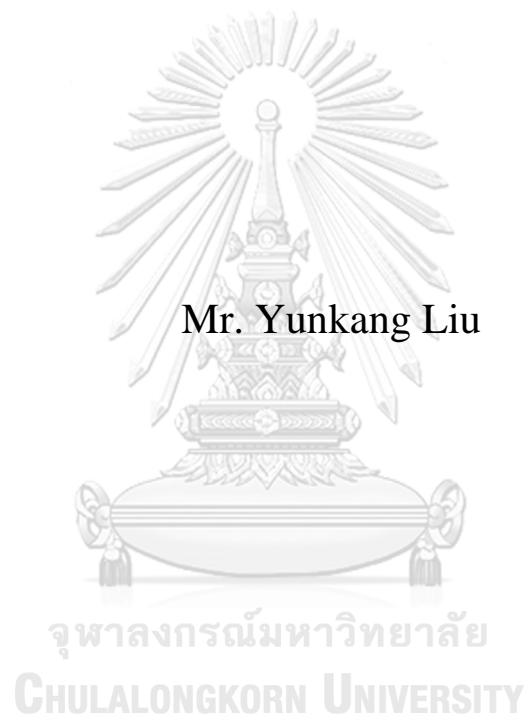


**Social Innovation and Inclusive Business Model for the Bottom
of the Pyramid: A Case Study of Organic Tourism Ecosystem in
Thailand**



Mr. Yunkang Liu

**A Thesis Submitted in Partial Fulfillment of the Requirements
for the Degree of Master of Arts in International Development Studies
Common Course
FACULTY OF POLITICAL SCIENCE
Chulalongkorn University
Academic Year 2020
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นวัตกรรมการทางสังคมและแบบจำลองทางธุรกิจโดยรวมสำหรับฐานล่างของพีระมิด : กรณีศึกษา
ระบบนิเวศการท่องเที่ยวอินทรีย์ในประเทศไทย



วิทยานิพนธ์นี้เป็นส่วนหนึ่งของการศึกษาตามหลักสูตรปริญญาศิลปศาสตรมหาบัณฑิต
สาขาวิชาการพัฒนาระหว่างประเทศ ไม่สังกัดภาควิชา/เทียบเท่า
คณะรัฐศาสตร์ จุฬาลงกรณ์มหาวิทยาลัย
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Thesis Title Social Innovation and Inclusive Business
Model for the Bottom of the Pyramid: A
Case Study of Organic Tourism
Ecosystem in Thailand
By Mr. Yunkang Liu
Field of Study International Development Studies
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ของพีระมิด : กรณีศึกษาระบบนิเวศการท่องเที่ยวอินทรีย์ในประเทศไทย .

(Social Innovation and Inclusive Business Model for
the Bottom of the Pyramid: A Case Study of Organic
Tourism Ecosystem in Thailand) อ.ที่ปรึกษาหลัก : ศิริมา ทอง
สว่าง

ความไม่เท่าเทียมกันทางสังคมและความยากจนเป็นปัญหาหลักๆที่คนในยุคศตวรรษที่
21เผชิญอยู่ ในเวลาเดียวกันยังเกิดช่องว่างระหว่างรายได้ รวมถึงการพัฒนาในชนบทและใน
เมืองยังไม่มีความสะดวก อีกทั้งความจนยังเป็นอุปสรรคของไทยที่จะบรรลุเป้าหมายการ
พัฒนาที่ยั่งยืน ของ United Nation ในปี 2030 จึงมีความจำเป็นที่จะต้องสำรวจรูปแบบ
การพัฒนาใหม่ๆ โดยมีการสนับสนุนนวัตกรรมทางสังคม ในทางกลับกัน ในช่วงไม่กี่ทศวรรษ
ที่ผ่านมา ภาคเอกชนเป็นตัวหลักที่กระจายผลิตภัณฑ์รวมในประเทศ(GDP) ในภูมิภาค
อาเซียน ซึ่งเป็นสิ่งสำคัญที่จะกระตุ้นให้ภาคเอกชนสามารถกระจายการพัฒนาไปในท้องถิ่นได้
นวัตกรรมทางสังคมและแบบจำลองทางธุรกิจ โดยรวมมุ่งเน้นประโยชน์ของฐานล่าง
พีระมิด และสนับสนุนการพัฒนาที่ยั่งยืนในด้านสิ่งแวดล้อม สังคม และเศรษฐกิจ ในอีกด้าน
หนึ่ง อุตสาหกรรมท่องเที่ยวของไทยยังส่งผลดีกับเศรษฐกิจ แต่บางงานวิจัยเผยว่าการท่องเที่ยว
ยังแสดงให้เห็นได้ชัดถึงความแบ่งแยกระหว่างคนรวยและคนจน และการกระจายความมั่งคั่งที่
แย่ลงกว่าเดิม ในงานวิจัยนี้ได้เลือกกรณีศึกษาที่สวนสามพราน โครงการท่องเที่ยวอินทรีย์ใน
จังหวัดนครปฐม ประเทศไทย ซึ่งอาศัยวิจัยเชิงคุณภาพ โดยการสัมภาษณ์เชิงลึกกับผู้มีส่วนได้
ส่วนเสียอื่นๆในโครงการนี้ เพื่อวิเคราะห์บทบาทของภาคเอกชนของรูปแบบนวัตกรรมทาง
สังคมและแบบจำลองทางธุรกิจโดยรวม และเพื่อส่งเสริมการเติบโตของสังคมไทย งานวิจัยนี้
พบว่าพัฒนานวัตกรรมทางสังคมและแบบจำลองทางธุรกิจโดยรวมในอุตสาหกรรมการ
ท่องเที่ยวอินทรีย์ช่วยปรับปรุงวิถีชีวิตที่ยั่งยืนของพีระมิดฐานล่าง นำไปสู่การลดความยากจน
และส่งเสริมความเท่าเทียมกันในสังคมไทย นอกจากนี้ งานวิจัยนี้อาจสามารถช่วยตรวจสอบ
ความท้าทายในการนำนวัตกรรมทางสังคมและแบบจำลองทางธุรกิจโดยรวมไปใช้ใน
อุตสาหกรรมการท่องเที่ยวอินทรีย์ในประเทศไทยได้อีกด้วย

สาขาวิชา การพัฒนาระหว่างประเทศ ลายมือชื่อ

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ลายมือชื่อ อ.ที่ปรึกษา

หลัก

**# # 6284008124 : MAJOR INTERNATIONAL
DEVELOPMENT STUDIES**

KEYWORD Inclusive Business Model, Bottom of the Pyramid

RD: (BoP), Organic Tourism, Nakhon Pathom

Yunkang Liu : Social Innovation and Inclusive Business Model for the Bottom of the Pyramid: A Case Study of Organic Tourism Ecosystem in Thailand. Advisor: Dr. SIRIMA THONGSAWANG, Ph.D.

Social inequality and poverty are major challenges facing all humans in the 21st century. At the same time, income gaps, uneven development of urban-rural, and poverty as the stumbling block of Thailand to achieving the UN 2030 Sustainable Development Goals. It is necessary to explore new development models by promoting social innovation. On the one hand, in the past few decades, the private sector is one of the main contributors to Gross domestic product (GDP) growth in the ASEAN region. It is important to encourage the private sector to assume more responsibilities for contributing to local development. The inclusive business model as a business approach with a focus on the improved benefits of the “Bottom of the Pyramid” community, and promote sustainable development economically, socially, and environmentally. On the other hand, the tourism industry has contributed to Thailand’s economic prosperity and poverty reduction, but some research shows that under certain circumstances, tourism has also deepened the fissures separating the rich and poor, and worsens wealth distribution. In this thesis, an inclusive business case study was selected which call the "Suan Sampran" organic tourism project in the Nakhon Pathom province of Thailand. Based on the qualitative research method through in-depth interviews with different project stakeholders, to analyze the role of the private sector’ inclusive business model on promoting inclusive growth for Thai society. This research finds that develop inclusive business in the organic tourism industry helps improve the “Bottom of the Pyramid” community’s sustainable livelihoods which leads to promoting poverty reduction and social equality in Thailand. Besides, this research may also help to investigate the challenges in implementing the inclusive business model in the organic tourism industry of Thailand.

Field of Study: International Development Studies Student's Signature

Academic Year: 2020 Advisor's Signature

ACKNOWLEDGEMENTS

At the end of my Master degree study at the Faculty of Political Science, Chulalongkorn University, I would like to acknowledge those who have supported my learning and helped made this research possible.

I would like to express my gratitude to my supervisor Dr. Sirima Thongsawang, whose expertise and patience significantly added to my study experience. I am also deeply thankful to the chairman of my thesis Dr. Carl Middleton, and my thesis committee Dr. Ampa Kaewkumkong, for sharing their knowledge and guidance.

I would like to special thank Managing Director Mr. Arrut Navaraj, and Director of Sales and Marketing Ms. Angkana Jinanont from Suan Sampran for their help and support during the fieldwork. I wish to express my appreciation to all MAIDS program lecturers and staff for their help and support over the past year.

Last but not least, I am deeply grateful to my family, my friends, my classmates, who have put up with me and been relentlessly supportive.

Yunkang Liu



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CHULALONGKORN UNIVERSITY

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Abbreviation

ASEAN -Association of Southeast Asian Nations

APEC-Asia-Pacific Economic Cooperation

AEC-ASEAN Economic Community

ADB-Asia Development Bank

ACT-Organic Agriculture Certification Thailand

BoP- Bottom of the Pyramid

CSR-Corporate Social Responsibility

FAO-The Food and Agriculture Organization

GDP-Gross Domestic Product

G20-Group of Twenty

IFOAM-International Federation of Organic Agriculture Movements

NGOs-Non-Governmental Organisation

OECD-The Organization for Economic Co-operation and Development

SMEs-Small and medium-sized enterprises

SDGs-Sustainable Development Goals

TCEB-Thailand Convention and Exhibition Bureau

UN-United Nations

UNDP-United Nations Development Programme

UDHR- Universal Declaration of Human Rights

WTTC-The World Travel & Tourism Council

Thesis Structure

The first chapter lays out the importance and significance of this research. Introduce the main concept and challenges of Thailand as a developing country in the ASEAN region from the perspective of poverty and social inequality, discusses the important role of the private sector in promoting inclusive development at the local level, and also introduces the research objectives, research questions, and research hypotheses of this thesis. The second chapter based on a literature review of the theoretical concept of social innovation and inclusive business model for the BoP (Bottom of the Pyramid) community development, identify the Thai BoP (Bottom of the Pyramid) population from the poverty and social inequality perspective, the Thai national development strategy for the BoP (Bottom of the Pyramid) community transformation, and also introduce the background of the selected case study for this thesis which an organic tourism project in Nakom Pathom provinces of Thailand.

The third chapter will introduce the research methodology of this thesis, which mainly uses the qualitative research method which in-depth interviews to collect primary data. Then the sampling, data collection, and analysis tools were also introduced. The fourth chapter will introduce the main findings from the fieldwork at Nakom Pathom through interviews with different target groups, and the findings will be shown based on the research objectives which understand the impact of inclusive business models on the BoP (Bottom of the Pyramid) community's sustainable livelihoods, and explore the challenges of private sector implementing the inclusive business model in the organic tourism industry of Thailand.

The last chapter is to verify the research hypothesis based on the analysis of research findings from fieldwork and discuss the main findings by link with the conceptual framework and other theories. In the end, make a summary of this thesis, and put forward a recommendation and future study for improvement.

Chapter One

Introduction

1.1 Background of Problem

The word “inequality” can be explained from different perspectives, according to the description of the Oxford Dictionary which interpreted “inequality” as the unfair difference between different groups of people in society, when someone has more power, wealth, status, or opportunities than others. It also can be defined from the development practice perspective which inequality can be income inequalities, capability deprivation, and poverty (Amartya Sen, 1995). On the one hand, Social inequality not only implies the lack of equality of economic outcome but also the lack of equality of access to opportunities (UNDP, 2013) such as unequal access to employment and education. Then there are inequalities in various substantive aspects of human well-being, in terms of income level, education level, health status, etc (UNDP, 2013). On the other hand, social inequality and poverty are the major significant issues and challenges facing all humans in the 21st century, and promoting equality and anti-poverty are also major objectives of the UN 2030 Sustainable Development Agenda. Some scholars have explained and analyzed poverty and social inequality from a different perspective. As (Kuznets,1955) mentioned that inequality will arise from the initial stages of development of agricultural-based societies, and it will increase with industrialization and countries urbanizing with growing economies. The common understanding of social class as different social communities based on their status of social, economic, political, and educational. The concept of social class also can reflect the social and economic inequality remain the main barrier to the economic progression of individuals and communities around the world.

The global economic and financial crisis has also straightened struggles among various classes with rising inequalities by the neoliberal capitalist crisis and its impact on labor (Kotz, 2009). Both Max Weber and Karl Marx have described social inequality differently. Weber distributed inequality not only in terms of property

ownership but also included power and popularity, in addition to wealth. According to the theory from Karl Marx distributed the factors which can be related to unequal social class is property ownership, such as factories or other equipment. His theory also focuses on the social conflict between different social classes, such as the bourgeoisie and the proletariat. The bourgeoisie is the owners of production including the factories, equipment, and land which are used to produce wealth. And the proletariat is the labor class. From point of view of Marx, the bourgeoisie exploit workers in capitalist societies, and they pay enough food and based salary for workers, and workers have a false consciousness that they do not realize they are being exploited, in other words, inequality increase between the capital owners and other fewer capital owners of the society (Piketty, 2014). However, some scholars also criticized Marx's theory, Marshall points to the capitalist using their own capital to invest in the business, which ultimately produces job and productivity (Bucholz, 1998). Without market capitalism there will be neither rising living standards nor the worker can improve his livelihood. Furthermore, the way to deal with the rise in inequality will cause a negative impact on the system of capitalist economies that have created huge economic benefits to the world (Watkins & Yaron, 2016).

According to the research from the Economic and Social Affairs Department of the UN which shows that the inequality in income distribution has grown in developing countries of the past few decades, but the trends are different in different countries or periods and also depends on which indicator was used. According to the Credit Suisse Global Wealth Databook in 2018, half of the global population lives at the bottom level who owned less than 1 percent of all global wealth, then the top 10 percent richest owned 85 percent and the top 1 percent held almost half of it. The statistics data from the World Bank also show that 42 percent of the world's population lived under the international poverty standard which was \$1.90 per/day in 1981, and this number had decreased to 35 percent in 1990. In the case of Thailand, where the Thai economy maintained a relatively stable growth from an average rate of 4.5 percent in 1999 to 2.3 percent in 2019 after the Asian Financial Crisis. In the last few years, the number of poor people has increased to more than 6.7 million in 2018 (World Bank, 2019). Due to some uncertainty risks, such as the decline of agricultural

prices and climate change has deepened the impact on poverty and inequality problems in Thailand. The Thai communities have experienced different transition periods, from self-sufficient farming systems to commercial agriculture, from traditional society to modern society (UNDP, 2012) which many communities improved the quality of their lives economically and socially with increased income and access to more opportunities. There are many different traditional development strategies for contributing to lower-income community transformation such as local community enterprises and small-credit schemes. Thailand also has a unique development model which is “Sufficiency Economy Philosophy” promoted by the former King Bhumiphol Adulyadej, and it also a character approach to local community development. Besides, under a sufficient economy, the local community can achieve self-sufficiency and be more focused on the nation's market and economy instead of depending on international investments or market (Murphy, 2009). On the other hand, the local government is paying more attention to promoting social innovation which encourages people to create new development approaches to address the inequality and poverty issues for Thai society.

Overall, social inequality and poverty issues are the major challenges facing Thailand in the 21st century. At the same time, income gaps, uneven development of urban-rural, and poverty as the stumbling block of Thailand to achieving the UN 2030 Sustainable Development Goals. It is necessary to explore new development models by promoting social innovation. In the past few decades, the private sector has been the main contributor to the Gross Domestic Product (GDP) growth in ASEAN countries. It is important to encourage the private sectors to assume more responsibilities for contributing to local development. However, some research shows that most of the private sector's business model is economic development-oriented rather than society or environmental development-oriented, and the unequal wealth distribution system has also led to inequality in social development. For example, the tourism industry is one of the major contributors to Thailand's economic prosperity and poverty reduction. Under certain circumstances, tourism has also deepened the fissures separating the rich and poor, and worsens wealth distribution. The inclusive business model is a business based approach with focus on the improved benefits and

sustainable livelihoods of the BoP (Bottom of the Pyramid) community, and promotes more inclusive development economically, socially, and environmentally. All in all, it is an important reason to rethink the inclusive development model for the BoP (Bottom of the Pyramid) community to improve poverty reduction and social equality. In this thesis, an inclusive business case study was selected which is the "Suan Sampran" organic tourism project in the Nakhon Pathom province of Thailand. Based on the case study which may be used to analyze the relationship of the inclusive business model and promoting the BoP (Bottom of the Pyramid) community's sustainable livelihoods, and explores the role of inclusive business to address the social inequality and poverty of Thai society.

1.2 Research Objective

The objective of this research as follows:

To assess the impact of the inclusive business model of farmers' sustainable livelihoods in the organic tourism industry of Thailand

To investigate the challenges in implementing the inclusive business model in the organic tourism industry of Thailand

1.3 Research Questions

1: What is the impact of the inclusive business model on farmers' sustainable livelihoods in the organic tourism industry of Thailand?

*Sub question 1: What are the achievements of the inclusive business model for improving farmers' sustainable livelihoods in the organic tourism industry of Thailand?

*Sub question 2: What are the limitations in the inclusive business model for improving farmers' sustainable livelihoods in the organic tourism industry of Thailand?

2: What are the challenges in implementing the inclusive business model in the organic tourism industry of Thailand?

1.4 Research Hypothesis

Innovation and the inclusive business model are useful for improving the socio-economic circumstances of the BoP (Bottom of the Pyramid) community which leads to promoting inclusive development of Thailand.

Based on the objective of the research, I selected an organic tourism case study in Thailand to infer the research hypothesis. This thesis hypothesized that innovation and inclusive business model can be a business based approach for private sectors to contribute to the BoP (Bottom of the Pyramid) community's sustainable livelihoods in Thailand. The private sector develops inclusive business to encourage the BoP (Bottom of the Pyramid) community to join the business value chain which can share resources and capabilities among different stakeholders. In the long perspective, an inclusive business model may also be useful for rebuilding a cross-sector partnership and wealth distribution system, thereby helping to promote poverty reduction and social equality in Thailand under certain circumstances.

1.5 Justifications for the Research

First, the United Nations has seated up a Sustainable Development Goals 2030 agenda to accelerate the achievement of the goal of eliminating poverty and reducing social inequality. In Southeast Asia, Thailand has also faced the same problems of poverty and social inequality which are the important factors to promote the social movement of Thailand in the past few years. Promoting poverty reduction and social equality is not only related to human development but it also contributes to maintaining social stability, and achieving inclusive development of society. According to the Bangkok Post (2018), the private sector has played a significant role

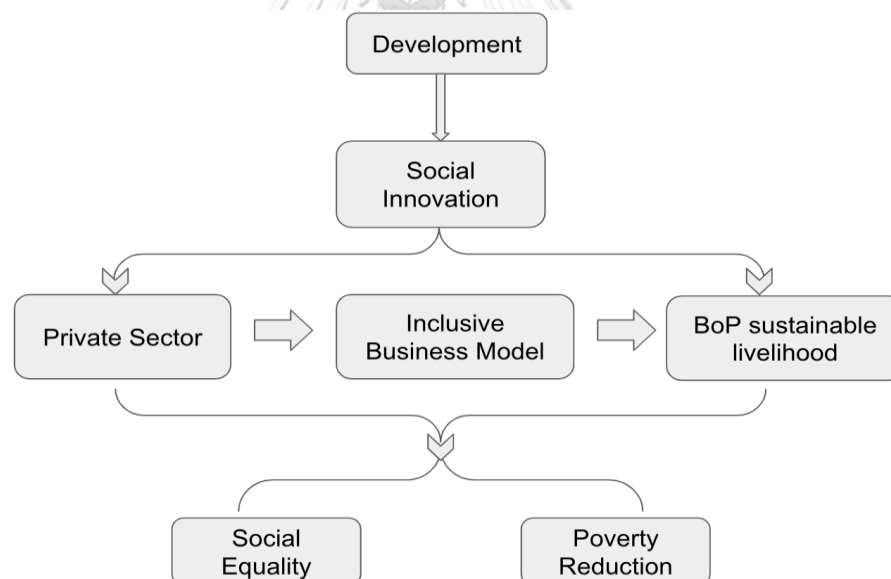
in the economic development of ASEAN. However, due to the distribution of social wealth under the existing political, social, and economic structural system, the outcome of national development and prosperity is not always equally distributed to everyone. On the other hand, through literature review, the BoP (Bottom of the Pyramid) communities in Thailand are mainly from the agricultural sector who are small household farmers in rural areas. Many farmers have no full land ownership, unequal opportunities to access natural resources, and lack capabilities compared to the wealthy class. This makes it important to do research focusing on the role of the private sector in supporting local inclusive growth by innovating their business model to make business models more inclusive, in which the private sector not only focuses on the profit but also can promote more equal wealth distribution and build more "Win-Win" cooperation model with the local BoP (Bottom of the Pyramid) community. In the end, the research result of this thesis may also help to explore the potential "business based approach" (Inclusive Business Model) for local development led by the private sectors in Thailand.

1.6 Conceptual Framework

The concept of social innovation is the process of creating new development ideas and social structure that aims to meet social needs through a better solution than the existing one. Applying the concept of social innovation into the private sector business model innovation process in which the private sector not only creates a new development model for economic growth, but also creates social and environmental value. On the one hand, the private sector is one main contributor to Thailand's national development. Promoting social innovation can also improve the private sector's innovation capability to explore new business models and investment opportunities. For example, the inclusive business model is a "business-based approach" for local development which is mainly led by the private sector, and the private sector tries to innovate its business model from the traditional business model

which is profit-oriented to be more social or environmental-oriented by promoting social innovation. At the same time, under the macro environment of the free market economy, free market competition encourages the private sector's business innovation to meet social needs. On the other hand, based on the inclusive business model, the private sector can better collaborate with the local BoP (Bottom of the Pyramid) community by sharing resources and capabilities with each other, so that the BoP (Bottom of the Pyramid) community can have more opportunities to maintain their sustainable livelihood. Moreover, from the long term development perspective, this model may also help promote local poverty reduction and social equality by encouraging the private sector to innovate its business models to be more inclusive.

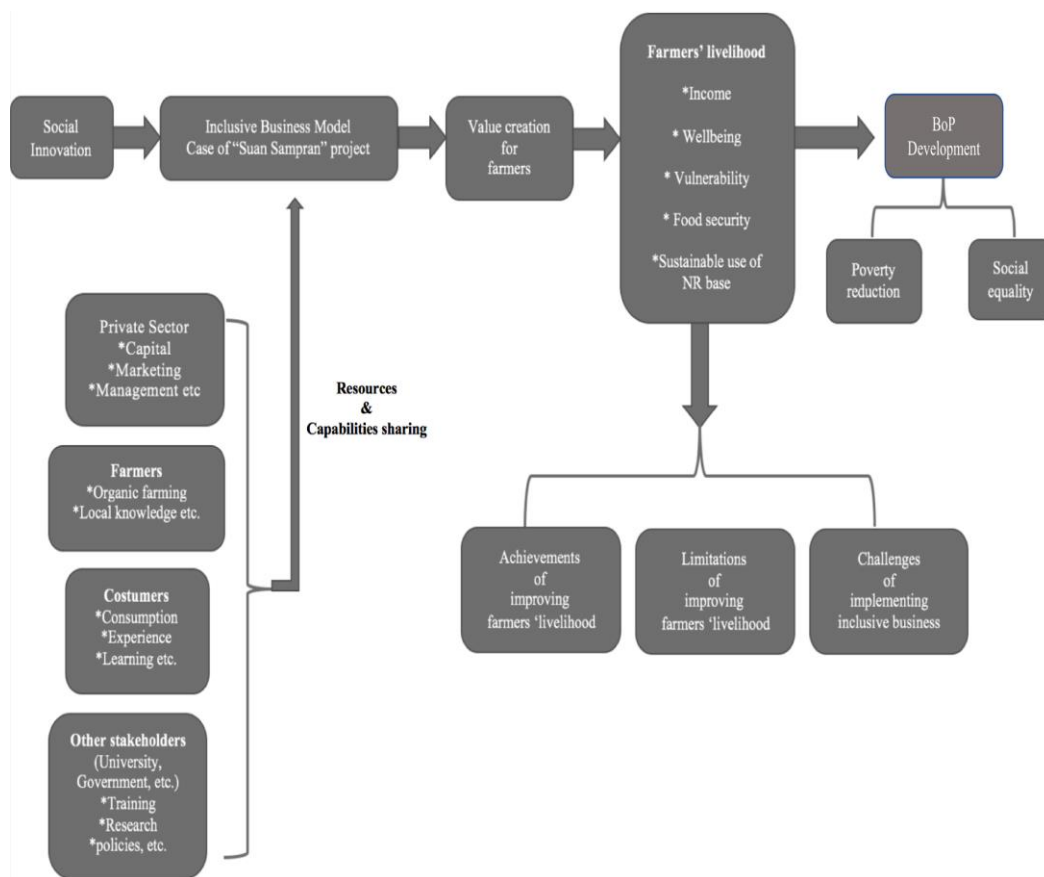
Figure 1: Main Conceptual Framework



It is interesting to explore internal relationships by building the link between inclusive business and the BoP (Bottom of the Pyramid) community sustainable livelihoods. Based on the literature review, which creates a knowledge framework of poverty and inequality based on different academic perspectives. According to the information from international and local organizations to understand the BoP (Bottom of the Pyramid) population and current economic and social structure of Thailand, for

example, the BoP (Bottom of the Pyramid) population are mainly from the agricultural sector who are small household farmers in rural areas. Based on the Sub-Conceptual Framework will help to better understand more detail which shows in the belong:

Figure 2: Sub-Conceptual Framework



First, social inequality and poverty are major challenges faced by many lower-income Thais. Through promoting social innovation to meet development needs in which creating an inclusive business model as a commercial approach to integrating the different stakeholders such as the private sector, local communities, customers, government, and universities into the business value chain, thereby rebuilding a sharing of resources and capabilities platform, and contributing to the economic and social transformation of the BoP (Bottom of the Pyramid) community.

For example, the private sector can share capital investment, marketing management, and business networks. The farmers can share their agricultural knowledge and production capacity. The customers can consume, learn, and experience through organic tour visits, and other stakeholders like universities and the local government can share their resources and capabilities including skill training and research. The private sector can integrate and share different resources, values, and knowledge with farmers by implementing an inclusive business model. On the other hand, under the framework of an inclusive business model, it will help rebuild a new social partnership structure and transform the traditional profit-oriented business model to be a more sustainable one.

Second, I selected an organic tourism project “Suan Sampran” as a case study, exploring the inclusive business model and social innovation theories as development tools to achieve BoP (Bottom of the Pyramid) socio-economic transformation where it contributes to the farmers’ livelihoods. According to the sustainable livelihoods framework (DFID, 1999), the farmers’ livelihood outcomes are categorized as income, vulnerability, wellbeing, food security, and sustainable use of natural resource. The livelihood outcomes of farmers are indicators to evaluate the role of the private sector’s inclusive business model on rebuilding new social partnership structures and improving the BoP (Bottom of the Pyramid) community’s sustainable livelihoods. At the same time, the analysis of farmer’s livelihood outcomes also helps determine the limitations of the inclusive business model to improve farmers’ sustainable livelihoods, and challenges in implementing the inclusive business model in the organic tourism industry of Thailand based on the case study. Third, from the long term national development perspective, this model may also be a useful potential solution for promoting social equality and poverty reduction in Thailand.

1.7 Significance of the Research

Due to poverty and social inequality as the main challenges facing many developing countries, it is necessary to explore new development models by promoting social innovation. Under the theoretical structure of the inclusive business model, it will promote the integration of different stakeholders under the business value chain which help achieve resources and capabilities sharing. From a long-term perspective, it is important to understand how the inclusive business model can promote the redistribution of the social and economic value to BoP (Bottom of the Pyramid) communities, and build a more inclusive partnership between the private sector, BoP (Bottom of the Pyramid) communities, and other stakeholders. Through a case study of organic tourism, explore whether an inclusive business model can provide new opportunities for low-income people to achieve social and economic transformation, and help promote sustainable livelihoods. In addition, doing this research may help investigate the limitations and challenges of implementing the inclusive business model for BoP (Bottom of the Pyramid) communities in the organic tourism industry of Thailand.

Chapter Two

Literature Review

In this chapter, the first part will introduce and discuss the concept of inclusive business model, analyze how the private sector implements inclusive business models to support the BoP (Bottom of the Pyramid) community transformation by promoting social innovation. Then analyze the macro policy environment for inclusive business in the ASEAN region.

Second, roughly describe the poverty and social inequality issues in Thailand through a literature review of academic journals, international and local department research reports, then analyze and identify the main groups of the BoP (Bottom of the Pyramid) population in Thailand. For example, the BoP (Bottom of the Pyramid) population in Thailand is mainly concentrated in the agriculture sector, especially the farmer communities.

The third part will study the traditional socio-economic development approaches for the BoP (Bottom of the Pyramid) community development based on academic journal review and national development plan of Thailand.

The third part will introduce the tourism situation of Thailand and analyze the role of the organic tourism industry in promoting poverty reduction and social equality, and critically discuss the limitations of traditional models for achieving inclusive growth in Thailand.

In the end, introduce the background and information of the selected case study which is an organic tourism project based on the inclusive business model in Thailand. This case study will also help to answer the research question and discuss the research hypotheses.

2.1 Social Innovation and Inclusive Business Model for Bottom of the Pyramid

According to the concept of The Organization for Economic Co-operation and Development (OECD), social innovation is one of the main factors to promote inclusive growth and development. It is necessary to consider the important role of innovation to create new solutions in addressing global and social challenges by improving social welfare (OECD, 2010). Promoting social innovation is also useful to create more sustainable solutions for enterprises to motivate social growth and support business sustainability. On the one hand, social innovation can be defined as creating new ideas such as new products or services, and models to meet social needs (Mulgan, 2007). This concept also encourages the local community to create new innovative ideas to resolve local social challenges (Howaldt & Schwarz, 2010). From the perspective of bottom level governance, encouraging innovation is useful for improving the possibility of creating more diverse solutions and governance systems (Castro-Arce & Vanclay, 2019). Moreover, from the social business perspective, innovative social businesses can cooperate with other sectors to overcome development problems, as part of their corporate responsibility for people, for the environment, and not only profit (Phills et al., 2008).

On the other hand, promoting social innovation requests diversity in resource providers and multi-stakeholder participation including the civil, public, and private sectors (Tanimoto, 2012), and it can also create more chances for multi-stakeholder success (Roundy, 2017). At the same time, social innovation is usually initiated by paying attention to the people and communities, but also can be triggered by profit motives or business pressures for the company (Dawson & Daniel, 2010). Encouraging stakeholder partnership and value integration not only promote knowledge sharing and create co-creation opportunities, but also improve the capability of companies adapting to market opportunities early and successfully (Herrera, 2015). In the case of ASEAN where the gross domestic product (GDP) has grown from US\$37.6 billion to \$2.6 trillion which mainly contributed by the private sector in the past 40 years (Bangkok Post, 2018). Most businesses are maximizing economic profits or economic upgrading over social upgrading (Kaminski, A. M., et

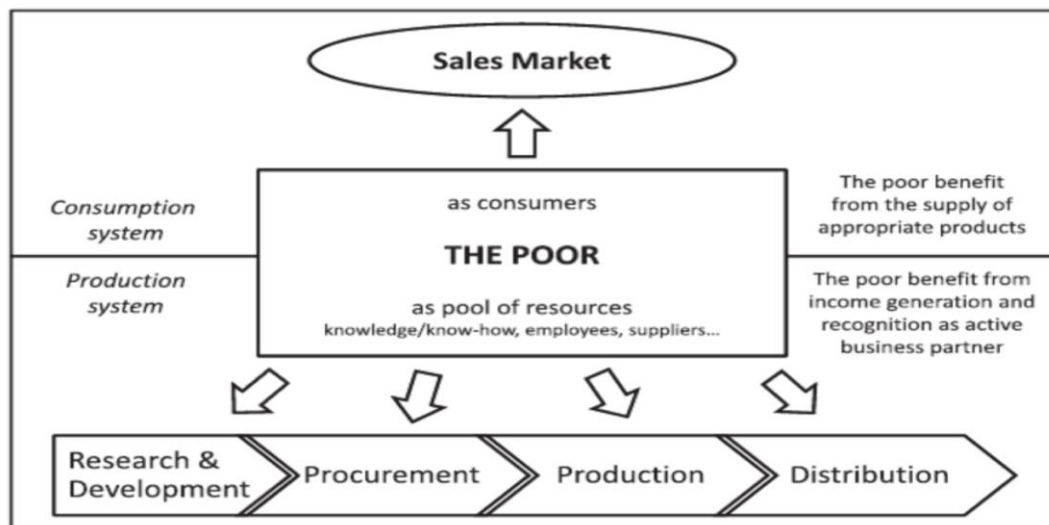
al, 2020). Some scholars believe the business not only can create economic value but also can contribute to poverty reduction by serving BoP (Bottom of the Pyramid) markets (Prahalad & Hart, 2010). (Boyle & Boguslaw, 2007) argue that a company should more directly address its responsibility concerning poverty reduction, and work with government and non-profit sectors. For example, empowers the poor groups and integrates their knowledge or capabilities into company operation processes through the new business models (Nahi, 2016).

According to the definition of Group of Twenty (G20) which “Inclusive businesses can provide goods, services, and sustainable livelihoods for the BoP (Bottom of the Pyramid) class through business approaches which make them part of the private sectors' business value chain as distributors, retailers, suppliers, or customers”. Inclusive business is a commercial approach for the private sector to participate in the social development process, in which the private sector can become an actor in terms of creating innovation, supply chain, and markets through innovative business models (George et al., 2012). The Food and Agriculture Organization (FAO) defines inclusive business as a commercial approach that integrates smallholders into the market, brings mutual benefits to both poor communities and business sectors, and contributes the poor communities out of poverty by the partnership with other stakeholders. On the other hand, the Asian Development Bank (ADB) also defines inclusive business as a private-sector business activity with a focus on the improved benefits of low-income communities and provides basic needs economically, socially, and environmentally.

However, cooperation with the private sector does not always create equal opportunities across individuals and firms automatically (Zulkhibri, 2018). This makes it necessary to encourage cross-sector collaboration by building inclusive business models that promote integrated business more effectively, and create new market opportunities, innovation, and capability for the BoP (Bottom of the Pyramid) community (London & Hart, 2011). Scholars (Hahn, 2012) created figure.3 to explain how the poor participate in the private sector's business value chain. For example, under the production system, the poor can contribute to the company's internal value

chain development by participating in the process of research and development, procurement, production, and distribution. Both companies and the poor can share knowledge and value each other as a business partner, the company can strengthen the supply chain, and the poor can have the opportunity to increase employment, income, and sustainable livelihoods.

Figure 3: Impact of Inclusive Business Approaches



Moreover, Adam Smith's theory of exchange value is continuing influence in today's economic and business practice (Ueda et al., 2009). Developing a sustainable market is requested to transform from the traditional business model to be more innovative that creates "shared value" to adopt social development and change of market needs (Porter, 2011). The innovative business model is an innovation platform for knowledge and value exchange that can contribute to building a business community of common destiny among different stakeholders, and also useful for promoting environmental and social responsibility orientation sustainability (Schaltegger & Wagner, 2011). The value chain is one of the poverty alleviation approaches that has been practiced for rural area development. Value chain development for the rural poor population also requires new conceptual frameworks and interventions (Stoian, D et al., 2012). Many countries pay more attention to the importance of market interventions which may help companies increase their profits, but also rebuild a new poverty alleviation model to promote the sustainable

livelihoods of the BoP (Bottom of the Pyramid) community (Prahalad & Hammond, 2002; Prahalad & Hart, 2010).

From the Sustainable Development Goals (SDGs) 2030 perspective, United Nations Member States have created a development agenda of Sustainable Development Goals (SDGs) to promote sustainable development in the world context, such as zero poverty, social equality, and quality education, etc. According to the research from Sustainable Development Solutions Network (SDSN), Thailand ranks 40th among 162 countries for the development progress related to the United Nations Sustainable Development Goals (Thaipbsworld, 2019). On the one hand, different stakeholders take different responsibilities to promote SDGs localization. For example, local governments have launched the policy and national strategy for promoting SDGs implementation at the local level. On the other hand, not only the local government but the private sector also one of the main actors to promote SDGs localization. The private sector is one of the contributors to the economy, society, and environmentally sustainable development by creating jobs, innovation, and national tax income growth (Frey & Sabbatino, 2018). The private sector was highly involved to develop SDGs and has been interested in using the SDGs as a tool to set up business goals and measure performance in sustainable development (Scheyvens et al. 2016). Encouraging the private sector to create a new business model that can better contribute to the SDGs achievement at the local level. For example, inclusive business can be a business solution for the private sector to contribute to the UN Sustainable Development Goals and create mutually beneficial partnerships. Moreover, working on the UN Sustainable Development Goals localization also can provide new investment opportunities for the private sector as well (Schramade, 2017).

In general, the integrated partnership between the company and other sectors can create economic upgrading for different stakeholders under the upstream and downstream of the value chain. For example, inclusive business can create opportunities for the BoP (Bottom of the Pyramid) community transformation, and more profitable market investment opportunities for the private sector. At the same time, this model also can help government sectors resolve the needs of the poor

communities, and achieve long term inclusive goals. Promoting innovation in the business model which the company can transform from the less inclusive business model to be more inclusive, and create a new approach for social inclusion of BoP communities that the traditional model cannot achieve. In addition, inclusive business models are different from Corporate Social Responsibility (CSR). Which inclusive business focuses on partnership with the BoP (Bottom of the Pyramid) communities and helping them overcome poverty, and enabling them access to natural resources, information, and training, etc. The Corporate Social Responsibility (CSR) is more related to complying with business ethics standards and interactions with their stakeholders by rebalancing the negative impacts of businesses on society and environmental concerns.

2.2 Inclusive Business in ASEAN

There are some international and regional cooperation organizations, such as the Asia–Pacific Economic Cooperation (APEC) and Association of Southeast Asian Nations (ASEAN) already adopted the inclusive business approach as one of the regional development strategies. Developing an inclusive business is mainly driven by the private sector’s innovation, but this approach also can contribute to achieving the objective of the ASEAN Economic Community (AEC) 2025 Vision which promotes a people-oriented and people-centered community (AEC Blueprint, 2025). The ASEAN organization report shows that in the case of the ASEAN, the Philippines has already adopted the related policies and laws to support inclusive business implementation. Other countries such as Cambodia, Malaysia, and Myanmar are making significant progress in developing policies that could be used to support the advancement of inclusive business, including in connection to the SMEs, social enterprises, and Corporate Social Responsibility (CSR) frameworks. Thailand has adopted the Social Enterprise Act in 2019 to support social enterprises, and other regulations may also be useful for supporting inclusive business development.

On the other hand, according to the information of ASEAN and Asia Development Bank (ADB), Thailand has not initiated inclusive business policy development yet. However, it had a full interest in engaging in improving inclusive business initiatives, and Thailand also has the development potential for promoting inclusive business, then the inclusive business model may also help Thai companies expand their positive influence for Thai society. In the case of Thailand, there are some inclusive business projects already operated in the market. For example, Siam Organic project as a Jasberry rice producer which provides pure organic rice seeds, organic fertilizers, training, and micro-financing for lower-income farmers, who have now increased incomes 14 times higher compared to an average Thai farmer (The standard, 2017). The Urmatt Group is the a largest organic jasmine rice producer in the world, which partners with local small farmers to grow and procure organic jasmine rice, coconuts, and other products through the supply chain (Urmatt, 2020), and there were around 3,000 farmers who joined the rice project and they earned at least 20 percent higher than those who were not in the project (Wealth and society, 2019). The Nestle company also plans to increase the sustainable source of quality cocoa directly from small house farmers globally by providing them seedlings and training (Nestle, 2015). According to the report of Asia Development Bank (ADB, 2018), the investment of the inclusive business projects will reach \$6.3 billion in the ASEAN region by 2025, and the promotion of public-private partnerships, inclusive business, social enterprises, and Corporate Social Responsibility (CSR) frameworks has been a common trend in ASEAN.

2.3 Bottom of the Pyramid in Thailand: Poverty and Social Inequality

The most significant and early introduction in an academic field related to the BoP (Bottom of the Pyramid) concept is by C. K. Prahalad, this concept is referring to the lowest socio-economic class in the world. Thailand is still one of the most unequal societies in Asia (Bangkok Post, 2018). With the increasing income and power concentrated in the top pyramid class, the inequality phenomenon is more serious in social wealth, especially in ownership of assets. These inequalities not only

economically but also inequalities of power, social capital, and unequal access to opportunities and resources. The regional inequalities of income level and redistributive issues are the main sources of political instability in Thailand, and the rising politicization of class conflicts after the Asian Financial Crisis (Jenmana & Gethin, 2019). In the case of the social movement of "Yellow" and "Red" shirts in Thailand, most of the Yellow shirt protests were middle-higher income class and office workers in Bangkok, but the most of Redshirt protests were from lower-income farmer communities of the other provinces, and also migrant workers from a similar background (Phongpaichit, Baker & Danière, 2016).

According to the research of the World Bank which shows the percentage of Thai poverty rate decreased from 65.2 percent in 1988 to 9.85 percent in 2018. Unfortunately, the number of poor population was increased from 4.85 million to more than 6.7 million in the past few years, especially people who live in the Central and Northeast areas, this percentage is measured by the international poverty line which the people living below the \$1.90 per day or about 26 baht/ per day. One significant reason is the change in market prices of agricultural products, and the fall employment rate in the agriculture or manufacturing sectors. Another index of measure inequalities, such as the Gini coefficient of Thailand based on household consumption per capita was from 0.439 in 1988 deceased to 0.362 in 2018, and the bottom 40 percent population household consumption also decreased. Moreover, according to the research on social inequality in Southeast Asia countries (The ASEAN Post, 2018), the four Indonesian richest men have more wealth than 100 million people. In Vietnam, the income of the richest in one day is more than the poorest person's income in 10 years. The studies of (Rungnapa, 2007) found the Thai elites including the royal family, ethnic Chinese businessmen, politicians, and bureaucrats who hold much capital in the form of land, labor, cash, and other property. In 2016, the 1 richest Thais owned 58 percent of the country's wealth, such as land, houses, and equipment. Until 2018, they still controlled 66.9 percent of the country's wealth but 50 percent of the poorest Thais had only 1.7 percent, while another 70 percent of Thais controlled 5 percent (Bangkok Post, 2018). There is a 56 percent BoP (Bottom of the Pyramid) population in ASEAN (around 348 million)

with a purchasing power of USD 220-320 billion. In the whole world, the low-income population is commonly considered to be the bottom 40 percent to 60 percent population (ADB, 2018).

In the case of Thailand, the agriculture sector is one of the contributors to GDP growth, and the agriculture sector employment rate in total employment also remained high (Ouyyanont, 2016). However, 40 percent of farming households are living below the poverty line which is 32,000 baht per year (Bangkok Post, 2018). The data from the United Nations and World Bank show that around 3.4 billion global population live in rural areas, and it will continue to increase slightly and decrease to 3.1 billion by 2050. In Thailand, there is 50.05 percent of the total population which is around 34 million people living in rural areas in 2018. In general, the Thai BoP (Bottom of the Pyramid) population is mainly concentrated by farmer communities in the agriculture sector, especially living in rural areas. However, the agriculture sector was easily influenced by some factors, such as the agricultural market price, climate change, lack of manpower with the increase of the aging population, etc. For example, Thailand has been facing the challenges of an “aging society” since 2005, and decrease in the working-age population will affect Thailand’s economic growth (World Bank, 2016). The research also showed the agriculture sector was significantly influenced by the changing of the rural community economic structure, the market price of agricultural products, and consumption. Some Thai scholars (Witsanu, A., et al, 2019) had found some critical issues of the agricultural sector in Thailand. First, the majority of Thai farmers are smallholders. Second, Thai farmers are rapidly aging and almost 40 percent of farming households have old labor working on the farm. Third, there is still an inequality problem of accessing natural resources which almost 40 percent of farm households did not have land ownership and only 42 percent of them can access the water resources. And the agriculture sector is highly influenced by disasters such as floods or droughts, those factors directly affect the livelihoods of the Thai farmer’s community and also deepening poverty and inequality problems of Thailand.

All in all, income inequality and poverty are the main challenges of developing countries in rural and peri-urban areas. However, how to improve the social and economic transformation of the BoP (Bottom of the Pyramid) population and create a new solution to poverty reduction and inequality are still challenges for many ASEAN countries to achieve UN2030 Sustainable Development Goals. It is necessary to manage inherent inequality that promotes more social class mobility in which individuals from the lower-class position can become the elite class (Catlin & Bottomore, 1965). Due to the wealth gap and inclusive development potential of BoP (Bottom of the Pyramid) communities, the private sector can take some responsibility in promoting social equality and poverty reduction by creating a private-community partnership. Now many companies are more interested in investing in the BoP (Bottom of the Pyramid) community to explore new market opportunities (Karamchandani et al. 2011). More and more countries are promoting socio-economic policy reforms and opening up to encourage lower-income households to participate in market-oriented production, which also can be leading to agricultural-based communality transformation.

Different analysis approaches can be used to analyze poverty and inequality issues for BoP (Bottom of the Pyramid) communities. For example, Maslow's Basic Needs Approach (Maslow, 1943) conceptualized five levels of needs for humans, which are physiological, security, belongingness and love, self-esteem, and self-actualization needs. From the bottom physiological needs which include water, food, and air to the top-level which self-actualization needs. Maslow's Basic Needs Approach can help to understand the poverty and inequality issues of BoP (Bottom of the Pyramid) communities compared with other social classes from a basic needs perspective. On the other hand, the human rights-based approach can provide a more comprehensive way to analyze poverty such as the lack of basic rights of living, limited food, health, shelter, and also the poor people tend to be marginalized and socially excluded. The UN's Universal Declaration of Human Rights (UDHR) may help act as a force against all these forms of poverty and social inequality from a human rights perspective. Another approach such as the capability approach, this approach is discussed by Amartya Sen that covers health and education measures and

mainly focuses on the expansion of personal capabilities. He defines capabilities as the ability of people or a group of people to achieve “valuable functioning”. When the poor gain more capabilities, they may have the economic and social opportunities to expand the real freedoms that people enjoy (Amartya Sen, 1995). Sen’s approach and theory also contribute to the UN’s human development index, the Poor communities with low incomes do not have more opportunities to receive advanced health services and educational resources due to their limited capability. Moreover, the human development Approach may also be useful for analyzing poverty and social inequality. Based on the United Nations Human Development Index, human development is divided into three sectors including income, health, and education. According to the human development report 2019, Thailand is ranked 77 in the world (UNDP, 2019). At the same time, Thailand also has great development potential to enhance higher quality human development.

2.4 Bottom of the Pyramid and Development

According to the UN SDGs 2030 Agenda, a total of 17 goals will be achieved at the global, regional, and local levels. In order to achieve the inclusive growth of the human society, it is important to create measures to accelerate social transformation, encourage lower-income communities to join the country’s mainstream economic system, and achieve long-term sustainable development goals (IFAD, 2016; UNCTAD, 2016). In the case of East Asia, China has successfully achieved the social-economic structure change in rural areas, with improving around 800 million people’s livelihoods from poverty in the past 40 years, which shows the importance of state’s intervention for support rural innovation and transformation (Baark, 2016; Habiyaemye, Kruss & Booyens, 2019). Therefore, the role of government in coordination, guidance, and support for capacity and resource access is important to promote the lower-income community’ development. However, not only the government but also strategic policies can also empower lower-income

communities to participate in modern production, business, and technology to build stronger and inclusive links with the national economy (Kay, 2002; Kim, 2016).

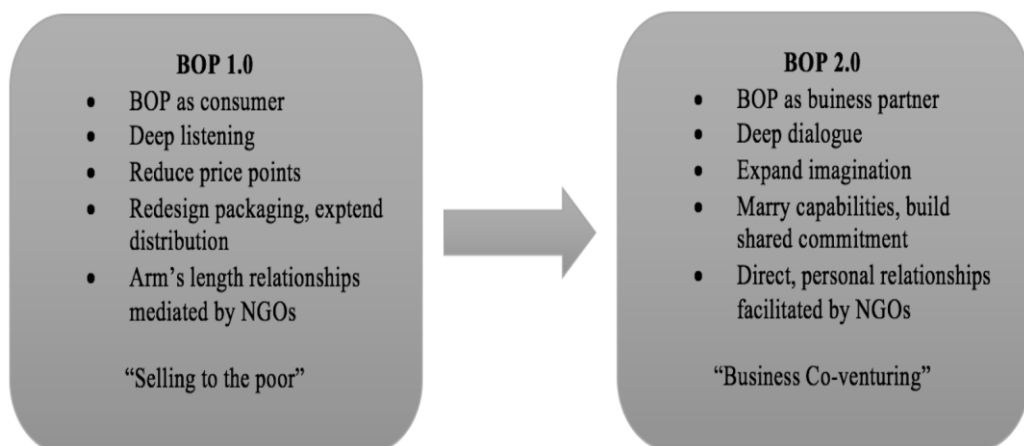
From the development perspective, creating an innovative solution is also useful for promoting poverty reduction and social equality. There are many different approaches to promote the BoP (Bottom of the Pyramid) community development in Thailand, for example, promoting cooperation between small householder farmers and large agricultural companies to strengthen agricultural development and improve the livelihoods of farmers. At the same time, achieving those transformations also requires partnership with other actors beyond traditional agricultural production, including the private sector, NGOs and social entrepreneurs who can create value for society, economy, and environment, and other financial institutions that allow the private sector to mobilize resources towards the BoP (Bottom of the Pyramid) community. Contributing to reducing poverty and social equality for the BoP (Bottom of the Pyramid) community not only can achieve social economic structure change but also promotes the sustainability of humanity and social inclusion. To achieve this goal, it is necessary to understand the BoP (Bottom of the Pyramid) community's demographic, cultural, productive, and natural resource information to explore the future development strategy.

From the national development perspective, it is necessary to recognize the existing backwardness and develop more strategic initiatives to empower the BoP (Bottom of the Pyramid) population through resource integration, create job opportunities, and build new business value chains, etc. According to the National Strategy on Competitiveness Enhancement of Thailand (2018-2037), Thailand plans to explore value-added agriculture and farming, and support the farmers to become competitive modern entrepreneurs by promoting innovation in the business model, product and service, and production process. Then create the economic value chain in agricultural sectors to redistribute the benefits for the poor which leads to inequality reduction and a better life for all Thais. On the other hand, one objective of the Twelfth National Economic and Social Development Plan (2017-2021) is to reduce the income gap and poverty, and aim to achieve the income level rise of at least 15

percent of 40 percent of the lowest incomes population. For example, in 2019, the Thai government has allocated 800 billion baht to reduce income disparity, and another 500 billion of which will be allocated to state welfare schemes such as the 30 baht public healthcare program and social welfare for children, the elderly, and the disabled (Bangkok Post, 2019).

In addition, The Asia-Pacific Economic Cooperation (APEC) of the Rural-Urban Development Framework acknowledges that creating an inclusive value chain system is used for enhancing social inclusion in terms of food security and rural development in the APEC region. Create innovative approaches such as inclusive business models for making agriculture, aquaculture, and smallholder farmers part of global value chains through innovation and empower the poor (APEC, 2016). Scholars (Simanis, Hart & Duke, 2008) divided the BoP (Bottom of the Pyramid) population into two generations. In the first generation, the company deeply listened to the BoP (Bottom of the Pyramid) community as a consumer and sell products or services to them. In the second generation, the company has a deep dialogue with the BoP (Bottom of the Pyramid) community by working as a business partner and creates the business by sharing value. With the development of society, the relationship between the private sector and BoP (Bottom of the Pyramid) has gradually transformed from BoP 1.0 to BoP 2.0.

Figure 4: Next-Generation BOP Strategies



2.5 Organic Tourism for Bottom of the Pyramid Development

The tourism industry is one of the major contributors to Thailand's economic prosperity. The World Travel & Tourism Council (WTTC) has reported the tourism industry contributes to world economic growth by contributing US\$8.9 trillion to the global GDP and created 330 million jobs in 2019. In Southeast Asia countries, tourism industry receipts account for about 12 percent of Southeast Asia's second-largest economy. In Thailand, the tourism industry contributed to almost 14 percent of GDP with 39.8 million tourists in 2018, and revenue has risen to 1.93 trillion baht in 2019 (Bangkok Post, 2020). Unfortunately, not everyone can benefit from Thailand's economic prosperity, the big company, cross-border trade industries, tourism businesses were among the major beneficiaries of national economic growth compared with local farmers (National Thailand, 2018). The Thai government has launched the Twenty-Years National Agriculture and Cooperatives Strategy with the main goal of achieving farmers' per capita income to more than USD 13000 per year. On the other hand, Thailand also aims to become the center of organic farming and trading in the ASEAN region and to be one of the major suppliers of organic products in the world (National Thailand, 2016).

Organic tourism mainly targets tourists, it is organized for health, relaxation activities, agriculture experience, farming culture, and gastronomy (Ugurlu, 2014). Organic tourism as a tour business project is building connections between hotels and restaurants with organic farmers as supplies while also engaging the consumers to join various activities such as organic farming workshops, and local farm visits, etc. Some scholars believe tourism is often related to creating employment, income, and economic activities (Sahli & Carey, 2013). It is useful for achieving the overall improvement of the economy by allocating resources to tourism development from both public and private sectors (Croes & Vanegas, 2008). While the growing economy of tourism development in terms of wealth and income has direct benefits to the poor's livelihood (Klytchnikova & Dorosh, 2009), and has the potential to reduce poverty (Scheyvens, 2007).

In the past decade, the government and other development organizations have raised interest in using tourism-based approaches to promoting poverty reduction and social equality. The different stakeholders may have different interests in the tourism industry, for business sectors interested in growing their business and expanding markets and increasing profits, while the government sectors may focus on utilizing this industry to improve the sustainable livelihood and well-being of the poor directly. On the other hand, the prosperity brought by the tourism industry may not always be inclusive, the tourism industry will create more benefits to the least developed countries in terms of reducing the poverty rate than other developed and developing countries (Kim, Song & Pyun, 2016). There are certain circumstances that tourism has helped to anti-poverty, but it has also deepened the fissures separating the rich and poor (Scheyvens, 2007). The benefits of tourism do not distribute to the extremely poor to the same extent, the weak macro environment and low community participation reduce the poverty reduction potential through tourism (Llorca-Rodríguez, C. M, et al. 2017). In Thailand, the growth of inbound tourism demand has increased the total household income but also worsens its distribution (Wattanukuljarus & Coxhead, 2008). It is significantly important to rethink the private sector's business model which can contribute to equal wealth distribution for the lower-income community in the organic tourism industry by promoting social innovation.

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2.6 "Sampran" Organic Tourism Ecosystem Project in Thailand

Nakhon Pathom in Thai (นครปฐม) is one of Bangkok neighboring province of Thailand. An organic tourism "Business-community partnership" project which is called "Suan Sampran" is a family-run business eco-cultural destination that was located in Nakhon Pathom since 1962. The core business of "Suan Sampran" includes Organic Farm, Patom Organic Village, Patom Organic Spa, Patom Products, and Sookjai Market. Since 2009, due to this business becoming more successful, this project has initiated and established the "Sampran" Model movement and foundation

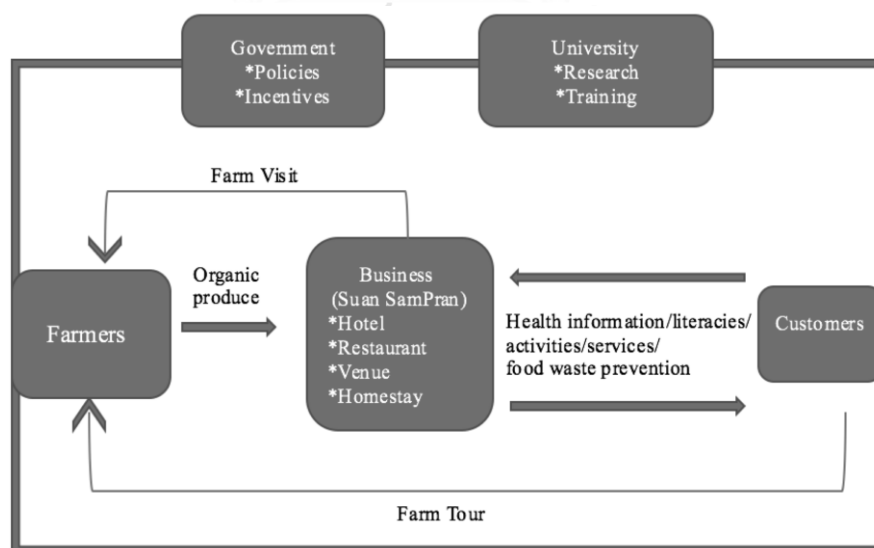
to promote inclusive business development and encourage grassroots innovation in the organic tourism industry of Thailand.



**Location of “Suan Sampran”, Nakhon Pathom province*

According to Figure 5, this project mainly based on an inclusive business model which created a shared value and knowledge-based ecosystem by the partnership with different stakeholders such as more than a hundred organic farmers, customers, the government sector, and universities, with the goal of making them have the capability to address economic, social, and environmental problems.

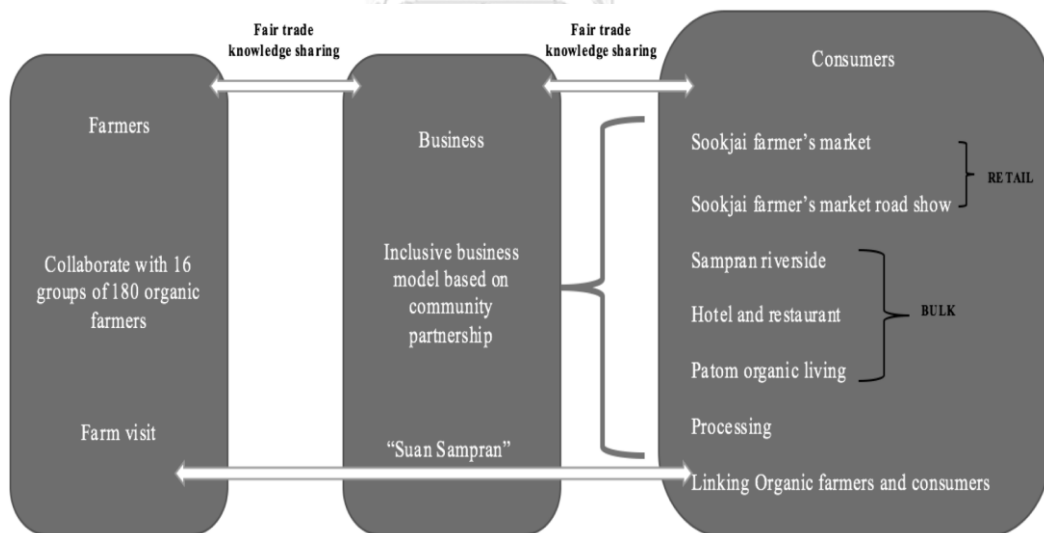
Figure 5: “Suan Sampran” Organic Tourism Ecosystem Based on the Inclusive Business Model



**Source: Organic Tourism Thailand, available at: <https://organictourismthailand.com/>*

Based on Figure 6, the “Suan Sampran” partnership with other sectors to develop an organic tourism movement in Thailand, and create a more inclusive collaboration among different stakeholders by building the “fair trade” organic tourism ecosystem. Making a connection between business sectors, consumers, and farmers, and encouraging them to share value and knowledge to create economic, environmental, and social value. Customers can get organic farm experience and knowledge from farm visits, and this business will help farmers connect with the customer indirectly which may help them resolve livelihood problems. Currently, the “Sampran” Model collaborates with 16 groups of 180 organic farmers. At the same time, this business also cooperates with the local government and universities to give farmers more professional skills training in organic farming. Also, the organic raw materials of hotels and restaurants are directly purchased from farmers, which not only saves costs but also improves food security.

Figure 6: “Sampran” Project Model



*Source: Organic Tourism Thailand, available at: <https://organictourismthailand.com/>

Under the ecosystem of “Suan Sampran”, there are different business projects including:

1: Organic Farm: This farm is certified by international organic standards that provide organic herbs, vegetables, fruits, and other organic products to the hotel and restaurants. Consumers can also get the experience of organic farming and understand the farmers by farm visit and workshops.

2: Patom Organic Village and Products: Consumers can learn from farmers, crafters, and artists to understand the process of making organic food, organic artwork, and body care products.

3: Sookjai Farmers' Market: Provide the vendors to farmers that they can sell organic rice, fruits, and other processed organic foods by connecting with customers.

4: Hotel and restaurant: The living place for consumers by connecting with local organic farmers. For example, food and raw material are directly from organic farms.



**“Suan Sampran” Organic farms, Photos taken by the author*

On the one hand, the "Suan Sampran" integrated farmers into the organic tourism ecosystem which supported farmers to practice organic farming, helping them expand new market opportunities, and link to the business and even become SMEs by joining the "Sampran" Model. On the other hand, "Suan Sampran" benefited from the created market opportunities or new selling points, product differentiation, and a more

sustainable supply of organic produce. Then the customers also can get new experience and knowledge of organic farming through farm visits and workshops, taste organic food, and a healthy lifestyle. Based on information from the project official website, the Sookjai farmers' market is one example of this project, in which about 70 vendors are selling organic products, and achieved actual income for the farmers and community around three million baht/per month.



**Organic farmers, Photos provided by Ms. Angkana Jinanont
(Director of Sales and Marketing of Suan Sampran)*

This project also works with other sectors such as the Thailand Convention and Exhibition Bureau (TCEB), Tourism Authority of Thailand, academic institutions, and NGOs to promote knowledge exchange and social innovation.

In general, the literature review can be concluded that based on the data from both international and local organizations, it can be found that overall Thailand's poverty rate has risen in the past few years, and social inequality is also a common challenge facing many ASEAN countries including Thailand. The Thailand government keeps working on promoting the inclusive development of Thai society, and helps the BoP population achieve economic and social transformation by launching the national development plan and strategy. On the one hand, to achieve this development goal, it is necessary to promote social innovation which creates new development models or ideas to solve social problems. On the other hand, the private sector is one of the main players for local development. It is also important to

encourage the private sector's business innovation by promoting social innovation, thereby rebuilding the social wealth distribution system, and creating a social and environmental-oriented business model rather than just focus on profit-oriented. Take the organic tourism industry as an example, through a literature review that the Thai tourism industry is one of the main contributors to national economic prosperity, but it will also strengthen the inequality of wealth distribution under certain circumstances. Based on the "Suan Sampran" case which is one of the well-known organic tourism projects in Thailand, this project is mainly based on an inclusive business model by collaborating with local farmers. According to the project's website shows that this project has great significance in promoting sustainable livelihoods for low-income communities. Moreover, based on the literature review and the conceptual framework, the preliminary hypotheses can be made which is innovation and inclusive business model is useful for improving the socio-economic circumstances of the BoP (Bottom of the Pyramid) community which leads to promoting inclusive development in Thailand.

Chapter Three

Research Methodology

This thesis is based on a qualitative research method as the main research methodology for the research. Therefore, through analysis of secondary data, research journal, and local official newspaper to create a basic conceptual framework and theory of this thesis, and collect primary data from fieldwork which in-depth interviews with main stakeholders and direct observation under conditions permitted.

3.1 Type of Research Design

The research design is to ensure that this research can find strong evidence to solve the research problem effectively. According to the research objectives which mainly based on the case study to explore the answers for the research questions. Through in-depth interviews with relevant stakeholders to obtain other useful evidence.

3.1.1 Case Study

To achieve the research objective and verify the research hypothesis, this thesis selected a single case study of "Suan Sampran" which is a private sector located in Nakhon Pathom province. This project focuses on developing inclusive business in the organic tourism industry of Thailand. Through the fieldwork for the case study, it is also helpful to collect primary data and direct observation.

3.2 Sampling and Data Collection

3.2.1 Sampling

Based on a preliminary analysis of the selected case study, the "Suan Sampran" business model mainly consisted of three key stakeholders such as project managers, organic farmers, and customers. And also other sub stakeholders like local government and universities. In order to more concentrate on the thesis research questions, the interview sampling mainly focuses on project managers, organic

farmers, and customers. The sampling collection process for farmers and customers is carried out in the form of random collection. The selection of sample size is based on the maximum size of sampling that can be obtained under limited time and budget. Second, the interview of the project manager is made an interview appointment before the fieldwork.

1: Interviews with the project managers (two people): To collect useful information about the value chain operation, business management, relevant policies support, and challenges in inclusive business practice.

2: Interviews with organic farmers (nine people): To collect information on economic status, value exchange, and sustainable livelihoods outcome through the interview with this group.

3: Interviews with customers (five people): To collect information about consumer feedback, experience, and satisfaction with this project.

3.2.2 Data Collection and Analysis Tools

To collect the data, the interview uses English and Thai as the main languages. The data is recorded by sound or video and uploaded to Microsoft software to ensure the quality of the primary data and for analysis. After collecting the primary data, the data is classified based on the research objective of this thesis. All data is translated into the English version, and content analysis the relevance of differences and common points of all responses from different groups. Thus, the researcher used these to further analyses to infer the research hypothesis.

Table 1: Data Collection Matrix

Question	Data Needed	Interviewees	Research Tools
<p>1: What is the impact of the inclusive business model on the farmers' sustainable livelihoods in the organic tourism industry of Thailand?</p> <p>Sub Q1: Achievements Sub Q2: Limitations</p>	<p>The information and feedback on farmers current work, and comparative livelihoods changes before and after joined the project, etc</p>	<p>Project manager Farmer community</p>	<p>*Secondary data and literature review of inclusive business and BoP (Bottom of the Pyramid) community's livelihoods, etc</p> <p>*Interview</p> <p>*Observation</p>
<p>2: What are the challenges in implementing the inclusive business model in the organic tourism industry of Thailand?</p>	<p>The information from the project managers about project establishment, financing, management, and policy support. etc</p> <p>But also responses from customers about market feedback, opinions, and experiences, etc.</p>	<p>Project manager Customers</p>	<p>*Secondary data, literature review, and useful information about inclusive business, Thailand government policy etc</p> <p>*Interview</p> <p>*Observation</p>

3.2.3 Secondary Data

The secondary data of this thesis mainly from open-source data including academic journals, international organization reports (e.g. UN, World Bank, etc), information from local Thai government departments (e.g. National Strategy on Competitiveness Enhancement of Thailand), local newspapers (e.g. Bangkok Post, etc), and other official project information which related to case study was also used as the reference to create the conceptual framework of this research. For example, understand the concept of social inequality, poverty, and the bottom of the pyramid in Thailand through the academic literature review, and create a conceptual link of social innovation, inclusive business for BoP (Bottom of the Pyramid) community

transformation, and sustainable livelihoods. Moreover, secondary data is also useful to design the interview research questions as well.

3.2.4 Primary Data

The main data collection was based on a qualitative research method. The data was collected mainly through in-depth interviews and direct observation for the target groups including project managers of this organic tourism project, the organic farmers, and the customers. The interview questions were designed for each category of respondents, and it is common to all groups as well as those which are specific to each. These questions are open-ended to allow the researcher to further probe respondents and also encourage them to share further their responses.

3.2.5 Observation

An observation approach was used during the fieldwork to gain first-hand data on the current situation about this project and stakeholders of selected cases in the Nakhon Pathom province of Thailand. Also, direct observation helps to better understand the real situation among different stakeholders. For example, the impacts of the project and the business operation process, etc.

3.3 Research Limitations

Due to limited time and budget, this research only selected one case in the organic tourism industry of Thailand, and the results of the study cannot fully represent the situation of other relative cases in Thailand. Second, due to the limitation of Thai language skills and other potential uncertainty issues, it may have a certain impact on the data collection process during the fieldwork, and I invited some local friends to join the fieldwork which can help reduce some effect of data caused by language and other reasons. Third, due to the limited second-hand data and academic literature may create some certain limitations in the analysis of theoretical knowledge and establish the conceptual framework. At the same time, the way of first-hand data collection and design of the interview question may have a certain

impact on the research output. Fourth, the influence of the COVID-19 pandemic caused some problems in the process of research. Moreover, since the limited time and personal connection, this research didn't interview with local government, NGOs, or other related stakeholders which may create some errors of research output.

3.4 Ethical Issue

This research was conducted under ethical considerations for academic purposes. The interview groups ensure voluntary participation, privacy, and confidentiality of the respondents. Participants were informed, and their consent was taken for interviews. All voice recordings and the photo was taken with their permission. The nickname of the participants will only be used in chapter four of this thesis. All data and information were only used for the research of this thesis, and it not be used for other purposes without permission.

Chapter Four

Findings from the Case Study

Based on research method and research objective of this thesis. Through face-to-face interviews with different stakeholders by using prepared interview questions to collect the primary data. This chapter is divided into three parts based on research questions. For example, the first part shows the quotes of interviews with farmers and project managers to explore the basic findings of the farmers' sustainable livelihoods. While the second part introduces quotes of interviews with project managers to investigate the challenges in implementing the inclusive business model in the organic tourism industry of Thailand. In the third part, show the interview findings from the customers by collecting the market feedback and opinions of this inclusive business project to understand the role of the customers in the process of inclusive business development. In addition, the interviews with farmers and customers took an average of 25 minutes per person, and interviews with project managers took an hour on average. The name of the selected case is "Suan Sampran", and the "Sampran" Model is an organic tourism movement based on an inclusive business model which is also related to "Suan Sampran" as well.

4.1 The responses of farmers' sustainable livelihoods in the inclusive business model based organic tourism of Thailand

Based on the research methodology of this thesis which interviews with different stakeholders of the "Suan Sampran" project, through an interview with nine farmers randomly and two project managers which show the farmers' sustainable livelihoods are improved by collaboration with the "Suan Sampran" project. For example:

1: Increase the farmers' income level:

The majority of farmers mentioned that the income of work with the “Suan Sampran” is more stable and higher than before, now they can have more sales channels, reduce the production cost, and opportunities to develop their own business.

- *Organic farmer (Khun. Keng): “I am an organic farmer, and I have my own organic farm, so I decided to join the “Sampran” Model because the project will help me to expand new business channel, and also provided professional training for me, that I can more scientifically practice organic farming at low-cost, and we have a place like “Sookjai” Market to sell our organic produce. Now, my income is much higher than before, because I have more revenue and lower production cost”*
- *Organic farmer (Khun. Thawika): “I partnered with “Sampran” Model for around 3 years. Now I have more income compared to before, and I can get around two hundred thousand Baht because the “Sampran” Model support me to become an organic farmer with ACT-IFOAM certificated, so I don't need to use high-cost chemical fertilizers, and I can better understand the market which also useful for us to expand our business”*
- *Managing Director (Khun. Arrut): “We encourage them to practice organic farming more, help them develop their farm to be an organic tourism destination, and support them become a business group or SMEs. At the same time, we buy organic food directly from organic farmers at a higher price, and farmers themselves also have the right to set up their prices as well, now they don't need to sell to the middleman, so profits are much higher than before. For example, we buy around 150 kilograms' organic food per week from farmers at price 40THB/ kilogram, so in total farmers can earn at least around six Thousand THB per week”*

For organic farmers who join the “Sampran” Model mentioned that the project integrated them into the organic tourism ecosystem, now they have more

opportunities to access resources, capabilities, and networks. In terms of supporting farmers received a professional certificate, such as the International Federation of Organic Agriculture Movements (IFOAM) certification, and Organic Agriculture Certification Thailand (ACT) which farmers can practice organic farming in a more professional way. Farmers can reduce use of the high-cost chemical fertilizers and increase profits, and also new opportunities to expand sales channels by creating their own business and becoming SMEs.

2. Improve the farmers' wellbeing:

Although the definition of the well-being concept is vague and it's difficult to quantify. However, most interviewed farmers said that they are more optimistic about their livelihoods after joining the "Suan Sampran".

- *Organic farmer (Khun. Nthi): "I have more opportunities compared to before because I can get a more stable income. My daily food source directly from our organic farm which is self-sufficient. And I can get free skill training, more organic farming supply channels, and market networks. I am quite satisfied and feel more optimistic about my life because less risk of my livelihood now, and the benefits distribution system is also fair for me"*

As farmers mentioned that they are generally satisfied with the partnership with the "Suan Sampran" project because they think this project gives them comparable benefits and new opportunities, that makes them feel more optimistic of their livelihoods, including more sustainable income, organic skill training which can help them work in organic farming, improve their food security, and able to cope with future challenges, etc.

3. Reducing vulnerability of farmers:

Farmers have more capacities to reduce vulnerability including reduce the negative impact of natural disasters, and make up for limited knowledge to resist risks.

- *Organic farmer (Khun. Keng): “I think natural disasters have more impact on traditional farming, but less impact on organic one, because organic farming is more low production costs which we do not use high-cost chemical fertilizers, and it is beneficial to the soil environment as well. “Sampran” Model also provides more organic farming training, and supply channel of organic seeds, organic fertilizers, etc. so we have more ability to resist the impact of natural disasters”*
- *Organic farmer (Khun. Mo): “I have a more stable income after I work at the “Suan Sampran” organic farm. Daily food mainly comes from our organic farms, and there are free accommodation and insurance provided by the company as well. I think I have more ability to resist risks now”*
- *Managing Director (Khun. Arrut): “As our model is based on an inclusive business model which collated with many stakeholders and helping the farmers transform to be organic farmers with giving them more scientific training, even if there are any disasters happen, organic farmers will lose less compared with traditional farming, For example, before they used to supply to hotels and restaurants, but now they reprocess the organic food to be organic products, and create their brand to selling in the market due to the influence of COVID-19. We also provide a place for them to selling their product to customers directly, and they don't need to pay the rental fees, just lower utility fees which around 17THB per/day”*

The majority of farmers and project managers think engaging in organic farming is less affected by natural disasters. For example, organic farmers mentioned that the company support they transform from traditional farming to organic farming will help reduce risks from natural disasters because the production cost of organic farming is much lower than traditional farming and more environmental friendly. On the other hand, the project provided free skills training to them which they can have more knowledge to avoid the risk of natural disasters. However, some farmers said that work in the organic tourism industry will be affected by other non-traditional

security threats easily, such as COVID-19, because the decreasing number of tourists has directly affected their income. As the project manager mentioned that the company provides a place and support farmers to create their brand to sell in the local market due to the influence of the COVID-19 pandemic.

4. Improve farmers' food security:

Farmers mentioned that food security has improved after joining the “Suan Sampran”, and the daily food source is mainly from organic farms grown by farmers themselves.

- *Organic farmer (Khun. Eak): “I think organic vegetables are good for my health because we do not use chemical fertilizer, so low health risks from toxic chemical residues in food. The food safety can be guaranteed because all vegetables were grown by ourselves”*
- *Managing Director (Khun. Arrut): “We try to cooperate with local farmers and integrate them into the company’s value chain. However, in the beginning, most farmers mainly used chemical fertilizers, so their production cost is high, and it also has a negative impact on food security and the environment. We decided to support and help them transform to be organic farming”*

Most farmers believe that engaging in organic farming can reduce the use of chemical fertilizer, and use more natural production raw materials which can improve food security. The project also invited the universities to join the project and given guidance and scientific research on the health indicators of organic food. Most farmers also mentioned that more and more tourists are interested in organic tourism, visiting organic farms, and buying organic products because customers think having organic food can help their health. In general, partnerships with the “Suan Sampran” project will help them better practice organic farming and promote their food security.

5. Farmers can access more natural resources:

Farmers mentioned that they have more opportunities to access the land, water, and other resources to practice organic farming compared to before.

- *Organic farmer (Khun. Damda): “I don't have own land, but now I have the right to use this land to grow organic vegetables after I work in the “Suan Sampran”, and the project also provides organic seeds and organic fertilizers for me to practices organic farming”*
- *Managing Director (Khun. Arrut): “We cooperate with farmers, hotels, restaurants, and other sectors in Thailand to help organic farmers build a network of sharing resources, so they can share organic seeds, organic fertilizers, and other resources with each other. We use part of the “Suan Sampran” land to develop organic farms, and invite local farmers to practice organic farming on our land for free. Some farmers don't have land before, but now they have the opportunity to assess land resources. Then, as landowners, we don't need to pay taxes if the land is used under Thailand's Land law”.*

As the farmers mentioned that many of them do not have land ownership before, but now they have more opportunities to access the land and water resources to practice organic farming supported by “Suan Sampran”. The project provided a more diversified supply channel including organic seeds and fertilizer, etc. which they can have more ability to achieve self-sufficiency.

All in all, through interviews with organic farmers and project managers, this inclusive business project is helpful for them to maintain sustainable livelihoods, in terms of increase more business and income opportunities, reduce the impact risks of natural disasters, improve food safety, and more opportunity to access to natural resources, thereby improving farmers' well-being in the long-term perspective.

However, the impact of the private sector's inclusive business of farmers is not always positive. There are some other comments from farmers on "Suan Sampran". For example:

1: Rely too much on the existing business value chains

Some farmers said that due to the private sector integrating them into the company's value chain, it will rebuild the cooperative relationship and value distribution system, and the farmers' relationship with other stakeholders will be closed in the business value chain. When the company meets some operational difficulties and the business does not work very well, their livelihoods will also be affected. For example, due to the number of tourists in the "Suan Sampran" project declined caused by the impact of the COVID-19 pandemic, the income of organic farmers who partner with "Suan Sampran" will also be affected.

- *Organic farmer (Khun. Sa): "Joined the "Suan Sampran" project that gave me a new opportunity to maintain my livelihood. But sometimes there are also some new problems that come up. Due to the close relationship with the company, when the company meets some operational problems such as the impact of COVID-19, I'm also affected"*
- *Organic farmer (Khun. Eak): "Now I have a more stable supply chain and market channels compared to before. However, I am more worried about if we rely too much on the existing supply chain, we will also be affected when one side of the value chain meets problems. For me, inclusive business just including people is not necessarily inclusive"*

Developing an inclusive business model in the organic tourism industry of Thailand is helpful for farmers' socio-economy transformation and improve their livelihoods. However, sometimes the private sector provides insufficient assistance to the farmers. As farmers mentioned it is not enough to only integrate farmers into the company value chain, but the company also needs to help farmers to solve practical difficulties by using its resources and network. Because the inclusive business model

is mainly based on the “Win-Win” framework. Then farmers will be more actively participating in the company's value chain, and contribute to the company’s business more sustainably if the interests of farmers are guaranteed.



**Communication with organic farmers, Photo provided by Ms. Angkana Jinanont
(Director of Sales and Marketing of Suan Sampran)*

4.2 The responses of the private sector implementing the inclusive business model in the organic tourism industry of Thailand

Based on the second research objective, it is to investigate the challenges in implementing the inclusive business model in the organic tourism industry of Thailand. According to the interview response of the project managers, which find the main challenges of implementing an inclusive business model in the organic tourism industry of Thailand which are:

1: Communicate with multiple stakeholders and value integration.

The inclusive business model is mainly led by the private sector, and the private sector needs to focus on communication and coordination with different stakeholders at the initial stage of the project.

- *Managing Director (Khun. Arrut): “There are some challenges such as communication which allowing different stakeholders to join the business value chain and share their capability and knowledge”*

From the private sector perspective, communication with different stakeholders is one of the challenges for developing inclusive business. For example, let different stakeholders understand the concept of the inclusive business model, and the importance of inclusive business for inclusive development of Thai society. In order to encourage different stakeholders to share their knowledge and value more actively. Through interviews with project managers of “Suan Sampran”, managers need to communicate with local farmers and make them understand the concept of inclusive business, and the resources, value, or capabilities that the private sector can provide. At the same time, also encourage local farmers to share their agricultural experience and local knowledge. By communicating with local farmers, the company can integrate local farmers into the company value chain and allow farmers to develop their businesses and become SMEs. Moreover, the company also communicated and invited different universities to provide professional organic farming training to farmers.

2: Difficult to encourage the private sector to adjust the business model.

One of the challenges is to encourage the company to innovate its business models and transform from a profit-oriented business model to a more socially and environmentally sustainable business model.

- *Managing Director (Khun. Arrut): “Develop an inclusive business is important to encouraging the company to adjust its business model which not only focus on profit but also can contribute social and environmental sustainability”*

As the manager mentioned that due to the market competition in the tourism industry, companies like “Suan Sampran” innovate its business model to improve the business competitive advantages. For example, in the beginning, the “Suan Sampran”

were looking for new selling points, and the managers were optimistic about the market development prospects of organic tourism. Through the innovation of its business model, the company uses part of the project's land to develop organic farms, and invites local farmers to participate in the growing organic agricultural produce, so the farmers who work with "Suan Sampran" can gain the right to use the land and other natural resources to practice organic farming, because many farmers mentioned that they do not have land ownership before based on the interview. On the other hand, this company also invited universities and other research institutions to train farmers and help them transform to be organic farmers. It will not only help improve the sustainable livelihoods of local farmers, but also help the company to strengthen its supply chain and expand more market channels. In the end, the BoP (Bottom of the Pyramid) community has more opportunity to participate in the company's value chain after "Suan Sampran" innovates its business model.

3: Difficult to build a business community that shares the same vision and interests among different stakeholders.

Since the different stakeholders may have different interests, it's not enough to integrate different stakeholders into the company's value chain, but also need to build a business community that shares the same vision and interests among different stakeholders.

- *Managing Director (Khun. Arrut): "as a business sector, we are more work as a coordinator to encouraging different stakeholders to share the same vision and build a community with common interests"*

One challenge the private sector faced is to coordinate different interests to achieve common ground while reserving differences, and encourage different stakeholders to build a unity business community that shares the same vision and interests to achieve mutually beneficial partnerships. For example, project managers of "Suan Sampran" mentioned that in the beginning, as the business sector they work

more like a coordinator to encourage different stakeholders like farmers to share their vision and interests, which company can understand the needs and wants among different stakeholders, and make everyone work towards a common objective.

4: Limited government policy support.

Through interviews with managers of the “Suan Sampran” project, the local Thai government currently has no specific policy to support the private sector in developing inclusive businesses yet, such as tax reduction, subsidy, etc.

- *Managing Director (Khun. Arrut): “In terms of government policy support, there is no special policy support yet, but we will request the government, such as reducing taxes, etc. We also get some funding from some government organizations such as the Thailand Research Fund. There are different government departments partnership with us as well, such as the Tourism Authority of Thailand, the Ministry of Agriculture”*

The local government takes important responsibility to encourage the private sector to develop and innovate the inclusive business model. However, as the managers mentioned, there is limited government policy for supporting the development of inclusive business projects. Although there are other government departments such as the Ministry of Agriculture, Tourism Authority of Thailand, etc to cooperate with “Suan Sampran” to develop organic farming and tourism in Thailand, but still limited policy to support inclusive business development. For example, local governments can launch financial incentives and macro policies to encourage the private sector to develop inclusive business, which may help the private sector to innovate its traditional business model to become more inclusive, thereby the private sector may take more responsibility to help promote inclusive development for Thai society.

5: No large financial investments required

Regarding the project's funding, as the project manager mentioned that promoting an inclusive business in the organic tourism industry does not require a large number of financial investments.

- *Managing Director (Khun. Arrut): "The inclusive business model for organic tourism does not require much financial investment. The main thing is encouraging the company to adjust its business model and way of thinking. We also get some funding from some government organizations such as the Thailand Research Fund"*

The private sector develops an inclusive business that can be financed through diversified channels such as the private sector's financial investment, international/local development agency, and bank. As project managers mentioned the private sector needs to pay more focus on how to change the original thinking framework and innovate its business model that can integrate the resources and capacities of different stakeholders rather than just focus on financial investment. Take "Suan Sampran" as an example, through communication with farmers and other stakeholders, and innovate its business model which allows different stakeholders to share their existing resources, so the company doesn't need to spend a lot of capital to invest in this project.

4.3 The responses of customer feedback on project experience

Since the private sector's inclusive business is not only social development significance but also commercial-oriented. It is not enough to analyze the supply side but also the demand side. From the customer's perspective, most customers think this kind of business model is not only helpful for the farmer communities' socio-economic transformation, but they can also get new experiences and a healthy lifestyle by visiting organic farms and having fresh organic food as well. Moreover, most of the customers expressed a positive attitude towards this kind of inclusive project which has huge market development potential.

- *Customer (Khun. Levin): “I think this business model can help local farmers to expand marketing channels, and provides crucial organic farming knowledge to the farmers, which will help improve their productivity. Organic tourism tends to provide me more knowledge of organic farming, while traditional mass tourism doesn't”*
- *Customer (Khun. Vee): “I think there are many private sectors in Thailand. As a consumer, I will be more interested in purchase products or services if the company’s business is not just only profit, but it also can help the lower-income community of Thailand, because I can indirectly contribute improve those community’s livelihoods and anti-poverty, etc”*





**Customers join the organic farm tour and workshop, Photo taken by the author*

Through interviews with customers randomly, most of the customers mentioned that they will be more interested in purchasing products or services if the private sector's business is not only focused on their profits, but also can contribute to the low-income community's sustainable livelihoods and promote poverty reduction for the Thai society. The customer also mentioned that most Thais are Buddhist, and people believe in the Buddhism philosophy which is “doing good” for society. Customers not only gain new experiences but also indirectly contribute to poverty reduction by visiting the organic farms and buying fresh organic produce from local

farmers, it is not just a donation rather than using an inclusive business approach to make this organic tourism project more socially inclusive.



Chapter Five

Discussion, Conclusion, Recommendation, and Future Study

At the beginning of this chapter, analysis, and discussion of collected data based on the research objective and hypothesis, which found that the inclusive business has a positive effect on promoting the sustainable livelihoods of farmers in the organic tourism industry of Thailand, and there are some challenges for the private sector to develop the inclusive business as well. Critically discuss the link between the research output and the main conceptual framework, and other theories. In the second part, the overall conclusion of this thesis will be introduced. In the third part, there are some suggestions for different stakeholders to contribute to inclusive development in Thailand based on the research findings. At the end of this thesis, the future study will be introduced to guide the potential future research topic, and to manage the research limitations, create the related research in a new context, and re-assessing and expand the new theory and research framework.

5.1 Discussion

Based on the in-depth interview data with the key stakeholders of the selected case, critically discuss the research result by linking the research findings with other theories, and verify the research hypothesis more comprehensively.

5.1.1 The impact of the inclusive business model on farmers' sustainable livelihoods in the organic tourism industry of Thailand

Based on the sustainable livelihoods approach, it can be found that the private sector in the organic tourism industry of Thailand can help improve the sustainable livelihoods of the BoP (Bottom of the Pyramid) community through the implementation of an inclusive business model, in terms of increasing more business and income opportunities, reducing the risks of natural disasters, improving food security, and more opportunity to access to natural resources, thereby improving farmer's well-being in the long-term perspective. But the interview feedback and

observation also show that there are some negative impacts on the BoP (Bottom of the Pyramid) community as well. For example, the BoP (Bottom of the Pyramid) community is over-reliant on the company, and they are also more vulnerable to the uncertainties of the company's business operations and the organic tourism market. At the same time, the farmers will be more susceptible to the influence of the private sector, when building new cooperative relations between the private sector and farmers. For example, the company business is affected by market fluctuations or market uncertainty (e.g. COVID-19), and the livelihoods of farmers are also more vulnerable.

Based on the in-depth interview with different stakeholders, the analysis approach of sustainable livelihoods assesses the impact of the private sector's inclusive business model on Thai farmers' sustainable livelihoods in the organic tourism industry. According to the literature review, poverty and social inequality issues are one of the main challenges for Thailand to achieve sustainable development goals. On the one hand, due to climate change, falling agricultural produce prices and limited capacity have a huge negative impact on Thai farmer's sustainable livelihood. The data also show Thailand's poverty rate has increased in the past few years, and Bangkok post described that Thai society also is an unequal society in Southeast Asia. To solve this problem, it is interesting to discuss the role of the private sector to support local inclusive development. On the other hand, based on the case study of the "Suan Sampran", it is found that encouraging the private sector to develop inclusive business models can help promote sustainable livelihoods for the Thai BoP (Bottom of the Pyramid) communities such as Thai farmers. For example, through the development of inclusive business models and cooperation with low-income farmers, the private sector can create opportunities to contribute to the farmer community's economic and social transformation. This is like how scholars (Hahn, 2012) described the impact of inclusive business approaches on the poor, and as the scholar (Simanis, Hart & Duke, 2008) argue that the BoP (Bottom of the Pyramid) has gradually transformed from BoP 1.0 to BoP 2.0, through which company has a deep dialogue with the BoP (Bottom of the Pyramid) community and works as a business partner, and creates the business by sharing value.

In addition, this case also can use different approaches to make an analysis. From the perspective of Maslow's basic needs approach, this model can help low-income farmers obtain the basic needs, such as organic food and land resources, opportunities to develop their own business, improve the possibility of reaching the self-actualization level by cooperating and joining the company's business value chain. For example, according to the literature review, many Thai farmers do not have full land ownership and equal opportunity to assess water resources. But based on the interviews feedback from the farmers, the majority of farmers who work at the "Suan Sampran" organic farm mentioned that although they do not have their land, at least they have the right to use the land to practice organic farming with no rental fees.

Based on the capability approach, the inclusive business model can promote an exchange capacity platform between the private sectors and farmers to make up for the shortcomings of their respective capabilities. For example, as the Thai BoP (Bottom of the Pyramid) communities are mainly concentrated by farmer's communities who lack funds, resources, knowledge, etc., it is difficult to achieve socio-economic transformation and improve quality of life by themselves. Then, the private sector may have more resources and capabilities than low-income farmers, such as land, fixed assets, and business networks. After joining the "Suan Sampran" business value chain and the "Sampran" model movement, farmers can have more opportunities to obtain more resources and market channels to improve their production capacity, and even have the ability to become SMEs. At the same time, farmers can also help "Suan Sampran" create new selling points, strengthen supply chains, and reduce production costs.

On the other hand, this case also can be analyzed from the human development approach perspective. For example, farmers cooperating with "Suan Sampran" can get more knowledge training (Education) in organic farming, reducing the use of high-cost chemical fertilizer and also support farmers to obtain healthier organic produce (Healthy), and increase their income (Income). Moreover, based on the human rights-based approach, this business model not only can contribute to creating more enabling creation for farmer communities' development through the realization of people's rights, but also empower farmers to be more active in

participating in the project decision-making process and contribute to farmer's social-economic transformation.

5.1.2 The challenges in implementing the inclusive business model in the organic tourism industry of Thailand

Based on the findings, there are some different challenges that the private sector may face when implementing an inclusive business model in the organic tourism industry of Thailand, such as the lack of government policy support, business model innovation, and challenges in cross-sectors and stakeholder communication and coordination.

Since the private sector is an important player for promoting social innovation and contributing to local inclusive development. From the perspective of the market economy, promoting free-market competition can contribute to the private sector paying more attention to its business innovation. In the case of “Suan Sampran”, as the company managers mentioned that at beginning of the project establish, the company also meet some challenges in business model innovation to make business more sustainable in the competitive tourism market, company managers decided to create new selling points by innovating its business models which cooperate with local farmers to set up organic tourism projects. At the same time, the company managers also meet the challenge in communication with other stakeholders that let them understand the principle of inclusive business to make the company's products and services more competitive, and create a business community in which different stakeholders can share the same interests and visions.

Furthermore, from the private sector’s perspective, it is not easy for the private sector to develop an inclusive business model in Thailand under limited conditions. For example, it may increase the business operating costs if the private sector changes its original business model and rebuilding new partnerships with local communities, good communication and coordination skills are required, and also the inclusive business is not suitable for all industries, especially high-tech industries with

professional technical skill requirements. From the perspective of the public sector in Thailand, there are no specific policies to support the private sector to develop inclusive business yet, even there are supporting from the Department of Agriculture or Tourism in the “Suan Sampran” case, but there is no specific department taking responsibility to promote inclusive business in Thailand. Perhaps the Department of Commerce together with the Department of Social Development can take part of the responsibility to support the private sector to develop inclusive business by collaborating with the other related departments.

Although Thailand has launched the social enterprise policy to promote social enterprise-based solutions for poverty reduction and rural development, including tax incentives and funding for social enterprise initiatives by adopting the Social Enterprise Act in 2019, Thailand still has the development potential to create a specific policy to support the inclusive business. Compared with other countries in the ASEAN, the Philippines government has launched an inclusive business strategy to support poverty alleviation as part of the national development strategy. According to the report of Policy Environment for Inclusive Businesses in the ASEAN, the Philippines was the first ASEAN member country to adopt a policy to support inclusive business models. For example, the Philippines’ Board of Investments created the Investment Priorities Plan to provide fiscal incentives to support companies develop inclusive business models in the agriculture and tourism industry. As the interviewee of “Suan Sampran” mentioned that developing inclusive business in the organic tourism industry does not require much financial investment compared to other industries. This may create more challenges to the private sector such as being less active and motivated in implementing inclusive business models without any fiscal incentives support.

On the one hand, based on the interviews feedback from customers that customers can learn new knowledge of organic farming by joining “Suan Sampran” organic workshops, and purchase organic agricultural products directly from local farmers at a reasonable price. At the same time, customers also can contribute to the profit growth of the “Suan Sampran” and project internal capital flow by consumption. On the other hand, the private sector tries to innovate its business model

and products to meet the demand of the consumer market. As the consumer mentioned that consumers will be more interested in purchasing products or services if the company's business not only just focuses on profit, but also helps the Thai lower-income communities because consumers can indirectly contribute to improving those communities' livelihoods and anti-poverty. As the demand side, consumers play an irreplaceable role in the development process of inclusive business models, in terms of stimulating the private sector's business innovation by increasing demand for social or environmentally inclusive products or services.

5.1.3 The Matrix of Discussion

Table 2: The Matrix of Discussion

Concept/ Theory	Method	Finding	Analysis
Social Innovation	Secondary data and Primary data	Social innovation is an important driver for the development of inclusive innovation in private sector' business models. For example: The company like “Suan Sampran” try to innovate their business model which collaborates with local farmers, to find new selling points and market development potential of organic tourism.	It is important to encourage the private sector to recreate a more inclusive business model by promoting social innovation. And encourages the private sector' business innovation based market and demand-oriented
Inclusive Business	Secondary data and Primary data	Based on an organic tourism case study. The private sector's inclusive business model helps promote the BoP (Bottom of the Pyramid) community's sustainable livelihoods.	The private sector implementing an inclusive business model may provide a “commercial approach” and value exchange platform for business and BoP (Bottom of the Pyramid)

		<p>For example: the “Suan Sampran” company created the “Sampran” Model to integrate BoP (Bottom of the Pyramid) communities and other stakeholders into their business value chain which can share their capability, knowledge, and resources with each other. And this model is not only business value-oriented but also is more social and environmental oriented.</p>	<p>communities. Then different stakeholders can exchange and integrate their knowledge or capability through the inclusive business model.</p>
<p>BoP *Poverty and Social inequality</p>	<p>Secondary data and Primary data</p>	<p>The Thai BoP (Bottom of the Pyramid) community (Such as farmers) facing poverty and social inequality challenges due to lack of capacity, opportunity, resources, etc. and local social, political, and economic structural reasons</p> <p>In the past few years, the BoP (Bottom of the Pyramid) population in Thailand has increased, because of the declining price of agricultural products, climate change, etc, and inequality of opportunity to accessing natural resources</p>	<p>As the BoP (Bottom of the Pyramid) community lacks knowledge, capital, and resources, it is necessary to cooperate with other sectors, including the public or private sector. By cooperating with the private sector, the BoP (Bottom of the Pyramid) community can obtain more capabilities and resources to promote poverty reduction, and reduce the gap between different social classes.</p>
<p>Sustainable livelihoods</p>	<p>Primary data</p>	<p>Based on sustainable livelihood approaches which find the BoP (Bottom of the Pyramid) communities (farmers) have more opportunities to maintain</p>	<p>From the sustainable livelihoods perspective, an inclusive business model is useful to improve the sustainable livelihoods of</p>

		sustainable livelihoods after participating in the “Suan Sampran” inclusive business	BoP (Bottom of the Pyramid) communities and help to promote poverty reduction and social inequality in Thailand
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All in all, accepting the thesis research hypothesis which is innovation and inclusive business model is useful for improving the socio-economic circumstances of the BoP (Bottom of the Pyramid) communities which leads to promoting inclusive development of Thailand. Besides, it is also interesting to discuss what kind of business should be truly inclusive. Under a free-market economic environment, the structure of social wealth or value distribution systems may increase social inequality if without any necessary political and economic reform. The inclusive business as a commercial approach is created and implemented by the private sector. This model not only creates commercial value for the company but also can contribute to the rebuilding of the wealth distribution system between the rich and poor. As defined by the Group of Twenty (G20), the private sector integrates BoP (Bottom of the Pyramid) communities into the corporate value chain, giving BoP (Bottom of the Pyramid) communities more opportunities to maintain their sustainable livelihoods, thereby promoting poverty reduction and social equality in the long term. Based on the case study of “Suan Sampran”, this is not enough to integrate the BoP (Bottom of the Pyramid) communities in the business value chain. It is necessary for the company to train the BoP (Bottom of the Pyramid) communities so that they can have more capabilities to improve their productivity to meet the demand of the consumer market. Moreover, the private sector can also share business knowledge, market channels, and networks with the BoP (Bottom of the Pyramid) communities to encourage and support BoP (Bottom of the Pyramid) communities to develop their businesses and become SMEs.

5.2 Conclusion

Poverty and inequality are the main development challenges faced by many ASEAN countries, such as Thailand, Myanmar, Philippines, etc. Tourism is one of the major industries contributing to Thailand's economic prosperity and has the potential to reduce poverty. However, it has also strengthened the inequitable distribution of social wealth and deepened the gap between the rich and poor under certain circumstances. It is necessary to encourage the private sector in the organic tourism industry to recreate a more inclusive business model by promoting social innovation. The inclusive business model as a business-based approach which can contribute to social and environmental responsibility orientated sustainability rather than just economically orientated sustainability. The selected case study of "Suan Sampran" for the purpose of this thesis is a private sector which works on developing inclusive business in the organic tourism industry, and builds a mutually beneficial partnership and a more equal wealth distribution system with local farmers to assume social responsibility.

First, based on the findings of the first research objective, it assesses the impact of the private sector's inclusive business model on the BoP (Bottom of the Pyramid) community's sustainable livelihood. Through qualitative research methods such as in-depth interviews with farmers and project managers, the findings showed that the private sector such as "Suan Sampran" implementing the inclusive business model had a positive impact on the BoP (Bottom of the Pyramid) community's sustainable livelihoods in the organic tourism industry of Thailand. For example, the lower-income farmers can gain more opportunities to access resources, capability, and network to promote their sustainable livelihoods. From the perspective of inclusiveness, an inclusive business model is useful for the private sector to realize the integration of the value, knowledge, and resources among different stakeholders. The private sector can work as a coordinator to transfer these values and resources to promote sustainable livelihoods of local farmers, which may lead to poverty reduction and social class mobility of Thai society in the long term. From a development perspective, the private sector has more financial capital, social capital, and other

resources than the BoP (Bottom of the Pyramid) communities. The inclusive business model can build a more equitable cooperation relationship among different stakeholders, which may be useful for equitably redistributed social and economic value to the BoP (Bottom of the Pyramid) communities compared with traditional social production and employment models. Furthermore, this model also has some negative impacts on BoP (Bottom of the Pyramid) communities. For example, the BoP (Bottom of the Pyramid) communities are over-reliant on the private sector under certain conditions, and they are also more vulnerable to the uncertainties of the company's business operations and the organic tourism market.

Second, based on the findings of the second research objective, there are some different challenges that the private sector may face in implementing inclusive business models in the organic tourism industry. From the private sector perspective, it is important for the private sector to keep working on developing inclusive businesses in Thailand, even if there are some potential challenges. For example, challenges in business model innovation, communication with different stakeholders, building a business community with the same vision and interests, and limited policy support. The private sector can raise awareness of developing inclusive business models. Understanding this model can also improve its competitiveness and strengthen the business value chains, and create new selling points to meet the demand of the customers. In the case study of “Suan Sampran”, customers have positive feedback on this project because customers have the opportunity to visit organic farms, participate in the organic farming workshops and learn organic agricultural knowledge. They can also purchase organic products directly from local farmers at reasonable prices. Moreover, encouraging relevant government departments to support the local private sector and develop inclusive business models, in addition to participating in local inclusive development is also important.

Third, according to the national development plan of Thailand, it plans to enable Thailand to become the center of organic farming and trading in the ASEAN region, and become one of the major suppliers of organic products in the world. At the same time, increasing farmers' per capita income by exploring value-added

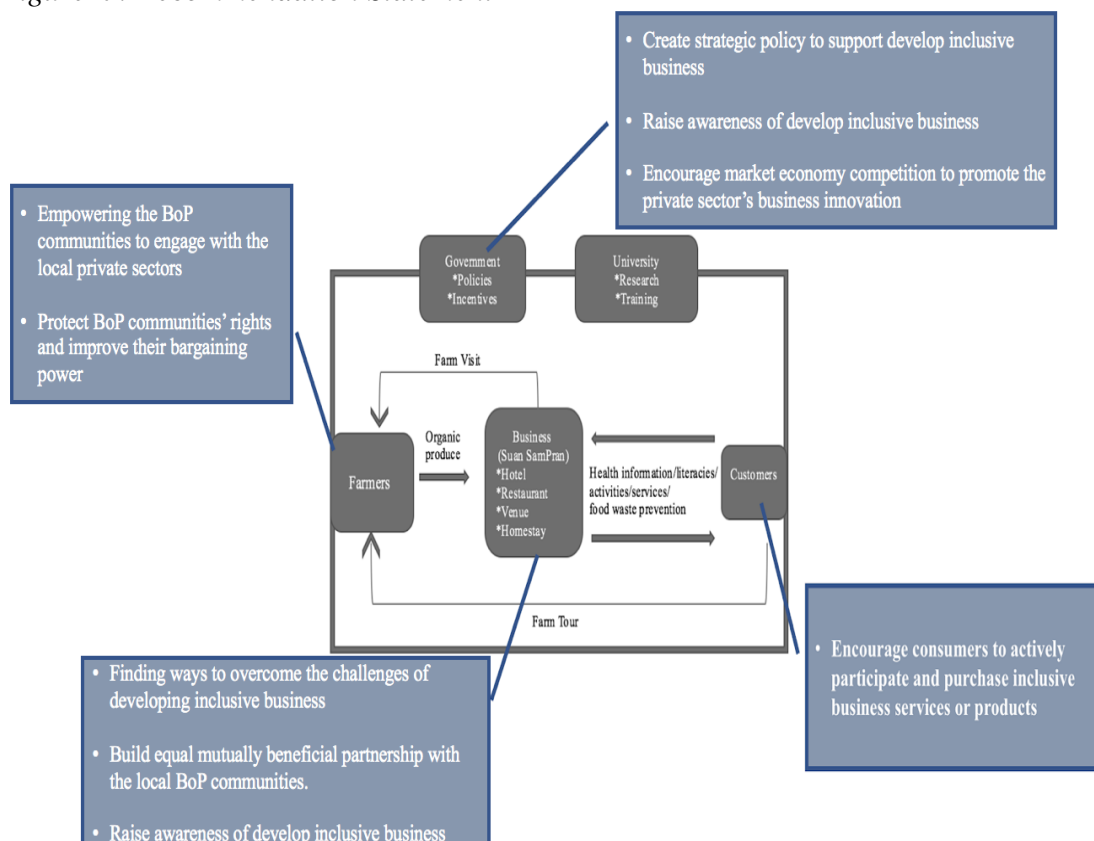
farming and supporting farmers to become competitive modern entrepreneurs. Based on the “Suan Sampran” case study, this model can help local governments resolve the needs of the BoP (Bottom of the Pyramid) communities, achieve long-term inclusive growth, as well as its national development goals. As this project model helps to transfer the ability of “Suan Sampran” to support smallholder farmers to develop value-added agriculture and become entrepreneurs, not only does this increase farmers’ income, it also helps the country develop the sustainable organic farming industry. Moreover, there is huge development potential for the private sector to develop inclusive businesses in Thailand and other ASEAN countries, just like the report from Asia Development Bank (ADB, 2018) shows that there is a 56% BoP (Bottom of the Pyramid) population in ASEAN, and the investment of the inclusive business projects will reach \$6.3 billion in the ASEAN region by 2025.

All in all, through the case study of “Suan Sampran”, this research found that the private sector implementing the inclusive business model in the organic tourism industry not only helps the company build a more sustainable business, improve BoP (Bottom of the Pyramid) communities such as Thai farmers’ sustainable livelihoods, consumers can also get new experience and knowledge of organic farming. From the long-term perspective, this model may be useful in contributing to poverty reduction and improving social equality for Thailand. Although there are some challenges in the private sector implementing the inclusive business model in Thailand, it is certain that the private sector can assume more responsibility to participate in local inclusive development. It is necessary to encourage the private sector to innovate its business model to be more inclusive which can better contribute to the inclusive growth of Thailand.

5.3 Recommendation

Through an organic tourism case study and data analysis, some recommendations may be useful for encouraging the inclusive development of Thailand based on an inclusive business approach. For example:

Figure 7: Recommendation Statement



For local government:

The Thai authorities can integrate the resources of different departments, such as the Ministry of Commerce, the Ministry of Social Development and Human Security, the Ministry of Agriculture, or the Tourism Authority of Thailand together to establish a specific department or create policies to promote inclusive business in Thailand. This department can contribute to the inclusive growth of Thai society by the following action:

1: Enable the private sector to enter the BoP (Bottom of the Pyramid) communities, which can reduce market barriers and create conditions that are more conducive for the private sector to partner with the BoP communities especially low-income farmer households in the rural area of Thailand.

2: Encourage the private sector to invest in inclusive business by systemic policy. Such as tax reduction, subsidies, and other financial incentives that can be more attractive for the private sector to invest and improve investment return for inclusive business. For example, local governments can partner with local financial institutions to provide strategic subsidies to the private sector in the initial stage of inclusive business investment.

3: Work on raising public awareness, and encourage the innovative development of inclusive business. For example, working on raising public awareness of inclusive business, and encouraging market competition which promotes the private sectors to innovate its business model to be more socially and environmentally-oriented sustainable rather than only economically or profit-oriented.

For private sectors:

1: Finding ways to overcome the challenges of developing inclusive business by cooperating with local public departments and BoP (Bottom of the Pyramid) communities to make business more sustainable.

2: The private sector can more actively develop an inclusive business model through innovation, and encourage the private sector to build an equal mutually beneficial partnership with the local BoP (Bottom of the Pyramid) communities.

3: Raise awareness of the inclusive business, and encourage private sectors to establish its corporate objectives and strategies to integrate BoP (Bottom of the Pyramid) communities into business operations, and encourage grassroots innovation and develop the capacity of the BoP communities through training and education.

For BoP communities:

1: Empowering the BoP (Bottom of the Pyramid) communities to engage with the local private sector, and gain more opportunity to access resources, capability, and network from the private sector which may help the BoP (Bottom of the Pyramid) communities achieve social-economy transformation and promote sustainable livelihoods.

2: Increase awareness of the BoP (Bottom of the Pyramid) communities' rights protection and improve their bargaining power. For example, BoP (Bottom of the Pyramid) communities have equal rights to share their local wisdom and knowledge in the business decision process.

For customers:

1: As the demand side, encourage consumers to actively participate and purchase inclusive business services or products. Promote the demand for social/environmentally inclusive products or services to stimulate the private sector's business innovation.

5.4 Future Study

Due to the limitations of this research, there are some future study recommendations that can improve the research gap of the related field of this thesis. First, this research didn't interview other stakeholders, such as local government, university, civil society, or NGOs related to the selected case. Under certain conditions, it is helpful to in-depth interviews with those stakeholders in the future, because doing this not only can reduce errors in research results, but also improve the research quality of collected data. For example, interviews with relevant government departments that researchers can get more first-hand data of inclusive business and related policy in Thailand. At the same time, interviews with local NGOs who support local social inclusion movements or develop inclusive business models will also provide a deeper understanding of the NGOs' role in supporting the development of inclusive business in Thailand.

Second, according to the interview feedback from “Suan Sampran” stakeholders, this inclusive business not only affects the economic and social transformation of the BoP community but also has a certain impact on the environment as well. There is also future research potential to focus on the link between environmental sustainability and inclusive business. The analysis of the “Suan Sampran” case mainly focuses on the perspective of the impact of inclusive business on poverty reduction and social equality of the BoP communities in the organic tourism industry. This organic tourism project initiated by the private sector not only affects the sustainable livelihoods of BoP communities, but also plays a significant role in sustainable environmental development as well. For example, through implementing an inclusive business model in the organic tourism industry, local farmers can reduce the use of chemical fertilizer and reuse agricultural waste. It not only has an impact on the production process but also contributes to environmental sustainability.

Third, this thesis only selected one Thai organic tourism case to study, which may have certain limitations in assessing the impact of inclusive business models on

the BoP community's sustainable livelihoods. It will be useful if the researcher can study other related cases in Thailand which can reduce the research error of this thesis. Moreover, it is also important to study whether the inclusive business model is also applicable to other industries or not.

Fourth, based on research findings, private sectors can integrate different stakeholders into the company's business value chain by implementing an inclusive business model. It is also necessary to study the internal power relationship among different stakeholders under the business value chain. For example, study the power relationship between private sectors and farmers in the decision-making process. Research on internal power relationships not only helps to understand whether the power relationship among different stakeholders is equal or not, but it is also an important factor in measuring the inclusiveness of the business model.

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Appendix

Appendix 1. Interview Questions

* Interviews Questions for the Project Manager	
Number	Question
1	Could you please tell me your name, your position, and how many years you have worked on this project?
2	Could you please share with me some general information about this inclusive business project? e.g. background etc
3	What is the motivation for setting up this project? for economic and/or social and/or other reasons.
4	How to finance this project? ex. from private capital investment and / or financial institute investment and / or government funding or other.
5	How to cooperate with the farmer's community and establishment of project's supply chains?
6	How to build a value-sharing platform for knowledge sharing with other sectors? e.g. government, universities, etc.
7	How many farmer's group's partnership with the project?
8	How do farmers participate in the operation process of the project?

9	What does this project provide to farmers? e.g. Training opportunities, financial support, etc
10	How to distribute the income of this project to employees and farmers?
11	There is any feedback from the cooperative farmer community and other stakeholders about this inclusive business project? e.g. both positive and negative feedback
12	Does the local government department provide any support for this project? e.g. Policy support, funding, and tax support, etc.
13	Are there any difficulties and challenges to manage this inclusive business project? e.g. employee management, value chain or supply chain management, market development
14	What are the advantages and disadvantages of this inclusive business project compared with other traditional models in the organic tourism industry?
15	Which factors do you think will affect organic tourism? e.g. climate change, non-traditional security (Covid19), etc.
16	Are there any plans to promote this kind of inclusive business model in Thailand? *If Yes, How *If No, Why
17	What are the potential challenges in terms of promoting this inclusive business? e.g. Financing difficulties, limited policy support, risk of investment, supply chain or value chain establishment, etc.

*Interviews Questions for the Organic Farmer	
Number	Question
1	Could you please tell me your name, your work, and how many years you have worked for this project?
2	Could you please tell me why you decided to join this project?
3	What is the type of job and industry you worked in before you joined this project?
4	What is your current work or services you provide for this project?
5	From an economic perspective, has your income increased by joining this project compared to before?
6	If it is possible, could you please share with me your average income level of current work and previous work?
7	How does this project distribute the income and/or other benefits to you? e.g. helping you to expand market channels etc.
8	Do you think the income distribution system of this project is fair or not? If no, why
9	How do you feel about your livelihood after your partnership with this project? e.g. feel more optimistic or?
10	In this project, do you have any chance to share your suggestion or ideas? *If, yes, by what way?

11	If you have new ideas or want to create a small project, will this project give/support you the opportunity to practice?
12	Any other benefits that this project provided to you? Such as better working conditions and/or living environment, medical insurance, etc.
13	Does this project provide professional knowledge/skills training of organic farms to you?
14	Does this project provide any resources and other opportunities to you? e.g. practice organic agriculture and become SMEs
15	Is there any help/support this project provides to you when your organic farming work effect by natural disasters such as floods and droughts etc?
16	Do you think organic tourism practices have an impact on your food safety?
17	If yes, by what way? is help to improve your food safety?
18	Does your daily food source mainly come from organic farms of this project?
19	Does this project provide you a place to practice organic farming? e.g. Land use rights
20	Does this project provide any raw materials for you to practice organic farming? e.g. Crop seeds, fertilizers, etc.
21	Do you feel satisfied with the cooperation model of this project? and any suggestions for this inclusive project? both positive and negative sides.

22	There is anything that can be improved from this project model?
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*Interviews Questions for the Customers	
Number	Question
1	Could you please tell me your name and your job?
2	Do you come here to travel? and how do you know this place?
3	Why did you decide to visit here? e.g. what is your motivation
4	Have you heard about the concept of the “Inclusive business model” before?
5	Do you think this kind of project is attractive to you? What attracted you most to this project?
6	Could you please share your experience here? compare organic tourism with other traditional mass tourism
7	What do you think of the price and services here?
8	What did you gain through experience with this project? e.g.the new experience / knowledge of organic farms etc.
9	Do you think this model will help provide opportunities for farmers and rural development
10	Do you think this kind of business model will be useful for promoting inclusive development in Thailand? e.g. promoting poverty reduction, social equality.

11	Will you share this project with your friends and family?
12	Do you have any suggestions for this project?



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