

เครือข่าย: การเฝ้าระวังทางวัฒนธรรมของการดำเนินการทางธุรกิจขาย
ตรงในภาคอีสาน

NETWORK BUSINESSES: MAINTENANCE OF CULTURE BY NETWORK BUSINESS
PROCEDURES IN NORTHEASTERN THAILAND

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บทคัดย่อ

การวิจัยเรื่อง เครือข่าย : การเฝ้าระวังทางวัฒนธรรมของการดำเนินการทางธุรกิจขายตรงในภาคอีสาน ใช้ระเบียบวิธีวิจัยเชิงคุณภาพ (Qualitative Research) เลือกพื้นที่ ทำการเก็บข้อมูลภาคสนามที่เกี่ยวกับประเด็นวิจัย ความมุ่งหมายของการวิจัยคือ 1) เพื่อศึกษาความเป็นมาของวัฒนธรรมธุรกิจเครือข่ายและขายตรงในภาคอีสาน 2) เพื่อศึกษาสภาพปัญหาของวัฒนธรรมธุรกิจเครือข่ายและขายตรงในภาคอีสาน 3) เพื่อศึกษาแนวทางการเฝ้าระวังวัฒนธรรมธุรกิจเครือข่ายและขายตรงในภาคอีสาน ผลการวิจัยพบว่า ธุรกิจขายตรงในประเทศไทยเริ่มเข้ามามีบทบาท เมื่อประมาณ 40 ปีที่แล้วนี้เอง เนื่องจากธุรกิจขายตรงเป็นธุรกิจที่เปิดโอกาสให้กับคนทุกชนชั้น ทุกเพศทุกวัย ทุกสังคม การขายตรงในประเทศไทยจึงเติบโตอย่างรวดเร็ว แต่มีสภาพปัญหาของวัฒนธรรมทางธุรกิจ และธุรกิจเครือข่ายขายตรงในภาคอีสาน ใน 7 ด้าน ผู้วิจัยสังเกตว่า สินค้าในระบบการตลาดหลายชั้นที่แท้จริง ต้องมีลักษณะดังนี้ 1) สินค้านั้นมีประโยชน์จริง ใช้แล้วหมดไป และต้องซื้อหามาใช้ใหม่ 2) สินค้านั้นสามารถนำไปขายปลีกได้จริง และผู้ขายจะมีรายได้เป็นผลกำไรจากการขายปลีก 3) สินค้านั้นได้ผ่านขั้นตอนการนำเข้าและชำระภาษีอากรอย่างถูกต้องตามกฎหมาย 4) สินค้าประเภทเครื่องสำอาง ผลิตภัณฑ์เสริมอาหาร หรือสินค้าบำรุงสุขภาพต้องผ่านการขึ้นทะเบียนและอนุญาตให้จำหน่ายได้จากสำนักงานคณะกรรมการอาหารและยา (อย.) เรียบร้อยแล้ว 5) สินค้านั้นต้องมีฉลากบรรยายสรรพคุณ และวิธีใช้อย่างถูกต้องตามกฎหมายของสำนักงานคณะกรรมการคุ้มครองผู้บริโภค (สคบ.) 6) สินค้าบางประเภทต้องมีใบอนุญาตโดยเฉพาะให้จัดจำหน่ายได้ เช่น สุรา ต้องมีใบอนุญาตจากกรมสรรพสามิต เป็นต้น 7) สินค้านั้นต้องมีการรับประกันหรือมีการรับประกันจากบริษัทผู้จัดจำหน่าย โดยมีเอกสารจากบริษัทเผยแพร่อย่างชัดเจน

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ABSTRACT

This investigation, Network businesses: Maintenance of culture by network business procedures in Northeastern Thailand, is a qualitative research project. The area of study was Northeastern Thailand. The three aims of the investigation were to: 1) study the history of network business and direct sale in Northeastern Thailand; 2) to study the current conditions and problems with network business and direct sale in Northeastern Thailand; and 3) to study a method for maintaining network business culture and direct sale in Northeastern Thailand. The results show that Direct selling first emerged in Thailand 40 years ago. Due to the speed and ease of growth, the model was a success and now direct sale businesses are common in the Thailand because they create opportunities for all classes, genders and social groups. There are seven categories of problem with direct-selling businesses in Northeastern Thailand. This research explains that the following seven checks can help combat the seven problems: 1) Do the products have practical use and can they be re-stocked if sold-out? 2) Can the products be sold and will the seller make reasonable profit? 3) Have the products been imported and taxed according to the law? 4) Have any dietary supplements or health products been registered with the Department of Food and Drug Administration, Ministry of Public Health? 5) Are usage instructions clear and accurate according to the criteria of the Office of the Consumer Protection Board? 6) Do all products have the required licenses? 7) Are products guaranteed or warrantied by the company? Is there a returns policy?

Keywords: Business culture, direct-selling, network, Northeastern Thailand

1. INTRODUCTION

There are currently no fixed marketing regulations in Thailand but it is generally accepted that companies should not discredit competitors and their products. There are also no laws prohibiting pyramid schemes, as there are in the Western world. These often unsustainable business models involve promise of goods, funds or services for enrolment of others into the scheme and are considered illegal in many countries. (Srisang, S. 2004) Regardless, it is important for any business to create networks to progress and enjoy success. When networking causes start-up capital and business taxes to be low, the networks have many members. Multi-level marketing is a way for networks to generate extra income for their workforces



and creates more independence for the seller. This is also the origin of the concept of commission. (Pakdeesukanan, A. 2003). Most Thai businesses have adopted the popular Western business model of seller-to-buyer but these business relationships are often controlled at the top level. Network businesses have only been present in Thailand for a matter of decades. At first, one or two businesses were set up following Western models. Following their success, more Thai and international businesses followed suit and eventually hundreds and thousands of Thai businesses rapidly embraced the model so that this type of business is now the most popular in the country. (Singsangob, A. 2004). The origins of network businesses are with Tupperware (Thailand) and Avon Cosmetics, who took the lead as the first network businesses in the country. Due to their respective markets and clientele, the majority of workers and consumers attracted to the network businesses were female. In 1987, Amway (Thailand) was established, which has grown to be one of the largest companies in the country. One of the reasons for the success of Amway is its tiered distribution model, which generates sales “through the use of an elaborate pyramid-like distribution system in which independent distributors of Amway products receive a percentage of the merchandise they sell and also a percentage of the merchandise sold by recruited distributors”. (Harvard Business School of Leadership. 2011). However, this type of business has begun to experience problems in Thailand due to the exhaustion of the supply of potential investors and other associated issues. Given the problems arising from network businesses in Thailand, the research team were interested in designing this investigation to analyse the presence and effect of network businesses on the culture and everyday lifestyle of people in Northeastern Thailand. The three aims of the investigation were to 1) study the history of network business and direct sale in Northeastern Thailand; 2) to study the current conditions and problems with network business and direct sale in Northeastern Thailand; and 3) to study a method for maintaining network business culture and direct sale in Northeastern Thailand.

2. RESEARCH METHODOLOGY

For this investigation, the research team employed a qualitative research methodology. Data were gathered from both documentary analysis and field study from March 2011 to May 2012. The research area for this investigation was purposively selected from five provinces in Northeastern Thailand. These were Khon Kaen, Ubon Ratchathani, Kalasin, Mukdahan and Roi-Et. 10 companies were included in the investigation, which have been anonymized in this paper on ethical research grounds. The 10 companies repetitively selected according to three criteria: 1) the company was well known in the surrounding area, 2) the company was popular and 3) the company had a strong business plan and had a clear record of trade. The resident population came from the five designated provinces and the research sample was purposively selected from this population. A total of 150 participants were chosen as respondents for the research. The respondents were divided into three equal groups of 50 individuals. The first group was a group of key informants who provided information related to the methods of cultural organization in business networks in northeastern Thailand. The second group was a group of casual informants who provided information related to the sales on the ground and cultural organization in business networks in northeastern Thailand. The final group was a group of general informants who provided basic information related to the sales on the ground and cultural organization in business networks in northeastern Thailand, including satisfaction of the business product and business security.

Data was gathered for this investigation from documentary research and field study. Tools used for data collection were basic survey, participant observation, non-participant observation, interview and focus group discussion. The first step was a basic survey of the conditions culture for business networks in Northeastern Thailand. The researchers followed this with participant observation in the research area, whereby the researchers asked questions on points of confusion from the perspective of a consumer. Researchers then conducted non-participant observation by examining local business networks. Following initial observations, the researchers began a program of interviews with research respondents. Members from each group, key informants, casual informants and general informants, were invited to answer questions regarding the culture of business networks in northeastern Thailand. The results from the interviews were then taken to focus



group discussions in order to be summarized, verified and concluded upon before analysis. Results from document study and field investigation were categorized into groups according to the three aims of the research. Results were verified by methodological triangulation and if any data collection method was found to have produced inconsistent results, further data was collected. Results were then concluded using a tally system. The results are presented here as a descriptive analysis.

3.RESULTS

In order to understand the network business culture of northeastern Thailand, one must first look to the origins of network business in the United States of America. In 1886, David McConnell, a salesman from New York, created a popular ladies' perfume, allowing him to found the California Perfume Company. In 1939 McConnell change the name of his company to Avon and over the intervening decades had developed an advanced system of direct-sale. In 1949, McConnell introduced a demonstration scheme, which became known as Home Party. The Home Party scheme involved sales representatives visiting customers homes and demonstrating the products on offer in a familiar environment. This proved to be an extremely successful venture. In 1934, Carl F Rehnborg developed nutritional supplements for food and founded the Nutrilite brand. In 1949, Jay Van Andel and Richard DeVos began to distribute Nutrilite products using the Home Party system invented by McConnell. The success of the Nutrilite venture encouraged Andel and DeVos to found the Amway Corporation in 1959. From these beginnings, network business has developed and expanded and it is now an important model adopted by many companies in Southeast Asia.

Direct selling first emerged in Thailand 40 years ago and the first company to use the model was Thai Tupperware in 1978. The direct sales model involves the marketing of consumer products away from a fixed retail centre or shop. The success of Thai Tupperware encouraged Amway to conduct business in the country from 1987. Nowadays, direct sale businesses are common in the Thailand because they create opportunities for all classes, genders and social groups. For this reason, direct sale businesses in Thailand grew rapidly.

Direct sale is not an easy form of business. By contrast, it requires the hard work and dedication of all staff. The major strategies used by direct sales

representatives are presentation and demonstration. Many different companies sell many different products using a direct sales strategy in many different countries. However the most common types of products sold using this method are everyday household goods that have a limited use and require regular purchase. There are two types of direct sales, single and multi-level. A single-level direct selling model is where the salesperson receives commission for their own trade. A multilevel direct selling model is where the salesperson receives commission for their own trade as well as commission for the trade conducted by other salespeople they have recruited to the organization pyramid.

The problems with network business and direct selling in Northeastern Thailand

One development of the direct selling model in modern society is the internet or, specifically, e-commerce. The Internet has grown to be an integral part of everyday life and internet trading is one of the methods used by businesses to reach as large a market as possible, as quickly and as cost-effectively as possible. However, there is less consumer security through the internet; consumers may purchase sub-standard goods, damaged goods, or goods that do not match the advertising. Potentially hazardous and risky products are those claiming to offer scientific or nutritional benefit. Often the manufacturer is concerned with profits rather than consumer safety and there is no follow up to ensure correct use of the products. Equally, consumers do not use the products in the correct way, which can damage their health.

In Thailand, all businesses wishing to trade directly must obtain a trading license as well as an e-commerce license with the Office of the Consumer Protection Board of Thailand, according to royal bills passed in 2001 and 2002. The reason for the introduction of the bill was to ensure that the government and related institutions may contact or track down the businesses in the event of problems with consumers. Businesses may not obtain a license after trading and must have secured permission before they begin to trade on the Internet. Any business owners trading without a license are liable to receive a punishment of no more than one year imprisonment or a fine of 100,000 baht.

Interviews with respondents and subsequent focus-group discussions led the research team to conclude seven areas of product-based problems with direct-selling companies in Northeastern Thailand:



1. Products do not have a practical use, have limited shelf-life, or are no longer produced. This means that the goods either cannot be sold, must be sold quickly, or cannot be restocked once sold out.
2. There is not enough demand for products and profits are marginal.
3. Some products have been illegally imported into the country or have not been properly declared to the taxation authorities.
4. Health products have not been registered and approved by the relevant government institutions.
5. There are no instructions to accompany the products, or the instructions are unclear or in a foreign language.
6. Not all products have the necessary licensing and documentation required for resale.
7. The company does not provide a product warranty, there is no consumer protection (no returns policy) and the company does not have insurance.

Method for maintaining business culture in Northeastern Thailand

Occasionally, dishonest businesses will conceal themselves under the guise of an e-commerce trader or direct selling model in order to generate easy income from the salespeople down the chain. There are a number of ways to identify rogue traders. One such investors being asked to make a financial membership commitment without an exchange of goods or products. Another common sign of an untrustworthy pyramid scheme is the exchange of goods that are far cheaper than the value of the financial commitment. For example, a salesperson may pay 20,000 baht to join the scheme, yet receive goods to the sum of 1,500 baht for resale. Another common trick is to host internet sites at inflated fees. Suspensions should arise if people with standard jobs have an unrealistically high disposable income. It may be that these individuals are earning extra money illegally or through dishonest practices. Legal businesses that have pyramid schemes, direct selling and shared investment will have a license from the Office of the Consumer Protection Board of Thailand. In order to get this license, they will have had to present a business plan and all details of a proposed model. A further indication of illicit practices is the lack of a permanent business address. Legal businesses will have a fixed address and permanent, convenient mode of contact. Warnings of illegal

trading are a frequently changed address, closed website and unavailability for contact.

In order to protect against illicit business and cons, individuals should be wary of companies that offer substantial instant reward and those that pressurize prospective investors to pay. In addition, investors should scrutinize the company details and details of company owners for authenticity and trustworthiness. All business documents should also be checked and verified. If any business fails to produce all required documents, the relevant authorities must be notified.

Currently, direct-selling is a popular form of supplementary income among Thai people and opportunities appear regularly in society. For this reason, potential sales staff must take precautions to ensure the venture is economically sound before they commit to taking part and investing start-up capital. In response to the seven problems identified by research informants, the following seven checks will help assess the risks of becoming a part of the company.

1. Do the products have practical use and can they be re-stocked if sold-out?
2. Can the products be sold and will the seller make reasonable profit?
3. Have the products been imported and taxed according to the law?
4. Have any dietary supplements or health products been registered with the Department of Food and Drug Administration, Ministry of Public Health?
5. Are usage instructions clear and accurate according to the criteria of the Office of the Consumer Protection Board?
6. Do all products have the required licenses?
7. Are products guaranteed or warrantied by the company? Is there a returns policy?

4.DISCUSSION

Local businesses can learn much from the large direct-selling companies with a presence in Thailand, particularly regarding ways to safeguard employees and consumers. There are a number of areas in which a direct-selling ethos could benefit local business culture. Firstly, self-reliance is an important trait of direct-selling companies that could be positively adopted by local businesses. (Hewison, K. 2000) The success of direct-selling companies is built on the premise of working within one's means, using resources that are readily available and not going into too great a debt. (Brodie, S., Stanworth, J. and Wotruba, T.R. 2002) This policy is a sound foundation for all local start-ups because it limits the risk of the business. In



fact, the principle of self-sufficiency is well-known in Thailand due to its prominence at the heart of His Majesty King Bhumibol Adulyadej's vision and philosophy for the country. (Piboolsravut, P. 2004) The King has actively promoted the concept of self-sufficiency throughout his reign and the philosophy has driven social and economic government policies. The success of large direct-selling companies merely serves to reinforce the relevance of such an approach.

With the emphasis on self-sufficiency, it is important that local businessmen and businesswomen realize their own importance to the economic project. For this reason, they must monitor and safeguard their health. (Andersson, P. 2008) Local medical culture can be of great benefit here. Thailand is renowned for the strength of its traditional medicine, including massage and herbal treatments, as well as the health benefits of its freshly produced cuisine. (Brun, V., Schumacher, T. and Bjørnland, T. 1994). Local business owners must take advantage of this aspect of society to ensure they remain in good health and able to work at their full capacity.

Self-sufficiency must not be treated as a call to remain isolated and in direct competition with other local businesses. It is important to take the lead of large direct-selling companies and form networks of similar businesses to exchange knowledge, reflect upon experiences and pool resources. Business networks have been proven to dramatically increase the knowledge and capacity of local enterprises, particularly with regard to marketing and funding. (Brüderl, J. and Preisendörfer, P. 1998). An extension of these networks is communal management of local resources to ensure that no one party or company has monopoly. This will safeguard the right of all community members to a fair opportunity. Moreover, maintenance and utilization of local traditional culture, as well as technological developments that enhance that local culture, as vital to ensuring economic growth and maximization of business output.

The nature of direct-selling business is similar to the nature of culture itself in that both originate at a single point and are dispersed across a wider area. This is a view of culture originally espoused by German anthropologist Leo Frobenius at the turn of the twentieth century. (Sylvain, R. 1996). The premise was adopted by other well-known ethnologists, notably Fritz Graebner and Wilhelm Schmidt, and became referred to as the *Kulturkreis*. (Kluckhohn, C. 1936) However, if this link between culture and business networking is to be made, it must be noted that Frobenius identified multiple origins of culture, rather than a unilineal evolution.

There were, according to proponents of Kulturkreis, a number of different cultural origins that grew and interacted over time. To transpose this theory onto the business networks of Thailand would be to argue that each direct-selling business grows from its own origin and then influences (or is influenced by) other business when they come into contact. Consequently, then, the aim of society must be to seek harmony of these different cultures in the form of a network that can benefit everybody. However, such a conclusion in today's ever closer and ever more modernized world seems neglectful. There is now such a wealth of information and communication available to sellers, consumers and business owners that direct-selling cultures from business to business are less easily distinguishable. Over the course of this investigation, it became increasingly apparent to the researchers that methods for integrating direct-selling into local culture (and vice versa) are integral to establishing a successful direct-selling environment.

The World Federation of Direct Selling Associations and its regional branches are non-governmental organisations in place to support and maintain the ethics of direct-selling companies worldwide. (Peterson, R.A. and Wotruba, T.R. 1996). However, the support they provide is, understandably, one dimensional from the perspective of the sellers. There are no safeguards or supports in place for community culture in Northeastern Thailand that actively work towards integrating local customs into the business culture. Given the popularity of direct-selling as a supplementary occupation in Thailand, the government should play a greater role in the standardization of direct-selling companies. This should extend to the safeguarding and maximisation of local culture to ensure that both the businesses and the communities benefit. Further research is required to assess the quality of goods currently sold by direct-selling companies in Thailand, methods of quality assurance and strategies for government intervention.

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