

# KNOWLEDGE MANAGEMENT OF COMMUNITIES ENTERPRISE FOR ONE TAMBON ONE PRODUCT IN THAILAND

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## Abstract

The experience of Thai rural development in the last decade has shown that well planned income generation activities related to poverty alleviation such as Small and Micro Community Enterprises (SMCEs) cannot be ignored in order to encourage sustainable mechanisms for Community Based Natural Resource Management. New enterprises need to be created and existing ones strengthened within a context of sustainable livelihoods which targets all relevant members in a community. Farmers demonstrate a rich combination of productive strategies that often include agricultural, tree and forest products and fisheries and enterprising trade in both raw products as well as manufactured products such as handicrafts and tools.

Ecotourism also increasingly plays an important role in supplementing farm incomes in many areas while at the same time reinforcing the perception of valuable natural resources that need to be managed carefully. While farmers have many assets and opportunities, their trading and enterprise initiatives also suffer from lack of competitive advantages due to remote locations, poor access to extension services, inadequate planning and management skills, incomplete knowledge on value chains and market information, lack of appropriate technology for value addition, insufficient market driven training programs and difficulties in acquiring and using capital effectively. Development professionals are frequently expected to remedy this situation but are lacking skills and confidence in diagnosing and solving the constraints that are obstacles to enterprise development.

At the present, the most crucial problem in the Small and Micro Community Enterprises (SMCEs) community enterprises group were problem of organizational management, production management, marketing management, financial management,

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lack of channels of distribution, low R&D and innovation levels are the biggest concern, low labor productivity level in the community enterprises group also reflects challenges in human resources and management. Limited capabilities in technology management and knowledge acquisition. Low productivity and quality output, shortage of skilled personnel, lack of information and limited access to finance.

**Keywords:** Community Enterprises, Knowledge Management

## 1. Introduction

Entering the ASEAN Economic Community (AEC) could cause volatility, complexity and impact to Thailand's economic and social development. Preparation is essential, especially for personal development and economic development. To focus on the development of people for into the quality society, and focus on development of the domestic economy to be strong for reduce the dependence on external factors by strengthening the entrepreneur to upgrade to the level equal the international.

Community enterprises are the small organizations that combine the people in the community to produce products and services that are use the mainly products from local wisdom to generate income for themselves and to create the strengthening communities. The government has continuously promoted the occupation of community enterprises, especially One Tambon One Product (OTOP), which is a policy of the government to support the each community bring the local wisdom to develop products. Now, the quality and standard of the product are set at 5 levels. The level of five-star is a standard quality product or export potential and minorities respectively.

Although small enterprises should be prepared to enter the ASEAN Economic Community (AEC), the entrepreneur of community enterprises need to have the appropriate competency under the circumstances, especially for entrepreneurs of One Tambon One Product 4-star level. The products can be developed to international if you know the gap between current competency and the competency that you want prepare to enter ASEAN Economic Community (AEC) is a guide to develop the abilities of the strengthening entrepreneurs of community enterprises.

## 2. Knowledge Management of Community Enterprise

The roles of community enterprises have been increasing for sustainable development of Thai economy, especially for rural sector. One Tambon One Product (OTOP) is local entrepreneurship stimulus program established since 2001 in order to support community enterprises by promoting unique locally made product of each district in Thailand. The strong community enterprise can strengthen the economy. In order to enhance the performance of potential community enterprises, potential assessment and tailor-made plan for the community enterprises are necessary.

A policy to promote and support community enterprises in developing communities to generate income and alleviate poverty for people at the local level by the meaning of community enterprise is integration of the business community within

the community relating to products, services or other operation by people in the community.

Knowledge identification is required to determine or define what the organization wants people to learn to achieve the policy, vision, mission and goals of the organization. The study found that community enterprises have difficulty in identifying the knowledge members needed to perform the job, Minor problems determining who is responsible for knowledge identification. Reference suggests that corporate guidelines to manage knowledge and allocate resources efficiently and effectively are necessary. In order to establish an efficient and effective plan for knowledge management and resource allocation, organizations should define their policies for knowledge management to determine knowledge required. Who is responsible for knowledge should be divided into internal and external knowledge whereby internal knowledge is the wisdom of the group and external knowledge is modern knowledge or academic knowledge needed in the group.

Knowledge creation and acquisition of community enterprise by internal knowledge acquisition can be developed by asking experts within groups, whereas external knowledge can be pursued by attending study visits, workshops and seminars. This is in line with the research report, stating that group members acquired knowledge by consulting village specialists, attending study visits and seminars, as well as participating in workshops organized by external agencies. However, the group had problems with the appropriate material and equipment to create knowledge, as well as linking existing knowledge to what they have learned. Moreover, if members lack true understanding, they will be unable to apply new knowledge to existing knowledge. However, they still need to produce products, so, some products have poor quality.

Regarding knowledge distribution, community enterprises distribute knowledge by teaching, giving instruction and demonstrations which will help learners gain more insight, knowledge and understanding. In regard to the problem with knowledge distribution and the method, the main cause is the ability of a leader to transfer and publish knowledge to community members, including the problem of using technology.

Therefore, knowledge management is a priority, and can be compared to learning and understanding of knowledge, including how to operate knowledge within an organization; knowledge is one of the development tools and solutions to effective organization. Knowledge management is one way to strengthen an organization, as community members can participate in the creation of new ways of working and circulation of knowledge creation and knowledge management to work throughout the

system and move towards a community of learning. The value of goods and services, and innovation in response to customer demand can strengthen the competitive advantage to an organization.

### 3. Community Enterprises

Community enterprise is an activity related to production, services and other business affairs by local communities who share together to run their businesses for income generation and self-reliance in the family within and across the communities (Secretariat Office of the Community Enterprise Promotion Board, 2005). The positive effect of community enterprises is that community enterprises uplift the community by using social capital and bringing returns to the local community to influence the policy of local governments (Bailey, 2012). Community enterprise raises the labor market (Ham, Swenson, İmrohoroğlu, & Song, 2011). Community enterprises have helped local communities conserve forests, raise income, and improve livelihoods (Humphries & Kainer, 2006). Community enterprise is a source of labor, sharing profits among members and returning benefits to society such as contributing to local infrastructure and donating to church and local activities (Antinori & Bray, 2005).

The problems of community enterprises in Thailand such as lack of experience in organizational management, high costs of production, lack of working capital, and lack of government support, prevent them from meeting the needs of community enterprises (Khodphue & Sreshthaputra, 2008). The big problem of community enterprises is marketing issues because most community enterprises are in rural, they do not have knowledge about how to manage their marketing. In addition, they lack accounting knowledge and the packaging and design are not attractive to buyers.

In the development of community enterprises, Chaiphar et al. (2013) stated that knowledge management and the sharing of knowledge among community members are important to maintaining a certain thought process and conserving traditions and culture as they are in the community. Sakolnakorn and Naipinit (2013) suggested seven guidelines for the development of community enterprises: (1)entrepreneurs should survey market demand before starting the production process, (2) entrepreneurs should manage their accounting and finance system correctly, (3) academic institutions should assist local enterprises in designing products and packaging without costs, (4) entrepreneurs should use raw materials that are easily found in the local area of production, (5) entrepreneurs should reduce the costs of production, and

(6) entrepreneurs should use information technology such as the internet and create their own website for marketing channels.

In addition, Bradley, Meyer, and Gao (2006) suggested that local entrepreneurs export to international markets by collaborating with large entrepreneurs to seek new target markets in foreign countries. Prayukvong (2005) suggested the key success factor in community enterprises is good decision-making by members of community enterprises and how to use the local wisdom of leaders and group members in their thinking process.

#### 4. Conclusion

This government can help community enterprises plan effectively and can help organizations achieve a successful outcome. First of all, knowledge identification is the process of knowledge management. Community enterprises should prepare a team, or responsible person, for co-operation, identification of knowledge important and essential to the organization, hence the organization knows what is present and what is lacking. Members should be facilitated and encouraged to acquire knowledge from both inside and outside the group, by asking experts within the group, or by undertaking study visits or attending training courses. Equipment should be supplied to promote learning for members, to help achieve integration, linking knowledge with previous experience, building new knowledge, and bringing knowledge gained from creating and developing the collected and storage methods, or by considering the guidelines for the collection.

If knowledge is tacit, there may be lessons learned, then saved to provide written knowledge. Explicit knowledge may rely on technology to help identify and record, which will help retain critical knowledge and can be searched and easy to use.

The community enterprise must determine who is responsible for knowledge scrutiny, knowledge storing, knowledge distribution in various formats to improve organizational learning.

For knowledge distribution, Community Enterprises should know how to acquire knowledge appropriately such as using the processes of teaching, introduction, demonstration.

However, knowledge distribution requires commitment. Transfer of knowledge is important, so community enterprises need to set clear goals for the purposes of knowledge acquisition, and utilize those who have the expertise and are ready to provide their knowledge, including applying knowledge gained from knowledge distribution, or applying appropriate expansion, or enhancing existing knowledge by bringing new

knowledge through knowledge processes. Practical skills training leading to expertise will result in process efficiency, enhancing the competitiveness of the organization.

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