

Navigating Monetisation Fragility: Management Strategies for Design Micro-Enterprises in Bangkok, Thailand

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ABSTRACT

This study conceptualizes monetisation fragility within the situated creative ecosystem of Bangkok, Thailand. Drawing on qualitative interviews with ten established design micro-enterprises (operating 10–25 years), the study analyze three revenue pathways: design service fees, proprietary products, and intellectual property royalties. The findings show that service models suffer from persistent undervaluation, which design managers hypothesize is driven by a perceived client-designer cognitive disconnect regarding invisible cognitive labor. Product and licensing models struggle with scaling bottlenecks, contract evasion, and geopolitical asymmetries. Critically, the study positions these perceived client deficits not as objective market baselines, but as emic hypotheses held by design managers. Acknowledging the exclusive supply-side sample as a central empirical and conceptual limitation, this study proposes a relational theory of monetization fragility, which future research should validate using paired data.

Keywords: Design Management, Monetisation Strategies, Creative Micro-Enterprises, Intellectual Property (IP), Cognitive Labor, Emerging Economies.

1. INTRODUCTION

Design studios have driven value addition across diverse industries by transforming intangible intellectual capital into high-value, market-driven innovation (Loots & van Bennekom, 2023; Pavliuk, 2023). Operating primarily as small-to-medium enterprises (SMEs) or micro-enterprises, these studios function as critical intermediaries bridging aesthetic appeal, functional utility, and production feasibility (Lukianenko et al., 2016; Stoll, 1999). Designers act as industrial gatekeepers capable of delivering significant organizational change, enhancing service satisfaction, and managing complex retail touchpoints (Aitchison et al., 2010). Their unique value creation approach relies heavily on practical sensibility to deliver client-centric solutions that achieve aesthetic differentiation while maintaining rigorous cost-efficiency (Hakatie & Ryyänen, 2006).

However, balancing this creative integrity with commercial realities continuously constrained effective business operations (Loots & van Bennekom, 2023). Founders have encountered profound friction when attempting to communicate value to clients or secure investment because the design sector lacked standardized business models (Pfeifer et al., 2017). This frequently resulted in misaligned project goals, resource mismanagement, and a precarious divide between creative ambitions and economic survival (Boğa & Topcu, 2020; Hakatie & Ryyänen, 2006; Salder, 2020).

This vulnerability is severely constrained by territorial asymmetries, unequal access to legal protections, global distribution networks, and dominant Western-centric valuation systems that historically position peripheral studios as low-cost technical executors rather than upstream strategic innovators. Design enterprises in emerging economies operate within systemic geopolitical and infrastructural dependencies that compound their domestic monetization fragility (Salder, 2020). Industry knowledge deficits and poor inter-agency coordination have created regulatory environments that actively stifle the growth of design businesses, highlighting a significant knowledge gap in the literature (Rosyadi et al., 2022).

Within Southeast Asia, the design sector's evolution perfectly illustrated this systemic divide. While nations like Singapore and Malaysia benefited from advanced innovation ecosystems and strong talent pipelines (Fatmawati et al., 2025). Developing ecosystems in the region have faced substantial hurdles. Creative micro-enterprises in these areas often lacked the managerial capacity to scale operations. Deep institutional fragmentation hindered collaboration between government agencies and independent designers. Furthermore, these markets faced severe threats from piracy, limited bank credit, and a pervasive undervaluation of design—all of which drove highly skilled practitioners to migrate abroad (Simatupang, Rustiadi, & Situmorang, 2012).

In emerging creative ecosystems like Thailand, this study conceptualizes these vulnerabilities through the lens of monetisation fragility. The Thai government's strategic convergence of the Thailand 4.0 and Soft Power initiatives aimed to transition the national economy from labor-intensive production to innovation-led, high-value creation (Puriwat & Tripopsakul, 2020). Despite this aggressive top-down promotion, a high concentration of design entrepreneurs lacked robust systemic support, exposing a fundamental polarization between energetic artistic networks and underdeveloped business networks (CEA, 2022). This unsupported ecosystem heavily relied on personal social capital and struggled to harmonize aesthetic desire with technical and commercial requirements (Filippetti & D'Ippolito, 2017; Salder, 2020).

This study approaches the core driver of monetization fragility—the client-designer cognitive disconnect—as an emic proposition rooted in managerial experience rather than an objective market baseline. Acknowledging that this perceived undervaluation requires subsequent demand-side verification, our framework offers an initial benchmark for examining supply-side coping strategies under conditions of economic precarity. The research was guided by two primary questions:

- What are the primary Monetisation strategies employed by design micro-enterprises in emerging economies?
- What structural and operational barriers impede the scalability of these specific revenue pathways?

2. LITERATURE REVIEW

2.1. Design Management

The efficacy of a design enterprise was fundamentally predicated on effective design management—the strategic coordination of creative processes, technical feasibility, and commercial client strategies (Topaloglu & Er, 2017). By integrating design thinking into

business strategies, managers could enhance products and organizational structures (Acklin & Wanner, 2017). However, design management persistently operated within the tension between artistic integrity and commercial viability, where financial logic frequently clashed with creative intentions (Pfeifer et al., 2017; Salder, 2020). Resolving project complexity and minimizing costly design iterations necessitated specialized management competency and high-quality information flow (Wyke et al., 2025). Consequently, effectively monetizing design required managers to face a profound challenge: pricing what Salder (2020) termed sweat costs. This intensive, unquantifiable cognitive labour was embedded in a high-risk, project-based model where economic value remained latent until well after the point of sale.

This cognitive labour involved the production of immaterial, intangible assets such as knowledge, communication, and cultural standards (Wang & Tomassetti, 2024). However, practitioners often lacked standard labour protections, which plunged them into precarious undersupply crises where they lacked both work and money (Miller, 2020) because the design industry heavily relied on project-based and micro-enterprise models (Pfeifer et al., 2017). This structural precarity led to the systemic undervaluation of creative work, where the financial returns on cognitive labour were remarkably low and frequently forced practitioners to seek secondary employment to subsidize their studios (MacNeill et al., 2022).

2.2. Digital Transformation

Rather than a generalized technological disruptor, design managers strategically utilize Generative Artificial Intelligence (AI) as a tactical, cost-mitigation boundary tool to manage cognitive labor during the highly uncertain front-end of design briefing. By rapidly optimizing initial visualizations, AI compresses the uncompensated 'sweat costs' of early-stage ideation (Agri et al., 2025). However, this introduces a complex agency loop where managers must actively assert their decision-making authority to navigate the system's technical limitations and protect intellectual property rights (Andraschko & Weritz, 2026). Consequently, managers had to deliberately reclaim their decision-making authority to mitigate legal ownership risks, verify data reliability, and safeguard the integrity of their monetized products (Andraschko & Weritz, 2026).

2.3. Monetisation Strategy

The primary monetization pathway for design micro-enterprises is service delivery, where firms deploy project-based management to balance aesthetic intent with cost estimation (Boğa & Topcu, 2020; Pfeifer et al., 2017). However, this model generates operational friction through the autonomy paradox, where client control clashes with creative freedom (Filippetti & D'Ippolito, 2017). Because creative outputs feature causal ambiguity and subjective evaluation, clients struggle to judge fair pricing (Davies, 2009; Hakatie & Ryyänen, 2006), instead evaluating behavioral quality and requiring managers to cultivate emotional capital (Davies, 2009). When clients lack design literacy, distrust depresses fee rates, requiring facilitative leadership to align design goals with commercial strategy (Fonseca Braga, 2017).

To move beyond transactional service fees, firms seek long-term sustainability through Intellectual Property (IP) royalties, which correct market failures in quasi-public information goods (Doyle, 2012; Handke, 2010; Sanz, 2015) and provide intangible capital for financing (Panda & Joy, 2021). Yet, IP monetization remains highly fragile in Southeast Asia (Simatupang et al., 2012). While regional leaders like Singapore and Malaysia possess mature ecosystems

(Fatmawati et al., 2025), developing contexts such as Indonesia and Thailand suffer from institutional fragmentation, weak contract enforcement, credit barriers, and piracy (Simatupang et al., 2012). This fragility is exacerbated by protectionist global IP regimes (Reichman, 2009) and generative AI's unlicensed training on copyrighted works (Ul Islam et al., 2026). Without state-backed governance and localized counter-harmonization (Reichman, 2009), domestic royalty streams remain structurally vulnerable.

Design micro-enterprises operate under structural precarity: converting cognitive labor into commercial value is constrained by the autonomy paradox, uncompensated sweat costs, and institutional IP failures. While prevailing management theories presuppose mature institutional protections, this study investigates how emerging-economy studios navigate these universal tensions without robust institutional safety nets.

3. RESEARCH METHOD

This study uses an exploratory qualitative design to examine design management in Thailand, a critical case of creative micro-enterprise vulnerability in developing economies. While national initiatives like Thailand 4.0 and the CEA framework promote high-value creative growth (CEA, 2022; Puriwat & Tripopsakul, 2020), ground-level enterprise scalability remains constrained.

Ten semi-structured, face-to-face interviews were conducted using purposive sampling (Table 1). Eligible participants were active founders or design managers of Bangkok studios with more than five years of managerial experience across industrial, product, and graphic design. These disciplines were selected for their direct integration with manufacturing supply chains, corporate strategy, and intellectual property monetization, ensuring informants possessed the operational acumen necessary to articulate complex commercial challenges.

Table 1: Respondent Profile

Code	Primary Design Discipline	Number of employees (people)	Years in operation (years)
Studio 1	Product design	4	10
Studio 2	Product design	5	12
Studio 3	Graphic design	3	15
Studio 4	Industrial design	5	20
Studio 5	Graphic design	3	13
Studio 6	Graphic design	6	17
Studio 7	Industrial design	10	25
Studio 8	Industrial design	4	22
Studio 9	Industrial design	7	16
Studio 10	Industrial design	5	15

Note: While inclusion required ≥ 5 years of experience, our sample captured mature studios operating for 10–25 years. This introduces potential survivorship bias, as the valuation benchmarks and relational practices of these market survivors may not generalize to younger, more precarious, or discontinued firms. Source: Field Survey, 2025.

All semi-structured interviews were conducted face-to-face in the Thai language by the primary researcher, an experienced academic in design management, with each session lasting between 60 to 90 minutes. Fully informed ethical consent was secured in writing from all participants prior to recording. To ensure analytical rigor and linguistic equivalence, transcripts underwent a formal forward-back translation protocol (Thai to English) by two independent bilingual scholars before coding. Inductive analysis was performed via open and axial coding, with thematic saturation operationalized as the point where three consecutive interview transcripts yielded no new codes, categories, or structural dimensions regarding revenue fragility.

4. FINDING

4.1. Organizational Scale and Collaborative Structures

The investigated Thai studios operated as micro-SMEs (2–10 practitioners) providing design, production oversight, and marketing consultancy. This compact scale demands multi-disciplinary versatility; as Studio 9 noted, "Designers in small studios should be multitaskers." While designers exercise project autonomy with cross-functional peer support, founders retain strict, centralized authority over creative direction, with Studio 5 remarking: "In terms of structure, I serve as the head, overseeing the creative direction and overall vision of every project."

To scale across technical domains without inflating permanent headcount, studios deployed a strategic alliance model. Partnering with external technical specialists allowed micro-firms to decouple high-value cognitive labor (creative vision, user experience) from technical execution (engineering feasibility, material compliance). This transformed studios into agile, network-centric hubs that avoided the fixed overhead of full-time technical staff. However, this model introduced inter-firm governance frictions: managers had to balance timeline synchronization and cross-firm communication with intellectual property protection. Ultimately, studios leveraged relational governance as a vital adaptation strategy to compensate for limited internal resources. Studio 5 further explained: *"I prefer a partnership model rather than a subcontractor one. I won't just hire someone to work under me. Instead, I'll bring in a trusted peer—someone I know is an expert in that field—and we'll work as equals."*

Conversely, studios with larger operational scopes internalized technical and administrative functions to establish greater ecosystem control. Studio 8 exemplified this maturity by backing five core designers with three dedicated in-house pillars: engineering, accounting, and administration. Directly integrating these roles eliminated the transaction costs and coordination friction of the alliance model. In-house engineering enabled real-time alignment between artistic intent and technical feasibility—minimizing late-stage iterations—while administrative and financial personnel governed contracts, complex cash flows, and billable cognitive labor. Despite higher fixed overhead and permanent payroll liabilities, internalization secured total control over intellectual property and delivery timelines, converting support functions into defensive competitive advantages.

4.2. Internal Design Management and Operational Friction

In micro-enterprises of this scale (2–10 employees), founders and design managers are synonymous, balancing creative vision with operational execution while fostering team autonomy under centralized oversight. Studio 7 illustrated this dynamic: "Our management flow is designed to ensure quality at every touchpoint; I act as the primary gateway for all incoming client requests, and before any work leaves the studio, it must undergo a final review." This structural gatekeeping mediated the autonomy paradox, buffering creative teams from client disruption during ideation while enforcing rigorous quality control.

Simultaneously, managers prioritized cross-disciplinary literacy to ground design intent in technical feasibility. Studio 6 implemented cross-training to achieve this: "A new hire in production must learn the basics of visual design software, and a visual designer must understand the logic of creative coding." This shared cognitive framework minimized costly,

late-stage design iterations, though cultivating such versatility introduced substantial financial risk for micro-scale firms. Studio 10 emphasized the high stakes of trial periods: *“The cost of this training is significant. When we bring in a new team member, the three-month trial period is the real stress test. During those three months, we either discover a high-potential talent, or we end up with three months of ruined work caused by that one person.”*

This dynamic underscores the severe burden of sweat costs in micro-enterprises. Operating with thin capital reserves, investing non-billable cognitive labor into unproven staff poses high risks; a single hiring misstep erodes narrow margins through disrupted timelines and compromised deliverables.

Managers faced persistent friction mediating between conflicting organizational logics. As Studio 8 highlighted: *“My most critical role is often acting as the strategic mediator between the production and marketing teams. These two departments frequently have conflicting priorities.”* While marketing prioritized aesthetic differentiation, production demanded cost containment and feasibility.

This tension was exacerbated by a disconnect with localized manufacturing capabilities. As Studio 4 explained, ambitious designs often stall because *“the mold-making process is overly complex, or the production costs become prohibitively high.”* Lacking access to high-precision regional machinery, studios were forced to compromise design integrity for feasibility. Furthermore, physical distance from factories introduced communication latency and transaction costs, making it difficult to *“maintain that level of intimacy in the process all the way through to final delivery”* (Studio 5). Without rapid, on-site prototype validation, firms risked manufacturing defects, extended lead times, and product value degradation.

4.3. Digital Transformation as an Accelerator

Rather than viewing Artificial Intelligence (AI) as a disruption, respondents leveraged it as a collaborative, boundary-spanning tool to bridge client expectations and technical execution. Studio 3 noted: *“I view AI technology as an incredibly useful tool for brainstorming and generating initial visualizations, allowing clients to see ideas more clearly and quickly.”* Deploying generative AI compressed the “fuzzy front end” of design, enabling rapid generation of high-fidelity conceptual mood boards while lowering early exploration costs.

AI served as a crucial pre-briefing mechanism that aligned project goals before committing heavy operational resources. Studio 8 encouraged clients to use AI independently for early ideation, shifting part of the cognitive labor onto the client and transforming passive purchasing into active co-creation. Externalizing abstract client desires into visual parameters minimized misinterpretation and mitigated uncompensated sweat costs.

However, respondents maintained that AI cannot replace domain expertise or emotional intelligence. While generative models excel at combinatorial variation, they cannot evaluate manufacturing constraints. As Studio 4 emphasized: *“When it comes to the core modelling and rendering processes, specialized expertise is still essential to ensure the work is precise and technically accurate.”* Studio 3 similarly affirmed that technical nuance and emotional resonance fundamentally require human skill. Ultimately, AI operated as a low-risk generator of form, leaving technical feasibility, relational governance, and the empathetic decoding of client anxieties to human designers—elevating practitioners from operational draftsmen to high-level strategic directors.

4.4. Client Relationship Management and Design Literacy

Aligning with client expectations was a primary friction point. To mitigate costly late-stage revisions, managers used upfront scoping to reduce information asymmetry and curb uncompensated scope creep. As Studio 7 detailed: “We begin by analysing initial discussions to draft a comprehensive service proposal, which we then refine alongside the client to ensure it aligns perfectly with their needs.”

However, from the emic perspective of managers, client engagement was hindered by deficient domestic design literacy. Respondents reported that clients frequently treated design as cosmetic beautification rather than a strategic business asset (“Clients view design as merely a matter of aesthetics, when it is a strategic tool for problem-solving and driving business value,” Studio 3). This dynamic forced managers into dual roles as practitioners and baseline educators tasked with quantifying the ROI of intangible creative assets (Studio 4).

To bridge this gap, studios deployed transparent, visually driven communication protocols. Studio 2 emphasized: “Transparent communication not only prevents conflict but also acts as a natural filtering process, ensuring that we partner with clients who deeply understand... the inherent limitations of our work.” Visual and financial transparency served as an upfront gatekeeping device to filter out high-friction clients. For mature corporate clients, this meant pivoting from superficial visuals to technical disclosure; as Studio 8 noted: “My long-term clients don’t even care about pretty pictures anymore; they want the Exploded View. They want to see the 10 separate parts, the materials, and exactly how they’re going to be manufactured.”

This finding reveals that monetization fragility is not merely an external client deficit, but involves two alternative drivers:

- Relational Maturation: The cognitive disconnect is a dynamic hurdle that resolves as long-term partnerships co-create shared technical vocabularies and mutual trust.
- Studio Working Methods: Early reliance on superficial, aesthetic pitches inadvertently conditions clients to undervalue design; failing to transition toward rigorous technical and manufacturing specifications structurally prolongs a studio's own undervaluation.

Systemic undervaluation was further exacerbated by institutional voids. Studio 6 observed that the “industry lacks a solid foundation, standardized rates, or an official association to define and protect our value,” exposing micro-studios to freelance price undercutting and stagnant fee structures that lag behind international standards (Studio 7). Consequently, traditional outbound marketing proved ineffective. Studios 5 and 8 confirmed that nearly 100% of their work derived from word-of-mouth referrals, demonstrating that reputational networks and relational trust remain the primary defensive mechanisms for securing compensated contracts in an unprotected market.

4.5. Monetisation Pathways and Financial Risk

Most respondents maintained a diversified revenue model consisting of design service fees, the sale of proprietary products, and Intellectual Property (IP) royalties. This multi-stream approach was strategically deployed to hedge against market volatility and the cyclical nature of project-based consultancy. For design service fees, firms prioritized liquidity and risk

mitigation by employing structured, phase-based payment models. By requiring upfront deposits, firms maintained consistent cash flow while establishing financial gates for multi-stage projects. Studio 7 stated: *"The studio manages payments through a sequential 50/50 split, requiring a 50% deposit to start and the remaining 50% upon delivery. For phased projects, this rule creates a financial gate: Phase 1 must be fully settled before Phase 2 begins."*

This rigid payment architecture served as a defensive mechanism against client-side default and working capital depletion. Operating under severe capital constraints, design micro-enterprises faced immediate existential threats whenever creative labour remained unbacked by client funds. To mitigate this vulnerability, managers instituted structural financial gates. This mechanism ensured that the studio's intensive cognitive labour was continuously financed by the client, thereby preventing the accumulation of uncompensated sweat costs and establishing an equitable distribution of financial risk across the project lifecycle.

Diversifying into proprietary retail forced studios to navigate unfamiliar financial vulnerabilities, pivoting from a low-overhead service model to an inventory-heavy, and capital-intensive operation. Within this framework, managers struggled to properly price embedded artisanal labour while simultaneously absorbing aggressive retail distribution margins. Studio 10 highlighted this transition: *"I actually felt our prices were too low for the amount of labor involved. Now that we have a production team and a steady stock, we've found a balance that allows us to handle retail margins and department store fees."*

Transitioning from value-based design pricing to cost-plus manufacturing proved challenging for micro-enterprises. Initial underpricing stemmed from failing to account for unquantified embedded labor, while scaling required shifting toward structured, in-house production to survive predatory retail concession fees and razor-thin margins.

Furthermore, expanding proprietary retail globally introduced severe logistical vulnerabilities without the protection of economies of scale. Studio 10 emphasized: "Logistics is a massive challenge. A single broken item, especially an international order, completely wipes out your profit." With inflated per-unit overhead from freight, customs, and protective packaging, studios had to absorb duplicate shipping costs and reputational fallout from transit damage, deepening financial precarity.

Concurrently, monetization via IP royalties was constrained by weak domestic contract enforcement. While international licensing provided transparent, automated payouts, the Thai market lacked third-party retail auditing frameworks. Studio 1 observed: "International clients maintain transparent payment systems that pay out. This stands in stark contrast to some Thai entrepreneurs who often claim poor sales as an excuse to avoid paying royalties altogether." This structural information asymmetry allowed domestic clients to underreport sales or iterate on original designs without authorization (Studio 8), demonstrating that formal legal contracts alone cannot protect IP assets in environments characterized by institutional voids.

5. DISCUSSION

This study examined the monetisation strategies and operational barriers navigated by design micro-enterprises in an emerging economy, utilizing Thailand as a critical case. The empirical data indicated that these firms operated across three primary monetisation streams including design service fees, the sale of proprietary products, and IP royalties. However, the execution of each pathway was severely constrained by specific structural friction points.

Table 2: Structural Fragility Across Design Revenue Models

Revenue Pathways	Vulnerability Mechanisms	Institutional Conditions	Managerial Responses	Economic & Operational Consequences
Design Service Fees	• Undervaluation of invisible cognitive labor. • Client-designer autonomy paradox prompting uncompensated scope creep.	• Perceived low domestic design literacy. • Stagnant domestic design fee rates. • Complete lack of standardized industry rates or formal guilds.	• Deploying Generative AI as a tactical pre-briefing boundary tool. • Implementing rigid, phase-based payment split gates before releasing files. • Visually driven transparent communication protocols.	• Severe margin erosion and cash flow crises due to unpaid sweat hours. • Intrepid emotional labor overhead. • Operational scale permanently capped by billable hourly limits.
Proprietary Products	• High fixed capital overhead for production and inventory. • Friction in transferring subjective, tacit creative knowledge to newly hired staff. • Prohibitive financial risks from international transit damage.	• Low-precision capabilities of localized manufacturing supply chains. • Predatory retail concession fees and narrow luxury store margins. • Geographic distance to factories creating communication latency.	• Operating a strategic alliance model with trusted specialists to handle engineering while maintaining lean staff. • Internalizing engineering, accounting, and administrative pillars in highly mature firms. • Re-pricing to balanced, cost-plus manufacturing models.	• Working capital depletion and inventory-heavy liabilities. • Severe logistical bottlenecks restricting cross-border expansion. • Existential strain during employee trial stress tests.
Intellectual Property (IP) Royalties	• Severe exposure to client contract evasion, sales underreporting, and unauthorized design iterations. • Algorithmic training displacement and cross-border copyright piracy.	• Weak domestic contract enforcement and complete lack of third-party retail auditing systems. • Territorial asymmetries.	• Strategic flight to mature international markets with transparent auditing infrastructures. • Relying exclusively on personal relational trust to filter out high-risk buyers.	• Systematic loss of passive royalty income due to information asymmetries. • Structural precarity from relying on weak domestic legal regimes.

Source: Field Survey, 2025

5.1. The Cognitive Disconnect in Service Fees

Service-oriented studios act as strategic intermediaries aligning client expectations with production feasibility, reflecting core design management functions (Acklin & Wanner, 2017; Topaloğlu & Er, 2017). Navigating this interface demands multifaceted competencies to resolve misaligned briefs that compromise high-value design outputs (Hakatie & Ryynänen, 2006). However, findings indicate that domestic clients systematically undervalued creative work, reducing strategic problem-solving to mere aesthetic styling.

The study frames this reported cognitive disconnect as an emic hypothesis explaining monetization fragility. Because clients cannot easily quantify invisible cognitive labor, the causal ambiguity of creative work compels reliance on interactional quality (Davies, 2009). This fuels resistance to premium fees, mirroring broader creative sector income disparities (MacNeill et al., 2022) and the alienation of practitioners from their intellectual value (Wang & Tomassetti, 2024). Consequently, managers leveraged visual transparency and trust-building to mitigate client hesitation (Falcão & Almendra, 2017). Furthermore, studios deployed AI as an upfront pre-briefing tool to visually communicate abstract value (Agri et al., 2025), while actively retaining decision-making authority across the AI agency loop to protect cognitive labor integrity (Andraschko & Weritz, 2026).

5.2. Sweat Costs and Scaling Proprietary Products

While design service fees typically required designers to act as the coordinator between marketing and production (Pavliuk, 2023), transitioning to proprietary product

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manufacturing introduced entirely different risk profiles. The data illustrated that scaling these operations required founders to transfer highly subjective, tacit creative knowledge to new staff. This transition was fraught with operational friction, supporting Wyke et al. (2025), who emphasized that optimized information flow and specialized managerial competencies were critical for minimizing costly design iterations.

Furthermore, the severe financial stakes of absorbing direct manufacturing risks highlighted the immense burden of what Salder (2020) termed sweat costs—the intensive, high-risk cognitive exertion that remained uncompensated until the point of sale. While designers relied on their aesthetic training to innovate, this product-driven model exposed a pronounced deficit in the formal business acumen required to sustain inventory, navigate logistics, and formulate scalable pricing strategies. Operating outside traditional organizational boundaries, these micro-enterprises faced high-stress predictability crises, aligning with Miller (2020), who noted that freelance and independent creative models frequently strip practitioners of standard economic security and plunge them into precarious undersupply states.

5.3. Institutional Voids and IP Royalties

While IP royalties offered a pathway to long-term passive income, the study highlighted a stark contrast between domestic and international mechanisms for contract enforcement. Participants consistently reported that the Thai market lacked the structural maturity and cultural respect for IP necessary to guarantee royalty payments, with domestic clients frequently evading contracts.

This finding corroborated macroeconomic reports by the CEA (2022), which noted a lack of robust systemic support for the local creative sector. Moreover, it aligned directly with Rosyadi et al. (2022) and Simatupang, Rustiadi, and Situmorang (2012), demonstrating that regulatory deficits, a lack of funding, and fragmented inter-agency coordination in Southeast Asian developing nations actively stifled the scalability of creative micro-enterprises. The economic rationale for IP relied on balancing the incentives for creators against market utilization (Handke, 2010), yet developing nations frequently struggled to implement evidence-based IP protections that fostered local innovation (de Beer, 2016; Reichman, 2009). Furthermore, the rise of AI threatened economic displacement for human creators through the unlicensed use of copyrighted data (Ul Islam, Younas, & Habib, 2026). Consequently, design firms were forced to rely on mature international markets where standardized licensing agreements were both culturally respected and legally enforced, highlighting the extreme fragility of relying solely on an emerging domestic ecosystem.

6. CONCLUSION

This study examined the monetization strategies and operational barriers facing design micro-enterprises in developing economies, using Thailand as an empirical case of Southeast Asian institutional fragmentation. While studios leverage design service fees, proprietary products, and IP royalties, each pathway is constrained by an unsupported ecosystem. This dynamic exposes a central paradox: creative micro-enterprises are tasked with driving high-value innovation yet remain trapped in monetization fragility—navigating low client design literacy, uncompensated cognitive labor, and weak intellectual property protections.

The research offers two contributions. First, it challenges Western-centric design management discourse, which assumes mature institutional infrastructure, by framing monetization fragility within emerging economies where institutional voids constrain enterprise scalability. Second, it advances theories on the undervaluation of cognitive labor by modeling how clients disconnect compound sweat costs and showing how managers deploy generative AI loops to protect immaterial labor.

The findings provide actionable insights for practice and policy. Design managers should restructure client onboarding by embedding design literacy education, deploying AI-driven pre-briefing tools, and utilizing transparent visual protocols to defend creative value without relinquishing technical oversight. To balance product-scaling risks, studios must hybridize revenue models and formalize managerial systems. For policymakers, fostering an innovation-led economy requires establishing standardized industry fee benchmarks, state-backed IP auditing mechanisms, and accessible legal enforcement to prevent brain drain and reduce domestic market precarity.

Several methodological limitations suggest avenues for future research. The qualitative sample of 10 Bangkok design studios provides contextual depth but limits statistical generalizability across other creative sectors or emerging markets. Importantly, our exclusive focus on supply side perspectives means perceived market deficits, such as client illiteracy and cognitive disconnects, must be interpreted as emic hypotheses rather than verified baselines. Future research should gather paired data incorporating client viewpoints to validate these findings and investigate early-stage ventures (<5 years) to evaluate how enterprise maturity shapes valuation practices.

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