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INNOVATION WITHOUT EDUCATION? STATISTICS ON ENTREPRENEURSHIP CRAFT AND THE OTOP PROGRAMME IN THAILAND

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This paper will examine various aspects of the creative economy in Thailand. It will argue that the country is one of the most 'creative' in the world but not one which is based on a model like the creative economy in the West. It will highlight the creativity of the 'unskilled' artisan as an important area of the economy not fully appreciated in models driven by MBAs and R&D. It will also consider the importance of national ownership of data in the cultural and creative economy.

Over one million people in Thailand make things with their hands according to the 2013 Thai Labour Force Survey. This would make it the eighth biggest sector in the Thai economy by employment, just ahead of the transport industry. Over half of these people would appear to make three kinds of products; jewellery (over 100,000), baskets and wooden objects (over 335,000), and textiles (over 330,000). Thailand is also the second biggest exporter of jewellery in Asia; after China naturally, but more than India, Indonesia or others.

Thailand has a claim to be the most entrepreneurial society in Asia if not beyond. Thailand always has the lowest rate of unemployment, under 1%, of all those countries listed in the Economist each week and has been under 2% since 2002 (Aemkulwat 2010). For anyone who has visited the country this is no surprise. Everyone in Thailand seems to be selling something. Migrant construction workers, often illegal Cambodian or Myanmar refugees, must be amongst the poorest employed groups, but pass by any construction site at lunch or after work and you will find a host of 'barrow boys' selling VERY cheap kebabs. Reputedly many such workers share apartments for well under $1 a night even in the capital. This is not to say that such working conditions are to be applauded, but simply to observe that while the exceptionally low unemployment rate is a reflection of the lack of a benefit system, as well as social issues, it also reflects a society in which few do not find some way of making a living. It is not common to see people lying around in absolute poverty, and equally well this is a society whose privileged classes include several millionaires. For some this reflects a society in which labour market inefficiencies force people to work in the informal sector (Amornvivat 2013) but I want to emphasise that people do make this choice and the consequences for business development.

The Townsend Thai project (http://cier.uchicago.edu/ where project papers cited here can be found) provides further important insights into this situation. The Townsend Thai project is a panel survey of several Thai villages in central (Ayutthaya, Lopburi) and northern Thailand which has been run every year since 1997, by a team lead by Prof Robert Townsend, now of MIT. Its main research function is economic modelling of rural livelihoods. It has collected a limited range of occupational data. Non-agricultural businesses were classified as fish/shrimp, shop/mechanical/salon, trade, or other (Nyshadham 2013; 9). Significantly all the survey questions tended to be directed at the head of the household which might lead to minimising of female roles in craft activity. The survey asked about one primary occupation without collecting the average hours worked (Nyshadham 2009; 26). This risks minimising the role of craft which can be a secondary occupation, or may be seen as such even when household members spend a great deal of time in craft production and sales. The survey has also come across several problems in assessing household income including fluctuating inventories, and flows which cross different accounting periods (Samphantharak and Townsend 2009; 11). It was also difficult to apportion utilities and other services to domestic or business purposes (Samphantharak and Townsend 2009; 16-7). All these remarks are highly significant when it comes to assessing the economies of domestic production of cultural or craft products and services.

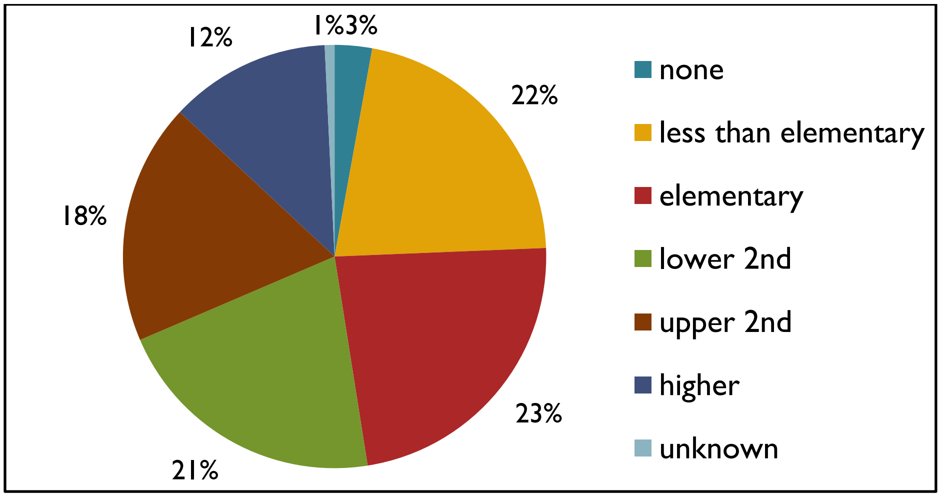
The Townsend data provides great detail on household economic decision-making and entrepreneurialism. For example Nyshadham (2013; 10) has shown that households which switched from agriculture to business throughout the period of the study were more likely to increase their income, than those who did not. Such ‘entrepreneurial’ households were more likely to have a younger head, to be larger, and to have a higher level of education (Nyshadham 2013; 11). Business start-ups as everywhere were fragile, and the longer a household was in business the less likely it was to fall back to agriculture as it main occupation (Nyshadham 2013; 16). While there was considerable churning the level of household business ownership was stable at 45% across the period of the survey (Nyshadham 2013; 12).

In the evaluation of micro-finance in Hyderabad, India, Banerjee, Duflo, Glennerster and Kinnian (2014) have argued that entrepreneurs used new loans for start-up, and following this were more likely to buy hard goods for private or business investment, while forgoing ‘temptation’ goods (e.g. alcohol, and tobacco). By contrast the Townsend Thai data suggests that entrepreneurs were more likely to take up loans *after* they had started their business than in the lead up to business launches (Nyshadham 2013).

A high level of entrepreneurship and a diversification of the agricultural sector towards traditional production, or innovative ways in producing traditional products, (e.g. textiles and food processing) may be considered good ‘fuel’ for the cultural and creative economy.

The place of entrepreneurship in the non-agricultural cultural/creative sector in Thailand is easiest to observe in the Hospitality industry as the sector is well defined in statistics and is the subject of a dedicated regular survey by the National Statistics Office which can be used to supplement the Labour Force Survey. Hospitality represents the fifth largest employment sector of the Thai economy; 2.4 million people according to the Labour Force Survey. Self-employed or own account, workers represent 44% of those working in the sector in 2012. Just over half the workers or 52.9% are unskilled, and almost three quarters (69%) are ‘informal’ workers.

Figure 1. Employment in the Hospitality sector in Thailand by highest qualification



Source: Labour Force Survey 2013

The profile of the Hospitality sector and the Thai Townsend data emphasise how much of entrepreneurship is made up of low-skilled workers in informal structures, in contrast to OECD countries. In the UK for example in 2013 while the proportion of the workforce with their highest qualification at lower and upper secondary is each at 21%, 38% are graduates, while 9% have no qualification and 10% have 'other'. Thailand has high enrollment in primary education, approaching 100%, but significantly lower enrolment at secondary level.[1] The Hospitality sector in Thailand thus, as might be expected and like the agricultural sector, makes particular use of those with low qualifications.

Thai craft production and the One Tambon One Product (OTOP) programme

John Howkins (2007; 136) says that entrepreneurs 'use creativity to unlock the wealth that lies within themselves', or in the words of the villagers of the first One Village One Product (OVOP) centre at Oyama in Japan during the 1960s 'resources are limited, but wisdom is unlimited' (quoted by Natsuda et al 2011; 6). If this is true for the major global figures he talks about, why should it not be so for the lower or unskilled Thai?

One example of the nature of entrepreneurship in Thailand which is of great significance to the creative economy is the importance of craft production. Craft production is notoriously difficult to measure. Even amongst professionals in the sector it is particularly contentious about the degree to which craft objects must be 'hand-made', including factors such as degree of mechanisation, and the use of 'artificial' materials.

Thailand crafts are best known for their OTOP programme of support (Punyasavatsut 2008, p.296, Natsuda 2011, Cheewatrakoolpong and McKenzie 2013). This is part of a broader Asian tradition. Thus both Japan (Claymone 20xx, Natsuda et al 2011) and Vietnam have villages which are known for having

[1] This statement is generally true, but the existence of several different systems for assessing enrollment in Thailand makes it very hard to establish a precise figure.

produced a particular craft product e.g. pottery, or basketwork for centuries. Often these villages became recognised for supplying the royal courts with their special product. In Bangkok there is a craft village, Baan Baht, established close to the city centre, supposedly established by Rama I to supply monastic bowls which still produces them in a traditional manner (Figure 2) These traditional centres of production have thus been revivified by twentieth century policies and new products based on traditional practices have been added.

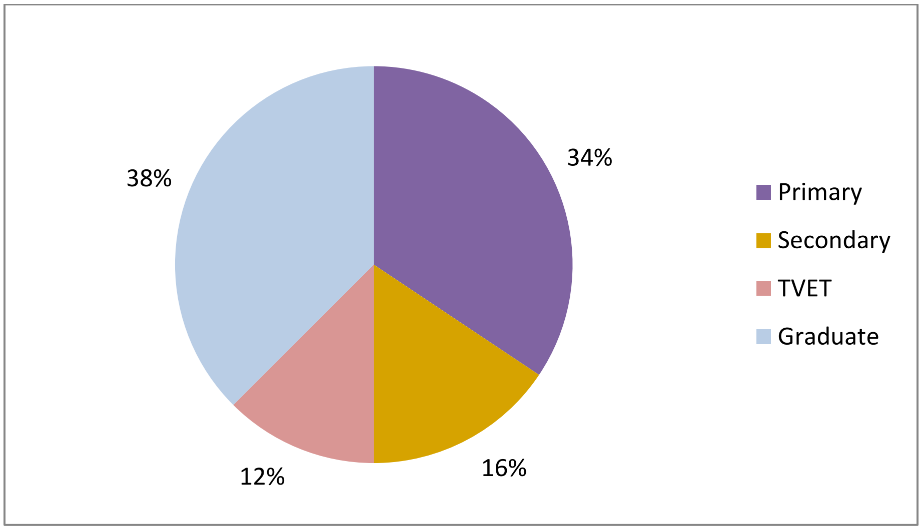
Figure 2. Traditional monks bowl, Baan Baht Bangkok, an OTOP product

Cheewatrakoolpong and McKenzie (2013) report pace Townsend that OTOP producers without real estate still find great problems in finding loans to expand their businesses, though Natsuda et al (2011) do confirm the Townsend data's suggestion by indicating that in Chiang Mai at least most OTOP producers started their business with their own money rather than a government loan.

A survey of 32 OTOPs producers in Chiang Mai in 2009/10 by Natsuda et al (2011; 21) found that 53% were over 50 years old and thus would not have been exposed to the modern education system. Overall the survey produced the following education attainment profile (Figure 3), which is rather better than that show in Figure 1 for the Hospitality sector and closer to the overall structure of the UK labour force. By contrast a similar survey in Chiang Rai province found that OTOPs producers were generally women aged 41-50 with only elementary education (Kanthachai 2013), while the entrepreneurs in the Townsend dataset had an average age of 38 and 27% had completed primary education (Nyshadham 2013; 8).

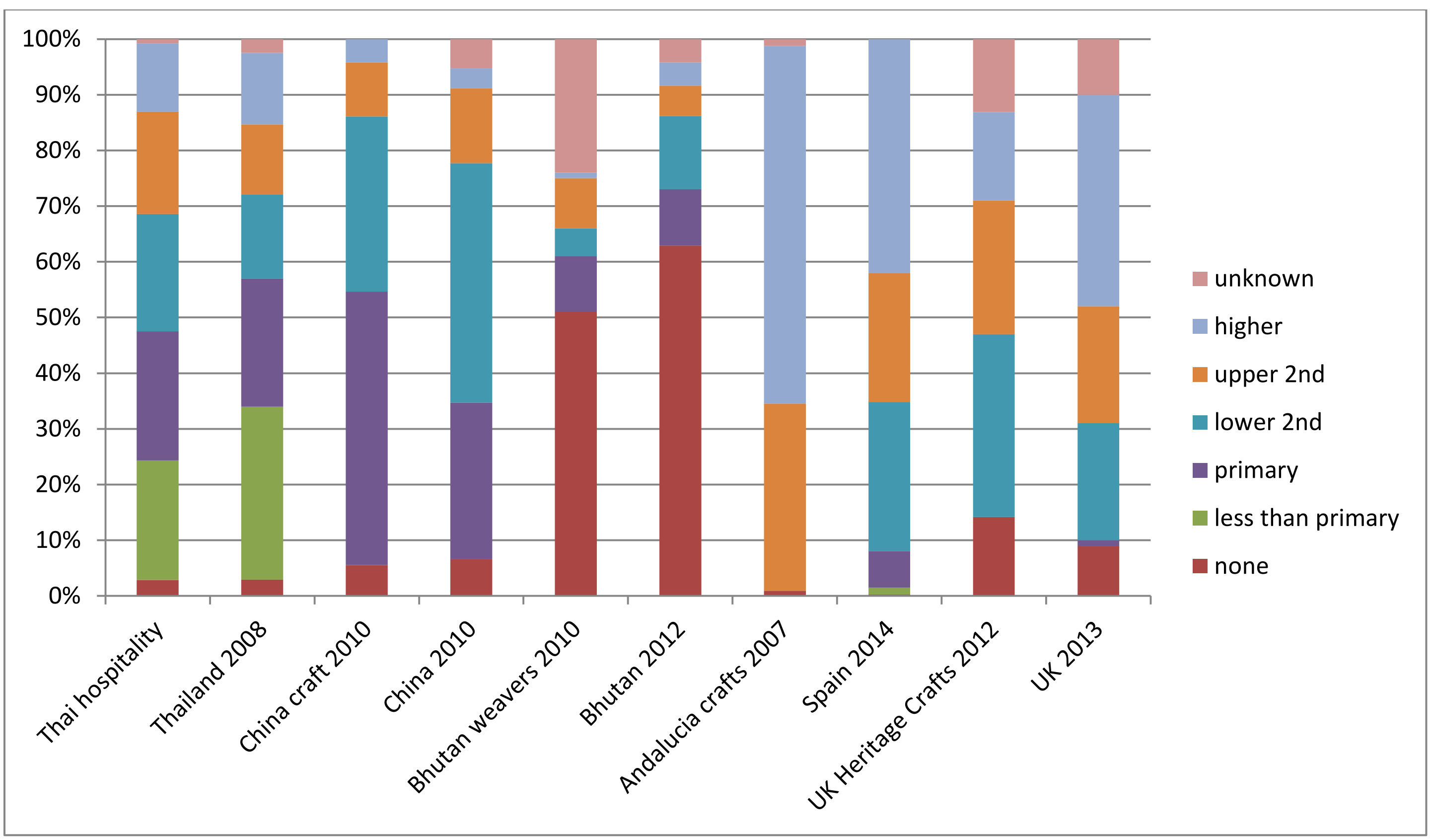
Figure 4 shows the education profile of artisans in other craft surveys compared with the relevant national populations. The Thai artisans include both a substantial portion if graduates like the European examples, and a significant proportion of those with only primary education, more similar to the Asian examples designed by my colleague Joseph Lo (Askerud and Lo 2013, Lo 2011). While suggesting that OTOP includes a mixed profile of entrepreneurs it also makes the point that more standardisation of surveys and the definition of artisans is also desirable.

Figure 3. Education attainment of OTOPs producers in Chiang Mai 2010



Source; author, after Natsuda et al (2011) Figure 8.

Figure 4. Education profiles of artisans in other craft surveys



Source; craft surveys and national labour force surveys

Global interest in craft especially in North America is blossoming (Gibbs 2013). Consumers are becoming less interested in mass produced items from major box stores. A combination of development strategy and the Internet is making it easy for small craft producers to reach international consumers.

Development policy emphasises (e.g. Borges 2011; 212-22, Echavarria 2013) that craft

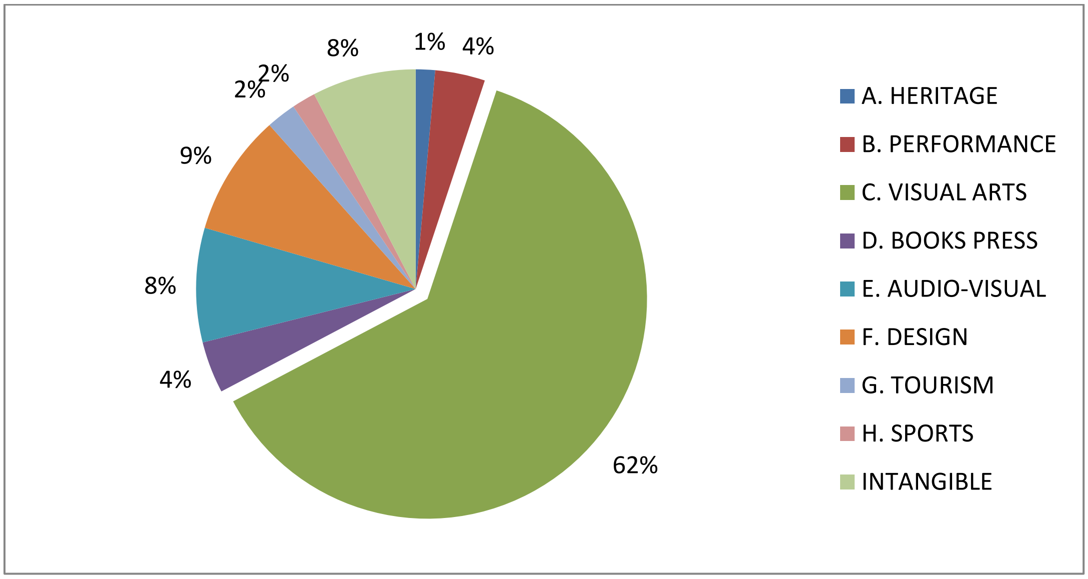
- Allows consumers to put money directly into the pockets of the poor while encouraging them to pursue positive employment opportunities
- Empowers women and minorities
- Encourages small business development
- Preserves and promotes traditional culture

Such policies are also supported by arguments about the future importance of craft to national economies. As wage demands rise in developing countries (e.g. as in China) it becomes less feasible to compete on the basis of cheap production/labour costs. At this point countries must compete on quality. One major aspect of quality is design. Traditional designs furnish a library of features, and skills which have been developed over centuries and are very difficult for others to imitate. Therefore craft is an extremely important aspect of future competitiveness, and losing such traditions could prove to be a major economic disaster. Wherry (2008; 27) suggests that Thailand has had a global brand for culture since the mid nineteenth century whereas Costa Rica (his comparator) was first seen as a 'bland Western country'. Despite this studies of the Thai OTOP scheme (Natsuda et al 2011, Phadungkiati et al 2011, Kanthachai 2013) emphasise that even with government help OTOP producers struggle to get beyond local markets. In an early study Cohen (2000; 198-209) found that out of the four lowland villages two developed their own innovations, and two relied on 'outside' commercial organisations or retailers for new forms of pottery. Of the two innovating villages the carvers of Ban Thawai prospered by greatly expanding their repertoire, but at Ban Pha Bong the basket makers were unable to successfully apply the new skills and foundered. Perversely Wherry (2008; 119) notes that OTOP artisans at Ban Thawai refused government suggestions to work in revamped storefronts as they realised this would detract from their 'authenticity' as far as foreigners were concerned. They would rather force visitors to 'enter' the workshop itself and increase the feeling of 'exclusivity'. It seems however something of a double-edged idea to suggest that artisans withdraw from tourists in order to increase sales or prices.

Applying the UNESCO Framework for Cultural Statistics 2009 (Figure 5) shows that in Thailand over half of cultural employment can be defined as Domain C – Visual Arts and Crafts. If Domain C were an industrial sector then it would be the eighth largest employment sector in the Thai economy with 1.1 million employees. Over 800,000 of these employees are from four specific groups – manufacturers of jewellery, wood, baskets, and textiles. These figures on their own provide enough justification for the support of craft through OTOPs or other programmes.

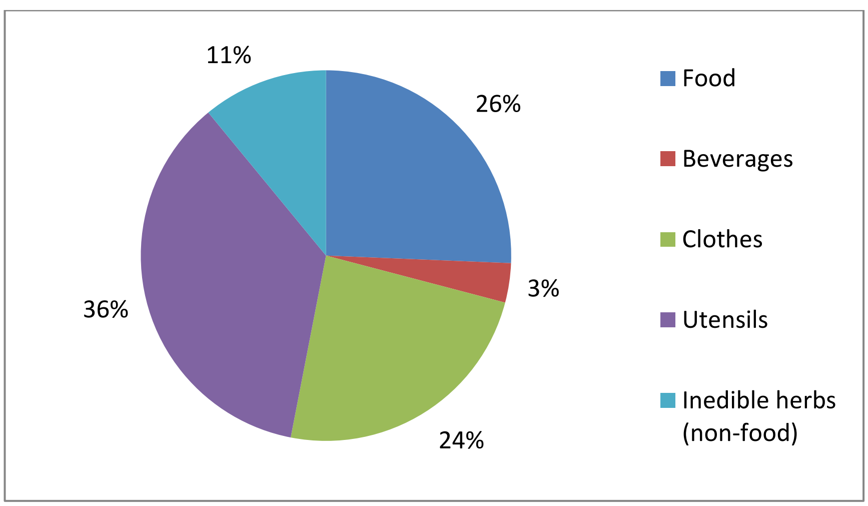
The UNESCO Framework does not however include food and agricultural products. In the Thai OTOPs programme food products and 'inedible herbal' products together represent about one third of the total 71,739 products registered in 2012 (Figure 6). Food also plays a significant role in the cultural frames of other Asian countries (e.g. China, India, Japan, and Korea). It would be interesting to conduct further study on the diversity of OTOPs products to see how this may be associated with the entrepreneurialism identified in the rural communities' studies by Townsend and colleagues.

Figure 5. Employment in the Cultural Industries in Thailand by UNESCO Framework for Cultural Statistics Domain



Source; Thailand Labour Force Survey 2013

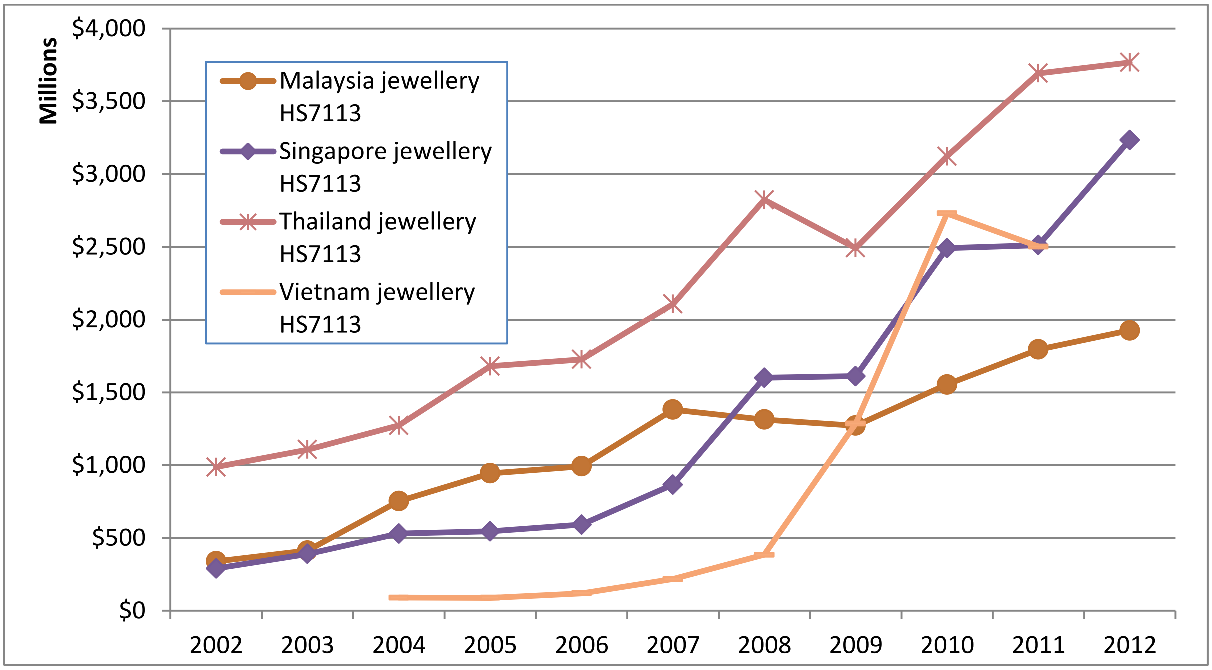
Figure 6. OTOPs Products Registered 2012 by Category



Source; www.thaitambon.com

Despite the difficulties of OTOPs producers to take advantage of the potential national and international markets it is clear that some craft industries in Thailand are successful in reaching international markets. For example Thailand is the largest exporter of jewellery in South-East Asia (Figure 7).

Figure 7. Jewellery exports from South East Asian countries since 2002



Source; comtrade.un.org

Measurement

Measurement of craft activity is a major problem. The issues of mechanisation and use of materials has not been a major determination of 'industrial' classification or even of occupations. An 'occupation' is defined on the basis of groups of activities carried out at work, thus if the same processes are used when making things by hand and by using simple machines then they *are* the same occupation.

It has become customary to assess craft through dedicated surveys. My colleague Joseph Lo has advised or led such surveys in Asia in Bhutan (Askerud and Lo 2013), China (Lo 2012), Indonesia, and Vietnam. As in many sectors a dedicated survey allows one to collect data that are clearly tailored to the needs of the sector and which looks at process. It is important that a dedicated survey is matched by national statistics which put the survey into the broader context. If craft is to be valued, trends of production followed, and positioning in the economy in terms of employment and contribution to GDP established, then survey analysis must be benchmarked with national statistics.

For these reasons I have been working with the Aspen Institute and the Alliance for Artisan Enterprise to produce a new statistical standard for craft which will put together best practice in surveys with a way for extracting data from national statistics.

There are a number of technical problems in measuring craft, where standardisation and agreement amongst professionals would help.

- *Hand-made v. machine made*. 'Hard liners' will say that anything 'craft' must be hand-made. In areas like pottery and textiles this can be extended to include hand powered devices such as wheels and looms respectively. When a motor is added to the machines then some craft specialists start to become worried.

- *Traditional v. modern*. For some specialists craft can only be 'traditional' in its designs and materials. The majority of 'craft' specialists would relax this is some measure; use of non-traditional designs, or use of modern materials e.g. dyes. The real question is how far such principles can be relaxed. Many people would find it hard to see 'craft' in something which had modern design and materials. In textiles a boundary is crossed when artificial fibres are used. Similarly the use of plastics in jewellery is contentious.
- *Amateur v. professional*. This distinction is of course breaking down in all countries and increasingly requires some re-conceptualisation. Work has become 'portfolio' based. An artist can be an 'amateur', or unpaid one week, and professional later on the project as they obtain sponsorship or commissions. They can be working on several paid and unpaid works at the same time. There are infinite variations of working conditions. It is accepted, and even seen as desirable, that craft is becoming increasingly professional and we have suggested that the potential for income generation is growing. However in most countries there is still a large amateur base of activities and production. Demand for such 'amateur' products can be enormous as these are the people who are most likely to be in need of help, at least in developing countries.

These factors also create problems for measurement since most statistical classifications do not make clear distinctions along these lines either. Several craft organisations are/have worked on quality standards or accreditation to tackle such issues but none so far have found widespread acceptance.

Methodological issues

It is important to realise how much data on craft and culture can be obtained from national statistics. The advantages of national statistics are that they allow

- The sector to be seen within the context of the national economy as a whole
- Trends in the sector can be followed on a regular basis. Labour Force statistics are for example usually gathered monthly or quarterly
- A direct link to policy formulation as national statistics and indicators are often core to the policy process and as 'official' statistics they demand a certain level of respect from ministers
- Direct incorporation into national planning processes through broad-based economic forecasts

However experience shows that it is very common for national statistics offices to say that they do not have such data. Cultural statistics at national level traditionally consist of a very narrow set of data, usually covering libraries, museums and galleries. Cultural statistics following these data are usually extracted from administrative sources. Cultural statistics sections in national statistics offices have few resources and little influence. For the economic statistics teams, culture statistics are likewise something limited to these categories and so they claim they have no cultural data. Even when they are aware that they have such data they see analysis of craft, arts and other cultural or creative data as a distraction from their main work which is to produce standard tables by industrial sector and major occupation group. Often national statistics offices in developing countries are nervous about issues such as the accuracy of national surveys as well a privacy issues. The numbers for the four digit codes necessary to 'approach' cultural occupations or industries may be quite large but may make national statistics offices very nervous regarding their release. One of the most influential committees of the UN Statistical Commission, the Friends of the Chair (2013) has identified such problems as a major barrier to the integration of economic statistics.

A brief history of the project may suggest something of how such issues work out in practice. The Thai government commissioned the local Kenan consultancy to undertake a study on the creative economy in 2009 (Kenan 2009). They then asked UNDP to bring in an international consultant with a brief to examine the growth potential of fifteen sectors which the government (NESDB) had selected. These sectors included 'Thai Food', Thai Traditional Medicine, Historical and Cultural Tourism, and Crafts, along with more conventional titles. There were many disagreements about how to define these sectors and John was generally sceptical about their growth potential. The outcome of the work was a more generalised proposal to be developed under the UN Partnership Agreement (UNPAF) with a formal Working Group lead by UNESCO. I was involved in the implementation of the UNPAF agreement, first as a staff member of UNESCO and later as an independent consultant.

In 2012 there was a change of government. The outgoing government's stress on the creative economy was switched to a cultural industries approach. The 'deprioritising' of the initiative allowed the National Statistics Office to take a larger role with strong backing from senior management. Published material immediately gave a first, if narrowly defined, view of the economic impact of the arts. This enabled me to show that the Culture section could draw on data from the Economic section, notably for cinema. The Economic section realised that the Culture section were not using 'their' NSO data on cinema despite the 100% Business Census undertaken in 2012. The Labour Force Survey data, when made fully available, include several codes related to design. The staff of the Thailand Creative and Design Center (TCDC – similar to a Design Council) declared it was the first time they had ever seen any data on the number of designers in the country.

This brief history of the project serves to illustrate a few pointers about the availability of statistics on culture and creative industries. Despite the politics there was a considerable amount of data already available in the National Statistics Office. National Statistics Offices were limited to producing standard products and publications, but when shown using international codebooks that data on other topics could be found they responded (especially at the senior level).

It needs significant justification to carry out any form of business survey the year following a comprehensive 100% Business Census. At the very least, and this is the clear message for all researching cultural and creative economies, researchers should check to see what data exist in national statistics offices, before specifying further survey work. The two Kenan consultancy reports were 'studies' that lay on a few desks but did not impact on policy. National Statistics is at the core of policy formation. When a figure on the size of craft employment reaches the size of a major industrial sector one can be sure that it will be seen by almost every ministry and major employer in the country.

Conclusions

This paper began by considering entrepreneurship in Thailand. It has suggested that this is particularly important in Thailand and a driver of the cultural economy. Craft products such as those in OTOP often deriving from traditional village products, are an important part of this picture, especially as they present opportunities for traditional communities in developing countries to derive income from new businesses and hence innovation.[2] However there are significant measurement and organisational barriers to monitoring and assessing the impact of the craft sector. The author is undertaking a project with the Aspen Institute to address this issue.

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[2] Innovation being defined by OECD (2005, p.46) as a new product, process, or marketing method.

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