrade is the social benefits that it creates. It can be seen that the member group has created a learning environment through knowledge sharing and technical assistance that Green Net SE provided through the Earth Net Foundation learning program for coffee farmers. These programs have helped coffee farmers to increase their confidence and self-esteem because members of Fairtrade cooperatives have considerably better opportunities than other farmers. There is a guarantee in buying coffee produce by members at fair prices, which include a premium price for the group. Currently, Green Net SE is paying the coffee farmers group for dry parchment with skin at 18 baht per kilogram with a 2 baht premium.

4.2.1.8 Type of Organization and Organizational Structure

Green Net SE is a limited company. The company is registered with a capital of 1,000,000 baht and is registered with the Department of Business Development, Ministry of Commerce as a wholesaler for raw agriculture materials and products with the objective of producing and marketing agricultural products and agricultural goods. Under limited company regulations, the board of directors has no term unlike cooperatives and foundations. Green Net SE has 5 board members.

Among these five board members, two also hold executive positions in Earth Net Foundation. The other three members are involved and hold positions at the executive level or as members of Green Net cooperative. Appointed by board members, Mr. Theerasit Amornsaensuk is the managing director, who also holds a vice chairman position at Earth Net Foundation. It can be seen that the board members are all male. Similar to other businesses, the duties of the boards of directors include:

- 1) Governing the organization by establishing broad policies and objectives;
- 2) Selecting, appointing, supporting and reviewing the performance of the managing director;
- 3) Ensuring the availability of adequate financial resources;
- 4) Approving annual budgets;
- 5) Being accountable to the stakeholders for the organization's performance; and
- 6) Setting the salaries and compensation of company management.

The board of directors is mostly comprised of people that have joined the cooperative and foundation, and therefore they are very concerned about ensuring that Green Net SE would:

- 1) Achieve its social aim,
- 2) Fulfill its mission statement, and
- 3) Become financially solvent and meet its financial goals and targets at the same time as fulfilling its social mission.

The Green Net SE Organization structure is very much like other business organizations. The management structure at Green Net SE is very formal and has many levels of management, ranging from senior executives to the head of departments, all the way to the head of each sub-division. Since there are many levels, and decision-making authority has to pass through more layers than with flatter organizations. This type of organization has rigid and tight procedures, policies and constraints. Organizational charts exist for every department, and everyone understands who is in charge and what his responsibilities are for every situation.

Decisions are made through an organized process, and a strict command and control structure is present at all times. According to the structure of Green Net SE, authority is at the top and information then flows from top to bottom. This causes more rules and standards for the company, whose operational process is under close supervision. Although Green Net SE applies a business model to its operation, in terms of salary paid to employees, the salaries are still based on a nonprofit organization rate but many of the employees stated that they are happy to work as they know that they are doing something good for others and they are trusted in the organization they work for. They mentioned that money is important but not as high as the delight they receive from work, something which Pongsakda confirms:

Our pay are not so high when compared to other people who work in coffee industries, but we gain something that others don't have,. happiness to do good in helping others and in saving the environment. We all have been to the communities and stayed there for a while, so we know that Green Net SE could help the people there, but as we are new to the industry, we need time to grow (Pongsakda, interviewed 18 March 2013).

Even though, at the time of the study, not all of the positions were filled, it is in a process of recruiting as the company is in its expansion period. At the top, there is a board of directors, then the Managing Director, who acts as the head of the operational office. The Managing Director is responsible for the performance of the company, as dictated by the board's overall strategy. Mr. Teerasit reports to the board of directors. Some of his responsibilities include:

- 1) Formulating and successfully implementing company policy;
- 2) Directing strategy towards the profitable growth and operation of the company;
- 3) Developing strategic operating plans that reflect the longer-term objectives and priorities established by the board;

4) Ensuring that the operating objectives and standards of performance are not only understood but owned by the management and other employees; and

5) Maintaining the operational performance of the company;

Green Net SE has 15 officers operating in five departments and under each department, there are subdivisions. The five departments are as follows:

- 1) Organic Extension and Community Development Department
- 2) Production and Warehouse Department
- 3) Marketing, Sales and Communication Department
- 4) Finance and Accounting Department
- 5) Administration and Human Resources Department

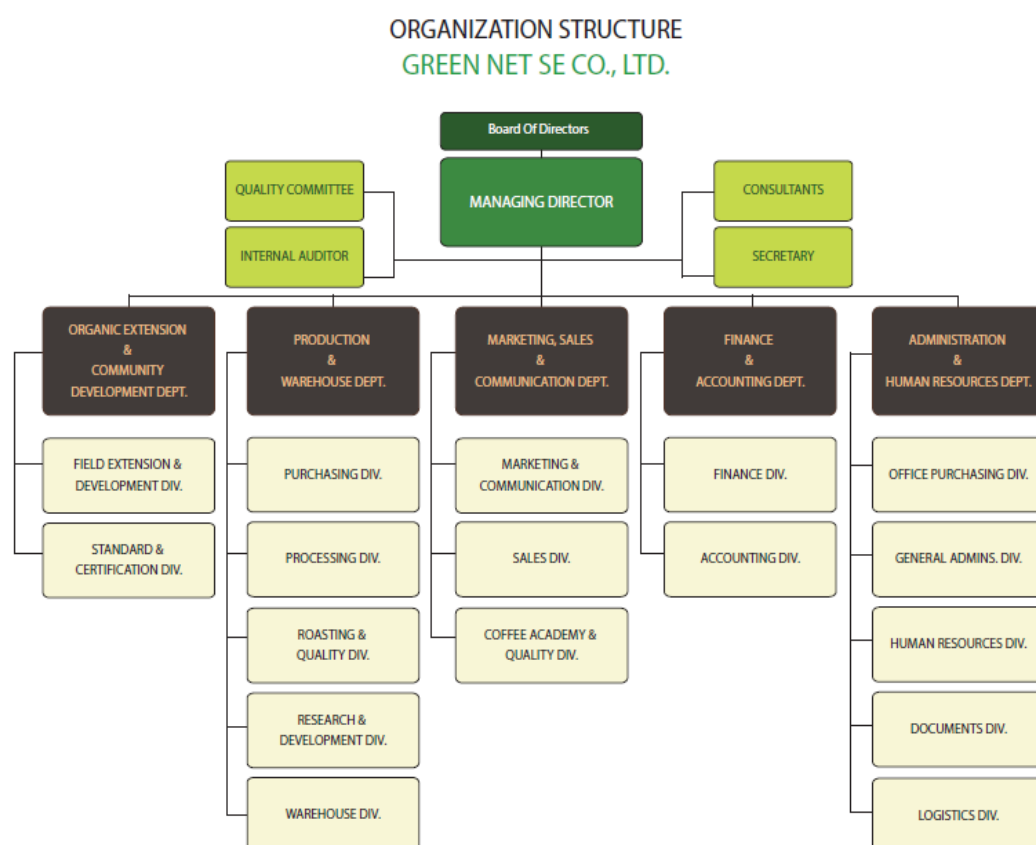


Figure 4.3 Organization Structure

4.2.1.9 Organizational Expansion

After the first project in the Mae Lao community was implemented for a year, the project has expanded its coverage to the Mae Korn watershed community in Wa Wee District in Chiang Rai.

Green Net SE is in the process of extending its business to the “social franchise” model for coffee shops, allowing anyone that is interested in the coffee business to join Green Net SE. Green Net SE also seeks business co-investors for instant coffee under the brand “Mivana”:

At the moment, lots of new generation would love to own their coffee shop and we know that business needs to contribute something to society. This is why we study the franchise model for coffee shop to pull any interested people joining the business with us. What we think is that there will be no franchise cost. We require only order the products from us. We will start with coffee shop model, and then develop the system with good management. All will be presented to those interested persons (Theerasit Amrasanesuk, 2013b).

At this time, Green Net SE is in the process of expanding its operation. Advertising on the Green Net Cooperative’s website attracts more people to apply to work at the new coffee shop which will open at the end of this year. There will also be positions available at franchisees’ coffee shops.

Green Net SE is in process of making a decision and gathering information on social franchise. Selecting the right franchisee is a concern along with what the specific criteria for selecting franchisees should be. Green Net SE is also approaching TSEO and Asoka on how to set up a social franchise for its business as Green Net SE believes that both organizations are experts and have had many years of establishing social enterprises.

4.2.2 Social Enterprise and Social/Environmental Impact

Green Net SE has focused on forestry rehabilitation due to the severe declination of the forest in Thailand within a short time. In order to be able to have

sustainable forestry preservation and guarantee the good quality of the lives of farmers and villagers, Green Net SE pays attention not only to its members but also all of the villagers in the community. Green Net SE studies and helps farmers to practically plant organic coffee. The Green Net SE methodology is to create awareness and build knowledge sharing on organic farming and to point out the disadvantages of any chemical use that affects the people's lives and natural resources necessary for them; for example, water in the canals or soil filled with chemicals can harm farmers and other villagers for life. It has a long term effect. The body will slowly accumulate the toxins and, sooner or later, once it has reached the maximize level the body can accept, a bad result will appear. Moreover, toxins can spread through water in the river and it may cause infection in other areas. Not only does Green Net SE show the pros and cons of the use of chemicals, but they also focus on finding solutions by teaching farmers about alternative agricultural approaches incorporating the principles of organic farming through their participation in the project. The Green Net group then supports all technical assistance and partial or small amounts of financial assistance for producing organic products. This is due to the fact that Green Net SE is a member of IFOAM and other organic groups, and therefore it is very important for the Green Net group to monitor and make sure that every step of farming meets the standards. Then, after harvesting the product, the Green Net group makes sure that the farmers sell their agricultural products on a fair trade basis instead of selling the products to middlemen, as Green Net is a member of the Fair Trade Association. The Green Net group has shown that this could be a solution for the social problems of rural areas because it can also solve the migration problem as well when people are able to make a good living at their home. They do not have to go to work in a factory and leave only their small children and the elderly in the village.

Therefore, under the same umbrella, Green Net SE ensures that coffee farmers will receive high pay and that the consumers will receive high quality and healthy products. When consumers support this organic product, they also support the farmers, giving them courage to plant organic coffee, reducing the migration and deforestation problems, building community strength and new knowledge regarding organic farming. This is indirectly building a connection between the people in the society, in rural and urban areas alike according to Theerasit's aim for the SE:

I want to make sure that “Mivana” or “Organic Forest Coffee” is very outstanding. It goes beyond “organic Coffee” or “Fair Trade”. Mivana will become the coffee that can solve many farmer problems by earning more income together with forestry preservation, reducing deforestation from shifting cultivation, realizing the importance of forestry and also improving their quality of life and help villagers not to leave their villages because they have decent work (Theerasit, interviewed on 9 February 2013).

Green Net SE has claimed that the pilot project of the Earth Net Foundation has led to the control of the quality and the quantity of the natural shortage of water in the whole Mae Lao community area. The Earth Net Foundation, a knowledge based organization, offers technical backup by exploring, finding facts, researching, and communicating with farmers and the community. Their aim is to have a positive impact on the prevailing environmental issues. Green Net SE is educating the farmers about the long term benefits of water control. Because of the natural flow of the water, it is an essential commodity with no true ownership.

Coffee growing in the foot hills within the forest is much more labor intensive compared with normal coffee production on dedicated pieces of land, but Green Net SE has succeeded in convincing the farmers to grow coffee cherries in the foothills of the forest along while also protecting the forest by not using any chemicals of any kind. They would be able to produce organic coffee according to the standards of Green Net SE. Green Net SE then would buy the coffee beans at an agreed price and share some of the extra money as a premium according to the fair trade agreement, something which Nachapat describes in detail:

As membership in a cooperative or in this case is farmer group is a requirement of Fair Trade regulations. Another core element is the premium—the subsidy (now 2 baht per kilogram) paid by Green Net SE to ensure economic and environmental sustainability. Premiums are retained by the cooperative and do not pass directly to farmers. Instead, the farmers vote on how the premium is to be spent for their

collective use. They may decide to use it to upgrade the milling equipment of a cooperative, improve irrigation, or provide some community benefit, such as medical or educational facilities (Nachapat, interviewed on 18 March 2013).

However Green Net SE convinced the farmers how to preserve the natural resources of organic fertilizer by controlling its usage and replenishing it by adding organic matter, such as the discards of the coffee itself and other farm produce. Such a strategy will have the following impacts:

- 1) Control of the deforestation of the area
- 2) Use of natural organic fertilizer thereby controlling the pollution of the waterways
- 3) True organic nature of the coffee produced for marketing
- 4) Foothills tend to have natural flow of water compared with prepared farming areas, thereby using less water for plants
- 5) Elimination of use of manmade synthetic fertilizer—this can be a significant cost factor

Green Net SE has trained the villagers in how to make organic coffee, and set up the standards for growing, harvesting, processing, managing, and business community management. Green Net SE uses the Fair Trade system, allowing the coffee farmer members to sell the coffee product at reasonable prices as well as applying the Fair Trade Premium. The money they earn is also used to contribute to the community, for example, by building a library and playground. Funds are also used toward community or group development, etc. (Jeerawat Kongkaew, 2013: paragraph 11th).

4.2.3 Social Enterprise and the Markets

4.2.3.1 Sources of Funds

Due to its business purpose, Green Net SE was not able to provide the financial information regarding its operation. Nevertheless, from the information provided, Green Net SE obtains its funds from two sources: income from trade and services and funds from donors.

1) Income from trade and services

Green Net SE's main source of funds comes from selling coffee. This organization's objective is to make profit for its parent organization by focusing on the selling of coffee as their product

2) Funds from donors

There is funding from the Green Net Cooperative and Earth Net Foundation. Both organizations provide financial support and technical assistance, such as providing storage space for coffee beans and coffee roasters, agricultural specialists, and investment for equipment such as a coffee roaster for Green Net SE.

4.2.3.2 Production Process

To grow organic Arabica coffee by using a technique called plant shade trees to revitalize the forest is the strategy for Green Net SE. The working relationship between Green Net SE and farmers is that these farmers will work as a group to operate and set the product prices by themselves. This ensures that the pricing already covers all of the real expenses, but is also reasonable, so that the farmers can earn sufficient income for their living and have sustainable development for quality lives. Green Net SE also supports farmers to learn about coffee planting abroad through its connections all over the world. Regarding the quality of the coffee seed control and pure coffee plant method, Green Net SE has established an Internal Control System (ICS) for organic certification and applied for organic certification with the Organic Agriculture Certification Thailand (ACT) in June 2011 (Green Net, 2011) in order to comply as per its original intention. Green Net SE has officers that will randomly check the product quality with participating agriculturists. For this quality checkup, Green Net SE is cooperating with The Earth Net Foundation.

Natchapat explains how the villagers worked before and the problems they used to encounter before the Green Net SE's involvement:

Previously, villages planted only coffee without knowing where and how to sell and selling the products by themselves at Chiang Mai did not earn much profit. Middleman offered them very low price. Sometimes the production did not reach the standard and did not have any system. Storing also did not that good, so we helped them by doing this for them (Natchapat, interviewed on 18 March, 2013).

Green Net SE has found that both international and domestic middlemen are trying to buy the products from farmers that joined the Green Net SE project; however, with a good long relationship between the farmers and the Earth Net Foundation and Green Net Cooperative, sincerity, and good intention, and seeing Green Net SE's effort to promote and develop organic products, these farmers have refused to sell the products to those middlemen and have insisted on continuing to sell the products to Green Net SE. In addition, with the support of the headmasters of the villages who have faith in the Green Net group, Green Net SE is able to have some influence over the villagers.

4.2.3.3 About the Product

As for now, the main product for Green Net SE is organic forest coffee under the band "Mivana." Consequently, Green Net SE tries to make all of the coffee's ingredients organic product, such as milk, etc., in order to preserve the image of organic farming by seeking for business partners that also provide organic products.

4.2.3.4 Type of Product

Table 4.4 below is a brief description of Mivana Organic Forest Coffee Products:

Table 4.8 Mivana Organic Forest Coffee Products

Type	Roasted Level	Characteristics	Price (250g)
Specialty Coffee Blend	Medium/City	Fruity/Floral/Banana Likes/ Peach/ Hint of Lemon/Complex Favors/Pungent/Sweet/Well Balance/Syrup/Roasted Hazelnut/Chocolaty/Juicy	250
Premium Coffee Blend	Medium-Dark/Full City	Floral/Sweet Caramel/Dark Chocolaty/Full Body/Round Favor/Dry Finish with Hint of Herb and Spice	250

Table 4.8 (Continued)

Type	Roasted Level	Characteristics	Price (250g)
Rain Forest Coffee Blend	Medium/City	Floral/Sweet Caramel/Earthy/Chocolaty/Forest/Medium Body/Smooth Favor/Juicy Finish with Hint of Green Pea	350
Black Forest Coffee Blend	Medium- Dark/Full City	Characteristics: Earthly/Sweet Caramel/Dark Chocolaty/Totally Full Body/Round Favor/Sharp and Dry Finish with Nutmeg	350

4.2.3.5 Awards and Quality

In 2013 Mivana the organic forest coffee by “Green Net SE won “Best Quality Award” from Quality Contest in Thailand Coffee, Tea and Drink Fair in Bangkok. The organization is Thailand based organization in certify coffee quality. “This reward guarantees excellence quality and taste of “Mivana”.” (Natchapat, interview on 18 March 2013)

Also, Green Net SE has received an award for TSEO in 2013 for “Outstanding Business Proposal for Social Enterprise in Environment. Green Net SE sent proposal for competition as requested by TSEO.

4.2.3.6 Market

Green Net SE introduces “Mivana” through organic farming Fair and, as another option, through Facebook. Green Net SE tries to push “Mivana” to available in modern trade, hotel, and big coffee store since “Mivana” has not cleared about its target group. In addition, Green Net SE plans a marketing plan with private companies requesting for selling and delivery to customers in any places. This is to meet the lifestyle of customer. Regarding to international market, Green Net SE adds more distributed channel by contacting organic coffee company in the United States that has high sales volume as another distributor. Another business channel for GreenNet SE is offering course regarding coffee quality selection by GreenNet SE’s

connection specialists. Besides, organic coffee, GreenNet SE also adds some more forestry products, such product as, herbs, offered to consumers by developing into instant products.

The offered products must have selling point and creative thinking. The products must be a very good quality because low quality cannot be survived in the market, thus it has to start with the good product which has good business and marketing plans, in addition, it needs to apply capitalism method as business tools as well. (Theerasit Amrasanesuk, GreenNet SE 2013a).

Recently, consumers both urban and rural are becoming aware of the health benefits and the environmental impact of consuming organic food. This also applies to organic coffee. But due to the lack of available information to help consumers differentiate between organic and ‘chemical-free’ produce, which was also available in the market, and promoted by two separate government schemes, consumers rather confused. . Researcher believe GreenNet SE, Earthanet & GreenNet cooperative, jointly with other sources should develop a business and marketing plan to advertise and publish health benefits environmental consuming Mivana organic coffee compared with the nonorganic variety.

Meanwhile, most of the certified organic crop production is export-oriented, leaving only an insignificant volume for the domestic market, i.e., fresh vegetables and grains – mostly rice and beans. Therefore, organic coffee is a new product to domestic consumers and now is in a trend that more consumers concern of organic food.

Green Net SE also has strong partner to work with farmers and find the door to domestic and international markets.

4.2.3.7 Distribution Channels

A distribution channel for Green Net SE is still narrow in term of domestic. As Green Net Cooperative is the parenting organization, at the beginning Green Net SE sale its product through the existence distribution channel. Currently, the main distribution channels are as listed below:

1) Member systems through Green Net Cooperative, product will be delivered to customers' homes or offices via mail.

2) Website and IT application, customers order through IT application, product will be delivered to customers via mail.

3) Occasional markets: major events such as trade fairs or conferences, e.g. environment days, health fairs etc.

4) Green Net Retail health shops

Green Net SE is in a process of expanding its distribution channels to regular market as listed below:

1) Health supermarkets: Currently, in Thailand, there is only one in this category- the Lemon Farm Cooperative

2) Supermarkets

3) Organic restaurants

We are at the stage of expanding our channels of selling coffee. Many of our customers complain about the hardness of buying Mivana. They want to be able to get it from the shelf in supermarket. Right now, we are approaching Lemon Farm and also Tops supermarket (Theerasit, GreenNet SE 2013).

4.2.3.8 Exports

Export market for Green Net has been done through Green Net Cooperative. At this state Green Net SE's green bean and roasted bean are ready to expand its market. Green Net SE coffee is exported to EU. This year, Green Net SE is in a process of expanding to USA.

Thailand's organic exports have a bright future due to high demand over available supply in international markets. Organic coffee is in particularly high demand. With its competitive advantage in marketing, Thailand is well-placed to serve the world market. Major importers of organic farm products include the European Union, especially Germany, the United Kingdom, and France. We had sent out Mivana coffee sample to U.S.A. (Theerasit, 2013).

4.2.4 Social Enterprise and the Government

Thailand Social Enterprise Office has been working closely with Green Net SE from the start. After received the excellence award on social enterprise plan in environment, TSEO has invited Green Net SE to share office space with TSEO. This is for the networking purpose and also as a show case for visitors to TSEO that within TSEO office, there is an award winning social enterprise. The spacing is not free, TSEO offer renting space at low cost.

From viewpoint of Green Net SE, TSEO is confusing of its role. TSEO have played a role of funding agency and distribution channel as in the case of selling organic rambutan by itself but in fact it should be an advocacy agency.

Green Net SE has been invited by many state and private sectors to be part of their campaigns persuading people to value in organic farming through many campaigns and social events, for example, Organic Farming; the way of sufficient economic, to AEC by Ministry of Agriculture and Cooperatives, Organic and Natural Expo 2013 by Ministry of Commerce, and Organic Life Festival; a co-host between state and private sectors event.

4.3 Freehap

4.3.1 Social Enterprise and Organizational Context

4.3.1.1 Background

Both Natee Jarayabhand and Khanit Aramkitpota have the uninterrupted interest in how to improve the better happiness in society since they were undergraduate students at the faculty of economics, Chulalongkorn University. During those years, they join rural development club and participated in the volunteer camp to build school, restroom for people in the rural area. They have gain valuable experiences from that trip and have learnt about happiness that money can bring and money cannot bring. They also realized that happiness is not always increase as per the amount of money that person have or earn. Happiness comes from within. Therefore, happiness of one person cannot be judged by money alone, there are also other factors that can increase level of happiness. Natee was very much into the

volunteer field at that time, he was not only joining the rural development club at Chula, Natee also join Thai Yong Philanthropist Network (TYPN).

The friendships continue so as the interest in enhancing happiness in society. After graduation from Chulalongkorn University. Natee worked as an assistant product manager at Siam Fiber Cement Co., Ltd. Khanit worked as a sourcing analyst at Pantavan Co.,Ltd. At the same time Khanit continue his study as graduate student at faculty of Commerce and Accountancy, Thammasat University where he have learnt about social entrepreneurship in his course and heard of Global Social Venture Competition (GSVC) for the first time.

As they are in doubt that the world today is getting happier or getting unhappier. They want to find out more on happiness issue. They were searching into the gross national happiness that measures the level of happiness. Also, they found out that many studies have proved that the increase in the money level is uncorrelated with happiness level.

From their inspiration and belief that originally people are already happy just the way they are, but tend to create conditions to trap their own happiness. Hence, they believe that this crisis should be considered more seriously and they must find rational and measurable ways to record people feeling and to help improve world Happiness.

4.3.1.2 The Emergence of Freehap

It was started in 2009, Natee and Khanit hatched the idea while they were doing unfulfilling office jobs after university and read a study about low happiness levels in developed countries. From a very simple question of we are not sure if our world is getting happier or not?, Natee and Khanit believe that this question should be considered more seriously and they must find realistic and measurable ways to help the world increase level of happiness.

Two friends, who share the same passion about improving the world's happiness, craving for building a simple application to improve happiness for people lives, they are thinking about how to make a platform in social networking for people to live a happier life. "We wanted to try to make a platform for people to live a happier life. There's no other application with the mission of making the world happier," (Natee, interview on 2 February 2013).

In order to make their thought become reality, Natee and Khanit began to do many researches about happiness indicators and measurement. From the research, most of people agree that only GDP or GNP is not an effective tool to measure world development. Many scientists and economists are searching a new way to define and quantify happiness. As happiness is hard to measure and have no standardized scale, different countries apply different methods and standards to measure happiness. This is where they have an idea of developing a standardize happiness measurement. Not only the happiness issues they concern, the method and tool of how to deliver and share emotion are also important for them. Finally, they came to the conclusion that at this era, IT and web site should be the answer. Even though Natee already capable of making a web site, he decided to learn more about web designs.

Finally, Natee and Khanit decided to establish a business that making money and also give something back to society as they learn from the class. From Khanit understanding, this social enterprise must has a social mission of making the world happier and to serve as a platform that can help to improve world happiness. Freehap is established with dual purposes. For the first reason, to peruse and fulfill both Natee and Khanit dreams in helping people who want to reach to happiness, on the other hand, to make them have a job and the surplus would be to get them ready for The Global Social Venture Competition (CSVC) in 2010.

On 22 May 2009, Natee, Khanit registered a limited company with a capital of 100,000 baht. Natee asked Kreingkran and Kreingkrai Kanjanapokin who are his relative to joined as a board members. They accepted the invitation but under the conditions that the only be the board members. Natee and Khanit raised some money from their family and among themselves, and put a team together to fully develop Freehap. At the beginning, office space was located at Natee's house. There were no other staffs. Two of them were fully runs the organization, Natee was in charge of web design, Khanit was responsible for marketing and day to day operation. Customers were their friends and also friends of friends. During the first few months of operation, web design was the main income generating activities for Freehap, where the Freehap application was not fully functions and also not making money yet. At the beginning none of board members received salaries.

4.3.1.3 A Competition

GSVC competition is the largest and oldest student-led business plan competition providing mentoring, exposure, and prizes for social ventures from around the world. The mission of the GSVC is to catalyze the creation of social ventures, educate future leaders and build awareness of social enterprises. The competition supports the creation of real businesses that bring about positive social change in a sustainable manner. The GSVC is organized by the Haas School of Business at UC Berkeley in cooperation with 6 Regional Partners and 3 Outreach Partners around the globe. Each year, entrant teams from around the world compete for \$45,000 prize money, while gaining valuable professional feedback on their ventures. Since its inception in 1999, the GSVC has awarded more than a quarter of a million dollars to emerging social ventures and has introduced early-stage social venture entrepreneurs to the investment community. Nearly 25 per cent of past GSVC entrants are now operating companies (GSVC, 2013).

The Thammasat Business School has organized GSVC in Southeast Asia in Thailand since 2007. Each year, GSVC-SEA welcomes teams from Cambodia, Laos, the Philippines, Malaysia, Singapore, Indonesia, Vietnam, Myanmar, Brunei, Thailand and Oceania. The International MBA Program and Center of Sustainable Enterprise at Thammasat Business School seek to build the GSVC-SEA into a regional community of thought-leaders, educators, students, investors, and entrepreneurs that overcomes challenges faced by social entrepreneurs in Southeast Asia through GSVC competition and the Southeast Asia Social Entrepreneurship Symposium. Two winners from GSVC Southeast Asia will represent the region to compete with other finalists from around the world at the GSVC Global Finals, Haas School of Business, University of California Berkeley, USA in each April (GSVC, 2013). Freehap is among the two team represents SouthEast Asia Team achieved the championship in Global Social Venture Competition South East Asia 2010 (GSVC-SEA) and received a prize of USD 10,000.

The pair took their idea to the Global Social Ventures Competition at UC Berkeley in California in 2010. They didn't win the contest but they say they got a lot of good feedback, especially from judge Paul Herman, founder of socially responsible Silicon Valley investment firm HIP Investor. "He said that in the future he

thinks that the trend will move towards reporting happiness indexes, rather than stock market indexes,” (Natee, 2013).

Freehap has been in operation for 7 months by doing market research and web design before entering the GSVC. At the time of competition Freehap was in the phase of fund raising and do computer programming. At that time, Freehap have raised 600,000 Baht which was sufficient to test website in the first phase. However, Freehap needed a capital of 7,000,000 baht to execute its three year project plan. Freehap needed to raise additional of 6,400,000 baht to meet the project plan. Khanit brought the news about GSCV to his board members and discussed about how this could work for Freehap. All four of them agreed to compete in GSVC. Natee and Khanit developed a business proposal for the execution of their plan. They recruit more friends to be in the operation team. There were 8 people including Natee and Khanit in the working at Freehap for the GSVC competition. Kreangkan and Kreangkai were not included in the management team because they could not participate in the entire event for the competition.

4.3.1.4 Organization Formation after a Competition

After the competition, they came back to Thailand, Natee and Khanit are full of energy and hope to make Freehap successful. At that time, they were confidence that their social enterprise will survived in the real business world. Even though the idea of applying social network for the helping people the society is not something new at all, but in Thailand, Freehap is a pioneer among the mobile applications exploring towards this direction.

At Freehap, We build a platform to find out how happiness can be improved for different types of people. To improve the world happiness by starting with individuals and their love ones Freehap provides two major solutions. Our first solution is application through Facebook and mobile application to help us take care of our family and friends easily. The second solution is through Website and Events that will help facilitate a collaborative network for the government, business, NGOs and ordinary people to create projects to improve happiness of different groups and types of people (Natee, 2 February 2013).

Kanit point out that, this platform is simple and fun to participate. The data will be both useful for improving happiness of our everyday life with our family and friends and also be helpful in projects that aim to help other people to solve specific problems. Freehap application finally went live on Google Play for Android, and in iTunes for iPhone. At this stage, Freehap concentrated on promoting the application and using Youtube and other social media as their channel in advertising Freehap application.

In 2011, Natee and Khanit once again raised money by borrowing from their family and friends. A 670,000 baht has been put down as capital fund. Freehap is cash flow negative. Natee and Khanit therefore, approached the business sectors to invest in Freehap. Along with finding more investors, they also proposed for supporting fund from angel investor. They submitted a proposal to KhonThai Foundation, established by Primer Marketing Group PLC. for a grant. They received grant from KhonThai Foundation. Along with the grant, Freehap also is one of the teams working on a project “Happiness Indicators of Thais, the survey size is 100,000 persons. This is an annual project of KhonThai Foundation.

Freehap once again submit the proposal to Advance Infor Service PLC. for AIS The StartUp campaign 2011. This campaign is an annual competition for entrepreneurs that have innovative idea on mobile application to transforming conception into commercialization, by opening an opportunity for all inventors and entrepreneurs to get into national and international business level with AIS. By winning the campaign, Freehap then become a member of AIS The StartUp and be able to connect its application with AIS and AIS business partners.

After all the effort, Freehap was able to raise fund and put a team together to fully develop Freehap application.

During this stage of operation, Freehap recruited three full time staffs to work as a web designers and software programmers while Natee hold a CEO position and Khanit is a Managing Director. For others 6 management team members were under the volunteers based.

4.3.1.5 Mission and Vision

Mission: create a collaborative platform for humans to help improve our happiness together.

Vision: We will be the most well-known brand in mind for collaborative platforms that can help improve World Happiness in 5 years.

4.3.1.6 Objective

To develop a mobile application, a system for supporting social-service activity through social networks to provide the easy tool for user to improve happiness of family and friends.

4.3.1.7 Company Description and Business Model

Freehap Co., Ltd. is a social enterprise that creates a collaborative platform for human beings to improve our happiness together. The platform consists of two sections, firstly, the website for happiness update and secondly, happiness data base bank.

Freehap's application operations work by share users happy and unhappy status in Freehap's webpages and synchronize with other social networks such as Facebook. This gives users the opportunity to firstly, share their feeling and emotions and secondly, to see and follow on their family and friends feeling and emotions. For instance, user see a friend who posted on the wall saying "get a job" then user can congratulate the friend. Or in the case that family posted one the wall saying "feeling sad" then user can cheers up by using emotional icon "supportive" this could in a small way create a happy moment when knowing that someone cares and be there. Furthermore, users can use Freehap's Happiness Data base to create events to help the other people on specific problems in the real world. For instance, a friend needs a tire change that is on the road, a friend who need blood donation. By helping others, the user can feel happy and fulfills. This also can create a caring society. Also Freehap data base is design to be flexible with both qualitative and quantitative results. Enterprise, Government, Educational institution and NGOs can utilize Freehap data base to improve policy, create new products or service, or even innovate new businesses.

Table 4.9 Input and Desire Outcome of Freehap's Users

	Individual User	Researcher	Business Partner
Desired Outcome	Easily improve happiness of family and friends	Flexible data to find new leanings to create projects to improve happiness	Focus and effective advertising, Fast and accurate poll survey
Input	Take questionnaire; Update information; Give comments	Register as a researcher and use Freehap's data base	Sponsor (fund)

Freehap core objective is to facilitate users to help improve happiness of family and friends in an easy and fun way. By starting from download free application The key feature is that Freehap can easily find out the overall proportion of users family and friends latest happiness status. If user want to help some friends, Freehap can sort out to see only unhappy friends and look for solutions to help those. Freehap view Facebook as a compliment more than a competition and start from creating a Facebook application and synchronize Freehap website to Facebook to facilitate users to register and share their activities easily.

4.3.1.8 Type of Organization and Organization Structure

Freehap is a limited company with 4 board members. Mr. Natee Jarayabhand is a Chief Executive Officer and board member. Mr. Khanit Aramkitpota is a General Manager and board member, Mr. Kreangkan Kanjanapokin and Mr. Kreangkai Kanjanapokin are members of the board.

At the establishment period, there were only Natee and Khanit working fulltime for Freehap. Later in 2010, 6 friends who also in GSVC team have join the company as volunteers. They help in operational set up, IT and web application. Freehap had 11 staffs. At that time, Natee and Khanit recruited three more staffs to operate web application and do paper work in the office. These three staffs are newly

graduated in Bachelor degrees, majors in programmer, IT and web design and management. Because staffs are mostly friends, therefore, atmosphere in the company are very informal. There was no formal meeting.

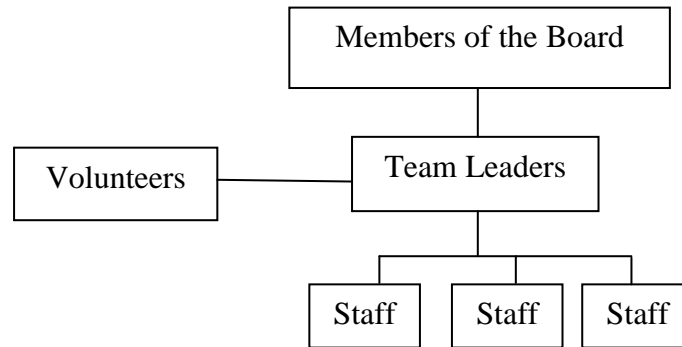


Figure 4.4 Freehap Organizational Structure

After Freehap changed to Happio, There are 10 fulltime employees at Happio including Natee and Khanit. There are three job descriptions in the organization which are Program developer, Designer and Marketing. Due to a type of web design, web program, web application are project based that involves the development of a specific product targeted at select customers. Most of the jobs could be range from 3 months to one year. Both Natee and Khanit are also work in marketing team, their jobs are to find customers and promoting company and mange other day to day work. Mostly, Natee is the one who goes out meet new customers while Khanit and the team go out to present works. At Happio, consist of a general manager or CEO; also, there are functional departments such as operations and finance, but projects are the main units of conducting activities. Project teams conduct almost all operations of the company. Employees are assigned to projects and report to the project manager. The project manager conducts performance appraisals and prepares development plans for project team members. This improves employee loyalty to project goals. Moreover, because the project manager has direct control and authority over project operations, flexibility and response time to changing circumstances improve. Weekly meeting at Happio to follow up on each project is very important. For this Natee and Khanit would know the amount of work load that each team has, then can decide how to spread out work. Among all employees, there

are two of them that have been with the company since start up. Happio paid their employees at the market rate for undergraduate and graduate, in the range between 12,000 – 35,000 baht plus other benefits required by law and bonus. Kkanit also mentioned that recreation at Happio is something that happens almost every month. These are football matchs among employees, Friday night hangout, and short trips.

When we are spending time playing football or hangout together, we become closer and able to know more about each other in team of personality, likes dislikes. So it is easier to work in a team and this could bride the distance between boss and subordinates (Khanit, 2013).

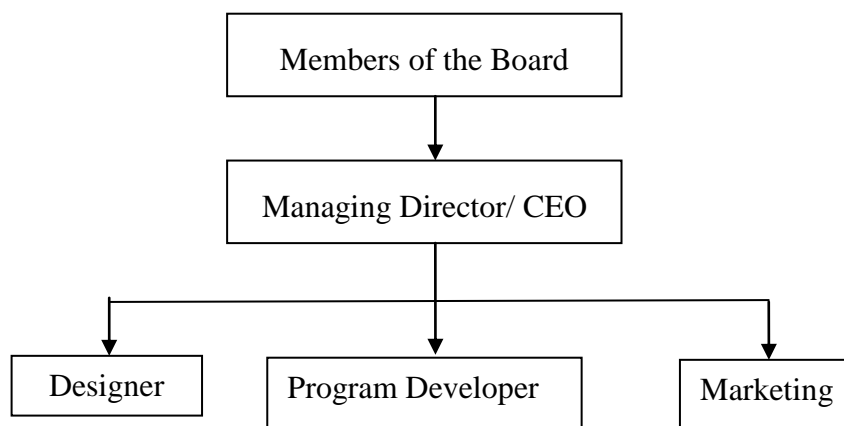


Figure 4.5 Hapio Organizational Structure

4.3.1.9 Organization Transformation

Due to accumulate lost for Freehap, in the beginning of 2013, Freehap has faced its challenge as their cash flows gone down to the lowest, Natee and Khanit have called for a meeting with their employees that this was a very difficult time for Freehap. Due to the fact that Pay Per Click Banner Advertising, (the profit making part) is not work well. Also, Online Poll Survey cannot implement yet due to small population of Freehap user. In order for Freehap to survive, Natee, Khanit and all employees have gone through many meeting. The outcome was that Freehap has to revolutionize its business operation by extend its service to cover web design, web development and software application in earn extra income. For that, the company

would have money to develop and run Freehap application.

At the time of the crisis, there was an opportunity opened for Freehap. Index Creative Village PLC., a leading company in creative marketing events and related media business offer Freehap a business deal. The company would like to invest in Freehap and become an investor for Freehap. This public company limited run by Kreingkrai and Kreingkarn as CEO and Co-CEO. This company is ranked 7th world class company by Special Event Magazine, U.S.A. in 2011. Therefore, Freehap work area has to expand more than Freehap application it is need to be shift into other profit making activities. In order to cope with this situation, Natee and Khanit proposed that they would accept the terms and conditions offer by Index Creative Village which will lead news project to Freehap. Never the less, Freehap must maintain it primary objective and mission on Freehap application. This is the main purpose of set up Freehap which Natee and Khanit would it to keep that. The new company will maintain and support Freehap application by cut the profit from other projects to sustain Freehap application.

Following the company's change in name to Happio in March 2013, Freehap also moved out of its old place to a new office space on Pan Road in the Silom district. The new office space is called Launchpad. This is a working space which is supplied with all of the necessary office equipment such as a meeting room, working tables, fax machines, copy machines, etc. This kind of renting space is very famous among IT and website business. This joint venture has raised Happio capital to 9,000,000 baht. At Happio, Natee and Khanit are still in the CEO and Managing Director positions and employ more staffs.

Table 4.10 Organization Changes

Status	Juristic person name	Date
Present	Happio Co.,Ltd.	25 March 2013
At establishment	Freehap Co.,Ltd.	22 May 2009

In 2013, Happio plan on testing and tweaking Freehap application with user feedback from Thailand, Singapore, and Hong Kong markets before trying to

launch it globally. They are trying to expand the number of user. They are also looking for new funding. In future versions they would like to launch a real-time map of people's happiness status updates, amongst other improvements.

4.3.1.10 Resource Mobilization

At the beginning Freehap had difficulty raising funds, with the support of family members and friends; finally Freehap started its operation with a capital of 100,000 baht. After winning the GSCV-SEA 2010, Freehap installed 570,000 baht more into company capital fund. Later in 2012, Freehap increase its capital to 5,000,000 baht and in 2013 Freehap change to Happio and has a capital of 9,000,000 baht.

Table 4.11 History of Change in Capital Fund

Number	Date	Amount of Capital (Baht)
At establishment	29 May 2009	100,000
1	29 June 2011	670,000
2	16 January 2012	5,000,000
3	25 March 2013	9,000,000

4.3.2 Social Enterprise and Social Impact

People's income is getting higher but people around the World are becoming less happy. The easiest way to improve happiness is to start with ourselves and people who are close to us.

Freehap has defined three social value chains as following:

1) By using Freehap applications, if the users collaboratively create interactions such as sharing status, giving comments, or cheering up other people who are unhappy, then those actions will help some users feel happier. There are many studies show that happiness can have positive effect on health and productivity.

2) Freehap will create CSR event from Freehap's data base to improve happiness of a selected group of people on specific problems. These events will be funded by companies that focus on CSR. In this chain, the output and outcome are quite similar to those from the previous chain but will have more impact and human

touch since it is focus on real life events.

3) Freehap provides flexible and customizable database for researcher. From Freehap database, they can conduct quality research showing results about which any specific group of citizen is feeling unhappy and what the truly causes are, which can be used for variety purposes such as:

(1) Government can localize and customize public policies and implement it efficiently.

(2) Enterprises can create CSR campaigns, employee or customer satisfaction, innovate new product and service, or even innovate new business.

(3) Education institutions can improve teaching methods, design courses from student, design research methodology, or provide qualitative and quantitative secondary data.

(4) NGOs can raise funds, research, or create events. Freehap's business strategy / model is to incorporate feedback from customers or users in order to improve its operations. Freehap's quantification is if the feedback is based on a happiness factor, results can be used effectively. Nevertheless, they were never able to successfully answered the question on how happiness is do you measured.

From these activities and outputs, especially in organization, people with happiness can generate more productivity. Moreover, the major outcome of Freehap effort is to set happiness as the ultimate goal of Thai society and view economic growth as only a part happiness indicator. This at some point could be an indicator to help reform public and private policy and set new values and culture for future generations.

Freehap is focusing only on improving the application (and people's happiness, in theory) for the foreseeable future. They do have some ideas about how to monetize when the time is right, including sponsoring "happiness campaigns," premium emoticons, and advertising. However, ultimately, says Natee, "We believe that if we can improve happiness for people, then money will follow."

In 2113, there were 50,000 users on the Freehap application. The users slowly increased during the first two years of operations but after participating in the AIS the StartUp program, the number of users increased dramatically.

Table 4.12 Number of Freehap Users

Year	Number of users
2010	1,000
2011	15,000
2012	30,000
2013	50,000

4.3.3 Social Enterprise and the Markets

4.3.3.1 Sources of Funds

Freehap obtains its fund from two sources: income from trade and service and fund from donors.

1) Income from Trade and Service

Freehap main source of revenue is from from projects on web design and web application.

2) Fund from Donors

Freehap has an angel investor such as AIS and KhonThai Foundation supporting in grant.

4.3.3.2 Financial Management

According to the Balance sheet for year 2010 and 21011 Freehap total liabilities were greater than total assets and revenue. Shareholders' equity was at loss. Whereas year 2012, Freehap claimed that there was an improvement in Shareholders' equity which showed more gain and less loss from accumulate loss.

Table 4.13 Balance Sheet

Financial Statement	2010		2011	
Unit:Baht	Baht	Change in %	Baht	Change in %
Account Receivable	0.00	0.00	0.00	0.00
Inventory Stocks	90,031.93	(-12.33)	111,363.00	23.69
Current Asset	184,799.29	(-68.22)	126,861.59	(-31.35)

Table 4.13 (Continued)

Financial Statement	2010		2011	
Unit:Baht	Baht	Change in %	Baht	Change in %
Land, Building, Machinery	61,130.77	1,908.90	82,155.71	34.39
Fix Assets	61,130.77	1,908.90	1,033,505.71	1,590.65
Total Assets	245,930.06	(-57.93)	1,160,367.30	371.83
Current Liabilities	42,040.41	82.53	74,768.38	77.85
Fix Liabilities	605,000.00	4.31	1,135,031.31	87.61
Total Liabilities	647,040.41	7.30	1,209,799.69	86.97
Shareholders' equity	(-401,110.35)	(-2,065.96)	(-49,432.39)	87.68
Total Liabilities and Shareholders' equity	245,930.06	(-57.93)	1,160,367.30	371.83

According to profit and loss statement, Freehap showed net loss for two consecutive years due to small group of people participated in Freehap's application and for that the company cannot meet the target growth for Pay Per Click Banner Advertising. Also due to small numbers of users, clients still not interested in buying a space for online poll survey. But as informed by Khanit, in this 2013, Happio financial management is getting better due to more sales in web and mobile applications. This improvement should make the company have profit for this year (Khanit, 2013).

Table 4.14 Profit and Loss Statement

Income Statement	2010		2011	
Unit:Baht	Baht	Change in %	Baht	Change in %
Revenue from trades and services	43,364.48	(-21.62)	0.00	-100.00
Total Revenue	44,240.44	(-21.40)	912.16	(-97.94)
Cost of Sale	214,833.43	326.67	0.00	(-100.00)
Net Profit (Loss)	0.00	0.00	0.00	0.00
Trade and Service Expenses	211,998.52	70.34	431,823.20	103.69
Total Expenses	426,831.95	144.17	439,855.23	3.05
Interest Paid	0.00	0.00	0.00	0.00
Profit (loss) before income tax	(-382,591.51)	(-222.81)	(-438,943.07)	(-14.73)
Income Tax	0.00	0.00	0.00	0.00
Net Profit (Loss)	(-382,591.51)	(-222.81)	(-438,943.07)	(-14.73)

4.3.3.3 Market Solution

Freehap is building a platform to research how happiness can be measured and improved for different types of people. The data will be both useful for the government and private sector for improving happiness by providing the right kind activities for their targets. Freehap is already started their application on Facebook.www.freehap.com Freehap services are as following;

1) Happiness update application—This application is designed to synchronize with the other popular social networks to let users to update status easily of use and to let them connect with friends from different social networks. (e.g. Facebook , Twitter, Google Buzz etc.) The objective of this application is to build up Freehap's brand awareness among the people who are eager to discover the happiness in their life and encourage people to share their status such as their personal identity, personal relation contact, diversion and surveillance their friends. All Freehap users

are able to share their feeling and stories with their friends.

2) Happiness Database–The database is to collect both demographic and psychological data. The validity and reliability of the database can more trustable due to Freehap user lead from the circle of happiness that builds from the happiness environment. The objective of the database is to provide the effective happiness information for free. Therefore, researchers, enterprises and the individuals can apply information to create their projects, events or researches to improve happiness of users conveniently and accurately.

3) Pay Per Click Banner Advertising–Business Partners can advertise by choosing the demographic and psychological character of their target markets to make their advertisement more focus and effective.

4) Online Poll Survey–Business Partners can create a poll survey by choosing the demographic and psychological character of their desire sample.

4.3.3.4 About the Product

The application allows users to update their happiness level on a 5-point scale (very happy, happy, so-so, sad, very sad) and broadcast that to other users in their area. Users can then add “special ones” and be alerted when those people are sad (so they can give them a pick-me-up call or message) and also check the entire country’s happiness level collated with data from Freehap. For example, data from Freehap can be read as; Right now I see that “Thailand’s happiness level is 58 percent today, up 3 percent from yesterday.”

Besides their happiness levels, users can post citizen news reports with the “I Report” button; make recommendations of books, movies, music, and more with the “I Recommend” feature; and put stuff for sale with the “Selling” button. They can also call for help (whatever the problem may be) with the “Help Me!” icon, and an aspiring Clark Kent in the locality can make himself or herself available by hitting “I Help” within the app. Plus, users must submit their blood types upon registration because there is a function of the app that allows a user to put out a call for blood donations in the event of an emergency.

With the mission of how can we make the world happier, FreeHap becomes a Social Network emphasizing to share feelings especially when the mood is

happy, sad or quiet under the function of “Special One” which allows users to add maximum 8 friends as your “Special Ones” and customer will be notified when your friends (in the list of “Special Ones”) are sad. Then customer can contact them directly from this application in order to console and calm down their sadness. From the result of research by Freehap team there are only 8 persons whom you contact most frequently, though you may have much more than that.

Meanwhile, other interesting features are:

- 1) Rescuing society at the time of emergency when someone is in urgent need of the same blood group like yours for donation. From setting notification whenever such help is required the app will automatically send notification to your handset.
- 2) Explore and help any city by monitoring any activity being campaigned that customer can participate.
- 3) FreeHap team shows with graphic indicators of happiness last week from various moods and feelings of yours.



Figure 4.6 Happiness Graph

With crowd concept in bringing rescuing features at the time when people are facing problems or in stimulating certain good campaigns, it will be much nicer to live in such society than this, only if these things can really be applied. Natee addressed that under such confused social era he wishes to see more smiles and more

contributions to create helping hands in our society. He wishes this app can more or less be part of assistance to society (Khanit, interview on 2 February 2013).

The application is completely integrated with Facebook. User must sign in with Facebook, so all friends in the social network become their friends on the application, and when, for example, someone likes their happiness update through Freehap, that “like” will show up on a Facebook post.

Freehap application is the facebook and mobile application to help people take care of their family and friends easily. Freehap application is for keeping update and sharing people's happiness and taking care of their friends and family. Freehap designs the application that can help people socialize both online and in real life where they actually meet each other in person. Freehap website is also help facilitate a collaborative network for the Government Enterprise, NGOs and ordinary people to create projects to improve happiness of different groups and types of people.

The website provides both qualitative and quantitative data that can be viewed by different filters so customers can see different problems for different group of people.

4.3.3.5 Identification of Customers

Freehap target customers can be divided in three primary categories as follows:

- 1) For Freehapper (Freehap Users)

- (1) Happiness Questionnaire is to understand people themselves better.

- (2) Happiness Update Application is to share happiness and help others in time of needs.

- 2) For Researchers and Government-Customizable Happiness Data Base is open to be used to improve happiness of society for free.

- 3) For Business Partners–Freehap’s application can be a place where companies can join and create happy work place webpage.

- (1) Pay per Click - Advertising and PR Channel.

(2) Poll Surveys – Find customer needs and feedbacks.

(3) Other web and mobile programs – Web and mobile applications tailored made per clients orders.

Freehap target customers are business enterprise, NGO, and government agency. Never the less, Khanit also mentioned that in order for Freehap to fulfill its mission as social enterprise, Freehap put effort in selecting its clients. In order for Freehap to hold to its social mission after the company reduce the importance level of Freehap into another project under Happio. The executives discussed a lot about it and came with the idea that the company will selected its customers based on the profile. Happio will only answer to the customer that their businesses are not affect any short or long term society and environmental context (Khanit, 2013).

4.3.3.6 Network and Connection

Personal connection through the founders of Freehap is significant to the operation of Freehap. For example Natee cousins are the owner of a leading company in creative agency where they can led and match Freehap with customers. By sending proposal to many organizations and applied for grants has open up the opportunity and new connection for Freehap. For instance, after won the AIS the StartUP programe, AIS has brought in many of its business partners to Freehap. As Freehap is a new business entrepreneur and not well recognizes by business world. Therefore, having AIS as business supporter could open the deal more easily. This also can apply to other Freehap business supports namely BE magazine, KhonThai Foundation, IMBA and GSCV.

4.3.4 Social Enterprise and the Government

TESO which was created to support the Social Enterprises in Thailand . From the very beginning, Freehap has joined TESO to obtain access to networks associated with financial advice and support, marketing and collaborating international organization with more advanced technology. Freehap had participated in conferences workshop and event organized and co-organized by TSEO such as “Thai People, Give Hand”. Other than that, Freehap has not in any corroboration with TSEO. Freehap knew that this stage TSEO is a building awareness to society but there are concerned from social enterprise like Freehap on other issues such as social funding, legalized

business form for social enterprise. Freehap understand that TSEO is not clear what is social enterprise in Thailand should look like and what are the criteria for becoming a social enterprise in Thailand, Therefore it is very important for TSEO to set this guideline. Freehap point out that from it understanding TSEO role is to promote social entrepreneurship in Thailand and set strategic plan for Thailand social enterprise in order to have same direction to move forward.

4.4 Farmsook Ice Cream

4.4.1 Social Enterprise and Organizational Context

4.4.1.1 Background

By sharing happiness to children who live in an orphanage and seeing those eyes filled with happiness when eating ice-cream became the motivation to one group of people in starting “Farmsook Ice cream”.

Every time when friends are free from their jobs and make a get together, this group of friends will go an orphanage to donate food especially ice cream. After a while, not only the happiness they feel but also, they realized that by continue donating very sweet ice cream with high sugar content to these groups of children would harm their health. This habit of consuming too much sweet would lead to a serious health problem in the future such as diabetes and fatty syndrome. Besides, as ice cream lovers, they discovered that ice cream in Thailand is mostly too sweet and unhealthy for every age group. To find low sugar ice-cream in the market in Thailand become nearly impossible and even though, it exists, the price would be expensive. This brought them about the idea of producing homemade low sugar ice cream.

The first time bringing the homemade ice-cream to San-Luk kindergarten under the Foundation For Children, that day was like others who brought food to children, but after seeing children eating our ice cream, what we gain back was very happy feeling of seeing children filled with happiness of eating ice-cream that is not as sweet as what they used to (Piyamas Kungwankitpaisal, 2013: 135).

Bringing ice-cream to children at that time, this group of friends noticed that neither money nor material donation cause permanence to the children in orphanages. They felt that children looked very sad when they gather out to receive things or foods. Chairit mentioned that he and his friends notices after many visit that children eyes show unhappy feeling even when they dances or sing a song in return to express their thanks. The children might want something more than just receiving foods or toys, they might want something out of the boxes that no one give them before. After long thought of how to help the children, plus they noticed that ice-cream donated to children contain very high sugar and very sweet flavor and this may effect to children's health. With all these reasons and opportunity, they decided to start Farmsook Ice-cream. For this, they could help children in increasing their self-esteems, earn their self-respects, and enhancing their basic appreciation of leading a normal life. In addition,

We change the concept of giving from “give the fish” to “teach how to fish” and we are all in a win-win situation. As the concept of social entrepreneurship is that all stakeholders; entrepreneur, shareholder, beneficiary, social, customer and environment are all get a benefit (Gampanat Tawankijduamrong, 2013).

4.4.1.2 The Emergence of Farmsook Ice cream

Farmsook Ice cream started from a group of friends who get together on their free time and donate homemade ice-cream made by themselves with less sugar content readily available in the market, to poor and needy children at orphanages. This activity allows them to realize that these orphanages have restricted finances available to take care and manage children that impede them from providing good services to improve their development. Thus, this has brought them to an idea of helping these places to receive an extra capital flow to improve their facilities, to buy additional education materials for children to improve their ability and skill. (Sirawut Raveechaiwat, 2013: paragraph 5)

After few months of making low sugar ice cream from Chairit own , a 3,000 baht a month and donations from friends and other friends from Facebook, he

realized that by doing this would not guarantee any sustainability to their good will. The donation money is not consistent and is unpredictable for monthly operation cost. Moreover, he wants to challenge the insults by others on “sustainable” in what they are trying to do. In 2012, opportunity has come when Thailand Health Promotion Foundation and Institute of Small and Medium Enterprise Development opened up for a proposal on healthy food promotion. This would give a financial support for new business that promotes healthy food. Chairit and his “scoop of love” project receive the grant.

Thereafter, Chairit starts to search for a way to help their philanthropic activity through books, website and from that he learns of “Social Enterprise”. He thought that this might be the way for their good intention to sustain in the world of lots of competition and scarcity in capital. A few weeks after that Chairit joined in one of the classes organized by Thailand Social Enterprise Office. It was a social enterprise 101 class where he has learnt how to write a business plan for social enterprise. Another opportunity has come when Thailand Social Enterprise Office encouraged him to submit the proposal on his ice cream project to be competing in their competition. Chairit once again received the award. This made the dream of sending happiness through a small cup of ice-cream become true. Additional to the award, Thailand Social Enterprise Office also provided a business consultant team to Farmsook Ice cream. This is to help them with the business management skill.

4.4.1.3 Organization Formation

Farmsook Ice cream was established on 9th June 2012 by a thirty nine year old, Chairit who received Bachelor of Arts major in English from Ramkhamhang University. Chairit comes from a middle class family where both of his parents work full time. He has one younger sister. He remembers that when he was little, his parents often left him and his sister at relatives or friends houses. As a child, there were some moments that he felt unloved and unbelonging when his parents took them to stay with others. Khun Chairit Imjaroenu (Bom), the founder along with Khun Gampanat Tawankijduamrong (Num) and Khun Piyamas Kungwankitpaisal (Mee) are the co-founders. Later on, Khun Nadlada Sutham (Joy) has joined the team. Chairit, Gampanat and Piyamas are graphic designers working at the same graphic company. Nadlada is a flight attendant. At the beginning, the team agreed to manage Farmsook

Ice cream as volunteer based as all four of them still working on their full-time job. Chairit and Gampanat turn themselves into freelance in order to be able to shift their routine work to evening and work for Farmsook Ice cream during day time. After a few months of Farmsook Ice cream has set up, Chairit decided to leave his permanent job and take the entrepreneur role for Farmsook Ice cream which others founders are still works for Farmsook on volunteers based.

The name of Farmsook Ice cream comes from a word “Farm” which is an area of land devoted primary to produce food such as milk. “Sook” is a Thai word for “Happy”. Therefore, Farmsook Ice cream means a land that produces ice cream which makes the producer and customer happy.

4.4.1.4 Mission

Farmsook Ice cream mission is to help the orphanages to increase happiness on their free time and to make the free time more valuable to them and earn extra money in order to improve the quality of life of the children, built their self-esteem along with, giving children the opportunity to practice the profession to become ice cream maker.

4.4.1.5 Objective

The 4 co-founders have primary objective in hoping that in order for orphanages to alleviate the tension of tight budgeting from government, it has to earn an extra income from profit sharing by selling Framsook Ice cream. This would lead to more flexibility in managing any activities related to children. Moreover, children in these orphanages will have a chance to increase their self-esteem and to be proud of themselves by participating in professional training of making ice cream and discovering their own values. Furthermore, those children will earn an extra income so that they would have some saving for the future use when they leave the orphanages. Children will have more chances to cherish the good attitude and kindness of other people in the society and be prepared when they leave the orphanage to the society.

Farmsook Ice cream has the following objectives

- 1) Finding the solution due to insufficient budgeting for reception and foster homes.
- 2) Increasing the professional skill to reception and foster homes' staff and children.

- 3) Motivating self conscious and self value.
- 4) Developing and improving staff and children quality of lives.
- 5) Managing the transparency and profitable business.
- 6) Allowing involved person to be independent and leading to social supportive and assist.
- 7) Creating social harmony and sharing.

4.4.1.6 Type of Organization and Organization Structure

The ice cream based is made by children at Thanyaporn Reception Home for Girls, then transport to Chairit's home where he turn it into an small ice cream production place. As a person in charge of Farmsook Ice cream, Chairit responsibilities are teaching children how to make ice cream, doing marketing such as interviews, update facebook, and day to day management along with receive order and delivery. The others are working as volunteers. Gampanat, 38 year olds, who have work at the same company as Chairit, is also a cofounder of Farmsook, his responsibilities are to delivery ice cream, buy raw materials, sale ice cream at all participating events. He is a person behind the entire marketing theme for Farmsook. Piyamas, 35 year olds responsibilities are making ice cream after children completed with ice cream base, packing ice cream. Additional to routine responsibility, Piyamas also search for better recipe for more flavors for Farmsook Ice cream by tasting and learning other ice cream formula to teach to Chairit. Nadlada, a youngest among them, 33 year olds responsibilities are to teach English to children at Thanyaporn Reception Home for Girls and selling ice cream whenever she is on flights. Also, Farmsook has many other volunteers, approximately 50 persons who are friends from Facebook and followers from Farmsook webpage. These people join Farmsook activities upon their availabilities. They are salesperson when Farmsook open kiosk in events, volunteer's teachers on particular subjects and be guest speakers for children at Thanyaporn Reception Home for Girls. Children who participated in ice cream making also count as part of the team in making Farmsook Ice cream.

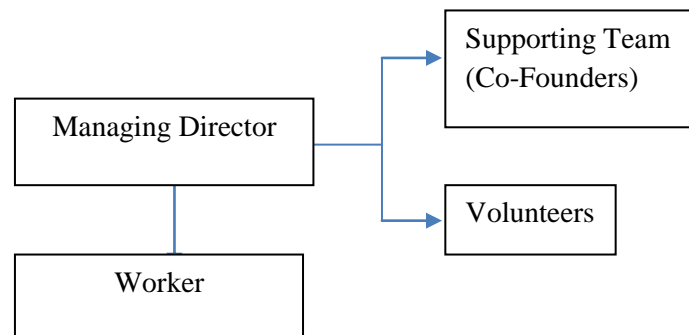


Figure 4.7 Organizational Structure

Farmsook has not register or files any procedure for ice cream making yet, this is due to the fact that there are two place for making ice cream and for that it is impossible to put Thanyaporn Reception Home for Girls to be a place for producing ice cream or take those girls out for making ice cream at Chairit's place. Due to many requirement that Farmsook Ice Cream cannot comply with in order to apply for a small production place and certificate for ice cream from Food and Drug Administration. As a result of that, register for commercial registration cannot be applied.

4.4.1.7 Farmsook and Partners

To start Farmsook Ice-cream was not as easy as Chairit and other co-founders have thought. Every time when they visit orphanages, foster homes or reception home as an ice cream donor, they are mostly welcome by the staffs and management but when they want to make a change by offers an opportunity to the children in these orphanages and reception home in practicing how to make ice-cream along with propose an alternative for orphanages to earn income from income generating activity done by children who live there. Chairit explained to the management that income after material deduction will be divided into different parts, first, for reception home, second for children as wages and third for Farmsook Ice cream to set up a capital fund to support other homes in setting up this ice cream making activities. The result was difference as many foster homes prefer receiving donation. Many foster homes give the reasons for denying the idea that the management has to prepare facilities and assign teachers to be with the children; this

means extra work and budget. Also, it would be difficult to recruit children for the project, as it has to be a volunteer based. Furthermore, there is a risk of project to be failed. Therefore, it is more convince to receive donation.

They would prefer donation, especially in term of money, as they told me, it is better giving them money or necessary stuff for children, they can manage that easier. Doing this is income generating activity is quite difficult for them (Chairit, 2013).

After being turn down by more than ten places, The health promotion office introduce Farmsook Ice cream to Thanyaporn Reception Home for Girls. Finally, Farmsook Ice-cream receives an opportunity from Thanyaporn Reception Home for Girls at Rungsit Klong 5, the management willing to give Farmsook Ice cream a chance and wants to see some change in its organization. Thanyaporn Reception Home for Girls is among the others that received the budget cut by the government. This is a shelter for girls between the ages six and eighteen who has been a victim of sexual harassment, domestic violence, at risk of commit wrong doing and must be under protection. In 2013, there were 136 girls at Thanyaporn Reception Home for Girls.

At the beginning, Farmsook Ice-cream and Thanyaporn Reception Home for Girls discuss on how to operate this income generating activity for Thanyaporn and their children. As agreed upon, Thanyaporn will provide facilities including clean room for making ice cream with supply of table, chair, electricity and water. Farmsook will bring all the equipment and ingredients for making ice cream base. Thanyaporn will earn income from profit sharing from selling ice-cream and the children will be paid on wages. This profit sharing for Thanyaporn is under one condition that if Farmsook is not making profit to sustain itself, Thanyaporn will not receive any profit sharing. Farmsook Ice-cream will be responsible for mixing flavor, packaging, overall managing and marketing of the product. So far, Thanyaporn has not yet receiving profit sharing form Farmsook due to Farmsook has not make enough profit but Farmsook has paid operation cost in term of water and electricity to Thanyaporn. Gampanat mentioned that in 2014, Farmsook sale forecast is in an increase, therefore, Farmssook would discussed with the management on the amount

of profit sharing, it was settled at 1 baht per cup at the beginning (Gampanat, 2013).

With the support of management team, Farmsook was able to teach the children at Thanyaporn Reception Home for Girls at Rungsit Klong 5, how to make a homemade ice-cream.

The reception home selects those interested girls to participate in this ice cream making activity. According to the staff at reception home, for the children to participate in this ice cream making event is like having a retreat session, some might come in just to stay away from care taker and some just to follow friends. Therefore, selection process was carefully done by the reception home, not all interested girls could join the activities because some of them are too little and some of them are too troublesome.

Not all the girls want to participated in this activity but I have to admit that this activity brings lots of joys and cheerful to the girls. Lots of girl sign up for this activity. They had never done something like this, making ice cream for sale; it is like someone giving them a chance in life (Mevadee Satachai Staff at Thanyaporn, 2013).

According to the staff who taking care of this activity, she also revealed that this group of people are very kinds and friendly to the girls. Every time when they come to the home, they always cheers up the girls, give little advice, tell the story of Farmsook Ice cream and show comments and appreciation of ice cream customers to the girls. These makes the girls very proud of themselves and feel that even though they are inside this home but they are still good and able to achieve something in life.

At the beginning, 20 girls are taking part in this project, when the girls first came to make ice cream, they hardly listen to Chairit and his team for instruction. All they have done are talking to each other and eager to play with ingredients. Eventually, there were only 3 girls left who are aged between 14 – 16 and are really skillful and seriously pay attention to learn how to make this homemade ice-cream. These three girls are continuing to this year, and there are ten girls showing their interest in rejoining the group. Never the less, Farmsook Ice cream teaches these returning girls how to make ice cream but they will be call upon extra order as demand for ice cream is still lower than supply.

4.4.1.8 Social Mission Expansion

After one year of operation, Farmsook Ice cream is continuing to expand its social missions into other fields. In this second year, Farmsook is approaching to Farmrooh. Farmrooh in Thai language is mean knowledge. This is Farmsook for education, by teaching more of English to the children and also find someone who is good in a particular subject and teach these children (Chairit, 2013). This social mission on Farmrooh is not a profit making for Farmsook, rather it is a more on income using activities because Farmsook has to supply teaching and reading materials.

4.4.2 Social Enterprise and Social/Environmental Impact

4.4.2.1 Target Group: the Children

Children and youth problem is getting more severely due to many factors such as underage pregnancy, domestic violence, poverty. This is why so many children have to return to these foster homes as they cannot survive in the society. Also, many foster homes, has reduce its operation size or cut down on facilities due to insufficient funds both from the government and donation. They have to depend on the donations which is not secure. The idea of operating Farmsook comes from the study by Miss Tongpool Buasri, “lessons from reception and development homes”, saying that the appropriate spending per child per day is at 120-170 baht while the actual spending per child per day is at 73-83 baht, which is insufficient for child development. The study says that there are 6 reception homes have been closed down. Therefore, along with the unhealthy food problems for children at orphanages Farmsook Ice cream use these insufficient budgeting as their focus on establish Farmsook Ice cream.

Farmsook Ice-cream focuses on social and health issues. In term of business pattern, Farmsook Ice-cream would like to hand the opportunity to disadvantaged children a professional practicing to become an ice-cream maker so that these children can have a job to earn for their living, therefore, ice-cream should be the answer for these children. Developing their skills of making ice-cream till it become their careers should make them proud in producing hygienic high quality ice-cream. They will able to earn money from their work and, most important, they will be recognized by society.

I really do enjoy myself while I am doing ice cream, even though it is only ice cream base but without the base, you will not get the flavor that you like. Every time when P'Bom tells me about how people like our ice cream and know that we are the one who making it, I am so proud. I don't have many things in life to be proud off, but this is one of them. I can so the world that I am not a bad girl, I can be good, I need a chance (Prim, 2013).

Prim is one among three girls who is currently making ice cream for Farmsook and within two years, will be time for her to leave the reception home. In May 2013, she and her friends have a chance to become a trainee at a hotel, but they did not finish the cause, they have been banished and send back to the reception home. She felt that the society has already labeled her. They look at her as if she is something else. Chairit stated that, these girls need understanding because from what they have been through, it was not nice. Therefore, Farmsook makes them see good things in themselves and make them respect themselves too (Chairit, 2013).

Children is the future of society, thus, Farmsook Ice-cream strives to let children discovering in their values and proud in their abilities in hoping of sustainable social development from generation to generation.

This inspires the children that they can have good lives when they leave the orphanages as well as motivate people in the society to have good conscious minds to others, handing opportunity and space to these children when they are in the society. Most important, Farmsook Ice cream intends to be another choice for those who would like to eat ice cream with not too sweet flavor (Gampanat, 2013 Farmsook Ice-cream, paragraph 3)

4.4.2.2 Target Group: The Customer

Having good intention on healthy to consumers, Farmsook Ice-cream offers less sweet flavor than other general ice-cream selling in the market. Farmsook Ice-cream provides a healthy, delicious, and most important, genuine ice-cream to the market. This is why Farmsook Ice-cream highly focuses on material and ingredients. All of this make Farmsook Ice-cream a genuine homemade ice-cream with affordable price. In addition, Farmsook Ice-cream can also return the profit back to society at the same time.

In the future, any children who leave reception home and have skill in making ice-cream and would like to start their career by selling this ice-cream, they can loan the money from this fund; however, they have to return the money back so that this fund can be provided to others as well. Farmsook Ice-cream has additional plan for this fund to be educational fund for those who strive and intend to continue their studies.

4.4.3 Social Enterprise and the Markets

4.4.3.1 Sources of Funds

Farmsook Ice cream obtains its fund from two sources: income from trade and service and fund from donors.

1) Income from trade and service

Farmsook Ice cream main source of fund come from selling low sugar ice cream through direct sale and big volume to charity, temple, wedding, birthday etc.

2) Fund from donors

Farmsook Ice cream receive donation from Farmsook Fan Club though bank transfer and donation box.

4.4.3.2 Financial Management

From the beginning, before winning the competitions, Farmsook Ice cream received endowment funding from founder and the co-founders and also through fund raising by offering Farmsook Ice cream share through Facebook friends as Baht100 per share under the condition that there would be no dividend pay to shareholders but shareholders would be part of the giving to children and help Farmsook in founding capital. There are a total number of 1,253 shares which raise capital for Farmsook at Baht 125,300.

Other sources of the capital fund in operating Farmsook Ice-cream are from winning the two competitions. Under the Thailand Health Promotion and Institute of Small and Medium Enterprise Development competition, Farmsook Ice cream won 50,000 baht prize. Follow by, Thailand Social Enterprise Office has suggested Farmsook Ice-cream to participate in the project “Establishing the Stability Corporate for Sustainable Social Development” under health session. The concept of

this project is those ice-cream lovers who would like to take care of themselves and caring for others will share ice-cream to others, for example, bringing ice-cream to patients in hospitals or any orphanages. Farmsook Ice-cream's business plan is one of the teams who won the supportive budgeting from the competition, a 100,000 baht prize.

Also, anyone who is interested in helping Farmsook Ice cream extend its activities can donate through the donation box at any social events. Farmsook Ice-cream has clearly separated the accounts between donation and sales revenue.

Framsook shows its accounting through facebook page. Monthly accounting activities are shown. The monthly expenses are not including the two executives' salaries which consist of 100,000 baht they are not yet paid themselves. Up to February 2013, Farmsook Ice cream already top up the endowment for children fund at the total of 80,000 baht (Gampanat, 2013).

Since started, Farmsook have net loss every month and continue to the end of 2012. But the net loss is improving as the sale gradually claims up from less than 500 cups during the first few months of operation to 1,200 cups a month toward the end of year 2012. For the first year of operation, as up to June 2013, the total of 26, 017 cups of ice cream has been sold. This year (2013), Gampanat estimates that an average of 3,000 cup of ice cream can be sale per month. For the remaining months of 2013, sell target is at 30,000 cups (Gampanat, 2013).

4.4.3.3 Income Distribution

Following its objective, the income from selling ice-cream will be divided into 3 different parts:

- 1) Children's earnings. Farmsook Ice-cream pay 160 per hour per child as soon as the ice-cream is picked up no matter of if the product can be sold or not.
- 2) Material and other expenses. This is an operational cost, including buying the material for next order and further equipment, and salary for employees.
- 3) Children Fund. The money in this part will be spend on buying material for other groups of children both of teaching them how to make an ice-cream and making ice-cream for them as well as buying books and other materials for teaching English to children.

4.4.3.4 Marketing

Chirit and his co-founders are still looking for a place to open its first Farmsook Ice cream branch. A concept of Farmsook Ice cream branch in their mind would be an easy going type decoration with a good location. As for now, Farmsook Ice cream using consignment and direct sale strategy in selling its ice cream. Chirit approaches the shop and sell Farmsook Ice cream's idea to the owner and suggest the way that they can be partners. For consignment strategy, Farmsook Ice cream is using three distribution methods. Firstly, Farmsook rent out space for putting its own ice cream freezer and pay monthly rental. By doing this, the shop will get the rental fees and differentiation of ice cream whole sale and retail. Secondly, Farmsook Ice cream inquires for a freezer space in the shop to put Farmsook Ice cream. By doing this, the shop will get differentiation of ice cream whole sale and retail price. Lastly, the shop will buy ice cream at whole sale price and sell by its own. As for directly sale, Farmsook Ice cream posts advertisement on Farmsook Ice cream Facebook and share link to friends. Also, Farmsook Ice cream gives out leaflets to customers at participating events.

Gampanat mentioned that in the past Farmsook Ice cream had its product at Suan-Spirit Shop, The Old Chiang Mai café Espresso Bar and Librarista Chiang Mai but currently there are no longer sell Farmsook Ice cream product. This is because Suan-Spirit Shop has changed its focus to organic product, therefore, Farmsook Ice cream is not fit. For both shop in Chiang Mai, due to the increase in the logistic cost, the shops would get less profit margins and shops claimed that by selling ice cream had reduce their bakery sale volume.

As in the case of Chujai Shop, they allow Farmsook Ice cream to be sold there but they have no ice cream freezer, Chirit post problem on Farmsook Ice cream Facebook after that people started to donate money for buying ice cream freezer for Farmsook Ice cream. The fund raising of 13,900 baht for the first ice cream freezer for Farmsook Ice cream accomplished. This freezer is coming from the donation power of people who believe in good deeds that Farmsook Ice cream can offer to children.

Farmsook Ice-cream distributes ice cream through facebook, telephone and the following places

- 1) Thai Health Center, Soi Ngamduplee, Rama IV Road or Soi Narathiwasrachanakarin 1
- 2) Chujai Shop, 3rd floor, Bangkok Art and Culture Center
- 3) Home.Garden.Veggie Shop, Thung Mangkon 12
- 4) Café Velo Dome, Thammasat University, Thaprachan
- 5) Thai PBS Cooperative shop
- 6) The Rink Ice Arena 7Fl. Central Rama 9

For all of these places, there are no rental fees. Framsook is now in a process of expanding its distribution channel. Gampanat mentioned that one of his duties is to search for more places to sell Framsook Ice cream. This is quite difficult as he complained; shops are more likely to carry the product from big brands because they can supply the ice cream with the freezer. Each brand provides a freezer with the logo and not allows other products to be put in there. Farmsook is very niche market, most of shop partners are people who head of Farmsook and would like to help Farmsook to expand its social mission to help the children. Farmsook approaches these shops via social events related to social enterprise, health, food and other government events. Also, friends from Facebook and Farmsook website introduces their friends to be Farmsook distributors. Right now, there are three places that agreed to sell Farmsook ice cream in their shop.

If our ice cream sale is low, it is impossible to help more children and we can't expand from one home to two homes or ten homes (Gampanat, 2013)

Farmsook Ice cream customers are mainly from Farmsook Facebook friends and people who saw Farmsook Ice cream from television program. Direct sale through telephone and Facebook order are the main distribution channel for Farmsook Ice cream.

4.4.3.5 About the Product

Each flavor contains only 11 percents of sugar, less than regular ice-cream selling in the market.

Setting up the ice-cream pricing brings a lot of argument among the founders. Too high pricing will earn only small group of customers while the business will not be able to survive if the pricing is too low and it will definitely not have enough ice-cream to treat children as per their original intention. At the end, Farmsook

Ice-cream set the retail price as THB 40 / cup (70 grams). Ordering between 100-199 cups, pricing will reduce to be THB 35 per cup plus the delivery as per the distance and other expenses depending on case by case, such as box of foam, dried ice, etc. Ordering more than 200 cups, pricing will be THB 28 per cup plus others such as box of foam, dried ice, etc. Fix cost per cup is 27 baht.

Moreover, Farmsook Ice-cream applies the idea of meriting as another selling option to those auspicious ceremonies. People would love to merit. Buying Farmsook Ice-cream is as if doing double merits; to those children to have an opportunity of earning their income, and to others to eat genuine food.

4.4.3.6 Production Process

Previously, the girls know nothing about making ice cream. Therefore, Chairit went to Thanyaporn Reception Home for Girls two days in a week for almost six months. He spent three to four hours each visit in teaching the girls to make ice cream base. The girls learned techniques and practices with him until the foundation is right. During the practicing stage, Farmsook Ice cream team brought tools and ice cream making materials along with them to Thanyaporn Reception Home for Girls for girls to use. At that time, lots of ice-cream mixture has been thrown away due to the unqualified quality as per Farmsook Ice cream standard. They waste more than 100 kilogram of milks, sugars, and whipping cream, and others raw materials.

The first time, we failed and had to throw away the ice cream. Then we tried again and again until we gained more experiences and made it right. Now, we are ready for selling Farmsook Ice cream (Chairit, 2013).

Three days in a week, after school dismiss, girls will spend their three to four hours in making ice cream base mixture in a home economic room at Thanyaporn Reception Home for Girls. Due to ice cream is very sensitive to germs and bacteria, it is very important for girls to have their hands cleans; the cooking hats and aprons are provided by Farmsook Ice cream. All equipments and stations need to be clean before use to make sure that ingredient especially milk and wiping cream would not get rotten. Then, Farmsook Ice cream will take this mixture back to its factory to sterilize, stir, add flavors, freeze and put the ice-cream into an individual container ready to sell.

4.4.3.7 Type of Product

Farmsook Ice cream provides eight ice-cream flavors which are

Chewy Choc; is made of Belgium chocolate and the texture is thick and rich in chocolate flavor. This flavor is recommend by Gampanat.

Fresh Milk; is made from real milk

Green Tea; is made of matcha green tea powder, strong in taste and fragrance

Thai Tea, is made with Thai red tea, This flavor is recommend by Chairit

Cookies N Cream; is a combination of milk ice cream and Oreo cookies chunk.

Banana Strawberry; is a mixture of fresh banana and strawberry. This flavor is recommend by Gampanat.

Coffee Almond; is rich in aroma and strong taste of coffee top with roasted almond chunk. This flavor is recommend by Nadlada and Ratchda

Strawberry Sherbet; is made from frozen strawberry and milk free, slightly sours

The most popular flavors are Chewy Choc and Banana Strawberry.

4.4.3.8 Network and Connection

In addition to the 3 co-founders, Farmsook Ice-cream also has many volunteers to sell the ice-cream at any social events, and product delivery for sometimes with no hiring. Sooner, Farmsook Ice-cream becomes more famous and has order for children every month through Farmsook Ice-cream's page on Facebook. Volunteers are mainly come from the Farmsoom Ice cream Facebook fan page. Volunteers for Farmsook not only help selling ice cream but also help out in other activities organized by Farmsook such as teaching English and Mathematic, be a guest speaker on training such as personality development.

4.4.3.9 Media

Farmsook Ice cream catches the attention of media quite well, as Chairit has been invited to many television programe such as a family program "Big Family" on TPBS channel published a story on Farmsook Ice Cream, Morning news on National channel, Boak- Lao- Kaw- Sib, a 10 mintues program on daily event, on channel 9, Morning news on channel 3. During its broadcasting, many customers showed interest in supporting the ice cream. There is a significant increase in sale

volumes. In addition, Farmsook Ice-cream has an opportunity to participate in many social events and media interview, such health and crusine magazine, BE magazine, website. All these methods have brought Farmsook Ice-cream to spotlight and become even more famous.

4.4.4 Social Enterprise and the Government

During the first stage, Thailand Social Enterprise Organization (TSEO) and Institute Small and Medium Enterprise Development supports Farmsook Ice cream in terms of both started budgeting and social enterprise knowledge. TSEO has set up the business consultant team to advise Farmsook Ice cream. TSEO suggested Farmsook Ice cream on management and financial statement that it should be more business operations not volunteer systems. In order to fit with new TSEO classification, it is important for Farmsook to follow business principal such as the management salary should be paid and put that in financial statement. It cannot say that do not accept money. Farmsook Ice-cream has not registered the company as juristic person due to the unfavorable taxation for social enterprise in Thailand. It is the role of the government to push on this issue, to give social enterprise some room to grow, stated Gampanat. On the other hand, Farmsook Ice-cream chooses to register as an ordinary person because it is more complicated and more work to be a limited company.

Social Enterprise Barriers and Enables

Farmsook Ice-cream has clarified the business operation by posting on Facebook allowing all the supporters to acknowledge. This method shows the transparency and is able to examine as per the Farmsook Ice-cream's discipline, good governance.

From the point of accounting view, it is found that Farmsook Ice-cream's income and expense do not balance. The business cannot provide any dividend to the shareholders. It is expected that within another 2-5 years, Farmsook Ice-cream shareholders will be able to earn some dividend from the business, also in the hoping that Farmsook Ice-cream will have its own shop. The income from selling an ice-cream needs to spend on business management and allocate into the foundation.

Farmsook Ice-cream has only one person as main management who control and manage all the production, accounting, PR, and marketing while other

shareholders do not have much time to participate in management due to their regular employment .

Farmsook Ice-cream would like to have more children joining the project; however, the problem is that the sale has yet reached the target. Thus, this intention has not achieved.

Children's rights become another issue Farmsook Ice-cream is facing. At any social event, when people know that children are the ice-cream makers, they will concern about children labor abusing and will not buy an ice-cream and this is impact to the promotion.

At the present, Farmsook Ice-cream buys more freezers for ice-cream, taking the money from foundation allowing Autistic children to practice for ice-cream selling. This is not only help to develop their skills for sociability, but also for reception home to earn some income. Moreover, Farmsook Ice-cream is able to support children education by asking for volunteers to teach English to children and recently plan to add some other subjects as well. In addition, selling book with painted cover by children is another fund raising when Farmsook Ice-cream goes for any social events.

In conclusion, Farmsook Ice-cream is another Social Enterprise establishing from the intention of how to sustainable helping other people and also believe that sharing only belongings does not the good solution for social problems. The best way is to create the opportunity for disadvantaged people being able to own their space in the society, making them proud of themselves. Besides, Farmsook Ice-cream also nominate itself as another option for those healthy lovers who would like to consume healthy food and responsible for society simultaneously. This is the social responsibility that everyone should realize and participate in for better society.

4.5 BE Magazine

4.5.1 Social Enterprise and Organizational Context

4.5.1.1 Background

In a summer during his freshman year at University of London, Alan Archpiraj came back to Thailand and joined his friends in an volunteer teaching camp

to teach underprivileged students in a School Under the Royal Patronage of His Majesty the King in Chang Mai. This is how he has a difference experiences and open up his eyes to witnessed the rural life style and living conditions of hills tribe people. Along with that, he also learned about the Royal Projects on how it has helped the poor and disadvantaged Thais to eradicate out of poverty. He has been by the idea of giving by doing of His Majesty the King from many of the Royal Projects. His Majesty the King knows that by giving gainful employment to these people, they will be able to help themselves and manage their life. As Alan felt that the Royal projects are more like a school for grown up to learn how to survive with dignity that is to have a job and make a living out of that.

It is the same as when you giving out food to the poor every day, of cause the poor will have something to eat but how can you ensure that you will be able to give out food for every day, one day you will be running out of food. Another point is that their life won't get better by just receiving food, but rather providing occupation should be the answer to live out of poverty (Alan, 2013).

He has once again be a volunteer teacher during summer school brake in his second year at university, this time he went to Khon Kaen Province. Throughout his last year at the university, he has thought over and over that there must be something that he could do for a living and also help others. The Royal Projects and being a volunteer teacher has caught his attention so much as later became the topic of his undergraduate thesis. Then one day, as he was walking to the university, the vendor of The Big Issue caught his attention; he started to find out more about it.

After an in extensive research about The Big Issue and interviewed many of the vendors, he is confident that this model of social enterprise could be used in Thailand, especially for the metropolitan area such as Bangkok where there are lots of homeless people, people with no job, but the model may have to be adjusted to fit Thai context. The Big Issue is a unique social experiment based on the philosophy of self help. It gives homeless people a hand up by empowering them through their own

actions. Helping the homeless help themselves is the principle behind The Big Issue.

4.5.1.2 The Inspiration Model: The Big Issue

The Big Issue is a street newspaper published in four continents; it is written by professional journalists and sold by homeless individuals. Inspired by Street News, a newspaper sold by homeless people in New York, The Big Issue was founded in 1991 by John Bird and Gordon Roddick as a response to the increasing numbers of homeless people in London. The Body Shop provided start-up capital to the equivalent value of \$50,000. The Big Issue, Europe's first street paper was launched as a monthly publication in September 1991, with a print-run of 30,000 and approximately 30 vendors. A year later it went fortnightly. In June 1993, The Big Issue was re-launched as a weekly magazine. The venture continued to expand with national editions being established in Scotland and Wales, as well as regional editions for Northern England and England's South West Region. During its first operation, Vendors buy the magazine from The Big Issue for 30p and retail the paper to the public for 70p, making 40p margin on each paper. Up till 2013, The Big Issue, are also produced in seven locations overseas. It is a street newspaper published in four continents. . The magazine is also produced and sold in Australia, Ireland, South Korea, South Africa, Japan, Namibia, Kenya, Malawi and Taiwan. It is all publish in national language (The Big Issue, 2013).

In 1995 The Big Issue Foundation was founded to offer additional support and advice to vendors around issues such as housing, health, personal finance and addiction.

In 2001 the magazine sold nearly 300,000 copies. Between 2007 and 2011 the circulation of The Big Issue declined from 167,000 to less than 125,000. Unfortunately for its vendors, the Big Issue is struggling along with many other magazines and newspapers. A downturn economy has compounded the suffering of an industry battling to compete with the internet for advertisers and readers. (The Economist, 2012) Competition between vendors also increased at this time. In January 2012 the magazine was relaunched, with an increased focus on campaigning, political journalism and sports. Also, the cover price was increased to 2.50 pounds, the vendors brought the magazine at 1.25 pounds, and this would make 1.25 pounds each. (BBC News, 2012).

Recently, The Big Issue has been the centre of much controversy among publishers of street newspapers, mainly because of its business model (The Economist, 2012). Publishers of some other street newspapers, especially in the United States, have criticized it for being overly "commercial" and having a flashy design; according to these critics, street newspapers ought to focus on covering political and social issues that affect the homeless, rather than on emulating mainstream newspapers to generate a profit (Howley, 2005). Other papers have also criticized The Big Issue for its professional production and limited participation by homeless individuals in writing and producing the newspaper (Brown, 2002). Others, however, have stated that The Big Issue uses a successful business model to generate a profit to benefit the homeless, and its founder John Bird has said that it is "possible to be both profitable and ethically correct." (Boukhari, 2001).

4.5.1.3 The Emergence of BE Magazine

As has been inspired by His Majesty the King' projects and The Big Issue, the UK street paper, Alan Archpiraj want to do something good not only for himself but for society. After gathering information about The Big Issue for almost six months, Alan decided to write an email to The Big Issue Company Ltd. requested for use of concept of The Big Issue in Thailand. He also explained the reason why the magazine could help Thais. As for that email, he got a replied form Assistant to Editor in Chief invited him over to the office. After several meeting, The Big Issue agreed and allowed Alan to use its business model and concept under different name in Thailand.

The Big Issue, It was under my nose, as I have walked passed by for three years while I am here. The magazine is for homeless and even the migrants can be the vendors. Therefore, I emailed to The Big Issue telling them that I come from Thailand and like the idea of your magazine, so I would like to use this idea in Thailand, It was all started from there (Alan, 2013).

After graduated with a Joint Bachelor Degree in Politics and Economics at SOAS, University of London, United Kingdom, he came back to

Thailand and wanted to become a social entrepreneur right away. He started by gathering information on homeless people, orphans and unemployment people. He went to many organizations which work on this issue. He also contacted government agencies such as The National Council on Social Welfare of Thailand on how to recruit people under its supervision. He also, observed homeless behaviors on how they live in Bangkok. As never been in printing industry, he also gather information about how to set up printing and publication company. After knowing the subject, he discussed and explained about setting up a company with his family, but they were not agreed. As an owner of Gems and Jewelry factory, his parent would like Alan to run family business more than become a social entrepreneur. After a long talked with explanation of why Thailand need some kind of business that focus on disadvantaged people in order to make them get up on their feet and be able to survive and be proud of themselves. Alan believed that only give out money to disadvantage people would not stop them from being poor because they do not know how to earn a living, they only know how to beg. It also does not solve social problem from the cause; it is only reduce the effect. Therefore, by giving them opportunity to have a job and to earn income, this would raise their self-respect and reduce social burden with these people.

I believe that a business is the greatest tool to solve social and environmental problems. I aim to create business ventures that help solving social problems and generate innovative ways to tackle environmental issues (Alan, 2013).

As borrowing the concept form The Big Issue, BE Magazine is a social initiative based on the beliefs of self-help. Self-help is a way to break people from dependency and is an alternative to begging. It allows people to make choices and develops their self-esteem. From selling the paper and earning their own living, disadvantaged people are living above the traditional hand out culture. Human dignity of disadvantaged people usually has been undermined and that could hold them back to benefit from their fundamental rights. The principle behind BE Magazine is to seeks to change the relationship disadvantaged people have with their immediate environment, through giving them the push for self-initiated change, by helping the disadvantages to help themselves.

4.5.1.4 Organization Formation

After the family allowed him to follow his dream and letting him use his saving to invest in the magazine business. Alan started to form a team, there are

three of them at establishment. Firstly, he reached for editor from internet and interviewed few persons. He was looking for someone who has an extensive of experiences and also could work and get along with him. He also looked for a socially minded side in a person too. At first, he wished to be an editor himself but as his Thai literacy is at the level of Pathom six, he noticed his limitation. With his parents help, the company got an accountant.

BE Magazine first lunched in June 2009. It was started when BE Magazine had to present the mock up magazine to government agencies, NGOs and Television in searching for financial support and networking. The first year of the magazine, Alan wanted the magazine concept to be “A Practical City Magazine” Therefore, in the first year, BE Magazine contents were about city lifestyle and target to all audience from student to executive.

Alan has visited many foundations and government agencies to present the idea of BE Magazine, as many of them told him that they will take it into consideration. After all, Baan Nok Kamin Foundation is first organization that believe in BE Magazine concept and want to be a network. Baan Nok Kamin Foundation a private foundation. It is a new house for orphans, street/ homeless children and less privileged children accepted by the government and registered under the Thai Law and guaranteed as a nonprofit organization.

Later, Alan realized that in order to make BE Magazine become noticeable, it has to be publicized. Alan, therefore, went to TPBS to present the idea and by accident, he met the producer of Sunday Morning News, at the gate while the guard would not allowed him to get in as the guard thought that Alan is a salesman. As because of that, BE Magazine was on the news scope, and that was the first launch of BE Magazine which caught the social attention. Later on, government agencies had contacted and became a network.

Alan pointed out that starting business is very difficult. He started by considering what he has and has not also what are strengths and weaknesses before making any decisions but mistakes still occurred. For instance, the first two issues, the cover price was 20 baht because this would be an affordable price for all range of buyers. Also, BE Magazine expected many advertisements and sponsorship. Advertisement is considered as major source of revenue. The outcome was not very

good. Therefore, from the third issue, the strategy has changed; the cover price was increased to 45 baht.

We are in a trial and error stage for first two issues which was sold at 20 baht because I thought that everyone is willing to pay at that price. But for the third issue, sponsorship is very tough, so we have to adjust to a different method by increase the cover price to 45 baht and also add more value to our magazine in term of contents and paper quality. Then we explained, vendor could have 20 baht, and the other 25 bath will come back to the company as for reinvest in production for next issue. By increasing selling price , BE Magazine depended less on sponsorship and advertisement. At that time, it was hard to predict how consumer would react to this change but we have to try (Alan, 2013).

For the target group which is the disadvantaged people, after registered with company, BE magazine will provided workshop on sales techniques, knowledge and familiarized of BE Magazine. BE Magazine then give 40 free magazines to vendor at start. After that if the person would like to continue, they would have to pay 40 baht for the next 40 magazines. If they sold all the magazines, they would make a total of 760 baht.

We are helping everyone because we can't say who is suffering more than whom. People who wish to be a vendor have to give us a call or come by the office to get explained about BE Magazine and how could the magazine they. After that, they will have to fill the application form. In the application, they have to write name, current address, their problems, and copy of ID cards. After that, workshop training will be given to vendor. Contents in workshop are about sale techniques, communications techniques, sale locations, contents about BE Magazine and story about BE Magazine. Vendor will also receive an apron with a screen on top saying that if you buy this magazine how you could help society (Alan, 2013).

Distribution for the first to fourth issue, Alan allocated the distribution by giving 60 percent to disadvantaged people, 25 percent to participated foundations and 15 percent to professional distributors. The reason behind allocate to professional distributors because Alan wanted BE Magazine to be in bookstore for wider audience and income from that would support the next issue production expenses.

4.5.1.5 Mission

Mission for BE Magazine is to minimize poverty by helping the disadvantages help themselves through working.

4.5.1.6 Objective

BE Magazine is a social enterprise set up to help vendors to have job, earn income, take their next step off the streets. Profits made by BE Magazine is re-invested into the company and donated to partner Foundation. The venture's major aim is to minimize poverty by creating job for disadvantaged people to become a vendor for BE Magazine. The idea is to provide jobs to the disadvantaged people including the homeless and those who have no job. BE Magazine empowers homeless people through their own actions. Not only supplying content as means of gaining an income, BE Magazine has also developed writing workshops, a vendor support team, training and education department and a housing team. Through the social initiative BE Magazine aim to provide a support system that best suits the need of each vendor, create the opportunities for their re-integration into society and help vendors and ex-vendors to find paid employment within BE Magazine and other organizations. BE Magazine is only a first step; it aims to be the means to an end. In order to provide opportunities for the vendors to move into mainstream employment, BE Magazine work with other likeminded socially responsible businesses and charities to pass vendor who wish to further their career by using BE Magazine as their work reference. BE Magazine see working with other groups that have a common aim as crucial in helping to lay the foundations for social change.

4.5.1.7 Type of Organization and Organization Structure

After the team is formed, Alan wants his business to be in a company form and registered as company limited because BE Magazine mission is also be the mean to take this group of people back into the mainstream workforce. Therefore, if he set up a business that is not lawful, then it would not give change to them at all.

Chill Chill Captil Co. Ltd registered as a limited company on 3 April 2008 with the capital of 5,000,000 baht. It is a publisher company. The company comprise of three board members. Under the bard members, Alan is head of the management team; he is a managing director who is also editor in chief. He has two main functions, first the magazine contents side and second, the sales, marketing and people. An editor is in charge and work with a group of writers. For the other side of the management, accountant and marketing is report directly to managing director. Alan put many concern and involvement on vendor caretakers and vendors because he claimed that this is the heart of BE Magazine. Vendor caretakers are the first group of people who interact with vendors. There need trust form vendors and have to understand vendors needs and problems. It is important to take good care and respect vendors and count them in as a member of the company.

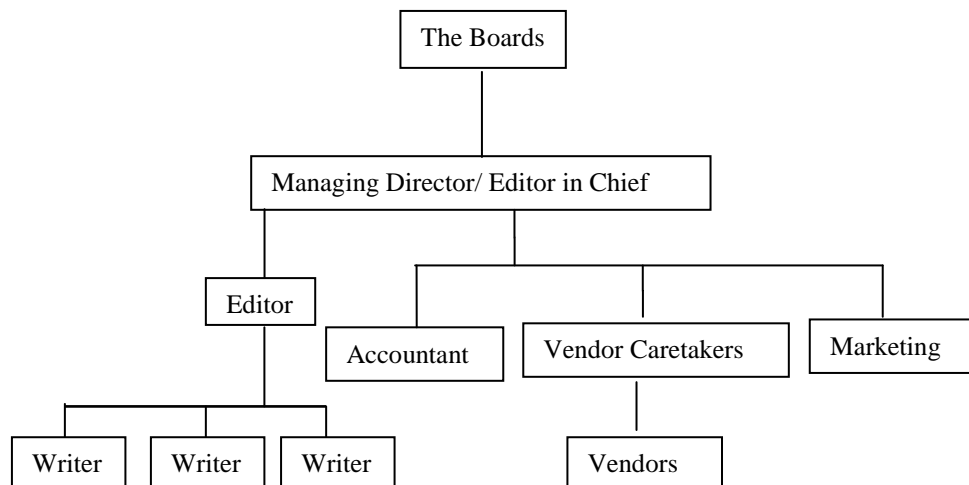


Figure 4.8 Type of Organization and Organization Structure

4.5.1.8 Business Model

Chill Chill Capital Co., Ltd. is a self-sustaining business which generates income through magazine sales and advertising revenues. Chill Chill Capital is a profit organization, with all post-investment profits reinvest in the company.

Alan point out that it is important for Thais to change their mind set about giving. He mentioned that as time passes by, the culture of giving of Thais has

not change or developed, it has been the same. Alan revealed that by changing the word give to invest, social enterprise will become more understandable to society.

I would like to change the mind set of people in Thai society to think of the word “give” as “invest”. And want to raise the question of why don’t we invest in disadvantages people? I am thinking of a “giving model”. We should look at giving as we are investing in building something, for instance, in order for you to have a building for rent, therefore, you have to invest in building the building. This can apply to social enterprise. We are investing in a social enterprise because we want to set up a new giving model (Alan, 2013).

Alan believed that by invest in social enterprise; it is a right model for giving. BE Magazine has set the system of give and take. For the taker side, a person who want money from other, shall work to earn income, the harder they work, more money they would received. As form the giver side, a person can give money to whoever works for that money and this would create a good habit of self suspect and reduce social burden. Also, this would create a job in a market and a trading system; everyone is back on track and is part of the economic system.

This system is very simple, you wants money to survive then you have to work, and for a person who want to help, you should help the one who work and also you would get a magazine as a token of appreciation. 45 Baht that you give to the vendor, will first goes into vendor’s pocket, not BE Magazine pocket. Therefore, that money could buy vendor food or other basic needs. We cannot help everyone individually but we can set up a system, that looks transparence and accountable (Alan, 2013).

Chill Chill Capital is a print media publisher, which on one hand, act as regular company in doing business by to be the profit maximization in producing magazine. On the other hand, Chill Chill Capital is a social business where all the

profit reinvest back into the BE Magazine business. There are three departments of magazines production. First, BE Magazine. Second, Friends Magazine which produces for TPBS and SOOK magazine. SOOK magazine is a health magazine sell in Seven Eleven. The cover price is 20 baht. Profit from the other two magazines will not goes back to shareholders but rather will be reinvesting in other social activities. As for now, there is no profit yet.

Chill Chill Capital is a publisher therefore, it needs a printing house. Alan uses capitalism to work at it best by asking the entire interested printing house to bit for the job. Salary at Chill Chill Capital is in the standard market range. It is starting from 8,000 – 30,000 baht. Alan mentioned that a company that pays salary below the market standard, it is not an ethic business as it is already take advantages of its employees. Alan also point out that the issue in managing a social enterprise is how can a company have income and profit by doing business and be sustainable. This is the difference between NGO and social enterprise. NGO is doing fundraising by asking for donations or produce something that might not catch the market but people would buy anyway where as social enterprise is trying to be a business that can compete in the market and try to produce goods or services that grasp market attention. Thus, social enterprise cannot solely depend on donations but rather it has to produce goods and exchange that for money and the process of that should not harm or take advantage of society or environment.

4.5.1.9 Venture Capital

Chill Chill Capital Co.Ltd. invest in Freehap Co.,Ltd. to extend its business arm. It mains objective is to invest in a new start up social enterprise. BE magazine latest investment is in the IT technology company called Freehap. The company creates a mobiles application with a mission to make the world happier.

4.5.2 Social Enterprise and Social/Environmental Impact

BE Magazine is a unique social experiment based on the philosophy of self help. It gives homeless people a hand up not a hand out, empowering them through their own actions. Helping the disadvantaged help themselves is the principle behind operating BE Magazine. Self-help is a way to break people from dependency and is an alternative to begging. It allows people to make choices and develops their self-

esteem. From selling the paper and earning their living by themselves, disadvantaged people are elevated above the traditional giving culture.

Thailand's high unemployment levels have created a large number of homeless people and widespread poverty. Unemployment, homelessness, inadequate housing and access to basic amenities including health care and education represent key threats to social integration in Thailand.

Alan said that between 30%-40% of the economically active population are unemployed or have stopped looking for employment. The most striking aspect of our national social development index is that, despite our abundant wealth, natural resource endowment and entrepreneurial talent, as much as 20% of the population lives below the poverty line.

Be Magazine vendors in Bangkok comprises mainly of long term unemployed, uneducated people, street children. There are also a number of vendors living in slums, hostels and shelters while a smaller number are homeless and living on the streets. Mr. Prasant Patpiramai mentioned that he and others vendors are in their early 20s to 30s, and come to Bangkok from rural areas to find work and end up having no regular job as he has grade four education. He is very suffered until he and other friends found BE Magazine.

Even though BE Magazine has established not so long ago but substantially raised local awareness of the realities of unemployment and poverty, and provided over 100 people with the opportunity to earn a living, earned an average of 200 baht a day. One of the vendor, Ms. Joungkotkorn Korntaisong, said that at least what BE Magaine has done is to make disadvantaged people belief in themselves and change attitude from begging to working. For this she also could help her mother out in earning some extra money for family.

Alan point out that, the hardest part of doing BE Magazine is to change the mindset of the people, there were criticisms about doing social enterprise, such as money laundering activities, take advantage of poor people.

From the interview of Arsond Boonsong, it can be point out that BE Magazine help disadvantage people to get up on their feet and not waiting for help to come and knock at their door. Many of these people have the mind of waiting for helping hands. They felt that they are unfortunate and people who are better off than them should

help them in any kind. This is the hardest part as Alan claimed. Be Magazine has set up a supporting teams for vendors to make and encourage them to work. Through working, they will earn respected and income which would raise their dignity and make them proud of themselves.

4.5.3 Social Enterprise and the Markets

4.5.3.1 Sources of Funds

BE Magazine obtains its fund from one source: income from trades and services. BE Magazine main source of fund come from selling three magazines which are BE Magazine, Friends Magazines and Sook Magazine.

4.5.3.2 Financial Management

BE Magazine faces cumulative loss from starting the business. This is due to the fact that sale volume has not been increase to marginalized breakeven point.

Table 4.15 Balance Sheet Chill Chill Capital Co.,Ltd.

Financial Statement	2010		2011	
Unit:Baht	Baht	Change in %	Baht	Change in %
Account Receivable	0.00	0.00	0.00	0.00
Inventory Stocks	1,561,733.93	4.46	1,184,592.66	(-24.15)
Current Asset	3,717,816.14	76.89	2,900,003.66	(-22.00)
Land, Building, Machinery	455,309.22	(-19.05)	478,059.52	5.00
Fix Assets	510,433.32	(-17.35)	543,918.57	6.56
Total Assets	4,228,249.46	55.49	3,443,922.23	(-18.55)
Current Liabilities	464,739.27	348.08	282,497.55	(-39.21)
Fix Liabilities	10,071,770.00	66.84	11,351,770.00	12.71
Total Liabilities	10,536,509.27	71.59	11,634,267.55	10.42
Shareholders' equity	(-6,308,259.81)	(-84.39)	(-8,190,345.32)	(-29.84)

Table 4.15 (Continued)

Financial Statement	2010		2011	
Unit:Baht	Baht	Change in %	Baht	Change in %
Total Liabilities and Shareholders' equity	4,228,249.46	55.49	3,443,922.23	(-18.55)

Table 4.16 Profit and Loss Chill Chill Capital Co.,Ltd.

Income Statement	2010		2011	
Unit:Baht	Baht	Change in %	Baht	Change in %
Revenue from trades and services	1,938,241.01	290.42	2,365,532.57	22.05
Total Revenue	3,219,347.97	535.41	5,174,960.46	60.75
Cost of Sale	1,213,529.86	836.47	589,084.56	(-51.46)
Net Profit (Loss)	0.00	0.00	0.00	0.00
Trade and Service Expenses	4,892,937.01	23.96	6,467,961.41	32.19
Total Expenses	6,106,466.87	49.79	7,057,045.97	15.57
Interest Paid	0.00	0.00	0.00	0.00
Profit (loss) before income tax	(-2,887,118.90)	19.13	(-1,882,085.51)	34.81
Income Tax	0.00	0.00	0.00	0.00
Net Profit (Loss)	(-2,887,118.90)	19.13	(-1,882,085.51)	34.81

4.5.3.3 About the Product

Quality and professionalism are magazine's underpinning value. As a magazine, BE Magazine strives to be a marketable product with mass appeal. It is conventional in seeking to establish for itself a niche in the market. Its editorial policy aims at creating a distinctive mixture of feature articles, celebrity interviews, current

affairs and news, alongside contributions by and about homeless people.

BE Magazine use national ideals and celebrities who are representing good image on the cover of every issue. BE Magazine use positive thinking approach in producing magazine content and focus on lifestyle of urbanizes people. The columns include, interview famous people, foods and where to eat, travel, money, guru tips and social issues. BE Magazine use graphic information to promote awareness for social and environmental concern. Target group are urban metropolitans people age between 18 -55 years and all genders. Main target is new generation people who interested in doing good deed and care about giving to other and concern about social responsibility. The reason behind the idea of wide range of target group which include all sort of people who earn income and live in metropolitans are because vendor cannot choose who walk past them at their pitch. Therefore, people who have intention to buy the magazine, should in return find something that they could read for get out of the magazine in order to buy it again next time.

I want people to buy BE Magazine because it is a good read, not a pity purchase. The public buy the magazine on its own merits and because they like the content of magazine and are not in a sense of buying because of the condition of the vendor. However, BE Magazine is also adding more contents to be a campaigning paper, raising issues that don't get coverage in the national press and more importantly providing a platform for homeless people to share their experiences and opinions (Alan, 2013).

Magazine general information

- 1) Size 8 x 10.5 inches
- 2) Paper EPO 4 colors (environmental most friendly)
- 3) Production size is 60,000 magazines per month
- 4) Cover price 45Baht
- 5) Release on the 2nd date of every month
- 6) Total pages are 84 pages

For the production to be cost effective, the high volume of production is required. BE Magazine has to produce 60,000 magazine monthly to maintain the low fix cost.

4.5.3.4 Vendors

To become a vendor, that person must be homeless, vulnerably housed, unemployed or marginalized in some way. BE Magazine recognizes, however, that for many people, being housed is only the first stage in getting off the streets; therefore, BE Magazine exists to support vendors in gaining control of their lives by tackling the various issues which lead to homelessness.

Vendors receive training and support from staffs and sign a code of conduct. Vendor can be identified by badges which include their photo and vendor number. The first lots of 30 magazines will be giving out for free to help vendors get started, next round, vendors buy BE Magazine at 25 baht. For each magazine sale, vendor would get 20 baht. Staffs also assigned vendors pitch to sales.

How to become a vendor

There are many people who want a job on the street, therefore, it is important that BE magazine has to set up criteria to serve the priority and main purpose of its operation. In order to be qualify for a vendor, a person must be in at least one of the following criteria; homeless or rough sleeping, in temporary accommodation, in danger of losing a home, unemployed and facing financial crisis

Be Magazine has helped vendors to have adequate income but under the circumstance that the vendor has to work hard. There is no easy money. Some vendors can earn up to 20,000 baht a month from selling BE Magazine. This is the sale of 1,000 magazines a month (Alan, 2013).

4.5.3.5 Distribution

BE Magazine divided its distribution channel into three segments. That are as following

- 1) Vendors: This is the main distribution channel for BE Magazine. This would create jobs for disadvantage people. Vendors pitches are located at business area or at busy locations such as BTS stations, MRT station, Chatuchak Sunday Market, Silom Road. This counts as 60 percent of total production.

2) Membership: Through membership system, this is to guarantee the annual sale of the magazine. Also, a part of membership fees will be given to member selected organization. There are 12 organizations in a network of BE Magazine such as Nok Kamin Foundation, UNICEF, Mirrors Foundation, Foundation for the blind in Thailand under the patronage of H.M. the Queen, Asian Elephant Foundation of Thailand and Foundation of Better Life for Children. This counts as 25 percent of total production.

3) Professional Distributor: BE magazine hire professional distributors which have more than 600 agents to distribute BE Magazine to bookshops and book stalls. This counts as 15 percent of total production.

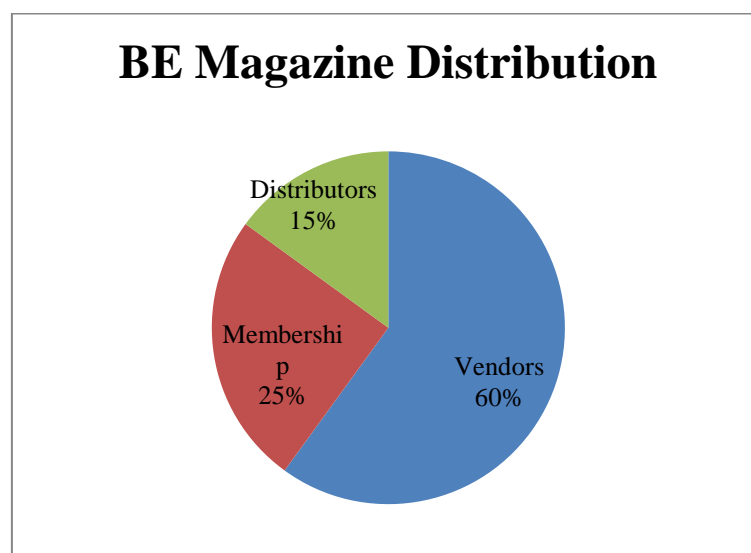


Figure 4.9 BE Magazine Distribution

4.5.3.6 Network and Connection

Building networking is very important for starting social enterprise from Alan pointed out view because it is something new in Thai society and many people have a doubt that if you are doing a business, then you will never want to help the society for real. You are doing CSR for your company; there must be something behind that business. Thai people are more willing to give money to temple or monks and have no question asked because it would be a sin to question temple and monks on how they would spend donation money where as when they give money to social

enterprise or NGO there are always questions asked. Therefore, by having strong networking on the stakeholders including government, third sector and business sectors in social enterprises is considering an asset to the business. BE Magazine have approached many government agencies such as Department of Social Development and Welfare, National Office for Empowerment of Persons with Disabilities, Office of Welfare Promotion, Protection and Empowerment of Vulnerable Groups, Department of Employment for introducing disadvantages people to BE Magazine. For third sector, BE Magazine has many NGOs as partners such as Ban Nok Kamin foundation and also Kru Nang, Miss Narisraporn Asipong, is BE Magazine network. Alan knows her through friend reference on her work. Kru Nang looks after the most vulnerable children on the streets by the Rama III Bridge, in angelic ways that she was to receive an award at the Siam Society. She provides food and clothes for her children; takes them to doctors when they are ill; teaches them life-skills; enrolls them in schools; works with their families whenever possible; and enlists the support of temples, churches, mosques, and local government ministries. Alan went to see her and explained about BE Magazine and invite her children to involve in selling BE Magazine. It was difficult to get children attention and change mind set of these street children. Also, having partners with other social enterprise is also a plus, by investing in Freehap, BE magazine become a networking with Freehap and be able to promote its works and do advertising in Freehap, this is vies versa with Freehap.

4.5.3.7 Project under BE Magazine

In to gain an extra support for vendors, BE Magazine has initiate three projects. These three project are initiated to support vendors and to give vendors as company giving its employees as benefits.

- 1) One baht market. This project aims to reduce the cost of living for vendors by set up donations boxes in 3 categories which are good condition used cloths, household utilities and food. Vendors can buy these items at a price of 1 baht.

- 2) One By One. This project aims to match the buyer and seller by having organization from government agencies, big cooperate and small business to set up a day in a month to allow vendors to sale BE Magaznie at the company.

3) Saving Campaign. This project aims create saving habit for vendors. BE Magazine set up a unit for money saving of vendors.

4.5.3.8 A Pilot Project on Social Innovation

BE Magazine created a pilot project to obtain the knowledge and find a way to maximize the knowledge sharing processes. Inspired by Isang Litrong Liwanag in Philippines, BE Magazine decided to set up two pilot projects in the two areas of Bangkok slums which are Klong Toey and Corner of Yumrat. Due to the fact that these two slums have a very similar housing layout, that is, all the house are mostly attached to each other and have no way for light to come in from the windows. Light can only come through the roof. This experimental project is to make light bulb from bottle of water. In making one, by put 90 percent water and adding 10 percent chlorine in the bottle. Then seal it tightly and make a hole in the roof and place this bolltle in. This bottle would work as a light bulb during day time. This could help in reducing electric cost down. Both projects were successful. BE Magazine managed to bring material cost down to 50 – 60 baht per slot. This excludes labor costs. At the moment, BE Magazine is in a process of developing a manual guide and a VDO to be distributed in various provinces in Thailand.

4.5.3.9 Problems and Obstacles

Problems and obstacles found during doing BE Magazine are as follows. The first problem was a problem in working with socially disadvantaged individuals for example approaching the socially disadvantaged individuals, changing their attitude on laziness and low responsibilities along with breaking regulations in work place. Alan claimed that it is very hard to recruited vendors and also make vendors sale magazine at the set amount daily. Vendor sale magazines at certain volume that they think are enough for a day, then they stops and enjoy their day. BE Magazine has to sale 60,000 copies a months and for the way company set up its principle that main distribution channel has to be from vendors. BE Magazine does not have many hardworking vendors therefore, BE Magazine has to recruit more vendors than it original set up plan. The second was a problem with designing magazine layout and content in order to make target consumers understand and accept social magazines. The third problem is about the survival of the magazine which includes magazine advertising and magazine sales. The last problem was about

location of the magazine and competitor magazine which was produced as a social magazine according to the main stream but not really helped the society.

4.5.4 Social Enterprise and the Government

BE magazine has not received funding from any governmental agencies. But in term of supporting, TSEO and Thai health Promotion Office provide support in education and connection. In Thailand the problems about social enterprise would be that there are no support in term of taxation or other benefit. This would be drawback. From Alan viewpoint, TSEO only focus on building knowledge and awareness to society about social entrepreneurship but it is not enough as from direct experiences of BE Magazine that many Thai people do not know or aware of social enterprise.

CHAPTER 5

ANALYSIS OF FINDINGS AND EMERGING ISSUES OF FIVE CASE STUDIES DISCUSSION AND RECOMMENDATIONS

The purpose of this chapter is to present the findings and emerging issues drawn from the five case studies described in Chapter 4. The main findings from the case studies of social enterprises are herewith presented. The analytical approach of this chapter is organized into analytical issues with cross case comparisons and contrast analysis.

5.1 Summary and Analysis of Findings from the Five Cases

Issues such as the identification of social problems and the attempts or search to seek solutions to these problems by the five enterprises were studied. All of them chose business models to cope with the identified problem. Each case devised what was an innovative approach as means to make the business work. Expected social impacts have yet to be determined as they are somewhat young social enterprises. Discussions on each social enterprise according to this analytical framework will be described on the following sections.

5.1.1 Akha Ama

5.1.1.1 Social Problems

The Akha hill tribe in Ban Maejantai works hard every day to produce coffee berries, but they still encounter financial difficulties because buyers who come to the village offer low price for the tribe's coffee berries. Other factors include their low level of education and low accessibility to information, which leads to a lack of information and understanding about the coffee market. Villagers know how to grow coffee trees and harvest coffee berries, but they have no skills in coffee production or

coffee trading. What they earn from selling the coffee berries provides each household with little income. This poses difficulties in helping the local people improve their standard of living and ability to pay for their children's education. Hence, children in the Akha hill tribe do not pursue higher education. This was the problem which was initially identified.

5.1.1.2 Solutions to Social Problems

Due to the fact that coffee cherries cannot be kept for long periods of time after harvesting, other coffee making procedures are needed. The establishment of a coffee production house can help villagers with the entire coffee production from harvesting to processing coffee by using modern technology and machines. This can help villagers to stock coffee beans for longer periods. By providing coffee making knowledge to villagers on how to produce good quality coffee, they can meet the market's demand. Also, educating villagers on business practices could empower villagers as they will gain greater understand about bargaining power and marketing strategy in order to increase their market share and attract new segments to which they can market their products. Also, by encouraging the children in the villages to pursue higher education, these children will have increased opportunities for better jobs in the future.

5.1.1.3 Social Enterprise Business Model

Akha Ama brand was built around the presentation of insights into Akha hill tribe's culture and daily life through a cup of coffee. Akha Ama set its value proposition of the product to help the Akha hill tribe in Ban Maejantai to raise their income and quality of life while incorporating fair trade principles in its business through the selling of coffee. Akha Ama strives to reduce the role and bargaining power of the middlemen while producing high quality coffee that is sustainable, both environmentally and economically. In order to achieve this goal, Akha Ama advocates for a change in the middlemen's role in buying the coffee. By maximizing the Ban Maejantai farmers' value, farmers receive the most benefit and can lift themselves out of poverty. By applying a business strategy based on value added, instead of selling coffee berries as usual, Akha Ama has continued to add value by sorting, grading, roasting, grinding, and branding the coffee made by the Akha hill tribe. The solution is that all players, whether farmers, middlemen or traders, become

winners and each gets an equitable value for their efforts. For Akha Ama to have a competitive advantage over other brands in the market, it ensures that its coffee meets a high standard by entering into the World Cup Tasters. The result benefits both the brand itself and the coffee farmers. As a result, the villagers are proud of their efforts in making high-quality coffee, and this recognition has made them work harder and better. Akha Ama uses Coffee Journey to create brand awareness. Through this activity, Akha Ama connects customers and coffee farmers with each other, allowing them to learn about one another. This experience leads to mutual understanding of all stakeholders and contributes to the sustainable development of their relationship and product. Akha Ama has opened two branches and has hired three villagers to work in the coffee shops. By doing so, Akha Ama can create a sense of connection among coffee maker' families and the customers who did not have a chance to participate in Coffee Journey. Also, these coffee shops show how the enterprise places emphasis on its social mission of being socially empowered. Akha Ama clusters customers into two main groups. The first group consists mainly of local students, middle-income white collar workers, expats who live and work in Chang Mai, and Thai and international tourists. The second group is made up of wholesalers and shops. Akha Ama has proven that a social enterprise can indeed be profitable and the money can be used to encourage self-sustainability within rural villages.

5.1.1.4 Social Innovation

Akha Ama applies new ideas that resolve existing economic challenges at Ban Maejantai for the benefit of the people, which result in positive social changes.

- 1) Akha Ama has worked out a strategy to enhance financial benefits from farming by eliminating middlemen. Akha Ama is advocating the idea that farmers take ownership in their product. This will help increase the farmers' market value share by holding onto their coffee and taking charge of roles such as upgrading quality and value before selling their product. Akha Ama seeks to help farmers save the money lost to middlemen. Instead of selling coffee berries individually, Akha Ama acts on behalf of villages to sell coffee berries collectively in order to increase their bargaining power.

- 2) Akha Ama is established as a production and distribution center for coffee produced by villagers in Ban Maejantai and two nearby villages. Being able to make coffee for the whole process, from harvest to roast, has added

value to the product and also has increased the selling price. Akha Ama guarantees fair trade to make sure that the benefits go directly to the villagers.

3) Akha Ama passes on coffee making knowledge to the villagers along with information about multi-crops farming techniques to help them in developing the products, which can increase household income and create more access to opportunities in life, such as higher education for their children.

4) Akha Ama organizes a Coffee Journey activity annually during the month of December for customers and coffee farmers to learn about and to cherish each other's efforts and work. Customers who are interested in getting to know where their coffee comes from may learn from the trips about the life and culture of the coffee producers in Ban Maejantai. These trips also provide the villagers' opportunities to learn about their target customers and allow them to share their pride for their product. These trips create good customer relations, and it is another source of income for villagers to sell other local products.

5.1.1.5 Social Impact

1) Akha Ama has created awareness among coffee drinkers about how one cup of coffee can lead to change in a remote hill tribe village. Akha Ama places emphasis on the origins of coffee and how it is made to create a positive impact on the Akha hill tribe.

2) Akha Ama is able to voice the problem of unjust pricing by middlemen and how the villagers have been taken advantage of for a long time.

3) Akha Ama has created awareness among coffee farmers and villagers to learn about the coffee making process and market system, which has led to an increased in their knowledge and understanding of the product they produce.

5.1.1.6 Social Change

1) The villagers in Ban Maejantai have gained more knowledge and skills about coffee farming and the coffee making process.

2) The villagers earn more income, which helps improve their standard of living and quality of life.

3) The villagers earn more income through coffee making which has created more family security. As a consequence, their children have more potential to attend higher education.

4) The villagers changed from producing coffee in the traditional way to producing it according to international standards. They have moved toward reducing the use of chemical fertilizers, herbicides and/or pesticides. Also, their farms have been transformed into multi-crops and to organic farming.

5.1.2 Green Net SE

5.1.2.1 Social and Environmental Problems

Green Net SE founders identified social and environmental problems in the context of Mae Lao Watershed Community, Wiang Pa Pao District in Chiang Rai. This community is one of the agricultural areas affected by the government-promoted commercialization of agriculture which has pushed Thailand's farmers into a downward spiral. There has been an increase in cash outlays for chemical fertilizers and pesticides, which has led to the destruction of natural soil fertility due to the heavy application of chemicals and soil erosion. The Mae Lao Community's watershed area has been contaminated due to excessive use of pesticides. Soil degradation is also caused by heavy usage of pesticides and other chemicals for farming. The villagers then moved and expanded their farm land which caused heavy deforestation. As a result of the extensive deforestation, there is a water shortage in the villages downstream. An accumulation of these problems had left the farmers' families with overwhelming debt, bad health, and a widespread sense of desperation.

5.1.2.2 Solutions to Social and Environmental Problems

To address the above problems, the Green Net SE founders believed that it was important to preserve and restore the quality of the watershed for other organic farms in the area. Green Net SE has worked with 11 villages in two watershed areas to correct these environmental and social problems. Green Net SE has explored the potential of the integrated organic farming of local fruits, vegetables and coffee trees. The approach taken was built around the concept of agro-forestry. Trees and crops are interspersed on the same field, resembling in many ways the structure of a natural forest. Farmers are drawn by the fact that they can plant crops that have higher yields and earning potential while also preserving the natural forest. Coffee trees are an economic crop which is suitable for the highland area, and there is an increased market demand for organic coffee. Also, organic coffee can be sold at

premium prices. By forming a coffee farmers' group and working with small groups, farmers can reduce the cost of accessing inputs, production technologies, information and markets by sharing these costs amongst all members of the group. Green Net SE has been able to gather support from Green Net Cooperative and Earth Net Foundation in order to educate farmers on organic farming and its benefits.

5.1.2.3 Social Enterprise Business Model

The Green Net Cooperative has been in existence for twenty years, and the Earth Net Foundation was established thirteen years ago. Under the umbrella of these two well-established and well known NGOs, Green Net SE was set up as a social enterprise business model to serve as a marketing arm and income generating unit for its parent organizations. Green Net SE was established to support the preservation of the forest and the rehabilitation of the watershed by educating and promoting organic ways of life to farmers. By producing high quality organic coffee, farmers can increase their earnings. In order to distribute coffee to farmers and not be dependent on other coffee production plants and/or coffee distributors, Green Net SE has opened its domestic market by introducing its own brand, Mivana Coffee. Mivana Coffee is available at Mivana Coffee Shops and supermarkets, as well as through online direct sales via its official website and Facebook page. They have also offered franchising opportunities. As organic coffee represents only a small proportion of the entire coffee segment, Green Net's customers are a niche market. In general, there are two main groups: those who are health conscious and those who are concerned about social produce. Green Net SE's value proposition is their fair trade and environmental preservation certifications. Because of their long-term good relations among the parent's organization and villagers, Green Net SE has easy access to villagers. They have been able to help transform the villagers' way of life from producing highly contaminated agricultural products to more environmentally friendly ones that are economically beneficial for farmers and their communities. Green Net SE, therefore, stimulates farmers to be part of the socially responsible business operations by becoming members that produce high quality organic coffee while preserving the environment. The end results are clear: they have better lives with increased financial security.

5.1.2.4 Social Innovation

1) Green Net SE integrates grassroots development and business operations into its business model. Green Net SE places emphasis on grassroots development at the village level by giving technical assistance in terms of know-how by promoting coffee farmer groups to the villagers and introducing organic coffee farming techniques.

2) Green Net SE applies an agro-forestry model to help preserve the natural forests and watersheds in the area and adds economic benefit to the use of the forests. This agro-forestry mimics a natural forest. It provides natural processes similar to those of the forests which restore and help maintain the ecological health of the landscape. This ensures that the participating areas will produce a larger quantity of food year-round because the diversity of trees and crops fill the farm space throughout the year. The agro-forestry significantly cuts down on household food costs and leads to better health conditions for farmers.

3) Regarding the business operations, Green Net SE acts as a distributor to market the farmers' coffee products and conducts fair trade by giving a fair price to producers and buyers. Farmers are able to take part in determining the sale price.

4) A knowledge sharing center is created through forums, use of quality assurance, schools and the introduction of organic farming technology. All these measures make organic farming sustainable.

5.1.2.5 Social Impact

1) Green Net SE has created awareness among the coffee farmers' group to produce organic coffee that meets the standards in order to gain higher income from selling certified organic coffee.

2) Green Net SE builds environmental protection awareness for participating coffee farmers in guarding and helping to preserve the forest and water sources.

5.1.2.6 Social Change

1) Participating farms have a mixture of products. The coffee agro-forest provides them with a system that provides growers with alternative and additional income streams throughout the year.

2) Green Net SE has built market connections to create new models of commerce that guarantee adequate prices or transparent prices for many small coffee producers.

3) Bit by bit, fair trade coffee has made a tangible difference in many farmers' lives. Coffee farmers can sell better quality coffee at higher prices. There is more demand for organic and fair trade coffee. These advancements are being made because consumers realize that they can have a positive impact on the way they choose to spend their money.

5.1.3 Freehap

5.1.3.1 Social Problems

The founders believed that in the world today, even though people's income is increasing, people around the world are becoming less happy. There is happiness that money can buy and that money cannot buy. Happiness does not always increase with the amount of money that a person has or earns, but rather it is something which comes from within. Therefore, the happiness of one person cannot be judged by money alone. There are also other factors that can increase a person's level of happiness. Many studies have proved that the increase in one's money level is not correlated with one's happiness level. Therefore, in the world of materialism and capitalism where people believe that things and money are mechanisms that bring happiness, people tend to leave out personal ties that create a caring society.

5.1.3.2 Solutions to Social Problem

Freehap believes that people tend to create conditions to trap their own happiness. Therefore, the founders have developed a tool to improve happiness for different types of people. Freehap has built a web based platform on mobile application with which people can add friends and then share their feelings, encourage one another, give a helping hand and ask for help by pressing icons on the application and writing down little notes. Currently, there are 50,000 users and more than one million transactions per year.

It works by applying communication to social networking to share happiness, kindness and help to improve people's happiness. So far, there is no strong indicator of how Freehap can increase happiness for society as a whole. However, a

small group of people made up of Freehap users experienced an increase in their happiness after using this application. There is an initiative in creating an application that focuses on emotional support by a group of friends and family. They can help improve the emotions and feelings of people. Together, they can then create a better and happier society. Thus, the easiest way to improve happiness is to start with oneself. Next, the person can pass that positive feeling to other people who are close to creating happiness of their own.

5.1.3.3 Social Enterprise Business Model

At the beginning of its business operation, Freehap created its business by using the social program, “Freehap application,” as its main business activity. This initially generated income for the company. Later, the application was not successful due to weak representation of how it created happiness and how it could help society, so the number of users did not meet the target. Afterward, Freehap dropped the “Freehap application” and limited it to only social programs that the business still wanted to focus on. However, for the business’ survival, the company has had to add more products and service lines relating to mobile and web programs to raise its income which can be used as financial resources to support the “Freehap application”. Later, the company divided its operations into two parts: 1). the income generating activity unit which provides products and services that fund its social programs and 2) the social program which Freehap has established the following mobile and web applications:

- 1) Happiness update application—This application is designed to synchronize with other popular social networks to let users easily update their status and let them connect with friends from different social networks. (e.g., Facebook, Twitter, Google, Buzz etc.)

- 2) Happiness database—The database collects both demographic and psychological data. The objective of the database is to provide effective happiness information for academia and the government free of charge. This part is strictly for educational use. Therefore, researchers, government officers and NGOs can apply information to create projects, events or research to improve their users’ happiness in a convenient and accurate manner.

For the income generating activity part of the business, Freehap provides the following services to its business partners.

1) Pay per click banner advertising–Business partners can advertise by choosing the demographics and psychological character of their target markets to make their advertisement more focused and effective.

2) Online poll survey–Business partners can create a poll survey by choosing the demographics and psychological character of their desired sample.

3) Other web and mobile programs–Website and mobile applications are tailored to the clients’ needs and specifications.

5.1.3.4 Social Innovation

1) Freehap applies information technology by using social media as a tool in creating alternative channels for communication. Freehap creates an online center for people in society to help one another create a cheerful and delightful atmosphere.

2) Freehap is one of the very first applications that has tried to collect information regarding emotional happiness. This information is then made available as part of useful data for research purposes in order to create alternative solutions to address social problems in the country.

5.1.3.5 Social Impact

Freehap creates awareness among small groups of users, mostly people who joined at the beginning, on how the application could help create a better and more caring society, which in turn will lead to a happier world. Later on, many users used Freehap to communicate their regular status just like what they would normally do with other web applications such as Facebook. Nevertheless, a small percentage of people use the application to communicate in a manner that supports others, to share feelings and to help others when assistance is sought, making them feel happier. When the level of happiness increases, there is a positive effect on health and productivity.

5.1.3.6 Social Change

There is no strong indicator that has led to social change for Freehap. Even though the actions on Freehap’s application could create more bonding among friends, there is no evidence to support that these friendships could be extended to a

bigger group and create common good in society. As for now, many users are using the application to update their personal status and location and to show emotions via emotional icons.

5.1.4 Farmsook Ice Cream

5.1.4.1 Social Problems

Many reception homes and orphanages have a very tight budget from the government to support its extra-curricula activities, such as English classes, home economics classes or other training for children to help them get ready for the world outside or jobs in the future. Donations vary from month to month; as a result, it is difficult for the house to allocate money for extra-curricula activities for children in the house. Also, the children in both the reception homes and orphanages have very low self-esteem and self-confidence. This is due to the fact that the home environments where these children are more like boarding schools, and there is a lack of interpersonal attachment between the caretakers and the children. The situation in which they see people coming in to donate goods has left an imprint in the children's minds, reinforcing the idea that they are unfortunate people for whom people in society pity.

5.1.4.2 Solution to Social Problems

The founders of Farmsook, therefore, believed that there should be a better way to address the above mentioned problem. Instead of being a person who always receives ice cream donations, Farmsook has turned the situation around by making the person who feels unfortunate, desperate and hopeless into someone who can make things for himself or herself and be proud of that effort. Thus, Farmsook Ice Cream aimed to introduce a way for the orphanages or reception homes to address their limited budget which they receive from the government or donations by allowing them to earn extra income from profit sharing. This would lead to more flexibility in managing any of the activities related to children. Moreover, by encouraging children to participate in professional training in making ice cream, these children will pick up life and employment skills. This could increase their self-esteem and self-respect and make them proud of themselves and eventually discover their own values.

5.1.4.3 Social Enterprise Business Model

Farmsook Ice Cream depends on the service and the commitment of volunteers as well as their own employees. The skills and talents of both types of workers allow Farmsook Ice Cream to realize its social missions. Farmsook helps turn these children into ice cream makers by teaching them how to make ice cream base. In addition, these children are paid wages according to the number of hours they work. Farmsook also wishes to involve the orphanages' management by offering profit sharing and seeking their help in promoting the product. Farmsook guarantees that it will buy all of the ice cream base that the children make three days a week. Farmsook uses consignment and direct sale strategies in selling their ice cream under the Farmsook brand. Farmsook does not have its own shop. This marketing strategy of finding shop partners has helped Farmsook to expand its sales point to six places within only one year of operation.

5.1.4.4 Social Innovation

1) Farmsook has changed the pattern of giving to disadvantaged children and introduced a new form of aid which involves the purchasing of low sugar ice cream that these children make themselves.

2) Farmsook draws in many people from many sectors in society to interact with the children, allowing the children to learn to interact and to adjust themselves to people outside their limited and confined world.

5.1.4.5 Social Impact

1) Farmsook Ice Cream has created awareness among customers about how one scoop of ice cream can make a difference among unfortunate and disadvantaged children.

2) Farmsook Ice Cream has trained and prepared children for the world outside even though a very small number of children were involved. .

5.1.4.6 Social Change

1) A small group of children at orphanages who participated in the making of ice cream increased their self-esteem and self-respect. They also became proud of themselves and eventually discovered their own values.

2) The children will have greater opportunities to cherish other people in society's good attitude and kindness and be prepared when they leave the

orphanage or reception home to become part of society. They will be stronger and be able to connect and adjust themselves to outsiders.

5.1.5 BE Magazine

5.1.5.1 Social Problems

Unemployment, homelessness, disadvantaged opportunities inadequate housing, and lack of access to basic amenities including health care and education represent key threats to social integration. Even though there are many factors that cause people to be poor and to become homeless, unemployment is one factor among those. In society, people from different socioeconomic groups mostly automatically stigmatize this group of people and regard them as troublemakers. In fact, this group of people has very limited opportunities to find better jobs, to raise their voices for better treatment or to access better basic services.

5.1.5.2 Solutions to Social Problems

The founder of this social enterprise believed that giving money to the poor may not resolve the root causes, but only lessens the negative effect of poverty. BE Magazine was in search of a way to give disadvantaged people an opportunity to have a job. BE Magazine believed that being employed by an organization and receiving an adequate income would push the poor toward a self-initiated change. BE Magazine wanted to be a first step for this group of people by providing opportunities for them to move into mainstream employment. Apparently, this model did not work in the Thai context as many of the people the magazine targeted had no intention of being in full time employment. They preferred only to earn some money on a day-to-day basis to buy food and fulfill other basic needs.

5.1.5.3 Social Enterprise Business Model

BE Magazine was a magazine sold by people who were unemployed or needed help. It aimed to be an ethical business that focused on social mission and whose profits were reinvested in the company. The magazine offered people affected by unemployment or homelessness or anyone who did not make enough money for a living to have the chance to earn a legitimate income. The social marketing principles were interwoven into the entire process of all aspects of work at BE magazine. The aim was to build careers for socially disadvantaged individuals, giving assistance to

society through magazine merchandising and changing people's behavior in terms of how they reach out to help the disadvantaged. This was considered a new type of business whose main target customers were people who have regular income and want to see change in society. The important strategies used in processing the work of BE Magazine were to develop and transform the product of a regular business, from a normal magazine to a magazine published specifically for society by using pricing strategies and consistent product placing in three ways. First, socially disadvantaged people had a role in selling the products. Second, the magazine was sold through old distribution channels, in this case through bookshops. A profit sharing mechanism was used in order to circulate the money within the organization. Lastly, the membership system guaranteed annual sales of the magazine. Additionally, a part of the membership fees was given to members' selected social organization. This is how BE Magazine built its social network. BE Magazine's social roles served to build careers for socially disadvantaged people and those that sought extra income. Also, the magazine helped projects and foundations, arranged social helping activities and created a new society for socially disadvantaged individuals.

5.1.5.4 Social innovation

BE Magazine created jobs for underprivileged, disadvantaged, and unemployed people to be able to earn income for a living without begging for money.

5.1.5.5 Social Impact

1) BE Magazine had substantially raised local awareness of the realities of unemployment and poverty by firstly promoting BE Magazine and issues of street people, unemployment and disadvantaged people through television and radio programs such as on Channel 3 Morning News, TPBS news, Daily Arsa on Daily News TV, Social Change on TPBS and Voice of the Day on Voice TV. Secondly, the magazine worked with two communities in the Suthisarn area and one community in the Rama III Bridge area by sending teams to talk to people in the communities once a week. The magazine also invited interested potential vendors to their office to be trained. Over five years of its operation, BE Magazine provided jobs for over 100 disadvantaged people. The vendor had the opportunity to earn a living, receiving on average 200 baht a day. Some vendors (fewer than ten people over the five year period) could earn up to 20,000 baht a month from selling BE Magazine.

2) BE Magazine projects on social work, One Baht Market, Saving Campaign and other vendor support and training and development programs have benefited and create awareness among vendors to help them think positively and create more self-discipline in their work. Almost all vendors who participated in the One Baht Market as they were able to buy any item in a shop for the price of one baht as this project helped the vendors' reduce their cost of living. The saving campaign was aimed at creating awareness among vendors on ways to save money. Unfortunately, the saving campaign's results showed that less than 50 percent of vendors who participated were able to save money, ranging from 5 baht to 50 baht per deposit per person.

5.1.5.6 Social Change

1) BE Magazine gave over 100 disadvantaged people the opportunity to help themselves and move off the streets by earning an income from selling the paper.

2) BE Magazine changed the relationship among disadvantaged people, homeless people and the public. It directly challenged traditional stereotypes surrounding homeless and disadvantaged people.

5.2 Characteristics of the Five Social Enterprises

5.2.1 Organization Characteristic

5.2.1.1 Social Mission

The study found that the social mission is the key determinant in making an organization into a social enterprise. The identification of a social mission sets the clear direction of the social enterprise. In all five cases, their social mission is explicit in the organization's governing documents, and they are able to explain the value of the social change they aim to bring about. Some of the cases may not be able to justify the value of the social change they aim at, and this is due the lack of management and entrepreneurial skills. However, their intentions to solve social problems are identified from the inceptors. According to Nicholls (2006a), the operational context, operational process, and outcomes and impact can be used to define the social mission.

Table 5.1 Social Enterprise Social / Environmental Mission

Case	Social / Environmental Mission
Aka Ama Coffee	Promote well-being of agricultural community of Akha hill tribe
GreenNet SE	Promote well-being of agricultural community in the rural area of Chang Rai and promote sustainable environment
Freehap	Make a better and happier society by starting from oneself then passing this happiness onto friends and to society
Farmsook	Support for children who are victims of domestic, structural and
Ice-Cream	gender-based violence and other disadvantaged children who want to join the labor market
BE Magazine	Create job for urban poor and unemployed people

The study noted in some of the cases that the engagement in commercial activities may drive social enterprises away from their social mission. Alter (2006) discussed the concept of “mission drift” as nonprofit organizations engage in commercial ventures which not directly related to their core missions, which diverts their time and energy away from the organization’s primary social mission. This is shown in the case of Freehap where the Freehap application was not substantial in making profit, so the board members agreed to work more on other website applications in order to earn more profit. Thus, in the case of Freehap, the organization shifted away from social benefits which are the sole and prominent goal for enterprises which work to garner social benefits among other aims of enterprise.

5.2.1.2 Mission Orientation

From the present study, it was seen that all five case studies were able to demonstrate their social and or environmental mission. In the social enterprise, money and mission are intertwined, but it is important to emphasize if and how priority has been given to financial and or social objectives. These social enterprises have some differences in terms of their mission orientation which can be classified into two groups based on Alter’s Social Enterprise Classification according to mission orientation (Alter, 2008: 209).

1) Mission Centric Social Enterprise: This type of social enterprise was founded to serve a social purpose rather than an economic one.

Economic issues are important but are not the primary factor. The social mission guides their strategy and objectives. The primary purpose is mission advancement integration between social programs and business activities. Akha Ama, Green Net SE, Farmsook Ice Cream and BE Magazine were established in such a way that their social missions are central to the organization, and business activities served that particular social mission. For example, BE Magazine was created to employ disadvantaged and unemployed people (employment development).

2) Mission-related Social Enterprise: This type of social enterprise was founded to serve social and economic purposes. Profit potential is prominent among other goals; therefore, all business activities operate by the enterprise may not serve a social mission. In the case of Freehap, it is challenging to adhere to its social mission at all times as it must maintain a balance between social and economic objectives. Freehap added more unrelated-business activities to its social mission and into its operation to increase cash flow due to the profit loss in Freehap application. To avoid a mission drift, a variety of efforts and strategies are required to keep the organization connected to its mission and operating in line with it. In the case of Freehap, the founders have notified and ensured that new investors understand the purpose of creating organizations.

Table 5.2 Social Enterprise Mission Orientation

Case	Mission Orientation
Aka Ama Coffee	Mission Centric
GreenNet SE	Mission Centric
Freehap	Mission-related
Farmsook	Mission Centric
Ice-Cream	
BE Magazine	Mission Centric

5.2.1.3 Organization Form

According to the study, there were both formal and informal forms of social enterprise in the five cases. Even though all of these five social enterprises

practice business operations through trades and services, the form of these social enterprises varies. The formal structure is considered in terms of legally registered organizations, which are able to operate business transactions with other organizations; however, the informal ones have more difficulty and sometimes cannot carry out transactions with other businesses. In the cases of Green Net SE, Freehap and BE Magazine, they have a formal form and structure and apply the form of a limited company. Thai limited companies are somewhat similar to limited liability companies in other jurisdictions such as in the United States or the European Union. These social enterprises take a form of limited company because a limited company is a separate legal entity. The limited company's rights and obligations of all parties are set down in writing to ensure a clear understanding of legal standing within a company. In a limited company, the debts of the company are separate from those of the shareholders. The limited company is subject to corporate income tax. According to the official website of the Revenue Department in Thailand, the corporate income tax rate in Thailand is 23 % on net profit for a small company with over one million baht in net profit per year (accounting period 2012, but accounting periods 2013-2014 will be 20%). Therefore, the social enterprise in a limited company has an advantage in terms of creditability to both customers and financial institutions as well as to business partners. It is easier to conduct fundraising and to borrow money. Furthermore, if the social enterprise has to close down, the personal assets of the shareholders will not be at risk of being seized by creditors.

Akha Ama is a social enterprise that has a formal form and structure; it takes the form of a sole proprietorship. A sole proprietorship is a business owned by one person and that can be easily setup. The rules and regulations applying to a sole proprietorship are less than for a limited company and other forms of business organization that exist in Thailand. A sole proprietorship has to register with the local municipality or a district office in the province where the business is operated. It is more difficult for a sole proprietorship than a limited company to obtain financial funding from financial institutions due to the lack of creditability of the business. For a sole proprietorship, the owner may be taxed progressively similar to an ordinary person. Akha Ama, a sole proprietor, chooses to be taxed on his gross receipts, which is less than a standard deduction. This is a loophole in the taxation system. Although

an owner must keep a record of the gross receipts, an owner does not need to keep a record of the expenditure. Due to the fact that there is only one owner and there are fewer complications in setting up the business and the existence of some tax benefits, Akha Ama is currently on this path. However, as it has expanded in size and operation, there are potentials for Akha Ama to change its business status in the future.

Unlike other cases, Farmsook Ice Cream is operating as an informal business and perhaps not yet as a legal entity. It has operated in a manner of an ordinary (unregistered) partnership company because it has not legally registered itself. Under Thai laws, for an ordinary (unregistered) company to be legalized, it needs to obtain commercial registration. Ordinary partnerships are liable to apply for commercial registration with the municipal entity, in the same manner as a sole proprietorship. Commercial registration does not convert the ordinary (unregistered) partnership into a registered ordinary partnership. For a partnership to be a registered ordinary partnership, the partnership agreement, including the details of capital contributions, management and objects, must be in writing, and registered with the Ministry of Commerce. Farmsook Ice Cream applied as an ordinary (unregistered) partnership which consists of four persons that joined together for business purposes. All parties at Farmsook Ice Cream contribute something to the enterprise. Basically, those involved contribute either labor, capital, or some other form of property. The partnership agreement is oral and not in writing and is not publicly registered. Farmsook Ice Cream has not obtained commercial registration because of many factors. First, Farmsook Ice Cream has children under the age of 16 working for them. Even though the children are working fewer than four hours a day at the Reception Home, it is not legally accepted as using child labor is against the law. Secondly, under the Food Act (B.E. 2522), ice cream made from milk and the proportion of milk are specifically controlled. In order for Farmsook Ice Cream to produce ice cream for commercial purposes, it needs a license and a certificate of registration for their ice cream product and small production factory for producing ice cream, documents which the enterprise lacks. Third, Farmsook Ice Cream believes that at the moment, there is no tax benefit and Farmsook Ice Cream is not a pure business enterprise. It is somewhat a charity work, and it should not be taxed in the same manner as a business.

Table 5.3 Organization Form

Social Enterprise	Form of Organization
Akha Ama Coffee	Sole Proprietorship
GreenNet SE	Limited Company
Freehap	Limited Company
Farmsook Ice cream	Informal Group
BE Magazine	Limited Company

A social enterprise may be operated by an individual or a group without a legal structure, or as a sole proprietorship and may not register as a juristic person. Nevertheless, later if the business expands in size and requires more funding for business operations, a social enterprise in the form of a limited company will gain more credibility. Therefore, for a social enterprise to grow, it has to transform into a juristic person enterprise. For example, funding can be obtained more easily when business is in the form of a sole proprietorship, an ordinary partnership or a limited company.

5.2.1.4 Formation

The study found that there was a difference in the formation of the organizations of the five cases. The four cases started their social enterprise from the individual or a group of individuals that recognized when a part of the community or society was trapped and wanted to provide new ways to get it released. For instance, Akha Ama Coffee was created from a desire to increase the sustainability and resilience of agricultural systems and to improve the well-being of the Akha hill tribe at Banmaejantai and nearby villages through a cup of coffee under the Akha Ama brand. Unlike the others, Green Net SE was initiated from a parent organization which is a non-profit organization that wants to extend its operations to a particular segment of the community that the cooperative already has in its hand. However, it faced difficulty in its management and trading operations. There some limitations of parent organizations, such as the cooperative's size expansion, and difficulties in trading due to cooperative rules and regulations. Also, under Thai law, if a charitable foundation engages in business activities, it will be taxed at a higher rate. Therefore,

setting up Green Net SE as an affiliated organization in the form of a limited company to handle trade both the cooperative and foundation would solve problems for both organizations. Green Net SE is a social enterprise that is structured as a separate legal entity, a for-profit business. In this case, Green Net SE does not physically share space with the parent organizations. From a legal, financial, management, and governance perspective, the enterprise is external to its nonprofit parent. Even though there are differences in who initiates the social enterprise in the cases in the study, all five cases share commonality in terms of the reasons behind the initiatives of these social enterprises that they are established with the aim of helping the disadvantaged group and improving the well-being of the particular social group.

5.2.1.5 Organizational Structure

According to the present study, social enterprises are structured in two ways, tall or flat depending on their objectives, type of activities and size as the structure of an organization determines the modes in which it operates and performs.

1) Tall Organizational Structure

Green Net SE has a bureaucratic organization. It has many layers of management with a formal hierarchical structure. At Green Net SE, most decision making is made at high levels to be executed consistently by everyone in the lower levels. People are organized into units based on the type of work they do or skills they have, ensuring that work is consistently completed efficiently and effectively. Top-level management, in this case the managing director, exercises a great deal of control over the organization's strategic decisions.

2) Flat Organizational Structure

The other four organizations apply a flat organizational structure in their business operation. They are organizations with no middle managers. This may be due to the fact that they are small businesses and have just emerged. There are few staff members or employees to justify hiring middle managers. In this type of organization, there is one person at the top with everyone else reporting to that particular person. The leaders in all of these cases are the entrepreneurs him/herself who makes all key decisions and most communication is done in one-on-one conversations. Communication in these organizations are more unstructured and informal, and much of it entails face-to-face meetings. Among the four cases that

apply a flat organizational structure, there are also some differences in their operations. Akha Aam applies a team-based organizational model, where operational teams focus on achieving objectives, in this case to operate the coffee shop. Employees feel they are part of the total organization rather than members of each job division because they do multiple tasks within the coffee shop. Although Akha Ama applies a team-based model, they do have a manager in charge of the overall operation. On the other hand, Freehap organizes its business structure based on projects. This structure is common in information technology; employees are organized around each specific project. At Freehap, there are many teams operating at once; nevertheless, as a small business, they sometimes need to interact with each other sometimes because some teams may have the same personnel that are working on two projects at once.

5.2.1.6 Profit Distribution

In this study, I propose that whether an organization is a “social enterprise” depends on how it uses the money it earns from its trade and service. Among the five case studies, it is important to note that only Akha Ama is shown to make enough income and to earn profit while the other four cases break even or are at a loss. From the case of Akha Ama, it is clear that it is not only the organization that gains, but the local community as well. This is because Akah Ama buys coffee cherries from the local farmers at decent prices.

Akha Ama offers prices at market rates which are higher than the price offered by middlemen. Also, Akha Ama gives back to the community by building roads and assisting in other projects that benefit the local people directly. Even though the five case studies have a clear social mission imprinted into their business objectives, in terms of the management of profit, the emphases are varied. They do share one commonality in principle which is reinvesting into the business operation. On the other hand, some of them feel that it is the obligation of the organizations to pay a dividend to the shareholders and owners. Others feel that to distinguish a social enterprise from a commercial enterprise, it is important to cap the profit to reinvest in the operation to maintain its social mission. Another option is to invest in social activities, the community or other organizations that focus on social objectives. The study found three criteria for management of profit as seen below.

1) Reinvest in Business

Among the five cases, social enterprises have indicated their intention to reinvest the profits they make into the business, both in written regulations and through word of mouth. They plan to invest their potential profit in their business development. Currently, none of them make a profit, except for Akha Ama. The proportion of reinvestment varies among the five cases depending on their profit distribution system. At BE Magazine, the owner and shareholders of the social enterprise have written a document stating that there is no dividend paid, and all of the profit made by BE Magazine is completely reinvested into the work of BE Magazine and contributes to other social projects under BE Magazine. In the case of Akha Ama, it was indicated that profits would be invested into the business, effectively helping it grow and improving the company's conditions. Reinvesting is a useful source of capital for investment and business expansion; therefore, this makes its social and environmental purposes more sustainable.

Investing in the Community, the Organization, and Activities for Social Development

From the five case studies, there is no clear empirical evidence that shows investments have been made to the local community or donated to charity. Green Net SE and Farmsook Ice Cream state in their mission statements that they would set aside some money to invest in the community, the organization or activities for social development. However, as both of these organizations have not made any profit from their operations, there is no data to substantiate their intentions. In the case of Green Net SE, it has written rules and has informed shareholders that profits partially go to the Earth Net Foundation. However, a question arises as to how much constitute a "partial" profit because it is not clear what percentage of their profit is contributed. In the case of Farmsook Ice Cream, it has stated that income for its operations would be distributed into three parts. Nonetheless, it is not clear as to how much is to give to each part and whether money is actually given toward social causes. The researcher was not given access to the organization's accounting and financial data, so no conclusions can be made as to the veracity of what the interviewees stated. As for the Children Fund where money will go toward funding children's education at participating orphanages, this fund may not have yet actually been set up or if it has, there is no fact sheet for the public to see.

2) Pay Owner's/ Shareholders' Dividend

Among the five cases, only Freehap's shareholders have agreed to a restricted amount of profit distribution, as it exists to pursue social objectives, rather than pay the entire profit to the owners or shareholders. Profit is generated to the owners or shareholders in an amount less than what is reinvested in the business or invested in social programs. Therefore, enough money would be available to further develop the business for the public's benefit. This is the same as with Green Net SE which has clear objectives in paying its shareholders' dividends.

Table 5.4 Profit Distribution

Organization / Profit Distribution	Akha Ama	Green Net SE	Freehap	Farmsook	BE Magazine
Reinvest in business	x	x	x	x	X
Pay owner/ shareholders dividend		x	x		
Invest in activities for social development , NGO or community organization		x		x	

It is important to note that the three criteria found in the study for the management of profits among five case studies are more theoretical than something found in actual practice. This is due to the fact that none of these social enterprises actually made profits, except for Akha Ama. Akha Ama made profit was and there is evidence that it is expanding its coffee shop into two branches. Money has also been given to support village administrators in building new roads into the village.

5.2.1.7 Innovation

Among the five cases, there were similarities in the way that social entrepreneurs searched for new ways to solve old social problems. These social entrepreneurs are not waiting for someone else to do the work nor are they trying to convince somebody else to solve the problem. What they do is they take direct action.

For instance, in the case of Akha Ama, Lee, the founder, introduced coffee processing plant to his community in order to increase the coffee production's capability. This is about altering the approaches in bringing about changes to the underserved and disadvantaged communities which would yield lasting social value, i.e. not just to the direct consumer, but to all stakeholders, in addressing a social need in a more effective way. Lee does not try to improve the current practice with slight modifications, but instead finds a new way of tackling the problem that has existed in his community for many years.

5.2.1.8 Organization Size

In this study, the organization size was determined by the number of employees. Comparing the five cases, Green Net SE is a small size organization which consists of 15 full-time employees, whereas the other four cases are very small or micro organizations that have fewer than 10 full-time employees. As a micro-business operation, Akha Ama, Freehap, Farmsook and BE Magazine, the size can have a significant influence on the organizational structure of a company. For instance, Akha Ama is operated as a sole proprietorship with a few employees; it does not need a well-defined organizational structure as everyone performs all of the management functions of the business. A larger organization requires more structure to allow its different components to communicate effectively with one another. For example, Green Net SE has many departments, and therefore, each department needs a head of the department to run each division within the establishment and keep the employees in each division working to task.

5.2.1.9 Organization Age

Comparing the five cases, Akha Ama is the oldest as an operating business. It has continued in business activities since 2007. While the second oldest is BE Magazine, which started its business in 2008, followed by Freehap which has been in operation since 2009. The youngest are Farmsook Ice Cream and Green Net SE, both have operated for one and less than one year respectively. The new organization has a higher risk of failure than older organizations due to the low level of legitimacy, dependency on others and low capability in competing against established organization.

By applying the findings of the cases to the five stage model proposed by Lester and Parnell (2006: 290-304), it appears that two out of five cases are in the “birth” or “infancy” stages. They are Freehap, Farmsook and Green Net while Akha Ama is at the “growth” or “survival” stage. However, one of the cases, which is BE Magazine, is at the “decline” stage as appears that it will not be able to sustain itself.

Green Net SE, Freehap and Farmsook are at the beginning or start-up of organizational development. At this stage, their main purpose is to establish distinctive competences and to generate initial product-market success. This could be achieved mainly by trial and error. The products and services have to be developed in a way that creates distinctive competencies and creates a viable business model. They are in the process of finding sustainable products and markets that produce enough profit for the organization to continue its operations.

Akha Ama is in the stage of survival or growth stage which involves increased production, new recruitment, and the development of strong brands through focused marketing activities. As Akha Ama moves into the survival or growth stage, it seeks to grow, develop some formalization of structure (Quinn & Cameron, 1983), and establish its own distinctive competencies (Miller & Friesen, 1984). The primary goal for Akha Ama is to generate enough revenue to continue its operations.

Nevertheless, BE Magazine suffers from declining performance and faces external problems such as the emergence of new competitors, bribes and corruption. In addition, internal issues such as shortage of vendors, increasing expenses, and exhausted innovation to produce magazine contents dull their motivation to stay in the industry. The downfall of the organizational learning abilities and failing profit and increased loss of market share outline the problems of BE Magazine at the existence stage. This lack of profit and loss of market share has provoked the demise of BE Magazine.

5.2.1.10 Engagement of Stakeholders

From the study, it was seen that all of the cases have clear involvement with multiple stakeholders as these social enterprises seek to solve social problems, and such problems cannot be solved in isolation. The stakeholders are all people who the social enterprise has an impact on or connection to, and this is due to the fact that any actions taken by organizations affect those people who are linked to them.

According to the five case studies, the stakeholders can be classified into two broad groups, internal and external stakeholders. Internal stakeholders of social enterprises include the executive, board members, staff and volunteers that are involved in the process of decision making, and goods and service producing activities in the social enterprise. The external stakeholders of social enterprises include the government, donors, clients, potential investors, customers and the public, who own the authority or resources that may have influence on the social enterprises' operations.

The study found that the stakeholders for social enterprise represent a network of support, resources and tutorials. It can be seen throughout all cases that the environment to solve social problems requires collaboration and an understanding of multiple stakeholders to the organization (Dees, 1998). Among the five cases, the numbers and degree of stakeholders involve varied. For Akha Ama, a social enterprise exists to trade and to make a positive impact on a community. Akha Ama is able to show that it is important that internal stakeholders and the community are aware of what the social enterprise is doing. Therefore, the number of the people in the community has increased from one village to three villages. Customers also are seen to have some active / formal inputs into what social enterprise are doing and how they are doing it. After Akha Ama builds relationships with customers, these customers become more than customers. Their roles expand to business partners and supporters. For instance, the owner of the Coffee Dips Coffee Shop is an Akha Ama customer who later used Akha Ama coffee beans in his coffee shop and also became a distributor of Akah Ama coffee in Bangkok.

In the case of BE Magazine, it has received cooperation from government agencies such as the Ministry of Social Development and Human Security. There were campaigns within the ministry promoting the magazine so that government officers could also become customers. Also, BE Magazine was able to introduce a new career about becoming BE Magazine vendors for disadvantaged people in the community near its office and The National Council on Social Welfare of Thailand and Rajvithi Home for Girls. In order to ensure that key stakeholders are represented, BE Magazine invited representatives (vendors) to attend board meetings. This ensured that the stakeholders have an understanding about social enterprise. This made the action itself more accountable to stakeholders that are involved.

5.2.1.11 Beneficiary

According to the study, all five cases social enterprises were able to demonstrate a variety of beneficiaries such as remote hill tribe communities, disadvantaged social groups and community with environment problems. Interestingly, the study found that young people were among the targeted beneficiaries of social enterprise activities in the cases of BE Magazine whose targeted group was aged between 22 -35 year old, including street-children aged between 15 -19 years of age. Freehap's targeted users are a new generation who are keen on technology, whereas Framsook ice cream focuses on children in orphanages and reception homes.

Additionally, the benefit that the target beneficiaries receive can be classified into the following criteria:

- 1) Job creation-Akah Ama, Green Net SE, and BE Magazine offer the target group an occupation. Therefore, they are able to earn income to support themselves and their family.

- 2) Improve equality-Akha Ama, Green Net SE, and BE Magazine provide the target group more equality of fair opportunity, allowing them to earn more income from what they have done as they were previously taken advantage of.

- 3) Fairtrade-Akha Ama and Green Net SE ensure that their target group participate in better trading conditions, allowing them the opportunity to improve their lives, plan for their future and gain more sustainability.

- 4) Improve quality of life-Freehap and Farmsook Ice Cream create an environment in which the target group is able to cherish more happiness, increase their self-respect and self-esteem. This may help them boost their well-being and the quality of life.

The degrees of benefit that the beneficiary group received are varied; each case depends on the operational process and the targeted social group of each social enterprise. Although these organizations have set many noble ideas that sometimes may be idealistic, the reality is not always a reflection of what they hoped to achieve due to various factors and limitations.

- 1) Farmsook Ice Cream aims to encourage and groom work experience in the labor market for disadvantaged young people and to help in building

individuals' personality to increase self-esteem and self-respect. The children have learned how to make ice cream, but not the entire process of producing this product. They only know how to mix the ice cream base. For this reason, it is not clear if these students, once they leave the Thanyaporn Reception Home for Girls, would be able to produce ice cream and open their own ice cream business given the fact that they were not taught from beginning to end the various steps to producing ice cream. Moreover, they were not taught how to sell and where to sell ice cream; in other words, they did not learn the required business skills that would help them run their own businesses. Regardless, what is clear is that these children have been able to learn something, develop something and integrate themselves back into society once again. Since there are numerous children in these orphanages, the new opportunities and skills they acquired can only help them in the future. From interviews with the children, they feel proud when they receive letters or messages on Farmsook's Facebook page praising them. At the very least, they receive moral support in their endeavors to better themselves and the feeling that there are people who care about them. Sometimes, such intangible support may be more valuable than money.

2) BE Magazine provided jobs for homeless people, the unemployed, street children, disabled persons, the elderly, people with unstable jobs or people with jobs on the street such as wind shield wipers and garland sellers. The magazine aimed to help these individuals move out of poverty and re-enter the labor market. Nevertheless, this research reveals that BE Magazine was unable to help these individuals find full employment and enter the labor market as intended. This is because in some cases, these individuals did not intend to gain full employment. They only wished to earn enough money to buy food and/or spend on daily necessities. They were only concerned about having sufficient funds to survive from day to day. Others wanted money in order to buy liquor. BE Magazine did not fully understand the social conditions of Thai society which differ starkly from that of British society where their model originates. BE Magazine adopted the approach taken in the United Kingdom and implemented it in its entirety without first making necessary adjustments to suit the Thai context. BE Magazine was not selective in who it helped and did not identify a specific target group. Again, this is due to the fact that the original model in the UK aimed at assisting the "homeless," but the people who

constitute the “homeless” in the UK differ from those found in Thailand. Also, homeless people in Thailand also display characteristics that are not commonly found among the homeless in the UK. For instance, some people in Thailand are not considered “unemployed” because they do not have work to do. Rather, they choose to sell garlands on the street, to become wind shield wipers or to work as a motorcycle taxi driver. This can be attributed to a few reasons such as because they do not want to work under strict regulations, they may not want to be their own boss, or they only want to work to earn enough money for one day. The magazine did not understand what type of help these individuals require; thus, there was a mismatch between what the organization strived for (their ideals) and the needs of the people they wanted to assist.

3) Akha Ama Green Net SE also focuses on helping a specific group of people by providing jobs for geographic communities to help them with unfair trading whilst promoting fair trade. They work on improving village facilities and infrastructure for tourism and business as well as providing advice, information and networking in environmental issues and undertaking environmental enhancement development.

Nevertheless, the number of targeted beneficiaries for each case is not large. Hence, their activities may not have such a big impact on social change. For instance, Akha Ama is able to promote and enhance the lives of fewer than 40 families of coffee farmers; BE Magazine created jobs for fewer than 200 disadvantaged and unemployed people; and Farmsook ice cream can help a small group of children, fewer than ten children in only one orphanage. Regardless of the small number of people these social enterprises have impacted, they have succeeded in creating awareness and job security and improved the quality of life of their participants. At least, there is a start in awakening Thai society. This is due to the fact that social enterprises are at the start-up stage and have many limitations in terms of finance and personnel. One would need to adopt the concepts on a longer term by monitoring these social enterprises over time.

5.2.1.12 Operational Concept

Although all five cases practice trade and services, the operational concepts approaching social issues are diverse. However, some of them do exhibit

some similarities. The operational concepts can be identified as follows:

1) To produce a product (a magazine) which vulnerable groups can sell in order to help them develop skills, create employment, and integrate into the labor market in order to combat poverty and social exclusion. From this study, it has been revealed that the BE Magazine did not sell very well because Thai people are not generally fond of reading. Also, BE Magazine targeted everyone in the city and charged them 45 baht per magazine. The price is similar to other mainstream magazines which have been published with specific readers in mind and content created geared specifically toward them, making them more popular among the reading public.

2) Framsook Ice Cream integrates vulnerable groups into the production process in order to develop their skills. This helps prepare these individuals to reenter society and be part of society again. The training they receive also helps them enhance their self-esteem and pride. However, only three children participated in the project, so it is unclear if the ice cream was made entirely by the students.

3) The use of information technology can serve as a useful and meaningful channel for people to express their ideas and foster group communication. In turn, this can lead to the creation of goodwill in society. However, Freehap has not been able to expand on its development of the Freehap application. What they have now is not up-to-date enough which limits their ability to expand their existing customer base. An ensuing problem is that the application cannot yield profit for the organization, so they have to turn their attention to the production of other applications which can be sold and yield profit for the organization's survival. Because of their endeavor to produce apps that are profitable, this poses a risk to the organization in the sense that there might be a "mission drift" or a shift in the purpose of their organization, that is to be a social enterprise. For this reason, Freehap should refocus their attention on the development of the Freehap application so that it is more efficient in gaining interests from users and the market and, more importantly, ensure that it meets its social mission.

4) Akha Ama is able to promote a strong and sustainable foundation for farmers by helping them complete the entire business cycle, creating a

distribution channel, and setting up a foundation for sustainable development for farmers and trade with the fair trade principle.

5) Green Net SE is able to motivate farmers in the area to grow and harvest organic coffee and reach the standards required for an organic certificate. At the same time, they are able to conserve and preserve the forest and trees. However, the problems that Green Net SE faces involve the management and distribution of the produce that they purchase from the farmers.

5.2.1.13 Autonomy

According to the study, all social enterprises are autonomous and are independent of the state and independent from donor organizations, except Green Net SE, which is under the umbrella of the Green Net Cooperative. This makes Green Net SE an income-generating entity undertaken by an NGO to become more financially sustainable and less donor dependent. Although, Green Net SE has its own set of operational rules and regulation, there are informal and unwritten rules overruled by the Green Net Cooperative. The persons that served on the board of directors at Green Net SE also serve at the Earth Net Foundation and Green Net Cooperative, which are the parent organizations. However, some social enterprises may receive grants and donations from public authorities or private companies. For example, Akha Ama received grants from the Child Dream Foundation, Freehap received a grant from the KhonThai Foundation, and even if they may benefit from grants and donations, their shareholders have the right to participate and are free to make decisions and, judgments and to operate the organization.

5.2.2 Organization Management

5.2.2.1 Resources and Revenue Generation

The study found that the biggest challenge faced by social entrepreneurs is how to obtain funding for their social enterprise as it was mentioned in all cases that there was difficulty in obtaining loans from formal financial institutions because social enterprises exist in between traditional nonprofit organizations and traditional commercial businesses as a social enterprise is something new for Thai society. Raising capital is a key issue for social enterprise, particularly during the start-up phase. The study found that the main sources of funding for a social enterprise are comprised of seed funds from owners or parenting organizations or shareholders

money, and small grants or funding from the government or supporting organizations. During its operation, social enterprise could use one or more of methods to obtain funds based on the type of enterprise and business strategy. Among the five cases, financial resources were obtained via three different sources which are summarized in the table below:

Table 5.5 Way of Obtaining Financial Resources

Social Enterprise Phase / Source of Capital	Concept	Start Up
Akha Ama	Founder, Friends and Family, Grants	Sales, Angel investors Grants,
Green Net SE	Founder, Grants	Sales, Equity, Grants,
Freehap	Founder, Friends and Family, Grants	Sales, Angel investors, Equity, Grants,
Farmsook Ice cream	Founder, Friends and Family, Grants, Donations	Sales, Angel investors, Equity, Grants, Donations
BE Magazine	Founder, Friends and Family, Grants	Sales, Equity, Grants,

All social entrepreneurs rely on their own money that they have saved up. This could mean that social entrepreneurs have some capital accumulation. It can also be interpreted that it is difficult for social entrepreneurs to obtain a loan from financial organizations. In fact, none of social entrepreneurs were able to get a loan from financial organizations. Only Green Net SE was able to get a loan from financial organizations, and this was due to the strong financial backup from parent organizations. It should be noted that among four social entrepreneurs that had just started up their business, some received financial help from family or business partners in getting the business off the ground to add to their part of the funds. The main sources of funds for social enterprises in the study come from selling products and additional sources of fund are grants and donations. Green Net SE has parent

organizations in providing initial funding and received guidance and support from the parent organization. On the other hand, regarding Freehap and BE Magazine, both companies, mobilized initial funds from owners and shareholders but the difference between the two is that during the startup stage, Freehap also received grants and money from winning social enterprise competitions which were GSCV-SEA, AIS Start UP and angel investors, the Khon Thai Foundation. Also, later on, Freehap attracted the interest of investors who put money into the company. These investors invested because they believed in the idea behind Freehap application and see the potential of making profit from the application after modifications are made.

In the case of Akha Ama, the first capital used was the owners' money and grants from NGOs. Akha Ama received grants from Child's Dream Association to obtain the coffee processing machine and equipment.

In the case of Farmsook Ice Cream, the capital was from owners' money and grants from the Thailand Social Enterprise Office and Institute of Small and Medium Enterprise Development for winning the social enterprise competition. Farmsook Ice Cream differs from the other four cases in resource mobilization. It operates fundraising activities by organizing events and also asking for donation from partners, supporters and customers.

Among the five, both, Farmsook Ice Cream, Akha Ama struggled in acquiring capital funds from commercial banks for their new social enterprise. This created a lack of seed capital at the early stages of the social enterprise. This prevents social enterprises from getting off the ground. Finances are one of the biggest challenges that social entrepreneurs face because most investors want to invest in a company after they past the infant stage. Freehap stressed that they did not face significant problems starting their social enterprise because their own funds and grants were used to start their operation. Freehap founder mentioned that "In the beginning, it was hard to find social investors, as people did not understand the term social entrepreneurship." This obstacle is also faced by other social enterprises. Once passing the infant stage, Freehap began looking for equity investment.

The study found that at the start up stage, it was more difficult for social enterprises to mobilize human and financial resources when compared to commercial enterprises. However, as social enterprises start their new businesses, mobilizing human and financial resources are vital in helping them to accomplish

its mission (Alvord et al., 2004; Nicholls, 2005a) In a similar manner, Martin and Osberg explain that social enterprises not only seek economic gains, but also social benefits. For this reason, social enterprises are not meant to create significant financial profit (Martin & Osberg, 2007). According to Perrini & Vurro (2006), the most mentioned source of financing is social venture capital or venture philanthropy, yet these are not widespread in Thailand. Therefore, these five social enterprises encounter similar difficulty when they attempt to raise funds through the financial and capital markets.

Although social venture capital does not really exist in Thailand, there is a significant amount of foreign capital, especially from places such as the United States and Singapore Freehap mentioned GSCV, explaining how this they are available to support Thai social enterprises. In addition, angel investors in Thailand provide capital for both financial and social return, and Freehap, Akha Ama, and Farmsook received funds from them. Therefore, other social enterprises have access to various sources of funds, but they must actively look for them.

Table 5.6 Financial of Social Enterprise

Organizational Structure	Akha Ama	Green Net SE	Freehap	Farmsook Ice cream	BE Magazine
Level of income	Earned income covers all operating expenses without full recovery costs in capital & investments.	-	Earned income covers all operating expenses without full recovery costs in capital & investments.	Earned income covers a portion of operating expenses	Earned income covers a portion of operating expenses
Viability through earned income	Viability expected. Operational breakeven; no	-	Viability expected. Operational breakeven;	Not viable. Organization is dependent on grants and	Not viable. Organization is dependent on grants and

Table 5.6 (Continued)

Organizational Structure	Akha Ama	Green Net SE	Freehap	Farmsook Ice cream	BE Magazine
	surplus revenue, subsidies diminish; revenues cover all operating costs.		no surplus revenue, subsidies diminish; revenues cover all operating costs.	donations for survival; may self-fund isolated services or activities.	donations for survival; may self-fund isolated services or activities.
Subsidy	partial subsidized.	partial subsidized.	partial subsidized.	mostly subsidized.	mostly subsidized.
Type of subsidies	•Grants •Preferential contracts •In-kind support •Volunteer •Interns	•Grants •Parent organization support •Preferential contracts	•Grants •Angel Investor •Preferential contracts	•Grants •Philanthropic donations •In-kind support •Volunteer	•Grants •Philanthropic donations •In-kind support

5.2.2.2 Human Resources

According to the study, social entrepreneurs recruited staff by using their connections either from a former job, friends and family; by seeking referrals from others network organizations; and by posting job advertisements. None of them solely used connections nor recruited through job advertisements. Also, social entrepreneurs tend to recruit new staff from social networks. In fact, Green Net SE said that by recruiting new members from their network, they tend to understand the organization's concept better and share a similar social venture vision. However, Freehap also recruited staff using advertisements. Freehap mentioned that during the recruitment orientation, new staff members would learn about the organization's social mission and vision which would give the staff fresh ideas about social enterprise. In addition, Akha Ama not only depended on their existing network, but he proactively created a new network. He participated in a seminar about coffee

roasting and asked to work with the seminar participants. His networking has been important in recruiting the "right" staff as he did not have many networks from which to mobilize them.

5.2.2.3 Building Network

For all cases, social entrepreneurs play a very important role in building a network for their social enterprises. It is proven that a supportive network facilitates the social enterprise to market their services and products more effectively. There is broad agreement in recent social entrepreneurship literature concerning the importance of social networks to the entrepreneurial process. Specifically, some previous research (Thompson et al., 2000, Sharir and Lerner 2006, Leadbeater 2007, Shaw and Carter 2007) has noted that social entrepreneurs have to proactively build and invest in time and effort in their own networks. The results from the case studies support this view in the social entrepreneurship field and reveal that networks become key elements for the implementation of the social enterprise. In the five cases studied, the significant role of networking was highlighted. None of the social entrepreneurs had sufficient financial resources to develop their social enterprise, a barrier which was overcome through their personal networks. Networks allow social enterprise to attract employees and skills that might otherwise be difficult to access. For example, Farmsook Ice Cream stated that the co-founder and some of the employees (and friends) initially worked voluntarily. The perception of the importance of networks for the social enterprise of Akha Ama was linked with the social mission underlying it. As the founders highlighted: "Akha Ama is directly oriented for the benefit of our community and this stimulated the local population to play a central role in our whole entrepreneurial process." All of the social entrepreneurs accessed and mobilized potential customers through the connections and network built up from their prior experiences. Farmsook Ice Cream used networks as a way to fund their social enterprise by collecting small sums of money from large numbers of people and by selling Farmsook shares to its supporters on Facebook at 100 baht a share. This is similar to Akha Ama that uses Coffee Journey as a network to build and initiate a fund raising campaign in support of its application for a Fair Trade Certificate. Networking from GSVC and AISStart UP gave Freehap access to information on grant funding, new investment initiatives, resources, expertise, training, support,

advice and political updates and insight. All of them show commonality in participating in networking events, seminars, exhibitions and workshops organized by other social enterprises and business support organizations such as TSEO, Ashoka, ChangeFusion, GSVC, Banpu PLC., to build a greater connection and to market their social enterprises. From the case studies, evidence was found concerning the influence of social networks in relation to the implementation of social enterprises.

5.2.2.4 Accountability and Transparency

As they are organizations that are operating for the wider interests of society, the five case studies understand that transparency and accountability are critical for their social enterprises. As Alter (2008) indicated, social enterprises' accountability differ from traditional nonprofit organizations and commercial organizations due to the hybrid nature of social enterprises: it acquires human and financial resources from both nonprofit and commercial sectors. They operate according to different rules and are comprised of multiple actors.

Green Net SE is operating a social enterprise that is part of the co-operative movement and is accountable to their community members as they applied the Fair Trade and Price Guarantee to the coffee. Green Net SE also produces a standard organic coffee for their customers. Salaries are paid on the average market price based on the NGO rate, not the commercial rate.

Other social enterprises such as Freehap and BE Magazine take a more traditional "company" structure with a board of directors that are legally accountable for the organization's social mission as well as its financial performance.

Accountability and transparency derive from the influence of rules and regulations on the social enterprise. In the case of Green Net SE, Freehap and BE Magazine, these social enterprises assume a company structure, under commercial law, with a board of directors that is legally accountable for the organization's social mission as well as its financial performance. This structure requires the company to maintain financial records and to be audited by professional auditors.

Farmsook Ice Cream is currently facing problems with accountability issues due to the fact that they are an an informal form of social enterprise under the management of a group of founders. Because their operations lack a legal structure, it is difficult to assess which information should be provided to stakeholders in order

to be legitimate. Also, their bank account is not under the company's name as it appears to be under the founder's name. It is important to note that key elements for social enterprises are accountability and transparency. It is important that there is evidence of transparent financial, social and environmental reporting as this would allow all stakeholders judge an organization's social credentials.

The study also noted that the primary accountability issue facing social enterprises in Thailand is the lack of enforcing mechanisms. Currently, there is no independent agency to enhance social enterprises' accountability. Furthermore, there is no watchdog organization to oversee and evaluate social enterprises' financial and social mission accomplishment. As a result, stakeholders are in doubt if social enterprises are actually in existence for the good of society as per their social mission.

5.2.2.5 Emerging Factors

The study also found emerging factors that contribute to the organizational management of social enterprises.

5.2.2.6 Marketing / Media

Social enterprises should and can capitalize on their media exposure. As this type of organization is new for Thai society, there is a great deal of interest by the press and media. Many newspapers have done stories to highlight this "new" type of business, which in turn help social enterprises to be better known by the general public. Many websites that are popular among the new generation, such as Facebook, Lines and Pantip also feature stories on various social enterprises. If more news outlets do stories, then this will help spread the word on social enterprises and help to correct any misconceptions among the public. At the very least, the public may support these organizations and become customers and patrons of these businesses. Among the five case studies, the mass media has played an important role in introducing social enterprise to society's attention. Media can create public attention which lead to further support from external agencies. This in turn will have a larger impact on the business. All five case studies are using the media to promote their organizations and to raise public awareness. The difference is how much or how little each organization relies on the media. From this study, an organization that promotes its services and products via the media include Farmsook Ice Cream which places a great deal of importance on the media and actively reaches out to them to promote

their organizations. They use such media as television and magazines. For example, in the case of Farmsook Ice Cream, a program on TPBS channel, “Big Family,” broadcast a story on giving disadvantaged children opportunity to increase their self-esteem by making ice cream. During the program, many viewers showed interest in supporting the organization, resulting in a significant increase in sale volumes. In addition, the attention from the media created opportunities to gain further support from various private businesses as some of them would like to use Farmsook Ice Cream as part of their CSR activities. During the period when Farmsook appeared on television, it opened many opportunities for them. Many owners of coffee shops, small restaurants or private companies called or email some of them and expressed interest in helping Farmsook Ice Cream distribute their ice cream. As a result, many of them incorporated the Farmsook Ice Cream retail shop into their regular businesses by adding an ice cream freezer to their premises. Others wanted to support the organization by placing a large order, ranging from 50 to 400 cups of ice cream to serve at their wedding, to make merit, to donate to the elderly and children, and to use during their CSR days. The Wishing Well Foundation and Bangkok Insurance PLC even ordered ice cream to give to their customers at their “Thank You Parties.” After delivering these big orders, Farmsook would post the pictures of these various events on its Facebook page.

5.2.2.7 Role of Technology

In all the five cases studied, the Internet and social networking websites have been pivotal resources for the success and collaboration of social entrepreneurs. It can be clearly seen that all five organizations use online media in order to keep in touch with their customers and supporters. For instance, they send out news and public relations information, especially through social media sites such as Facebook and Twitter. The use of such free media can help the organizations to market their services and products, and customers can make purchases online as well. To illustrate, Akha Ama uses online media successfully because customers have become more familiar with its brand, especially as they post information and comments (as well as pictures) about themselves on web blogs and Instagram. As their friends see posts of them drinking coffee, they will also want to go and try the coffee themselves. News about this coffee shop can then spread online on the Internet. Another example was

when a BBC journalist accidentally came across news about Akha Ama and went to participate in its Coffee Journey activity. The journalist then wrote about his experience on BBC News Travel, and more and more people went on the journey as well as a result of the positive media coverage. More foreigners are keen on visiting Chiang Mai as well, which is an unintended effect of the article. This is how word of mouth promotion works on line. The focus on social value creation is an important part of the development of social enterprises, particularly for those using online environments to build their social networks. All cases have done this by using their online presence to build social networks with key stakeholders. This has helped establish connections with people through formal and informal communication channels, which are facilitated by online networking capabilities. In addition to this, the internet allows social enterprise concepts to be exposed to larger audiences with little or no start-up capital.

5.2.3 Social Entrepreneur and Social Enterprise

5.2.3.1 Social Entrepreneur Characteristics

The study found interesting characteristics of social entrepreneurs. Social entrepreneurs do share same commonality in passion, enthusiasm and commitment.

The founder of Farmsook Ice Cream has been described by his cofounders as people with exciting ideas as Gumpahant said “He’s got so many new ideas about how to help the children and how to make things different. He’s buzzing with ideas. He just goes from one thing to another”. This statement was confirmed in the discourses of all the social entrepreneurs interviewed, especially when conveying ideas describing their activities. Another sample by Chepa “Now, Akah Ama also sells coffee beans online. We get a large amount of sales on-line. We have another shop, and our Coffee Journey has more and more people participating which allows us to make more new friends”. This illustrates the passion conveyed when these social entrepreneurs talked about their businesses and the opportunities they had identified.

All of the social entrepreneurs talked about developing their networks over time. They always look for opportunities that will help sustain their social

enterprises. They are also very hands-on as they do not wait for things to happen. Instead, they are making things happen. Social entrepreneurs also highlighted their hopes for economic returns. Some of them already made some profit. This suggests that although they have a social mission, making a profit is essential. Social entrepreneurs should run businesses to make profit, but the profit should not overshadow the social mission.

The social entrepreneurs have similar characteristics as commercial entrepreneurs such as innovative, entrepreneurial, motivated people, but they have a more philanthropic belief in the social purpose that they are supporting. Freehapp mentioned that “They should search for innovative solutions to problems in society and addressing them by taking risks and setting things up.” The study found evidence that social entrepreneurs are regarded as being innovative. In some cases, for example BE Magazine, the innovation is expressed in the outcomes of their activity: “So we’re trying to pick up things that the private sector doesn’t want. They don’t want to employ people who are difficult to employ, who are recovering from alcoholics and undisciplined.” Hence, social entrepreneurs bring and produce social innovation as illustrated by BE Magazine, “It’s really to actually set something up from nothing, from scratch and see the people; even just creating one job for someone is satisfying. It’s a very good feeling.” The study also found evidence of risk-taking behavior and a lack of fear of having to take a risk. They tend to have a high tolerance for ambiguity and learn how to manage the outcomes of risk-taking as learning experiences. The study also noted that the social entrepreneurs learned from previous social enterprise failures: “...our time for the magazine was completely wrong, and also how we set out target customers as everyone. We should have done it differently and should have noticed that the Thai’s pattern of reading is very different from the West. But nevertheless that’s another failed business, it’s something we can look at again.”

The study’s findings, however, supported Mort, Weerawardena and Carnegie (2003) that social entrepreneurs have more philanthropic belief and virtue dimension of vision. Social entrepreneurs mix the need to develop a balance of both wealth and social mission through their own values, motivations, passions, life experiences and opportunities. Among the cases, social entrepreneurs’ attitudes and

behaviors involve morally good values such as love, empathy and sympathy which could lead to the creation and implementation of social mission.

Social entrepreneurs may appear to be “irrational” if viewed by commercial entrepreneurs when it comes to business creation. They may establish a business because the private sector does not want to invest as it would not be profitable and where the public sector will not invest as it is too costly. Therefore, the decision framework about business creation may differ between social and commercial entrepreneurs. This is rooted in their differing missions as social entrepreneurs aim for both. The study support these proposals that social entrepreneurs are risk-takers and innovative. The study suggests that social entrepreneurs will take risks as long as they have financial assets, and the risk falls within what would be acceptable to the environment. As innovativeness can be defined in many different ways, in the study, social entrepreneurs were generally innovative in coaching an accepted idea or model in social terms. The outcome of their activity is innovative in bringing about social innovation and benefit, but to make a social enterprise succeed requires a set of skills that some social entrepreneur do not possess or care for.

5.2.3.2 Pathways to Becoming a Social Entrepreneur

The study found that the earlier experiences of social entrepreneurs have played an important role in forming their work and in establishing a social enterprise. These experiences include volunteer work, direct experience or interaction with people affected by social problems over an extended period of time as well as, the interactions with international actors.

1) Volunteer Work

All social entrepreneurs indicated that they had engaged in volunteer work at some point in their lives. They referred to this experience as the starting point of their paths within the third sector. These social entrepreneurs indicated that helping others is a motivating factor that encourages them to be involved in social enterprises. This allows them to have more opportunities to help others and to help address various social problems that are prevalent in Thai society. They obtained understanding of those most affected by social problems through volunteer work. Rather than simply volunteering to help out in a community for a day

or a week, creating social enterprises are seen as being more long-term oriented which can help others on a sustainable and consistent basis. For all of the social entrepreneurs, their prior experience through volunteering was the catalyst that helped them come up with the idea for their enterprises. BE Magazine's founder, for example, volunteered for an organization that worked with youth and homeless people during his university life. He said that this experience was crucial for him in terms of understanding the importance of income generation. Through this volunteer experience, he observed that the unemployed would want to get out of the poverty but could not get a job in the formal job market. They needed to make money but one of the biggest problems facing this group of people was the lack of job opportunities. This influenced him to create a social enterprise that provided job and income for these people and their families.

2) Direct Experience or Interaction with People Affected by Social Problems over Time

Some of the cases have shown that social entrepreneurs' direct experience or interaction over an extended period of time with people affected by social problems played an important part in creating social enterprises. For example, the Akha Ama founder described what it was like to grow up in a hill tribe and to perceive his family as being poor. He explained that his personal experiences played a significant role in being a social entrepreneur today because he grew up in a border area. He explained that the experience opened his eyes to the lack of opportunities, the lack of access to information and unequal opportunities, as these factors are the primary pressures that made him to act on something to make things right. What he has been through has had a major impact on what he would do to change the situation. In this situation, direct experience with inequality hit the social entrepreneur on an emotional level and made him question why such differences exist. And in this case, he is a member of a minority and lived in a remote village of inequality, which to some degree shaped his experiences as being exposed to economic inequality and lack of opportunity. This has formed and shaped his earlier conceptual thoughts on creating social enterprise. Many hill tribe people have direct experiences with inequality, but they do not attempt to create any instrument to do anything about it. Part of the answer why he tried to change the status quo is because the continuous

interaction over an extended period of time with those most negatively affected by social inequality.

3) Interactions with or Exposure to International Actors

The three cases in the study described how interacting with people from different countries or living overseas played a crucial role in coming up with new ideas for their initiative. Being exposed to a different cultural context provided the social entrepreneurs with an opportunity to experience a different way of thinking about society. International experiences also provided access to new ideas and information, and sometimes the social entrepreneurs incorporated these ideas into the social entrepreneurial initiative. Freehap once participated in a competition with GSVC at the Southeast Asia level. They had the chance to listen to other groups' presentations from many diverse countries. They were exposed to the various approaches that other countries have toward addressing social issues even though every organization worked under the framework of a social enterprise. Freehap also represented Southeast Asia in a competition at the University of California at Berkeley where they had the opportunity to meet other social entrepreneurs, experts, and academia. It was a very positive and eye-opening experience for them to hear and see so many new ideas from other countries which allowed Freehap to learn from their stories and work.

5.2.4 Social Capital

The study explored the effects of social capital on the social entrepreneurial process, and the result of the study showed the nature and role of social capital which helps in the launching of a successful business. The majority of cases failed to gain cooperation from a financial institution; therefore, they relied on their own money that they had saved up or borrowed from their family. Family connection is recognized as a strong tie in social capital literature (Lin, 2005; Coleman, 1998). Social entrepreneurs gained financial resources through the strength of this tie if they could not borrow from financial institutions and had no savings; this is very similar among commercial entrepreneurs. Ties to one's family and friend are relatively stronger in the Thai context, and these ties are linked to the respondents' socio-economic background. The analysis has shown that the social entrepreneurs from higher socio-

economic background may have an advantage in accessing and mobilizing stronger ties with better resources (Lin, 2005; Anderson & Dees, 2006). One social entrepreneur demonstrated how he had extended his network in a workshop since he had limited social capital assets. This evidence may support Sharir & Lerner (2006) who observe that social entrepreneurs not only depend on the networks to which they belong, but proactively create new networks. As Lin (2005) mentioned, for the disadvantaged to gain a better status, strategic behaviors are required to access resources beyond their usual social circles. This study presents that social entrepreneurs are not only apply existing networks to beginning a social enterprise, but also create their new networks.

5.3 Final Discussion of the Findings

5.3.1 The Definition of Social Entrepreneurship

The findings in this research conform to previous researchers despite the existence of differences within the field of social entrepreneurship. What they do agree on, however, is the emphasis on the social mission.

Social enterprises' key distinguishing features are their social aims and social ownership, combined with trading viability. Key characteristics included a niche focus, based either on the type of product/service offered or on the type of customer served.

The study also found that social enterprises are businesses aspiring to financial independence by selling goods or provide services in the market for the purpose of creating a financial and socially blended return on investment. Social enterprises are driven by values – both in their mission and business practices. If the social enterprise must follow or abide by other organizations, then the social enterprise may not be able to achieve its intended goals as it must be autonomous and cannot be a subsidiary of any private or public organizations.

Another important factor is that social enterprises' profit needs to be invested in the community or activities for social development or reinvested in the organization. These businesses are not run for the purpose of generating personal profit for shareholders, but some limited profit sharing is permitted in certain cases, depending on the legal structure of the enterprise.

The study concludes that social enterprise is another process that acts as tools to meet a social mission outcome in the third sector by employing business practices and discipline. There is no single legal model for social enterprise. It is also proven that social enterprises can take on many different attributes depending on the context in which they are created. Social enterprises operate on a commercial basis as a business, with staff members paid at the market rate (although many do also involve volunteers in their activities). Nonprofit organizations also set up social enterprises as a means of delivering products and services where profits are channeled back into the nonprofit organization or charity, enabling them to achieve their wider social objectives. It is, therefore, not a business driven by the need to maximize profit to shareholders or owners, but rather it is business driven to meet social goals.

5.3.2 Roles of Social Enterprise

The study found that social enterprises play a unique role in identifying unmet needs and in developing new types of products or services. The roles of social enterprises found in the study are aligned with the basic principles behind local and/or community development in terms of the following factors: working for the common good and serving unmet needs which create positive social and/or environmental impact; serving the marginalized and under-served sections of society; creating enhancements in people's quality of life; creating employment; enhancing civic involvement through the number of volunteers involved; and inspiring good will in society. The wider social contribution can also include encouraging environmentally friendly practices and offering work and educational experience to young people.

Social enterprises from the study have an inability to create jobs in volume. However, what can be drawn out from the cases, for instance in the examples of Akha Ama and Green Net SE, is that their contribution extends beyond the creation of jobs; they are concerned about the development of a community's economy. Its programs aim at improving the effectiveness of work, wealth and environment by stimulating and assisting various forms of activity in which local people are willing to engage. The contribution of social enterprise, in the case of BE Magazine, also includes its involvement in training and skill enhancement. Although there are very

few people who are willing to be involved in such organizations and even fewer who have been successful in applying what they learn, the importance of such training includes the development of motivation for those who want to explore and grow in this field but lack the opportunity to do so. When given the chance, these people are willing to work in the local workforce and to help people get into, or back into, the work routine.

5.3.3 Success Factors

From this research, it was found that the measurement of success of a business cannot be fully applied to all five cases examined in this dissertation. This is because social enterprises in the study are in the set-up phase or in the early stages of implementation; therefore, it is still too early to detect the success factors. What can be done is to separate them into different groups or categories. Regardless, while the cases have not been successful in sales, they can still be considered to have had some “limited success” in the sense that they have helped people to have a better understanding of social enterprises, a concept that is very new for Thais.

In one case, it is possible that the organization will survive because there is evidence that it is growing and can exist based on its revolving funds. This organization has created strengths for its social enterprise with the addition of value added products. The organization is able to tell customers about the origins of the production and the process of coffee making along with the reasons why people in society should support them.

In the other three cases, it can be concluded that they are successful but not in the business sense because they have not yet become profitable. What they have achieved is social awareness through increased exposure and discussions among the public. What is certain is that they have been able to raise awareness and understanding among the groups of people they are involved with (their customers, for example) about social enterprises and what factors constitute such organizations. The influence may be large or small depending on the ability of each organization. Nevertheless, some organizations risk suffering from what is known as a “mission drift” because they do not adjust their products based on the core social activities of the organization. They have to try to exist, hence, as a business. This is not wrong, but

they should try their best not to fall into this trap as the organization will then become a for-profit business, just like other businesses. They would lose their purpose and social mission.

Finally, the last organization is in its decline stage. This is because its mission was not adjusted to fit the Thai context. They also did not properly identify their target group, both in term of customers and beneficiaries which making it a challenge for them to survive. It is imperative that they adjust their business plan for their social enterprise.

5.3.4 Challenges for Social Entrepreneurship in Thailand

There are numerous challenges that have emerged from this research which can be summarized as follows:

5.3.4.1 Business Issues

Social enterprises are just like for-profit companies: both aim to become commercially viable in order to survive. Both types have to experience similar problems such as the need to control rising costs, to find the right people (human resources) and to market their products to their target markets. Both types also require the right support from their stakeholders. Many businesses fail because of poor management skills as well as the lack of a clear business plan and strategy. Businesses of all types need help when it comes to such issues as basic business planning, ideas on how to increase the number of customers, marketing tips, management, and product design and development.

5.3.4.2 Financial Assistance

One common issue among all of the social enterprises researched in this dissertation was that they all encountered problems relating to sources of finance. In general, social entrepreneurs depend on their own money or depend on their family and friends. As a result, they become a financial burden on those close to them. It is not easy for them to secure loans from traditional means such as a commercial bank because banks generally do not grant loans to social enterprises. These entrepreneurs are often rejected when they make such requests at financial institutions or even government agencies. Ultimately, many social enterprises have no other choice but to close down due to the lack of funding.

5.3.4.3 Social and Cultural Effect

This study revealed that there is a lack of understanding among the Thai public about social enterprises. This stems from their social and cultural perceptions of what a business is supposed to be, namely that they generate profit. The concept of social enterprises is still relatively new, so people do not comprehend the purpose of such enterprises and how they can help others in society. The differences between for profit organizations and social enterprises are still unclear and requires further clarifications.

5.3.4.4 Government Support

At the current moment, there is still a lack of support from the Thai government when it comes to the promotion and development of social enterprises in Thailand. The government's policies and regulations vis-à-vis social enterprises are unclear and not widely known. In addition, there are no financial assistance, subsidies or tax incentives for social enterprises even though their aim is not for profit generation. Most importantly, there is no legal framework to support social enterprises, which makes the establishment of such organizations difficult and challenging. The lack of support from the government is one major obstacle to the development of social enterprises in Thailand.

5.3.4.5 Legal Forms Suitable for Social Enterprises

At the current moment, Thai law does not protect social enterprises or gives them any special privileges. Social enterprises are not recognized or given full status under the law. There are also no specific legislations that would allow social enterprises to be legal. The cases in this dissertation revealed that those social enterprises that are informal and established with no legal structure face more obstacles than the ones that have been established legally, especially when it comes to accountability, transparency and credibility.

5.3.5 Opportunities

Despite the obstacles that social entrepreneurs face in Thailand, there are some promising developments. For example, many universities now offer courses related to social entrepreneurship, such as Thammasat University, Srinakharinwirot University, and Sripatum University. Such courses will help Thai youths to better understand the

concepts and to help promote or patronize such businesses in the future. In addition, these youths may become social entrepreneurs themselves once they graduate.

Another opportunity is to have more cooperation and collaboration from the private sectors that can provide funding for social enterprises. Thus, social entrepreneurs must always be on the lookout for opportunities and sources of funds for their projects.

5.4 Recommendation

5.4.1 Recommendation for Practice

5.4.1.1 Enhance Entrepreneurial and Management Skills

One of the key recommendations is to focus on training social entrepreneurs in order to learn more about or upgrade their business management skills, in particular marketing, finance and operational management. The cases show that there appears to be a lack of such business acumen. Being skilled in business competencies is vital to help them survive in a competitive environment. Apart from management knowledge, most entrepreneurs also lack specific experience and understanding of good governance. They have to understand the intricacies of blending business procedures in order to achieve specific social outcomes. They must fully grasp the meaning of social enterprises especially when they work on ensuring the survival of their enterprises and when approaches and decisions they make may blur the lines between for-profit and social enterprises. Although social enterprises are similar to for profit business in many aspects, they operate with a social mission but are not purely philanthropic in nature. Thus, social entrepreneurs must clearly distinguish the different forms of businesses and acquire skills that will help them survive in today's competitive environment, such as business planning and strategies.

5.4.1.2 Ensure Access to Capital and Investment

No matter what type of business, access to capital is of essential importance. Social enterprises also must have access to financial capital, especially when it is just established and setting up. The difference, however, is that social enterprises have fewer choices and are limited in terms of the source of funds. Generally, social enterprises will obtain funding from grants or straight forward loans. Nevertheless, grants are not sustainable as a long term option. Loans can potentially

lead to problems with cash flow and can be costly, especially at the start-up stage. New forms of investment must be found, including capital pools. The government should also give tax credits for social enterprises as well as share-based social enterprise incorporation models.

5.4.2 Recommendations for Policy Considerations

In order for social enterprises in Thailand to further develop and expand in the country, there is a need for strong collaboration among relevant stakeholders to push for the introduction of policies and reform for this type of organization. The Thai government needs to introduce legislations that would foster social enterprises to flourish in the country. Also, the roles of NGOs must be enhanced so that they can work efficiently and effectively; in addition, they should improve coordination and collaboration with one another and across different sectors.

These are the policy recommendations for social enterprises:

It is vital that the Thai government create an enabling environment in which social enterprises can flourish. It is also vital that the Thailand Social Enterprise Office (TSEO) strengthen its agenda.

5.4.2.1 Business Support and Training

As with any business, social enterprises require support in the form quality business advice and skills training. While for profit organizations focus only on profit, social enterprises must also pay attention to their social bottom line. As a consequence, there are sometimes conflicts between the need to make money and the need to serve the public, something which for profit businesses do not have to contend with. The TSEO should increase training about social enterprises for the public and private sectors in order to increase understanding, to address deficiencies among social entrepreneurs and to promote greater collaboration across different sectors.

5.4.2.2 Increase Access to Capital for Social Enterprises.

Due to social enterprises' difficulties in accessing finance, they face numerous challenges when marketing their products. Also, when opportunities arise, they may not be able to profit from them due to the lack of financial support to expand their market and produce more goods. Many social enterprises are unable to access external finance, particularly when they are at their startup stage. Thus, many

still depend largely on grants. In order to address this issue, there has to be a stronger financial support system, one in which social entrepreneurs can access loans more easily and have more options such as flexible arrangements and simplified repayment schemes. Furthermore, the TSEO should work to ensure that there is appropriate finance and funding for social enterprises.

5.4.2.3 Legal and Regulatory Issues

The TESO should also propose a legal framework for social enterprise to the Thai Government in order to push for the promotion of social enterprises in the country. The government should come up with regulations and new legislation that will lead to an enabling environment for the creation of social enterprises. Also, the revenue department should introduce rules that support the operations of social enterprises with tax credits.

5.4.2.4 Raise Awareness of Social Enterprise

One of the TESO's main role is to actively promote social enterprises in Thailand. Social enterprises need a body to help promote its interests, help it develop its capacities and augment its quality. At the moment, the public does not fully understand what social enterprises do and the role it plays; therefore, it is important that such information is disseminated. The TESO should embark on public relations activity and work closely with the media to raise awareness and understanding. There should also be more contact among different sectors, such as with the for profit and financial sector so that they can help social enterprises and work together to raise funds, for example. All these measures would help social enterprises in the long run.

5.5 Future Research Area

The study aimed to use data from case studies and documentation on social entrepreneurship in order to develop understanding and the idea of what a social enterprise is. The methods employed allowed for a deep and broad investigation of the theme from a range of stakeholders. However, this study focused on startup social enterprises which mainly located only in Bangkok and Chang Mai. Perceptions and attitudes might differ in other settings.

This study focused on five specific cases of social enterprises. For this reason, and similar to other researches based on a qualitative case-study approach, more extensive investigations are required. Nevertheless, the researcher believes that the study presented here provides a starting point for future research aimed at analyzing the implications of different institutional frameworks in different contexts.

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