

Management Control in a Thai-Owned Chicken Company in Thailand

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Abstract

The purpose of this study is to add knowledge of the composition and exercise of management control systems. The study focused on a Thai-owned chicken processing company in Thailand. Thailand was chosen for this study both because the researcher (the first-named author) is Thai and because few previous management control studies have been about Thailand even though Thailand has a high level of foreign investment. Although Thailand has been influenced significantly by Western ideas, it differs from many of its South and Southeast Asian neighbours in having maintained a much greater degree of formal political autonomy than its neighbours. This ethnographic research shows that only some factors from previous studies, namely national culture and demographic characteristics, are relevant to the Thai-owned chicken company's MCSs. Other factors not identified in previous studies were found to be important; for example, being a family business, competition in the markets for labour and custom, and labour laws have influenced and shaped the Company's MCSs.

Keywords: Management control, Thai culture, Thailand

1. Introduction

Management control is a term widely used to refer to gathering financial and non-financial information from within and outside an organisation to use for making plans and decisions and to guide employees' behaviour in the organisation (Horngren, Datar, & Foster, 2006). However, the form that this management control takes in practice may differ markedly from this normative description. For example, Mellemvik, Monsen, & Olson (1988) separate management control and its uses into: delegation of responsibility and evaluation, legitimation, myths, power, and conflicts.

Management control systems (MCSs) have originated and developed in industrial countries of the Western hemisphere, and most studies of them have been done in those countries (Hopper, Wickramasinghe, Tsamenyi, & Uddin, 2003). MCSs are also used in emerging economies in the Eastern hemisphere as reported in several studies (Hopper et al., 2003). The studies have covered countries surrounding Thailand, but Thailand has been neglected. While Thailand resembles these surrounding countries, it is different in several respects, notably for never having been colonised or having lost its political autonomy (O'Sullivan & Tajaroensuk, 1997; Runglertkengkrai & Engkaninan, 1987).

This study investigates MCSs in the Saha Farms Company, which is a private, Thai family business, an integrated operation that covers the complete chicken production chain, ranging from feed mill, breeder farms, hatchery, and broiler farm, through to processing plant and further processing plant. The Company is the biggest frozen chicken exporter in Thailand. Saha Farms' owner and founder established the company 40 years ago. The researcher employed ethnographic research methods comprising non-participant observation; semi-structured and unstructured interviews; review of documents, such as websites, news and graduation booklets, and a management accounting lecture video; and informal social contacts, such as informal

conversation over coffee and lunch. She thus obtained an in-depth knowledge of the social life that underpins the management controls employed in the Company.

Previous studies on MCSs, especially studies in emerging economies in South and Southeast Asia, have found a variety of factors that could affect the implementation of MCSs. These factors include national culture, employers' and employees' demographic characteristics, ethnic tension, political intervention, and liberalisation and privatisation (Anderson & Lanen, 1999; Ansari & Bell, 1991; Chenhall, 2003; Chow, Kato, & Shields, 1994; Chow, Shields, & Chan, 1991; Chow, Shields, & Wu, 1999; Efferin & Hopper, 2007; Harrison & McKinnon, 1999; Hopper et al., 2003; Hoque & Hopper, 1994, 1997; Lere & Portz, 2005; Merchant, Chow, & Wu, 1995; Nishimura, 2005; Redda, 2007; Uddin & Hopper, 2001, 2003; Vance, McClaine, Boje, & Stage, 1992; Wickramasinghe & Hopper, 2005; Wickramasinghe, Hopper, & Rathnasiri, 2004).

The findings of this study indicate that only some factors from previous studies, namely national culture and demographic characteristics, are relevant to the Saha Farms Company's MCSs, while the remaining factors found in prior studies, such as ethnicity, politics, and liberalisation and privatisation, are not relevant in the Saha Farms Company. In addition, some other important factors have emerged: being a family business, labour market competition, competition in the market and labour laws; these appear to be relevant to the Company's MCSs.

The paper is structured as follows. The next section describes in detail some factors, namely Thai culture, being a family business, demographic characteristics, labour market competition, competition in the market and labour laws, and shows how these factors affect the Saha Farms Company's MCSs. The following section discusses in details why other factors, namely ethnic tensions, political intervention, and liberalisation and privatisation, do not seem to be relevant to the Saha Farms Company. The last section concludes the paper.

2. Management Control Factors at Saha Farms

Previous studies find a variety of factors that could affect the implementation of MCSs, namely national culture, employers' and employees' demographic characteristics, ethnic tensions, political intervention, and liberalisation and privatisation. After looking for each of these factors at the Saha Farms Company, it was found that only two of these factors from previous studies were relevant to the Saha Farms Company's MCSs, namely the Thai national culture and demographic characteristics. In addition, another four factors are found in the present study: being a family business, labour market competition, competition in the market and labour laws. These six factors that are relevant to the Saha Farms Company' MCSs are considered one by one in this section.

2.1 Thai Culture

Komin (1990a, p. 681) claims that management practices cannot be simply imported “from abroad, but [they] must be based on indigenous practices that emerge from the specific cultural context of the particular society” in which the organisation is situated. In Thailand's vertical society, knowing your status compared to other people that you work with and interact with, is most important. Those of low status must be polite and respectful to those above them in status, while those of higher status must show benevolence to people of lower status (Pornpitakpan, 2000; Holmes, Tangtongtavy, & Tomizawa, 1996; Komin, 1990b; Mabry, 1979). Taking this concept of hierarchy, rather than the Western horizontal orientation of equality, Komin (1990a; 1990b) identified nine values that orientate Thai relationships and social interactions, namely: ego; grateful relationship; smooth interpersonal relations; flexibility and adjustment; religio-

psychical; education and competence; interdependence; fun-pleasure; and task-achievement¹ orientations.

Dokkularb et al. (2013) describe and give examples of these nine orientations which are the basis of the MCSs at Saha Farms Company. In brief, the hierarchical relationships are seen in the business setting in deferential actions, such as the respectful prayer-like pressing together of hands when greeting a superior, and in terms related to position in a family being used in the work place, such as grandfather, aunt, older sister etc. Only top managers and directors know the exact performance of the company, and only top level employees are involved in budget setting and performance appraisal and reward. Lower level employees do not show an interest in performance and do not expect to be told anything about it, as they consider those issues to be tasks to do with top management levels.

Self-sufficiency and self-reliance are reflections of the cultural emphasis on individualism. Saha Farms demonstrates self-sufficiency, as it has grown to encompass all stages of chicken meat production and sale, and everyone working on Saha Farms sites is an employee of the company.

The most important orientation identified by Komin (1990a, b) is the ego orientation, which includes considering other people, avoiding criticism and face-saving. This is not only one way. Subordinates show respect and do not question or criticise their superiors. However superiors are also careful to soften any correction of subordinates and give negative messages in the form of suggestions rather than commands or confrontation.

¹ Called “achievement-task” orientation by Komin (1990a, 1990b)

Gratefulness and feeling indebted to those who have helped them was evident in comments from employees, such as: "Because of the company, I can have a warm family and build up a fortune" and "I can have a good life and family because of Saha Farms". This indebtedness resulted in loyalty to the Company, which enabled "control" of employees.

According to Komin (1990a, b) smooth interpersonal relationships are maintained by sympathy and generosity. In the Company managers are sympathetic about the need for employees to care for sick relatives and to support their families, so they are understanding when workers need to take time off, and the Company does not terminate employment or lay off staff, even during crises such as the bird flu epidemic. Because Thai people are relaxed and carefree the MCSs at Saha Farms are flexible: employees do not have to wear their uniforms and can leave during work hours if they have something to do outside the workplace. Similarly budgets can be changed if reasons are given.

Most Thais are Buddhist and many people also believe in magic and astrology (Komin, 1990b; O'Sullivan & Tajaroensuk, 1997). The Company gives young men leave to be ordained as Buddhist monks for periods of up to three months. The owner has chosen lucky numbers for the main operation sites, and in his home and at the company there are holy images of various Buddhist and Thai figures.

Educational achievement is publicized as it is "perceived ... as a 'means' of climbing up the social ladder" (Komin, 1990b, p. 226). Educational opportunities are offered to all employees, from a school within the factory providing high school and vocational training, through university education for directors and managers, right up to honorary doctorates for the owner and his wife. Prestige and social positioning are also offered through the many position titles throughout the Company.

Interdependence and community collaboration were particularly evident during the bird flu crisis, when employees and managers carried out tasks that were not ordinarily in their job descriptions, so that the Company did not go under and so that no one needed to be laid off. Also the owner and his family, managers and employees at the Company know about each other's families and backgrounds, and superiors attend important ceremonies such as funerals, weddings and monkhood ordinations of their subordinates as well as vice versa.

The Company provides for the fun-loving orientation of Thai people by arranging sports activities, and organizing celebrations of religious and secular festivals. Within the Company, employees are allowed to eat, chat and talk on their cell phones during work hours. Although the employees like to be flexible and have fun, they also work hard or work overtime if needed in order to meet production targets or complete their work.

2.13 Demographic Characteristics

Demographic characteristics are important for how the MCSs have developed at Saha Farms Company: many of the Company's MCSs reflect both the owner's and the employees' demographic characteristics. The owner, who is in his 80s, was born and grew up in an agricultural family in a small rural province. He has a nursing degree and work experience in nursing in the navy for 11 years and in sanitation at the sanitation department in a government office for 12 years (Sukhawadee, 2008b). Therefore, the owner has knowledge of food safety issues that are crucial for the business's success and being able to market chicken as safe to eat. Moreover, his Thai way of seeing things and behaving is reflected in the hierarchical control at the Company as well as in the way that modern management practices, such as costing and budgeting systems, are adjusted to fit with Thai culture. His attitude to foreigners is also due to his growing up in Thai society. The owner hires foreign consultants to work at

the Company, such as the foreign consultant who helps with the Saha Farms Company's management accounting system.

The owner is not only a person who has a vision but also he believes in power of thought as “the key to success” (Sukhawadee, 2008a, About us, ¶1). There are many examples of his vision and forethought. For example, at the beginning, he chose to raise white chickens instead of Thai native chickens, even though white chickens were not popular at that time. He realized that Thai native chickens cannot be bred into as big a flock as white chickens. Furthermore, he kept the processed chickens in a refrigerator instead of in an open air market as was normal practice; this became a selling point. He also chose to establish his business as a self-sufficient chicken processor. When he chose a location for expanding his company, he chose the countryside and far away from any community locations that he and management did not agree on. All of the operational sites have proved the owner's decisions were right, as those locations are not flooded, they are located near raw material sources for producing chicken food, and they have a suitable temperature and environment to raise chickens.

Apart from those successes, Saha Farms is also the first company in Thailand to produce an antibiotic free chicken and they introduced a chicken teriyaki skewer in response to customer preferences. Moreover, Saha Farms is the first company in Asia to use an air chilling system at the Processing Plant in order to increase the biosecurity, and its “compartment” structure, which comprises many chicken houses in the same closed environment area to prevent germs from spreading, is the biggest in the world. One compartment can be used to raise up to 20 million chickens at a time.

Baan Sukhawadee, which is privately owned by the owner, is a massive, palatial house on more than 80 rais of land (about 13 hectares) in Pattaya, Chonburi province. It was built in 2000, as a reaction against the 1997 financial crisis in Thailand when many Thai companies were taken

over by international companies. The owner said, “I built the house to prove to the world what the Thai people can achieve”. He called the mansion “a Thai farmer’s home”.

The colours used in the buildings have meaning and express the owner’s wishes. For example,

Pink stands for love ... We need to be able to love and be loved ... Blue stands for water. Water is the beginning of many lives. It can adjust its shape with any surrounding. If we can adjust ourselves with all the changes occurring in the world, we will be able to live happily in this society (Sukhawadee, 2008a, About us, ¶3).

The religious objects and art works in the house are intended to motivate viewers to achieve their goals as the owner has (Sukhawadee, 2008a). The owner said:

Power of thought is the key to success. It can bring you your most desirable dream if you can bring the thoughts into action [like] the owner who never gives up nor surrenders to poverty as a limitation of life’s targets (Sukhawadee, 2008a, About us, ¶1 & 2).

Baan Sukhawadee is a way to show the owner's ideal, “We care, We share, We grow”. The owner said that he has to have a place that is big enough for his employees to get together when they have important events, such as the owner’s birthday party, since he likes to meet employees from every level. He said: *“Anything that I say, it does not mean the management employees can understand all or understand as deep as I want. Therefore, I have to explain it myself to ensure that even the employees at the lowest level can have the deepest understanding since their understanding will bring benefits to our companies.”* Baan Sukhawadee can also be used by outsiders if they ask.

Not only the owner’s demographic characteristics but also the employees’ demographic characteristics have influenced Saha Farms Company’s MCSs, in particular education levels

and gender. Workers who only have primary schooling are more likely to work near their homes than staff who have a university education. Furthermore, female employees are more likely to choose to work near their home than male employees because in Thai family culture, women are expected to look after their parents (Morita, n.d.). After a daughter is married, she and her husband are expected to stay in or at least near her parents' home to take care of her parents. In particular, the youngest daughter is expected to inherit the parents' home and take care of her parents until they die (Reynolds, 2002). Even after he has moved into his wife's family, a son should visit his own parents regularly, help them with their work or send them money. After his parents' death, he should visit the temple regularly to make merit for them (Reynolds, 2002). Because workers need to be at home or close to parents, the Company provides free transportation and also accommodation at the worksite during the working week if desired.

Apart from education and gender, religion is an important demographic characteristic for employees who kill chickens. Due to some of the products being marketed as Halal, all of the employees in the killing process have to be Muslims. Also, one of the Buddhist teachings is that it is mandatory for every Buddhist to abstain from harming or killing living beings.

Being a Family Business

Since the Saha Farms Company is a family business, the Company ownership and the Company's control and management characteristics can be explained through sociological and cultural perspectives. One sociological viewpoint is "the principle of kinship" which means exclusive family control over stock ownership (Hamilton, 1996; Suehiro, 1993). This principle is seen in Thai culture where the motivation of family capitalism is the preservation of the fortunes of the family (Suehiro, 1993). Moreover, the cultural concept of trust, "which is often highlighted as a factor under-pinning the informal and socializing accountability relationships

in non-western societies” (Jayasinghe & Soobaroyen, 2009, p. 1014), plays an important role since the owner trusts only his family members to manage his fortunes. For example, a daughter of the owner is in charge of the Saha Farms Company’s accounting and financial controls. Also, the owner and his family like to maintain real control over day to day management of the Company. Therefore, “a family business is different from other business as it consists of ownership and business systems within a single business” (Rodsutti & Makayathorn, 2005, p. 18) that lead to overlaps between the owner's family structure and the company organisational structure.

Under the principle of kinship, not only does the owner’s family retain ultimate ownership and control over the Saha Farms Company but also there is a concentration of authority over decision making in one individual who is both in the family and in the Company “because the business is also considered as a family activity” (Hamilton, 1996, p. 138; Suehiro, 1993). As a result, the Saha Farms Company has a pyramidal ownership structure that puts more emphasis on the vertical management aspects than the horizontal management aspects (Suehiro, 1993). This is also a feature of the Thai family culture; a father is regarded as a family leader, while a mother plays a significant role in matters to do with money (Samnak Nayok Ratthamontri, 2000).

Moreover, due to the hierarchy and ego orientation in Thai culture, the owner and his family members tend to make decisions and take risks in management control processes by themselves (Komin, 1990a, 1990b; Thanasankit & Corbitt, 2002). Unlike Western and Japanese companies, whose decision making is commonly undertaken in a team approach, in Thailand, subordinates believe that since superiors are qualified for the top positions, they possess certain knowledge, wisdom or experience which the subordinates do not have (Thanasankit & Corbitt, 2002). Subordinates also tend not to get involved in decision making processes to avoid

confrontation with their superiors because Thai people try to avoid conflicts and criticisms at all times, because making another person “lose face” means that person is being insulted: he or she will take those conflicts and criticisms personally rather than as criticisms of the ideas themselves (Komin, 1990a, 1990b; Thanasankit & Corbitt, 2002). Therefore, the decision making system at the Saha Farms Company is top-down with subordinates believing that without the superiors’ directions and guidance, effectiveness may be reduced within the organisation (Thanasankit & Corbitt, 2002).

The sociological principle of kinship is also a good match with the client-patron relationship in the Thai culture that is influenced by the monarchy system. Thai people expect a leader to demonstrate a blend of authoritarianism and benevolence, while they are deferential and have a high tolerance for an unequal distribution of power within society (Barnes, 2008; Boode, 2005). For example, one of the vice-directors said: *“Although an outsider and a family member work in the same position, we get different pay. It is acceptable, and I can understand”*. The owner is a father figure who commands awe and respect, and expects to be obeyed. Although he will consult with his family members and subordinates, he still has the authority, strength and wisdom to make his own decisions (Thanasankit & Corbitt, 2002). For instance, although they have a meeting for setting the yearly target, the final number still comes from the owner.

Many positions in the Saha Farms Company’s control system are filled not only by the owner and his immediate family members, but also by people in the owner’s networks. Another sociological viewpoint, “the affiliation network model” (Clegg, Redding, & Cartner, 1990; Suehiro, 1993), explains family business expansion not only in terms of kinship and marriage, but also through a wide range of interpersonal relationships based on similar ancestry, similar place of birth, similar academic background as well as friendship (Suehiro, 1993). This can be seen in Thai culture since the cultural concept of trust can play an important role not only inside

a family but also outside a family between people in the network. The owner is the same as most Thai people since he trusts people inside his network more than all other people (Barnes, 2008). At Saha Farms he has gathered together five of his former colleagues and friends, the Retirees Team: formerly a primary school principal, a sanitation officer, a naval officer, a police officer and a labour inspector. These five men are not in the "official" hierarchy of the organisation, but they advise the owner in their areas of expertise and experience.

Although there is no separation between ownership and control, a combination of talented members of the owner's family with people in their inner circle and employed professionals can help them to become successful in promoting their innovations. Trust relationships between not only family members but also their inner circle helps avoid agency problems between owners and outside managers (Bertrand, Johnson, Samphantharak., & Schoar, 2008). The owner has never had to depend on salaried managers from outside, but has prepared his family members to serve as professionals through investments in education and on the job training at his companies (Suehiro & Wailerdsak, 2004). The owner therefore has no difficulties in recruiting able persons from among his own family members and extended family, since they are well educated from universities both in Thailand and abroad and have long-term training in their own business (Suehiro & Wailerdsak, 2004). The family members also have a strong commitment to the Company since they work for their own fortunes.

According to Rodsutti and Makayathorn (2005), the Saha Farms Company's MCS has a few advantages. The first advantage is that it is first generation. A founder can make changes happen in a family business easier than a later generation because a founder is likely to have gained more respect from employees and has more power over employees than a later generation owing to his success in building the business. The second advantage is that the Saha Farms Company is owned and managed by one person, the founder. An owner will try his best

to make any changes necessary to generate more profit. The last advantage is the family structure. A family business that is owned by only one simple family structure will manage any change easily because it has less conflict, and the Company's direction is clear.

Labour Market Competition

To be successful in the competitive labour market, the Saha Farms Company has to not only attract people to choose to work at the Company but also persuade them to leave their agricultural pursuits to become employees. Although rural people no longer have predominantly agricultural livelihoods, their other work is still intertwined with agricultural pursuits. For example, some workers leave the Company during the growing and harvest seasons since their families need their labour. Moreover, the Company has to compete with other companies that are located in the same area to attract employees.

Therefore, anyone aged between 18 and 50 can be a worker at the Saha Farms Company, and the Company provides benefits and welfare to them, such as overtime, incentives, bonuses and patient fees. The Saha Farms Company's MCSs not only evaluate the employees' performance to reward good outcomes, for example, with pay raises, but also the Company does not put any cap on salaries and wages, so employees' salaries or wages can be increased all the time that they work with the Company.

Apart from various pay types in the Saha Farm Company's MCSs, the Company provides free transportation, free accommodation, free uniform, free medical checks, free food and free snacks. To help new workers to start working for the Company, the Company provides cash advances to them. The Company has many position titles which it uses to attract and keep the employees since the employees earn both prestige from the position titles and the money related to their position titles. The Company also gives opportunities and support to any employee with

ability – they may be promoted to upper positions, even though they might not be educationally qualified. Moreover, the Saha Farms Company provides opportunities not only to any workers who would like to pursue their education at high school and high vocational levels but also to any employees from a director level who would like to pursue a MBA. The Company's control system also provides training opportunities, both in-house training and outside training, including observer programmes both in Thailand and in other countries. Furthermore, the Company provides scholarships to graduates who would like to continue their study at master's level to make sure that after they finish their degrees, they will work for the Company.

Other benefits for employees include a Company Fund to help employees if they have to pay for funerals, accidents and natural disasters affecting both themselves and their families, and various activities, organized by the Company, both internal, external and recommended by the Ministry of Labour, and activities related to the royal family, to Buddhism and to festivals. These include sports, music and art; health and safety; parties and offering food to monks.

On top of the above benefits, the Saha Farms Company provides not only no termination but also working after retirement to make the employees feel safe and comfortable working at the Company.

Competition in the Market

Globalisation has not only given the Saha Farms Company opportunities to expand its business but also it has increased the competition in its markets, particularly in the European Union and Japanese markets since the majority of the Company's products are exported to these two markets. Chicken producers in Brazil and the US are also important competitors (Leitner, 2012; Rungfapaisarn, 2010; United States Department of Agriculture, 2012). Brazil has competitive advantages in low labour and raw material costs, while the US has competitive advantages in

technology and innovation (Leitner, 2012; Rungfapaisarn, 2010). As a result, the Saha Farms Company focuses on customers to ensure its products meet customer needs. Almost all of the Company's products are made-to-order since Thailand has competitive advantages in low labour cost and skilled labour (Leitner, 2012; Rungfapaisarn, 2010). The Company is also good at hospitality because it welcomes the customers to visit and even stay at the Company in order to supervise their production lines. Moreover, the Saha Farms Company tries to satisfy its customers by implementing quality systems, such as ISO (International Organisation for Standardisation) 9001: 2000, GMP (Good Manufacturing Practice), HACCP (Hazard Analysis and Critical Control Point) and Halal.

The Saha Farms Company's investment in the air chilling system, climate controlled housing and compartmentalisation are also competitive advantages because they help to increase its biosecurity level to be equal to or even better than in the West and anywhere else (Brooks, 2012). Another source of competitive advantage is that the Saha Farms Company gives more space to the chickens. Thus, the Company not only shows it cares about animal welfare but also it can minimise the use of antibiotics (Brooks, 2012).

Management accounting also plays an important role in helping the Saha Farms Company to compete in its market. Apart from cost accounting and budgeting, other management accounting techniques, such as variance analysis, yield analysis and detailed analysis are applied to the Company's management accounting by a foreign financial advisor. He is in charge of preparing management accounting information, and providing it to the owner and his family members for their decision making in order to find ways to reduce the Company's cost, to improve the effectiveness of the Company and to increase the Company's ability to compete in the market.

Labour Laws

The Saha Farms Company complies with all laws to provide minimum rights to the employees, such as The Labour Protection Act B.E. 2541 (1998), the Civil and Commercial Code (1928), the Labour Relations Act B.E. 2518 (1975), the Social Security Act B.E. 2533 (1980) and the Workmen's Compensation Act B.E. 2537 (1994) (Department of Labour Protection and Welfare, 1998, 1975; Social Security Office, 2533, 2537). The Minister of Labour, via the Department of Labour Protection and Welfare, administers the laws as well as the rights in regard to labour issues. Moreover, the Minister of Labour possesses the right to appoint labour inspectors as well as to issue ministerial regulations and notifications. The punishments for not complying with the laws vary from fines to jail sentences or both.

Under labour laws, employees can be required to work eight hours per day and six days a week. If the Company would like their employees to work longer than these times, they have to be paid overtime rates. Therefore, working hours and working days among employees at the Saha Farms Company are different because the Company operates for longer than eight hours per day and for seven days a week. For instance, staff who work in offices usually work from 8.00 a.m. to 5.00 p.m. and take a lunch break from 12.00 noon to 1.00 p.m. They usually work from Monday to Saturday and have their holiday on Sunday. However, staff whose work relates to the factory have a variety of different working hours, working days and weekly holidays, depending on their jobs. For example, the bird department, which is the first department in the production line in the Processing Plant, starts work at 5.00 a.m. They work until they can finish all of the birds, and so their working hours vary, ranging from less than eight hours to longer than eight hours. If they work longer than eight hours, they receive overtime pay, but when they work less than eight hours, they get paid for eight hours. Since the Processing Plant

operates seven days a week, workers can choose one day in the week to be their day off, or they can choose to work and receive overtime pay for working on their day off.

Due to various laws, the Saha Farms Company has to provide 13 traditional national and public holidays. In addition, the Company has to provide various types of leave, such as sick leave, annual leave and leave for necessary business. A further type of leave which is provided by the Company is ordination leave, which is not compulsory by any law.

Apart from holidays and leave, the Saha Farms Company also has to comply with a minimum wage and overtime rates. Although bonuses are not compulsory by law, they are provided by the Company.

In this section, national culture and demographic characteristics that have been found in previous studies and some new important factors, namely being a family business, labour market competition, competition in the market and labour laws that have emerged as factors that influence the Saha Farms Company's MCSs have been discussed. As a result of the non-colonial culture of Thailand, Saha Farms' MCSs have accepted worker's absenteeism during growing and harvest seasons while the Sri Lankan case company in Wickramasinghe & Hopper (2005) could not adjust for absenteeism for agricultural purposes. Moreover, the Saha Farms owner has adopted modern management, unlike the older former owner of the Chinese Indonesian company in Efferin & Hopper (2007). However, there are still some similar management control practices between the Saha Farms Company and other companies in the prior studies due to similarities in their national cultures, such as the preference for family and people in their networks being involved at the top of the business; the owners having unlimited power over their companies; and the hierarchical structure of the companies. The other MCS factors that have been found in previous studies but do not appear to be relevant to Saha Farms' MCSs are discussed in the next section.

Irrelevant Management Accounting and Control Factors to Saha Farms

In previous studies, ethnic tensions, political intervention, and liberalisation and privatisation have been found to have influenced MCSs. These are dealt with in turn below. However, it seems relevant to preface discussion of these factors and why they are irrelevant to the Saha Farms Company with a discussion of the significance of colonialism, or lack of it, in Thailand. The point is that although previous research has found a relationship between national culture and the preferences for, reactions to and design of particular MCSs (Chow et al., 1994; Chow et al., 1999; Harrison & McKinnon, 1999; Lere & Portz, 2005; Merchant et al., 1995), it has also found that colonialism has been a key factor in the way MCSs were introduced and have developed. The above studies have also found that the influence of local cultures have been overridden by capitalism, which has been imported on the back of colonialism. Colonial activities, both to administer colonies and to exploit resources available in a colony, led to urbanisation and similar changes, taking people away from their traditional ways of life. Even after a colonial power left, business practices, such as accounting concepts and management controls, usually remained (Ansari & Bell, 1991; Nishimura, 2005; Wickramasinghe & Hopper, 2005; Wickramasinghe et al., 2004). Indeed, formal colonialism has often been superseded by informal colonialism (e.g., through multi-national companies and agencies, multilateral organisations and religious organisations). These bodies have usually promoted liberalisation and privatisation.

A colonial background has left both negative and positive effects in ex-colonial countries (Rigg, 1994; Worthy, 1989). The colonial powers argued that they brought positive changes which helped to incorporate their colonies into a modern and civilised world (Rigg, 1994). The construction of a modern infrastructure, the provision of schooling and health facilities, the extension of Western concepts of justice, and the termination of local conflicts were, and are,

highlighted as evidence of the benefits of the colonial period. These benefits are also felt to have aided the progress and development ... since the colonial era (Rigg, 1994, pp. 22-23). People in colonies have some advantages in languages because they can speak not only their own language but also the coloniser's language (Worthy, 1989). On the other hand, people have argued that the colonial powers "engendered the process of dependency, undermined local subsistence production, eroded traditional structures, and alienated the populations from their own countries" (Rigg, 1994, p. 23).

These circumstances apply in all the countries in which previous studies have been conducted. The key issue in the history of Thailand is that Thailand has never lost its political autonomy to imperial powers, such as Britain, France, the Netherlands, Portugal, Germany, the US or Japan (Library of Congress, 2007; Runglertkengkrai & Engkaninan, 1987; Thailand, 2012). Thus, Thailand has "experienced neither the pressure nor the pain that is associated with colonial status" (Runglertkengkrai & Engkaninan, 1987, p. 9). Thai society has been allowed to "undergo the buffeting of Western ideas without interrupting the authority of its own institutions. Westernization and modernization were taken on board voluntarily, with no loss of self-confidence" (Kulick & Wilson, 1992, p. 5). Therefore, not only is Thai culture unique (Mabry, 1979) but also some factors from previous studies, namely ethnic tensions, political intervention, and liberalisation and privatisation, seem to be not relevant to the Saha Farms Company's MCSs. In the sections below, inferences are drawn that this is because Thailand has been constituted by different key elements and history than other countries that have featured in previous studies, such as Indonesia, Sri Lanka and Bangladesh.

3.1 Ethnic Tensions

The colonial development imposed by colonial powers often caused ethnic tensions. The capitalist economy they created depended on Western technology and capital, the

transformation of natives within a colony into labour, further immigrant labour if there were shortages or if local labour was not compliant, and import inputs to sell to the export markets (Rigg, 1994). As a result, some colonial countries comprised a large number of, for example, Chinese and Indian immigrants who were indispensable because they not only filled the roles of commercial intermediaries but also provided cheap labour (Rigg, 1994). Although indigenous people and foreign immigrants interacted with one another, they did not combine (Rigg, 1994). In this way, the colonial period left its mark on these countries because

[t]he migration of large numbers of Chinese and Indians introduced an entirely new cultural element. The plural societies that resulted have confronted the governments of the region with heightened ethnic tensions and the task of assimilating (or at least accommodating) immigrant communities (Rigg, 1994, p. 32).

Previous studies carried out in ex-colonial countries have shown ethnic tensions as one of the factors that could influence MCSs. For example, Efferin and Hopper (2007) found this to be a factor in Indonesia. Rigg (1994) shows that Chinese immigration to Indonesia increased once Europeans colonised Southeast Asia. The ethnic tension between Chinese and Javanese in Indonesia is partly because they are recent immigrants (during the late 19th and early 20th centuries), and partly because intermarriage and assimilation into a Muslim society is more difficult than in a Buddhist society as in other countries in Southeast Asia (Anwar, Bouvier, Smith, & Tol, 2005). For example, Muslims do not consume pork and alcohol, and they do not allow marrying a non-Muslim before that person has become a Muslim. Moreover, not only the colonial state but also the post-colony sovereign nation state may adopt a policy against Chinese due to their fear of Chinese economic strength (Anwar et al., 2005). The ethnic problem that was found in the Chinese Indonesian Company led to political problems since the

company's budgets were decided according to the political situation and government policies to avoid riots against the company as a Chinese business.

It is different for Thailand. Thailand has minimal ethnic tension, even though the population of Thailand not only consists of the ethnic Thai but also the ethnic Chinese, which is the biggest minority in Thailand and the largest Chinese population in Southeast Asia (Mongabay, n.d.; Rigg, 1994). Anwar et al. (2005) describe the Thai assimilation model as "unique", saying it appears to have been successful in solving the ethnic issue. Also, Rigg (1994) points out that the plurality is not absolute because other ethnic groups have been variously assimilated into Thai culture over time. That can happen because "Buddhism easily adapts to different cultures because its truths are not dogmatically taught" (Irwin, 1996, p. 119). Mulder (1992) also said that

[what] some Southeast Asian countries still have not yet succeeded in accomplishing had already happened in Thailand, almost without anybody noticing it: the Chinese, who still in the 1950s were highly visible as a separate ethnic group, were in the process of disappearing as such, and had begun to identify themselves as Thais (p. 126).

Chinese economic power is no longer seen as a problem in Thailand (Anwar et al., 2005). Apart from those things, Buddhism, which is professed by nearly 100 percent, and the Thai language, which is also spoken as the first language by nearly 100 percent of the Thai population, help to enhance national consciousness (Anwar et al., 2005; O'Sullivan & Tajaroensuk, 1997; Samnak Nayok Ratthamontri, 2000). As a result, ethnic tension is not a factor that affects MCSs at the Saha Farms Company.

3.2 *Political Intervention, and Liberalisation and Privatisation*

Political intervention, which could have a significant influence on MCSs, is another issue that is a result of colonialism in countries like Bangladesh and Sri Lanka. These countries lack a capitalist class; and so, “the state is a major source of capital formation, controlling a large proportion of gross domestic product and employment opportunities” (Hopper et al., 2003, p. 17). After these countries became independent, companies in these countries became wholly or partially publicly owned as, due to a lack of people in the capitalist class, the government had to become the major source of capital (Hopper et al., 2003). Because of the nature of government in 1950s-1970s, companies have had to operate within centralised frameworks of national economic planning and within less stable political systems that reduce checks and balances on political intervention (Hoque & Hopper, 1997). Accordingly, there are opportunities for governments to control, intervene and give patronage to certain companies in order to keep their voters, respond to trade union requests, and meet accounting conditions of external aid agencies (Hoque & Hopper, 1994; Uddin & Hopper, 2001; Wickramasinghe & Hopper, 2005; Wickramasinghe et al., 2004).

The situation is very different in Thailand.

[D]ue to a long tradition in Thai culture of the government as boss, providing regulations and laws, while the private sector is seen as subordinate and, many times, as those who think only in terms of benefits and via a monetary orientation, the line that separates the governmental sector and the private sector is quite clear because [they] do not have positive attitudes about each other ... Essentially, the government is characterized as thinking that the private sector focuses only on the profits that can be achieved by cheating others, while the private sector sees government as corrupt, and

dealing with them usually involves a lot of bureaucratic procedures and red tape (Punturaumporn, 2001, pp. 121-122).

Therefore, there is not much cooperation between the government and the private sector in Thailand (Punturaumporn, 2001). Although their cooperation seems to be increasing now, most businesses in Thailand, including the Saha Farms Company, do not rely on government assistance. “Instead, they rely on their business associates, personal relationships, and connections” (Punturaumporn, 2001, p. 121).

In some countries, political intervention has resulted in failure of central state development. Therefore, many ex-colonial emerging economies, such as India, Sri Lanka and Bangladesh, have tried market-based development (Hopper et al., 2003; Wickramasinghe & Hopper, 2005). Countries that have had to depend on financial agencies, such as the World Bank and the International Monetary Fund, have had “little choice” because liberalisation and privatisation have been expected to improve companies’ efficiency in those countries (Anderson & Lanen, 1999; Hopper et al., 2003; Uddin & Hopper, 2003; Wickramasinghe & Hopper, 2005).

This is also different in Thailand in that market-based development was voluntary and started many years ago. The Bowring Treaty, which was signed in 1855 between Thailand and the British, promoted liberalisation and privatisation in Thailand and changed the Thai economy from agricultural self-reliance and self-sustainability to becoming partially dependent on international trade and resources (Rungrertkengkrai & Engkaninan, 1987). Moreover, Thailand has been actively pursuing a policy of industrialisation since the government formulated and introduced the first national economic and social development plan in 1961 (Phongvivat, 2002). The Thai government has minimal interference in business and economic affairs, and it focuses on foreign direct investment policies that encourage liberalisation and free trade (Pornpitakpan, 2000). Political intervention, and liberalisation and privatisation,

which have been found to affect companies' MCSs in other countries, are not really factors that influence the Saha Farms Company's MCSs.

Conclusions

It can be concluded that a colonial background is a significant factor in the development of MCSs because colonialism can leave not only its accounting concepts and practices but also its marks on former colonial countries that lead to some barriers affecting the implementation of management control practices. These effects have been seen in previous management control studies, namely in ethnic tensions, political intervention, and liberalisation and privatisation. Thailand has never been colonised, but it has gradually changed due to its own development and by choice rather than coercion. Therefore, these barriers to implementation of management control were not found in this study of a company in Thailand.

Two factors influencing management control that were found in previous studies, namely national culture and demographic characteristics, were also found to be important influences of MCSs at the Saha Farms Company. Also some other management control factors, namely being a family business, labour market competition, competition in the market and labour law, have emerged as relevant to the Saha Farms Company's MCSs.

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