

# The Roles of Stakeholders and Social Networks in Becoming Farmer-entrepreneurs<sup>1</sup>

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## **Abstract**

The aim of this research was to analyze the roles of stakeholders and social networks that play a vital role for farmers in becoming farmer-entrepreneurs in Khon Kaen province. The concept of social networks was adopted as the framework to analyze this phenomenon, and the qualitative method was used in the research. In-depth interviews and observations were employed to obtain data from 16 key informants. Content analysis was performed on the data which were presented using descriptive analysis. The results showed that the farmers became farmer-entrepreneurs under interdependent conditions and benefits gained from social networks established with various kinds of people. The stakeholders involved in production and entrepreneurial activities were as follows: 1) household members who provided the labor and capital and also sold products; 2) groups or community leaders in charge of developing and exchanging knowledge and information regarding production and agriproduct sales; 3) government officials involved with policy making and agricultural sector extension; and 4) the private sector or markets that are associated with the farmer-entrepreneurs or buy agriproducts from them. In addition, two types of networks were established with

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other stakeholders: 1) social networks established through physical space in the form of official entrepreneur groups and interactions with others to discuss or exchange information, and 2) social networks established using information technology that allows them to use a variety of applications to reach their customer groups or those sharing the same interests or ideals. It was found that the farmers were able to use the various networks that they have to become more successful and effective in their businesses.

**Keywords:** farmer-entrepreneur, stakeholder, social network, physical network, online network, social relationship

## Introduction

Thailand 4.0 is an economic development model proposed by the government of General Prayut Chan-o-cha. The model encourages Thai farmers to shift from traditional farming methods to “smart” methods which help them to increase their income and free them from the poverty that has been trapping them for years. To prepare farmers for the modern era, the model includes a variety of development programs, such as the Young Smart Farmers (YSF) program, which emphasizes agricultural knowledge exchange, provides necessary skills for farmers, introduces them to the new technology that enhances production efficiency and competition in the market, and provides opportunities to socialize and establish networks and cooperate with others (Department of Agriculture Extension, 2016). These development programs have brought significant changes to Thai agricultural society both in production and in the changing role of farmers from those producing for household consumption to those producing products for a market system.

Khon Kaen province is an area where policy and development plans initiated by the government have been implemented, such as the development plan for infrastructure, economy, society, and culture which brought about tremendous changes in the agricultural sector. The 1st National Economic and Social Development Plan (1961-1966) and the 5-year plan for the Isan region (1962 to 1966) contributed to economic growth in the region and made Khon Kaen province the hub for several development projects following an unbalanced growth

strategy (Chaiwanichaya, 2005). Since then, the province has become an economic hub that provides a place for people from throughout the region to exchange information, products, and services with the central region and other parts of the country.

The transportation system in Khon Kaen province was also positively affected by these developments. There have been many changes in the area, including railway expansion in 1933 and the construction of an airport that was officially opened in 1963. Furthermore, the population, as well as the number of organizations, companies, and department stores has grown continually. The Development Plan (2018-2021), which aimed to promote a vibrant economy and increase competitive trade, investments, services, and tourism in the province, was under implementation while there were tremendous changes in the industrial sector, services, and especially agriculture. Many farmers in the province were able to transition from being farmers who produce for small-unit consumption to entrepreneurs at various levels. They started by accumulating enough capital, encountering obstacles, working to reach goals, and integrating networks to fully become farmer-entrepreneurs (Somkaun et al., 2019). A farmers group in Khon Kaen province was formed because of the development plans and social values emerging from the current situation, which keeps changing. Realizing these changes, the farmers adjusted, learned, and were willing to grasp economic opportunities by building relationships with others. They also worked together to produce various agriproducts. In Khon Kaen province, many groups were formed, such as an organic vegetable farmers group in Sam Sung district, a large-scale vegetable farmers group in Non Khao village, and a group of farmers who produce mangoes for export. Moreover, the policy to improve the lives of farmers and the quality of agriproducts was actively used throughout the province so that it can serve as the hub of agricultural products or “The Kitchen of the Nation” (Somjaiwong, 2012). Such policies have completely changed the lifestyle of the farmers in the area as well as their production and distribution methods, bringing them closer to the outside economic system and offering more opportunities to be successful in their business.

However, quite a number of Thai farmers are still struggling with low productivity. They also lack sufficient farming knowledge and the in-depth market information that is useful for production planning and product quality improvement (Chingchit, 2013). Such problems led to an imbalance between income and expense, household debts, and a poverty trap. Because of their low income compared to that of people from the non-agricultural sector (Poapongsakorn et al., 2020), the problems of farmers were frequently addressed in order to find practical solutions, which include support from various agencies and farmers' cooperation to adjust and use different methods to create more opportunities to elevate their economic status. Therefore, the role of farmers became less significant while the farmers saw the opportunity to build new careers by becoming contract entrepreneurs (Lao-an, 2010). These farmers are likely to transition from being ordinary farmers to entrepreneurs at various levels. They can become producers, laborers, factory owners, middlemen, and stall owners (Sattayanurak, 2016), reflecting the variety of roles and struggles involved in obtaining bargaining power. In addition, they have become engaged in several economic activities preparing them for risk bearing as well as for the profits lost and gained in the market (Popkin, 1979). Thus, assistance received from the public sector, the private sector, and the farmers themselves has made them think about farming in a different way.

To comprehend the changes in the agricultural sector, this article examines how farmers in Khon Kaen province become farmer-entrepreneurs by studying successful farmers who were able to transform themselves into entrepreneurs or in other ways move beyond farmer status. The social networks concept was employed to analyze the phenomena occurring in the province to explain the roles of stakeholders and social networks. This is happening in the emergence of farmer-entrepreneurs who gain support from household members, groups or communities, government agencies and the private sector or markets through various kinds of relationships which enable them to run their business smoothly and successfully.

## Literature Review

This article adopts the social network concept as the analytical framework to explain the roles of stakeholders and social networks which enable the farmers to become farmer-entrepreneurs in Khon Kaen province. The concept reflects the extensive nature of the farmers' entrepreneurship. Their roles are shaped by different factors: individuals, organizational structures, the population, the processes in the area, and the environment (Ruef and Lounsbury, 2007). These factors can be explained by the social networks concept which provides a clearer explanation of how farmers become farmer-entrepreneurs, which is believed to occur by their building relationships and interacting with different kinds of people. This concept is rooted in the social exchange theory, which is the principal theory in sociology. The theory was developed by sociologist Richard Emerson, who took George C. Homans's proposition based on 'assumptions.' Every social network consists of actors who have relationships with each other based on role assigned for each pair of relationships. Each person has not just one role to play but many, and thus, different social networks are formed. Moreover, the social network concept emphasizes the study of social phenomena in describing an array of relationships between individuals or actors that jointly commit an action in the society in the form of knit and tie connections (Wasserman and Faust, 1994). Such relationships cause various groups to form, for example, within families, groups of friends, communities, and society. These groups are formed by shared perceptions, decisions to exchange with each other, and interactions within the networks.

Thus, social networks highlight the communication process of members in the social networks where information exchange is common. In addition, the networks focus on the role of social relationships in information transfer, the influence of an individual or media, and the ability to change one's behavior or attitude (Liu et al., 2017). Social networks are considered patterned relationships of members living in the society, which in terms of interdependency, can be described on

both the micro level and macro level. The relationships between each actor are seen to be paralleled, while the intensity level of interaction differs, causing a variety of networks that are formed based on shared motivations. However, the networks leading to cooperation tend to have clear boundaries (Soontornbhesat, 1997).

Previous studies have provided explanations for the change of the peasant or farmer society in Thailand. Walker (2012) noted that nowadays Thai peasants are different from those in the past. Most of them belong to the middle-income category, while the poor or those prone to poverty are found to be a very small portion in the rural areas in Thailand. Furthermore, the number of peasants and farmers taking political roles has increased significantly, showing that they are no longer part of the moral economy where risks must be minimized, and the top priority is that of maintaining financial security. According to Scott (1976), peasants are viewed as those embracing new opportunities to improve their lives. Similarly, Keyes (1983), Sattayanurak (2016) and Ngamsiwanon (2016) all agreed that farmers' economic behaviors depend heavily on benefits brought by the economy. Manorom (2016) added that such changes have enabled peasants to free themselves from poverty and to attain the goal of becoming entrepreneurs who are financially stable and have modern farming knowledge and relationships closely established with markets, capital, and the government.

These changes have grown out of networks and relationships with diverse people with the aim of increasing economic opportunities in various ways. According to Gupta (2016), these networks, created with a variety of stakeholders, are considered the tools that enable farmers to become successful in their businesses. Furthermore, Yooprasert et al. (2016) viewed group formation, connections, and supportive associations as playing a vital role in driving young SMEs entrepreneurs by arranging activities for them to exchange and update information within the networks. The research by Pratiwi and Suzuki (2017) also highlighted the importance of social networks that promote farmers' learning, especially about agriculture. Similarly, Wood et al. (2014) pointed out that seamless communication is what makes

a social network stronger, as it allows the community to exchange even more knowledge and experience. According to Kahan (2002), farmer-entrepreneurs know well who their stakeholders could potentially be, and they will focus on such people so that they can negotiate for business.

When it comes to network characteristics, McElwee (2008) explained that farmer-entrepreneurs pay considerable attention to risk calculation, income, and profits obtained through the administrative planning process. With the advantage of region, they can find various market channels. At the same time, there are networks where resources are circulated flexibly in the form of family and alliance. They assist in creating new innovations that will bring success. Sattayanurak (2016) added that the process of becoming a farmer-entrepreneur has caused new patterns of networks to emerge. These networks are not entirely about the patronage system and those under it, but they are the networks that insure risks. They are established with entrepreneurs; that is, everyone in the community takes part in the production process, or with the government, the local authorities, and agencies via various communication tools so that farmer-entrepreneurs can benefit by transforming themselves into entrepreneurs.

Likewise, research by Laochokchaikul (2009) indicated that both family capital and good relationships with relatives and people in the community play a major role in altering the occupational alternatives of villagers in Baan Wat Bote. This evidence highlights the importance of the support provided by physical networks. Moreover, Mendoza (2016) explained that the changes brought by the development of information technology and social networks have caused farmers in the country to improve and gain access markets. Morris and James (2017) reflected that social media is an important tool in elevating entrepreneurs' businesses as well as in creating opportunities for stakeholders in their businesses. Farmer-entrepreneurs' networks differ from those of typical farmers whose bargaining power is considered very low, especially when it relates to price negotiation. Therefore, such differences reflect the ability to become farmer-entrepreneurs.

We can see that the studies chosen for the literature review used the concept of social networks to explain farmer-entrepreneur transformation, with an emphasis on the communication between members within groups or networks where patterns, activities, and opportunities are closely observed. These networks are no longer attached to the patronage system. However, farmer-entrepreneurs can bargain or have more options when they have independent networks with others (Sattayanurak, 2016). Therefore, this article focuses on analyzing the roles of stakeholders and associated social networks to comprehend the formation of farmer-entrepreneurs in Khon Kaen province under the concept of social networks. The significance of networks that enable farmers to become farmer-entrepreneurs can be shown in the diagram below.

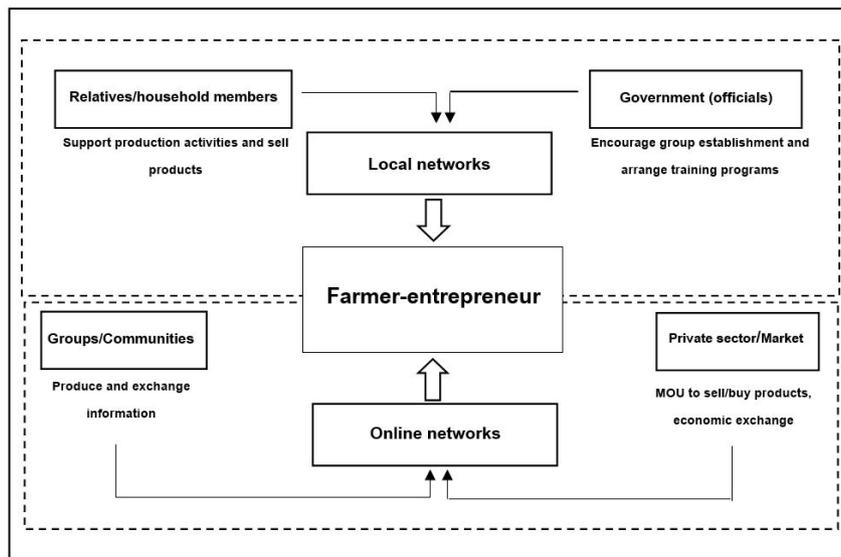


Figure 1 Conceptual Framework

## Methodology

This research employed the qualitative method and was conducted to provide explanations regarding factors involved in becoming

a farmer-entrepreneur by analyzing the roles of stakeholders and social networks of farmers in Khon Kaen province.

The key informants were divided into four main groups, the first three of which were selected based on upon knowledge of agricultural production and risk management: 1) two community scholars who have expertise and experience in agricultural production and other economic farming activities in the community, 2) two government officials who played a vital role in pushing forward agricultural production development of farmers in the area as well as elevating the farmers' production activities to be business-like, 3) eight farmer-entrepreneurs chosen from experience, knowledge, how they engage in agricultural production and other activities as well as skills and networks or groups formed with different kinds of people. The fourth group consists of four household members of the farmer-entrepreneurs who take part in promoting and developing economic activities and selling products produced within the household. Data obtained was then analyzed using content analysis and presented by descriptive analysis to respond to the research objectives.

## Characteristics of Farmer-entrepreneur Key-informants

The farmer-entrepreneurs chosen to be case studies were six men and two women, aged 30-60. The number of participants with work experience in the non-agricultural sector was higher than that in the agricultural sector. They were factory workers, private company officers, bank officers, nursing assistants, researchers, and business owners. The number also included those who became farmer-entrepreneurs after graduating with a bachelor's degree. They had diverse production methods, depending on production activities. Examples are growing mangoes for export and watermelons for sale requires land of approximately 40-80 *rai*<sup>2</sup>; while a strawberry farm, vegetable farm and a place for agricultural classes, food and beverage stalls need around 4-10 *rai*. Apart from this, some farmers see the opportunity to process

<sup>2</sup> *Rai* is a traditional unit of land area in Thailand. 1 *rai* is exactly 1600 square meters, which is 0.16 hectare or approximately 0.3954 acres.

agriproducts and develop their land for tourism purposes. In the case of Khao (Pseudonym), strawberries were processed into jam or dried strawberries. A small part of the farm was also arranged for agricultural tours that offer a variety of activities for visitors. The owner was also a guest speaker giving agricultural knowledge to other farmers or agencies.

Engagement in a variety of activities gives farmer-entrepreneurs ultimate access to diverse markets. The first type of market is wholesaling or sales in the community. They also gain access to export markets especially those having the ability to cover a large-scale production. Third, the premium market is where quality products are available at higher prices. However, in the premium market, they might not be able to sell all of their products, and this is the risk they must be aware of. Therefore, it is not the favorite option for farmer-entrepreneurs. The fourth channel is online markets. The last market is the process market. The last three are considered niche markets as they require specific customers who can reach such markets through online networks or those with specific consumption needs.

## Findings

The results are divided into 2 parts: stakeholders in the farmer-entrepreneurs' production activities and the process of becoming farmer-entrepreneurs.

### **The Stakeholders in the Farmer-entrepreneurs' Production Activities**

Support from stakeholders plays an important role in helping farmers become farmer-entrepreneurs. This significant change involves support from different groups such as household members who help produce, process, and sell agriproducts via numerous market channels. At the same time, social networks established with others help promote economic activities within their household. The farmer-entrepreneurs in this study were found to have connections with stakeholders in several production activities. The stakeholders were 1) household members who

provide labor, capital, knowledge, land as well as encouragement or advice to the farmer-entrepreneurs; 2) leaders who give support and take part in bargaining with markets, the government, and capital to facilitate businesses of the farmer-entrepreneurs; 3) the officials who help enhance the farmers' potential through policy implementation, training programs, or production support; and 4) markets and the private sector which help the farmer-entrepreneurs with marketing promotion. The details are described below.

#### **1. Household members: Financial supporters**

The first stakeholders in farmer-entrepreneurs' production activities are the kinship networks consisting of parents, spouses, siblings, or children and grandchildren. These people play a major role in supporting the farmer-entrepreneurs' production activities: they can serve as workers, financial supporters, or assistants who help ensure that the business goes according to plans. The level of participation and support differs due to production patterns, understanding of business or confidence in doing business, and benefits gained as stakeholders. In the case of Khao (Pseudonym), we can see how important the kinship network is. To respond to current customer needs, he transformed the land owned by his father-in-law into a site for agricultural tours where a small part is reserved for a coffee shop, a restaurant, a check-in point, and a photo shoot site. Moreover, strawberry-picking is available for visitors while they take a tour around the farm. This could only be achieved by the help and labor of his relatives whose roles in such activities are diverse, for instance, sale assistants, wait staff, cooks as well as those taking care of the strawberry plants. This clearly reflects a business in which household members are actively involved, especially by providing labor and land resources.

Farmer-entrepreneurs also depend on the capital from their household members to support agricultural production and household expenses, such as water supplies, electricity, and tuition fees of their children or other daily expenses. The dependency normally occurs prior to becoming farmer-entrepreneurs when they are already financially stable. Dokmai, one of the cases studied, said:

At first, I began to invest little by little using money earned from work as well as my wife's money because we didn't earn much at first. One more thing, before I quit, I already had a marigold farm, so I wasn't bothered about the money that much. I had some. But I certainly needed to plan well. I wouldn't jump right into new business unless I found the source of income. As I said, farming doesn't give you quick profits. Take me, for example, it took me quite some time to come up with courses and promotions to attract more customers. Lots of time and money were spent before having a lot of customers like these days (Dokmai [Pseudonym], 2019).

Even though most farmer-entrepreneurs rely on support from their household members or take advantage of their kinship, it is found that some needed to depend on themselves because family members did not agree with their ideas. For example, Tangmo's mother, who was a farmer, opposed the idea of her child being a farmer because the job demands a lot of hard work. She did not want her child to do it. Moreover, the job seems unstable, risky, and unable to generate enough income for a living. This case shows one of the problems and obstacles that farmer-entrepreneurs must deal with, and they have to work hard to prove themselves so that they receive support and trust from their family members as they are considered the most important and closest stakeholders. This is consistent with the statement by McElwee (2008), who explained that farmer-entrepreneurs have advantages in terms of geographical region. Infrastructure and logistic systems are well-provided for tourism and convenient delivery. Meanwhile, they can flexibly use the resources circulating in their family farm to their own use.

## **2. Leaders or community leaders: Creating groups and developing farmer-entrepreneurs**

Group leaders or community leaders are crucial as they encourage group formation and also become the ones who create and establish networks between farmer-entrepreneurs and other sectors.

Such sectors include the public sector which puts the policy into practice or develops farmers, and the private sector which acts as a market buying products from the farmer-entrepreneurs. Such networks are considered very important because they help support and increase the bargaining power between a market and the government through group activities specifically found in official groups. Unofficial groups are mostly formed by people who share the same interests and have useful agricultural knowledge to exchange with each other, which is considered very beneficial. They resort to fast-developed and convenient communication technologies which allow people to gain access from anywhere to create networks. For example, they use social networking apps like Line application or Facebook to connect with others and create groups of farmer-entrepreneurs that live in different or distant places. However, leadership is not obvious in such groups as no one is assigned to be a leader as in official groups.

For official groups, rules are systematically made for farmer-entrepreneurs who later apply the rules to their businesses. The aim of these rules is to minimize risks from failed experiments. Additionally, leaders of official groups are responsible for providing insightful information, exchanging knowledge and experience regarding agricultural production, sales, as well as teaching how to create networks with others in the society, for instance, how to develop products to meet with the buyer's requirements and bargaining skills, or how to write a contract to prevent risks from businesses. There are various official groups, such as the Community Enterprise Group and the Young Smart Farmer (YSF) Group, where they can communicate and ask for advice from each other across geographical regions and modern online applications such as Line or Facebook. The leaders of these groups or communities lead their group members to achieve goals, with cooperation and encouragement received from group members.

Falun, another case study, is a farmer-entrepreneur who became the leader of a mango export group. His role is to bridge the group members and the government officials. He was able to apply lessons learned from mango farming to improve the production of mangoes for

export. He also made agreements with many buyer companies so that the group's benefits could be maximized. He worked with other leaders and committees to reach mutual conclusions under the strict membership regulations. One of the community enterprise leaders noted,

Having a group is wonderful because it is a place for us to exchange our knowledge. When there's an update on information or any new farming method which brings out positive results, we will talk in our group. And if someone has a lot of orders, they will be allocated to members of the group. Sometimes there're some development programs we discuss with each other and ask if anyone is going or not (Daorueng [Pseudonym], 2019).

Group leaders are important in encouraging their groups by seeking activities to increase the farming potential of members, encouraging them to join groups, and building strengths for farmer-entrepreneurs to be able to bargain with markets, business people, and the government.

### **3. Government officials: Promoting and developing farmer-entrepreneurs**

In economic activities, agricultural officials are an important factor as they help promote and support production activities and provide the farmer-entrepreneurs with the skills and knowledge necessary for agricultural products and the ability to create proper marketing plans. The officials involved can be categorized into two groups. The first group consists of local officials from the Provincial Office of Agricultural Extension, the District Office of Agricultural Extension, and the Sub-district Office of Agricultural Extension. They are responsible for providing access to the government's services or developments such as potential development programs for farmers, technology transfers, and entrepreneurship training. Their duty is also to encourage farmers to create groups to produce quality products to feed various markets, as can be seen in the interview with an official working at the Provincial Department of Agriculture Extension.

Recently, marketing development programs have been organized for these farmers. We have arranged the 'green' market for organic farmers to come to sell their products. There are a lot of both sellers and buyers. From what I see, their sales are pretty good, probably because it [the market] is in the city. People these days like something chemical-free....and we encourage them [the farmers] to form groups because they wouldn't be able to make it alone, it has to be in groups (Tonkla [Pseudonym], 2019).

Another group involved in the transformation process is that of the government officials who put policy into practice and create guidelines for agricultural developments. This group includes the officials of the Office of Agricultural Extension Region 4 in Khon Kaen province, the Department of Agriculture, and the Office of Agricultural Research and Development Region 3. Their duty is to ensure that the farmers' product quality meets the consumption needs in society. For example, they oversee the certification of the Good Agricultural Practices (GAP) or safe agriproducts, which is the certification most needed by farmers as it helps increase product value and provide choices for consumers who are looking for clean, safe, and quality products. The relationships formed with the government officials greatly help farmer-entrepreneurs achieve their goals. They have received fruitful suggestions and unending assistance. In an interview with one agricultural official, he said,

Some people come to us. Well, if they want us to inspect the products, they will contact us, asking about the procedures, guidelines, and steps so they can be prepared. We give them advice and when it's time we go inspect their products (Saibua [Pseudonym], 2019).

Farmer-entrepreneurs usually take value and benefits into consideration when they join programs and the relationships with officials are obvious. Some farmers, however, do not rely on or

participate in the development programs held by the government because they can obtain farming knowledge from various other sources. They also make use of networks formed with different groups to push themselves to eventually become entrepreneurs. This situation reflects how these farmers are independent and do not solely rely on the government.

#### **4. The private sector: Encouraging farmers to be entrepreneurs**

The relationships established between the farmer-entrepreneurs and the private sector are buyer-seller relationships. The private sector becomes buyers whereas farmer-entrepreneurs are sellers. This is viewed as an exchange relationship. While the private sector or markets provide production factors or capital to support farmer-entrepreneurs, the farmer-entrepreneurs, in exchange, are obligated to produce agriproducts responding to standards so that they can be sold in markets run by the private sector. This economic exchange is clearly beneficial for both sides, especially in the area of network establishment. It allows the markets to earn trust from customers or consumers for products whose safety is guaranteed by the producers. Meanwhile, farmer-entrepreneurs can utilize such networks to access new markets and bring themselves a more stable income.

The private sector and markets also act as contract buyers. Their relationship is clearly official. Interactions between the private sector and the farmer-entrepreneurs occur because of plans and agreements, or signed contracts which could be exemplified by the case of the mango export group which signed a contract or a Mutual of Understanding (MOU) with the buyer to ensure the existence of the business and its continuation, as Falun mentioned in the interview:

Back then some merchants would come buy products at the farm. When we began exporting, we signed an MOU with the exporter, held a meeting with export representatives to talk about the requirements, prices and all the important information. We later got the farming fund from the government. Some banks recently contacted us and asked if we wanted to apply for the membership (Falun [Pseudonym], 2019).

Therefore, it can be seen that groups and networks formed with different sectors, such as household members, community leaders, government officials, or the private sector, are crucial in the process of becoming a farmer-entrepreneur. These stakeholders contribute significantly to the farmer-entrepreneurs' success as they help enhance economic activities that relate to production and marketing. The importance of the roles differs. First, household members are considered primary supporters and they enable the farmers to become the entrepreneurs. Next is the group or community leaders who encourage group production and become buyers in the community which help the farmer-entrepreneurs to sell their products. Finally, the private sector or markets serve as the indicator of success. They ensure that the farmer-entrepreneurs have places to sell products to earn profits and sufficient stable income. However, not all support from the government is given to the farmer-entrepreneurs despite their common relationships with government officials. Some rely on different relationship patterns and bargaining abilities which allow them to make equal exchanges rather than receiving the benefits provided by the government. Thus, the role of the government is considered less significant in the process of becoming farmer-entrepreneurs. This statement is consistent with a reflection by Laochokchaikul (2009) that having family support in the form of labor, capital, land, and good relationships with people in the family and the community played a major role in transforming people in Wat Bote village and creating economic options for them. Likewise, Gupta (2016) pointed out that networks with stakeholders contributed to the success of producers.

#### **The Process of Becoming Farmer-entrepreneurs According to the Concept of Social Networks**

In every step of becoming farmer-entrepreneurs, farmers use their social networks as resources to promote household production, both in agricultural production and business. Networks are usually established after business goals are clearly set and a desire to enter a market is realized. The networks are formed with both individuals and agencies.

There are two types of networks. First are those formed upon geographical region, those in an official office, those formed by the government, and those formed in markets. Second, are the networks that emerge due to the development of information technology, such as Line and Facebook, which they use for exchanging and updating the latest information.

### **1. Physical networks: Networks on geographical region**

These networks are the relationships between farmer-entrepreneurs and different groups of people that place importance on physical interactions. Such relationships include the groups formed in the office of official groups, those formed by the government, and those gathered in the markets. Members of such groups come to meet each other face-to-face to exchange or participate in activities that drive their groups. In this research, the farmer-entrepreneurs in Khon Kaen province have both official and unofficial groups to support their production activities and businesses.

1) For the groups established in the office of official groups such as the mango export group or the agritourism group, their objectives are to exchange information and create both bargaining power and more market channels so they can have a stable income. These groups are registered, and rules are clearly set regarding production activities and agriproduct co-sale. This also includes agreements to membership, fees, shareholding, meeting attendance, participation in group activities as well as consequences for those found to obviously violate the rules. However, this type of group often encounters problems due to misunderstanding or ignorance of the rules, for example, secretly using chemicals when chemical use is prohibited, failing to record chemical use resulting in poor-quality production of the group, or taking products to sell in the market that offers them higher prices. Such actions lead to unease among group members and low network sustainability. Consequently, some leave the group as they do not see any imminent benefits.

The mango export group was established in 1999 with the aim of creating more opportunities for mango farming. The group achieved

its goal in 2009 when the first MOU was signed with the exporter. Currently, there are seven exporters. Most mango products are exported to Japan, 1,200-1,800 tons approximately, comprising 60 percent of the entire production. South Korea comes in second with 1,000 tons export or 30 percent. Products are also exported to China and Europe, with 10 percent imported to each. The mango group consists of 39 members whose land consists of 1,070 *rai* in total for mango farming. Their export continues to expand from only 13 tons in their first year. The group has rules or agreements that require all members to be present at every meeting. Moreover, products to be exported must meet standards. To show support to the group, for every 100 baht, 3 baht will be deducted from premium (Grade A) mango export revenues so that there would be a budget circulating in the group. All members are required to hold at least a share of 1,000 baht and they will receive annual dividends according to the number of shares they are holding. This shows a set of knit and tie relationships between each farmer-entrepreneur in a group based on shared perceptions, decision making, and interactions within their networks (Ritzer, 1992).

2) The networks built on physical relationships are arranged by the government, for example, the Young Smart Farmer (YSF) program. This is considered a beneficial network because it certainly helps the farmer-entrepreneur gain access to support. Nevertheless, some groups have never participated in any events organized by the government, resulting in slow development, or missing out information about the process of support requests. This network allows farmer-entrepreneurs to get to know other members and communicate with them. Furthermore, others were found to be involved in groups such as fertilizer traders, agricultural tool shops, and government agencies who approach them to show support or ask for cooperation. They could be a helpful farmer or a guest speaker to give a lecture on farming knowledge to other farmers. The farmers also have networks with the private sector, which includes buyers and banks that step in to help or exchange benefits with the farmer-entrepreneurs, such as sponsoring a field trip to Japan on the condition that they take out a loan from the

bank for agricultural investment. This was seen one of the interviews, in which a farmer-entrepreneur said, “Some banks came and asked me to take out a loan. I don’t know what I’ll actually do with it, but I helped them so that they could reach the targeted amount...” (Falun [Pseudonym], 2019). This comment reflects the kind of exchange that brings several benefits to the farmer-entrepreneurs. They were also encouraged to broaden their market knowledge through the experience of a field trip. In addition, the ability to change their economic capital to human capital contributed to their success in becoming farmer-entrepreneurs.

However, there are also some problems with this kind of network. It is quite impossible for the farmer-entrepreneurs not to rely on the assistance from the government or if they do, such assistance might be delayed. Other problems relate to the limitations that result from cooperation; for example, when the farmers are asked to participate in a government-organized activity, they may have to leave their work behind and spend more time working with the government.

Apart from the networks mentioned above, the farmer-entrepreneurs are also part of the community market where products are exchanged and activities with traders in the market, people in the community, wholesalers, customers, or consumers as well as family networks are available. They use their capital or resources of family members such as labor, land, or knowledge to develop and run their business. Meanwhile, they resort to good relationships with people in the community to distribute products and provide jobs to those in the community to promote their own businesses. One farmer-entrepreneur explained how he employs his relationship with the community to use its resources to his promote agricultural tourism business.

Basically, we would focus on the way of the community, a very local way.... And we do this together with the community, not just the community nearby, but others also join us because they are in the same tour route. So, we’re like partners because I would recommend tourists to visit other places such as the craft group, the weaving group, the silk group, the naturally dyed

clothes group. They all made the tour route possible (Anchan [Pseudonym], 2019).

What is described above clearly reflects the exchange between the farmer-entrepreneurs and the groups of people involved in the social networks. This partly contributes to more success of the farmer-entrepreneurs which is consistent with the study by Pratiwi and Suzuki (2017). They investigated the effects of social networks on farmers’ knowledge obtained from agricultural sector developments in Indonesia. The results showed that advice received from people in the networks was important to farmers’ learning activities which allowed them to brainstorm on agricultural knowledge. Moreover, Kahan (2002) noted that farmer-entrepreneurs would place importance on cooperation with their stakeholders and relationships they have with other people. They know who their stakeholders in the business are and will try to contact them. The fact that they are equipped with the ability to negotiate with their stakeholders is consistent with the study by Wood et al. (2014), which explained that farmers see that connections significantly contribute to strong social networks, especially when exchanging knowledge, farming experience and empirical knowledge development.

## **2. Online Networks: Networks and relationships via the use of information technology**

Most relationships are built through online communications. For example, Facebook groups are a way to exchange information between farmers or those interested in farming. The knowledge shared can be about production guidelines, sales, how to access a market, as well as reminders about the social value of modern agricultural production. For example, members are encouraged to produce organic products following the Good Agricultural Practices (GAP) in response to the trend of good health. They are also encouraged to pay attention to chemical-free production methods by learning about the positive effects the production will have on health and society. Members can exchange information or share updates in the groups freely. Rules are

loosely set, unlike official groups where everyone strictly follows the rules, for example, refraining from using impolite language in giving opinions, and they must give the reason why they want to join a group. The unofficial groups mostly comply with the security measures of Facebook.

In addition, many farmer-entrepreneurs can reach their customers or consumers using online channels. One farmer-entrepreneur opened an online store via various channels such as the store's official website, Facebook, or Line, where information and updates on products are exchanged on a regular basis. Such online channels have given farmer-entrepreneurs the opportunity to interact with customers or consumers on the availability, delivery methods, and prices of the products. Another farmer-entrepreneur provides online farming courses through his Facebook page that basically gives out information about activities, service fees, course schedules, the numbers of customers for each program, and activity pictures that customers are interested in. He said:

The necessary information will be posted on Facebook so customers can see it before they decide. For example, when some customers checked in on the page, I would go thank them directly and ask if there's anything to be improved. In this way I can get feedback, and sometimes connections, for example, when some schools want to take their students here, an appointment would be made via Facebook or sometimes they just simply call (Dokmai [Pseudonym], 2019).

The interview obviously shows the attempt to create networks on different online platforms between farmer-entrepreneurs and their customers. Therefore, online networks are considered a major part of the business success of the farmer-entrepreneurs as these online channels make communication faster and more convenient, as well as bringing farmer-entrepreneurs directly to their targeted groups through various advertisements. This statement is agreed by Mendoza (2016) who mentioned that farmers in rural agriculture and smallholder farming would never lack knowledge to improve themselves and access

a market as long as they have online networks. This is consistent with the study by Morris and James (2017) that addressed the use of social media in agriculture, the increasing opportunities for stakeholders, and activities that enhance their businesses. However, online networks still have limitations. Because these networks are not established officially, it is difficult for members to feel connected with each other, or their relationships could be distant, leading to limited economic opportunities for each farmer-entrepreneur.

### **Conclusion, Discussion and Recommendation**

The formation and transformation of farmer-entrepreneurs in Khon Kaen province is the phenomenon reflecting significant changes in the agricultural sector in terms of self-improvement to become an entrepreneur. These farmer-entrepreneurs need to depend on or receive support from diverse groups to maintain the continuation of their production activities. Thus, groups and networks can be created with different people as follows: 1) the network of family members who provide capital and resources essential for the farmer-entrepreneur; 2) the group or community in which farmer-entrepreneurs create networks, or the group of people who share the same ideals that help, promote, or rely on each other; 3) government agencies, both at local and central levels, such as the Department of Agriculture Extension, the Provincial Office of Agricultural Extension, and the District Office of Agricultural Extension; 4) the private sector, which buys products or has exchange relationships with the farmer-entrepreneurs. These networks can be continued in the form of physical networks where members come to interact with each other, or online networks which can be joined via applications like Line and Facebook.

Networks of stakeholders are considered very important as they enhance agricultural production and businesses. Moreover, their part in the marketing development of farmer-entrepreneurs is very noticeable. They have become the major factors that help the farmers free themselves from being merely agricultural producers to transform themselves into farmer-entrepreneurs.

From the research, we can see that the results are consistent with the research by Yooprasert et al. (2016) that modern SMEs entrepreneurs in the agricultural sector realize the importance of group formation, networks, and supportive alliances, whether at the level of network committee or members. These people in the networks are most important in helping young farmers develop themselves. Similar to the research conducted by Kamphaengphet (2017), the results indicated that to become an entrepreneur, one must be able to create and develop a business to obtain profits while the environment is changing. Also, one should always look for new business opportunities and networks, and be equipped with managerial strategies concerned with markets and sales.

McElwee (2008) noted that the networks which farmer-entrepreneurs have created with others under socio-economic contexts are the contributing factor for becoming farmer-entrepreneurs. Thus, it is important for them to expand their networks and form alliances with different groups of people so that these factors could serve as their production and business foundations. Therefore, having a network helps farmers to achieve entrepreneur status.

However, this study also found that the successful farmer-entrepreneurs in Khon Kaen province not only benefit from their social networks that are made of family or relatives, group or community leaders, government officials, and the private sector. Rather, their social networks are also varied, both official and unofficial. The relationships are built upon geographical regions and the use of online systems that allow fast communication within the groups. A market or the private sector is considered a key indicator of farmer-entrepreneurs' success. Problems and obstacles that could arise during network creation are detected, such as misunderstandings between group members or not receiving support from family. These limitations can negatively affect the process of becoming farmer-entrepreneurs.

Therefore, to enhance the development of the agricultural sector, it is important to facilitate farmers in becoming entrepreneurs by supporting them to develop and establish networks with different groups

of people, not only with their relatives and community groups, but also with government agencies and the markets. For a farmer to become a successful entrepreneur requires good relationships with various stakeholders in the production and marketing process. Hence, a network of family, relatives, group and community members alone is not enough. Cooperation with government agencies responsible for making and implementing plans to support farmer-entrepreneurs is beneficial. In addition, good networking and cooperation with the private sector will enhance more stable and quality supplies of production inputs, a more reliable market for agricultural products, and more stable income for the entrepreneurs. Standardization required by the markets also works to improve the quality of agricultural production, and hence is beneficial to the consumers.

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