

New Chinese Migrants Enterpruner in Thailand: The Case Study of Jong-Thai Jianming
Eiw Ea (Group) Co., Ltd.



A Thesis Submitted in Partial Fulfillment of the Requirements
for the Degree of Master of Arts in Southeast Asian Studies
Inter-Department of Southeast Asian Studies
GRADUATE SCHOOL
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วิทยานิพนธ์นี้เป็นส่วนหนึ่งของการศึกษาตามหลักสูตรปริญญาศิลปศาสตรมหาบัณฑิต
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การศึกษาเรื่องชาวจีนโพ้นทะเลในประเทศไทยมีการดำเนินการอย่างกว้างขวางโดยนักวิชาการจำนวนมาก อย่างไรก็ตาม การศึกษาค้นคว้าเหล่านี้ส่วนใหญ่มุ่งความสนใจไปที่ชาวจีนโพ้นทะเลที่มาจากภาคตะวันออกเฉียงใต้ของจีน คนเหล่านี้เป็นส่วนสำคัญของชาวจีนที่อพยพเข้ามาในเอเชียตะวันออกเฉียงใต้ตั้งแต่ยุคโบราณจนถึงช่วงสมัยใหม่ และยังคงมีบทบาทสำคัญในภูมิภาคนี้ สารสำคัญผลงานการศึกษาค้นคว้าเหล่านี้รวมไปถึงการระบุผู้อพยพชาวจีนว่าเป็นใคร มาจากไหน สมาคมจีนต่างๆ ตระกูลใหญ่ต่างๆ ของผู้ประกอบการชาวจีน และอื่นๆ แต่การศึกษาเกี่ยวกับชาวจีนที่อพยพเข้ามาใหม่และเข้ามาเป็นผู้ประกอบการจากภาคอื่นๆ ที่มีใช้ตะวันออกเฉียงใต้ของจีนยังมีจำกัดมาก กลุ่มผู้ประกอบการชาวจีนเหล่านี้ไม่มีความเกี่ยวข้องกับผู้อพยพชาวจีนที่เข้ามาก่อนหน้านี้ จึงเป็นเรื่องที่น่าสนใจว่า พวกเขาดำเนินธุรกิจอย่างไรประสบความสำเร็จในประเทศไทยได้อย่างไร และเข้ามามีความเกี่ยวข้องกับสมาคมที่มีอยู่ก่อนหน้านี้อย่างไร ประเด็นนี้จึงเป็นเรื่องใหม่ที่เราควรให้ความสนใจศึกษาค้นคว้า วิทยานิพนธ์เรื่องนี้มุ่งความสนใจไปที่กรณีของบริษัท Jong-Thai Jianming Eiw Ea (Group) Co., Ltd. ซึ่งผู้ก่อตั้งมาจากเขตพื้นที่ในจีนซึ่งมีใช้ภาคตะวันออกเฉียงใต้ โดยจะพิจารณารูปแบบทางธุรกิจของบริษัทนี้ ความเกี่ยวข้อง (ถ้ามี) กับสมาคมจีนต่างๆ และเหตุผลที่อยู่เบื้องหลังการตัดสินใจเข้ามาดำเนินธุรกิจในประเทศไทย

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Yuge Liu : New Chinese Migrants Enterpruner in Thailand: The Case Study of Jong-Thai Jianming Eiw Ea (Group) Co., Ltd.. ADVISOR: Asst. Prof. Theera Nuchpiam, Ph.D.

The study of the overseas Chinese in Thailand has been broadly conducted by many scholars. However, such have mainly focused on the overseas Chinese who came from the southeastern part of China, as they were the major part of the Chinese migrants to the Southeast Asian region from the ancient to modern times, and today they still play a great role in this region. Major themes in these studies include the identification of the Chinese migrants (who they were or where they had come from), various Chinese associations, big families of Chinese entrepreneurs and etc. On the contrary, the study of the new Chinese migrants as entrepreneurs from other parts of China, i.e. other than the southeast, has still been limited. This group of Chinese entrepreneurs has no links with the earlier Chinese migrants, so how could they successfully conduct their business in Thailand and what are their connections with the earlier associations? Their presence in Thailand (and indeed in Southeast Asia as a whole) has become a new area for us to study. This thesis focuses on one successful case – that of Jong-Thai Jianming Eiw Ea (Group) Co., Ltd., whose founders are not from the southeastern part of China. The purpose is to examine their business mode, their connection, if any, with the early Chinese associations, and the underlying reasons from their decision to come to operate in Thailand.

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New Chinese Migrant Entrepreneur in Thailand: The Case Study of Jong-Thai
Jianming EiwEa (Group) Co., Ltd.

CHAPTER 1 Introduction

1.1 Background and Rationale

Migration is an issue facing many countries. As for Thailand, the migration from China has a long history. Scholar Zhuang Guotu has divided the Chinese migrants to the Southeast Asian region into 4 groups. The first group was from the beginning of the 17th to the middle of the 19th centuries. This group of Chinese migrants came with the aim of engaging in trading. The second group was from middle of 19th to the beginning of 20th centuries. This group consisted mainly of non-skilled workers, who had fled the war in China. The third period was from the beginning of 20th century to the 1950s. During this time Chinese started to bring their families with them, and they also aimed to engage in trading and established various trade associations. The fourth period is from the 1980s to the present time. It is the period when the open policy of China has brought a large number of Chinese investors to this region (Southeast Asian affairs, 2008). In Zhuang's view, the fourth group of Chinese migrants comprises the new Chinese migrants.

The fourth group differs from the earlier ones, in that the new Chinese entrepreneurs are of various types. In the past, the Chinese entrepreneurs moved to Thailand on their own to engage in local trade or business and finally settle down in

Thailand. With the open policy of China, the new Chinese enterprises are no longer limited to personal business enterprises; some state-owned enterprises are also involved. Meanwhile, some of the new enterprises came to Thailand as one of the stops in the global market, and they have come mainly to invest rather than as migrants to settle down here. This thesis will only focus on the new migrant entrepreneurs.

These new Chinese migrant entrepreneurs show many differences from the earlier Chinese migrants. The first difference is the place from which the Chinese migrants came. Whereas in the past Chinese migrants mostly came from the southeast of the China, the new Chinese entrepreneurs have come from all regions of the country. Meanwhile, as there are no trade associations in Thailand to assist the new Chinese entrepreneurs who have not come from the southeast of China, they have to start their new way to develop their businesses in Thailand. Secondly, with the closed-door period of China following the communist victory in 1949, many Chinese migrants in all part of the world lost contact with the mainland Chinese people. This situation resulted in large numbers of the earlier Chinese migrants choosing to settle down in the countries they migrated to and cut off connections with China itself. As the earlier Chinese migrants got involved in the country where they had settled down, they gradually accepted the local culture, and found the way to balance the Chinese and local cultures. In the meantime, the mainland Chinese, following the

culture revolution period, gradually developed new attitudes and new culture. The differences in culture between the new and earlier Chinese migrants even brought about obstacles between these two groups of Chinese migrants. Finally, there is a difference in the way the new Chinese entrepreneurs gain connections. The new Chinese migrant entrepreneurs have more ways to gain connections than those who came before them. In the past, the earlier Chinese entrepreneurs got together by setting up trade associations for different areas of China from which they had migrated, such as the Guangxi trade association. The new Chinese entrepreneurs, especially those who came from areas other than the southern part of China, have not established trade associations in Thailand to assist them. In this case, rather than setting up a new trade association in Thailand, they use the internet to connect, such as using websites and social media, even connecting and cooperating with the local Thai people directly.

Jong-Thai Jianming Eiw Ea (Group) Co., Ltd. (henceforth “Jianming”) is a company which was established in Thailand in 2003 with the objective of importing, manufacturing, and distributing traditional herbal medicines. The company operates under the policies of the parent company whose factory is located in Xi'an city, Shaanxi province, the People's Republic of China. The parent company has an advanced and modern factory engaging in extracting herbal medicine from medicinal plants. The factory was built over 30 years ago. In 2003, when the company started

its business in Thailand, there was no Shaanxi trade association in this country. The owner of the Jianming, the president Huo Jianjun, then chose a different way from those of other (most notably older) Chinese enterprises to help it operate in Thailand: its method is not to seek the assistance of a trade association but rather the cooperation with the local Thai. With the development of Jianming Company, it eventually brought their business to Thailand, and their products are mainly sold to local Thai people from big pharmacies, such as Watsons and Boots, in Thailand now. Following the success in Thailand, they have also expanded their business in Thailand to other Southeast Asian countries.

This research seeks further understanding of the way these new Chinese migrant entrepreneurs adapt themselves to the business environment in Thailand. That is, as new comers to this country, thereby without the benefit of the assistance enjoyed by the older generations of Chinese migrants to this country, how have the new entrepreneurs devised their own way to survive in this new business environment. The case study of Jianming is expected to shed light on the development of the way for the new Chinese migrant entrepreneurs in Thailand – that is, the way of conducting business in this country without the help of organizations such as the chamber of commerce, which the older generations of Chinese entrepreneurs enjoyed in the past.

1.2 Research Objectives

The objectives of this research are as follows:

- i. To analyze the way Jianming has operated in Thailand as a new migrant entrepreneur in this country
- ii. To find out the underlying factors that have prompted the Jianming to choose its way of operation in Thailand as a new migrant entrepreneur in this country
- iii. To determine, from this case study, the extent to which this case represents the operational pattern of new Chinese migrant entrepreneurs.

1.3 Keywords

Chinese migrant entrepreneur, migration, trade association, cross-culture, Guanxi (relationship)

1.4 Research Questions

Two research questions are addressed in the present study:

1. How did Jianming develop its business in Thailand as a new Chinese enterprise?
2. What are the major factors leading Jianming develop its business in Thailand in this way?

1.5 Hypotheses

- i. Jianming is operating by cooperating with local Thai enterprises rather than seeking the help from a Chinese trade association.

- ii. There are four reasons for which Jianming has chosen to cooperate with the local Thai enterprise: 1) the difference between the region from which it has migrated and those of the earlier Chinese migrants; 2) the regional limitation of the Chinese trade association in Thailand; 3) the better political environment for foreign investment in Thailand; and 4) the personal preference of the founder of Jianming.
- iii. Given this mode of operation and the reasons for its adoption, we may hypothesize that the operational mode of Jianming represents a pattern of how new migrant entrepreneurs operate in Thailand.

1.6 Research Methodology

1.6.1 Documentary research

Documentary research aims to gain data from various documents, such as the books, journals, articles, and some websites, which are related to this subject. This type of research will mainly focus on the historical research about the political, economic and culture environments of China and Thailand, and how these affect the Chinese migrants in their effort to create new patterns of operating their enterprises in Thailand.

1.6.2 Personal interview

One group of persons will be interviewed for this case study : the management group of Jianming.

As the management of Jianming is the core part of the enterprise, they participate into each every decision-making step. Therefore, by interviewing the management, we can directly examine why and how a decision has been made and how it affects the direction of the enterprise and makes it develop in the way it is doing now. As for this case study, the questions will mainly focus on the part of how and why Jianming chose to establish and operate in this way in Thailand.

1.7 Significance and Usefulness of Research

This study will provide further understanding of the pattern of the new Chinese migrants in Thailand by comparing it with the older Chinese migrants. There have been a lot of studies on the political, economic environmental changes in China and Thailand, and the differences between the two countries. However, not many studies have been attempted on the cultural differences between the new and older Chinese migrants, nor the way the new migrant entrepreneurs are operating in Thailand and Southeast Asia. This study aims to further our understanding in this respect. This study will try to achieve this through a case study, which focuses on how a new comer has come to develop its own way of operating its business in Thailand. This case is expected to shed some light on what is happening, insofar as the new Chinese migrant entrepreneurs are concerned, in Southeast Asia as a whole.

Chapter II

Review of Literature, Concepts and Theoretical Framework

To have a better understanding and knowledge about the new Chinese entrepreneurs in Thailand, a literature review on related issues need to be conducted. Meanwhile, a broad literature survey on this topic will provide both detailed information and reasons for better understanding, which would serve as a basis for this study. In particular, this survey is expected to show research gaps in this subject to encourage further scholarly work.

2.1 Literature Review

2.1.1 Socio-political and economic changes in Thailand and China

In discussing the migration, one thing cannot be ignored. This is the question about the main factors influencing people to migrate. In Mervyn Piesse's point of view, the main forces driving migration are socio-political, economic and ecological factors (Mervyn Piesse, 2014:1).

With regard to the ecological factor, Mervyn Piesse places a focus on climate change, as it is "the most serious" one. However, as the information on the impact of climate change in Thailand and China on migration is still not adequately available, this thesis will only focus on the other two factors, the socio-political factor and economic factor.

For the socio-political part, both Thailand and China have experienced big changes in the past. As for Thailand, Chinese migration is never a new phenomenon as the Chinese have kept migrating to Thailand since the ancient times. However, in the contemporary period, Thailand has issued a series of law to solve the problem of Chinese migrants. Some scholars like Wang Gungwu claim that this is because Chinese migrants had always been assimilated very quickly into Thai society, but by 1920 many more Chinese families came (Wang Gungwu, 1992: 29). Some scholars like David K. Wyatt explain that the increasing outflow of the Chinese was due to the communists coming to power in China. This situation changed after 1975, as Thailand established diplomatic relations with China, and friendly relations have developed since then.

As for China, after the establishment of the People's Republic of China in 1949, many restrictions were imposed on migration from China to overseas destinations, and the country's external relationship was seen as a "dark spot" for its citizens (*Southeast Asian Affairs*, No.1 2008). This phenomenon changed with the economic reform initiated by Deng Xiaoping in 1978 and the open policy has continued and even further developed up to today, with more initiatives like the new policy of One Belt One Road having been taken by Xi Jinping. However, it was not until November 1985 that "the Emigration and Immigration Law was adopted which guaranteed the rights of China's citizens to travel outside China and allowed those who wished to

leave the country for private reasons to do so” (*Journal of International Affairs*, 1996). It is clear that the socio-political factors in Thailand and China have contributed significantly to the development of their bilateral relations, which has, in turn, influenced the migration of Chinese to Thailand.

With regard to the economic factors, both Thailand and China have also experienced significant change and development. As Scholar Yang Yang has summarized, from 1932 to 1992, “the standard of living in Thailand has been raised, and the social structure changed from cultivation society to the industry society” (Yang Yang, 2008:5, 6). With the establishment of the Thailand Board of Investment in 1966, more and more foreign investment was encouraged. However, as Yang Yang points out, Thailand was still “deemed a supplier of raw materials and a place for the dumping of industrial products from the western countries” (Yang Yang, 2008:5). Also, Yashihara Kunio claims that “industrialization in Southeast Asia is ‘technologyless’” (Leo Suryadinata, 1997:69), taking Thailand as an example to suggest the government failed “to recognize the importance of technology” (Leo Suryadinata: 1997:73). As a response to this situation, Thailand published Foreign Business Act in 1999, to attract the foreign countries not only to invest but also provide the technology support to Thailand.

As for China, after the establishment of the People’s Republic of China, it passed through two major periods, i.e. the pre-economic reform period and the post-economic reform period, the latter period having continued to today. Prior to the

economic reform, the state controlled the large part of the country's economy; "by 1978 nearly three-fourths of industrial output was produced by centrally controlled, state-owned enterprises (SOEs), according to centrally planned output targets" (Current Politics and Economics of Northern and Western Asia, 2013). Foreign trade was limited. However, by following the economic reform in 1978, China opened its market, and it achieved, according to the World Bank, "the fastest sustained expansion by a major economy in history".

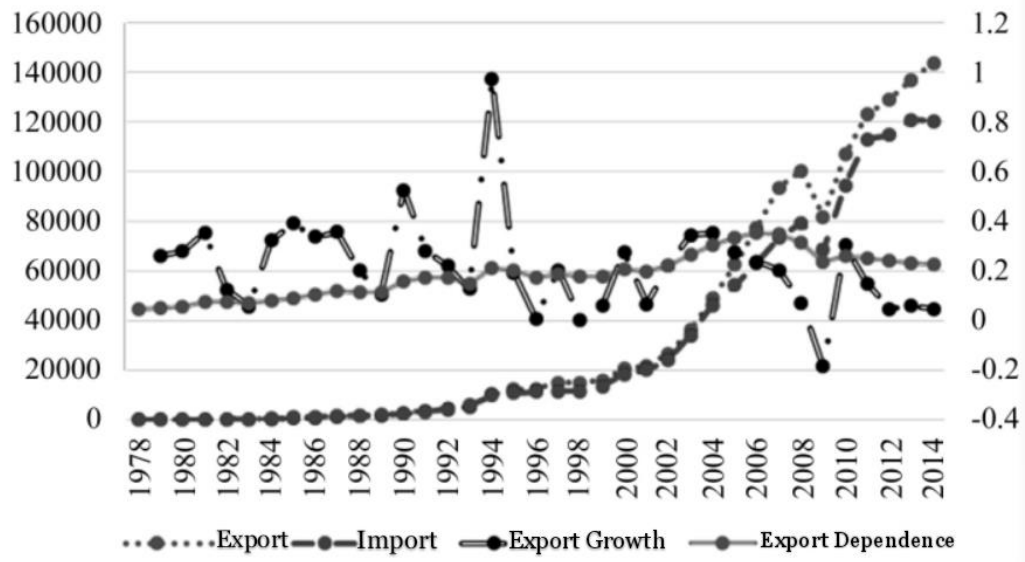
Andong Zhu and David M.Kotz also divided the development period after 1978 into four stages. The first stage is 1978-88, characterized by a "balanced, domestic market-led growth" and marking the beginning of the economic reform; the second stage is 1988-91, characterized by an "investment-led slowdown" due to the Tiananmen Square incident; the third stage is 1991-2001, characterized by an "investment-led growth" resulting from the acceleration of economic reform claimed by Deng Xiaoping; and the fourth stage is 2001-07, characterized by an "export- and investment-led growth" and membership of the WTO. The article also gave the reason for dividing China's economic development into four different periods (Review of Radical Political Economics, 2011). As this article only covers the growth of China from 1978 to 2007; hence, after 2007, we need to rely on the data collected by the World Bank below, from which we can find that the growth of GDP is still rapid between 2008 and 2013. However, the growth rate has tended to slow down after 2013 as shows in Chart 1.1:

Chart 1.1: China GDP from 2008 to 2016



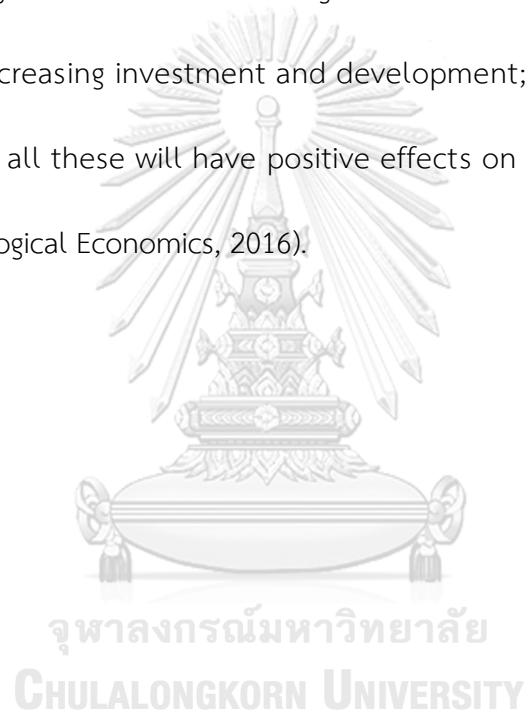
Besides, according to Fu Shaojun, who provides the export and import chart of China between 1978 and 2014, it can clearly be seen that the export rapid decrease after 2007 and turned back in 2009. This is due to the 2008 global economic risks as shown in Chart 1.2.

Chart 1.2: The Chinese export efficiency from 1978 to 2014



Source: "The Belt and Road" Construction and the Promotion of Chinese Export Efficiency, translated by Miss Yuge Liu

However, as a result of the proposed of One Belt One Road policy by Xi Jinping in 2013, China is more likely to be back to "investment-led growth" stage. As is evident in the empirical results produced by Fu Shaojun, by accelerating the construction of trade channels, leading to a steady progress in "Facilities Unicom"; expanding imports from countries along "The Belt and Road" appropriately; playing the leading role; participating in negotiations on free trade agreement actively; enhancing the depth of bilateral trade; increasing investment and development; and strengthening policy communication – all these will have positive effects on China's export (Journal of Industrial Technological Economics, 2016).



2.1.2 Chinese migration to Thailand and the link of Guanxi (Relationship)

Chinese migration to Southeast Asia is not a new phenomenon. Zhuang Guotu divided the Chinese migrants to Southeast Asia into 4 groups. The first group is from the beginning of 17th to the middle of 19th centuries; in this period, more and more Chinese followed the maritime Silk Road and came to this area for trading. The second group is from middle of 19th to the beginning of 20th centuries; in this period the Chinese migrants came as the non-skilled workers. The third period is from the beginning of 20th century to the 1950s; during this period more Chinese came for trading. The fourth period is from the 1980s up to today, during which the Chinese migrants followed the open policy of China (Southeast Asian affairs, 2008). The gap between the 1950s and 1980s is explicable in terms of the policy of the People's Republic of China, which was established in 1949.

The latter waves of Chinese migrants are different from those of the first two periods, in that descendants of these earlier groups have already been assimilated into Thai society after this long historical period and can hardly be distinguished from the Thai people. As Zhuang Guotu has explained, only from the third period, under the policy of Nanjing Guomingdang government, more and more Chinese migrants in Southeast Asia kept its nationality as Chinese and developed the various Chinese groups in the Southeast Asia region. Although, the Chinese migrants and their descendants who came during the third period were eventually assimilated under

the policies of the Thai government, they still keep some Chinese characters, and have always been called as “ethnic Chinese”.

However, with regard to those of the fourth period, under the China International Migration Report in 2012, Wang Huiyao claims that this group can be divided into three periods. The first one came at the beginning of the economic reform. During this period Chinese migrants were more like illegal migrants. The second period is from the end of the 1980s to the end of the 20th century, the technician migration playing a major part. The third period is from 21st century to the present time, which mainly involves investment migration.

Besides the different aims of migration, the Chinese migrations also show the differences in terms of the regions they have come from.

As for the third period discussed by Zhuang Guotu, which lasted from the beginning of the 20th century to the 1950s, the Chinese migrants who migrated to the Southeast Asian region were mainly from the southeastern part of China, as shown in

Table 1.1

Table 1.1: The number, region and native place of Chinese migrants in Southeast Asia in 1920s

Native Place	Number of people (10 thousand)	Nationality	Amount of people (10 thousand)
Teochew	180	Indochina	29
Fujian	120	Siam	250
Guangzhao	80	Myanmar	19
Hakkas	70	Singapore and Malaysia	117
Hainan	40	Indonesia	81
Others	20	Philippine	13
		Others	1
Total Amount	510		510

Source: On the Four waves: history of Chinese migration into Southeast Asia, translate by Yuge Liu

As for the fourth period as discussed by Zhuang Guotu, the migrants at the beginning are mainly from Yunnan and Fujian, who came as illegal migrants from the middle of 1980s to the beginning of the 21st century. This group can be divided into 3 sub-groups: 1) those from Fujian, Teochew to the Philippines and Thailand at the end of the 1980s as a transfer spot to a developed country; 2) those from Taiwan to Singapore, Malaysia and Indonesia in the middle of the 1990s for investment; and 3) those from mainland China to Myanmar, Cambodia, Laos and Thailand at the beginning of the 21st century as skilled workers and investors (Southeast Asian affairs, 2008). Although he did not clearly provide the native places in “mainland of China” of these skilled workers, he mentioned the

variety of regions from mainland China to Southeast Asia in another article “In recent years the new Chinese migrants to Southeast Asia are not the typical migrants from Guangdong and Fujian but from all regions of China” (Contemporary Asia-Pacific Studies, 2008).

In sum, by comparing the policies and native places of the Chinese migrants, we can clearly conclude that the migrants who came from the beginning of the 17th century to the 1990s can be defined as the Chinese migrants from typical regions in China, and the migrants who came from the 21st century up to today (the past 20 years) can be defined as those from the various regions in China.

2.1.3 Chinese migrant entrepreneurs in Thailand

From the above research findings, it is clear that the Chinese migrants of different periods have a different character. Those from the first period were more likely to engage in trading activities than other types of entrepreneurship. Those from the second period were mostly unskilled workers. Those from the third period were migrants who started to establish their own enterprises and organized the associations for connection. Finally, those from the fourth period comprise a variety of Chinese people, who. In general, can be characterized as new Chinese migrants, and who are different from those coming before them. As there has not been much research on this group, this thesis will use a case study relying on primary data on this group. However, as this is only one case, it cannot be

expected to provide an overall pattern of the business activities of the migrants from last 20 years. It is nevertheless an in-depth study that can shed some light.

As the first two groups of Chinese migrants have been assimilated into Thai culture and society, and therefore show no distinct influence on the latter two groups, they will not form a major part of this thesis.

For the new Chinese migrants to Thailand, a paradigmatic business mode follows the Chinese migrants of the third group. From Zhuang Guotu's point of view, as they "share the same language and come from same country, it is easy for them to communicate with one another, so they still have a chance to get the help from the Chinese associations and persons" of the third group. The new Chinese migrants have also established their new trade associations such as Young Chinese Chamber of Commerce in Thailand (TYCC) in 2001 which mainly comprises "the new Chinese migrants" (Contemporary Asia-Pacific Studies, 2008). However, as now there is not much empirical evidence to support this assertion, further studies are required.

Besides Zhuang Guotu, there are many scholars who focus on the relationship between regional trade associations and new Chinese migrant entrepreneurs, but most of them focus on those who came from the typical regions like Teochew, Fujian, and Guangxi which are in the southeast part of China. There has been limited research on how the new migrants from the northern part of China have established their enterprises in Thailand, as this is the

new phenomena and fewer trade associations have been established. There clearly is a gap in our understanding of the new Chinese migrant entrepreneurs.

The aim of this study is thus to exam how the new Chinese migrants who have had no link with Thailand can operate in this country. This thesis takes Jiangming as a case study (the company has come from the northern part of China) and to explore its business mode as a new pattern of business mode in Thailand

2.2 Theories of the study

2.2.1 Migration theories

Migration theories are mainly referring to the theories about the underlying factors that lead and continue the migration movement. The theories of migration can be divided into two different groups. One is the study of the determinants of migration; the other is about the perpetuation of migration and/or directionality of flows. These theories all have its advantages and disadvantages as explanations for migration. According to scholar Lucia Kurekova, their advantages and disadvantages are as shown in Table 1.2 (Interdisciplinary Conference on Migration. Economic Change, Social Challenge, 2011):

Table 1.2: Overview of theories of migration

Theory	Subject of analysis	Level of analysis	Pet variable(s)	Critique
Neoclassical theory of migration		Macro Micro	Wage and income differentials Probability of employment	Mechanically reduces migration determinants – exclusion of politics and policies. Assumes linearity – unable to explain differential migration, why people do not move, or why migration ceases before wage differentials equalize. Ignores market imperfections. Homogenization of migrants and societies. Static perspective.
Human capital theory of migration		Micro	Wages, economic benefits affected by individual characteristics	Overly optimistic (functionalist) view - migration is not always a voluntary process to maximize gains.
New economics theory of migration	<i>Determinants of migration</i>	Micro Mezzo	Wages and income distribution (relative deprivation) Institutional failures – credit market, labor market deficiencies	Critique of the neoclassical theory rather than a theory in its own right. Sending side bias. Limited applicability – difficult to isolate the effect of market imperfections and risk in migration decisions from other income and employment variables.
World system theory (historical-structural approaches)		Macro: global and international processes	Structural changes induced by the flow of capital	Only applicable at the global level. Explanation formulated <i>ex ante</i> , cannot be empirically tested.
Dual labor market theory		Macro: Nation state Mezzo	Labor demand Bifurcation of labor markets FDI State immigration policies and recruitment efforts	Receiving state bias – excludes push factors, formal recruitment practices overemphasized. Unable to account for differential immigration rates in different advanced economies with similar economic structures. Distinction between primary and secondary sector is usually arbitrary which leads to instability in empirical estimates.
Network theory	<i>Perpetuation of migration and/or directionality of flows</i>	Mezzo	Networks, diaspora	Conceptual framework rather than a theory. Networks can be exclusionary and undermine (not facilitate) migration.
Migration systems theory		Macro	Developmental space	Purely descriptive. Unable to account for decline of migration systems over time.
Transnational migration		Transnational level	Transnational social spaces	Novelty of the concepts has been questioned. Research within this paradigm usually selects on dependent variable.

Source: Theories of migration: Conceptual review and empirical testing in the context of the EU East- West flows

Besides the above theories, there also is one theory that many scholars use to study migration: this is the push-pull theory. The push-pull theory is generally based on E.G. Ravensteins's "The laws of Migration", which can be summarized into following seven areas (Journal of the Statistical Society of London, 1885) :

- i. The great body of the migrants only proceeds in a short distance. Also, that takes place consequently a universal shifting or displacement of the population, which produces "currents of migration" setting in the direction of the great centers of commerce and industry which absorb the migrants;
- ii. The process of absorption. The inhabitants of the country immediately surrounding a town of rapid growth and the gaps thus left in the rural population are filled up by migrants from remoter districts, until the attractive force of one of our rapidly growing cities makes its influence felt, step by step, to the most remote corner of the kingdom;
- iii. The process of dispersion is the inverse of that of absorption, and exhibits similar features;
- iv. Each main current of migration produces a compensating counter-current;
- v. Migrants proceeding long distances generally go by preference to one of the great centers of commerce or industry;
- vi. The natives of towns are less migratory than those of the rural parts of the country;

vii. Females are more migratory than males.

Many scholars have further developed Ravenstein's theory, which was first proposed by D.J. Bagne. Later, with the efforts of more scholars, the push-pull theory was in a period of development until E.S. Lee offered a new development of the push-pull theory in 1966 to a new level.

With E.S. Lee's summary of push-pull theory, there are four factors which enter into the decision to migrate (Demography, 1966):

- 1) Factors associated with the area of origin;
- 2) Factors associated with the area of destination;
- 3) Intervening obstacles;
- 4) Personal factors.

From E.S. Lee's points of view, every region contains both push force and pull force, and some of these factors may be meaningless to some kinds of people as well. In addition, the more intervening obstacles exist, the more people fail to migrate. However, this theory still has its disadvantage as it is based on the rational behaviors of the migrants.

By comparing with the above theories by its advantages and disadvantages, it is easy to find the push-pull theory is more suitable for this study. On their part, neoclassical theory, human capital theory and new economic theory are all putting a high emphasis on the personal wages and income. However, entrepreneurs are more focusing on the market value rather than personal wages

and income.

As for world system theory, it is a broad theory that is more suitable for the studies of the comparison of the various global migrations rather than the studies focusing on the single country's migrants. Moving to the dual labor market theory, we find that it is only focusing on the good factors provided by the destination country, and this is its weakness as a theoretical thinking.

Besides, the other three theories which are focusing on the “perpetuation of migration and/or directionality of flows” concentrate on the continuity of the migrants. Yet, as this study is focusing on the new Chinese migrants from areas with no links to the early Chinese migrants, these theories may not be the first choice as well.

Although the push-pull theory has the disadvantage in that it focuses on the migrants' rational behavior, if we use it to explain the entrepreneurs, this is its advantage: the decisions of these people are generally rational in character. Their decisions, in other words, are based on the comparison the differences between the destination countries. In this case, the push-pull theory is the first choice of this study.

2.2.2 Cross-culture theory

Cross-cultural relations are becoming important with the close linkages of the world through globalization. Under the impact of globalization, many enterprises are facing culture-shock issues. The culture shock happens when the new arrivals move to a cultural environment which is different from their own. Based on the differences of the culture, the most famous theory is the cultural dimensions theory.

Mr. Hofstede, who firstly proposed the cultural dimensions theory, undertook an analysis of the cultural values of the 116 thousand employees of IBM in around 40 countries. With his later summary and other scholars' development, there eventually developed 6 dimensions of cultural value. These dimensions are still useful for today (Psychology and Culture, 2011):

- i. Power Distance, related to the different solutions to the basic problem of human inequality;
- ii. Uncertainty Avoidance, related to the level of stress in a society in the face of an unknown future;
- iii. Individualism versus Collectivism, related to the integration of individuals into primary groups;
- iv. Masculinity versus Femininity, related to the division of emotional roles between women and men;
- v. Long Term versus Short Term Orientation, related to the choice of focus for

people's efforts: the future or the present and past.

- vi. Indulgence versus Restraint, related to the gratification versus control of basic human desires related to enjoying life.

Based on the research of Mr. Hofstede, for China and Thailand, the rank and index for each dimension are shown Table 1.3:

Table 1.3 Six Dimensions Index Values for China and Thailand

	China		Thailand	
	Rank	Index	Rank	Index
Power Distance	12-14	80	34-36	64
Individualism versus Collectivism	58-36	20	58-36	20
Masculinity versus Femininity	11-13	66	64	34
Uncertainty Avoidance	70-71	30	45	64
Long Term versus Short Term Orientation	4	87	62	32
Indulgence versus Restraint	75	24	44	45

Source: Cultures and Organizations. Software of the Mind, Summarized by Yuge Liu

According to Table 1.3, although China and Thailand both have high index on power distance, China is much higher than Thailand. This means under an unequal situation, Chinese are more likely to obey than Thai. Both countries put collectivism in a high value.

However, while Chinese people are more chasing the power and material successful, Thai people are more chasing the quality of life. Likewise, whereas Chinese people are more likely to take risk, Thai people prefer to follow the law. For the thinking way, Chinese people always make decision based on long-term value, but Thai people more focus on short-term benefit. Although both countries are generally restrained, Chinese people are much stricter to themselves than the Thai.

2.2.3 The essence of Chinese culture for linkage : Guanxi (relationship)

For Chinese migrants, one of the essential elements makes them link together from the past to the present, the Guanxi (relationship). The study of Guanxi in Chinese culture has been broadly conducted by the scholars over around the world. As the definition given by scholars Ying Lun So and Anthony Walker, Guanxi can be characterized as being personal, as representing the totality of a relationship between two business partners and as being mainly utilitarian in nature (Ying Lun So and Anthony Walker, 2006:4).

The importance of Guanxi in Chinese culture is that it always shows on the way business is done among Chinese. Chinese people would rather conduct their business with an old friend rather than just a friend. Besides that, the regional connection is also one of link to make them feel safe, like being from same country or same region. In this case, there is one way to express Guanxi over the

Chinese is by participation in associations.

As for the earlier Chinese migrants in Southeast Asia, Guanxi is always expressed by various kinds of the associations. From the research of Lew AA and Wong A, these associations can be summarized into three types (Timothy, D. and Coles, T., eds., 2004:202-214):

- i. Lineage, clan or surname associations. These are associations based on the blood lineage or the typical region's persons who share same surname;
- ii. Geographical, place and dialect associations. These are based on the provinces or villages they came from and the dialect they shared;
- iii. Special interest associations including trade, guild and business associations and culture and sports associations. This one can be closely tied to associations for geographical, place and dialect, such as regional trade associations.

However, even though associations can be divided into three types, in reality, these three types of associations sometimes mixed their functions together. As for the Southeast Asian region, the geographical associations have always focused on the places the earlier Chinese migrants came from, such as the Tiow Chew Association of Thailand. These associations are not only limited in geographical links but also show their special interest in the Chinese education, promoting friendships, and trade. In addition, some of their members are really have blood lineages. Even the clan associations consist of also the clanships from same geographical region. Even the persons who shared the same surname do not

always have a blood link between them; they are still mainly from the southeast part of China, as the southeast part of Chinese were the main source of Chinese migrants in the earlier ages.

In sum, as an essential element of Chinese culture, the Guanxi (relationship), the earlier Chinese migrants used it to establish various associations. However, with the regional characteristics of earlier Chinese migrants, these associations show the same essence of these earlier Chinese migrants; that is to enhance the Guanxi (relationship) and help the members to do business in Thailand.

2.2.4 The link between the Concepts and theories to the core of the study

Except the historical background of this study which is mainly showed in the literature review, the use of certain concepts and theories for the study in this thesis is also necessary. As this study is about the new Chinese migrant entrepreneurs in Thailand, the theories of migration are particularly relevant to this study. Meanwhile, as this study is aiming to find the operation mode for conducting the business with either local Thai or earlier Chinese migrants, the concept of Chinese essential element for conducting business, the Guanxi (relationship), is also important.

The concept of Guanxi (relationship) has been broadly used for the study of the way the Chinese operate their business. This concept can easily explain the reason why the earlier Chinese migrants established various associations. On the

contrary, it also brings out the questions how, without the Guanxi with earlier Chinese migrants, the new Chinese migrant entrepreneurs conduct their business in Thailand.

With the comparison of the various migration theories, the push-pull theory becomes the first choice for this study. Under this theory, it can assist us to dig into the motivations and obstacles of the new Chinese migrant entrepreneurs in the conduct of their business in Thailand. With this examination, it can provide us the further understanding of why the new Chinese migrants came and what influences the way they conduct business in Thailand.

In this case, this study mainly focuses on the qualitative research methods with the in-depth interviews and participant observation. The case study is an enterprise which was founded by a new Chinese migrant entrepreneur with non-link with the earlier Chinese migrants.

CHAPTER III

QUALITATIVE RESEARCH METHOD OF THE STUDY

For this thesis, the qualitative research methods are employed with the aim to ensure the reliability of this research.

3.1 Methodology of the Study

This thesis is focusing on the phenomenon of the new Chinese migrant entrepreneurs especially those with no connection with the earlier Chinese migrants. With the use of in-depth interviews and semi open ended-recorded interviews, it not only can provide a perspective on the business way of this type of enterprise, but also can assist us to deeply analyze the underlying factors which lead this result.

Two ways of data collection are used for this study. The first way is the primary data collection. The primary data collection is mainly focused on those data that are directly gathered from the in-depth interviews and semi open ended-recorded interviews. The second way is the secondary data collection. The secondary data collection includes those data derived from articles, books and other types of published documents.

The primary data collection and the secondary data collection actually are related to each other. The study of the secondary sources, such as books, is bringing out the landscape of the migration in both global and local areas.

This landscape includes the basic theory of this study. Meanwhile, with the in-depth study of this landscape, some questions or gaps for the further studies emerge. Under this situation, to find the related cases for the further studies is necessary. The interview of the specific case is then needed. After the research on the interview, it can be related to the former studies whether in the way of support or criticism of the new study.

3.2 Data collection

This study is about the way of business for the new Chinese migrant entrepreneurs who have no connection with the earlier Chinese migrants in the region. I then need to pick the enterprise that, I assume, is more or less representative of the Chinese migrant entrepreneurs who came to Thailand in the 21st century without any link with the earlier Chinese migrants. Also, the chosen case must have a successful business in Thailand; small businesses are not considered this study. Besides, to analyze the underlying factors of this business way, secondary data, especially in the form of “push-pull theory” for its motivation and obstacles, as well as data on the Chinese business culture of “Guanxi”, for example, how it has been used and expressed in business, are also required.

3.2.1 Primary data collection

With the need mentioned above, the Jong-Thai Jianming EiwEa (Group)

Co., Ltd. (henceforth “Jianming”) is the choice of this study. Jianming Company was established in Thailand in 2003, and its founders include two Chinese migrant entrepreneurs who have no regional link with the earlier Chinese migrants. Jianming is an enterprise with the objective of importing, manufacturing, and distributing traditional herbal medicines. With the development its business, their products have then been recognized by Thai people, and qualified to sell in Boots, Watsons and various pharmacies in Thailand. Likewise, they are the first pharmaceutical factory producing traditional medicine in Thailand that has obtained the GMP PIC/S.

For this study, in addition to the in-depth interviews and semi open ended-record interviews with the managers, I was also allowed to participate in their day to day work environment. Then, I got the chance to visit the Chinese founders’ house and interview them as well. During the visit, the founders and their relatives also provided some background about the enterprise.

For the interviews, I formulated the interview questions which were based on the questions related to the motivation, obstacles and solutions for the enterprise in the conduct of their business in Thailand. Also, based on the information gathered from the manager, I redesigned the interview questions for the founders as well. The two set of questions are as follows. Table 1.4 and Table 1.5:

Table 1.4: Interview Questions for Managers
1. How much have you known about the establishment story of this enterprise?
2. Have the founders ever told you about why they founded their enterprise in Thailand? If yes, why?
3. What is your understanding of the “new Chinese migrant entrepreneurs”?
4. Have you ever heard of Chinese associations in Thailand?
5. In your experience, has this enterprise been in touch with the Chinese associations in Thailand? If yes, to which extent has it been in touch? If no, what are the reasons in your opinion?
6. During the operation, are there any difficulties?
7. How have your enterprise solved such difficulties?
8. Are you satisfied with the way of operation right now?

Table 1.5: Interview Questions for Founders
1. Why did you choose to invest abroad?
2. Why did you choose Thailand to invest?
3. What motivated you to invest in Thailand?
4. What do you know about “new Chinese migrant entrepreneurs” and “Chinese associations in Thailand”?
5. During the operation, what problems are more challenging for you?
6. How have you solved such challenges when you face them?
7. How are you operating your business, by the help of local people, or by the help of the Chinese associations?
8. In case a trade association of Shaanxi is set up, will you consider cooperating with them?
9. In what way do you think doing business in Thailand is different from doing so in China? And why?
10. Are you satisfied with the way the business is being operated now? Will there be any way of changing in the near future?

3.2.2 Secondary data collection

The secondary data are based on the researches and studies of various scholars that focus on “new Chinese migrant entrepreneur in Thailand”. The collection of the secondary data was mainly conducted during the literature review period, for the better understanding of “new Chinese migrant entrepreneurs” and “the Chinese enterprise”. Moreover, with the study on these patterns, there are also several theories that need to be studied, such as the migration theories and the concept of Guanxi (relationship). The secondary data is aimed to provide the basic theory and a study of the direction for the further research of this study.

3.3 Linking primary and secondary data

The secondary data provides the basic theory and study direction for this study, and the primary data are expected to fill the gap in research on this subject-matter and are used to determine whether these theories and directions are still reliable.

This study can be regarded as one of the few of its kind that have so far been undertaken. Most studies have focused on how the new Chinese migrants from same region with the earlier Chinese migrants came to live or do business in Thailand with the help of the earlier Chinese migrants. In this case, to find the motivation and obstacles of this new type of Chinese migrants and examine their

way of doing business in Thailand can provide us with better understanding of this newest wave of Chinese migrants.



Chapter IV

Issues surrounding the establishment of Jong-Thai Jianming EiwEa (Group) Co., Ltd. in Thailand

The establishment of an enterprise is eventually based on the decisions of the founders. These decisions may be due to many reasons, such as the good economic environment or even the personal reasons of the founders. Likewise, these reasons did not come from nowhere, but from the things that happened in reality. In other words, it is the things that happened which lead people to make the decisions, and the decisions they made will eventually influence the way of acting. As for the enterprise, it will eventually influence the way of its operation.

This chapter will use both primary and secondary data to analyze the motivations and obstacles of the enterprise's establishment. This research can be expected to provide a clearer picture of why and how this enterprise was established in Thailand. Also, with the analysis of the motivations and obstacles, it will also be useful for the later discussion of the mode of their operation.

There are five main parts for this chapter. The first part is the background of the enterprise itself. This part is aimed to provide better understanding of this enterprise, through both a close examination of its profile and in-depth interviews.

The remaining four parts are based on the push-pull theory, using 4 factors to find out the reasons behind for the choice of Thailand as a regional base of this

enterprise. Also, these four parts are based on both interviews and documentary research. These four parts then focus on 1) factors associated with the area of origin; 2) factors associated with the area of destination; 3) intervening obstacles; and 4) personal factors (Demography, 1966). As for the intervening obstacles, the cross-culture theory is also being used.

4.1 Research findings

4.1.1 The background of Jong-Thai Jianming EiwEa (Group) Co., Ltd.

Figure 1.1 The outlook of the Jong-Thai Jianming Eiw Ea (Group) Co., Ltd.



Source: This picture gave by the manager of the enterprise in 2018

According to Jong-Thai Jianming Eiw Ea (Group) Co., Ltd. (henceforth “Jianming”)’s official website, Jianming is an enterprise that was established in

2003 by owner and operator Mr. Huo Jianjun with the objective of importing, manufacturing, and distributing traditional herbal medicines.

After its establishment, Jianming has experienced rapid development. Their products are becoming popular in Thailand and are sold in outlets such as Boots, Watsons, Health UP and other qualified medicine shops in Thailand. As the founder Mr. Huo Jianjun described: “The popularity of our products in Thailand is just like a miracle.” With the growth of their business, they have also expanded their factory (See Figure 1.1). Meanwhile, under the requirements of Thailand’s Ministry of Public Health, Jianming invested and established the pharmaceutical factory in the industrial park of Samut Sakhon in a total area of 8,400 square meters, and it is the first pharmaceutical factory in Thailand producing traditional medicine area that obtains the GMP PIC/S.

With a rapid growth of the medicine sector and awareness of the importance of health care, Mr. Huo Jianjun and his team then established the JT Herb Healthcare for healthcare tourism and life preservation in 2014. This includes the Ayutthaya garden-style healthcare tourism and life preservation base (See Figure 1.2) in a total area 17,000 square meters. Jianming is not only a manufacturer of the traditional herbal medicine but also the promoter of the healthcare business in Thailand.

Figure 1.2 The outlook of the Ayutthaya garden-style healthcare tourism and preservation base



4.1.2 Factors associated with the area of origin

As for this study, the factors associated with the origin are those associated with China, which pull or push the Jianming to go abroad. To understand the influence of these factors, it is necessary to ask the managers about the story of the establishment and to ask the founders about why they decided to invest abroad.

China is a main origin of traditional Chinese medicine. A great number of Chinese people are familiar with and use traditional Chinese medicine. According the documentary research, with the benefit of the demographic dividend, the Chinese medicine market has experienced a rapid growth, the average annual

increasing rate of the output value of Chinese medicine being around 16.6% from 1978 to 2003 (China Pharmacy, 2003). By the Chinese medicine research report, the increasing rate of the output value of traditional Chinese medicine even reached 20%. All of these factors are pulling enterprise of traditional Chinese medicine to stay and develop.

On the contrary, Jianming has chosen to go abroad. According to the responses of managers and founders, during the 2000s, there were some factors in China that led the founder to invest abroad. One factor was the high competition in the medicine business in China. The manager said,

“At that time, the medicine business in China is at the high competitive level; some companies are looking for a foreign market.”

Later when the founder answered the same question, her answer was the same response as that of the manager.

In addition, according to the “Development of the Pharmaceutical Industry During the 11th Five-Year Plan” published by the Ministry of Commerce of the People’s Republic of China in 2006, “there are 3,152 enterprises in the pharmaceutical industry, only around 500 of them have over 50 million RMB annual output value, and 1,482 companies have even gone into the deficit.” This report clearly supports the responses of the manager and the founder: the Chinese

pharmaceutical industry was experiencing high competition during this period.

In this situation, the founders of Jianming started to search a foreign market. However, how and why Thailand became their final choice, or in other words, what the factors associated with the area of Thailand are one of the crucial issues to discuss.

4.1.3 Factors associated with the area of destination

The aim of this section is to find out the factors associated with Thailand as the area of destination. There are questions as to the reason why the founders established the enterprise in Thailand. The answer to this question was sought through interviews with both the managers and founders.

According to the responses of the founder and managers, there have 5 pull factors, namely: 1) the closeness to China compared with other countries; 2) the published policy on the legalization of traditional Chinese medicine in 2000; 3) a smaller number of competitors compared with those in the Chinese market; 4) a good environment for the growth of the raw materials; and 5) Thai people know a bit about traditional Chinese medicine. The managers said, *“The good environment (the soil) in Thailand makes the establishment of this enterprise possible ... It is still close to China, some cultures are easy to understand compared with western countries. Also, the traditional Chinese medicine is not a new thing for them (Thai people) ...”*

During the interview, the founder also said,

“That time we got the news that Thailand is the first country in the world to legalize the traditional Chinese medicine encouraged us to research the market here. After we came, we found there were many people who did not know traditional Chinese medicine well but still they knew it. Therefore, we thought it’s a good thing to establish our enterprise here and try to invest.”

As for the medicine business, the most important thing is the origin of the raw materials, or the herbs. The herbs incur necessary expenses; and if the quality is the same, the lower the price, the better it is, and more possible for the company to gain. Thailand has its benefit in the growth of the herbs, as its good climate and soil conditions.

Meanwhile, the policy of the government is also a crucial factor for the company’s establishment. As for the traditional Chinese medicine, even for now, not all countries in the world have legalized it yet. The different philosophies of remedy between traditional Chinese medicine and modern medicine make different countries have different attitudes toward it. As for Thailand, the Thai government has officially recognized the legitimacy of traditional Chinese medicine in 2000 (Acupuncture Today, 2000), and that makes it possible for

Jianming's establishment.

There are also other countries or states that have legalized the traditional Chinese medicine, like Australia in 2000, or State of Nevada of America in 1973. However, given their distance from China, Thailand is much closer. Also, given the long history of contacts between the Chinese and the Thai, Chinese herbal or Chinese medicine is familiar to Thai people: this familiarity can be traced back to the mid-1300s (Tianjin Journal of Traditional Chinese Medicine).

On the contrary, there are also some factors that could push the enterprise back to China. There are three main factors, namely, lack of prior relationships in Thailand, the construction of new sales channels, and the low awareness of their product.

As the Chinese founders of Jianming is from the northwest part of China, and have no relationship linking them with any earlier Chinese migrants in Thailand, it seems more difficult for them to adapt themselves in Thailand. Also, as a new comer to Thailand, how to promote their product market and construct the sales channels are also the factors that could push them back to China.

However, from the interview with the Chinese founder, these factors eventually did not push the company back to China. As the founder explained,

“No matter what kind of business you are doing, you will always face different kinds of issues. At the time, we decided to do business abroad, we needed to solve such issues. During the time, we were researching the market and setting up our enterprise, we were meeting different persons, and we made friends with them. Keeping up social relationship is the key, especially with the local Thai people. They are the ones who really understand the Thai market.”

Besides, there are some people who are aware of traditional Chinese medicine, but their awareness is not as high as the awareness of the people in China. Meanwhile, Jianming is using the new technique to extract the essence of herbs and make it into the capsule rather than old fashion's boiling. To encourage the Thai people accept this new type of traditional Chinese medicine is also a challenge for Jianming.

It seems that following a comparison of the Chinese and Thai market, the founders of Jianming still did prefer the Thai market at the time of the establishment of the enterprise here. With regard to the difficulty in building a network in a new place, it has proved easier to overcome this difficulty than to tackle the difficulty in the high competition market.

4.1.4 Intervening obstacles

Besides the factors associated with the area of both the origin and destination, the intervening obstacles are also a main influence on the migration. The researcher has come up in her research with two main obstacles for the Jianming: 1) the differences in cultures, and 2) the differences in languages.

As for the differences in culture, according to the research of Mr. Hofstede, the Chinese have some cultural dimensions similar to those of the Thai, but still there are some differences. The Chinese put the power to a much higher position, pursue a material satisfaction, are readier to take a risk, always aim for the long-term benefit, and are much stricter to their life. On the contrary, the Thai also focus on the power but not as higher as Chinese, and they are pursuing the comfort in lifestyle rather than material satisfaction. With regard to risk-taking, they show a tendency to a sustained regulation, and they are also strict to their life but on an average level.

These facts also appeared during the interview. Although both countries put a high value about the collectivism, Chinese employees are more focused on how to make more material benefits and gain power for the group. On the other hand, the Thai employees are more willing to build a comfortable working environment. In this case, Chinese employees would like to have an argument if

it is for the group's benefit, but Thai employees are more willing to avoid any argument to make everyone happy during the work.

Also, Chinese would take a risk if there have long-term benefit and feel much guiltier if they made a wrong decision, whereas the Thai would rather take a step-by-step approach, and if they were wrong, they would correct the mistake with an optimistic attitude. Therefore, sometimes there are debates about when the Chinese employees are chasing the long-term benefit, and would like to prepare everything that they need if the whole project succeed, but the Thai employees are more willing to prepare things step by step. They divided the whole project into different parts, and by the time the first part is accomplished, they then prepare things for next part. As the Chinese manager said,

“Sometimes we want to prepare all things needed for the project, not only for saving the time, but also for providing more time to review and correct.

However, when there are some parts that need Thai peers' cooperation, we always need to convince them why we need it now. After that, I heard that some Thai peers complained privately that it just wastes time to prepare everything first, if the project changed or cancelled, everything she had done would just be wasted. I then realized that's the difference in the way we are thinking.”

Hence, the differences in culture clearly have become one of the enterprise's obstacles. Meanwhile, there is also another obstacle, the language barrier. The Chinese founders had never learned any Thai or English before they came to Thailand. Meanwhile, as they have no prior connections with the earlier Chinese migrants, they also cannot speak any of their dialects. The language barrier clearly has created an obstacle for the enterprise.

4.1.5 Personal factors

The last factor under the push-pull theory is the personal one. Although as an enterprise, their decisions should be rational and benefit the enterprise, the influence of personal inclinations still exists. Humans are not like machine; the decisions they make are always related to some personal inclinations. The point is how much impact such personal tendencies have on the whole decision.

With regard to this problem, the founders and managers agreed, during the interviews, that there were some personal reasons behind, as the manager said,

“Thailand is a good place to live in, from a personal reason.”

According to the explanation of the founder, there are 4 reasons for Thailand to be a good place for them.

The first is the climate of Thailand. As in the northwestern area of China, it has a seasonal variation and is quite dry. During the winter, it will be cold and dry. However, Thailand is a country that has a tropical climate under the Köppen climate classification. It is always warm. The lots of rainfall make it not too dry, but the sunshine makes it not too damp. The founder confirmed the good climate here, which is like that in the northwest of China, and even said, “My skin is much better after I have lived here”.

The second reason is the cosmopolitanism of the City of Bangkok. Although many Chinese cities today are large metropolitan areas and are international in outlook, back in the early 2000s they were not so. Many of them were still in the process of construction. By that time there were a number of shopping malls and big buildings in Bangkok. The mass transit systems had already been developed since 1975 (Eastern Asia Society for Transportation Studies, 2003), and by 1999 these system were already in operation. Also, there are many foreigners staying in Bangkok. Bangkok was already an international city in the early 2000s.

The third reason involves the good services in Bangkok. Thailand is famous as the “Land of Smiles”. Thai people are friendly and acceptable to the differences.

The above three reasons are central to the livelihood of Bangkok. There is also another factor that is particularly relevant to the founder himself. During the time the founder established the enterprise, his child was going to the university; the possibility for him to do business abroad thus became greater.

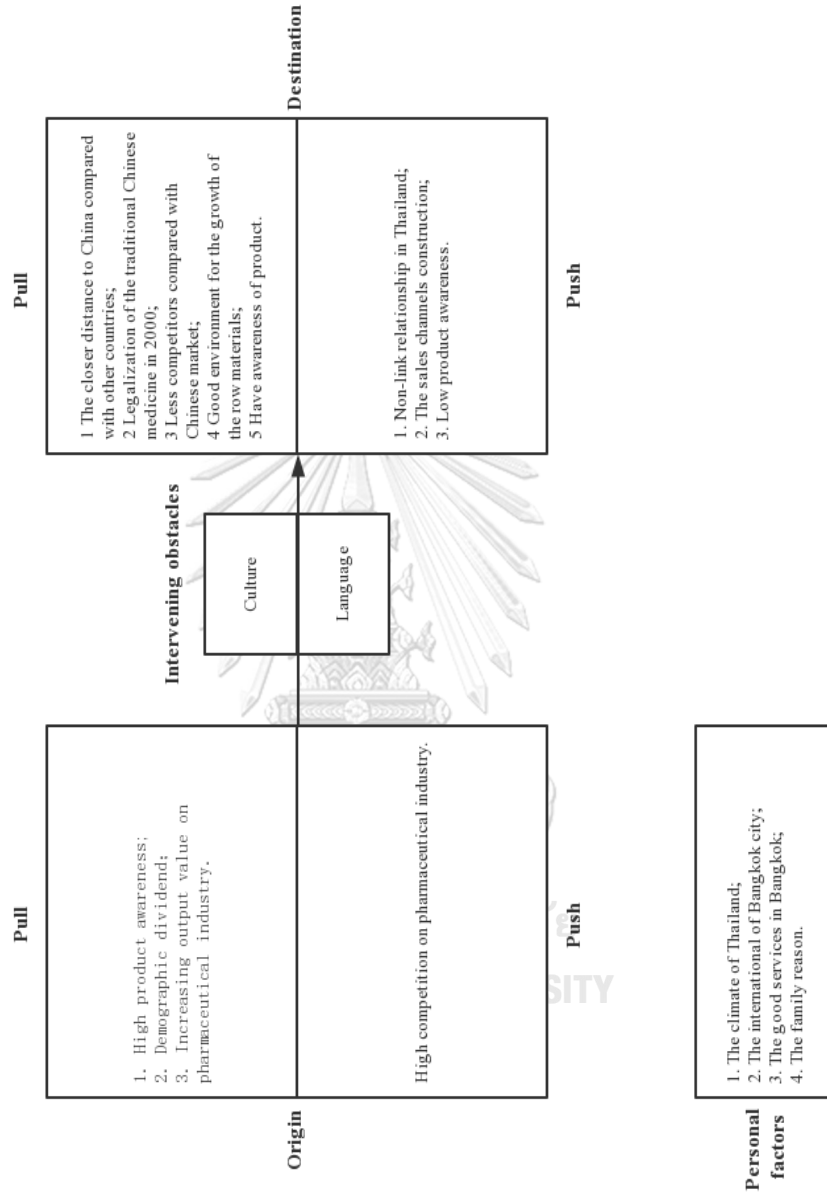
All of these factors, from the founder’s personal perspective, influenced his decision to move to Thailand to do business.

4.2 Analysis of research findings

As to the finding from the above data, it can be said that Jianming is a successful Chinese migrant enterprise in Thailand. The reasons for Jianming to establish its business in Thailand are explicable in terms of the push-pull theory. The explanation can be summarized as below Chart 1.3 :



Chart 1.3 The summary of reasons that Jianming established in Thailand



In conclusion, the reasons behind Jianming's choice of Thailand are complex ones. There are the reasons associated with the places of origin and destination, as well as the reasons that are particularly relevant to the founder's personal inclination. Meanwhile, there are also some obstacles for the enterprise in operating its business in this country.

Therefore, given these opportunities and challenges, we need to understand how Jianming eventually developed its mode of business operation in Thailand. This involves not only the mode of internal management but also network building.



Chapter V

The way of operation of Jong-Thai JianmingEiwEa (Group) Co., Ltd. under the opportunities and challenges

A good way of the enterprise's operation does not just depend on the founder's personal preferences; this rather mainly depends on the environment in which the enterprise is evolving. Based on the discussion of the motivations and obstacles for Jianming's establishment, it is important to find out how did Jianming solve the difficulties and eventually built up their own way of operation.

The way of operation does not only focus on the internal management, but also include a partnership network. This thesis examines Jianming as a new Chinese migrants' enterprise, and the most crucial question here is how these new Chinese migrants adapt themselves in Thailand as they have no link with the earlier Chinese migrants. Therefore, the finding of the internal management is for the better understanding of the enterprise. The main part of the thesis would focus on the partnership network.

In the past, the essence of Guanxi (relationship) was that it played a great role for Chinese business. In the Southeast Asian region, it mainly expressed itself in the form of the establishment of various associations. These associations

assisted the earlier Chinese migrants to build their networks for both personal and commercial relationships. As these associations were built for the earlier migrants who had come from southeastern part of China, whether and how they have any important effect on the new Chinese migrants who came from northwestern part of China is the main theme of this chapter.

In order to clarify this theme we need to address the questions on how they have solved not only the difficulties involving internal management but also those relating to the partnership network. With regard to the latter difficulties, the questions such as “Have you ever heard of Chinese associations in Thailand?” are relevant to our effort to find whether the new migrants have gained some understanding about the Chinese associations in Thailand. Meanwhile, questions such whether or not the enterprise has got in touch with the Chinese associations here and why such contacts are also important. Therefore, the central issues here are: has this enterprise got in touch with the Chinese associations in Thailand? If yes, to what has extent it done so? If not, what are your reasons for not doing so?

This chapter is divided into three parts: 1) the internal management of the enterprise; 2) the partnership network of the enterprise, and 3) Guanxi (relationship) in a new way of expression. These three parts are relevant to one

another since all of them are central our understanding of the way Jianming has been operating, and whether this represents a new pattern of operation.

5.1 Research findings

5.1.1 The internal management of the enterprise

To understand the internal management of a successful enterprise, it is not sufficient to focus on the personal preferences of the founders; our understanding must be based on facts relating to its operations. These facts are related to the push or pull factors the enterprise was facing after its establishment. During the time the enterprise chose the way to face these facts, it was gradually building up their own way of internal management.

The internal management can be divided into two parts; one part involves the employee management, and the other part is related to the product management. This part is mainly based on the answers to the questions about the difficulties or challenges the enterprise was facing during the operation.

As for the employee management, the enterprise has hired more local employees than the Chinese employees. There are two major reasons for this policy; one is related to the limitation and high basic wage of foreign workers in Thailand, and the other is that the local employees have enough skills for the

major positions. Meanwhile, with the differences in culture and language, the Chinese founders prefer to hire the manager to save time for building the bridge for the communication with the local people. Therefore, the one who share the same culture with the founders become the first choice, and mostly are the Chinese managers. In this case, the Chinese employees are few in number but are mostly in the management positions, while the Thai employees are mostly staff and few occupy the management position.

In this case, the Chinese managers are shouldering a lot of burden of the communication with the local people. Therefore, the Chinese managers are then required to learn the Thai language and culture for better communication. As one of the Chinese managers said,

“I started to learn the Thai language after I came to Thailand. The enterprise sent me to the language school to study. After these years of daily practice, I can handle most of the business conversation now. ”

Besides the managers, one Chinese founder also learnt the Thai language after she came to Thailand,

“I started to learn the Thai language for daily communication; if there are some serious cases, I would hire a translator to translate better.”

However, this does not mean the Thai employees do not need to learn Chinese culture, as the manager said,

“...then, after the day to day talk, our Thai employees also have better understanding of our culture. Some of them even start to subscribe to Chinese news. Although they do not need to learn the Chinese language, I still feel they are willing to know more about our culture and cooperate with us well.”

Even though, as the Chinese manager said, "the enterprise is searching to localize the enterprise", in searching the way to manage it, the enterprise is more likely to develop its own organizational culture and let Chinese and Thai cooperate together. This is because they are neither a purely Chinese culture-led enterprise nor a purely Thai culture-led enterprise.

Besides the personnel management, another important part is the product management. After the establishment of Jianming in Thailand, the Chinese founders were facing a foreign market which is different from the Chinese market. There is one important difference, and that is the product awareness. As shown

on the push factor of the low product awareness of Chinese traditional medicine in the Thai market compared with the Chinese market, the problems of how to make Thai customers aware Jianming's products, how to make the products more suitable for the Thai market, how to make the products have long lifecycle, and etc. are important to Jianming.

With the aim to solve the above-mentioned problems, Jianming chose to cooperate with the Thai people and Thai enterprises. On the one hand, Jianming hired lots of Thai salesmen to sell the products to the customers; on the other hand, Jianming chose to cooperate with Thai distributors and Thai agencies. After getting the feedback from them, Jianming then decided on whether or not they would change their products or increase the manufacturing of some products. The feedback of the distributors, agencies and sellers has shown a high influence on the product management.

As the Chinese manager said,

“Thai people are more sensitive to the Thai market. They know which way is more suitable and which product can catch Thai people's eyes. By considering their feedback and sales number, we (Chinese managers) can quickly make the plan for management of our product.”

The Chinese founder put high a value on the distributors, agencies and sellers, as she said,

“As an enterprise, the thing we care about most is how to sell our products. We have quality products, but that does not mean all quality products are good for sale. Therefore, these Thai people (distributors, agencies and sellers) are important. They know the Thai market... It is also easy for us, we trust them, and put higher value on their feedback. That is the reason why we have become successful. We let the right people to do the right things.”

Therefore, for the product management, Jianming prefers to trust the local people or local enterprises, and make the decisions based on their feedbacks. In this way, Jianming lets everyone optimize their own strength and avoid their weakness. This is one of the reasons for Jianming’s success in the Thai market.

In sum, for the internal management of Jianming, the enterprise chose to let either the Thai or Chinese people cooperate and optimize their own strength. In order to make Thai employees and Chinese employees cooperate well, Jianming chose to develop its own enterprise culture rather than purely Chinese culture-led nor purely Thai culture-led. Both the Thai and Chinese employees have tried to understand each others' culture.

5.1.2 The partner network of the enterprise

With the influence of the Jianming's operating idea to optimize people's own strength, the partnership network of the enterprise shows its differences as well. The issue here is to find out who the enterprise has chosen as its partners and why it has done so. It is also important to find out how such a partnership network is important to the enterprise in both emotional and beneficial ways. We can understand this mainly by comparing different groups of partners and their role vis-a-vis the enterprise. As for this study, there are two groups of partners to consider; the group of local enterprises, and the group of earlier Chinese associations.

For the emotional part, the earlier Chinese associations seem more suitable for the cooperation. From Zhuang Guotu's point of view, they "share same language and are from same country, and it is easy to communicate with one another. So they still have a chance to get the help from the Chinese associations and persons". However, during the interview, Jianming provided a different attitude.

As the founders of Jianming came from northwestern part of China, they barely speak any of the earlier Chinese migrants' dialects. Although some of the

earlier Chinese migrants can speak mandarin as well, the geographical linkage is not as strong as the Chinese migrants who are from same region. Therefore, from the emotional point of view, earlier Chinese associations are better than local enterprises but the advantage of gaining contacts with such associations is not high.

As the founder said,

“...they (earlier Chinese associations) are good, but I cannot find much difference between dealing with them and dealing with local Thai people. If talking about blood-link, in Thailand, there are many Thai people who have some Chinese-blood as well. I mean, they are all strangers to us. We still need to spend time, spend our energy to deal with all these people. There is not much difference.”

For the beneficial part, as an enterprise, the most important thing is to gain benefits. The earlier Chinese associations and local Thai enterprises seem to stand on same level. However, during the interview, the founder and managers showed the different idea.

From the beneficial thinking, the partnership network could neither

increase the enterprise's income nor provide the enterprise's necessary support. With regard to the effort to increase the income, the enterprise depends more on the choice of sale channels. As for providing the support, this has mainly come in the form of the business linking or information exchange.

Jianming has focused on a particular business of producing traditional Chinese medicine in Thailand and aimed to sell to local Thai people. The choice of sale channels – to choose the one who is familiar with traditional Chinese medicine most and the one who is familiar with Thai medicine market is important to Jianming. As the enterprise is using the modern technique to extract the essence of traditional Chinese medicine and making it into capsules, the products are acceptable to the customers who use modern medicine as well. After comparing all the strengths and weaknesses, the choice of a sale channel has tended towards the one who is familiar with Thai medicine market. In this case, Jianming has built its sale channel with a view to allowing the Thai to sell its products to Thai, because the Thai people or Thai enterprises know Thai customers best.

Apart from building the sale channel, there is another important part, and this is the information exchange. As for Jianming, during the interview, most information they get is from the Thai partners and the Thai government. As for the medicine sector, besides the Ministry of Public Health, Thailand also has a department for traditional Chinese medicine. The founder of Jianming highly

appreciated the kindness of the Thai government, as it is always willing to share the business information of their area. Unlike in China, it is not difficult to meet the senior officials in Thailand. The senior officials are always kind and willing to share the news and regulations about their area, and kindly provide the way to solve the people's questions. As the Chinese manager said,

“It is not difficult to meet senior officials in Thailand; although they cannot solve your problems directly, they still provide some ways of solution for you. That makes you feel that they do care your business... Sometimes you can see many foreigners (Chinese) share their photos with some senior officers, to show their strength they are in Thailand, but for us, we know it is not that true.”

However, for the earlier Chinese associations, the founder and managers of Jianming shared a common understanding that the earlier Chinese associations barely could help them on information exchanges. Although the earlier Chinese associations contain various businesses, the portion of medicinal business is not high. Therefore, Jianming shows its greater preference for the local Thai enterprises and the Thai government for information exchanges.

In this case, for both emotional and beneficial parts, the local Thai have become the first choice for Jianming to cooperate with. This is due to the weakness of the

regional linkage between earlier Chinese associations and new Chinese migrants who are from different area, and the lack of specialization of the earlier Chinese associations.

5.1.3 Guanxi (relationship) in new way of expression

Given the finding above, it seems that the earlier Chinese associations, which have served as the way to link overseas Chinese together based on Guanxi (relationship), have not played an important role in supporting the new Chinese migrants who have no prior regional links with these associations. Instead, an enterprise like Jianming, chose to cooperate with local Thai enterprises or the Thai government. Therefore, does this mean that the theory of Guanxi is no longer suitable for these new Chinese migrants with no such regional connections?



During the interview, instead of denying the theory of Guanxi, Jianming provides a new way of expressing Guanxi. That is by directly connecting with the successful enterprises in their business sector. As the founder said,

“For the Chinese, there is one thing that is highly relevant to them, and that is Guanxi (relationship). Trade association used to play the role in letting same region people come together, finding the business to do and cooperating.

In the new age, the essence (Guanxi) has not changed, but there have been more ways to achieve our goals. As for us, for the enterprise from same area as us, they will contact us for help also. This is the new link of the Guanxi.”

Meanwhile, there are also various new regional Chinese associations for new Chinese migrants who are from regions with no earlier Chinese migrants in Thailand. The Shaanxi trade association, which established in Thailand in 2017, has a close regional linkage with Jianming. However, after over ten years of operation, Jianming has already established their own business operation way. The establishment of Shaanxi trade association has not influenced Jianming much, as it follows the earlier Chinese associations that are composed of various businesses without specialization.

However, the founders of Jianming still show their kindness to the establishment of Shaanxi trade association. They are not refusing to cooperate with them if it could benefit both of them.

5.2 Analysis of research findings

Given the research findings above, it is clear that the way of Jianming's operation is mainly by cooperating with local Thai rather than earlier Chinese associations. This can be shown on both its internal and external affairs. The reasons behind can be summarized into four parts:

First, the regional differences between Jianming and earlier Chinese associations: As the founders of Jianming are from a region with no links with the earlier Chinese migrants, the regional linkage does not exist in this case. Meanwhile, the members of these earlier Chinese associations have already changed their nationality from Chinese to Thai. As Thailand also has various overseas Chinese who did not join these associations, it is difficult for the new Chinese migrants to distinguish the differences between them. Therefore, a national linkage between earlier Chinese associations and Jianming is weakening as well.

The lack of business specialization of the earlier Chinese associations: The earlier Chinese associations comprise various overseas Chinese who focus on different areas of businesses. In this case, the specialization in a specific business area is low. As for Jianming which focuses on specific medicine business, the earlier Chinese associations barely could provide much assistance to it.

The better political environment for foreign investment in Thailand: As for the traditional Chinese medicine, Thailand shows its better policy than other countries in the world at that period of time. The political support made it is possible for Jianming to establish itself in this country. Meanwhile, this also made the establishment of a specific government department of traditional Chinese medicine possible. In view of the specialized official assistance, the earlier Chinese associations did not become Jianming's first choice.

The personal preference of the founders of Jianming: As for the enterprise strategy, the founders showed their preference for the use every entity's advantages to cooperate. In other words, let the local Thai sell to Thai has become part of their strategy. Therefore, the linkage between Jianming and the earlier Chinese associations is weaker than the linkage of Jianming with the local Thai entities.

From the study and analysis, it is evident that the operational mode of Jianming is different from those of the earlier Chinese migrants. Jianming shows its own pattern of how the new migrant entrepreneurs from a region with no connections with the earlier Chinese migrants could operate in Thailand. This operational mode is to make either Chinese or Thai cooperate together, use their own

strength despite the nationality, but aim to provide the high quality products which are tailored to Thailand market.

Though Jianming has not made many contacts with the earlier Chinese associations, this does not mean they do not place a high value on Guanxi (relationship) in a highly concerned area. Instead, they have developed a new expression way of Guanxi, and that is linking the new migrant entrepreneurs who focus on same specialized area by a market leader, Jianming itself.

However, this does not mean the earlier Chinese associations are out of their choice in the future. As for the future development, Jianming does not refuse to cooperate with them; instead, they still show their willingness to cooperate with various associations as long as this benefits both parties. Meanwhile, with the development of Jianming in its business area, whether they will establish an association that specializes in their business area is what we will see.

Chapter VI

Conclusion, Discussion and Recommendations

6.1 Conclusion

This study contains three objectives : the first is to analyze the way Jianming has operated in Thailand as a new migrant enterprise; the second is to find out the underlying factors that have prompted Jianming to choose its way of operation in Thailand as a new migrant entrepreneur in this country; and the third is to tentatively determine, from this case study, the extent to which this case represents the operational pattern of new Chinese migrant entrepreneurs. In this case, there are two research questions related to it as: How did Jianming develop its business in Thailand as a new Chinese migrant enterprise? And what are the major factors leading Jianming develop its business in Thailand in this way? The first question is designed to answer the first objective, and the second question is designed to answer the second objective. The analysis of these two questions answers the third objective.

The information has been gathered from the interviews, which contain both in-depth and open-ended interviews. The managers and founder of Jianming actively participated in the interviews. The managers were interviewed on the facts relating to daily operation, and the founder provided more information

about the reasons behind the enterprise's operation.

In conclusion, the case study of the Jong-Thai Jianming Eiw Ea (Group) Co., Ltd. has shed light on its operational way and reasons behind its establishment and operation as a new Chinese migrant entrepreneur in Thailand. In the new migration age, there are new types of Chinese migrants to Thailand – the migrant entrepreneurs – and the differences between the new and earlier Chinese migrants in some way have resulted in the need for the new Chinese migrants to explore a new way of operation. That is the way of cooperating with beneficial partners, whether these are Chinese or Thai, with a view to eventually developing their business. However, this new way of operation still follows one of the Chinese essential ways, the Guanxi (relationship).

6.2 Discussion

From the result of this study, we have seen that the new Chinese migrants, who have no regional link region with the earlier Chinese migrants, show their different attitude to the earlier Chinese associations. Such an association links the people who either came from same region or have entered the same business area. However, given the focus such regional connections and specialized nature of its business activities, such an association has not played a significant role in supporting the new Chinese migrants with no such links or pursuing a different

line of business. This type of new Chinese migrant entrepreneurs then has developed a new way of operation. This finding is contrary to the hypothesis of Zhuang Guotu about the linkage of the new and earlier Chinese migrants (Guotu, 2008).

Given the differences between the new and earlier Chinese migrants, the new Chinese migrants have then explored their new way of operation. The way of the operation is based on the aim to develop the enterprise. Therefore, either Chinese or Thai entities can be useful for the development of the enterprise. To put a right entity in a right position is thus important. As for Jianming, the strategy of involving the Chinese in the management level, and involving the Thai in the sale channel has proved to be the most beneficial way for the enterprise.

However, during the development of this new type of Chinese migrant entrepreneurship, the essence of Guanxi (relationship) was still followed, as evident when Jianming started to assist the Chinese migrants who came from same business area to do their business in Thailand. Although they have not established any type of association yet, this group of people still follows the type of the “special interest” (Timothy, D. and Coles, T., eds., 2004:202-214).

Therefore, the new operational way of the new Chinese migrant enterprise like Jianming has developed a new way of expressing Guanxi (relationship) in its effort to operate in the most beneficial way. The new way of expression of Guanxi is shown when the business leader has become the new link of the enterprises which are from same business area. The new operational way is to use both Chinese and Thai entities in a way to benefit their enterprise, which is different from previous reliance on the earlier Chinese associations.

6.3 Recommendations

This research can be used as an entry point to encourage the study of the new Chinese migrants in Thailand. Meanwhile, it also provides the challenges and opportunities for the new Chinese migrants to conduct their business in Thailand, which then would be helpful for the study of the business development of Chinese migrant entrepreneurs. Furthermore, as each study has its own limitations by the time period, whether these new Chinese migrants will eventually build up their own associations in much the same way as the earlier Chinese associations or find a new way of linkage is still unclear from this period of time. Therefore, it will be useful for the follow-up studies as well.



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