

CHAPTER 1

INTRODUCTION

Thailand's economy is being transformed in new ways every day, from an older industrial system founded on agriculture and the extraction and production of raw materials to a creative economy bound only by the limits of human talent and imagination. This creative economy is a paradigm shift that embraces economic, cultural, technological and social aspects of development at both the macro and micro economic national level. "Thainess capital" will become an innovative economic driver that will foster national intellectual capital development for national brand building, which will benefit the Thai economy in both the short term and long term. As a key economic multiplier, it stimulates value creation in the knowledge-based service economy, which shows great potential for growth through the continued development of the human talent and imagination of the Thai people.

During the past decade, Thailand has seen accelerated growth of its industrial sector in terms of production, management and marketing which has been developing its capacity into world class standing. Small and medium scale service industries have especially received encouragement and promotion. Thailand has become a tourism center for Asia, and in particular a hub for Southeast Asia. The country is also expected to become a center for fashion, jewelry, health science, and health care, and these services are only one way Thailand has developed, because Thailand has also aimed at being an Asian health center as well as the center for innovative food products. This is because the country has a solid reputation for food production and agricultural produce processing, with world class standards. It is also the originator of distinctive Thai foods, or Thai cuisine. For effective sustainable economic and social development, information technology has also played a great role in this upgrading scheme.

With the goal of world competitiveness service provider enhancement, it is necessary to prepare and create an essential socio-cognitive platform for human resources that need to be highly competent, especially with regards to the liberalized movement of service providers and skilled labour coming in 2015 with the ASEAN Economic Community (AEC). In addition to the urgent preparation of human capital needed for AEC, another most pressing concern in this fast-pace transition related to ongoing modernization and globalization effects, is that the Thai society is now in danger of losing its cultural heritage. Without balancing with the values and beliefs that have been prevailing for generations, Thai people can easily lose their national identity and their cultural heritage in exchange for global identities and superior images. In the long term, the next generations might have less and less awareness of their intellectual capital, the so-called “Thainess intellectual capital”.

Thailand is moving towards full-fledged regional integration with the establishment of the Association of Southeast Asian Nations (ASEAN) Community in 2015, consisting of three major pillars: the ASEAN Economic Community, the ASEAN Socio-Cultural Community, and the ASEAN Political and Security Community. Thailand was one of the co-founders of the original ASEAN almost half a century ago in the document called the Bangkok Declaration (Sathirathai, 2011). The expectation is that Thailand will continue to play a leading role to fulfill the aspirations of our 600 million ASEAN population

Due to the significant fast growth of countries in the region, there is the need to manage our wealth and capital as a result of such growth, and maintaining the sustainability and stability of growth is equally important. Human capital development could be the most important asset in building more wealth upon our Thainess and Asian heritage, and traditional wisdom is creating our cultural service product champions that differentiate and strengthen country and regional positioning in the global competitiveness.

In this study, the author hopes to initiate a master plan for developing Thainess intellectual capital (TIC) as the framework for knowledge sharing and collaboration. As it was Thailand that initiated the first Asian continent-wide cooperation under the name ACD, the Asia Cooperation Dialogue, with strong wholehearted support of ASEAN and a number of other major Asian countries. This study proposes initiatives for paradigm shifts for both government and non-government, using Thainess intellectual capital as renewal innovation capital and first impression service process capital for preparing the nation's human capital capacity building leading toward the 2015 objectives. It is important for Thailand to be a leader in service tourism using Thailand as the gateway by developing Thai intellectual capital for the benefit of the country competitiveness.

Thai intellectual capital should be a major driver in the creative economy, moving Thailand into the future. Worldwide growth in tourism has continued in recent years and has helped to fuel the growth of those creative industries selling creative goods and cultural service into service hospitality and tourism market. The creative economy accounted for 9.5% of total Gross Domestic Product (GDP) with the value added amounting to 2.9% of GDP in 2008 (Kenan Institute Asia, 2009).

Success of ASEAN integration is closely linked with Thailand's relations with her neighbors and her role in enhancing the human capital capacity building in order to benefit its economic growth and sustainability, and to emphasize Thailand proactive leadership role in the next decade. It is strongly hoped these efforts will help build the future of Asia, especially in the case of ACD, which would lead to our hope of an Asia Community. The rise of Asia must be accompanied with strong pan-Asian collaboration to help maintain common Asian purposes and to ensure that Asia as a continent in the ASEAN Community 2015 will grow together with one vision, one identity and one community.

1.1 The Coming of the Creative Economy

The concept of the “creative economy” is a promising development paradigm that underscores the importance of creativity and “intellectual capital” in economic development, focusing on business, culture, and technology all combining to contribute to economic values. This focal point on creativity represents a shift from the traditional classifications of services and manufacturing, towards a more interdisciplinary knowledge-based value creation. The Thai government has currently adopted the United Nations Conference on Trade and Development (UNCTAD)’s creative economy model, with some classification adjustments according to the United Nations Educational, Scientific and Cultural Organization (UNESCO). The creative economy concept has been basically defined generally as the combining of talent, creativity, knowledge and innovation with cultural heritage to generate GDP and to increase a country’s competitiveness. The proposed classification system for the creative economy in Thailand is based on NESDB’s draft report, and includes four categories: cultural heritage, arts, media, and functional creation.

As defined by UNCTAD the “creative economy” which can be summarized as follows:

The creative economy is an evolving concept based on creative assets potentially generating economic growth and development. It can support income generation, job creation and export earnings while promoting social inclusion, cultural diversity and human development. In addition, it enhances economic, cultural and social dimensions, integrating technology and intellectual property for tourism purposes. It is also a set of knowledge-based economic activities with a development dimension and cross-cutting linkage at macro and micro levels to the overall economy. Last but not least, it is a feasible development option calling for innovative multidisciplinary policy responses and inter-ministerial implementations in this model of creative industries. The creative industries are those involved in the creation, production and distribution of goods and services which use creativity and

intellectual capital as primary inputs (UNCTAD Creative Economy Report 2008).

The creative industries constitute a set of knowledge-based activities which comprise tangible products and intangible intellectual and artistic services with creative content, economic value and marketing objectives. They range from traditional arts and crafts, music, visual and performing arts, integrated into service-oriented activities. Moreover, the creative industries are at the crossroads of artisan, services and industrial sectors that currently represent a forceful new sector in world economy. The UNCTAD classification of creative industries has been divided into the four broad groups shown in Figure 1 above. It is fair to say that, with the possible exception of software development, Thailand already has an established reputation as a world-class leader for each group and subgroup. Under the Thai government's policy, three additional important service sectors have been incorporated, which are cultural tourism, Thai food and Thai traditional medicine. Therefore, the national creative classifications to be focused on are: advertising, animation, architecture, crafts, design, fashion, film and photography, historical and cultural tourism, interactive leisure and software, music performing and visual arts, publishing, television and radio, Thai food and Thai traditional medicine.

It is important for Thai entrepreneurs and service providers to understand the best practices in specific target sectors in order to produce the best quality and add the most value to their goods and services by tapping creativity and talents from the role models. Thai Government officials currently aim at generating value-added products and services in the potential benefits of a "creative economy." According to Dr. Narongchai Akaraserani, economic advisor to the prime minister has encouraged the entire nation to utilize creativity for building growth in Gross Domestic Product (GDP). However, since Thai people as customers are very demanding of high-quality service, Thai entrepreneurs and service providers have want to satisfy the customer's mind through intangible high quality service. Therefore, the government should extend their policies from satisfaction in the functional needs of the five senses to another important sense, which is the mind. Furthermore, the government should implement new service language as a new requirement for serving mental benefits.

As in many countries in Asia, service industries in Thailand have been one of the most rapidly growing sectors of the economy. From the service provider perspective, the focus on competitive priorities had been primarily on satisfying and fulfilling customers' expectations according to the service quality model called SERVQUAL, incorporating reliability, responsiveness, assurance, empathy, and tangible elements, developed by Parasuraman et al. (1988). The overall research findings indicate that the quality criterion was perceived to be the most important priority for maintaining and improving competitive advantage. Any country that places a greater focus on world class service will have increasing returns on their investment due to the multiplier effect of their competitive advantage leading towards the value creation of a creative economy.

1.2 Intellectual Capital

Intellectual capital should be a major driver in the creative economy. The term intellectual capital was first published by John Kenneth Galbraith in 1969 (Feiwal, 1975). He believed that intellectual capital meant more than just "intellect as pure intellect" but rather incorporated a degree of "intellectual action". However, intellectual capital is not only a static intangible asset *per se*, but an ideological process; a means to an end. A number of classification schemes segregate intellectual capital into the categories of external (customer-related) capital, internal (structural) capital, and human capital (Bontis, 1996; Bontis and Fitz-enz, 2002; Edvinsson and Malone, 1997; Roose *et al.*, 1997; Stewart, 1997; Sveiby, 1997).

Intellectual Capital equals the sum of human and structural capital. According to Edvinsson and Malone (1997), IC encompasses the applied experience, organizational technology, customer relationships and professional skills that provide a truly competitive advantage in the market.

Leif Edvinsson, the chief architect behind Skandia's initiatives developed a dynamic and holistic IC reporting model called the *Navigator* with five areas of focus: financial, customer, process, renewal and development, and human capital. This new accounting taxonomy sought to identify the roots of a company's value by measuring

hidden dynamic factors that underlie “the visible company of buildings and products” (Edvinsson and Malone, 1997, p.11). According to Skandia’s model the hidden factors of human and structural capital when added together comprise intellectual capital.

Structural Capital is the hardware, software, databases, organizational structure, patents, trademarks, and everything else of organizational capability that supports those employees’ productivity. Structural capital also provides customer capital, the relationships developed with key customers. An organization with strong structural capital will have a supportive culture that allows individuals to try things, to fail, to learn, and to try again. The forms of social capital embrace ongoing interaction between structural capital, which is information sharing, collective action and decision making through established roles, social networks, rules, procedures and precedents, which are relatively objective); and cognitive domains, namely shared norms, values, trust, attitudes and beliefs, which are habitually subjective. Structuring intellectual assets with information systems can turn individual know-how into group property (Nicolini, 1993). It is the concept of structural capital that allows intellectual capital to be measured and developed in an organization.

Human capital development could be one of the most important assets in building up our national wealth. One way to do this is to base it upon our Thai and Asian heritage, and our traditional wisdom can be viewed as creating Thainess intellectual capital to differentiate and strengthen Thailand’s global competitiveness.

1.2.1 Thainess Service Intellectual Capital for Cultural Cognitive Blueprint

As stated earlier, in this fast-pace transition of ongoing modernization and globalization with an abundance of information, Thai people might easily lose their national identity and their cultural heritage, and be tempted to exchange them for global identities and what are assumed to be superior images (normally, based on Western standards). This may certainly occur if the knowledge management approach is not balanced with the cultural values that have been prevailing for generations in Thailand.

Most countries today, including Thailand, consist of people from various cultures. In particular, Asian nations were historically impacted by centuries of Western imperialism and Western cultural influences. However, cultural adoption today is quite different from that during the era of imperialism, because modern states are no longer colonized and forced to adopt the colonizer's culture and system.

Culture is an integral part of human capital; it shapes our identity. It has resided within us since we were born. We are definitely bound by our culture, as well as living in a culturally diverse world. The need to learn about multicultural society to harmoniously live in the current globalized world has never been greater. The continuing global economic expansion prompts businesses everywhere to seek to expand and serve new customers from all over the world. Co-creating a mutual understanding of people from different cultures and backgrounds is definitely not an easy task. However, the change must start within oneself by understanding one's own culture, in order to learn that of others.

According to Rokeach, values serve as a "standard" (Williams, 1951); as guidelines to form presentations of ourselves to others (Goffman, 1959), and impression management (Tedeschi, Schlenker, & Bonama, 1971). We use values to evaluate and judge ourselves and others, while culture is a complex subject that includes knowledge, beliefs, arts, morals, laws, customs and any other capabilities and habits acquired by man as a member of society (E. B. Tylor, 1871). In the effort to increase awareness of Thai cultural values, it is proposed that "Thainess service language" (TSL), a cultural cognitive blueprint, can be the right tool to be used in building the service sectors of the creative economy.

In 2005, the Ministry of Culture represented the commonality of values in Thai society from the national agenda of "Thai people and heterogeneity of culture" from the nationwide representatives. A total of 1,455 persons, including 128 entrepreneurs, 258 children and teen agers, 458 from government officials, school representatives and cultural provincial officers, 123 from local government officers and Bangkok Metropolitan Branch representatives, 298 people from Foundation and Association,

and 190 parents and volunteer people. These collective shared values for Thai society are shown in Table 1.

Table 1 Categorization of good and bad values by Thai Cultural standards

Type of value	Status	Characteristics
Good value	Have and need to preserve	Recognition of good person, mutual respect in human dignity and self-respect, local respect, honest and social responsibility, religious practice, positive thinking, good heart, family oriented, self-sufficiency, environmental concern, mutual respect, helping to less opportunity, kind giving, hard-working, tolerance, moral, ethical
Bad value	Have and need to correct	Consumerism, lack of responsibility, lack of seniority respect, immoral behavior, lack of education eagerness, violence, self-critic, lack of self-esteem, lack of pride in Thainess, social disharmony, lack of moral and ethical, lack of social discipline
New value	None but preferred	Innovation and technology wise, learning society, knowledge-based economy, balance consumption, social collaboration, cultural adaptation

According to Komin (1990), who has researched the psychology of Thai people, their values and behavioral patterns, the Thai value system represents their collective “cognitive blueprint or the mental programming.” Most Thai people come to possess their values through socialization, to guide their lives as desirable members of Thai society. The high consistency of the value rankings in Komin’s study not only substantiates the relative stable nature of value, but also constitutes to the relative stable patterns of culture and personality as a part of national character. The cultural interpretation by Komin is as follows (pp. 18-19):

Culture, as the end product of a society, by and large refers to the total patterns of value, idea, belief, custom, practice, technique, institution, object and artifacts which make a society distinctive. On the other hand, culture also services as a framework for shaping and guiding the

thoughts, the actions, and practices as well as the creativity of members. It is transmitted, learned and shared. People are culturally conditioned. Therefore, values are social cultural products—the mental programme that people have consciously or unconsciously learned to guide their life as effective members of that society.

In short, the culture can be described as the collection of value, belief, behavior, custom, and attitude that distinguish a society. A society's culture provides its members with solutions to problems of external adaptation and internal integration. Culture can be studied at different levels from organizational, business, regional, national, to international level. However, in this study a national culture will be focused since it is best embodied in the values Thai people hold.

In this study, Thainess capital is defined as Thai people's total value system, a socio-cognitive blueprint leading to affective and behavioral components in the form of verbal and nonverbal communication platforms. There are several forms of Thainess capital: cultural, institutional, social, and personal capital that act upon and shape the individuals' value and cultural personality, which together manifested in a wide spectrum of social behavior, the relationships among relevant elements can be represented as cognitive value system of the Thai people. Thai traditions and customs are distinct from those of other countries, especially from Western countries. TSIC offers the balance way to make the synergy on how to make the best first-impression using the protocol knowledge from the best-practice case studies of Thainess capital and Western etiquette. *Wai or sawasdi* is the national symbolic language of Thai first-impression management, together with the Thai-smile. It is two first visual impressions seen by every visitor even before they hear the word *sawasdee*. This study offers Thainess Service Intellectual Capital (TSIC) as the conceptual framework in meta-cognition that will value "Thainess intellectual capital (TIC)" for culturally patterned experiences influence the development of cognitive processes in the individuals that express thorough nonverbal communication. The official promotion of Thainess identity within the country through schools and the media has been tied to the notion of national identity.

Building TSIC is, of course, subject to the pressures of globalization. Prevailing traditions become history and local wisdom value lose their significance in the face of globalization. The issue of global standards versus local identity, and uniqueness by interpenetration of the global and the local, expressed through the cognitive behavior and interpersonal communication. As McCabe and Stokoe (2004, p. 602) stated: “The impact of globalization on contemporary societies in the production and consumption of place has profound implications for understanding identity.” As stated in the UNDP 2004 Human Development Report, what is also important in this era of globalization is that “a new class of political claims and demands has emerged from individuals, communities and countries feeling that their local cultures are being swept away” (Fukada-Parr 2004, p.1)

Considering the strong orientation of this dissertation to current modernization and globalization in the “information” era, the “intellectual capital” has been well accepted as the key foundation of “creative economy” success factor. It is important to strengthen the “Thainess capital” for value co-creation as the “creative economy” driver to synergize the Thai collective values as national “intellectual capital”. It is interesting to understand who has the power to define and perform Thai identity. TSIC will utilize Thainess capital to build the conscious awareness co-creation through effective behavioral communication as expressive representations. This study will create the effective representational strategies that are expressed to construct customer first-impression formation. It reveals how the national culture used as the mental formation as behavioral foundation. This is essential in creating a unique national competitive branding and positioning. One good starting point is to look at the human capital as the core competitiveness brand building, which is the most valuable assets: the people who do the service. Building the TSIC strategy around the skills (knowledge), will (motivation), and means (presentation) provides the pathways to the sustainable creative economy. This sustainable competitive advantage is generally based on either core competencies or unique resources that are superior to those possessed by competitors and difficult to imitate (Aaker 2001, P. 141). Co-creation of “Thainess intellectual capital” knowledge is a key element in this respect, both tacit and explicit knowledge.

1.3 The coming of the ASEAN Economic Community (AEC)

The ASEAN Community, which comes into effect in 2015, is a major step forward in the further integration of ASEAN's economic, political and cultural framework. The ASEAN Economic Community (AEC) Blueprint, adopted at the ASEAN Summit in Singapore in 2007, has been designed to realize the main objectives of the AEC, namely, a single market and production base, a highly competitive economic region, a region of equitable economic development, and a region fully integrated into the global economy. To enhance regional integration, the AEC Blueprint explicitly addresses the need for increased labour mobility.

For Thailand, the prospect of the AEC creates numerous opportunities as well as challenges. As a middle-income country in the region, Thailand is likely to attract a significant number of skilled professionals from other ASEAN countries, leading to improved productivity, increased knowledge transfer and upgrading of the Thai economy, all of which will have direct positive effects on the economic growth of Thailand. However, a number of barriers and challenges will also need to be addressed if Thailand is to fully reap the benefits of the AEC Blueprint.

Given the rapidly changing global competitiveness and especially that of tourism this strategic plan must be seen as a living document. Recent history has shown that any plan must be able to adapt quickly to changing circumstances and driving forces. It must be stressed that the ASEAN National Tourism Organizations (ASEAN NTOs) regularly update the plan in order to ensure that it stays relevant as a tool for guiding actions and investment. The plan provides a balanced set of actions and activities based on a vision that is felt to provide the right level of guidance and direction to the ongoing activities of the ASEAN NTOs. The vision put forward in the strategic plan is as follows:

By 2015, ASEAN will provide an increasing number of visitors to the region with authentic and diverse products, enhanced connectivity, a safe and secure environment, increased quality of services, while at the same time ensuring an increased quality of life and opportunities for residents through responsible and sustainable tourism development by working effectively with a wide range of stakeholders (ASEAN ATP, 2010).

There have been some significant changes brought about by evolving demographics and markets. The challenge for the region is to develop a set of unique products and experiences that recognize these changes. The rise in experiential travel is one example of the need to upgrade as well as add new products and experiences. The development of individual products and experiences is clearly the responsibility of individual Member States, their NTOs, the private sector and a range of non-governmental organizations. It is necessary to prepare the effective “Thainess service intellectual capital” (TSIC) platform to create mutual understanding, connectivity and collaboration for human capital in the region. It is hoped that this study will provide the service language cognitive platform and enable the ASEAN tourism cooperation to become ever more effective in guiding tourism in the region.

1.4 Knowledge Management (KM) Approach

Knowledge Management (KM), KM strategies, initiatives, and theories have been developing for some time, in order to assist organizations in “human capacity building” (HCB) and therefore improving their chances of survival in the “creative economy” based businesses. The organizations are faced with the reality that they have to visualize appropriate strategies, implement and continually reassess and then develop them if they are to survive in these highly competitive business environments, especially in the service sector. And they need to do it today, if not yesterday, as the fast pace of technological developments, together with the increasing diversity of actually doing business changes with perhaps the most fundamental aspect of the new economy—the lightning speed at which all business is conducted, empowered by the new communication and information technologies in this era of the “information jungle” in which information is abundantly available.

The basic nature of the economy of information and knowledge, as the fundamental elements of the “creative economy”, has forced us to think about the way we perform our work, the way we use information, share valuable insights and work on a real time basis to stay ahead of the game. Our ability to make qualified rapid decisions is critical as opportunities, advantages and profits are gained and lost in seconds. In addition, this requires that we develop human capacities and therefore the

human capital of organizations that will enable us to adjust and survive. However, before we can claim to have such capacity and the accompanying human capital, we will have to systematically visualize, implement and maintain a KM 'way of work' that will enable employees' and the organization's capacity to grow and develop.

Economic analysis suggests that while involvement in KM would have the potential to create competitive advantages for a firm, like any other activity or asset, it is often unique and hard to copy. However, if other firms find ways of copying and therefore reproducing successful KM activities, the competitive advantage will no longer exist. In other words, companies will find that their competitive advantage will be more realizable from "first mover advantages", i.e., those organizations that have already moved on KM issues and become revolutionaries in their industries. However, even this competitive edge will cease to exist if corporations rest on their initial success, so they have a huge self-responsibility as the first movers to keep this title, to ensure that they develop strategies to stay ahead.

In the development of strategies, consultants could fall into the trap of proposing that organizations develop "newer", "better", "more efficient and effective" KM strategies. However, doing this will not provide an advantage for long. What seems more sensible and simple (simple in theory) is to find ways of aligning the attention of employees to KM activities and initiatives into a specific way of doing daily work, rather than viewing and completing KM activities and initiatives as a project or an additional work burden. The successful organizations of tomorrow will find ways of transforming KM activities and practices into normative ways of functioning and completing work. Thus, employees won't have to devote extra time and attention to participating in KM type activities because it becomes so normal and routine, and in a sense 'second nature' for them. In effect, the very nature of work will be knowledge-based and knowledge-determined.

Even though these activities and processes which are focusing on the completion of routine KM activities and tasks are important, we also need to ensure that we take part in the activities above to solve problems, create ideas, share analysis

and reflection, and transform our deeply personal experience into understandable forms that transform and innovate our businesses and business models in the future. Therefore, we will need to find a new training way of incorporating KM activities and practices into building our capacity to work in an environment that demands quick, effective responses and decisions while simultaneously considering the future through the creation of shared context, experimentation, thinking and reasoning, and articulating tacit knowledge for application by others and in different contexts and situations.

The three interrelated factors, context, competency, motivation, will be explained in the order that they are likely to be achieved and with the difficulties and challenges associated with each stage. The means is approached first. It relates to the existence of, and access to, technologies that enable employees to participate in value added knowledge creation. Enabling technologies should empower employees through the provision of corporate databases and libraries, applications and expert systems, as well as virtual workspaces. The next approach is followed by competency, which is related to ensuring that employees have the competencies to participate in KM with regards to many differing levels. It is very important organizations use existing knowledge that will allow them to keep up with the rapid pace of the change in the work place environment of creative industries. Additionally, there needs to be some fit between workers' roles and workers' competencies. With regards to the current environment this makes analysis easier since whatever the position of an employee in an organization, that employee will need to possess some common competencies or skills that fit with the demands and challenges of the new work environment. Finally, through corporate KM efforts, employees are provided with both the mindset and the motivation that will ensure active participation in KM. This is through the will: mindset and motivation. In other words, in summarizing the three integrative success factors, first an organization provides workers with the technical means. This makes it possible for them to operate within a knowledge-based business environment. Next, the organization ensures that its workers have the necessary skills and competencies needed to participate in a knowledge-based business environment, with specific reference to the related technology, attention management, and creativity

skills. At this stage, organizations have created a possibility for KM participation, and have matched this by enabling an ability (through possession of the necessary skills) for KM participation, on which the third integral step should be taken: ensuring active participation in KM (through will).

1.5 Cognitive tools for knowledge creation

Piaget (1958, 1971) proposed that knowledge was psychologically constructed in the mind alongside the action of physically engaging with the world. In his own words: “every act of knowing includes a mixture of elements furnished by the object and by the action. These elements are intrinsically united and linked to each other (Piaget 1958, p. 48). In other words, knowing is an active engagement with the world, therefore, “constructivism”.

Jerome Bruner (1960, 1986) has applied Piaget’s ideas to learning theory. Constructivism suggests that learning is an active process, ideally including hand-on problem solving. Learning is a search for meaning. The purpose of learning is for individuals to construct their own meaning, not just memorizing the right answers.

To really learn and change we need to interact with the world, people and things included, ideally using our hands to fuel our minds in new ways. And to Piaget’s idea he adds the notion that learning happens most effectively when the learner is consciously engaged in constructing a public entity, whether it’s a sand castle on the beach or a theory of the universe (Roos 2006, p. 67).

Vygotsky’s (1934) work on the role of cultural artifacts as resources for tapping and increasing people’s cognitive potential, experimenting with artifacts and language, mentioned that it is helpful to think of the artifact produced for co-construction as a map (Roos 2006, p. 85). As the saying goes, *the map is not the territory*. A map is only a political instrument that presents the world according to its maker, and each maker uses the map for the pursuit of a different interest. When we make a map we are focused on choosing what best to present and how best to present it. In this sense, object co-creation for meaning not only appeals for a reason, but also to an aesthetic appreciation.

Kant’s (1781) claim that sensual perception and sensual initiation matters for how we know, and come to know. Nonaka and Takeuchi (1995) define two realms of

knowledge: tacit and explicit. Explicit knowledge is easily identified, easy to articulate, capture and share from written expressions, manuals, and reports. On the other hand, tacit knowledge consists predominantly of intuition, perception, feeling, value and beliefs, usually not only difficult to express but also difficult to capture and transfer. Of the two, tacit knowledge carries the higher value in that it is the essence of intellectual capital and innovation.

The Mind Map is a knowledge representation tool. A knowledge map involved locating important knowledge in the organization, and then presenting some sort of knowledge as a list or picture (Buzan, 2006). The knowledge map should be focused on people, document and database. Knowledge map is the tool for transferring both explicit and tacit knowledge into a graphical form that is easily understandable (Speel et al., 1999). In addition, it is a navigation tool to both explicit and tacit knowledge representations (Grey, 1999). In this study, Buzan's Mind Mapping will be utilized for knowledge capture and representation, and extended for mind capital as value creation for leveraging from Thainess intellectual capital.

1.6 Background and Need

This study carries in its title the term "Thainess service" reflecting the view this offering has very important global competitive advantages over many other value national cultural value systems. Mind Maps are able to show how the high level of customer satisfaction reported in this study can be further articulated, enhanced packaged and distributed intellectually through training and specialized application to special requirements such as the Asian Economic Community (AEC) scheduled in 2015, which will require a major boost to human resource capital capabilities within the region. Or, on a less grand level the application of Thailand language service Mind Maps to the increased value creation of a simple consumer good though presentation and consistency with the Thainess paradigm. Thai culture is the key economic driver.

Methodologically, we have conducted a classic five case observational study of demonstrated best practice service firms through triangulation of in-depth interviews approach involving neuro-linguistic programming (NLP) observation of

the subjects by trained independent observers, and a protocol analysis of the transcripts of the interviews. The interviews themselves were divided into two categories, the first of these were of an unstructured exploratory nature, and the second were structured confirmatory interviews with frontline service personnel to focus on producing more in depth learning from the first round.

The research objectives and the choice of conceptual vocabulary are put to the empirical test by some eight major hypotheses at the end of this chapter, which also form part of the literature review.

A major task of this dissertation has been to identify real world applications and offer solutions to problems identified in the research-based body of the dissertation. A summary of some of the major applications advanced in the final chapter follows in the next paragraph and beyond.

This study is the result of a growing need to create greater awareness of the tangible value of the all too often over-looked and under-estimated national asset, or Intellectual Capital (IC), identified in this study pertaining to Thailand, as ‘Thainess’. Indeed,

Thainess is considered to be not only a unique asset, but one of Thailand’s most valuable assets, as it impacts on almost every aspect of Thai life and economic welfare, either directly or indirectly.

However, whilst this study primarily focuses on Thainess, i.e. Thai IC, the underlying findings pertaining to First Impression Principles, Neuro-linguistic Perception and Programming Models, and IC Mind Mapping Concept, and can also be applied in identifying the unique parameters of the intellectual capital of any individual, group, community, national region, nation, and geo-economic community. Furthermore, this study contributes to establishing tools, formulating programs and implementing plans to promote and increase the IC value of any of these sectors.

The author is also aware that the intellectual capital concept is not only still evolving, but for that reason has relevance for product or service categories to which ‘marketing’ or ‘management’ are not normally applied. IC is possibly the most important Thai national asset. As such it has far reaching consequences for

management, economic, political and diplomatic consideration, in Thailand, any other nation, and existing or emerging geo-economic regions.

Fundamental to this study is this concept of ‘Thainess’, which is defined as the sum total of all psychological, social and cultural variables that are uniquely and distinguishably Thai. At the practical level it comprises the positive first impression on, and the unchanged neuro-linguistic perception in subsequent encounters of, the six senses – namely sight, sound, smell, feel, taste and individual intuition. The Thainess factor in its total impact therefore facilitates a natural yet essential environment for positive, mutually rewarding and co-operative encounters.

The first impression made, and related response, in Thainess encounters, is believed to be universal. The neuro-linguistic impact of the embodiment of Thainess, is almost constant, irrespective of socio-economic and cultural conditioning of the responder. In its totality, this study should provide further support for Thailand’s unique intellectual capital. Thus, Thainess takes on even greater importance in the implications and applications of Thai IC across the broad range of Thai encounters, endeavors and plans for its future prosperity.

1.7 Purpose of the Study

This study hypothesizes that Thainess is an integral component of successful Thai enterprises, a hypothesis that will be validated by the five in-depth case studies of Thailand’s service industry leaders, notably Chiva-Som Spa & Health Resort, Thai Airways, Mandarin Oriental Hotel, Jim Thompson and Blue Elephant Restaurant. Each case study should confirm the vital role of Thainess in every aspect of the marketing of company image, customer experience, service and product. Each also confirms that the Thainess of service staff is the greatest ‘hidden’ contributor to company success.

Another purpose of this study is to formalize a practical model to foster this core attribute within any company’s or institution’s organizational culture. The author also believes that only with the universal availability of such a practical model will a

broader acceptance and implementation of Thainess be achieved; as the pre-requisite for greater and lasting social, cultural and national economic impact.

Another objective of the study is to identify the structure, components and implementation methodology of a model to foster Thainess. It also should pave the way for the application of Consensus Multipliers in further heightening awareness of the real value of Thainess, and its application to Thai Economic Capital variables and/or considerations.

The general findings of this study, can further contribute not only to continuing, and possibly increased economic welfare of Thailand, but achieve these same objectives for a planned new geo-economic region as a whole, the Asian Economic Community (AEC). A further practical outcome of this study is therefore the relevance of the 'Thainess' model in the broader economic promotion of AEC, as will be increasingly exposed to other Asian economic regions competitors.

For the purpose of practical applications of the study's findings, the core components of the broadly termed 'Thainess Model', and includes the following parameters, which when applied in logical combination and weight, may be termed value or consensus multipliers.

The First Impression Principle is fundamental to all positive inter-personal encounters in any endeavor. As such any factors that can significantly enhance positive and mutually rewarding first encounters, have far reaching and equally positive consequences. This study shows that Thainess has all of the factors deemed essential to optimizing such neuro-linguistic, cognitive and social encounters.

The concept of neuro-linguistics pertains to non-verbal inter-personal communications. Thus, it is at this level of communication that other important Thainess factors come into prominent effect, such as subliminal impressions of encounter related sights, sounds, smells, tastes and general ambience of the physical setting in which any first encounter takes place. Within this context, neuro-linguistic programming is considered as any process which enhances non-verbal positive communication skills.

This third element of Thainess is more intrinsic and subjective, and relates to a greater understanding of the process by which the above neuro-linguistic skills can be more efficiently and intuitively internalized and applied, either at organizational level

or in group or individual encounters. IC Mind Maps therefore also serve as the most effective method for enhancing these skills in related learning, teaching or training programs

It can be readily understood, that each of these three key components of the Thainess Concept, that is, First Impression, Neuro-linguistic Programming and IC Mind Maps, are in total application 'Effectiveness Multipliers' in the conceptual modeling process, which is aimed at a greater understanding and nurturing of Thainess, and the valuation of intellectual Thainess capital of any profit or non-profit Thai enterprise.

A fundamental motivation for this study was the observable global and national trends pertaining to social, cultural and economic changes at every level of society, in Thailand and worldwide, and not all in the best interest of long held Thai or national value systems, nor the unique intellectual capital vested in each country's human resources. The purpose of this study in no small part, is to also link core findings pertaining to Thailand's Intellectual Capital Value, to practical applications at related Public, Industry and Government levels

In conclusion, this study is considered timely and relevant as it coincides with unprecedented economic, social and cultural turmoil around the world. Events which upon closer analysis could be defined as an unsustainable conflict between the total erosion of the Economic Capital (EC), and the cultural and social traditions embedded in the as yet intangible Intellectual Capital (IC) of nation states.

The timeliness of this study therefore relates to providing a far greater awareness and understanding of this intangible national asset, and its increasing importance for inclusion in formulating plans; be they personal, social, cultural, corporate, institutional, economic or national in objectives or implementation.

The value of his study therefore resides in its many findings, implications and applications; the related increased knowledge base, the key components and variables of Thai IC; and the related analytical, modeling and program tools; as can be utilized

at every one of the above mentioned levels of socio-economic and cultural, national, regional or global enterprises.

The major aim of this study is to develop a master plan for developing Thainess intellectual capital as the framework for knowledge sharing and collaboration. The intellectual capital conceptual framework will be developed is what will be called the “Thainess Service Intellectual Capital” (TSIC). TSIC will provide a cognitive platform for providing recommendations aimed at supporting Thailand’s efforts at achieving greater competitiveness and labor mobility within ASEAN by 2015. Thai collective values and beliefs that reflect the Thai people’s characteristics and behaviors will be systematically investigated. This study explores the meta-cognitive platform for creating the first impression service language. The TSIC model will focus on the nonverbal transmission of attitudes, beliefs, and cultural expressions, which serve as the means for transmitting Thai culture. The implication is that TSIC is important for the creation of value in Thai culture.

Important cognitive tools, namely the “Mind Map” developed by Buzan (1974) and Neuro Linguistic Programming (NLP) by Bandler (2008), will be utilized and extended to model TSLM as a way of creating new training methods. This training should prove useful as a part of Human Resource Development for both local and international companies operating in Thailand. The TSLM model has been designed in such a way that it will synergize the “creative economy” success factor of lessons learned from Western experiences as well as Thai social cognition. The empirical study of the thesis is based on a thorough historical analysis, followed by face-to-face in-depth interviews and observation with case studies of the five leading world-class hospitality services in Thailand, namely The Oriental Bangkok Hotel, Chiva-Som Health Spa, Blue Elephant Restaurant, Jim Thompson Thai Silk and Thai Airways.

First impression knowledge creation begins with tacit knowledge. It begins with the mind (intuition as a sixth sense) of service people. Tacit knowledge resides within Thai service people, and it is difficult to bring it out. That is why this model utilizes the knowledge management tools of the “Mind Mapping” to extract the tacit

knowledge from individuals, converting tacit knowledge into explicit knowledge or codified knowledge.

As will be shown by the evidence presented in this study, Thais are friendly, eager to please, and gentle, and have a strong aptitude for hospitality and service. Added to this is the strong influence of Buddhism, with its emphasis on meditation and tranquility, and it becomes easy to see the attraction of Thailand to foreigners seeking alternative ways of living.

Tacit knowledge (Polanyi, 1958, 1966) or unarticulated knowledge resides within the mind of every Thai service person. Tacit knowledge is also known as “inarticulate intelligence”, or “collective wisdom” (McInerney, 2002). Thai wisdom is derived from socialization beginning at a very young age, from the family, school, religion, and the royalty, and simply becomes “Thainess”. Thainess in this study is defined as the new form of intellectual capital. Thainess cognition is derived from the five senses plus intuition as building blocks of human architecture for the generation of new knowledge. We now use the value “co-creation” from what an individual already has inside their brain and mind that are the six senses. This can be seen from the Thai body language of service providers in the very first moments of the customer service encounter. We can see this from nonverbal stimuli such as body language, the smile, *wai*, eye contact, gesture, and posture. In addition to this, object stimuli such as dressing and grooming, and decoration also “co-create” first impressions. From first impression to creating lasting impressions we can add near-sense stimuli, taste and touch, to stimulate all the senses to create a holistic service experience.

All of these cognitions “co-create” from the national core values to become “Thainess” intellectual capital, contributing great value to the quality of the first service encounter. Thai national core values, for example, confrontation avoidance, face saving, collectivism, *kreng jai*, *mai pen rai*, and *sanuk* become the intrapersonal communication factors that are the core tacit service knowledge (Ovatsatit, 2007). Together they can form an outstanding Thainess service personality, for service self

presentation which is recognizably different and pleasing when compared to most other national cultures.

In addition to body language, common objects and decorative taste reinforce the first impression of Thainess to represent the competitive edge. From corporate culture, which often strongly reflects the values of Thainess in its expression, it is evident from the five corporate case studies in this research that they have been consistently recognized through the global peer review process as being outstanding. These five globally recognized organizations are: the Mandarin Oriental Bangkok Hotel, Chiva-Som Spa, Blue Elephant Restaurant, Jim Thompson Thai Silk, and THAI Airways.

With all these service providers two stages of interviewing were used. First was the unstructured exploratory interviewing, followed by the structured confirmatory interviewing and analysis. “Thainess service intellectual capital (TSIC)” is crafted from Thai collective values, beliefs and wisdom. This new knowledge creation is cognitively captured from Thainess capital, and results in human capital, organization capital, and customer capital. The human capital has three main components, which are thinking, feeling (service mind), and behavior (body language) which combine as integrative human competence and skills.

This study uses Mind Maps to express explicit knowledge explicitly as codified knowledge. Therefore, the knowledge management formation in this study utilizes cognitive tools for converting experts’ tacit knowledge into explicit, codified knowledge using Mind Map. In this study, TSIC is used to formulate market value as shown in Figure 1. Intellectual Capital is re-introduced and extended a new approach to enhance cognitive competency for Thai Human Resources Development (HRD).

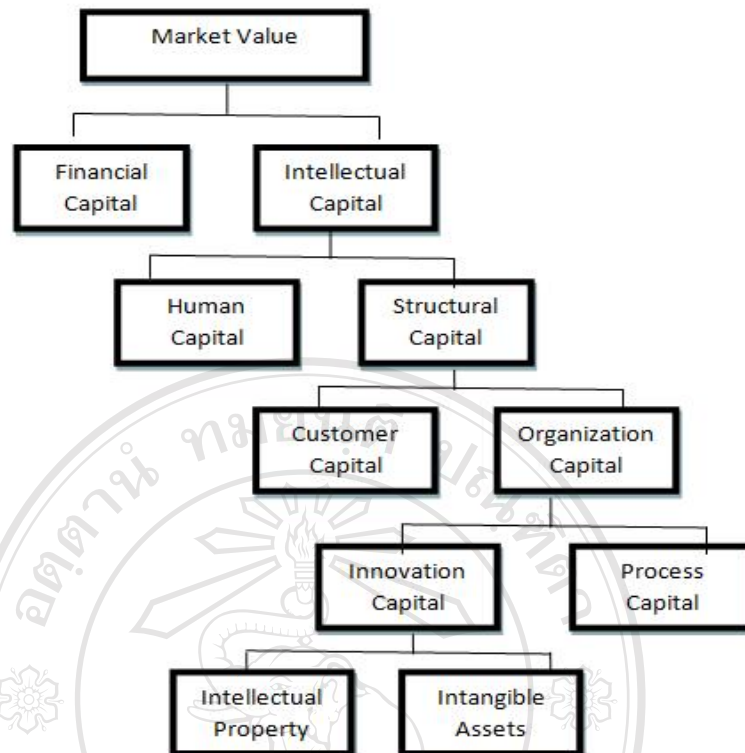


Figure 1 The Scandia Model of Intellectual Capital Development

(Source: Edvinsson & Malone, 2007)

A prevailing feature of the original intellectual capital paradigm that has gained attention in both business practices and academia is that knowledge assets, in order to become valuable to the firm, must be made explicit or “structuralized” to be owned and then profited on by an organization. In recent studies, knowledge-based intellectual capital has gained strong influence in making the tacit knowledge explicit (Heng, 2001; Jankowicz, 2001). In the terminology of the original intellectual capital framework, human capital must be transformed into structural capital for customer and organizational capital to appreciate in value. Furthermore, one of the building blocks of organizational capital, innovation capital, is related to the former through intellectual property and intangible capital.

Therefore, the presence of Thainess certainly does contribute very much in the Thai service industry. But it has not been developed to an extent that it could be an even more effective driver of economic growth in areas such as tourism, hospitality, medical, food and even inter-country communication success outcomes.

The Skandia model presents a good conceptual framework for describing the development of intellectual capital, but it does not go far enough because it does not incorporate the influence of Thainess capital on human capital and intellectual capital, nor does it explicitly provide a role for knowledge management. Therefore, one of the principal aims of this thesis has been to revise and improve the Skandia service model of intellectual capital development (Edvinsson & Malone, 1997). The revised model posits that Thainess capital have a direct positive impact on development of human capital, and that human capital has a direct impact on organizational capital, which in turn impacts customer capital. The contribution of knowledge management directly impacts intellectual capital and indirectly impacts organizational capital through the modeling of best practices for training and development. The development and utilization of cognitive tools such as mind-mapping and NLP improve the training process, leading to the further development of first impression management and the use of the six senses. These in turn positively impact service process capital and renewal innovation capital, respectively, having further positive influences on the development of organizational capital within the Thai creative economy. In summary, the author found it necessary to expand the original Skandia model to include several other sources of intangible capital to provide the necessary explanatory power to be inclusive of all elements of the study, as shown in Figure 2 below.

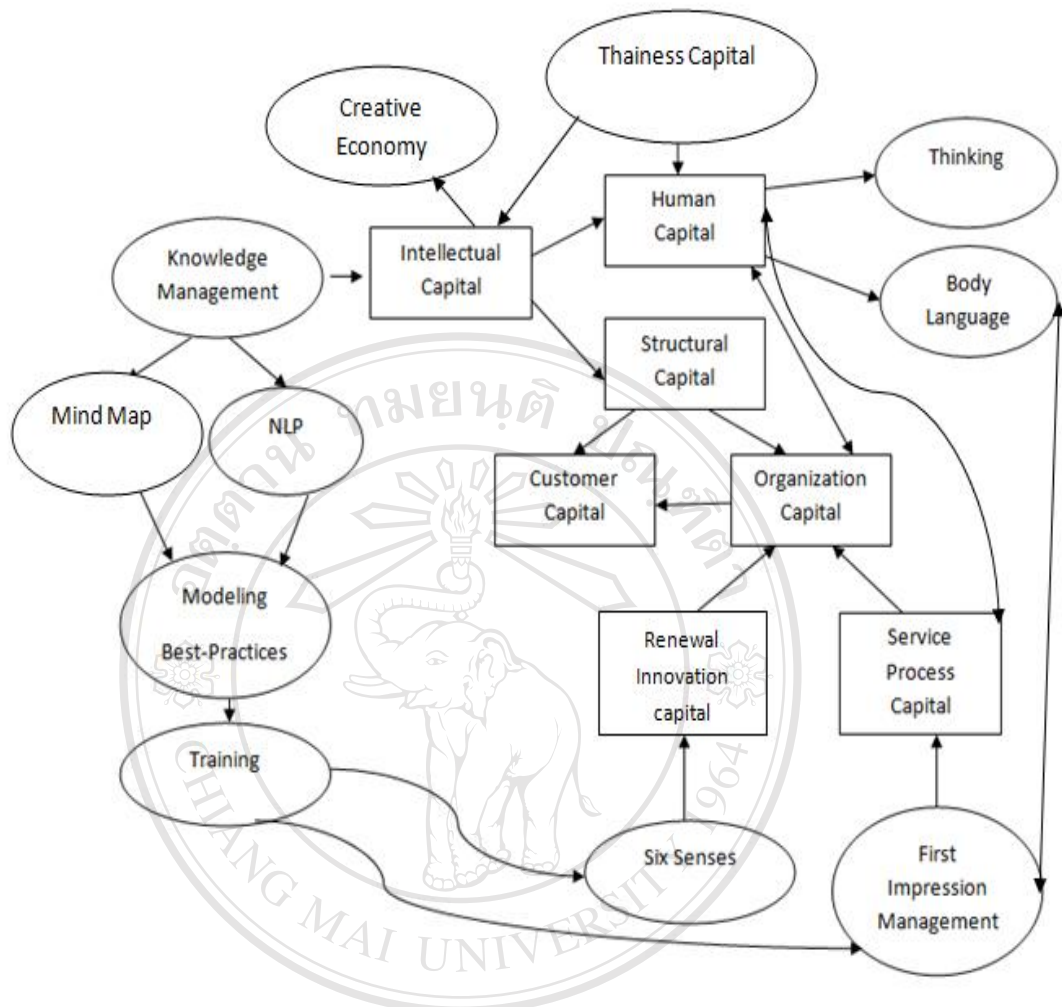


Figure 2 The Author's Expanded Skandia Typology

Hongladarom (2005) has in his human resource development framework identified three interrelated factors (shown in Figure 3), called the 3 circle theory, on which organizations should assess their knowledge management as follows: contexts, competencies, and motivation

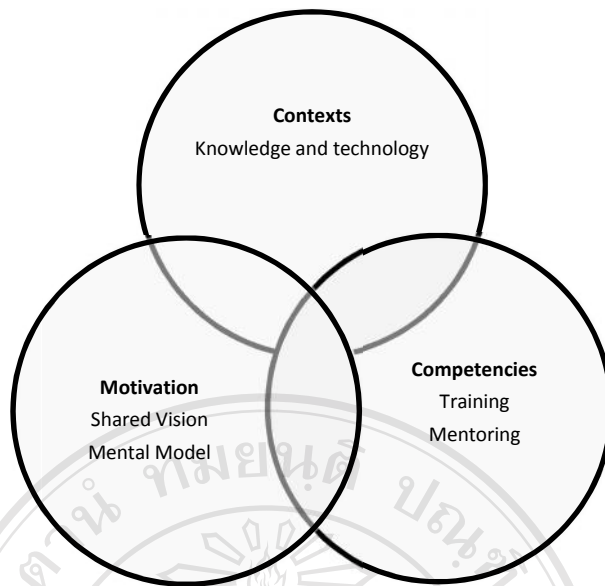


Figure 3 Intersecting 3-Circles for Knowledge Management for Value Co-creation

The three interrelated factors—contexts, motivation, and competencies—will be explained in the order that they are likely to be achieved. The contexts relate to the existence of knowledge and wisdom, and provide access to the enabling technologies that facilitate and enhance organizations to collaborate in knowledge management.

One proposed typology of national productivity, shown in Figure 4 below, illustrates how national competitive advantages can be enhanced significantly by the intangible capital of human capital, knowledge, and culture capital. Culture capital is considered to be the strongest factor contributing to the creative economy.

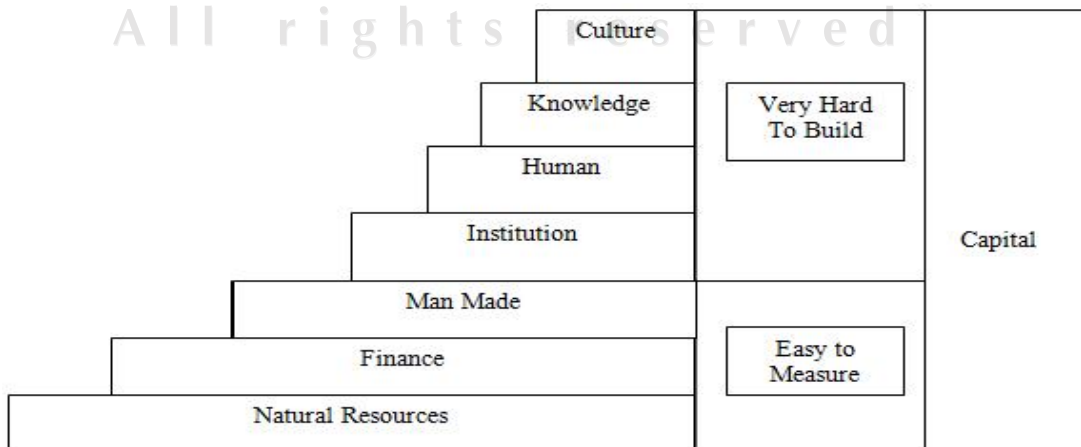


Figure 4 A proposed typology of national productivity development.

These forms of capital are the inputs of national productivity. Four of these forms of capital (institution, human, knowledge, and culture) are the foundation of the creative economy, and they are influenced by human creativity. Furthermore, they are interrelated and can influence each other which can have multiplying effects.

1.8 Research Hypotheses

There are eight research hypotheses to be tested in this study, based on the augmented Skandia model illustrated in Figure 2.

1.8.1 *Hypothesis 1* states there is a strong positive relationship between Thai intellectual capital and creative economy that contributes to market value creation. Thainess capital can be treated as the equivalent of intellectual capital for market value creation.

1.8.2 *Hypothesis 2* states that Knowledge Management has to date not made a significant impression and contribution to government policy in the development of intellectual capital for Thailand's creative economy.

1.8.3 *Hypothesis 3* states that the Thainess capital has a direct impact on the human capital capacity building as well as intellectual capital development, which positively contributes to the creative economy.”

1.8.4 Hypothesis 4 states that organizational capital (intangible) assets can be created by the proxy use of Thainess capital through training for the development of customer capital by using the six senses as a proxy for Renewal Innovation Capital.

1.8.5 Hypothesis 5 states that Mind Mapping can be used as a Knowledge Management (KM) cognitive tool for codifying knowledge from tacit knowledge's transformation to explicit knowledge creating best-practices modeling from key case-studies for lesson learned.

1.8.6 Hypothesis 6 states that Neuro-Linguistic Programming (NLP) can be utilized as knowledge management cognitive tool for modeling best-practices.

1.8.7 Hypothesis 7 states that body language (face and body parts) play an important role in human capital capacity building.

1.8.8 Hypothesis 8 states First-impression management is utilized in the formation of service process capital, which influences the further creation of customer capital.

1.9 Significance to the Field

This dissertation goes right to the heart of the major key contribution of Knowledge Management (KM) Theory and tools. The dissertation is multivariate in its treatment of the broad issue of intellectual capture and subsequent application conceptually and empirically. It is predicated on the Scandia Model (Edvinsson and Malone, 1997, p. 22), which explains the role of intellectual capital in the actualization of corporate market value as “Intangible assets ...have no physical existence but are still of value to the company.” Relatively early the Skandia model proved inadequate for the requirements of the study; therefore, the author extended it in a number of important new directions, and in the process applied a number of qualitative research techniques such as protocol analysis to elicit the deepest understanding from respondents intentions, from their transcripts and through case studies analysis. Knowledge management cognitive tools, using neuro-linguistic-programming (NLP) and mind mapping, have been employed for best-practice modeling, and for capturing, analyzing, creating, transferring, and sharing the findings and applications for knowledge training and development. In the process of this study, the author has extended the Skandia model and defined a number of terms not previously existent, necessitating the development of new concepts and vocabulary on the subject of knowledge management.

This study treats Thai culture as the implicit independent variable which explains competitive advantage in service encounters in five major service companies. Thainess service communication is the crafted schema from “Thainess intellectual capital” that incorporates three main components that together from Thainess collective values. Starting with human capital, organization capital is derived from the feeling of customer satisfaction that is generated by the service mindedness of the Thai people. Human capital is the key element of Thainess service language.