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Management Style of Chinese Business Owners in the Chiang Rai Province of Thailand

John Walsh* and Sittichai Anatarangsi**

New challenges face Thailand's economy as it exits the factory age and struggles towards higher value-added economic activities. One important component of new economic development will be encouraging more foreign investment, particularly in the provinces of the country away from Bangkok. China is becoming an increasingly important investment and trade partner for Thailand and the creation of an industrial estate in the northern province of Chiang Rai is in part intended to encourage additional Chinese investment in the country. However, providing space alone is insufficient to understand the needs of investors, including their current and future demand for skilled labour. This paper reports on a program of qualitative research featuring in depth interviews of Chinese business-owners and relevant government officials and others aimed at understanding the style and nature of management among Chinese business owners and, hence, to make preparations for future labour market requirements.

Keywords: *Chinese business-owners, Thailand, border regions, management style, labour markets.*

Introduction

Thailand is emerging from a factory age that is characterized by an import-substitution, export-promotion paradigm based on OEM (original equipment manufacturing) factory-based production in areas such as textiles, clothes and electronic components. Increased labour costs have contributed to the declining competitiveness of this form of Thai industry and competition has intensified as neighbouring Vietnam and China can now

supply large pools of disciplined, well-educated, low-cost labour and significant incentives to foreign firms wishing to invest there. Preparations have been made to some extent in connection with the adoption of a new economic paradigm based on high added value in manufacturing and services and the entry into the knowledge or information economy. In spatial terms, this has meant taking measures to ensure that industrial growth takes place throughout the country and is not concentrated almost wholly in Bangkok, as has been the case in

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the past. New centres for further industrial growth include the eastern seaboard region to the south of Bangkok and the northern province of Chiang Rai and its surrounding area. This northern area is part of the region that has been called the 'Golden Triangle' and it brings together northern Thailand with Burma, Laos and China. A long history of migration and porous borders has meant that cross-border economic activities have flourished in this area, although some have in the past been illegal. New transportation infrastructure projects represent a further incentive for investors to look at Chiang Rai favourably. Spreading the economic base of the country was also consistent with the 2001-6 Thai Rak Thai administration's policy of reducing income inequality by developing the provinces of the country and, at the same time, reducing the impulse for internal migration which has contributed

to various social problems. Measures taken to promote Chiang Rai and its surrounding area are administered through a variety of government agencies, notably the Board of Investment (BOI). They include incentives for inward investment including subsidized inputs, tax holidays and the like, as well as infrastructure development and the signing of various international agreements to promote cross-border economic activities. Some efforts have been made to consider the labour market considerations of developments in Chiang Rai but, to date, these have been partial and lacking in co-ordination. One area which does require further examination is the role of the ethnic Chinese people in the region, who represent as a group an important component part of the business community. What are the features of this business community and to what extent does it differ from the kinds of

Table 1. Chiang Rai Gross Provincial Product at Current Market Prices.

ACTIVITY	Millions of Baht	%age
Agriculture	14,134	30.9
Agriculture, Hunting and Forestry	13,745	30.1
Fishing	389	0.9
Non-Agriculture	31,610	69.1
Mining and quarrying	322	0.7
Manufacturing	1,799	3.9
Electricity, Gas and Water Supply	746	1.6
Construction	1,811	4.0
Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles and Personal and Household Goods	8,736	19.1
Hotels and Restaurants	1,159	2.5
Transport, Storage and Communications	2,829	6.2
Financial Intermediation	1,828	4.0
Real Estate, Renting and Business Activities	2,597	5.7
Public Administration and Defence; Compulsory Social Security	3,131	6.8
Education	4,390	9.6
Health and Social Work	1,807	4.0
Other Community, Social and Personal Services Activities	359	0.8
Private Households with Employed Persons	98	0.2
Gross Provincial Product (GPP)	45,744	100
GPP Per Capita (Baht)	35,109	
Population(1,000 persons)	1,303	

Source: Chiang Rai Provincial Statistical Office.

Table 2. Labour Market Indicators for Chiang Rai Province.

Work Status	Male	Female	Total	Percentage
Employer	44,191	8,899	53,090	7.6
Government Employee	23,696	20,293	43,989	6.3
Private Employee	124,018	101,417	225,435	32.3
Own Account Worker	138,397	100,468	238,865	34.2
Unpaid Family Worker	47,900	83,704	131,604	18.9
Member of producers' cooperatives	906	4,055	4,961	0.7
Total	379,108	318,836	697,944	100

Source: Chiang Rai Provincial Statistical Office.

management styles commonly observed in mainland Chinese business ventures? These questions have been important motivating factors behind the research reported on in this paper. It continues with an explanation of the salient factors of the Chiang Rai region and of the presence of ethnic Chinese people within it. The methodology employed to collect data is explained and there is both a rich description of the nature of work and management in Chiang Rai and an analysis of the characteristics of Chinese business-owner management style.

The Chiang Rai Region

Chiang Rai province has a total area of some 11,678,369 square meters or 7,298,981 Rai and is in the far north of the country, bounded by Burma to the west, Laos to the east and Chiang Mai Province to the south. The total population of Chiang Rai is just under 1¼ million people. Table 1 below shows basic economic details about the province and Table 2 provides labour market indicators.

The labour force in Chiang Rai is about 714,094 people, of which 225,435 workers are in the private sector. However, only 43,723 workers are registered for social security, since the economy of Chiang Rai is based on agriculture and is largely informal in nature. Casual labour patterns extend throughout the province with average daily wages of between 80-120 baht – significantly below the stipulated legal minimum wage. Barter and labour

exchange are common. A principal source of labour is the hill tribes people who mostly live in mountain villages, together with Thai workers aged over 40. Most younger workers have migrated elsewhere for work.

Social Security Office records show that some 76.7% of employers in the province employ nine or fewer workers. Large companies are scarce. Unofficial retail shop workers in Chiang Rai are estimated at about 30% of the total of workers and Provincial Statistical Office figures for 2005 suggest that 18.9% of workers are unpaid family workers.

This study shows that, in general, people in Chiang Rai are quite well educated. Most people who pursue higher studies will go to work in other provinces such as Lampang, Bangkok, Samut Prakan and Rayong, since there is little work appropriate for new graduates in Chiang Rai. Many interviewees suggest that, though there are many technical colleges in Chiang Rai, there are very few factories requiring the skills possessed by the graduates produced by those colleges. Most of the factories that do exist are rice mills and the majority of all business operations in the province are directly related to agriculture, tourism or small and medium sized retail outlets. There are four universities in Chiang Rai: Rajabhat University, Mae Fah Luang University, Rajamangalah University of Technology and Mahachulalongorn - rajvitthayalai University. In addition, there are seven

institutions under the Vocational Education Department (one of which is the Chiang Rai Agriculture and Technology College), while a further five institutions fall under the office of the private education commission. This indicates that there is capacity for educating the future workforce, although the exact nature of the curriculum remains to be established as far as labour market planning is concerned.

The Chinese in Chiang Rai Region

The Chiang Rai region has had a history of migration for centuries. Peoples of a variety of different ethnicities have travelled into and through the region throughout that period, primarily using the deep and narrow river valleys for routes. The thickly forested and mountainous terrain limited the routes which it was practicable to take and reduced the ability of temporal rulers to control the region from a distance. Instead, a series of small-scale city states were established which drew upon the resources of the land of only short distances from the centre. In this region, Chinese settlers and traders also travelled, with migrant flows increasing at times of persecution or when economic problems were prevalent. In modern times, most Chinese migration in and around Chiang Rai was undertaken by members of the Kuomintang faction who were displaced from China by the victory of the Chinese Communist Party in the Civil War. Many of the Chiang Rai Kuomintang faction joined their colleagues in establishing a state in Taiwan and the connections between the two communities remain strong. Many Chiang Rai Chinese have migrated to Taiwan for work and tourist guides for parties of Chinese travelling to Bangkok are drawn from the region (Walsh and Techavimol, 2007). Although their lives in northern Thailand have not been without

problems, ethnic Chinese have not suffered from the large scale persecution and forced evictions that were inflicted upon them in Cambodia and Vietnam (e.g. Chang, 1985: 163-6). The principal reason for this is that the Kuomintang Chinese, who had mostly been part or descendants of the 93rd Infantry Division, agreed to fight on behalf of the Thai government against the so-called King of Heroin (or Opium), Khun Sa (Zhang Qifu), who had established a *de facto* independent state ranging across the Burmese border. In return, the Thai government agreed to offer Thai citizenship *en masse* to the Kuomintang faction, which represented a considerable advantage to them in subsequently managing to integrate themselves into the mainstream of society (Sturgeon, 2005, 106-18).

The ethnic distribution of people in the region is complex and often difficult to determine. In addition to hill tribes people who have migrated to the region and been offered citizenship or, at least, work papers (at least in part), there are other tribes people who have more recently entered Thailand from Burma, where they may have suffered persecution, but who are subject to continued official suspicion. Other Chinese migrants and settlers in the region have no connection with the Kuomintang refugees and are less likely to establish relationships with those who have. Many Chinese and others have married into Thai families, taken Thai names and are little different from their purely Thai neighbours. Ethnicity is something of a scaleable attribute and, as elsewhere in the Kingdom of Thailand, individual Chinese have integrated into Thai society on a personal and individualistic basis. Some continue to speak Chinese at home, some prefer to make deals with other Chinese and some send their children to Chinese language schools but there is no fixed pattern as to how this occurs (Ueda, 2000). The differential levels of integration

make it very difficult to provide accurate statistics on the numbers of Chinese in the Chiang Rai region. The lack of technical capacity in gathering statistics in government agencies compounds the problem.

Land ownership in Thailand is problematic since, while ostensibly all land belongs to the King, usage and custom principles mean that long-term occupancy of an area of land can serve to confer official ownership. In general, the Chinese who migrated to Chiang Rai with the Kuomintang faction have been in the country long enough for their ownership to be recognised, while those who have entered via Burma have not. Consequently, the former have become much wealthier (or less poor) than the latter, by and large.

The Development of Chiang Rai Region

The Chiang Rai region of Thailand has been identified as a suitable area for growth and economic development. Not only is it a natural centre for tourism but the integration of nations into the Greater Mekong Sub-Region (GMSR) has made it a gateway to Thailand for Chinese trade. The GMSR consists of Thailand, Burma, Laos, Cambodia, Vietnam and Yunnan Province of China. Guangxi Province of China is also entering the scheme. Governments are working together and through international organizations such as, particularly, the Asian Development Bank (ADB), to reduce trade and investment barriers and promote infrastructure in the region with a view to mutual growth. The Thai government created six strategies for Chiang Rai to take advantage of these developments: becoming the gateway for investment and linkages to foreign countries; promoting safe and hygienic agricultural industries; promoting competitive industries;

promoting handicrafts and the One Tambon One Product (OTOP) scheme; promoting tourism, notably eco-tourism and health and culture-related activities; using natural resources sustainably to develop and maintain the natural environment.

Perhaps the most visible form of economic development has been witnessed in the area of transportation development. Two new roads are being completed, which are known as R3E and R3W. The former links the capital of Yunnan Province, Kunming, with Chiang Rai via Laos; the latter takes the western route through Burma. Since the latter is subject to military interference and the actions of rebel ethnic groups, it is considered more dangerous and hence less preferable than the eastern branch. The R3E will take the route Kunming-Yu Xi-Yuan Jiang-Puer-Simao-Jinghong-Mo Hang-Pak Bang-Huay Sai-Chiang Kong. The final section will require a bridge to be built over the Mekong, which would be the third such bridge to help join Laos and Thailand. Construction was scheduled to begin in early 2009 and be completed in 2011, although it is possible that the military coup of 2006 will cause this to be delayed. The bridge will be part of a larger project to extend the port at Chiang Kong, with an area of 700 Rai (112 hectares) set aside for this purpose. However, owing to the long cultural heritage of the city, as well as concerns about the environmental impact of these construction projects, some protests have been made and more are likely to occur now after the relaxation of martial law throughout the country.

As He Shengda (2006) observes, the Chinese state and provincial level governments have numerous opportunities to improve the ability of economic actors within Yunnan to increase co-operation, including the establishment of better cross-border legal and transportation regimes, promotion of Yunnanese commodity

Table 3. Nationality and Investment Level of Corporations at Chiang Rai Industrial Estate.

ORIGIN	NUMBER OF PROJECTS	TOTAL INVESTMENT (BAHT)
Thailand	2,754	11,087,420,440
Japan	18	108,659,500
Singapore	7	103,190,000
China	75	91,735,500
Hong Kong	2	73,300,000
Malaysia	14	24,936,000
Other	78	66,545,800
Total	2,948	11,555,787,240

Source: BOI Figures

trades, strengthening tourism promotion, encouraging science and technology cooperation and similar measures. Governments on all sides have been quite good at talking up the possibilities of international cooperation but not always so good at finding ways of solving seemingly small but often intractable practical difficulties. Previous examples concerning the failure of the Singapore-Riau-Johor and Tumen River Growth Projects indicate the extent to which lack of trust and political will can undermine otherwise realizable and mutually beneficial agreements (Waldron, 1997).

Roads in general are preferable to river transport via the Mekong when goods being transported are perishable and comparatively light in weight. Transportation by the Mekong, on the other hand, is preferred when heavy goods of low perishability are involved. To promote riverine transportation, the Chinese government has blasted the rapids on the Upper Mekong in several places, thereby enabling larger boats to travel as far as Chiang Kong in northern Thailand. There are reports of at least some boats carrying oil on the River Mekong, which would cause incalculable damage were it to be spilled (Macan-Markar, 2007).

In addition to the port and bridge complex, the 2001-6 Thai Rak Thai government allocated an area of 16,000 Rai (2,560 hectares) in Chiang Kong for the

creation of an industrial estate. The estate is aimed at attracting foreign investment, particularly from China, in industries which would offer superior value-adding economic activities to those that currently occur in the region, using natural resources and existing comparative advantages as a basis. Various incentives have been offered by the Board of Investment (BOI) to encourage this (see Table 3). The project has to date been reasonably successful and Chinese firms are prominent among investment sources, although individual investment projects tend to be smaller than those from some other countries.

There is a strong desire for investment in the Chiang Rai industrial estate to lead to enhanced manufacturing technology and value-adding activities in the north of Thailand. As the Thai-Chinese FTA, together with the other international bilateral and multilateral trade agreements that together have come to be known as the 'noodle bowl' take effect (Razeen, 2006), it has been anticipated that better managerial and technical practices will enter into the Thai economy and may then be diffused throughout the country. Industrial estates act as a kind of hothouse for possible commercial collaborations of this kind. The relationship with China is considered to be particularly important in this respect because of the long history between the two countries and because future Chinese investment in the country is expected to be

very heavy. Currently, Chinese management styles (as described below) remain based on small scale operations. However, continued research in this area is aimed at monitoring changes to management style among relevant managers. It will also be aimed at understanding current and future needs in the labour market and used as a means for creating labour market plans for the country.

A further means of development of the GMSR is the promotion of cross-border trade. Chiang Rai Province has three border post entry points:

1. Mae Sai (Thailand) to Ta Chi Lek (Union of Myanmar).
2. Chiang San (Thailand) to Ton Purk (Lao PDR).
3. Chiang Kong (Thailand) to Huay Sai (Lao PDR).

Border trade in the region may be official or unofficial in nature and may focus on the processing of raw products for subsequent re-export to the original home. Organized crime is also a hazard along border trade regions (Rojanasang, 2005). Reducing the customs delays and improving the trade infrastructure will be an additional area in which cross-border co-operation might be able to produce benefits for all parties involved. This is particularly true for Thailand, since current figures show a significant surplus in the balance of trade via border posts.

Methodology

This research is based on a series of qualitative interviews conducted in Chiang Rai and Bangkok, largely during November 2007. Face to face interviews were supplemented by telephone interviews when it proved difficult to obtain access or for other practical details. Interviews

varied in length but averaged an hour each. Respondents included Chinese business owners, government officials or other relevant individuals, such as officials of industrial estates, border and customs posts and business associations. Respondents were invited to name other people who it would be useful to interview, according to the snowball technique. Interviewing continued until it became clear that no new potential respondents were being nominated by interviewees and no new information was being uncovered. A semi-structured agenda was constructed prior to each interview, featuring issues related to business and management experiences and philosophies. Since respondents varied in terms of their background, the interviews were allowed to be constructed according to the particular interests and opinions of the individuals concerned. This is a method that has produced successful results in the past (e.g. Reid, Walsh and Yamona, 1999; Reid and Walsh, 2003). Triangulation is provided by the snowball method described above and by the accumulation of secondary research, including statistics, media reports, academic journals and government reports. The interviewer also maintained a research journal in which were recorded all relevant and noteworthy events and impressions that took place during the research period.

More than 60 interviews have been completed and analysed and this work is part of a larger doctoral research program. Interviews were conducted in either Thai or Chinese as appropriate and subsequently transcribed from notes made at the time and translated into English. The interview transcripts were entered into a database with other relevant materials and subjected to critical and content analysis. In concordance with the principles supporting grounded theory, the researchers became immersed in the data with a view to permitting theories to emerge from the

data, rather than following a quantitative method which begins with the formulation of hypotheses and then seeks means to test these through data collected (Glaser and Strauss, 1967).

It is clear that the timing of the interviews had an impact upon the opinions of many respondents. Thailand suffered a military coup in September 2006, which interrupted a period of significant economic growth for the Kingdom and also the reduction of income inequalities. Investor confidence, particularly international investor confidence, was strongly shaken by the coup and by a number of policy decisions made by the junta-appointed assembly thereafter. Respondents looked forward to the general election scheduled for December 23rd, 2007 as the start of a new period of confidence and growth but it was not entirely certain that this would arise. If the interviews had taken place at a different time, then it is quite likely that many respondents would have had different opinions. However, the economic and political situation affected all respondents in the same way.

Results and Discussion

Business and Work in the Chiang Rai Region

Economic activities in the Chiang Rai region remain dominated by agriculture, most of which consists of subsistence rice growing supplemented by some vegetable and fruit growing. The Thai-Chinese FTA has made some types of vegetable-growing uncompetitive and farmers who had previously relied upon this are suffering. As ever, when faced with economic difficulties, people are attracted to the idea of migrating for work, either to employment magnets in Thailand (principally Bangkok, the eastern Seaboard

region or the industrial park at Lampang) or overseas, notably to Taiwan where historical and familial connections facilitate the movement of workers back and forth from Thailand and language difficulties are significantly lessened. The Taiwanese government has been hiring large numbers of Thai workers for construction and expansion of the underground mass transit system, in addition to various other opportunities in the construction and service industries.

It is not only those facing economic problems who are tempted to migrate for work. University graduates too find themselves priced out of the local market. Thai society, like Chinese, places great value on education and this is reflected in the high correlation between educational attainment and salary level. Unfortunately, there are few opportunities in the Chiang Rai region for recent graduates whose degree guarantees a comparatively high entry level salary but whose lack of work experience ill-suits them to immediate employment. Under current circumstances, therefore, it is almost certain that the highest-achieving young people are required to move to Bangkok or elsewhere to find suitable work. On the other hand, the lack of labour market planning throughout the country as a whole means that emerging opportunities go unmet. The opening of the riverine trade system has caused a need for candidates to work in the customs department. However, few if any graduates have the necessary skills or experience and so the customs service is under-manned and this contributes to a bottleneck in the development of trade.

Ethnic Chinese young people customarily study in the state-mandated Thai schools during the day and in Chinese-language schools after hours. This means they have language skills sufficient to equip them for working in Taiwan or the mainland of China and can work in

local but internationalized businesses. Since these young people often have an opportunity to work for a family business concern, their attention to relevant skills and qualifications tends to be more focused than their purely Thai counterparts.

The riverine and road-based trade systems provide opportunities for wholesaling, distribution and business support services which are currently not being met. Partly because the Chiang Rai ethnic Chinese feel little connection with most of the mainland Chinese traders, few business relationships have been established between the two sets of people. Consequently, few of the benefits of the trade system are retained in the Chiang Rai region and used by the local people. Instead, traders pass through Chiang Rai and minimize delay there. One of the developmental issues facing authorities in the region is to devise means by which more of the benefits of trade may be retained locally.

In addition to petty cross-border trading, the most common local economic activities tend to feature tea-growing, especially among the Chinese community. Tea growing of course has a long cultural history in China and this both enables local people to have knowledge of the plant and its care and also inspires demand for the product among Chinese communities. Tea is grown on the mountain slopes and harvested by hand. Tea collectors are mostly drawn from the hill tribes people who live in the region, of whom the Akha are the largest contingent. Work is customarily offered on a casual daily basis and wages vary according to the amount of tea collected. Wages average 120-200 baht per day, compared to the minimum daily wage rate of 146 baht. Lunch may or may not be provided. The hill tribes people are provided with mandatory state education and this has the effect of equipping them with sufficient Thai language skills to be

able to work in waged employment. There are also many migrant workers from Laos and Burma in the area, many of whom are unofficially present. Burmese workers may be day-workers, crossing the border in the mornings and returning home in the evenings or they may be refugees or semi-permanent settlers. The persecution of many Burmese ethnic groups by the central government provides an ongoing incentive to people to seek security and income across the border with Thailand. One of the implications of this supply of labour, which is essentially unskilled and undifferentiated, is to suppress wages and to encourage business owners to continue to use low cost labour for the principal or even sole source of competitive advantage.

Tea may also be dried and processed for sale, either in the local market or exported overseas. The technology required for this process is basic and widely available. Some business owners also operate tea houses, at which customers can sample the products and purchase more if they wish. Tea houses are common in Chinese culture and have become popular throughout Chiang Rai for local people and tourists alike. Some workers are employed in the tea houses but this employment is generally casual and unregistered, although this is not always the case. The tea sector is part of the interaction with tourism, which is set to become the most important revenue-earning activity for the region. The tourism sector is segmented semi-formally between western tourists and local (Thai) and Chinese tourists. The former generally arrive by air or via a backpacking trip and are interested largely in sightseeing and eco-tourist activities. The second group may also share some features with the former but are more likely to be attracted by the presence of illegal casinos in the border zones. Casinos offer gambling opportunities and are also associated with related activities which may be legal

or semi-legal. Tourism is an industry of considerable importance to Thailand as a whole and a great deal of government resources have been devoted to promoting it. Vocational training is required to create a more productive labour force in this respect, with particular attention paid to language skills and service mentality. It is unfortunate that most of the jobs created by tourism tend to be low-wage service-sector jobs which are not particularly attractive to potential employees, who are not motivated to undergo training to gain the positions. Most Thai tourism ventures are, like ventures in nearly all other industries, based on a low wage cost, low productivity model in which many employees are hired but do comparatively little real work. Expanding tourism would absorb many workers, therefore, but has few mechanisms to ensure that employment growth would be accompanied by significant levels of productivity gain or increased income generation.

Managerial Style

Business in the Chiang Rai region is characterised to a significant extent by its unofficial, semi-legal nature and by the impact this has on employers and employees and the state and its agencies. This is manifested by low level harassment of hill tribe and migrant workers by the police, for example, as well as the lack of health and safety standards or other rights for workers. Regularizing the labour market will be problematic since important stakeholders have strong incentives not to participate in such schemes and the capacity of state agencies is limited. However, this would be, following the work of de Soto (2000), the most important means of creating sustainable increases in competitiveness in the future. In the current situation, Chinese business-owners display certain characteristics which mark their managerial

style and these include the following:

Basic core and periphery model: as seen in the tea growing and processing firms in particular, the Chinese business owners operate a business model familiar from the concept of the Chinese Family Business (CFB). That is, the central part of the business consists of family members and control of key assets (land and plant) that enables competitive advantage. Other business inputs, chiefly labour, are provided by peripheral figures who work on temporary or casual basis and are easily replaced. Dynamics of supply and demand in the labour market of Chiang Rai mean that labour wage rates remain low and workers are easily replaced:

Diversification not growth: rather than try to extend their holdings in a particular industrial sector above the limit of efficiency, Chinese managers prefer to diversify into related or unrelated activities. Efficiency is defined by the ability of a single business-owner to oversee all aspects of a business conveniently. For example, land owned for growing tea is not increased beyond the limit that one person can manage. Instead, the business-owner diversifies into tea processing and export or retailing. Analysis of the interviews suggests that diversification is preferred because it means individual business activities remain small and can be managed by one person, which is consistent with the CFB model. Growth of a single business ran the risk of leading to the dilution of control by the business-owner.

Low value added activities: most Chinese business owners commonly avail themselves of obvious forms of competitive advantage – cheap labour and unregulated land ownership – as the means for deriving income. Future change will be dealt with by diversification and there is little interest in creating sustainable enterprises. Trust and loyalty between employers and employees is typically low, according to interviewees.

A number of employers mentioned that they considered workers to be largely interchangeable and did not care who came to work, as long as the work was done. Similarly, the behaviour of workers, according to interviewees, is to come to work only when they wanted to and stay away when they had other things to do.

Network creation: Chinese business-owners have followed the process of creating and enhancing network connections with appropriate colleagues both locally and across borders. Long-term connections with Taiwanese Chinese mean that business arrangements with Taiwan have tended to outweigh and out-value those with the mainland of China. Those new business opportunities brought about by increased transport links with the mainland have not always, therefore, automatically enhanced the businesses and business links of local Chiang Rai ethnic Chinese business owners. On the other hand, cross-border connections have been as important as local connections, although there have been difficulties in co-ordinating activities in neighbouring Burma and Laos because of the intervention or absence of appropriate government agencies.

The research confirms to some extent previous studies which describe the Chinese management style as being autocratic, hierarchical and people-centric in nature (e.g. Chen, 1995; Wong, Wong and Heng, 2007; Kim et al., 2007). It also shows it as being opportunistic and pragmatic, as well as being aimed at income generation rather than technical expertise or long-term control of specific assets or resources. These characteristics are quite commonly found in migrant communities, although this is not necessarily always the case. However, it is also clear that spatial, ethnic and ideological-historical factors also have impacts upon the formation of businesses and of business connections.

Conclusions

It is possible to overstate the importance of a national or cultural managerial style in a world in which multiple international influences affect firms and in which managers may well have had international education or experience. Further, these processes may well have significantly affected the cultural bases on which much managerial style depends, as too may have historical factors. For example, a great deal of Chinese thought and culture is based on the deep integration of Confucian ideals, particularly in terms of valuing the mutually beneficial relationships that underpin morality and society. One such relationship, at least as it is portrayed in the modern world, is between employer and employee. Under the Communist economic system, this relationship was manifested in the iron rice bowl, by which an employee would expect the employer to provide wages (i.e. rice) for the rest of his or her life. Once market systems replaced Communist ones, this relationship broke down as incommensurate with international competitiveness. This provided an opportunity for a break to be established between culturally-influenced behaviour and market-based economic activities. In short, the connection between ethical behaviour and the management of business enterprises has been broken and replaced by rational models that may have been imported from the internationalized management education literature. Even so, as this research has indicated, local spatial and comparative advantage factors retain important influences in determining management style and practice.

One implication of this has been the use of a core-and-periphery management system and this is likely to prevail for the foreseeable future. The need for skilled labour in the future will, consequently, also employ such a model and this will chime with current behaviour of skilled labour

in Thailand, which perhaps because of supply and demand effects tends towards job-hopping behaviour. The issue of labour mobility should be considered here. There is also a clear need for mechanisms to create

integration between the demand for skills and competencies and the institutions mandated to create those skills and competencies. In these and other areas, future research will inevitably be of considerable importance.

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