

Sufficiency Economy as an Economic Governance Theory: A Theoretical Examination and Conceptualization¹

Surasak Chaithanakij²

บทคัดย่อ

แนวคิดเศรษฐกิจพอเพียงนั้นเดิม ถูกเข้าใจเพียงว่าเป็นเพียงกลวิธีของการบรรเทาผลกระทบของปัญหาวิกฤติเศรษฐกิจของประเทศไทยเมื่อหลายทศวรรษก่อน เมื่อไม่นานมานี้เองที่นักวิชาการเริ่มสามารถทำความเข้าใจว่า แท้จริงแล้วมันเป็นแนวคิดของการพัฒนาเศรษฐกิจ ซึ่งเหมาะสม ทั้งในแง่การเป็นวิถีทางและเป้าหมายได้ในตัวเองสำหรับบุคคล องค์กร ชุมชน และสังคมประเทศนำไปปฏิบัติใช้ เพื่อให้ได้รับผลประโยชน์สูงสุด แต่ด้วยองค์ประกอบในเรื่องความพอเพียงนี้เอง ชักนำไปเกิดข้อกังขาจากนักเศรษฐศาสตร์กระแสหลัก ในเรื่องความน่าเชื่อถือในทางวิชาการ แต่เมื่อการศึกษาภายในองค์ประกอบสำคัญอีกประการหนึ่งคือการยับยั้งชั่งใจ ได้เปิดเผยให้เห็นหลักการสำคัญของการป้องกันการหลงไปในการแสวงหาผลประโยชน์ระยะสั้นจนเกินสมควร เพื่อให้สามารถดำเนินกิจกรรมได้อย่างยั่งยืนเพื่อก่อให้เกิดผลประโยชน์สูงสุด และในแง่นี้เองที่ทำให้เศรษฐกิจพอเพียงมีคุณสมบัติที่คล้ายคลึงกับแนวคิดธรรมาภิบาลเศรษฐกิจตรีมิติ และควรค่าสำหรับการศึกษาในแง่นี้ แนวคิดธรรมาภิบาลตรีมิติได้เคยถูกพิสูจน์แล้วว่าสามารถนำมาวิเคราะห์ระบบธรรมาภิบาลอย่างได้ผลน่าพอใจ เนื้อหาหลักของบทความนี้มีวัตถุประสงค์ที่จะนำเอาแนวคิดธรรมาภิบาลตรีมิติ พร้อมกับเศรษฐศาสตร์ค่าธุรกรรมและทฤษฎีตัวแทนใช้เป็นกรอบเพื่อประเมินแนวคิดเศรษฐกิจพอเพียง เพื่อตัดสินคุณสมบัติของแนวคิดเศรษฐกิจพอเพียงในฐานะของการเป็นทฤษฎีธรรมาภิบาลเศรษฐกิจ ผลการประเมินชี้ว่าเศรษฐกิจพอเพียงมีความสอดคล้องกับทฤษฎีธรรมาภิบาลเศรษฐกิจตรีมิติ มากกว่ากับเศรษฐศาสตร์กระแสหลัก เศรษฐศาสตร์ค่าธุรกรรม และทฤษฎีตัวแทนทำให้ควรที่จะมีการศึกษาแนวคิดนี้ต่อเนื่องไปในแง่ของการเป็นทฤษฎีธรรมาภิบาลเศรษฐกิจ

คำหลัก: เศรษฐกิจพอเพียง ธรรมาภิบาลเศรษฐกิจ ทฤษฎีตรีมิติ

Abstract

Sufficiency Economy had been firstly thought of as a royal caveat when the Thai economy hurtled into the storm of market capitalism a few decades ago. It has just recently been more realized as an economic development philosophy with potential to serve as the means and goal for individuals, organizations, communities and countries in their pursuits of optimal real benefits. Its sufficiency ingredient may draw eyebrows from mainstream economists. The scrutiny into its core concept actually reveals an existence of restraining principle to prevent an economic

¹ The earlier draft of this paper was presented in RJG-Rangsit University International Conference on August 31st, 2007 and The 10th International Conference on Thai Studies, Thammasat University January 9-11th, 2008.

² Independent researcher, I am grateful to Asst. Prof. Dr. Thomas Hoy, Faculty of Graduate Studies, Mahidol University for his comment on my earlier draft.

actor from succumbing to short-termism, and to ensure their optimal and sustaining economic activities. In this regard, the Sufficiency Economy owns the critical property resembling the economic governance concept, and thus deserves a serious investigation from this point of view and the curiosity becomes the objective of this article. Trimiti governance theory, which has been successfully used for assessing governance systems, is employed in conjunction with transaction cost economics and transaction cost economics and agency theory to assess the relevance of the Sufficiency Economy as an economic governance theory. In this paper I attempt to show that Sufficiency Economy is more compatible with Trimiti governance theory than it is with mainstream economics, transaction cost economics or the agency theory, and deserves further study in the economic governance aspect.

Key words: Sufficiency Economy, economic governance, Trimiti theory.

1. Introduction

The definition of economic governance has not been agreed upon possibly because there is the normal tendency that its definitions are not free from the context of the studies. Economic governance in this article is defined as “*the balance of institutional influence that shapes that pattern of resource allocation and economic system.*”¹ The analysis in this article relies on the new institutional economics. The institutions are composed of interrelated but distinct components, particularly rules, beliefs, and norms, which sometimes manifest themselves as organizations. These institutional elements are exogenous to each individual whose behaviour they influence (Greif, 2005: Chapter 1).

Thailand society in early 1970s appeared to wholeheartedly accept market capitalism, industrialization and mass production as the only legitimate way for economic policy in the pursuit of fast-track economic growth for the good of all Thai people (Sirirprachai, 2007) and as an effective deterrent against the spreading communist influence in the Southeast Asia. This acceptance was subtly encouraged by the U.S. Some intellectuals might have already sensed the risks associated with the exposure to market capitalism supported by mainstream economics. But making such straight-forward remarks against capitalism could easily have incurred the grave risk of being labelled as a communist. The red labelling was a dirty but effective political weapon, widely employed for undermining the creditability of political opponents and liberal intellectuals.

Based on his royal remarks in several occasions, His Majesty King Bhumibol Adulyadej was apparently aware of the danger for Thai people of too much reliance on market capitalism. He first granted the concept of Sufficiency Economy (SE) in 1974 (Isarangkun and Pootrakool, 2001: 5; Senanarong, 2004), right after the oil shock crisis that prompted grave concern among Thai businessmen for the possibility of it causing the Thai economy to halt. It seemed the right moment

to introduce a new concept with live evidence of the risk of total dependence on market system. However, his remarks were first thought of as a warning and consolation to calm down public concern over Thailand's future under the volatility of oil price.

The concept came out at the time when the mainstream economics was peaking as the most positive and reliable economic approach². Under mainstream economics, an individual is supposed to be a *homo economicus* (Becker, 1978; Arrow, 1987), who will always seek her highest self benefit. The Western, particularly American, technology and civilization that came with the expanding international trade startled Thai elites and intellectuals. In contrast the core concept of SE appears to suggest moderation in seeking self-benefit and earnings, positioning it against mainstream economics. No wonder. Not many scholars at the time seriously picked up the true essence of His Majesty the King's concept, at least not in a theoretical sense. The growth rate of the Thai economy at the time was ranked second among East Asian countries. The Thai economy, relying on market capitalism, seemed to be going on the right track. With this growth, there probably seemed to be no reason, among Thai technocrats at the time to take heed of the dangers lying ahead and look for the alternative paths suggested by SE.

The moment of truth was yet to arrive. The Thai economy later struggled through economic storms and one of the worst periods of political instability when the U.S. withdrew the troops from South Vietnam prompting Thailand to stand as one of the liberal democratic nations surrounded by the war-ridden and communist neighbouring countries in Southeast Asia. The political instability in the Southeast Asian region, coupled with the slowdown of the U.S. economy severely affected Thai economic performance in the early 1980s. Thailand started to suffer a few real economic setbacks, which led to the first baht devaluation in 1981, and then again in 1984. The third Baht devaluation followed by the worst economic crisis in modern Thai economic history came in 1997 after the central bank of Thailand liberated the financial market (Siriprachai, 2007) in an attempt to become the regional financial center. This was done without the necessary caution, prompting the hedge funds' attack on the baht (Leightner, 2007).

The SE started to gain more attention among academics when His Majesty the King reiterated the idea on several occasions in the late 1990s after the economic crisis in 1997. The concept caught full attention in the early 2000s after some scholars who had become involved with the Royal development projects began to rely on it as a philosophical foundation. In this effort, they have been seriously trying to find SE's conformance with existing theories. Resting on its applied successes in the past, the concept has been adopted as the guiding philosophy for Thailand's 9th and 10th National Economic and Social Development Plans for the periods of 2002-2006 and 2007-2011 respectively, while the debate on its theoretical validity is going on (Piboolsravut, 2001: 17; UNDP, 2007b). Opinions of Thai economists on SE are divided into three main groups. The first group see SE as a philosophy, of which essence covers well beyond economics, particularly mainstream

economics: the second group is contending with its conformance with mainstream, based on its association with risk management concept. The second group argues that SE indicates the necessity of having an effective risk management, and so the possibility of accomplishing economic optimality (Punthasen, 2000: 15). The analysis in Section 4 will show that the second group's argument is relatively weak. The last group believes SE can be well understood through alternative economic theories such as Buddhist economics. While tremendous amount of SE application models and circumstantial studies keeps coming out, there hardly is any rigorous theoretical conceptualization as an economic discipline (NIDA Center for Sufficiency Economy, 2007) except for Punthasen's effort in establishing SE's linkage with Buddhist economics (Punthasen, 2000, 2001)

The theoretical conceptualization of SE is only in the early stages. Most academic literature, including this one, is based on reorganized content, mostly prepared by scholars, not from the King's original literature or his royal remarks. The reorganizations are naturally involved with the risks of semantic deviations. The analysis in this article has to rely on the limited evidence, which may not be totally free from imprecision and incompleteness.

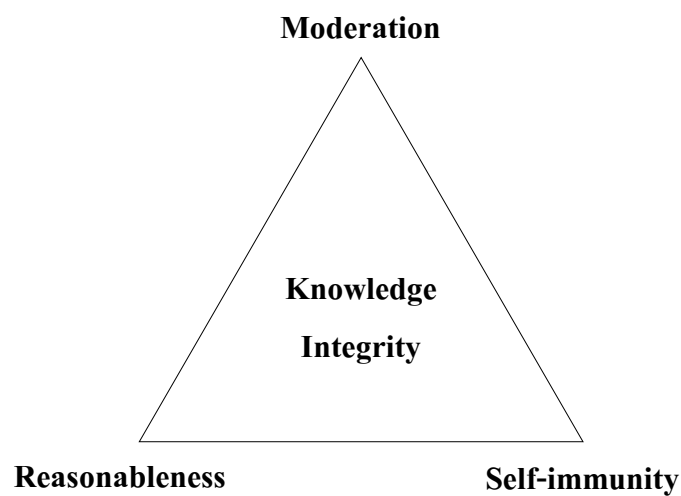
The rest of the content is presented as follows. Section 2 briefs about the concept of Sufficiency Economy though no examination on its conceptualization process is included. The content of Section 3 explains the futile attempt to establish SE as development economics. Then the examination of SE as an economic governance concept is carried out in the following three sections. Section 4 is the examination through the market form of governance under mainstream economics. Two other conventional governance concepts transaction cost economics and agency theory – are then employed for examination in Section 5. Section 6 begins by giving a brief concept of Trimiti corporate governance theory. Then it is compared to Sufficiency Economy. Section 7 is the conclusion, which rounds up all major points presented in earlier sections.

2. Sufficiency Economy

Unable to access to the possibly extant evidence of the conceptualization process, I have to limit the scope of my examination of the SE concept based on the core content as granted. In this regard, the content in UNDP (2007b), which seems to show the most complete substance and contains the least contextual interpretations, is chosen for further analysis in this paper. However, due to its origin in the Thai language, we can never be assured that it would be free from the risk of misinterpretation. SE is considered an approach to life and conduct which is applicable at every level from the individual through the family and community to the management and development of the nation. It consists of three components – moderation, reasonableness, self immunity – plus two conditions – knowledge and integrity (UNDP, 2007b: 49). Based on its substance, the concept obviously encompasses various disciplines far beyond just economics. There have been efforts to pursue the conceptualization in accordance with their different disciplines. Figure 1 shows the

concept. However this article will focus only on its economic governance perspectives. Since SE concept deals with the allocation of resources, there is no doubt that it is entitled to be treated as an economic concept. I argue that the past attempts in theoretical conceptualization of SE placed a false hope in finding theoretical linkages with development economics. Because of its restraint property, the possible theoretical connections of SE lie in the concepts of governance (Bhagat and Black, 2002: 234; Morck, Wolfenzon and Yeung, 2004: 2; Frey and Benz, 2005: F386).

Figure 1
The Concept of Sufficiency Economy



Source : UNDP (2007b:30) The “knowledge” and “Integrity” conditions are moved by the author to the center of the chart to represent the necessary conditions for success.

3. The Movement toward a Sub-discipline of Development Economics

The past literatures about SE are substantially involved with Thailand’s development. But most of them did not provide sufficient theoretical establishment of the SE in the strict sense. The effort to find the linkage of SE to development economics took place probably because the origin of concept was firstly associated with the Royal-initiated development projects in rural areas. However, the successes in field applications may indicate, at best, the effectiveness of its operational framework, but nothing else. The environments of the application may cloud the true nature of the concept. The useful word-processing application in a personal computer does not confirm its true nature as an ideal typewriter. Likewise the useful field application of SE does not necessarily validate the strength of its theoretical foundation. The mistaking of the origin of the concept’s employment for a disciplinary approach may be behind the delays in the theoretical conceptualization of SE. From its name of “sufficiency” and its major component of “moderation”, the very core concept apparently is underpinned by a notion of a certain self-restraint that enables

the achievement of a moderate but sufficient goal. With such a concept, it is very unlikely to find any connection or conformance between SE and conventional development economics, which is rooted in the self-interest maximization of mainstream economics.

Meanwhile, the development economics itself does not seem to yield much contribution either in suggesting how a country should be developed. The past attempts at applying and modifying conventional economic theories to study the development process of developing countries has miserably failed to find the causal links in most aspects. Generally there is no causal link between development and democracy though affluent democracies have apparently survived wars, riots, scandals, economic and governmental crises. Neither is there evidence indicating that the quality of corruption, transparency, or the security of property rights can predict the economic performance of countries. No relation between political institutions and economic development has been found (Przeworski, 2003). Isarangkun and Pootrakool (2001) have reached a similar despairing conclusion about the efficacy of conventional development economics. Neither the incompatibility of its assumptions with development economics nor the general weakness of development economics found in empirics can give any boost for the validity of SE. The efforts to establish the theoretical foundation of SE with development economics need a serious review.

4. Sufficiency Economy and Mainstream Economics

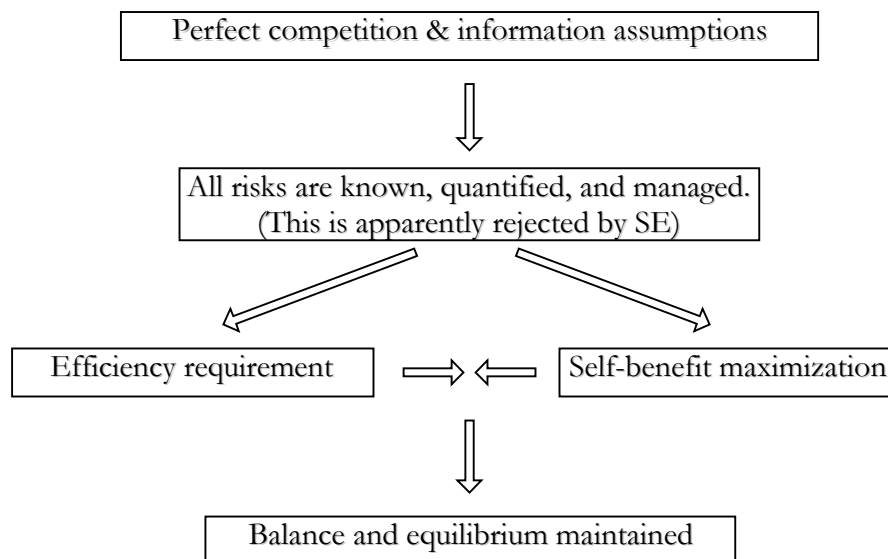
SE concept was firstly introduced as an alternative philosophy to the mainstream economics at a time when there was a heightening influence of market capitalism in Thailand. Such effort, by itself, indicates some disagreement and possible disappointment with the free market capitalism supported by mainstream economics.

4a The Economic Governance of Market Mechanism

The core of mainstream economics is simple. Its main concept relies on market governance. Market quality is believed to generate knowledge and fairness (Hayek, 1945), morality (Lakoff, 1996: 68), efficiency (Friedman, 1962), and signals of price and quantity (Spence, 1973; Stiglitz, 1994: 168). All are necessary for the proper functioning of an economy. The number of benefits can be considered a lot. But do they suffice to make a happy society? They apparently do not. The flow chart in Figure 2 illustrates the logical process and intended result of market mechanism under mainstream economics. Under mainstream economics, all risks are known *ex ante* and therefore all of them are manageable. Likewise marginal profit of each individual is diminished and so, an economic equilibrium can be maintained.

Figure 2

The Contribution of Mainstream Economics to Market Governance Equilibrium



Source: Created by Surasak Chaithanakij to illustrate the market governance form supported by mainstream economics. The perfect information and competition lead to the economic equilibrium and efficiency, which the individual self-benefit is marginalized and her rent-seeking is limited.

There are a lot of evidences indicating the failure of market mechanism in sustaining economic governance. Actually the market's failure in delivering public goods has been known for a long time. Tragedies of the commons represent one type of such failures (Hardin, 1968). The other forms of governance – e.g. state, firms, and civil societies – are needed because they can solve the market failures (Coase, 1937). In this regard, Ostrom (1999: 1) argues that neither the state nor market is uniformly successful in enabling individuals to sustain long-term, productive uses of natural resource system.

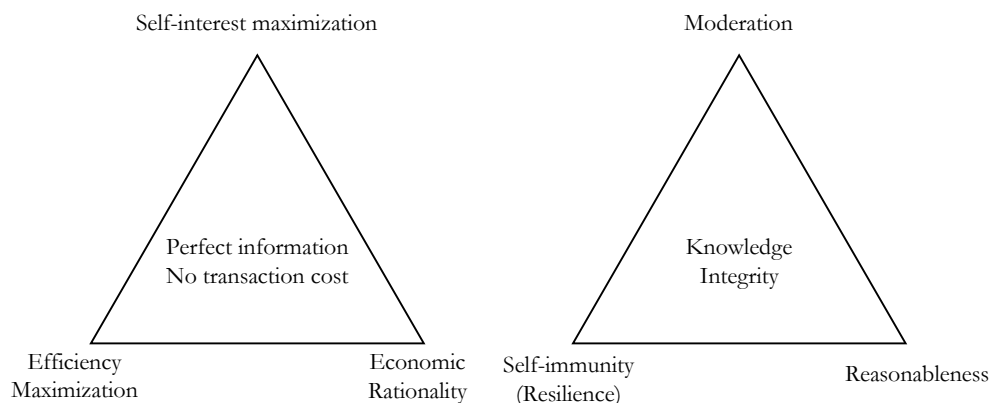
4b Sufficiency Economy and market Governance in Comparison

Undoubtedly the mainstream economists are bewildered with most, if not all, other economic concepts containing anything but market governance. From the mainstream economist's view, SE comes with many requirements – *moderation, reasonableness, self immunity, knowledge* and *integrity* – all of which appear to be either value-ridden, obscure, or grossly arbitrary requirements that should be left out of market decisions as exogenous factors. However, epistemological analysis may be able to substantially narrow down such a conceptual gap. The major difference between mainstream economics and SE lies in the unacceptability of the assumptions of mainstream economics: the well defined rights of all properties in the universe, the symmetry of information, the self-benefit maximization, the rationality of an actor, and the absence of transaction costs. All three

components and two conditions of SE are needed to cope with these unfulfilled and unrealistic assumptions. In a very similar way to transaction cost economics (TCE), SE does not deny the role of the market and does not take the market as the sole efficient governance form (Williamson, 1985). However, the simple fact that they carry other requirements than market mechanisms may not constitute a proper cause for invalidating any economic concepts including SE.

When closely considered, it seems that all the components and conditions of SE are proposed to directly deal with various types of market failures. Figure 3 shows the similarity and dissimilarity between SE and mainstream economics. One of the biggest damages that market failure can cause is through the risks associated with the uncertainty of price, quality and quantity. Under the market efficiency assumption, mainstream economics assumes that all uncertainties and their respective effects are well known and quantified in foresight. In addition, all choices of remedies for the effects are also known at the present time. Therefore all risks can be reasonably managed.

Figure 3
Sufficiency Economy and Mainstream Economics:
the comparison of Components and Conditions

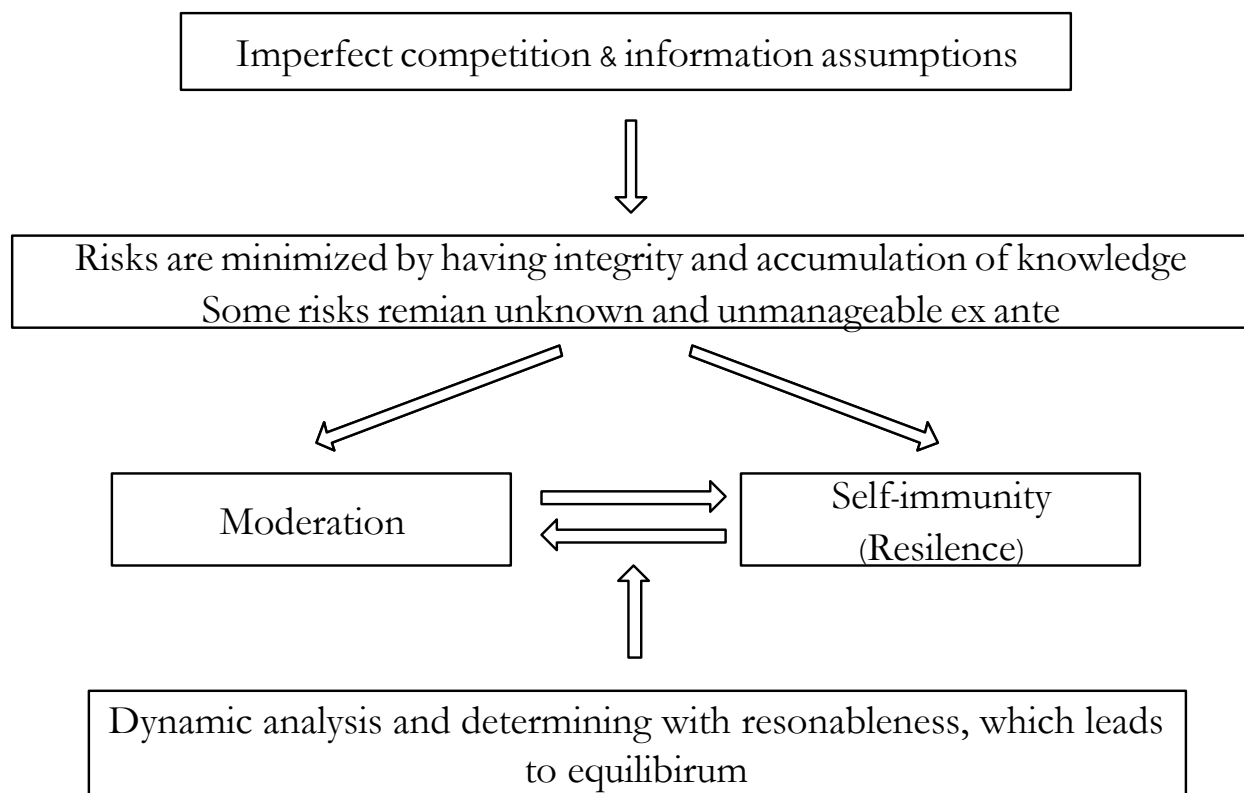


Source: Created by Surasak Chaithanakij to compare the components and conditions of SE and mainstream economics.

The assumptions about the efficient market and perfect risk management probable are the very points with which SE disagrees. Empirics indicate that both capital and product markets are unable to sustain their efficiency (Fama, 1970; Aghion and Griffith, 2005). Negative externalities prevail. Though the market competition helps remove the cosy cash cushion enjoyed by monopolists and has beneficial effects on managerial incentives, it may also create perverse effects. Competition will thus never substitute for a proper governance structure (Tirole, 2006: 29). A complete economic rationality, under mainstream economics, is unlikely to exist. A reasonable person can generally fall prey to his self-believed wisest decision (Tversky and Kahneman, 1991; Simon, 1997). The “moderation” component is intended to force the decision maker to accept the

reality that there always are some unfathomed risks and biases, of which the possible effects can never be effectively estimated. Moderation and “Reasonableness” are called in to deal with the risks and biases respectively. Moderation and reasonableness are interdependent. One does not hold long without the other. The principle of moderation will maintain the self-scrutiny process go, depressing any over-optimism largely known as being induced by greed (Tversky and Kahneman, 1991). Meanwhile, reasonableness will help the moderation to stay on the right track. There are likely more disputed points between mainstream economics and SE. While these disagreements show the theoretical incongruence lying beneath the two concepts, the latter has seemingly emerged to substitute for the weaknesses of the former. Figure 4 illustrates the possible logical process of SE borrowed from the framework of mainstream economics shown on Figure 2.

Figure 4
The Logical Consideration of Sufficiency Economy
under the Framework of Mainstream Economics



Source: Created by Surasak Chaithanakij to illustrate the possible logical consideration of Sufficiency Economy under the framework borrowed from mainstream economics. The flow chart shows that SE has a similar logical process to mainstream economics. However it has a different set of assumptions that make its recommendation deviate from mainstream economics.

The flow chart in Figure 3 shows that SE tends to share the similar logical consideration with mainstream economics. But its assumptions differ from mainstream economics, particularly the perfection of information. That explains its deviating recommendation of behaviour.

5. Sufficiency Economy and Efficiency-Oriented Economic Governance Concepts

All three components – moderation, reasonableness and resilience, and the integrity condition strongly imply the existence of restraining mechanisms intended to prevent wayward pursuit for benefit. This property is widely found in economic and corporate governance systems (Barzel, 1994; Grief, 2000; La Porta et al., 2000: 3; Elsenhans, 2001; Fuller and Jensen, 2002: 7; Becht, Bolton, and Röell, 2002: 36; Morck, Wolfenzon, and Yeung, 2004: 2). Two conventional concepts of governance TCE and agency theory and a newly proposed Trimiti corporate theory are selected for the examination of their relationships with SE. TCE and agency theory are broadly characterized as efficiency-oriented concepts because both set the cost minimum as their optimum condition. The examinations under these two conventional concepts are included in this section. The rest of the examination under the new theory is shown in Section 6.

5a. Sufficiency Economy and Transaction Cost Economics

In his TCE, Williamson (1985) suggests that hierarchy and hybrid forms of hierarchy-market are more efficient than markets in certain conditions. In this regard, SE shares a similar reaction to the governance form of market. Both TCE and SE do not believe that the market mechanism is the best form of governance in all circumstances. However their reactions are quite different. TCE suggests the alternative forms of hierarchy and the hybrid form of hierarchy-market in some circumstances whereas SE suggests that the actor be aware of her limited knowledge and information and maintain a realistic expectation in all economic activities by taking known as well as unknown risks into account.

What would make SE much different from TCE is the underlying assumptions. TCE takes the presumption that all information is known and given. All decisions are simply standard maximization problems, as in contract design, or as a choice among given “discrete, structural alternatives (Williamson, 1996; Foss and Klien, 2005: 3). Therefore there is no need for learning or discovery. The strategic space is fully specified *ex ante*. In contrast, SE may have elusive assumptions about information, choices and risks involved. Though the actor might be able to define a strategic space, its boundary may not be as precise as under TCE. The “self immunity” property of SE also leaves quite a lot of room for strategic selection. The TCE concept may help in specifying the scope for SE problem, but there is unlikely to be a theoretical linkage between SE and TCE.

5b. Sufficiency Economy and Agency Theory

Agency theory (Jensen and Meckling, 1976), which is also rooted in mainstream economics, has been the predominant issue in governance studies for decades. Jensen and Meckling posit that an agent would maximize her personal interest more than the principal's. The theoretical foundation of agency theory strongly assumes self-interest maximization. The origins of the concepts mark the different approaches in tackling the governance problem. Both SE and agency theory accept that an entity – an individual, a firm, an organization, or a society – without certain restraining governance mechanism can go awry by itself. However SE focuses the attention on all economic actors on economic principals as well as agents – whereas agency theory's focus is only on the agent. Agency theory and SE have one incongruent assumption about human motivation. A person under agency theory will seek the highest possible self-benefit regardless of others whereas a person under SE may seek self-benefit but she can learn to restrain herself for the sake of a sustainable life. Agency theory suggests the necessity of a system of checks and balances. To find a solution that may satisfy the manager with barely sufficient compensation for her performance is considered unthinkable under agency theory (Jensen and Murphy, 1990). The only viable solutions lie in proper incentive alignment and organizational balance of power (Fuller and Jensen, 2002). Meanwhile, SE, though it does not deny the necessity of a control system, equally suggests the importance of the socialization process and the adoption of a suitable mind set.

Agency theory is derived from incentive theory, which requires at least a principal and an agent with different incentive structures (Jensen and Meckling, 1976; Tirole, 2001). Agency theory becomes irrelevant in the situation where there is no agent, or where the principal and the agent are the same person. Thus agency theory becomes absolutely irrelevant for SE in such situations, which is particularly the case for SE. Individual persons are a major group, if not the most important target, that SE has been focusing on since its inception. Having such different theoretical foundations, SE can hardly find any theoretical linkage with agency theory.

6. Sufficiency Economy and Trimiti Corporate Governance Theory

The limitations of the conventional wisdom of corporate governance such as agency theory (Jensen and Meckling, 1976) and legal protection (La Porta et al., 1999) in explaining the corporate governance around the globe led to the recent development of a new theory of corporate governance, called Trimiti. Trimiti theory relies on the new institutional economics. Under the theory, the interaction of three components of power determines the balance of power, which contributes to corporate governance. Its conceptualization as well as supporting empirical study is conducted by holding the listed firm as the unit of analysis.

6a. Trimiti Corporate Governance Theory

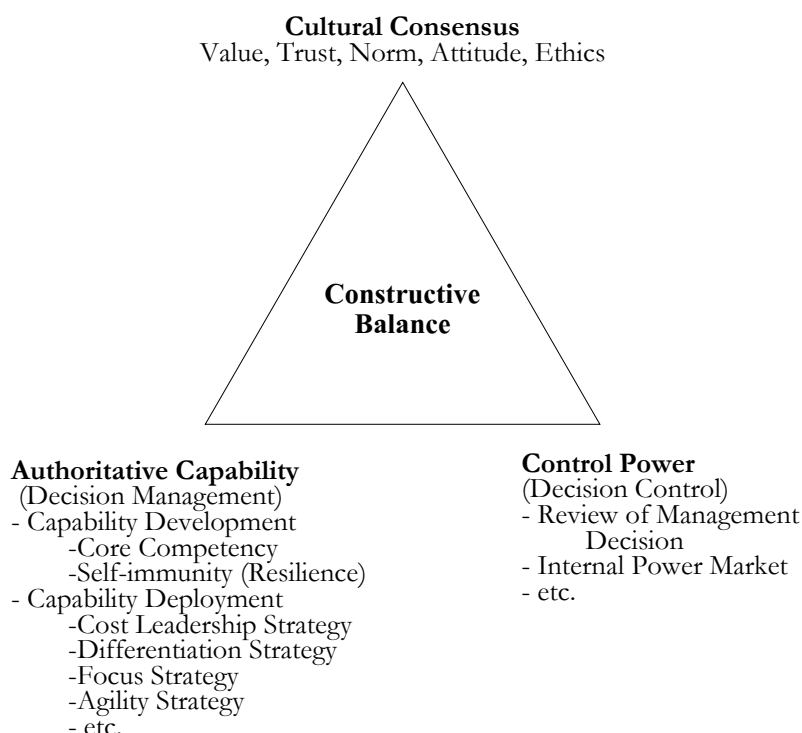
The Trimiti theory is inspired by several theories of the firm earlier proposed (Sabel, 1997; Schlicht, 1998; Grandori and Soda, 2004: 69). Its main components consist of firstly, 'authoritative capability', derived from hierarchy, the purpose of which is to develop and deploy the capability to generate quasi-rent (Knight, 1921; Penrose, 1959: 52-3; Weber, 1968: 126; Teece et al., 1994: 205; Lazonick and O'Sullivan, 2000: 70-2; Dosi, et al., 2000; Mahnke, 2001: 373). However, family firms tend to rely on intangible assets, particularly the effectiveness of knowledge management rather than the utilization of tangible assets normally employed by their professionally managed larger counterparts. Secondly, family firms also need 'control power' that keeps the 'authoritative capability' in check to ensure minimum risks are taken (Benveniste, 1977: 148-9; Rajan and Zingales, 1998: 388; Baker et al., 1999: 56; Heslin and Donaldson, 1999: 84; Gillette et al., 2003: 18-9). Thirdly, 'cultural consensus' is a component which dictates the interaction between the agents representing Authoritative capability and Control power (Grandori, 1997: 33-40; Heller, 2003: 147-8; Ioannides, 2003: 154; Robertson and Swan, 2003: 855).

Since Cultural Consensus varies across economic systems, the balance of power comes in different manners consistent with recent complementarity studies (Whitley, 1999; Hall and Soskice, 2001). The theory is supported by the observation that there are two dominating forms of balances in the world: Anglo-American systems with external counterbalancing forces of market mechanisms supported by strong law enforcement, and Western European and Japanese systems with internal counterbalancing forces of labour organizations and other stakeholders (Pagano and Volpin, 2000; Denis and McConnell, 2003; Roe, 2004).

Recent empirical tests have confirmed the success of the Trimiti theoretical framework in explaining the quite sizeable shortcomings of corporate governance of Thai listed firms (Chaithanakij, 2006a, 2006b, 2006c). There is some difference in Cultural consensus of publicly traded firms and family firms. Whereas the Cultural consensus of listed firms is much influenced by their historic origins as social institutions in the U.S and Europe (Kaufer, 1996; Kakabadse and Kakabadse, 2001: 19), its role in family firms is much more limited to wealth creation for family members.

Under the theory, the right equilibrium of power in the firm can be found. It contains certain components and sub-components but does not assume the discrete choices. Though the equilibrium of power can be eventually found, it is likely that the firm would have to pass through repeated processes of trial and error. Figure 5 shows the concept and its structure of components.

Figure 5
The Concept of Trimiti Corporate Governance Theory



Source: Summarized from Chaithanakij (2006a). The self-immunity (resilience) strategy is added to distinguish its different characteristic from other types of capability)

6b. Sufficiency Economy and Trimiti Corporate Governance Theory

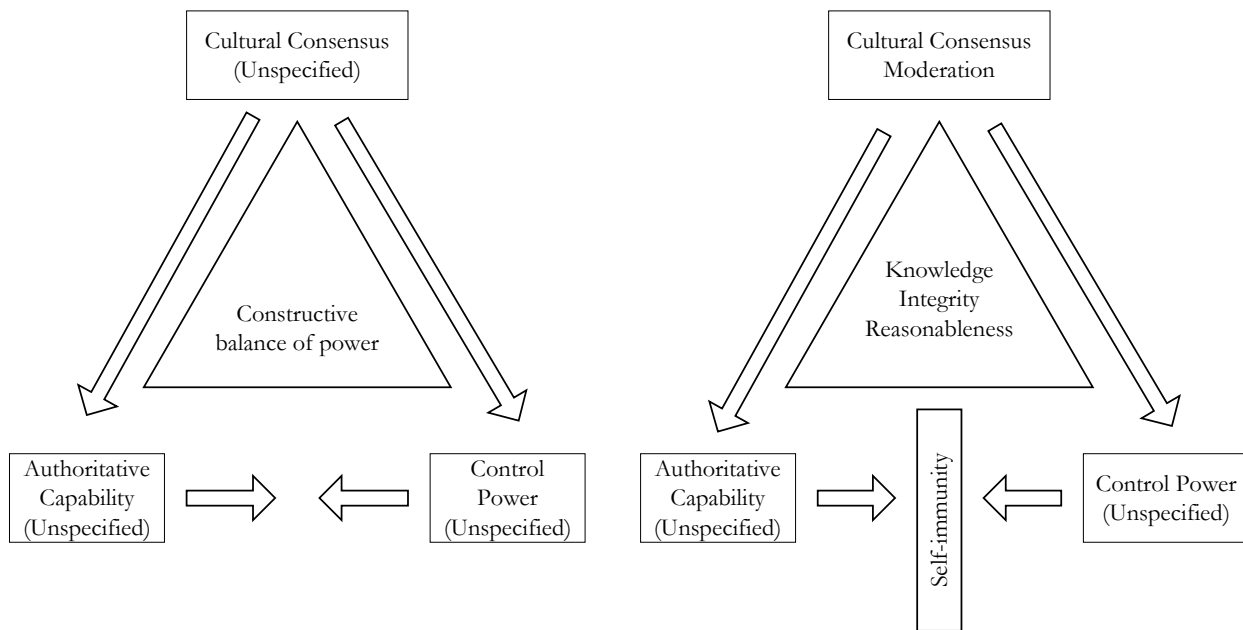
Both SE and Trimiti do not assume *ex ante* perfect information, as in mainstream economics and TCE. Nor do they have any presumption of self-interest maximization, as in mainstream economics, TCE and agency theory. Moreover SE and Trimiti have one important common assumption: human behaviours are driven by various cognitive factors, which are unnecessary for self-interest maximization.

For a comparative simplification, the components and conditions of SE concept is re-structured in according with the framework of Trimiti (Chaithanakij, 2006a). SE's concept under Trimiti's framework can be developed into two different models of governance depending on the scope of self-immunity (resilience). In its wider scope, self-immunity is considered an important property of an entity whereas its narrower scope is limited to the entity's resource or capacity level. The two different perspectives yield different implications, which are shown in Figure 6 and 8 respectively.

(1) Governance Model of SE with the Wide Scope of Self-immunity. In Figure 6, the cultural component of SE is stipulated as "moderation". The SE concept does not present the

sub-categories of the cultural components values, norms, etc though no obstacles for such efforts can be foreseen. The attempt of Kantabutra (2006, 2007) to establish the leadership style under SE can be considered one such effort.

Figure 6
The Re-structuring of Sufficiency Economy
Under the Framework of Trimiti Theory
When Self-immunity Is Broadly Defined



Source: Created by Surasak Chaithanakij to show the new structure of Sufficiency Economy (SE)'s components under Trimiti corporate governance theory. The chart indicates that the two major components of Trimiti are unspecified in SE. Instead SE contains the self-immunity (or resilience), which seems to combine the two missing components of Trimiti.

What apparently marks the interesting difference between SE and Trimiti are the areas of orientation. SE holds an individual as the unit of analysis and so, it tends to focus on the cognitive component and almost ignores the supporting power mechanism whereas Trimiti theory, having organization as the unit of analysis, emphasizes both the influence of the cognitive determinants as well as the mechanism of power. In simple terms, SE may be considered an internal model whereas Trimiti may be considered a dual model both internal and external. The different orientations appear in two aspects: the component and the condition.

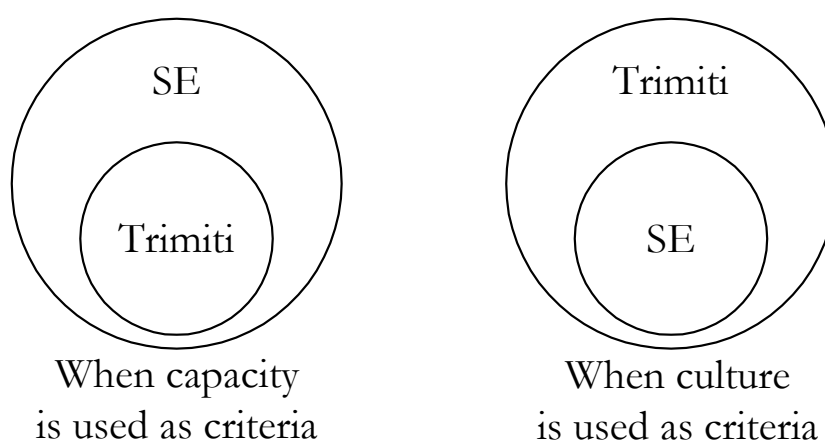
While Trimiti theory specifies the necessary separation and balance of two components capability and control for the firm's success, SE combines the Trimiti's two components into one, calling the combination self-immunity or resilience. The differences in components and conditions are much explained by their purposes and scopes. SE maintains its status as a universal concept, applicable to all entities particularly farmers and community organizations whereas Trimiti theory is

intended to specifically explain the existence of corporate governance, and is particularly applicable to collective entities such as a business firm, or other types of organization. One of the firm's objectives are to generate and distribute economic rent. Such objectives cannot be accomplished without two critical elements superior capabilities and the control of risks (March, 1991; Luo, 2000). SE adopts quality of life as the foremost objective. To maintain a good life, a person can make the effort, and actually has to make the effort, to temporarily ignore competitions regardless of the area in which she is engaged e.g. education, career and business. To be a universal concept, SE has to trade off the specific tangible structure, such as the system of checks and balances in business firms and governmental agencies, for a general, vaguer concept, such as self-immunity or resilience.

The internal orientation of SE also is reflected in its conditional requirements of individual knowledge and integrity. Being the internal-oriented model necessitates more specific requirements of such individual capacities. Without the depth of knowledge and integrity, a person can face difficulty determining the right balance for what counts as reasonableness and moderation. Knowledge alone is a two-edged sword. The integrity is additionally required for preventing the inappropriate usage of knowledge, e.g. expropriation from others, the abuse of natural resources. In comparison, Trimiti theory only requires the broader norms of constructive balance of power, which implies the intolerance of absolute power and destructive activities as necessary conditions. In the perspective, SE emphasizes the internal conditions of individual whereas Trimiti emphasizes the mode of interpersonal relations. When self-immunity is considered as an important characteristic of an entity, reasonableness can be treated as a condition in addition to knowledge and integrity. In this case immunity is the end result of two interacting unspecified components of authoritative capability and control power in Figure 6. A further analysis reveals their two alternative forms of relationships in Figure 7, which one is the subset of another depending on the criterions used: capacity or culture.

Figure 7

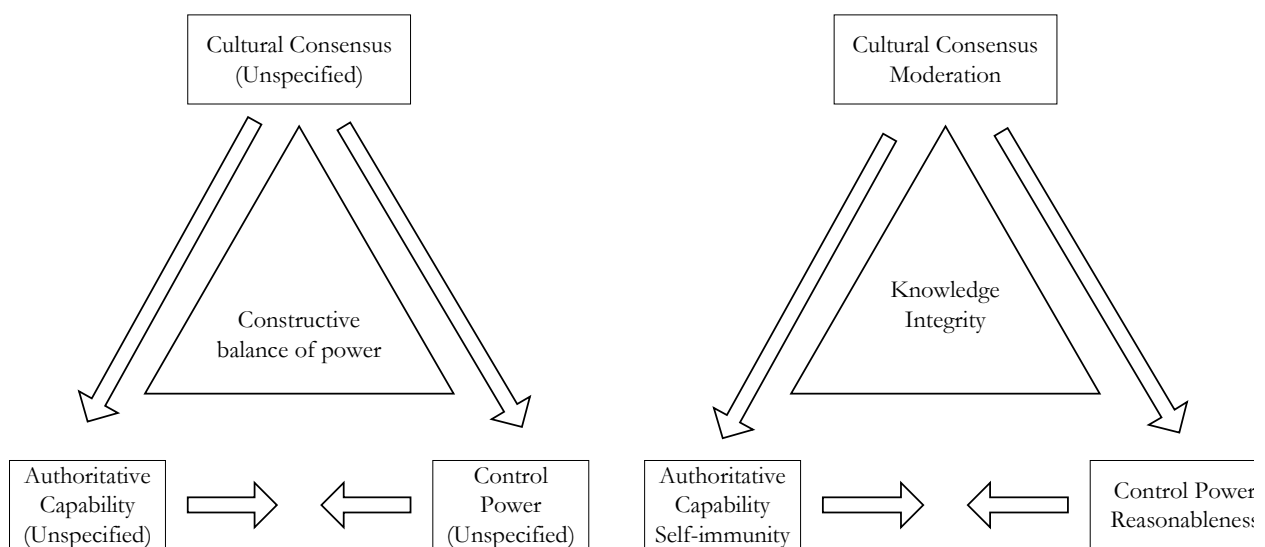
Two Alternative Relationships between SE and Trimiti



Source: Created by Surasak Chaithanakij to show two different relationships between Sufficiency Economy and Trimiti theory when either capacity or culture is used as a criteria. One becomes one of the other's classes.

(2) Governance Model of SE with the Narrow Scope of Self-immunity. Meanwhile the self-immunity can alternately considered as a resource or capacity of the entity and reasonableness is used as control power. Under this scenario, a rigid model of governance emerges on the right hand, compared to Trimiti on the left hand side of Figure 8. A further analysis indicates that SE governance model in this particular condition is categorized as only a subset of Trimiti shown as the right hand picture of Figure.

Figure 8
The Re-structuring of Sufficiency Economy
Under the Framework of Trimiti Theory
When Self-immunity Is Narrowly Defined



Source: Created by Surasak Chaithanakij to show the new structure of Sufficiency Economy (SE)'s components under Trimiti corporate governance theory. The chart indicates that the two major components of Trimiti are unspecified in SE. In this case self-immunity is strictly defined as the entity's capability, forcing reasonableness to become control power. A new rigid model of SE governance on the right hand side is the result, compared to the Trimiti model on the left hand side.

Regardless of the assumptions about the scope of self-immunity, SE generally shows a high compatibility with Trimiti. The structure of SE's components under Trimiti theory reveals the resemblance of its restraining mechanism indicating the possible theoretical connection of SE and Trimiti theory. This finding give us some hope for furthering theoretical development of

SE into a full blown theory of economic governance in a similar manner to Trimiti (Chaithanakij, 2006a). However, the result of this examination is too small in scope and too superficial to claim a theoretical connection between the two concepts. The different foundations of the units of analysis also pose another problem for the validity of such an argument. Much more study is needed before the theoretical foundations of SE can be firmly established.

7. Conclusion

In this article, the role of SE in Thai society has been reviewed. Like most alternative economic concepts, SE has had to struggle against the paradigm of mainstream economics. With the successful application of the concept in several development projects and the reiterations of its importance by His Majesty King Bhumibol Adulyadej on several occasions, the concept has gained much attention from economic scholars. However, the early attempts at theoretical conceptualization of SE into a sub-discipline of development economics by scholars have not shown much success.

The very core concept of moderation in SE implies the importance of self-restraint, in which lies the critical characteristic of the economic governance system, prompting the investigation of its theoretical foundation as an economic governance concept. Conventional governance theories mainstream economics, transaction cost economics, and agency theory as well as the newly proposed Trimiti theory are selected for the investigation against SE.

Like most governance theories, mainstream economics, TCE, agency theory, SE and Trimiti share one common belief in the certain forms of equilibrium though their definitions and respective condition requirements for equilibrium remain different. What marks the incongruence among these concepts includes the assumption of perfect information, the well defined rights of properties, self-interest maximization, and the discreteness of prevailing choices, the passivity to learning and self-improvement, the cultural influence in decision making, and personal or interpersonal oriented modelling.

SE is found not to have many characteristics in common with most concepts, except for Trimiti. Both SE and Trimiti appear to share the same core concept of restraint. However the origins of their conceptual development mark their other characteristics– components as well as conditions. SE was modelled after individual behaviour, particularly that of a farmer. The concept, however, ultimately provides a system of values and conditional determinants for a successful individual regardless of her social and economic status. In contrast, Trimiti took a start with business firms and looked for the determinants of successful business operations. The development of Trimiti theory undoubtedly ends up proposing a set of more tangible components and mechanism than SE. Since the objectives of being a successful person and of being a successful firm are different, their respective requirements diverge. Such a close relationship between the two concepts sparks

the hope for one possible alternative of conceptualizing Sufficiency Economy as an economic governance theory through the window of Trimiti theory, in addition to already existing efforts.

Notes

1. Several work – e.g. Vitols (1995), Dixit (2001), and Boyer (2005) – directly dealt with the economic governance but none provides the definition of economic governance. I decide to define the economic governance differently from the general meaning of “governance” provided in the United Nation Development Program (UNDP, 2007a)’s and other public agencies’ websites, e.g. the Canadian Centre for Philanthropy, which usually defines “governance” in a broader way as “the exercise of political, economic and administrative authority to manage a nation’s affairs.” Descriptive as it is, such a definition does not provide any analytical perspectives.

2. The paradigm of mainstream economics was so strong that study under other schools of thoughts such as theory of the firm was kept at bay (Coase, 1972).

3. With limited time and resources, I admit the failure in finding past attempts in theoretically conceptualizing the SE, which would show its linkage with other economic theory, particularly from the work originated by the Office of National Economic and Social Development Board of Thailand (e.g. Isarangkun and Pootrakool, 2001; Piboolsravut, 2001; <http://www.nesdb.go.th>). The search through the Center of Sufficiency Economy Study (<http://www.sufficiencyeconomy.org>) and NIDA Center for Sufficiency Economy yield a similar result. At the same time I have encountered quite substantial arguments indicating the shortcoming of conventional development economics, the need to search for new theories of development in those literatures, and a managerial application model (Kantabutra, 2006, 2007), and several other reinterpretations. No form of logical process to establish connection between content in these literatures and the SE conceptual model (UNDP, 2007b: 30) has been found.

4. There are numerous versions of conceptual reinterpretations. Some efforts contradict others. To avoid any confusion, I choose to focus my analysis on its conceptual economic validity regardless of its contextual applicability and implementation models. I intend to propose this theoretical conceptualization in governance perspective as an alternative to other existing efforts rather than as a substitute.

5. Tragedy of the commons is a classic type of market failure that involves a conflict over resources between individual interests and the common good. It occurs when there is a tendency towards free access and unrestricted demand for a finite resource. The term is mostly referred to the consequence of private exploitatively utilizing a public natural resource.

6. Actually I prefer the term “realistic rationality”, which may convey a more appropriate meaning of the concept, and comes closer to bounded rationality (Simon, 1997). However, realistic rationality implies a more proactive cognition. Under the proactive cognition of realistic rationality,

an actor consciously is aware of her limited information though she does not have to know exactly the unknown information. The actor is actively aware of her risk avoidance and she intends to make the decision in this manner. The risk avoidance under SE may be different from risk aversion in financial economics, which is considered as sub-optimal decision-making. The risk-aversion under financial economics assumes that an actor has a full knowledge of risks and their respective properties, but she irrationally decides to take the less risky choice. She is willing to accept a lower return instead. The actor under risk avoidance takes her limited knowledge of risks into account, and she chooses to accept the minimal amount of exposed risks. She may feel satisfied with the outcome regardless of the optimality, which might never be known. For example, an actor sees a cloudy sky, and so she decides to take an umbrella to go outdoors regardless of the exact chance of rain falling and its intensity. She might not even listen to the weather forecast because she has realized that she is incapable of appraising the capability of the bureau of meteorology, and the precision of its forecasting (how many of us can?). Under this circumstance, the actor is realistically rational and her decision may not be considered risk-averse.

7. I brief the concept of Trimiti here for the audience's convenience to get familiarized with it, and for further comparison with SE. Please see Chaithanakij (2006a) for the full content showing its conceptualization and supporting evidences.

8. I do realize that there is more than one way of re-categorization, even with the same characteristics of structure. But the one presented in Figure 3 is the SE's closest conformance with Trimiti theory.

References

- Aghion, P., and Griffith, R. (2005). *Competition and Growth: Reconciling Theory and Evidence*. Cambridge, MA: MIT Press.
- Arrow, K. J. (1987). "Economic theory and the hypothesis of rationality," *The New Palgrave: A Dictionary of Economics*, v. 2: 69-75.
- Baker, G., Gibbons, R., and Murphy, K. J. (1999). "Informal Authority in Organizations." *Journal of Laws, Economics and Organization* 15: 56-73.
- Barzel, Y. (1994). "The Capture of Wealth by Monopolists and the protection of Property Rights." *International Review of Law and Economics* 14: 393-409.
- Becht, M., Bolton, P., and Röell, A. (2000). "Corporate Governance and Control." ECGI Finance Working Paper No. 2/2002.
- Becker, G. S. (1978). *The Economic Approach to Human Behaviour*. University of Chicago Press.
- Benveniste, G. (1977). "Survival inside Bureaucracy." In G. Thompson, J. Frances, R. Levacic, and J. Mitchell (eds.) (1991). *Markets. Hierarchies and Networks*. Sage Publications: London: 141-153.
- Bhagat, S., and Black, B. (2002). "The Non-correlation between Board Independence and Long-term Firm Performance." *Journal of Corporation Law* 27(2): 231-73.
- Boyer, R. (2005). "How and Why Capitalisms Differ?" *Economy and Society* 34: 509-57.
- Chaithanakij, S. (2006)a. The Determinants for Success and Failure of Corporate Governance System: The Analysis of Thai Corporate Governance Through the Lens of Three-Pillared Framework. Doctor of Philosophy Dissertation with Distinguished Dissertation Award, Thammasat University, Bangkok, (in Thai).
- Chaithanakij, S. (2006)b. "The Study of Corporate Governance in Thailand Through the Lens of Three-pillared Model." *Corporate Ownership and Control* 4: 49-64.
- Chaithanakij, S. (2006)c. "Internal audit function as a corporate governance mechanism: evidence from Thailand." 9th International Conference on Corporate Governance and Board Leadership, Henley Management College, U.K., 3-5 October 2006.
- Coase, R. (1937). "Nature of the Firm." In O. E. Williamson, and S. E. Masten (eds.) *The Economics of Transaction Costs*. Cheltenham, UK: Al Elgar Critical Writings Reader, 1999: 3-22.
- Coase, R. (1972). "Industrial Organization: A Proposal for Research." In O. E. Williamson, and S. E. Masten (eds.) *The Economics of Transaction Costs*. Cheltenham, UK: An Edgar Critical Writings Reader, 1999: 54-68.
- Denis, D. K. and McConnell, J. J. (2003). "International Corporate Governance." *Journal of Financial and Quantitative Analysis* 38: 1-36.
- Dixit, A. (2001). "On Modes of Economic Governance." CESinfo Workin Paper No. 589. Available at SSRN: <http://www.ssrn.com/abstract=287851>.

- Dosi, G., Nelson, R. G., and Winter, S. G. (2000). "Introduction." In G. Dosi, R. G. Nelson, and S. G. Winter. *The Nature and Dynamics of Organizational Capabilities*. Oxford: Oxford University Press: 1-22.
- Elsenhans, H. (2001). "The Political Economy of Good Governance." *Journal of Development Studies* 17: 2-56.
- Fama, E. F. (1970). "Efficient Capital Markets: A Review of Theory and Empirical Work." *Journal of Finance* 25 (2) 383-417.
- Foss, N., and Klein, P. G. (2005). "The Theory of the Firm and Its Critics: A Stocktaking and Assessment." Available at SSRN: <http://ssrn.com/abstract=695484>.
- Frey, B. S., and Benz, M. (2005). "Can private Learn from Public Governance." *Economic Journal* 115: F377-96.
- Friedman, M. (1962). *Capitalism and Freedom*. Chicago: University of Chicago Press.
- Fuller, J. and Jensen, M. C. (2002). "What's a Director to Do?" Harvard NOM Research Paper No. 02-38. Available at SSRN: <http://papers.ssrn.com/abstract=357722>.
- Grandori, A. (1997). "Governance Structure, Coordination Mechanisms and Cognitive Model." *Journal of Management and Governance* 1: 29-47.
- Grandori, A., and Soda, G. (2004). "Governing with Multiple Principals: An Empirically- Based Analysis of Capital Providers' Preferences and Superior Governance Structure." In A. Grandori (ed.). *Corporate Governance and Firm Organization: Microfoundations and Structural Firms*, Oxford University Press: Oxford: 67-88.
- Greif, A. (2000). "Historical and Comparative Institutional Analysis: Self –Enforcing and Self-Reinforcing Economic Institutions." Stanford University Department of Economics Working Paper.
- Greif, A. (2005). *Institutions and the Path to the Modern Economy: Lessons from Medieval Trade*. Cambridge University Press (forthcoming).
- Hall, P., and Soskice, D. (2001). *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*. Oxford University Press: New York.
- Hardin, G. (1968). "The Tragedy of the Commons" *Science* 162 (3859): 1243-48.
- Hayek, F. A. (1945). "The Use of Knowledge in Society." *American Economic Review* 35: 519-30.
- Heller, F. (2003). "Participation and Power: A Critical Assessment." *Applied Psychology: An International Review* 52: 144-63.
- Heslin, P. A. and Donaldson, L. (1999). An Organizational Portfolio Theory of Board Composition. *Corporate Governance: An International Review* 7: 81-8.
- Ioannides, S. (2003). "The Business Firm as a Hybrid Hayekian Order What is the Role of the Entrepreneur?" In R. Koppl (ed.) *Austrian Economics and Entrepreneurial Studies*. Elsevier Science: Oxford: 153-71.

- Isarangkun, J., and Pootrakool, K.(2001). "Sustainable Economic Development though the Sufficiency Economy Philosophy." National Economic and Social Development Board of Thailand.
- Jensen, M. C., Meckling, W. H. (1976). "Theory of Firm: Managerial Behavior, Agency Costs, and Ownership Structure." *Journal of Financial Economics* 3(4): 305-60.
- Jensen, M. C., and Murphy, K. J. (1990). "CEO Incentives – It Is Not How Much You Pay but How?" *Harvard Business Review* 90(May-June): 138-53.
- Kakabadse, A, and Kakabadse, N. (2001). *The Geopolitics of Governance: The Impact of Contrasting Philosophies*. Palgrave: New York.
- Kantabutra, S. (2006). "Relating Vision-based Leadership to Sustainable Business Performance: A Thai Perspective." *Kravis Leadership Institute Leadership Review* 6: 37-53.
- Kantabutra, S. (2007). "Development of Sufficiency Economy Philosophy in Thai Business Sector: Evidence, Future Research, and Policy Implications." Unpublished Working Paper.
- Kaufer, E. (1996). "The Evolution of Governance Structures: Entrepreneurs and Corporations." *Journal of Institutional and Theoretical Economics* 152: 7-29.
- Knight, F. H. (1921). *Risk, Uncertainty, and Profit*. Houghton Mifflin: New York.
- Lakoff, G. (1996). *Moral Politics: What Conservatives Know that Liberals Don't*. Chicago: The University of Chicago Press.
- La Porta, R., Lopez-de-Silanes, F., Shleifer, A. and Vishny, R. W. (1999). "Corporate Ownership around the World." *Journal of Finance* 54: 471-520.
- La Porta, R., Lopez-de-Silanes, F., Shleifer, A. and Vishny, R. W. (2000). "Investor Protection and Corporate Governance." *Journal of Financial Economics* 58: 3-27.
- Lazonick, W., and O'Sullivan, M. (2000). "Perspectives on Corporate Governance, Innovation, and Economic Performance." CGEP Project no. 053, INSEAD.
- Leightner, J. (2007). "Thailand's Financial Crisis: its Causes, Consequences, and Implications." *Journal of Economic Issues* 41: 61-76.
- Luo, Y. (2000). "Dynamic Capabilities in International Expansion." *Journal of World Business* 35: 355-78.
- Mahnke, V. (2001). "The Process of Vertical Dis-Integration: An Evolutionary Perspective on Outsourcing." *Journal of Management and Governance* 5: 353-79.
- March, J. G. (1991). "Exploration and Exploitation in Organizational Learning." *Organization Science* 2: 71-87.
- Morck, R., Wolfenzon, D., and Yeung, B. (2004). "Corporate Governance, Economic Entrenchment and Growth." NBER Working Paper. Available at NBER:<http://www.nber.org/papers/w10692>.
- NIDA Center for Sufficiency Economy. (2007). Academic Documents. Available at http://libmedia.nida.ac.th:8080/ipac20/ipac.jsp?menu=search&aspect=basic&npp=20&ipp=20&profile=main&ri=&term=*&index=.GW. Accessed on September 2, 2007.

- Ostrom, E. (1999). *Governing the Commons: the Evolution of Institutions for Collective Action*. Cambridge: Cambridge University Press.
- Pagano, M., and Volpin, P. F. (2000). The Political Economy of Corporate Governance. AFA 2002 Atlanta Meetings; Univ. of Salerno Working Paper No. 29. Available at SSRN: <http://ssrn.com/abstract=209314>.
- Penrose, E. (1959). *The Theory of the Growth of the Firm*. Oxford University Press: New York.
- Punthasen, A. (2000). "Sufficiency Economy and the Economists' Interpretation." *T.K.S. (Bank for Agriculture and Agricultural Cooperatives) Journal* 23(1): 5-31 (Thai).
- Punthasen, A.(2001X. *Buddhist Economics: Evolution, Theory and Application in Economics*. Bangkok: Amarin (Thai).
- Piboolsravut, P. (2001). "Socioeconomic Vulnerability: Experiences from Thailand." The Third Annual Global Development Conference Paper, Rio de Janeiro, Brazil, December 12.
- Przeworski, A. (2003). "A Flawed Blueprint: The Covert Politicization of Development Economics." *Harvard International Review* 25(1): 42-47.
- Rajan, R. G., and Zingales, L. (1998). "Power in Theory of the Firm." *Quarterly Journal of Economics* 118: 387-432.
- Robertson, M., and Swan, J. (2003). Control – What Control? Culture and Ambiguity within a Knowledge Intensive Firm. *Journal of Management Studies* 40:831-58.
- Roe, M. (2004). The Institutions of Corporate Governance. Harvard Law and Economics Discussion Paper No. 488. Available at SSRN: <http://ssrn.com/abstract=612362>.
- Sabel, C. F. (1997). "Constitutional Orders: Trust Building and Response to Change." In J. R. Hollingworth, and R. Boyer (eds.) *Contemporary Capitalism*. Cambridge University Press: New York: 154-88.
- Schlicht, E. (1998). *On the Custom in the Economy*. Oxford Clarendon Press: New York.
- Senanarong, A. (2004). "His Majesty's Philosophy of Sufficiency Economy and the Royal Development Study Center." The Ministerial Conference on Alternative Development: Sufficiency Economy, Ministry of Foreign Affairs, Bangkok, Thailand. November 8.
- Simon, H. A. (1997). *Models of Bounded Rationality, Vol III: Empirically Grounded Economic Reason*. Cambridge, MA: MIT Press.
- Siriprachai, S. (2007). "Thailand." In A. Chowdhury (ed.) *Handbook On The Northeast And Southeast Asian Economies* (forthcoming). Cheltenham, UK: Edward Elgar
- Spence, A. M. (1973). "Job Market Signaling." *Quarterly Journal of Economics* 87: 355-74.
- Stiglitz, J. E. (1994). *Whither Socialism*. Cambridge, MA: The MIT Press.
- Teece, D. J., Rumelt, R., Dosi, G., and Winter, S. G. (1994). "Understanding corporate coherence." In D.J. Teece (ed.) *Economic Performance and the Theory of, the Firm: The Selected Papers of D. J. Teece, Volume 1*, 1998. Edward Elgar: Cheltenham, UK: 187-216.

- Tirole, J. (2001). "Corporate Governance." *Econometrica* 69: 1-35.
- Tirole, J. (2006). *The Theory of Corporate Finance*. Princeton, NJ: Princeton University Press.
- Tversky, A., and Kahneman, D. (1991). "Loss Aversion in Riskless Choice: A Reference-Dependent Model." *Quarterly Journal of Economics* 106: 1039-61.
- United Nations Development Program (UNDP). (2007)a. "Definition of Governance, Good Governance and a Proposed Framework for Good Governance." Available at http://www.aucegypt.edu/src/engendering/good_governance.html.
- United Nations Development Program (UNDP). (2007)b. "Sufficiency Economy and Human Development." Thailand Human Development Report. Available at URL: http://www.undp.or.th/NHDR2007/pdf/NHDR_BookEng.pdf
- Vitols S. (1995). "Corporate Governance versus Economic Governance: Banks and Industrial Restructuring in the U.S. and Germany." Discussion Paper No. FSI 95-310. Available at SSRN: <http://papers.ssrn.com/abstract=607641>.
- Weber, M. (1968). "Legal Authority in a Bureaucracy." In G. Thompson, J. Frances, R. Levacic, and J. Mitchell (eds.) *Markets, Hierarchies and Networks*, 1991. Sage Publications: London: 119-127.
- Whitley, R. (1999). *Divergent Capitalisms: The Social Structure and Change of Business Systems*. Oxford University Press: Oxford.
- Williamson, O. E. (1985). *The Economic Institutions of Capitalism: Firms, Markets, Relational Contracting*. New York: The Free Press.
- Williamson, O. E. (1996). *The Mechanisms of Governance*. Oxford: Oxford University Press.