

A Buddhist Economic Approach to Happiness & Capability Linkage in OTOP Craftsmen in Southern Thailand

Wanna Prayukvong

ABSTRACT

This study was undertaken to observe the linkage between the concept of happiness and capability in craftsmen of One Tambon One Product Project or OTOP by adopting a Buddhist economic approach. A sample of three hundred and seventy seven craftsmen were selected from members of eighty-eight OTOP community enterprises for an interview by employing open-ended questions. Most of the craftsmen had a view of happiness as having an affluent and vigorous family life. They had a capability which was the summation of craftsmanship, creativity and the ability to perform the entire process of production and make other products. Their concept of their state of happiness was not directly correlated with their capability. The linkage between them was their correlation with the social capital index (SCI) on an individual level.

Key words: Buddhist economics, craftsman, One Tambon One Product, Thailand

The success of development in Thailand measured by economic growth only

Thailand's development policy over the period from the First until the Seventh National Economic & Social Development Plan (1961 – 1996) had achieved economic growth but considerable social problems had accumulated as a result of non-sustainable development. The Eighth National Economic & Social Development Plan, for the period 1997 – 2001, therefore had the revised aim of promoting sustainable development. The plan's development strategies emphasized the development of human resources, quality of life, people participation, and the strengthening of community organization. However, the Thai economic crisis in 1997 meant that the plan was never implemented. So the Ninth Economic & Social Development Plan not only continued this policy but also adopted the philosophy

of His Majesty the King Bhumipol about "Sufficiency Economy" as a policy guideline. This plan is to develop good governance, strengthen the grass roots of society and develop sustainable development in rural and urban communities. To achieve this, the national agenda is to attain a sustainable national competitive edge, to solve poverty and income distribution and to develop social capital.

While social capital is a very new word, it is supported by the World Bank for study and inclusion among country-members as a key capital for sustainable development. It requires a combination between capital and social values which means creating a relationship among people (society) to use as an input which will then add further benefits. However, this concept is still abstract and elusive to define and measure. Studies about intangible capital such as human capital in Neoclassic or mainstream

economics are very limited and are still not included in the assessment of National Income. Together with economic assumptions about the rational behavior of human beings which is concerned only with self-interest and economic incentives, this may even decrease serious consideration of social capital as a factor in economic growth.

The distribution of commodities and services controlled by price mechanisms in the market and personal property rights make money incentives the most important tool for resource allocation. This approach may obstruct the commitment, contribution and participation of the people in society or altruistic behavior. While the concept of social capital is concerned with morals and ethics, mainstream neoclassic economic theory would probably have a very limited interest in moral issues. As Amartya Sen has said, "Economic theory takes too little account of morals and commitment." (Sen, 1977, quoted in Hodgson *et al.*, 1993, p.213).

Buddhist economics is the application of the Buddha's message to an analytical approach encompassing generally accepted economic concepts with an increase in understanding of morals and values which are the missing elements in neoclassic economics. The Buddhist Economics Approach will provide more understanding about social capital in the Thai context to create policies for improving the quality of life.

One Tambon One Product (OTOP): The Japanese approach to economic development at grass roots level

OTOP project is a government policy, which was one policy in the election campaign of the current Thai Prime Minister prior to his previous term (2001-2004). This project is in a policy for improving the economic situation at grass roots level. Most government policies were concerned with increasing the demand side, while OTOP was the only project involved with the supply side and had two objectives; 1) to have the means of earning a supplementary income and 2) to create a strong

community by producing a local product. The concept of OTOP was adopted from One Village One Product of Mr. Morihiko Hiramatsu, the Governor of Oita Prefecture in Japan. The three major principals were

1) Global Yet Local: The local products are distributed to country and world markets, which reflect their pride in the local culture. So the value of the products are concerned not only with the benefits of consumption but includes the value of the cultural activity which will be promoted worldwide.

2) Self-Reliance and Creativity: The production process enhances people participation and community activity by encouraging local people to join in helping each other and engaging in creative competition to produce a high quality product. So the government does not give financial support but provides advice, technical support and research and development of the product.

3) Human Resource Development: To encourage people to struggle against their aggressive instincts and concentrate on the spirit of creativity because the human resource is the most important factor. (Puntasen, 2002)

However, the Thai government has not adopted the whole principal. They support local people to use their own wisdom to make an identifiable product which will be the key selling point. The Department of Rural Community Development was the coordinating office to select the champion product at Tambon, Amphur, Provincial and Regional levels. The selection criteria were 1) export potential, 2) maintaining production at the same quality, 3) standards of production with product quality and customer satisfaction, 4) the history of the product. The level of selection from the lowest to the highest was one to five stars. After the selection process the related office provided aids for marketing and product development to improve the quality of the selected products.

The outcome after three years from the launch of this project is that OTOP became a current issue in Thai society and more than 10,000 products

were submitted for selection as product champion. The roughly estimated amount from sales in 2003 might be around 12,000 million baht. (Shinawatra, 2004) Taking into consideration this figure and the results of the evaluation report from the National Economics and Social Development Board, the results showed achievement in the first objective only but did not mention the second one. The important question is whether the additional income will create or make the community stronger. This is an interesting question for later discussion. Besides the selection criteria allow the topic “the strength of the community” only 9 points out of total 100 points in 2003 and only 12 points out of 100 points in 2004. This made the weight of the score of “the strength of the community” very low in the selection process.

“The strength of the community” topic based on the ability of local people to form a group to make a local product by collective action, still has an abstract meaning and subjective measurement. Besides research on this topic is very limited. The group process, as defined above, complies with the meaning of the term social capital. While One Village One Product in Japan was initiated by using social capital, which exists in a highly group-oriented society, nurturing their culture and traditions (Prayukvong, 2005), and produces a product which reflects the value and dignity of local people, the OTOP project was not concerned with this matter and did not understand its implications.

The Buddhist Economics Approach which studies social capital in an OTOP project will not only give a clearer picture of social capital but will look at the policy implications for the OTOP in creating a strong community.

Scope and objectives of the study

This study will be limited to the study of community enterprises to produce three types of OTOP. These were handicrafts, local herbs and food and ecotourism produced in five provinces in Upper-Southern Thailand; Suratthani, Phanghna, Phuket, Trang and Phattalung province.

The objectives of this study were

- 1) To observe the local wisdom and human capability of craftsmen in an OTOP community enterprise
- 2) To observe the components and accumulation of social capital in craftsmen
- 3) To observe the factors affecting the accumulation of social capital by craftsmen

Social capital: Intangible and embodied capital

Coleman's 1988 study into compulsory education develops a conceptual framework to explain social capital and how it can be used to create human capital. According to Coleman's concept, social capital is defined by its function. It is not a single entity but a variety of different entities with two elements in common. All forms of social capital relate to some aspect of social structure, and they facilitate certain actions of the actors present - both those who have grasped the principal independently or as part of a corporate group - within this structure. Social capital exists in three forms: obligations and expectations, information channels, and social norms.

Putnum (1993) expanded the concept of social capital further in his longitudinal study of Italy. He found that the crucial factors contributing to success in socio-economic development in the region of Italy studied was civic involvement or civic tradition. Putnum equates social capital with features of social organization such as networks, norms, and social trust that facilitate coordination for mutual benefit or collective benefits.

Uphoff (1999) developed the ideas of Coleman and Putnum further by using structural and cognitive elements to define social capital. According to Uphoff, “the structural category is associated with various forms of social organization, particularly roles, rules, precedents and procedures as well as a wide variety of networks that contribute to cooperation, and specifically to mutually beneficial collective action (MBCA), which is the stream of benefits that result from social capital. The cognitive category derives from mental processes and culture and

ideology, specifically norms, values, attitudes and beliefs that contribute to cooperative behavior MBCA, and reinforce the resulting ideas. Both the social structures and cognitive realms are linked in practice by the subjective behavioral phenomena known as expectations.” A summary of Uphoff’s complementary categories of social capital is shown in Table 1.

Capital in economic analysis falls into four categories; 1) Physical or man-made capital, 2) Natural capital, 3) Human capital and 4) Social capital (Sesageldrin 1996, quoted in Uphoff 1999:217). Social capital is not the same as a physical capital but is an intangible capital which needs to have a place or object in which it can be embedded. In an economics context, they name this capital as an embodied capital such as human capital; the ability in human beings which create more economic value and social capital will be a relationship which engages in communal participation to create mutual benefits for their society. The characteristics of social capital are concern for public welfare, not being subject to rivalry and being non-exclusionary. If it is considered as private goods, it produces both sides of externality (Dasgupta 1999). In negative externality; the group of people which has a high level of social capital may work only for their group and it becomes easier to create a situation in which rent seeking behavior or corruption develops. The thief or gangster also has a high level social capital so there is no guarantee that a social group, which has highly

developed social capital, will create social benefits.

Buddhist economics: From morals and ethics to the development of quality of life

Buddhist economics applies the lessons of the Buddha’s discoveries on his path to enlightenment to an analytical approach encompassing generally accepted economic concepts. The approach can lead to better understanding of the truths of human existence and our relationship with nature (Puntasen, 2002, p. 3). Buddhist ethics are not some abstract concept of “promising to be good” so that we will receive a reward at some time in the future, nor some mysterious code of behavior we have to follow to belong to a secret club, but a way of living which accepts and complies with the reality of nature.

E.F. Schumacher was the first economist to mention Buddhist economics in his book “Small is Beautiful”. Schumacher advocated living according to a ‘right livelihood’, a step on the Eight fold Path of the Buddha’s Middle Way to enlightenment. Society should not only be concerned with maximizing the utility of the environment, but should also choose harmonious and peaceful ways of living. Other works about Buddhist economics reinforce this theme. (See, for example Puntasen, 2002, Phra Dhammapitaka, 2000a, and Puntasen, 2002, which were used to develop the Buddhist economic framework presented in this study).

Neoclassical economists usually believe that human nature can be represented by an ‘economical

Table 1 Complementary categories of social capital.

	Structural	Cognitive
Sources	Roles and rules Networks and other interpersonal relationships Procedures and precedents	Norms Values Attitudes Beliefs
Domains	Social organizations	Civic culture
Dynamic factors	Horizontal linkage Vertical linkage	Trust, solidarity, Cooperation, generosity
Common elements	Expectations that lead to cooperative behavior, which produces mutual benefits.	

Source: Uphoff, 1999.

man' who is rational and self interested; he knows his own interests and chooses from a variety of means to maximize these interests. Rational behavior is a major assumption behind classical economic theory, but a number of economists have suggested that this assumption is unreliable. In reality information is always imperfect, incomplete and non-symmetrical and the behavior of humans is not always rational. (See more details from 2002 Noble Laureates in Economics: Daniel Kahneman and Vernon Smith). The behavior of an individual will depend upon his mindset, which will change as wisdom is acquired. The Buddhist Economics Approach considers that rational behavior only develops after 'right views', or understanding, has been attained. This is the first step on the Eight fold Path of the Buddha which advocates a sequence of personal developments known as the 'Threefold Training' (Phra Dhammapitaka, 2000a):

1. Training to develop the higher wisdom necessary to understand the nature of reality
2. Training to develop the higher mentality, or concentration, necessary for mindfulness
3. Training to develop the higher morality necessary to conduct one's actions, speech, and livelihood in a moral and proper way

Buddhists look at the meaning of human existence in a different way to materialists. Human beings are different from other beings because they have the ability to practice and develop themselves in this way through training, which improves the quality of life. The elements of the threefold training are not fragmented but are complementary, leading to a greater depth of understanding.

The Buddhist considers the meaning of self to be wider than just the individual, including both society and nature. The existence of each human being or self has three components; human, society and nature, which are coordinated and complemented within the ecosystem. Self-interest in the Buddhist context is therefore not limited to the individual, and since it also applies to nature and society, it equates to quality of life.

Conventional economics places no limits on the desires of human beings, while Buddhism considers desires in a slightly different way. Buddhists identify two different types of desire. The first is materialistic desire, which has no limits, and second is the desire for quality of life, which is limited by various constraints. These two types of desire are mutually exclusive. For example, we may want to eat food, which tastes good, but this requires the addition of ingredients and flavors, which may affect our health, thus reducing our quality of life. Buddhists recognize that quality of life and contentment are to be truly valued, while the unlimited desire to consume is of false value as it is never fulfilled and creates only further desires in human beings. Buddhist economics therefore seeks a balanced equilibrium, which aims to achieve the satisfaction of achieving quality of life instead of the satisfaction of maximizing consumption.

In the neoclassical economic framework quality of life can be considered as an extra restriction in optimization procedures, which depends on a set of preferences or utility functions. But it is not clear how this restriction can be operated or whether it can be guaranteed that it will always occur, since quality of life is an indirect effect, which does not happen immediately, but after a time lag.

According to the rational behavior and economic incentive theory the economist believes in competition under market mechanisms. However, perfect competition does not exist because of imperfect information among the stakeholders. They still pursue this goal and form policies to achieve it. Whereas the relationship in Buddhist economics is a cooperation which means working together to achieve a better quality of life as a group. So there are two types of cooperation which are

- 1) the real cooperation: the cooperation to help each other to fulfill the basic needs and achieve the quality of life together
- 2) the pseudo cooperation: to take some strong point of the competition concept as a pool-incentive to make people participate by make a group

of people to put all of their co-operative effort into competing with other groups, in the way that some countries encourage nationalism in their people by persuading them to use their own national products and boycott foreign products. OTOP is another example of pseudo cooperation when people in a village to form a group and produce a local product to compete with other villages or regions.

So, in the Buddhist context human beings can develop themselves through training towards gaining ‘right understanding’, as a result of which they will prefer to choose economic options which give them a high quality of life that complements nature and society.

Training in Buddhist ways does not mean that we need to transform our normal life or become a monk, but that we learn from daily life and our experience of economic activity. To increase our understanding of economic activity will allow us to improve economic processes so as to achieve a high quality of life and at the same time continue to learn and develop.

Social capital in Buddhist economics approach: The guarantee for positive externality

The message of Buddha is a middle way approach. Buddhist concern on a benefits from a good relationship among human existence by using wisdom with mercy and kindness to achieve the spiritual freedom which enables us to live in the world without attachment or feelings of superiority. So much of his message concerning people and society has the Eight fold Path as the central concept and five perception is the basic principles with which to develop a good quality of life, society and nature. (Please sees more details in A Constitution for Living by P.A. Payutto)

Beside the message and precepts for ways of living in a society, Buddha mentions the important role of external or social factors such as “Good Friends” or hearing or learning from others: encouragement from others, such as teaching, suggestions, information, messages or comments

from people who concern only with good and right living. These are the way of creating and keeping the faith, together with internal factor ‘training in analytical thinking’ to create the right view or understanding of human existence which is the first step of the Eight fold path.

Characteristics of the good friend are two parts; to be a person whose actions match his speech or has acquired deep understanding before teaching and has freedom and detachment thing unlike the majority of people. Whenever individuals, groups or society have these characteristics (no matter at what level), the society will have a suitable structure to have a lot of good friends and make it easier for them to achieve their mission. These characteristics make a good friend equivalent to social capital which is a capital of relationships between people who have mutual trust and the ability to co-operate in creating a quality of life which includes themselves, society and nature.

To study social capital by using the Buddhist Economics Approach each component of social capital (Structural form and cognitive form) will not be treated separately. So social capital or good friends (external factors) and training in analytical thinking (internal factors) cannot be separated to create a right view or understanding together with the other step in the Eight fold path, which will train people to improve their quality of life. This process can begin at any point, at any time like a series of gradual training processes for human beings which correlate with each other like each thread in a rope will twist together with others until they become a strong rope.

Framework and research methodology

1) Measuring a social capital

The individual in this study is a craftsman joining others to form a group of members (Community Enterprise) to produce OTOP. This study will try to measure the social capital from the effect after it has been use as a proxy measurement. So the components of social capital which become embedded in each

individual are in TWO categories:

a. The Social structure form which is

a.1) Roles and rules of decision making, resource allocation, communication and conflict resolution

The measurement of this component will be

- the relationship of each person in a group to his village or community. (The first variable) The level of measurement is:

1 : Craftsman was only a member of OTOP community enterprise.

2 : Beside (1), he was a member of other group.

3 : Beside (1), he was a committee or key member of other group (one group)

4 : Beside (1), he was a committee or key member of OTOP community enterprise

5 : Beside (1), he was a committee or key member of OTOP community enterprise and other group (at least 2 groups)

- role of an individual in the OTOP community enterprise. (The second variable) The level of measurement is:

1 : Craftsman was only made OTOP.

2 : Beside (1), he helps to do a common work.

3 : Beside (1), he was a specific responsibility in the OTOP community enterprise.

4 : Beside (1), he was a selling, liaison and fund raising role.

5 : Beside (1), he was a chairman or teacher to teach members to make OTOP.

- the communication methods in the OTOP community enterprise. (The third variable) The level of measurement is:

1 : By having an occasionally formal meeting

2 : By having a regular meeting once a month or twice a month.

3 : By setting the chairman or key member to inform members through word of mouth.

4 : By chatting during working time (because

they work in a group)

5 : By using more than one of above method.

- the methods of conflict resolution (The forth variable) The level of measurement is:

1 : No resolution and group cancelled.

2 : Need an assistant from outside people or government officer.

3 : Depend on chairman's decision.

4 : Depend on committee's decision

5 : All members to participate and make a collective decision.

a.2) Networking or participation measured by level of opportunity to take part or level of activity in the OTOP community enterprise open all members.(The fifth variable) The level of measurement is:

1 : No common work, making OTOP only.

2 : To participate with or volunteer with community/public work.

3 : To look after visitors or demonstrate OTOP or sell OTOP.

4 : To learn new skill to make product or group management.

5 : To have a regular formal meeting which arrange by government officer.

b. The cognitive form which is

b.1) Norm : measured from the reasons for craftsmen for joining the OTOP community enterprise. (The sixth variable) The level of measurement is:

1 : Government officer's support or initiate or legitimacy.

2 : Chairman or key members' initiate.

3 : To have an implement income or job

4 : Respondent's initiate or ancestor

5 : To have a mutual help or protect an environment.

b.2) Value: measured from the difference between doing a product as a single entrepreneur and group entrepreneur. (The seventh variable) The level of measurement is:

1 : Being an individual was more convenient.

2 : Working as a group had some problems
 3 : Indifference because it was only a group by name.

4 : Difference level was small.

5 : Difference level was large

b.3) Attitude : measured from the benefit of joining a group. (The eighth variable) The level of measurement is:

1 : Income or social status only

2 : A product development

3 : Beside (1), to improve a product.

4 : Beside (1), to improve a product or other.

5 : Every aspect.

b.4) Beliefs :measured from

- the understanding about the common work. . (The ninth variable)The level of measurement is:

1 : Respondent knew but it was not a member's (his) responsibility.

2 : Respondent was not clear what it was.

3 : Respondent knew but it was a chairman's or committee's responsibility.

4 : Respondent knew but it should change a responsibility person.

5 : Respondent knew but it should be a member's participation.

- And views about "The Opportunist", the craftsman will be asked "If outside merchant offer to buy your product with a higher price than group's price, what you shall do. . (The tenth variable) The level of measurement is:

1 : Sell without giving any explanation.

2 : Sell with giving some explanation.

3 : Not sure for making any decision.

4 : Not sell without giving any explanation.

5 : Not sell with giving some explanation.

The ten variables were combined into a social capital index by loading commonly on a single factor or Factor loading.

Other forms of social capital will be measured such as informal networking and mutual support in his village within one year, or trust, using the

opportunities for members to obtain advice about personal problems, or reciprocity using views about "members of your group are more interested in individual benefit than group benefit". The level of measurement is:

1 : Disagreed.

2 : A little.

3 : Somewhat.

4 : Much.

5 : Very much.

Or solidarity using views on whether "The leader should sacrifice his personal happiness for group benefit." The level of measurement is:

1 : Disagreed.

2 : A little.

3 : Somewhat.

4 : Much.

5 : Very much.

2) Framework and measuring affecting factors of social capital accumulation

Figure 1 shows framework about factors which are taken from the review of literature except the ideal of life which is from the Buddhist concept which emphasizes that the objectives of human beings should be social benefits. Each factor will be measured as the following:

1) Demographic

- Sex : male was coded 1 while female was coded 2.

- Age: number of year

- Family Size: number of member in a family

- Period of living in the village: number of year that craftsman live in a village.

2) Wealth

- Land holding: area of land holding (rai)

- Gross revenue: gross revenue of craftsman per year

- Education level: number of years in formal education system

3) Opportunity for participation

- Position in the village: craftsman has

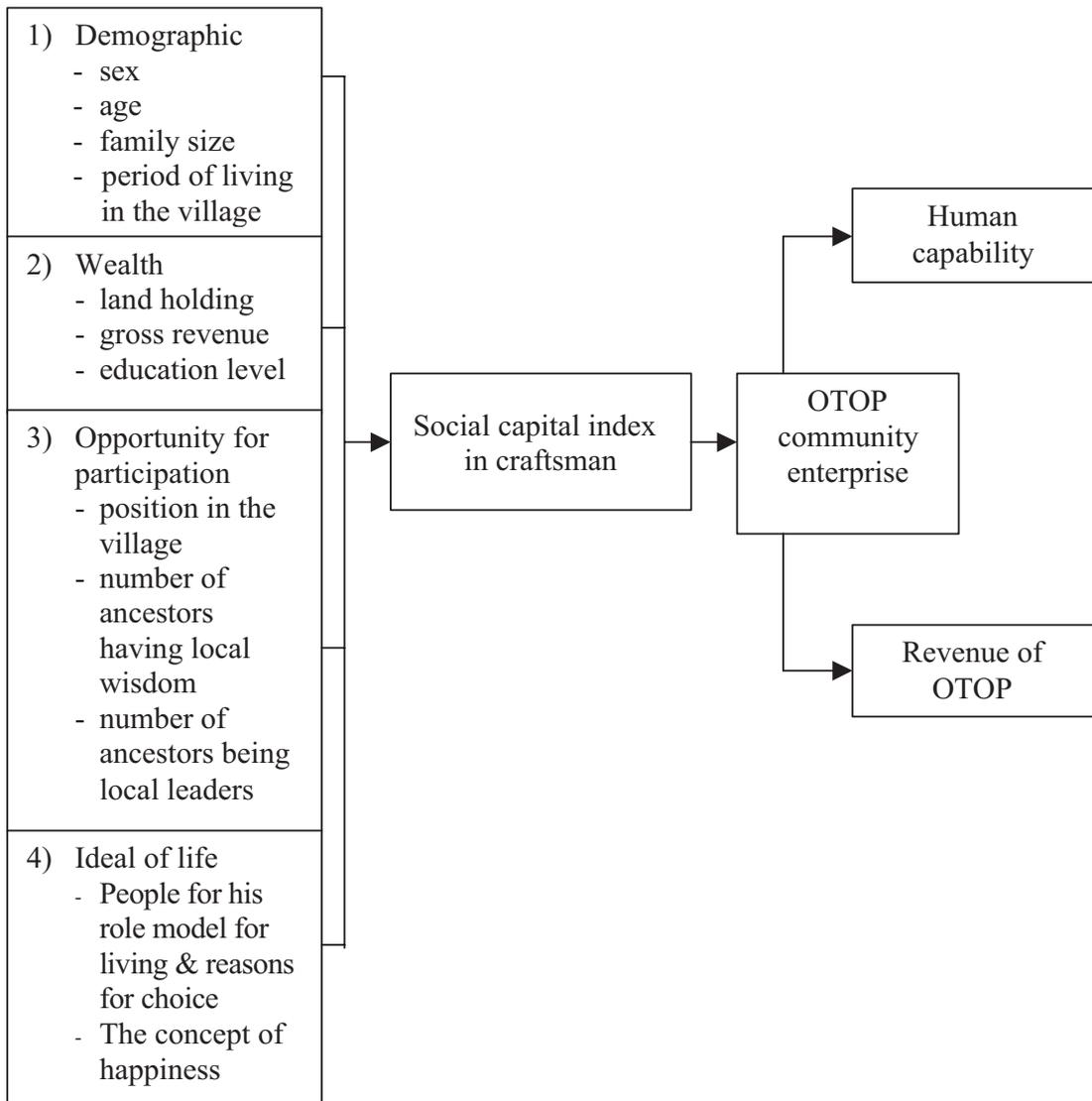


Figure 1 Factors affecting accumulation of social capital by craftsmen.

some position in the village was coded 1, if not code 0.

- Number of ancestors having local wisdom: number of craftsman's ancestors who had local wisdom in any field.

- Number of ancestors being local leaders: number of craftsman's ancestors who had been the local leader.

4) Ideal of life

- People whose role model for living: the level of measurement is

1 : Craftsman's parent or ancestor.

2 : Local leader or villager's leader or monk in craftsman village who is still alive.

3 : Famous outside leader.

4 : Monk outside village who was passed away.

- Reason for choice : the level of measurement is

1 : They gave him a life.

2 : He taught craftsman to make products or support him.

3 : He is a good role model of moral & ethics.

4 : He is a good role model for working.

5 : He is a good role model for being a leader and management.

- The concept of happiness : the level of measurement is

1 : To have a job and money.

2 : To have a healthy peaceful family or staying together.

3 : To make a beloved product (OTOP) and preserve it for next generation.

4 : To see strong or happy group or community or society, or to have a chance to help other people.

When craftsman accumulated social capital, he used it as an intangible capital to produce OTOP. The revenue of OTOP as a significant output, human capability should be another output. Sen (1999) introduced this concept as the ability of human beings to bring value and dignity to their lives and make them realize the number of choices available and that they also have the freedom to choose. His concept makes human capability different from human capital because human capital considers human beings as one of the factors in the production process. The concept of human capability is quite close to the concept of human living in the Buddhist context which is concerned with improving the human being and freeing him from the attachments of ignorance and craving.

Revenue of OTOP will be measured by gross revenue that craftsman received last year. While the human capability will be measured by the summation of craftsmanship (1 equal to yes, he got a craftsmanship and 0 equal to no, he did not), creativity and the ability to perform the entire process of production and make other products.

3) Sample, data collection and analysis

The population and samples of this study used to provide the data were taken from the Design & Development of a Local & Community Development Database for a Management Project (Prayukvong et

al., 2003). Five craftsmen were selected from members each community enterprise for an interview schedule employing the by open-ended questions.

The Statistics method will be used to analyze the data such as descriptive statistics to explain about wisdom, human capability and value etc. of craftsman, and factor analysis to analyze the components of social capital and make them into one variable as an index of social capital. Correlation and regression techniques are also used to analyze the factors affecting the accumulation of social capital.

Local wisdom, human capability, value of product and ideals of life in craftsmen

Three hundred and seventy seven craftsmen were selected from members of Eighty-Eight OTOP community enterprises which make a ratio equal to 4.3 craftsmen per community enterprise. Types of product were handicrafts, local herbs & food and ecotourism in five provinces of Southern Thailand which are Surat Thani, Panga, Phuket, Trang and Phatalung. Most of them started making the product before forming a group and joining a OTOP project.

Most of them were females (79.6%), 41-60 years old (46.8%), primary level of education (48%) and Buddhist religion (77.2%). Their major source of income came from rubber plantations (53.3%) while the OTOP product was supplementary income (78.1%). Their land holding area was around 6 rai per person or household (or 1 hectare) (50%).

Craftsmen of handicrafts had a greater number of ancestors with local wisdom than the other types. So the ratio of craftsmen who had an ancestor with local wisdom was equal to 49% of all craftsmen while only 63% of them continued their ancestor's wisdom into the present generation. 30% of all of craftsmen had an ancestor who had been a local leader.

The reason for making the product was inspiration from seeing their parents or ancestors or people in the community making it. So they started learning to make it from their parents or members of their community. They had gained additional

training from outside people. They also taught people who visit their community, students learning by observation or instruction in a group or as part of the local curriculum in a school. To have the chance to promote this wisdom by this way gave them pride in themselves from knowing that local and outside people are interested in their product.

Accordingly the above learning process gave most of them a human capability which was the summation of craftsmanship, creativity and the ability to perform the entire process of production and make other products. Some of craftsmen had the creativity to make a new pattern or design or new product which they did not want to keep or possess as their own work but he preferred to share this knowledge among the members and people in the community.

Most of them worked at the product 5-8 hours a day. During the process of making it, they felt relaxed and joyful like having a meditation. So when they had finished their product, they were proud of themselves. They also confirmed that this feeling was significantly different from growing rubber plants, which was a general product, and did not require any special skills. So most of them rated satisfaction in their product from high to highest level. It was a pity that the value of product to the craftsmen were not conveyed to the consumer or reflected in the price paid. The direction of development placing emphasis on revenue will encourage them to increase the quantity, which will unintentionally change their status from craftsmen to becoming labors in a home industry.

Most of them had their own parent as role models because they were the ones who gave a life to them. While some of them had teacher or group chairman who taught them to make product or local leader whom they chose as a role model in gratitude for their moral and ethical example.

The concept of happiness of the craftsmen in order from the highest frequency to the lowest, was to have a healthy family, to have a job or to have income or good health, and contribute to the

happiness of the people in the community or society.

The components of social capital and its index

Most of craftsmen were not involved with other groups or communities except being a member of a committee or active member of the OTOP community enterprise. Even though they had a position, they had not have significant responsibility or job description for their role. They communicated among members by expecting the chairman to inform some members who would continue to distribute the information to the next member in an informal way. Even though they had not previously have any conflicts, they imagined conflict situations and they considered how to solve these problems by asking every member to discuss and suggest a solution. The chance of member participation depended on activity so making product together like a type of local herb and food product at a group factory would provide a good opportunity but some of them arranged a regular activity such as taking care of people visiting the group or giving demonstrations.

Most of them were making a product as an single entrepreneur so their reason for joining a group was to follow the government official's advice or the legal conditions such as regulations allowing only a registered group of villagers to produce a wine or local alcohol. As the level of social capital in the norm component of cognitive form was low, their view about the difference in making product as a group process or as an individual was at a low level. The interpretation of their value within the group was low.

Most of them also received benefits from making a product as group process which were economic aspects such as supplementary income, social aspects such as knowing more people and having a study tour etc, aspects of improved product knowledge or other aspects like skills of group management.

Understanding about the common work of most craftsmen was clear but they thought it was the responsibility of the chairman. While the view about

“The Opportunist” or the question : “If a trader offers to buy your own product at a higher price, should you sell it to him or not ?” Most of those answering still thought they could sell it because the group incentive is revenue and this was not against group rules.

After arranging all the above answers in 10 components of social capital (10 variables) to be ordered from lowest (1) to highest (5) level which shown in Table 2. Data of 7 variables were correlated, and they loaded component on a single factor (Social Capital Index) in Table 2. The single common factor accounts about 25 percent of their combine’s variance. The 3 component of social capital in a cognitive form were not correlated which were norm: reason to join a group, value: the difference between group and individual and attitude: the view of the opportunist.

The seven variables were combined into the social capital index, in which each variable had weight by its factor loading. The index was rescaled so the values range from 1 to 10 in order to use for regression analysis. So the average of social capital index (SCI) were 5.6453 and standard deviation was 1.5262, while the lowest was 1.85 and the highest

was 8.40 (Table 3).

So the SCI of craftsmen was represented in social structure form more than cognitive form or residing in craftsmen’s minds. They also did not correlate with the other form of social capital such as informal network, trust, or solidarity which may imply that the SCI of craftsmen was only in social structure form and some components of cognitive form. And the effects were confined to making the OTOP product and did not extend into other mutual benefits.

Factors affecting accumulation of social capital and its output

Even though the average value of SCI is not high, the range of is high. So the level of social capital accumulation in each craftsman may vary with some factors.

When data of independent variables or effecting factor in each group was analyzed, there showed the correlation coefficient between variables in each group, are significant. So the effecting of factor in each group were remained, was shown below.

1) Demographic Factor was sex and number

Table 2 Factor loading for social capital index (SCI).

Component	Factor
Role an individual in theOTOP community enterprise	.754
The relation in each group in his village or community	.697
Level of chance or activity in OTOP community enterprise open to all members	.531
Understanding about the common work	.506
Benefits of joining a group	.341
Methods of conflict resolution	.228
Communication methods	.176

Table 3 Value of rescaled social capital index for each type of OTOP.

Description	Handicraft	Local herb & food	Ecotourism	Total
Average	5.58	5.74	6.35	5.65
Standard Deviation	1.56	1.50	0.63	1.53
Minimum	1.85	2.46	5.28	1.85
Maximum	8.4	8.26	7.28	8.40
Number of sample	227	59	13	299

of people in his house.

2) Wealth was education level.

3) Opportunity for participation was number of ancestors with local wisdom and number of ancestors as local leaders.

4) Ideal of life was reason for choosing people as role models for life skills and concept of happiness.

Before the above factors were analyzed with SCI, the correlation coefficient between them was determined. The correlation coefficient between sex and education level, and between the number of people in a house, number of ancestors with local wisdom and reasons for choose people as role models are significant. So sex, number of people in the house and reasons to choosing people as role models were eliminated. Number of years of membership of a group was included to determine affected the accumulation of social capital.

The result of multiple regression analysis is shown in Table 5. All the remaining factors had a statistically significant joint-relationship with SCI. While the ratio of samples who were able to explain SCI, was 19.8 percent ($R^2_{adj} = 0.198$). The reason

for the low ratio of ability to explain may be accounted for by the difference between the types of OTOP which affected the conditions of social capital formation or the rules and regulations.

Each factor had a statistically significant and positive relationship with the SCI. The influence of each factor was quite close to the Beta value which was between 0.235 and 0.160.

Number of years of group membership had the highest effect on the SCI, which meant that craftsmen who had joined the group earlier, had a higher possibility of the amount of SCI.

Education level had a higher effect on SCI, which meant that craftsmen who had higher education had a higher chance to be familiar with working people under the rules and regulations.

Number of ancestor who had local wisdom or were local leaders affect the SCI which meant that the opportunity for craftsmen to observe their ancestors had already embedded the experience in their minds and implanted it in his generation.

Even though the regression result simply shows correlation between SCI and the concept of happiness, it has not been adequately to identify that

Table 5 Ordinary least square regression of SCI and the affecting factor

Item	Unstandardized coefficients (B)	Std. error	Standardized coefficients (Beta)	t	p
Intercept	6.536	.504		12.964	.000
Hypothesis and effecting factor:					
1. Concept of Happiness	.500	.166	.186	3.016	.003
2. Number of years of membership of a group	.106	.028	.235	3.812	.000
3. Number of local wisdom ancestor	.314	.099	.196	3.173	.002
4. Number of ancestors as local leaders	.525	.202	.160	2.602	.010
5. Educational level	.423	.127	.205	3.330	.001

Note: n = 377, $R^2 = 0.216$, $R^2_{adj} = 0.198$.

F-ratio =11.547, F-probability = 0.0001

the behavior of all craftsman are consistent with Buddhist Economics. The behavior of some of them compiled with Buddhist Economics or the high value of concept of happiness will make him has more social capital accumulation. A high value of the concept of happiness meant contributing to the happiness people in the community have which means they have a right view or understanding what is a real happiness. It is not from external sources or material consumption which is the happiness which comes from taking only, but occurring inside or the happiness from giving. As soon as he gives, he gains happiness, which is an independent happiness. So when craftsmen have this concept of happiness, the performance of the group process or investment in social capital is high.

The correlation coefficient between human capability and SCI was significant. Craftsmen who had high SCI, may have had a chance to have several study tours and to know more people and to gain more experience so their human capability is high too. Both human capability and social capital are crucial characteristics in human beings which are guaranteed to create sustainable development in the society.

While the correlation coefficient of the revenue of the OTOP and the SCI were not significant. It meant that these two objectives of the OTOP project, which were to have a supplementary income and to create a strong community (high SCI), were not related. On the contrary, concern with revenue only will motivate them to produce as a single entrepreneur or small-medium enterprise (SMEs) which is an easy way to maximize revenue. So the existing SCI or Social Capital Accumulation which was low, may be diminished without intention because there are no place (group process) for it to be embedded.

Conclusions of the study

Most craftsmen had a human capability which correlated with the SCI. While SCI is the combination index from social capital

- in structure form; 5 components which were the relationship to each group in his village or community; the individual's role in the OTOP community enterprise; the methods of communication; the methods of conflict resolution; and level of opportunity to participate or activity in OTOP community enterprises open to all members.

- in cognitive form; 2 components which were the understanding about the common work and benefits of joining a group

The factors affecting the SCI were Concept of Happiness; Number of years as a member of a group; Number of ancestors with local wisdom; Number of ancestors as local leaders; and education level. So the linkage between the concept of happiness and human/craftsmen capability was the SCI which was embedded in their mind.

However, the revenue of the OTOP and the SCI were not correlated which do not guarantee that the two objectives of OTOP may be achieved.

Policy recommendations

The success of the OTOP project continuing to be the current issue in Thailand provides a very good opportunity to carry on with this policy. If it emphasizes having a supplementary income only, this opportunity will not be used efficiently. So the new frontiers of OTOP should be to add more points to the "strength of community" topic to make it equal to the "product development" topic and use components of social capital as the criteria to measure it. A Five Stars Champion OTOP product which has a score of more than 80 points, will not be only a high ranking product in terms of capacity, quality and standards, but will also use social capital as an intangible input in its production. Consumers will not only consume the product for its function but they will also support the accumulation of social capital in the OTOP community enterprise as long as they continue to buy it.

So the new frontiers of the OTOP project should apply the Buddhist Economics Approach to convert the present principles into Thai OTOP

principles which are:

1) Local Wisdom and Social Capital Accumulation

OTOP including local wisdom and social capital from the collective actions of the people in the village which will not only provide additional income but also the strengthen the community at the same time.

2) Happiness of Giving and Pride in Making a Cultural Product

A OTOP produced from the contentment of craftsmen and their feelings of happiness from their part in contributing to the well being of society. And the pride in their performance and the creativity in making best product with a high cultural value will give people a common feelings of pride in Thai heritage and encourage them to conserve their culture for the next generation.

3) Human Capability Development

As long as the development of OTOP continues to operate by this principle, more people will come to have human capability which makes them have a value of life to realize the choice that they have and real ability to make the choice to have a good quality of life complementing with society and nature.

LITERATURE CITED

- Bhante, H. P. 2001. *Eight Mindful Steps of Happiness: Walking the path of the Buddha*. Wisdom Publication, Sommerville.
- Coleman, J.S. 1988. "Social capital in creation of human capital". *American Journal of Sociology*, 94 (Supplement): S95-120.
- Dasgupta Partha and Ismail Serageldin. 1999. *Social Capital: A Multifacet Perspective*. The World Bank, Washington, D.C.
- Grootaert, Christiaan and Thierry van Bastelaer (Editor). 2002. *The Role of Social Capital in Development: An Empirical Assessment*. Cambridge University Press.
- Hodgson, G.M., W.J. Samuels and M.R.Tool (Editors). 1993. *The Elgar Companion to Institutional and Evolutionary Economics*. Edward Elgar Publications.
- National Economic and Social Development Board. 1993. National Economic and Social Development Plan No. 8. (in Thai).
- National Economic and Social Development Board. 2001. National Economic and Social Development Plan No. 9. (in Thai).
- National Economic and Social Development Board. 2004. [Online; cited December 2004.] Available from URL: <http://www.nesdb.go.th>.
- Phra Dhammapitaka (P.A. Payutto). 1995. *Buddhist Economics*. 3rd Printing, Komol Keemthong Foundation, Bangkok. (in Thai).
- Phra Dhammapitaka (P.A. Payutto). 2000a. *Buddha Dhamma [The Teaching of the Buddha]*. 13th Printing, Dhamma Sapha Publishing, Bangkok. (in Thai).
- Phra Dhammapitaka (P.A. Payutto). 2000b. *Sustainable Development*. 7th Printing, Komol Keemthong Foundation, Bangkok. (in Thai).
- Puntasen, A. 2002. *Buddhist Economics: Evolution, theories and its application to other economics subjects*. Amarin Publishers, Bangkok. (in Thai)
- Putnam, R. D. 1993. *Making democracy work: Civic traditions in modern Italy*. Princeton University Press, New Jersey.
- Schumacher E.F. 1993. *Small is beautiful: a study of economics as if people Mattered*. Vintage, London.
- Sen Amartya. 1999. *Development As Freedom*. Oxford; Oxford University Press.
- Shinawatra T. 2004. *Prime Minister Taksin Talk with Thai people*. Radio program. Dated 9 August 2004.
- Uphoff N. 1999. "Understanding social capital: learning from the analysis and experience of Participation", In Parthata Dasgupta and Ismail Serageldin (eds.), *Social capital: A multifaceted perspective*. pp. 215-249, The World Bank, Washington D.C.
- Prayukvong W. 2005. "The Marketing System of

- Organic Agricultural Product in Japan: Investing Social Capital to Protect the Ecology” , *The Kasetsart Journal: Social Science*. 26: 103-117.
- Prayukvong W. and others. 2003. Report of the design & development of a Local & Community Development Database for the management project, The Office of Standard of higher education. (Unpublished in Thai)
- World Bank. 2004. [Online; cited March 2004.] Available from URL: <http://www.worldbank.org/poverty/scapital/>