

กาแฟดอยช้าง : วิสาหกิจชุมชนตามหลักเศรษฐกิจพอเพียง สู่ความยั่งยืน

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บทคัดย่อ

จากแนวพระราชดำริของพระบาทสมเด็จพระปรมินทรมหาภูมิพลอดุลยเดชฯ ทรงบรมนาถบพิตร ที่ให้ตั้งโครงการหลวงเพื่อส่งเสริมชาวไทยภูเขาในพื้นที่สูงต่างๆ ลดการถางป่า และหันมาปลูกพืชเศรษฐกิจทดแทนการปลูกผักในพื้นที่บ้านดอยช้างจึงได้รับการส่งเสริมให้ปลูกกาแฟอย่างไรบิการ แต่พบปัญหาถูกกดราคาจากพ่อค้าคนกลาง ต่อมากลุ่มวิชา พรหมยงค์ ผู้ร่วมก่อตั้งบริษัทดอยช้าง คอฟฟี่ ออริจินัล จำกัด ได้ร่วมแรงร่วมใจกับผู้นำชุมชนชาวอาช่ารุ่นใหม่ คือ คุณอาเดล-คุณปณิชย์ พิสัยเลิศ- และนักธุรกิจที่มีประสบการณ์ คือ คุณพิษณุชัย แก้วพิชัย ในการพัฒนาพัฒนากาแฟอินทรีย์ที่มีคุณภาพและทำการตลาดในระดับสากล จนทำให้กาแฟดอยช้างได้รับการยอมรับในตลาดต่างประเทศ จากการแบ่งปันองค์ความรู้ทำให้มีการขยายการผลิตกาแฟที่มีคุณภาพสูงในชุมชน พร้อมๆ กับการช่วยให้ชาวดอยช้างส่วนใหญ่ได้รับบัตรรับรองเป็นคนไทยและลดความขัดแย้งระหว่างชนผู้อาช่าและลี้ภูมิในหมู่บ้านให้อยู่ร่วมกันอย่างสันติสุข ในขณะเดียวกัน การพัฒนาอย่างราบกิจจะเติบโตได้ดีได้รับเงินไม่ ทำให้เกิดการผลิตกาแฟที่เสื่อมโทรมในอดีต กลับคืนเป็นป่าที่มีความอุดมสมบูรณ์และมีพื้นที่ทำเกษตรกรรมกว่า 30,000 ไร่ สร้างรายได้ให้กับชุมชนดอยช้างรวมถึงความภาคภูมิใจในชาติพันธุ์และศักดิ์ศรีของชาวไทยภูเขา กาแฟดอยช้างจึงได้รับการยกย่องว่าเป็นวิสาหกิจชุมชนที่ยึดปรัชญาของเศรษฐกิจพอเพียงในการพัฒนาที่สมดุลและมุ่งสู่การพัฒนาที่ยั่งยืนอย่างมีหยุดยั้ง

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“We wanted to restore the dignity of our hill tribe people as many of those who went up to buy coffee from the hill tribe people often proclaimed that they were doing us a favour in buying the coffee, and if they hadn’t done so, the women would have all gone and prostituted themselves, while the men would have all grown opium. This was extremely rude of them. So, the people of Doi Chang were determined to produce good coffee for sale so that everyone would know that Thailand can grow good coffee. Hill tribe people are not beggars. What they want to sell is a quality product.” (Mr. Wicha Phromyong, interview, late June 2011¹)

Prologue

It was late January 2014 that Mr. Wicha Phromyong,* the chairperson and founder of the coffee company, Doi Chaang Coffee Original Company Limited, passed away unexpectedly. The remaining co-founders discussed the next step for Doi Chaang Coffee, bearing in mind the original determination they had had from the very beginning and the path that Doi Chaang Coffee would take. As far back as 1969, His Majesty King Bhumibol Adulyadej the Great embarked on a royal initiative to provide varieties of coffee, as an industrial crop, to the local ethnic minorities, in order to replace opium growing and to reduce deforestation in the highlands, and to raise the living standard of the hill tribes at the same time.

As a result of this royal initiative, the people of the Akha and Lisu hill tribes and those of Yunnan Chinese origin living in Doi Chang stopped growing opium and slowly expanded the plantation of good quality coffee varieties. At present, the Doi Chang area has accumulated over 30,000 Rai for Arabica coffee plantations and mixtures of other crops. The shade-grown method helps improve the production

* The author would like to remember the goodness of Mr. Wicha Phromyong, the co-founder of Doi Chaang Coffee, whose dedication has put Thai coffee on the world map.

of Arabica coffee and lengthen the period during which harvesting can be carried out. Doi Chang village has transformed the denuded forest of the past into today's fertile forest. The area has also given Thailand a reputation as the source of world-renowned plantations for a quality Arabica coffee variety. This is essentially due to the fact that Doi Chaang Coffee is a speciality coffee which has received high scores in international Coffee Reviews since 2007² and that the coffee itself has been registered under the EU Geographical Indication since 2010³.

Doi Chaang Coffee is an example of a community enterprise whose development is consistent with the Sufficiency Economy Philosophy. It has maintained balance and responsiveness in times of change during its development process, by educating itself and drawing on knowledge from all around the world in order to develop expertise regarding coffee plantation. Its working practices and problem-solving methods are based upon diligence, honesty and quality control. The expansion of business has been carried out carefully, in proportion to its potentials. Marketing has been built upon the uniqueness of the products with an emphasis on quality and the use of their geosocial identity, namely the Akha ethnic group and Doi Chang mountain, while at the same time preserving the forest and the ecosystem.

Today, Doi Chaang Coffee Original can compete, at a premium level, in the world class coffee market. Moreover, the business also distributes its profits in the form of community welfare benefits for the people of Doi Chang, thereby strengthening their community, supporting education and healthcare and promoting the preservation of multi-culturalism in the village. This leads to a better standard of living in the community and creating pride in its varied ethnicities and birthplaces, especially for the younger generations. The company shares its knowledge and experience with those from various other areas, which results in the establishment of sources of good quality Thai coffee under many different brands.

When Mr. Phromyong who was the principal leader of the development of Doi Chaang Coffee, passed away unexpectedly, the remaining co-founders were Mr. Pitsanuchai Kaewpichai and Mr. Panachai Pisailert. Mr. Pitsanuchai is experienced in hotel management at the international level and is also the advisor to the Doi Chaang coffee business. Mr. Panachai, or Adel, used to be the community leader

and is a local factory executive. They must, together, decide how they will take Doi Chaang Coffee Original Company Ltd. forward along a path of sufficiency economy towards a stable and balanced development to create sustainability, as they have done previously. The plan to move forward must be made carefully. The objectives of this research is to understand the thoughts, decision-making and implementation process that Mr. Wicha applied to the development of the Doi Chaang coffee business, including the factors accounting for its success and the prevention of problems that arose in the past.

Doi Chaang Coffee-Continuing the Royal Initiative

The coffee plantation situation in Thailand

Coffee plantations are scattered around different regions of Thailand. Each of the areas has a different climate, suitable for growing different varieties of coffee. There are 2 main varieties which are cultivated domestically for their economic value, and which have different strengths and weaknesses, according to consumers' preferences⁴. These are:

1. The Robusta, which can be found scattered around the southern region of Thailand, mostly in Chumphon, Ranong, Surat Thani and Nakorn Sri Thammarat. It grows well in low altitude areas which are 500-600 metres above sea level and where the climate is rather humid. This type of coffee is fleshy and has a strong aroma, with a stronger and more bitter taste than the Arabica variety. The amount of caffeine is also high, more than 2% per bean. Thus, it is usually made into instant coffee, with 79% of coffee production in the country being subject to this process.

2. The Arabica, which is the variety that is most popular amongst consumers. This is because of its pleasant aroma and a softer, more rounded taste. The caffeine level is also very low at approximately 1-1.6% per bean. However, its limitation is in the area where it can be planted. As the arabica coffee variety grows well in higher areas which are approximately over 800-1,000 metres above sea level, with a temperature of around 15-35 celsius, it is mostly found in the northern area. Chiang Rai grows the most arabica coffee, followed by Chiang Mai and Mae Hong Son, which account for 21% of all coffee production in the country.

Because of the unique characteristics regarding the area and climate conditions suitable for growing the arabica coffee variety, this industrial crop has been selected to be promoted to replace the opium poppy. The aim is to raise the standard of living for hill tribes in the highlands. Statistics from the Office of Agricultural Economics show that in 2018 Chiang Rai was able to produce as much as 4,922 tonnes of Arabica coffee. Arabica coffee grown and produced in the province, has been recognised as of world class standard and accredited accordingly. These are the “Doi Chaang Coffee Original” products.

Doi Chaang Coffee-a fight for the dignity of the hill tribe brothers and sisters

Doi Chang village in Wawi sub-district, Mae-suai district, Chiang Rai, is situated at an altitude of between 1,000-1,700 metres above sea level. It is rich with soil resources and enjoys a cool climate suitable for the plantation of Arabica. The people in the area consist of ethnic groups of more than 1,000 Akha, Lisu, and Yunnan Chinese households. Most of them are nowadays coffee plantation farmers.

In the past, similar to other highland areas, Doi Chang’s agricultural activities included slash-and-burn methods, resulting in increasing deforestation as the cultivation areas expanded every year. This destroyed the fertile forest. The Late King Bhumibol was aware of these problems and thus created a Royal Project to promote the planting of a winter industrial crop to replace the opium poppy and to tackle other issues such as slash-and-burn farming and problems related to water sources and drugs.



Figure 1: The Late King Bhumibol Visited the Akha Hill Tribe People in Mae Sai District, Chiang Rai, in 1971 (left) and Inspected A Coffee Plant in Chom Thong District, Chiang Mai, in 1974 (right)

From 1973, there had been many international co-operation programmes, run via the Department of Public Welfare, which promoted the plantation of Arabica coffee for the hill tribe people. In 1983, 40 farmer families in the Doi Chang area received Arabica coffee through the Thai-German Highland Development Project. They tried planting the coffee over many years but could not sell the beans at a good price. This was because Thai coffee had not been developed and was not accepted in the market as much as it should have been. Most distribution were done through a middleman. This meant that the farmers, who were mostly hill tribes but without Thai nationality, were often taken advantage of: prices were kept down. Eventually, from the 40 families growing coffee on Doi Chang, only around 10 continued farming coffee. The rest chopped down their coffee plants. However, even then, the plants did not die but continued to grow.

One of these 10 families belonged to **Apiko Saedoo**, an elder of Akha origin. Apiko had faith in the vision of the late King Bhumibhol, who had provided them with an industrial crop. Thus, he determined to continue to plant the crop. This went on until 2001, when his son, **Adel**, or Mr. Panachai, was elected as the first village Head of Akha origin. Adel was determined to raise the standard of living for the villagers on Doi Chang. So, he went on to consult with **Mr. Wicha Phromyong**, who traded in hill tribe related products in downtown Chiang Rai. Adel's dilemma was that there were 500-600 Rai worth of coffee on the hills: what needed to be done for the farmers to obtain a good price?

Mr. Wicha's idea was that "*if the coffee isn't good enough, then why sell it? If you really want to sell, you must first do your research on how to make a good product*". He then proceeded to study hundreds of books on coffee and visited almost every agricultural centre that grew coffee. He spent around 7 months finding practical information on the process from plantation to production by comparing different procedures and practices from good coffee sources around the world. Then he looked back to see how ready Doi Chang was, bearing in mind the fact that to grow Arabica, the planting area must be more than 1,000 metres above sea level. In Thailand, most places of such altitude were almost all national parks but fortunately, the state provided around 20,000 Rai of land for the people of Doi Chang. Thus, he saw an opportunity for developing Doi Chang coffee.

From then on, Adel's family, together with Mr. Wicha, gradually studied, developed and improved the process of producing good quality coffee, demonstrating diligence, application, patience and honesty⁵. They received help in various ways from both Thai and foreign friends who were interested and wanted to help realizing their dreams of producing good quality Thai coffee for the world market. Moreover, they invited the Akha, Lisu and Yunnan Chinese who lived together in Doi Chang to collaborate in the planting of good quality coffee. Their hard work has enabled the evolution of a model community enterprise⁶ whose development follows the steps of the Sufficiency Economy Philosophy and whose sustainability confidently awaits the test of time.

Company Establishment and Brand Development

The farmers of Doi Chang tried hard to find different ways of assisting each other, be it in terms of adapting of the planting area or the establishment of a production base. They learned methods for growing good quality coffee varieties, and methods that were environmentally friendly, both in theory and in practice. They improved every aspect of the post-harvest production process, as well as submitting their product, from the beginning, to quality checks conducted by experts at both domestic and international levels until they had confidence in the taste and quality of Doi Chang coffee.

In 2003, Adel's family, together with **Mr. Wicha**, established the company with **Mr. Pitsanuchai Kaewpitchai**, a business advisor. The company was registered under the name of **Doi Chang Fresh Roasted Coffee Company Limited**. The main objectives were to distribute the coffee grown by the farmers of Doi Chang village at a fair price and to establish a **Doi Chang Coffee brand** which would be widely known, both domestically and internationally, as well as to develop further the quality of Doi Chang coffee. Mr. Wicha proposed the brand name "**Doi Chang Coffee**" and used, as their logo, the picture of "**Apiko**", who had been growing coffee right from the start. The reason for this decision was "*to honour the place where the coffee was grown as well as the brothers and sisters of Doi Chang village, who have been growing coffee for more than 20 years*". Registration was rejected at first but armed with faith in their motherland and refusing to believe that a Thai name would not sell, they persisted until registration was completed.



"Doi Chaang Coffee" brand and logo, with one more 'a' adding later to differentiate the product from the place. This is to honour the place and the brothers and sisters of Doi Chang village; a map of Chiang Rai and an image of coffee beans are also hidden in the logo.

Figure 2: "Doi Chaang Coffee" Brand and Logo

A turning point for the business to ensure that quality is maintained

When the Doi Chang coffee business began, there were only a few hundred rai of land, from all over the village, available for coffee plantation. **Coffee grower network groups** were then established as subsidiary companies or processing plants. There were 12 groups in total, each of which had its own managerial independence. Two of these groups belonged to the Lisu and the Chinese, while the 10 remaining groups were the Akha's. When it first went into operation, the company faced many problems and obstacles because of the lack of marketing knowledge. Therefore, there was a need to educate the farmers at the same time as establishing the brand.

The product quality also needed to be developed in order to gain wider recognition among consumers. This method of operation has resulted in the creation of a society where the brothers and sisters from culturally diverse backgrounds live together peacefully, while collectively taking pride in their success as “**the people of Doi Chang, the coffee growers**”.

As Doi Chang Coffee became more famous, outside entrepreneurs such as coffee traders, and some of the villagers themselves, started to buy coffee beans; they mixed the coffee from outside with the original beans or even brought in coffee from outside and advertised it as Doi Chang coffee. These changes happened rapidly and on such a wide scale that Mr. Wicha made this observation: *“Some people waited outside with their ten-wheeler trucks. Coffee was then brought in from somewhere unknown and gradually loaded onto the trucks. Then they took photos in front of our factories and told everyone that this was Doi Chang Coffee. They put these photos everywhere on their websites. We did not know where the coffee came from but once it was brought up to the village, they then touted it as Doi Chang Coffee”*⁷.

The co-founder team solved this problem by changing the name of the company from Doi Chang Fresh Roasted Coffee Company Ltd to **Doi Chaang Coffee Original Company Limited** and making sure that the English spelling of the name is differentiated by adding an ‘a’ to the name Doi Chaang Coffee Original. Furthermore, since there were networks who were dishonest and sold other coffee beans that were not products of Doi Chang as Doi Chaang’s in order to gain a better price in the market, the company changed its structure into networks to centralize production. The company thereafter only bought quality ripe coffee directly from the producers with a premium price, not through the 12 networks as they had done before.

Adel emphasized the maintenance of quality and an honest business operation: *“We almost didn’t have enough to eat and now we don’t have enough coffee to sell. What we need to do, what we need to change in terms of operational methods, which we need to run by ourselves, is simply to make sure that the quality can be maintained in the future”*.

Mr. Wicha also found it extremely important to operate on the principle of honesty: *“If we are not honest with the consumers or ourselves, or with the occupation that feeds us, there is no way that we can move forward”*. At the same time, he was also very strict when it comes to quality: *“we came this far because we were determined to sell quality products; whether they taste good or not we don’t know, everyone has got different tastes. But what we try to do is to maintain the quality at its best. That is our main objective. Whether you like it or not is another matter”*.

The changes in Doi Chaang coffee’s business operation that aimed to maintain the quality of Doi Chaang coffee on the basis on honesty with their customers had both negative and positive impacts on the community. Distrust became rife amongst the relatives as well as villagers, because the 10 groups that originally distributed the coffee were all Akha. Cracks began to appear in the community and only time and tremendous effort could fix them. Nevertheless, each former plantation has taken to opening its own coffee shop under a new, different brand name. Some years where the farmers had a surplus, they would sell the ripe quality coffee beans to the Doi Chaang Coffee factory, which offers a guaranteed price that is often higher than the market price but still meets the standard of the factory. All of this has made us realise that in the process of development it is not easy to maintain a balance between economic and social concerns. (Exhibit 1: Key Events in the Business Development of Doi Chaang Coffee)

A Balance and Sustainable Path for Coffee Production

Income generating coffee plantation through reforestation

The farmers of Doi Chang village continued their coffee production at the same time as maintaining reforestation and the preservation of their forest. The Arabica coffee plant needs the shade of large trees in order to yield a continuous supply of quality coffee beans. Thus, the farmers of Doi Chang village together helped each other and together tried to revive, build and preserve their forest. They also increasingly planted different types of fruits. This endeavour earned Doi Chaang Coffee a reputation for its method of **coffee plantation through reforestation**.

In 2011 Mr. Wicha gave an interview about the change in the attitudes of the people in the community regarding reforestation. “Seven or eight years ago we were trying to revitalise the environment of Doi Chang. We were given saplings and tried to push the villagers into planting them, but to no avail. Some people only planted them if they felt like it. But this year (2011) is the first year that the villagers have actually asked for the saplings. This is it! The importance of this has been instilled deep. And this is what we want to see”⁸.

Instilling an awareness of the environment started with youth groups. After the children were taken on educational trips both domestically and abroad, they returned and told the adults about what they had seen. For example, when they went to India, where coffee has been grown in the forest for hundreds of years, they learned how growing coffee can co-exist with an awareness of the environment. Adults also went on field trips and learned about the shade-grown system or coffee plantation in the forest. Communication took place via an exchange of photographs and discussions, and this led to changes, with Professor Patchanee Suwanwisolkit from Chiang Mai University giving advice and suggestions on the selection of coffee varieties and their proper plantation so as match the conditions of the natural environment of Doi Chang.

Most of Doi Chaang Coffee today is organic. The use of fertilizers is kept to the minimum and the insecticide usage is near zero. However, the limitation they now face is that the farmers have already expanded the coffee plantation areas to the whole of Doi Chang mountain. The potential for the expansion of production has come to its natural limit and any increase in income from coffee plantation must come from different sources. Examples of these alternatives are the development of the post-harvesting process or of coffee growing methods for different tastes to be created. This can be achieved by experimenting with different types of perennial plants such as avocado, or the breeding of coffee varieties that can be sold at a high price in the international market such as the Geisha variety, which originated from Panama, where most recently it was sold to the highest bidder in 2020 at 5,000 US dollars per kilogramme. These are the challenges for the executives of Doi Chaang Coffee, together with the local small-scale farmers, in order to maintain the stability of their income from coffee plantation.

Community development based on care and knowledge

Doi Chaang Coffee is famous for its operational method in the form of a **community business** that aims to raise the standard of living for the farmers on Doi Chang in various ways through **the Doi Chaang Coffee Foundation**. The Foundation was established in July 2011 to promote education and healthcare, and to provide scholarships for students as well as to support various activities for the development of the living standards of the community, as well as encouraging cultural activities.



Adel placed great emphasis on the promotion and support of education for the children and young people in the community. This is because his own education stopped at primary level 2 and he is illiterate. Thus, he paid great attention to the social impact of Doi Chang's growth path: *"We must put an emphasis on education. We look at what is on television and we just have these endless wants all the time. But if we are educated then we will know what should or should not be done, what is or is not appropriate. We must educate people. Education is extremely important as it can protect you against anything".*

In Doi Chang village in the past, if the parents wanted to have their children and young people educate, they would have had to send them to faith schools, of both Catholic and Protestant denominations, where the education is free and accommodations are provided. The Doi Chaang Coffee Foundation therefore puts great emphasis on supporting education by providing school buildings, donating computers, organizing children's days and providing scholarships for students from all ethnic groups on Doi Chang⁹. Recently, there has been an increase of students from the Tai Yai tribe, as their parents provide a source of labour for coffee cultivation. Moreover, the Foundation also consistently supports the promotion of local cultural learning for each tribe in school, by running a competition called "O-Ee" (Akha's term for "love of the homeland") or through embroidery work, which shows the uniqueness of each ethnic group. At present, for example, Baan Doi Chang school offers locally themed subjects at all levels such as "**Our home, Doi Chang**" (for Grade 7), "**Macadamia**" (for Grade 8) and "**Doi Chang Coffee**" (for Grade 9)¹⁰.

Furthermore, Doi Chaang Coffee Original Company Ltd. also shares its knowledge through **the Doi Chaang Academy of Coffee**, on the basis of “*accumulated experience gathered from past mistakes and solutions, systematically based on the foundation of local knowledge and wisdom and woven together by modern academic and learning methods.*” The Doi Chaang Academy officially opened in April 2007 as a learning place for coffee growers from all regions of the world, while developing at the same time the various potentials of coffee growing farmers and coffee related entrepreneurs in Thailand. Each year, during the coffee harvesting season, approximately from October to February, trainings sessions are arranged on the one-stop coffee production process—from the plantation, harvesting, production procedure to roasting and making coffee—in order to ensure the quality of coffee is stable and reaches the level of “*international standard specialty coffee*”. Training on environmental protection and the preservation of the ecosystem, as well as interdependent co-existence with nature, is also given.

Nevertheless, what Adel worries about the most is the attitudes and money management skills of Doi Chang villagers: “*Now that the families have lots of money and the children do not know how to manage it, there are so many things they have bought. There are televisions in every room, refrigerators, motorbikes for each sibling, the latest model of mobile phones, even though these things are not really necessary*”. Therefore, it is not only knowledge of coffee that needs to be provided; the Academy also provides training in various fields for the young people and villagers, especially in financial literacy. As the farmers earn more income, their money management skills, including savings skills, are also needed to minimize the effect of any problems which may occur in the future.

Pinning Thai coffee on the coffee world map

Following the royal initiative of the late King Bhumibhol, the farmers in Doi Chang area slowly turned to coffee plantation. Doi Chang today has changed: the hills have been stripped bare down to an area of around 30,000 rai, which has been used for agriculture and the plantation of Arabica coffee of good quality that gives Thailand a world class reputation. Starting from a small shop in Chiang Rai, the farmers

gradually distributed their products to coffee drinkers domestically and internationally, both for drinking in the café and for taking away to brew at home. This was achieved entirely through the marketing method of “*by word of mouth*”.

At present, Doi Chaang Coffee Original Company Ltd. is a producer, processor and distributor of Doi Chaang coffee, which is an Arabica coffee of special high quality from the one production area of Doi Chang (Single Origin). The company has developed its production system continuously for over 10 years, so that a high standard has been reached. The control of the entire production process from the water source to the cup, called “**From Earth to Cup**”, was carried out with quality and care in mind. The company has invested in a full post-harvesting processing system, which has unique characteristics derived from experience and lessons learnt. Great care has been taken in the selection of perennial trees to provide the coffee plants from the start with nutrients from fallen leaves and with shade. The harvesting of the coffee fruit is done *by hand*. Wet processing procedures were thoroughly examined until the most suitable procedure was found to create the desired taste. The roasting of the coffee and the packaging of products for distribution to companies within their network, and to sell on, make Doi Chaang coffee a specialty Arabica variety grown specifically in the area of Doi Chang. Consequently, Doi Chaang coffee has passed various tests and been certified by different agencies: it has been accepted as one of the best specialty types of coffee in the world¹¹.

What the co-founders thought from the very beginning was that “*Doi Chaang Coffee is a company that belongs to every coffee grower on Doi Chang. All benefits belong to our people on the hills and not just to those within the company itself. What everyone wants to see is for Doi Chaang Coffee to be the only agency in the world where the farmers own all of their coffee products at all stages, from plantation to marketing*”.

This idea underlies Doi Chaang coffee as a “Fairtrade” product. It is therefore accepted in the international market, even though the costs involved in getting certified as a Fairtrade product are much higher compared to other types of certifications (Exhibit 2: Fairtrade and Beyond Fairtrade).

The company aimed to develop and expand its growth to the international market. In the beginning, the marketing strategies were aimed at European and North American countries. As for the market in Asia, the company also marketed there since its establishment. There are now distributors in the forms of co-investors and distribution agents in various regions of the world. For the expansion into the international market to be more efficient, in 2006, the Doi Chaang Coffee International Company Limited was established in Canada with the co-operation of Mr. John M. Darch, a Canadian businessman, who would act as a partner to expand the business of Doi Chaang coffee internationally. However, as the market grew rapidly, today the Doi Chang Coffee Company Limited (Canada) is only responsible as a distribution agent for the North American region and the United Kingdom. At present, there are distribution agents and franchise management agencies for Doi Chaang coffee products in more than 10 countries in the different regions of the world.

At present, Doi Chaang Coffee has distribution channels in both domestic and international markets at a 30:70 ratio between domestic and international distributions. Doi Chaang Coffee is one of the largest exporters of coffee in Thailand, according to information from the Ministry of Commerce. It has been able to produce more than 1,000 tonnes of coffee per year, in response to the premium market. Adel proudly gave an interview on this matter. *“Doi Chaang Coffee Original has more than 200 branches domestically both in the forms of franchise and partner coffee shops, and there are more than 50 branches abroad in Canada, England, South Korea, Singapore, Malaysia, Laos, Cambodia and Myanmar. If our 5-year operational plan can be fulfilled, Doi Chaang coffee can provide many more jobs and much more income for the coffee growing farmers.”*¹²

The dignity of Thai coffee as earned and maintained by the people of Doi Chang

From its beginnings with the hill tribe Thais of Akha ethnicity, who had been the subject to insult and discrimination, even from other hill tribe Thais, today, with the diligence and determination of Mr. Wicha and his group of co-founders,

the Doi Chaang coffee business has overcome many obstacles and firmly pinned Thai coffee on the world map. The logo of the company rightly depicts the unique characteristics of the Akha people as quality coffee growers, as well as their home on Doi Chang. Adel talked about his feeling of pride on this issue: “...Our perseverance has paid off. In the past, people used to look at our brothers and sisters as people who only engaged in illegal dealings. Today, they are proud of themselves. The children are proud to say that they are Egor, that they are the people of Doi Chang. They dare to speak out and to express themselves. They fell that they have dignity and they no longer mind who they are anymore”¹³.

Doi Chaang Coffee Original Company Limited has set out 4 clear mission statements for its institution. These are:

- (1) to strengthen the community and the coffee growers by setting a buying price for ripe coffee fruit that is higher than the market price;
- (2) to assist coffee growing farmers by providing knowledge and developing the quality of plantation, soil and other factors;
- (3) to be a producer and distributor of good quality coffee beans and coffee products to various markets;
- (4) to use part of the returns from the operation to assist the farmers and develop the locality through the Doi Chaang Coffee Foundation.

Judging from field interviews with the executives and farmers in the area, the company has made a tremendous effort in its business operations to fulfil all its missions, although it is sometimes economically difficult to do so. Ong-art Ritpreecha summed up the path of Doi Chaang Coffee as follows: “No matter what happens, “Doi Chaang Coffee Original, with the picture of Apiko on its logo, will move forward to protect the dignity of the Akha people, the people of the hill tribes and the coffee growers, and will always maintain the quality of its coffee, which has been accepted as ‘one of the best in the world’, in accordance with its earliest aspirations”¹⁴.

Sufficiency for Sustainability

Reference has often been made to Doi Chaang Coffee for conducting operations that follow the Sufficiency Economy Philosophy (SEP). However, few explanations have been offered for such a claim. In order to be able to tell whether the development path that Doi Chaang coffee has followed is based upon the SEP and whether this is a path of sustainable development, we must understand the meaning and applications of sufficiency economy as well as the meaning of sustainable development.

What is development according to sufficiency economy?

The government has invoked “**The Philosophy of Sufficiency Economy**”, from the royal wisdom of His Majesty King Bhumibol (Exhibit C: The Philosophy of Sufficiency Economy), as a framework to guide the development and administration of the country from 2001 until today. This philosophy emphasises the importance of balanced development in the material, social, environmental and cultural aspects of all areas of the country’s life. The objective is for the country to avoid crises, to maintain stability and to continue its developmental path, demonstrating quality and sustainability. Development following this philosophy has four special characteristics. These are:¹⁵

(1) Balanced development, by giving guidance on decision-making processes concerning the use of resources for development at a personal, organizational, institutional or governmental level. This ranges from the balanced application of existing resources, in the forms of **material or economical resources, environmental resources** or various ecological systems as well as **social and cultural**, customary and traditional resources, livelihoods, and values. Developmental goals for progress and balance should be achieved at the same time as undergoing changes, rather than focusing solely on growth.

(2) Developmental goals with emphasis on common interests. Since the philosophy’s holistic approach provides a far-sighted way of looking at the world, emphasis is given to the results deriving from the actions of each individual

as to how they affect others and society as a whole, sooner or later, and more or less. Thus, each personal goal, within the context and limitations of each individual, should be determined in a direction that is consistent with goals for common interests.

(3) Stable and progressive development, by starting from the development of the foundation of society, based on **moderation, reasonableness, and a good self-immunity system**. This means economic security must first be achieved at a family level, so that individuals can have enough to get by and be, to a certain extent, self-reliant. The levels of development can then be enlarged step-by-step, as in the development of producers' groups, savings groups and various community welfare groups. Development can then be expanded to a higher level -- society and country. Such step-by-step development starting from the foundation of society means the impact of the development is directly shared by most of the population. It is also a developmental method where the risks of crisis and total system failure, as have been the cases in many countries, can be avoided.

The three pillars of sufficiency can be explained as follows:

“**Moderation**”, which has the same meaning as “the middle way” in Buddhism. This is a way of thinking that avoids extremism. The development of the “moderation mindset” is very important as the world’s resources are constantly decreasing and the fight for such limited resources usually leads to conflicts or escalates to war in the end.

“**Reasonableness**” can be measured by the impacts that our actions and decision-making have on ourselves, others and the environment around us. In the context of sustainable development, examples of day-to-day living such as the recycling of waste instead of mindless dumping may be interpreted as reasonableness, since this will solve and prevent problems. This principle ensures that decision-making process has to be thoroughly and carefully as what goes around comes around.

“**Having an adequate self-immunity system**” means carrying out various activities with prudence, avoiding risks and being careful. One must constantly be mindful that unexpected changes can always happen and be aware of what needs to be done to prevent them from happening or to minimize, as much as possible, the negative effects that they may have.

(4) **The development of quality in human resources** means **that there should be morality-led knowledge** guiding people's lives. A person of "quality" is not selfish and will not take advantage of others but use their intelligence in a right and reasonable way. They will focus on learning, creating, and improving methods and processes in the appropriate management of resources and will prevent and resolve any shortcomings for their own good and for that of society. This will eventually lead to sustainable development.

How do we achieve sustainable development?¹⁶

The definition of sustainable development that has been widely accepted comes from a report called "**Our Common Future**", which is also known as the "Brundtland Report", published in 1987 by the World Commission on Environment and Development. This report was distributed during a time of heightened awareness concerning limited environmental resources and the impacts that human actions have on the environment; the creation of alternative ways of development, with more holistic and balanced approaches, was urged. This report provided a definition of sustainable development as "*development that meets the needs of the present without compromising the ability of future generations to meet their own needs*".

The Brundtland report expresses its concern for the global maintenance of balance for future generations by putting emphasis on three main factors that are important for **balanced development**. These are **the environment, the economy and society**. These three ingredients later become what are called the "**pillars of sustainable development**", which must be considered each time the concept of sustainable development is adapted.

However, without specific goals, sustainable development would remain just a concept that has no practical effect. The leaders of 193 member countries of the United Nations thus adopted a Resolution on **Sustainable Development Goals (SDGs)** in September 2015 to be used as the Agenda for global development for the next 15 years (2015-2030). The 17 goals and 169 targets reflect that development must have links between the economy, society and the environment.

The determination of these goals and whether they will be achieved depend on the government of each country setting its own national goals. While the international goals can be used to provide guidance, conditions at a national level must also be considered.



Figure 3: Sustainable Development Goals or 17 SDGs

Moreover, in the academic world, especially in business administration or environmental management, when sustainability is mentioned, it is often linked to the concept of **resilience**, which is the ability to recover from changes, having cushioned their impacts¹⁷. From the point of view of this definition, balanced development needs to also be supported for sustainable development to be achieved.

Development in accordance with sufficiency economy and sustainable development

It can be seen from the above definition that SEP provides a framework of thought that covers the meanings of sustainable development in both senses. In other words, it is a **framework providing operational direction** to achieve **balance** in four areas, which are the economy, society, the environment and culture (rather than the United Nations' balanced development goals, which only consist of three areas, which are the economy, society and the environment). At the same time, it is an administrative tool of development to ensure **readiness in the event of rapid and extensive changes** in these four areas. This means managing the ability to maintain stability in such an event or recovering from the impacts of various changes, i.e. resilience.

Moreover, the SEP also provides **tools** or methods to achieve the above goals. These are the three pillars of sufficiency that can be used as the pillars for decision-making and operations. In other words, an administration that takes into account **moderation**, or proportionality, based on **reasonableness**, can avoid extremism and lead to the path of **balanced development**; while the creation of a **good self-immunity system** can **decrease the risks in the administration of development or create readiness for changes**.

Furthermore, the SEP clearly states that for the application of the three pillars to lead to the achievement of sustainable development, practitioners must be knowledgeable in the relevant subject matter. They must also be mindful in their decision-making and careful in the application of their knowledge in practice. At the same time, the moral foundation must be strengthened, especially in terms of honesty, diligence and patience in their operations. In short, relevant individuals must have **morality-led knowledge** of sufficiency for sustainability to be achieved.

How far the story of Doi Chaang coffee can provide an example of a community enterprise based on the principle of SEP, and whether the development of Doi Chaang coffee, both past and future, is following the path of sustainable development, are questions that everyone involved should seek to answer together.

Time for the Executives of Doi Chaang Coffee to Decide the Future of the Business

After the people of Doi Chang had held a dignified funeral for Mr. Wicha who unexpectedly passed away in late January 2014, everyone then involved became concerned about the next step for Doi Chaang Coffee. Rumours were rife during this period of change. If there was no clear direction from the executives, business partners might withdraw. The farmers on Doi Chang also started to worry whether there would still be a factory to buy fresh coffee fruit at a good price, as has previously been the case.

Mr. Pitsanuchai and Adel had to together decide which direction they should take the Doi Chaang Coffee business to; whether the original aspirations should be continued with or whether there should be a change in direction. The success that they have accomplished together by overcoming all kinds of obstacles for decades means Doi Chaang coffee was praised as a community enterprise which is based upon the SEP to the point that sustainable development is achieved. Whether this shall become a baseless claim, or a realised legend is another question. If the business of Doi Chaang Coffee Original is truly a business of SEP for sustainable development, would Mr. Pitsanuchai and Adel try to preserve the legend that Mr. Wicha has, not without a struggle, built so that it can remain and progress upon the path of Sufficiency and Sustainability or would they leave it to fade away through time....

If you were Mr. Pitsanuchai and Adel, what would you decide to do?

Questions for classroom discussion:

If you were Mr. Pitsanuchai or Adel, do you think the Doi Chaang Coffee Original business has previously been following the path of sufficiency for sustainability? If so, how would you ensure that the business can remain upon this path?

In order to answer the above question, considering all the relevant issues, you may first want to try and answer the following sub-questions:

- (1) Regarding the direction of the business development previously undertaken, have there been balance in and readiness for changes in each aspect, i.e. the economy/materials, society, the environment and culture?
- (2) What are the main objectives or aspirations in establishing the Doi Chaang coffee business and should these be preserved or changed?
- (3) Thinking back to the past success of Doi Chaang, what elements or factors has Doi Chaang coffee taken into consideration in order for its operation to be consistent with and suitable for real-life situations, for example the potential and readiness of its team, the company's capital, domestic and international markets, the suitability of the plantation areas, the suitability of the coffee varieties and perennial trees, and situations regarding soil/water, technology and the community?

What are the factors that have not been managed in accordance with their potentials-either over- or under-managed-and how should this be rectified?

- (4) Regarding the business operation in the near future, i.e. 1-3 years from now, what are the risks, problems and obstacles that you expect to have, and how do you think you should prepare to protect the company against such risks/problems? What contingency plan do you have for the operations of your business?
- (5) In order to achieve the goals mentioned in (1) and (2), do you think you need to acquire further knowledge? Do you think there needs to be a process of knowledge acquisition and, if so, in what subjects, in order to make prudent decisions? How would you acquire such knowledge?
- (6) What do you think are the Shared Core Values of Doi Chaang that have made the company become successful today? Do you think its team and community members are aware of the importance of such Shared Core Values, and, if not, how would you ensure such awareness?
- (7) What concept of the Sufficiency Economy Philosophy and the Sustainable Development Goals should put in place for the development of Doi Chaang Coffee Original Ltd. at present?
- (8) Give 2 lessons learnt from Doi Chaang Coffee Original Ltd. for the development of the vulnerable groups in Thailand.

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Exhibit 1: Key Events of the Business Development of Doi Chaang Coffee¹⁸

Year	Description of Major Events
1915	The Lisor (Lisu) immigrated to Thailand and established their village. Decades later, the Akha (Egor) immigrated to live in the village.
1969	The late King Bhumibhol embarked on a royal initiative to establish a royal project for the promotion of the plantation of industrial crops by hill tribe Thais to replace opium poppies and reduce deforestation.
1983	The Thai-German Highland Development Project and the Department of Public Welfare distributed good quality Arabica coffee variety to 40 families of Doi Chaang people to test out on their plantations. Apiko 's family is one of those who received this coffee variety and has grown the coffee since.
1989	Adel (Apiko's son) brought the coffee into town to be sold. The merchant previously informed him while on the hills that the price would be 22 Baht per kilogramme but when they concluded the actual sale, he only received 12 Baht per kilogramme.
2001	Adel was the first of Akha origin to be elected the head of the village. The previous heads of the village were all from the Lisu tribe. Adel helped most of the brothers and sisters of Doi Chaang obtain Thai identity cards and tried to minimize the conflicts between the Akha and the Lisu in the village to ensure peaceful co-existence. There was a shortage of coffee in the market and prices rose in internationally. Apa (Adele's nephew) brought the family's coffee to be roasted and sold as fresh coffee in the school fete for 20 Baht a cup. This inspired Adel to find a way to sell coffee at a good price in order to help the brothers and sisters of Doi Chaang to earn an income and to raise their standard of living. Adel travelled from his home village to consult Mr. Wicha Phromyong in the city of Chiang Rai. He informed Mr Wicha that his family had around 500-600 Rais worth of coffee which could not be sold and that although he had already chopped down the coffee plants, they grew back.

Exhibit 1: Key Events of the Business Development of Doi Chaang Coffee¹⁸

Year	Description of Major Events
2003	<p>Doi Chang Fresh Roasted Coffee Company Limited, with “Doi Chang coffee” as a brand name and a picture of “Piko (พຶກໂອ)” as a logo was registered in order to honour the area and the Akha who had been growing coffee for more than 20 years.</p> <p>The company’s name was changed to Doi Chaang Coffee Original Company Limited. Coffee beans were bought directly from the farmers and the internal production within the company was developed in order to prevent identity theft and contamination with unauthorised coffee, thus maintaining the brand’s quality.</p>
2006	<p>The Doi Chaang Coffee International Company Ltd was established through co-operation with Canada. The Doi Chaang coffee business expanded to the international market.</p>
2007	<p>The “Doi Chaang Academy of Coffee” was opened to educate the brothers and sisters of Doi Chaang and interested parties about the entire coffee production process, financial management, accountancy and savings strategies.</p>
2011	<p>The Doi Chaang Coffee Foundation was established to support the education, healthcare and the good living standards of the people in the Doi Chaang community and for cultural promotion.</p>
January 2014	<p>Mr. Wicha Phromyong unexpectedly passed away.</p> <p>The executives of Doi Chaang coffee had to decide whether the business would continue to maintain balance along the path of sufficiency for sustainability and, if so, how.</p>

Exhibit 2: Fairtrade and Beyond Fairtrade



④ Fairtrade means trade that is equitable. It is an equity-based movement, engaging in trade that supports international standards pertaining to labour, the environment and society. Goods and services use the Fairtrade label as a trademark to help reassure consumers that the goods are produced in accordance with the “equitable trade” process. The main objectives are to develop the living standards of the producers in order to increase their potential to compete in trade and production, to enhance their negotiating position and to guarantee a fair price, as well as to protect human rights and find solutions to environmental problems, by creating awareness in consumers of the importance of equity as a factor in society. Novelty is created by the emphasis put upon information provided and the story of the products themselves as opposed to the consideration of price, quality and forms¹⁹.

The starting point for the use of this Fairtrade label is the “coffee” itself, which is an agricultural product that has been very well received by both the producers and the consumers. The key factor is the agreement to pay a higher price in order to buy an assurance that the products have been consumed without the producers being taken advantage of. Following this change in the coffee business, growers from many regions of the world have gained the opportunity to access the equitable trading process and have been supported by member organizations of the FLO²⁰.

The hill tribe Thai farmer groups of Akha ethnic origin, the owners of “Doi Chaang coffee”, a coffee that has been classed as a World Class Specialty Coffee, Doi Chang Estate, have passed many quality tests and received certification by leading coffee institutions in the world, from Asia, North America and Europe. However, the Doi Chaang coffee business has exceeded the Fair Trade standard in that it has been accepted and identified as **Beyond Fairtrade** by independent farmer groups and entrepreneurs who work upon the basis of “co-existence” with brother and

sister farmers who grow coffee with equal concern for the Doi Chaang criteria. The profits from the sale of coffee have consistently been used for community, social and environmental development²¹.

Exhibit 3: Sufficiency Economy Philosophy

“Sufficiency Economy” is a philosophy that stresses the middle path as an overriding principle for appropriate conduct by the population at all levels. This applies to conduct at the level of the family and community, as well as at the level of the nation in terms of development and administration in order to modernize in line with the forces of globalization. “Sufficiency” means moderation, reasonableness, and the need for self-immunity to gain sufficient protection from impacts arising from internal and external changes. To achieve this, the application of relevant knowledge with due consideration and prudence is essential. In particular, great care is needed in the utilization of theories and methodologies at every step of planning and implementation. At the same time, it is essential to strengthen the moral fibre of the nation, so that everyone, particularly public officials, academics, and businesspeople at all levels, adheres first and foremost to the principle of honesty and integrity. In addition, a way of life based on patience, perseverance, diligence, wisdom and prudence is indispensable to create balance and to enable people to cope appropriately with critical challenges arising from extensive and rapid economic, social, environmental, and cultural changes in the world.

* A working definition compiled from remarks made by HMK Bhumibhol on various occasions and approved by HM and sent by His Majesty’s Principal Private Secretary to the NESDB on November 29, 1999. Unofficial translation.

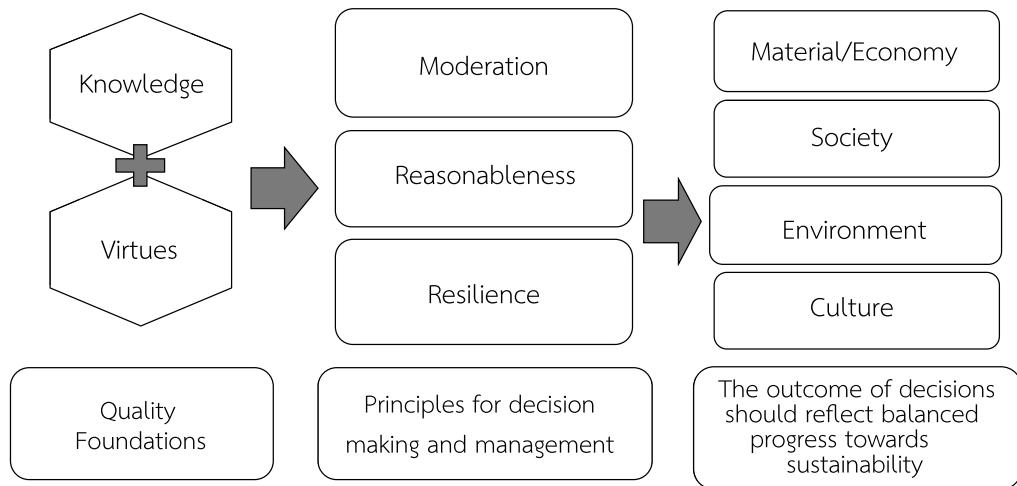


Figure 4: Summary of Sufficiency Economy Philosophy

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⁹ At present (October 2019), Ban Doi Chang school open classes from K1-G9, with 563 students from 3 villages. The proportion of students by ethnic groups are Akha (40%) Lisu (30%) Yunnan Chinese (10%) and Tai Yai (20%)

¹⁰ From interviews with a school headmaster and teachers of Ban Doi Chang School on October 22, 2019.

¹¹ Doi Chaang Coffee Original has received various international certifications, such as Fairtrade, EU Organic Farming, USDA Organic, EU Geographical Indication (GI).

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