

ศักยภาพของธุรกิจชุมชนในภาคตะวันออกเฉียงเหนือ Study of the Potential of Community Enterprises in the Northeast of Thailand

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บทคัดย่อ

การวิจัยนี้มีวัตถุประสงค์เพื่อศึกษาปัญหาและอุปสรรคที่เกิดขึ้นจากการจัดการธุรกิจชุมชน และค้นหาศักยภาพในตัวผู้ประกอบการธุรกิจชุมชนจากปัจจัยภายใน ได้แก่ ลักษณะด้านประชากรศาสตร์ และปัจจัยภายนอกที่ช่วยเสริมให้ผู้ประกอบการมีศักยภาพ โดยทั้งสองปัจจัยนี้จะแสดงถึงศักยภาพของผู้ประกอบการ ประชากรที่ทำการศึกษา ได้แก่ ผู้ประกอบการซึ่งเป็นผู้นำกลุ่มธุรกิจชุมชนในภาคตะวันออกเฉียงเหนือ ประเทศไทย จำนวน 2 กลุ่ม คือ กลุ่มผลิตภัณฑ์อาหารแปรรูป และกลุ่มผลิตภัณฑ์หัตถกรรม ด้วยเครื่องมือ 2 ชนิด คือ แบบสอบถามซึ่งใช้กับประชากรทั้งหมด และทำการสัมภาษณ์เชิงลึกเพื่อให้ได้ข้อมูลต่างๆ ได้ชัดเจน ผลการวิจัยพบว่า ลักษณะด้านประชากรศาสตร์ของผู้ประกอบการธุรกิจชุมชน แสดงถึงศักยภาพส่วนบุคคลอย่างชัดเจน และปัจจัยภายนอก ได้แก่ การสนับสนุนเงินทุนและความรู้ จากหน่วยงานภายนอกทั้งภาครัฐและเอกชน ช่วยให้เกิดโอกาสและส่งผลต่อศักยภาพของผู้ประกอบการได้ โดยผู้ประกอบการชุมชนส่วนใหญ่มีความรู้ในเรื่องของการจัดการทั่วไป สามารถใช้ความรู้ที่ผสมผสานกับภูมิปัญญาเดิมสร้างความเข้มแข็งให้กับผู้ประกอบการได้ แต่ในด้านการจัดการด้านการเงินและการตลาด มีความรู้ความเข้าใจและนำไปใช้ในระดัปก่อนข้างต่ำ ทำให้ธุรกิจชุมชนยังประสบปัญหาในการดำเนินงานและมีศักยภาพไม่เต็มที่ นอกจากนี้ยังพบปัญหาสำคัญ คือ ขาดแคลนเงินทุน และตลาดจำหน่ายสินค้า ซึ่งเป็นปัญหาที่ผู้ประกอบการไม่สามารถแก้ไขได้ด้วยตนเอง ปัญหานี้ส่งผลกระทบต่อตรงต่อศักยภาพและความสำเร็จในการประกอบการ ผู้วิจัยมีความเห็นว่า หากภาครัฐและเอกชน ช่วยสนับสนุนนโยบายและวิธีการช่วยเหลือด้านการจัดหาเงินทุน ตลอดจนให้ความรู้ด้านการตลาด และกระตุ้นให้มีความรู้ไปปฏิบัติ จะสามารถแก้ไขปัญหาเหล่านี้ได้

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Abstract

This research studied the potential for success of community enterprises in North Eastern Thailand. The purpose of this research was to firstly verify the problems and obstacles facing community enterprises, and secondly to investigate the internal and external factors that could affect the success of community enterprises, the internal factors (i.e., the characteristics of the population) and the external factors, which increase the potential of community enterprises. The research participants were leaders of community enterprises in the northeastern region of Thailand, separated into two groups, namely Food Production and Handicraft Production. Two instruments were used in the investigation: a questionnaire and an in-depth interview. Results revealed that, based on the characteristics of the population, the participants showed individual potential with respect to the management of the community enterprises. Moreover, financial support and technical knowledge input from both private and public sectors provided opportunities for members. Thus, it can be concluded that the majority of the community enterprise members had extensive knowledge of general management, which could be applied and combined with local wisdom to strengthen the enterprises. However, the members had little financial or marketing knowledge and were generally unable to apply what knowledge they did have. Accordingly, this was the reason why the majority of community enterprises were not able to achieve their full potential. In addition, a lack of capital and markets for the products were obstacles that the members were unable to resolve. This problem directly affected the overall potential and the success of the enterprises. The researchers' view is that the problems could be resolved if both the public and private sectors made available additional funding and also provided marketing training and encouragement in its application.

คำสำคัญ: ศักยภาพ ธุรกิจชุมชน

Keywords: Potential, Community enterprise

Introduction

In 1997, Thailand was in a serious economic crisis and at that time the economic growth rate fell sharply. In view of this, the government focused on community enterprises as means of developing fundamental businesses in accordance with His Majesty the King's sustainable economic policy. They were expected to be the nation's road to survival. The government played a leading role in supporting community enterprises by encouraging groups of housewives and farmers to produce products made from local raw materials. However, most of them did not succeed for many reasons. Petpraseat and

Wongkul (2002) and Pongsakornrungsin (2001) suggested that the cause of unsuccessful businesses might come from marketing problems. The current study is built upon those two studies by suggesting that, in addition to marketing factors, other business functions (e.g., finance, production, and management) also contribute to the success of community enterprises.

Therefore the researchers attempted to study the business management ability of community enterprise members in the northeastern region so that the overall potential of the community enterprises could be shown. The degrees of success in community

enterprises, ability in community enterprise management and the factors that have an impact on community enterprises were examined. Moreover, in order to show possible ways of increasing competitiveness, the data collected regarding the problems that had had an effect on community enterprise achievement were analyzed.

The aims of this study were:

1. study the problems and obstacles found in community enterprise management in the northeast of Thailand,
2. study the management performance of community enterprise members in the northeast of Thailand,
3. study the opportunities and the limitations of community enterprise management in the northeast of Thailand.

The expected outcomes of this research were:

1. Exchange of management information, experience and concepts which would benefit researchers and community enterprise members by extending the knowledge base of both parties.
2. Community enterprise members could apply this information for the development and management of their community enterprises in order to increase their degree of competitiveness.
3. The public sectors and relevant parties would be able to use these research findings to formulate policies for the solution of problems and the further development of community enterprises.

Methods

This study was concerned with applied research in the field of social science (Administration and Management).

The population of this research were the founders of northeastern community enterprises, all of which had been in continuous production. They were separated into two product groups:

1. Processed Food
2. Handicrafts

The number of samples was equal to the number of the population. There were 1,076 members who provided the data (316 were involved with processed food and 760 with handicrafts). There were 2 sources of primary data: questionnaires and in-depth interviews. From those who completed the questionnaires, only 80 were purposely chosen to be interviewed because of limited time and funds. More qualitative data was taken from the in-depth interviews to complement the quantitative data.

The Scope of the Study

The scope of this research was to study and collect data from community enterprise members in the northeast of Thailand. These members were the leaders of food or handicraft enterprises which had been in continuous production over recent years. The research received 2 years of funding (July 2003–June 2005) from the Thailand Research Fund and data collection took place during 2004.

Results

As literature in strategic management argues that both internal and external factors are critical for business success (Nawekam,2001), the potential for success of the community enterprises for both product groups can be analyzed as being the combination of two factors (internal potential factors and external potential factors) which encourage the members to show their hidden abilities. Then these abilities result in great success potential. The trend in

community enterprise achievement in the future can be predicted from combining greater administrative and management abilities.

Internal Factors

Members' Background

Most members were generally quite old (more than 70% in both the processed food group and the handicrafts group are older than 40 years) and had lower than a 6th grade education (34% for both groups). Their main occupations were in agriculture (60% and 66.3 % for the processed food group and handicrafts group, respectively) and the community enterprises were run mainly as sideline businesses (58% and 62%). These characteristics resulted in them not having a high level of entrepreneurship. Most of them did not work full time in community businesses because of commitments to their farms and families. When they were actually free from their main duties, they had limited time to work for the community enterprises. When income from their farms was not enough to cover their living expenses, they would then look for some extra income from community enterprise products. Most of the respondents who were primarily involved in agriculture received an income from agriculture of less than 3,100 baht per month, and an income of between 1,000–2,000 baht per month from the community enterprises. However, those who undertook community enterprise as a major occupation received an income two or three times higher than those who did it part-time. The amount of income derived from the two different products, processed food and handicrafts, was very clearly different: processed food earned between 3,100–5,000 baht per month whilst handicrafts earned between 9,100–11,000 baht per month. The income of the latter was higher because the price of handicrafts can be set at a higher price

according to customers' expected value. Furthermore, they are not perishable and do not have a limited shelf life.

Motivation

Most of the members focus primarily on their farming and are only motivated to begin production of community enterprise products when they are free from their major farming responsibilities and receiving insufficient income from them. Although, in general, community enterprises can bring in more income than farming, the members prefer farming as their main occupation. As many leading members are old and have a low level of education they are rarely motivated to learn about administration and business management as the technical knowledge required is above their levels of education.

Family Help

Help from members of the family can develop the administration and management of the businesses. People who have children studying in university or in a big city will get suggestions about the style of new products and new packaging from their children. This factor can encourage the members to develop their products and create new products.

Business & Product Research

The habit of searching for knowledge and searching methods are factors which can show one's potential clearly. According the Table 1, the members of both groups always or sometime try to search for knowledge using various methods in order to be successful.

Cultural and Social Impacts

The general way of life in the respondents' communities is an important internal factor that is reflected clearly in the success of community enterprises. Generally the way of life of the respondents is so simple and their routine activities dependent on the

season of the year and the agricultural needs at that time. Due to time constraints, farming and other family activities take precedence over community enterprises. Another problem is that most of the members grow enough crops only for their families' sustenance and not for sale, thus when more and more members become involved in a community enterprise the demand for locally produced raw materials increases and outstrips supply. The 'simple life' mentality also has an effect on the production efficiency of the enterprises. The members prefer to use production techniques that have been passed down from generation to generation rather than employ new technologies in the processes.

Production Management

The ability to produce a high quantity of products shows the high production ability of the members. The indices of potential include the ability to prepare production materials for unexpected situations or when customers place more orders, the standard of product control, and the high quality of transportation. The critical obstacles to transportation are a lack of vehicles in the enterprise groups that have low funding, the bad condition of roads, and a remote production location. These factors can result in higher production costs and often the income may not cover the expenses, especially for some processed food products that usually have low profit margins. Besides the problems of transportation, technology is also a limitation to the production process. From the study as indicated in Table 2, only 30% of members always use modern technology in the food production process. Moreover, a lack of funds resulted in a lack of use of modern technology.

Financial Management

The ability of most members to raise funds is so low that they do not have enough money to invest

in community enterprises and they need to borrow heavily from some government organizations. Therefore, the funds to start a business come from government support and the group members' own money. However, government organizations usually give support in the form of buildings and production equipment expenses rather than in the form of working capital. Buildings and production equipment costs cause higher investment expenses. It was found that groups had difficulty in accessing funds to buy raw materials as taking out a loan from any financial institution is extremely difficult because of a lack of assets that could be used as loan security. Cash loans can be obtained from certain sources subject to the production of the accounts of the business; however, this is rarely used as local members do not understand clearly how this system works.

Marketing Management

The majority of members have low selling and marketing skills. In general, middlemen play an important role in selling the processed food products, while direct sales are most often used for handicraft products. However, both groups also make direct sales when customers come to the production sites or at trade fairs organized by the government.

With regards to pricing, products in general are priced the same as the competitors so as to remain competitive, although yielding low profit. As the quality of many products is the same the price becomes an important factor in making a decision to buy, especially for processed food products. Another reason for little profit is that when the members have little marketing knowledge, the selling price often does not reflect the true cost of production and that there are a lot of products that remain unsold. The members themselves cannot usually do direct sales because of many limitations such as distance,

marketing experience, market bargaining power and marketing expenses. When the agricultural producers change their roles to become members of community enterprises, they always confront marketing problems. Therefore, related organizations (e.g., Department of Community Development) are needed to be marketing providers or marketing trainers. Production skill alone is not enough to increase the positive internal potential, so a middleman is the solution to the problem of selling. Moreover, income earning potential will also be higher.

The marketing weaknesses of members that were found from the study are shown in Figure 1. Performing customer satisfaction surveys was lacking and members did not undertake self study with regards to marketing, preferring to wait for training instead. Advertising is regarded to be the duty of the government because of lack of funds and customers' data are not recorded. There was some advertising of products in various media, although had the groups kept specific data regarding their customers this would have been more effective. The above factors all have a direct effect on the quantity of customers, and so even if the groups are producing high quality products, the lack of an effective marketing system aimed at the customers restricts the internal potential of the groups.

External Potential Factors

Training

Training is an intangible external factor having an influence on the effectiveness of community enterprise management. Training courses using programs organized by the government or private organizations achieve the desired effect for community enterprises. Teamwork will be forged better with management training. Moreover, the purposes, goals,

plans, quality control and employment administration will appear in the production process. Table 3 shows the relationship, at the significance level of 0.05, between participation in administration and management training of the groups of handicraft producers and profit changes within the last 6 months. Those with training tend to have increasing profits.

Funds

Funds from both the government and private organizations can be used to invest in community enterprises and generate income for the members, their groups, and their communities. They are used to buy raw materials. It would be better for the community enterprises if the government organizations gave support with working capital, especially in the case of an expansion of production. As a result, the members would have more funds to produce a greater number of products and buy modern equipment or develop production technology.

Government Policy

Government policy is an important external factor that can increase the potential of community enterprises. Many government policies such as the policy on OTOP (One Tambon, One Product) products, project loans, and community enterprise legislation in 2005 have been released so that the local people can help themselves using local wisdom to produce and continuously improve high quality products. Ultimately these products will be accepted by both domestic and international markets. The list of government policies used to increase potential is as follows: Policy to Support OTOP Products, Standard Community Products Project, Packaging Development Policy by the Industrial Development Association, Product Exhibition and Product Sales Location Project, World Marketing Policy,

Community Enterprise legislation 2005 (Community Development Department, 2005).

Government organizations support the businesses through various projects so that members' potential will be increased. If the members take full advantage of these opportunities, their groups' potential will also be increased.

Conclusion and Discussion

In summary, the characteristics of members clearly shows personal potential. Most northeastern members have general management and production knowledge. Both this knowledge and local wisdom make the members stronger.

Potential in financial management, fund provision and marketing management still needs a lot of support because members' knowledge about these aspects is very low. Therefore community enterprises have to confront a lot of problems. Lack of experience and some lifestyles that do not facilitate entrepreneurship are the main causes that some cannot fulfill their potential.

The trend of northeastern community enterprise growth possibly makes for a lasting achievement. Some external potential factors (supporting policy, funds, and training from both the government and private organizations) give the members an opportunity to have a higher potential for success and profitability.

The researchers suggest that, to increase the potential of community enterprises, weaknesses must be handled by developing marketing and financial management programs for group leaders, encouraging

members to participate in raw material procurement, and adjusting members' thinking processes and attitudes to be more entrepreneurial by utilizing local wisdom and practices. In addition there should be continuing support from various organizations. There should also be research aimed at problem-solving and increasing the competitive potential. This research should include analysis of optimal raw material mix, analysis of transportation costs, the development of group leaders, optimal product management patterns, quality analysis, rural life adjustment and business life and electronic commerce development. There should also be research aimed at the development of product quality including raw material substitution, new product development, manufacturing process development and manufacturing methods for each product.

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Table 1. Frequency of Business & Product Research by Community Enterprise Members.

	Always		Sometimes		Never	
	Handicrafts (%)	Food (%)	Handicrafts (%)	Food (%)	Handicrafts (%)	Food (%)
Business Research (Administration, production, sales, etc.)	35.3	35.4	48.8	48.1	15.9	16.5
Product Research (Competition, innovations, etc.)	58.7	55.7	34.7	37.7	6.6	6.6

Table 2. Frequency of Production Practices by Community Enterprise Groups.

Processes	Always		Sometimes		Never	
	Handicrafts (%)	Food (%)	Handicrafts (%)	Food (%)	Handicrafts (%)	Food (%)
Pre-production survey	45.9	47.2	38.4	35.7	15.7	17.1
Raw material reserve	57.9	61.1	33.8	27.5	8.3	11.4
Suitable transportation for raw materials	54.2	70.6	32.6	20.9	13.2	8.5
Suitable product delivery transportation	56.2	77.6	33.7	15.8	10.1	6.6
Modern production processes.	22.4	30.1	38.3	38.3	39.3	31.6
Quality control	71.4	85.4	23.8	9.5	4.8	5.1

Table 3. The relationship between participation in administration and management training of the group of handicraft producers and profit changes within the last 6 months.

Profit changes	Administration and management training			Total
	Never	Sometimes	Always	
Decrease	23 (24.73%)	77 (20.70%)	51 (17.29%)	151 (19.87%)
No change	27 (29.03%)	78 (20.97%)	51 (17.29%)	156 (20.53%)
Increase	43 (46.24%)	217 (58.33%)	193 (65.42%)	453 (59.60%)
Total	93	372	295	760
Chi Squared = 11.610 , P = 0.021				

Figure 1. Marketing performance methods of Community Enterprise Groups.

