



Operation Leveraging Guidelines for Small and Micro Community Enterprises in Lop Buri Province

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Abstract

The objective of this research was to study the administration of the community enterprises in Lopburi Province, locate problems & obstacles and find the ways to enhance the administration. Mixed method was applied where qualitative data were gathered from documents and in-depth interviews, and by means of quantitative research through a questionnaire was developed and gathered from 400 respondents. Data analysis was conducted by analyzing percentage, means, standard deviation and one-way ANOVA test. Triangular method was applied to synthesize the information from qualitative research and to check data accuracy.

The study found that the style of administration consisted of members within the cluster; the start-up capital came from the members; the finance was in cash; the accounting was very simple; there were strict rules and regulations in human resources; the performance evaluation was conducted through observation; the production material came from both inside and outside the local community; finally, the target customers were within the community. The pros of the administration were their indigenous knowledge and associated opportunity to receive support from the government. The cons of the administration were its marketing activities, product design, and its unstandardized structure. An obstacle was the uncertainty of support from its network. In addition, the way to enhance its ability is to apply its marketing concept to its product, increase the distribution channel, and coordinate and work with local educational institutions for continuing support. Moreover, the indigenous knowledge should come from a basis of instruction for the next generation.

Introduction

The economy is a core principal for country development. Thailand has frequently encountered

economic crisis during its development. Historically, administration has been responsible for generating solutions to such crisis by identifying an idea that enhances the local economy and quality of life. Attempts

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focus on strengthening careers, reducing economic disparities, and solving social problems to improve the entire economy.

Community Enterprise is one of the government's concepts that informs policy for developing the quality of life and raising the income for low-income people. The goal of such policy is to solve the entirety of country's problems by applying community enterprise; this strategy assigns community members a pivotal role in administration. By involving community members it is presumed there will be increased income, cooperation between community members, and pride in the community and country. (Secretariat Office of Community Enterprise Promotion Board, 2005). Doing so would also preserve the valuable indigenous knowledge, such as the cultural heritage, for future generations. The community enterprise registry lists 28,060 community enterprises all over the country, with 460,643 members, and 18 types of products identified (Wichai Singthong, 2011). Lopburi is a central province in Thailand. Its history is extensive and dates back more-than-4,500-years into pre-historical period. This province is plentiful in food, culture, archaeological site, and the tourism site, with 623 community enterprises (Secretariat Office of Community Enterprise Promotion Board, Lopburi Province, 2013). Each community enterprise faithfully followed the policy to support and develop its characteristic strengths so that each community would completely apply its indigenous knowledge to effectively develop the products and services. However, from the current information, it was found that the number of Lopburi's community enterprise has changed over time. For example, the news from daily Khao Sod Newspaper on the 20th year, issue number 7209 said that "Lopburi was in a hurry to support its community enterprise." It reported that there were approximately 829 community enterprises; 72 were terminated in 2010; and there were 200 substantial community enterprises. This number conformed to the information from Secretariat Office of Community Enterprise Promotion Board, Lopburi Province that stated the number of community enterprises decreased from 829 to 633 in 2013, which represents an approximately 30.96% reduction. It could not be concluded that the cause of the reduction in number of community enterprises came from any problem with ineffective administration, despite its expectation that the administration would catalyze higher income, fairness in income distribution, better livelihood, good utility,

solution to poverty, and a sustainable economy. As Surachet Wechapitak (2010) states, no country can be strong if the local community is weak. Similarly, Thedchai Choabumrung in regards to the indigenous knowledge for creative development in a community said that to strengthen a country couldn't occur without strong local communities, and the local communities couldn't be strong without the indigenous knowledge and development of community enterprise.

From the aforementioned, the researchers, were interested in studying the community enterprises in Lopburi Province ("Lopburi"), how they administrated, and what were the pros and cons of the administration. Moreover, we were interested in the ways to efficiently enhance the community enterprise's philosophy.

Objectives

The objectives of this study are described below:

1. To study the administration in Lopburi's community enterprises.
2. To study the problems and obstacles in administrating the Lopburi's community enterprises.
3. To find ways to support the community enterprises' administration for their strength.

Conceptual Framework

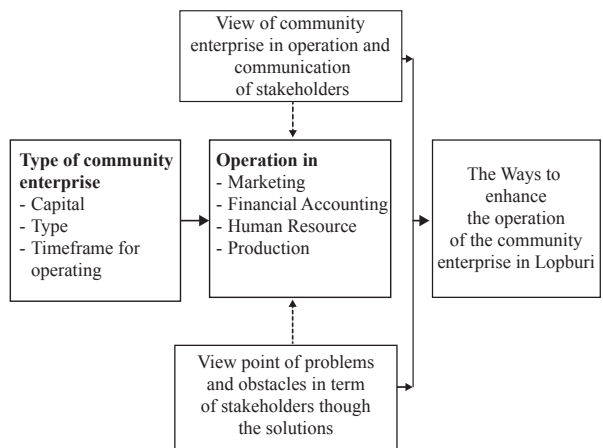


Figure 1 Conceptual Framework

Research Methodology

The mixed methods approach, that integrated quantitative and qualitative methods, was appropriately

applied in this research. The quantitative method consisted of questionnaires that were distributed to the members of the community enterprises. Data from these questionnaires formed the basis for considering the characteristics and administration regarding the core activities of the business concept were analyzed. Then, the basis information was applied to identify ways to support the community enterprise in Lopburi Province. Meanwhile, the in-depth interviews served as a qualitative method to gather information in the form of documents and interviews. The interviewees provided important information and ways to enhance the community enterprises as described below:

Quantitative Method

1. Population and Sample Size

Population for this research is 633 entrepreneurs. The sample size 245; sample size was determined by applying Taro Yamane formula with the significance level of 95%. But the researcher used the total number of samples is 400 from any districts in Lopburi Province

2. The tool of quantitative method

The researcher divided the questionnaires into 2 parts. The statistic used to measure the quality of the questionnaire is Cronbach's Alpha Coefficient. The result was the significance of 0.808. The questionnaires are described as follows:

Part I, demographic information consisting of gender, age, nationality, education level, status in community enterprise and other relationships with the community enterprise.

Part II, the management system for core activities such as production, marketing, human resource, and finance and accounting.

Qualitative Method

1. Key Informant

There were 53 significant interviewees, consisting of members of the community enterprise, entrepreneurs, Agricultural Chief of District, and Agricultural Extension Officer, total of 4 persons per district were interviewed. In addition, the director of Secretariat Office of Community Enterprise Promotion Board, 5 interviewees from community enterprise strengthening campaign, and 3 dress makers were also included in the in-depth interviews.

2. The tool of qualitative method

The researcher applied in-depth interviews for gathering and examining information. To further validate

the data, information was triangulated with secondary data from documents. By examining multiple sources of data the researchers obtained more accurate and complete information.

3. Information Analysis

This research analyzed the data from both quantitative and qualitative research as described below:

1. The qualitative research studied the secondary data and in-depth interview with the interviewees who are involved in the administration and management of the community enterprise. Content Analysis was applied for the details by paraphrasing the interesting details, analyzing, synthesizing, interpreting, and composing a narrative report as descriptive approach.

2. Data gathering created the issue for study through the quantitative method. The data gathering from the members of the community enterprises and entrepreneurs were analyzed by statistics to produce variance, percentage, and mean.

3. Finally, applying the (2) aforementioned data formed basis of the qualitative method, together with the in-depth interviews with related persons regarding the path and readiness in management administration to enhance the administration by analyzing, synthesizing, interpreting, and composing in the narrative report, necessary for the descriptive approach.

Results

Objective 1 To study the administration in Lopburi's community enterprises.

The research found that most of the community enterprises were established by people with the same interest. The most popular business activities of the community enterprises were production; the second was trading; and the service was the least popular. The majority of the community enterprises had been established for more than 3 years. The reason of establishment was from the government sector's encouragement; 40.5% of interviewees were from the community enterprise, and most were female at least 46 years of age. The education levels among the entrepreneurs were primary school and secondary school. Start-up funding was gathered from the members at 61.75%

The management style of the community enterprise was through a board of members in accordance with the principal condition of establishment. The objectives of such establishment were to provide more income to the members and the continuous growth of the

cluster. However, to do so, all members had to integrate together to follow the designated plan to reach their objectives. The first priority action that the members of the community enterprise had to focus on was the administration system and the second was sales and marketing. By considering each district in the Lopburi Province, it was found that Tha Luang District, Tha Wung District, and Chaibadan District focused on obtaining and spending the funding as well as obtaining the resources for production procedures. The directions were provided directly to the implementers and monitored by an observation method. The favorite organization that always supported the community enterprises was the

Table 1 The number and percentage of community enterprises in each Lopburi District area.

District	Community Enterprises	
	Number	Percentage
Muang	140	22.12
Tha Luang	39	6.16
Chai Badan	88	13.9
Tha Wung	42	6.64
Ban Mee	60	9.46
Phattananikom	77	12.16
Khoksamrong	36	5.69
Pra Bot	17	2.69
Khokcharean	23	3.63
Lamsonthi	52	8.22
Nong Muang	59	9.32
Total	633	100.00

Table 2 Types of popular businesses in each district 2014

Types of Business	Pattana nikom	Tha Luang	Chai Badan	Khok Samrong	Ban Mee	Pra Bot	Khok Chareon	Nong Muang	Lam Sonthi	Tha Wung	Muang	Total
Cycle Plant	52	29	65	9	13	6	25	21	43	6	31	300
Livestock	39	6	39	2	2	3	7	4	25	2	10	139
Fishery	4	-	-	-	2	-	1	1	3	2	3	16
Food Processing	41	9	13	15	30	4	8	15	3	8	34	180
Textile and Cloths	-	-	3	7	22	2	13	10	-	13	10	80
Basketwork	8	5	8	1	2	-	4	2	1	1	5	37
Flower Artificial	-	-	-	-	4	-	1	2	2	3	9	21
Machinery	-	-	3	-	-	-	-	1	1	1	-	6
Souvenir	1	-	1	1	4	-	-	3	2	-	8	20
Herb Product	1	-	1	3	1	-	1	6	1	3	18	35
Beverage	1	-	-	2	2	-	-	3	-	6	15	28
Jewelry	-	-	-	-	1	-	-	-	5	-	-	6
Furniture and wood work	1	2	6	-	1	-	-	2	2	-	2	16
Leather	-	-	-	-	-	-	-	-	-	-	-	-
Fertilizer Products	15	4	7	3	12	3	3	2	6	2	10	67
Pottery	1	-	1	2	-	-	-	1	1	-	2	8
Metal Artifacts	-	-	4	-	-	-	-	-	-	-	-	4
Other products	7	5	9	5	3	2	5	5	2	2	15	60
Other services	16	1	6	10	3	1	7	26	9	3	51	134

District Agricultural Extension Office. However, the community enterprise which were managed like family businesses represented approximately 21%, especially in Tha Luang District.

However, considering each district, it was found that overall the community enterprises were quite similar. There were many community enterprises that were able to register their product as the OTOP brand; example communities are found in the Khokjareon District, Nongmuang District, Ban Mee District, and Phattananikom District.

The 4 criterions for this research is as follows: Human Resources, Finance and Accounting, Production, and Marketing .

Human Resources

Human resources management consisted mostly of recruiting from members of community enterprises (82%), and from family members (10.00%), In each district, the staff was selected by individual's skill demonstrated through work. Tha Luang District would select the staff by both demonstrations and interviews. Chaibadan District and Khoksamrong District would select staff by interviewing only. Many districts considered individual's skill only. The majority had rules and regulations to work together, but some did not. The rules and regulations were not different between any community enterprises. Most members in the community enterprises received skill training regarding the production process, some trained in accounting, marketing, and

human resource. The evaluation process was through observation during work; some were evaluated by comparison with the past performance and their goal.

Finance and Accounting

Most community enterprises (52.23%) were funded by mobilizing its share to the members. Some funding was obtained by many sources and maintained by money saving practices. The accounting process divided cluster's fund from personal fund. Approximately 33.57% of enterprises recorded cash flow and mostly used cash (95.30%); a minority relied on the use of cheques. The benefit of financial information is to control funding and profit, for assessing administration, to loan, and other benefits. There were no standardized accounting statements, with the exception of income statements.

Production

Approximately 33% of community enterprises produced products in accordance with their preference and individual's skill. Some produced their products based on circumstantial opportunity and their indigenous knowledge, 31% and 25.25%, respectively. Material sources came from within and outside the community at nearly equivalent quantities. The planning process of production was based on the quantity of products, every single unit, and material with 28.50%, 26.25%, and 21.25%, respectively. However, it was found that approximately 78.25% of community enterprises recorded their inventory stock of material.

The target customer were within the local community at 54.76%; outside and foreign customers were limited. The distribution process was conducted by the community enterprise at 55.95%, while 10.70% was consignment, and 7.14% by wholesaler. The 30% was relatively high. A study of all related partners demonstrated that the community enterprise still has problems and obstacles.

Marketing

The survey shows that most clients are local people, representing 54.76 percent. Whereas, the customers who are outside area and foreigners are very few. Partly as a middleman customer accounted for 7.14 percent of total sales. The sales model found that community enterprises use own channel for distribution, representing 55.95 percent. The sales channel for distribution in the consignment and selling through middleman are 10.7 and 7.14 percent, respectively. Moreover, 30 percent of the community enterprise are faced with competitors.

Objective 2 To study the problems and obstacles in administrating the Lopburi's community enterprises.

Problems and Obstacles

The problems and obstacles are described below:

1. Production Problems and Obstacles

1.1 Quality control was still a big issue, especially seasonal products.

1.2 Many community enterprises didn't use the local material, therefore there was a lack of transportation and material sources.

1.3 The design of packaging was not suitable for the marketing need or customer's need.

2. Marketing Problems and Obstacles

2.1 Lack of distribution channel and sizeable market, only trade fair from the government sectors.

2.2 Uncontrollable pricing of its products.

2.3 No unique packaging and lack of attractive package; for example, the package of salt eggs and charcoal are the same.

3. Human Resources Problems and Obstacles

3.1 Members of community enterprises were still not confident and misunderstood the direction of the community enterprises.

3.2 Lack of business knowledge.

3.3 Most of the staff were working for the community enterprises as a part-time job, they were primarily agriculturist.

4. Finance and Accounting Problems and Obstacles

4.1 High start-up capital and lack of funds.

4.2 Most members in the community enterprises thought that all administration was an expenditure.

4.3 Lack of accounting system, there were no records of salaries or wage expenditures, and no accounting category; this resulted in an inability to separate the revenues and expenses of the product.

Objective 3: To find the ways to support the community enterprises' administration for their strength.

In addition, the researchers also analyzed the strengths and weaknesses for enhancing its administration as described in the table 3.

Table 3 SWOT analysis of community enterprises in Lopburi Province.

Weaknesses	Strengths
<ul style="list-style-type: none"> Design and color of the product didn't attract its market. Members of the community enterprise had many jobs such as working and weaving; therefore, the allocation of time was not proper which led to the delay of transporting its product to the customers. Members lacked language skills and marketing communication for promoting its product and connecting with its networks. Lack of finance and accounting skills. Lack of information system and effective procedure. Product material was not local, some transported from Bangkok; therefore, its weakness about timing and negotiating. 	<ul style="list-style-type: none"> Unique indigenous knowledge attract its market. Members were proud and valuable of themselves. High quality skill members Members had capability and learn more. Community character was close; so easy to access to the members.
Threat	Opportunity
<ul style="list-style-type: none"> Imitating the product from other community enterprises. Lack of distribution channel. Lack of support for continuously developing and integrating to the community enterprises. Government criterion and standardization was not continuous because the government officer consistently changed. 	<ul style="list-style-type: none"> Good support from the government sector. Society was increasingly interested in preserving its indigenous knowledge and local culture. There was a trend of consuming natural products and artificial products. The community enterprises was cluster which can create its network in to other level such as local community, tambon, amphur.

Ways to Support the Community Enterprises'

Administration

1. Analyzing the outstanding and unique know-how of each community enterprise, clearly classifying them, and apply marketing concept to lead the production.

2. Cooperating with the educational institution and academic students as one of the network by specifying exactly the responsible person both D&S site for planning the administration, marketing, product life cycle, production, and pushing the quality of the product to reach the industrial standardization.

3. Creating a habit for members to plan its finance and accounting by asking someone in the network to be responsible as a coach. Moreover, the activities of the community enterprise should be continuously, follow up its performance and strictly follow its rules and regulations. Then, the audit of accounting system has to reflect the reality of business situation and can estimate the financial situation of such community enterprises.

4. Creating the administration system of the community enterprises by enhancing the member's capability to adapt themselves with the current context of the business environment and being able to communicate with all stakeholders by applying the new communication technology for understanding the market situation and customer's need.

5. Government sectors should fully support the integration among all networks to strengthen its business concept for the community enterprises.

Discussion

From studying both administration and basic structure of community enterprise in Lopburi Province in terms of establishment reason, source of fund, entrepreneur characteristics, and other factors related to the community enterprises, no significant differences to other community enterprises from other areas were observed. Also, they respected the core principal of the Community Enterprise Promotion Act 2005, which is to support the learning and indigenous knowledge in enhancing the ability to increase their income, self-reliance, and strengthen local community economy. In addition, they also respected the meaning of the community enterprise as the community business in regards to the products and services which were produced as a cluster. Together, people gathered as the partnerships or family businesses to enhance profitability. However, the information indicated that the style of management clearly changed. For example, historically the accounting system of community enterprise didn't separate the member's personal account and cluster's account; currently members of the community enterprise have unique registered accounts which is a good indicator of progress. Although, the accounting record is not standardized in a customary standard. Likewise, members and the board of members lack accounting knowledge of the cluster's status which should be applied with other information for the benefit of the current administration as well; this complies with the study of (Chanthawongsri, 2004). In addition, when considering the types of businesses in Lopburi Province, it complied with previous research that most of community enterprise' business in Lopburi are farming and livestock. Lopburi Province is located in an area of plain land that is appropriate for planting and animal farming. Lopburi is situated close to 2 rivers, Lopburi river and Pasak river, therefore, it is appropriate for livestock and inland

fishery. Likewise, the lifestyle of people in this province has related to the aforementioned landscape; therefore, the factors and resources inherent in the landscape impact the agricultural of both farm plant and livestock, and food processing as well. Moreover, the historical lifestyle of people in the province together with other small tribes clearly influence the career of current people, small tribes in the area are Lao Phuen, Thai Phuen, Thai Beng, Thai Korad People with Lao lineage have indigenous knowledge in weaving; therefore, some community enterprises were famous in woven fabric. However, the core administration of the cluster was still weak; production process, quality control techniques, and lack of raw material management skills could not control both timing and expenses. The products and the packages lacked trendy designs. In the marketing concept, there was a lack of distribution channels. In management a lack of human resource management and for finance there was a lack of sources for funds. All of this relates to the management administration which affects the efficient teamwork because of lack of continuous support from the duplicated and complicated networks; this information agrees with the report from Agricultural Extension Office Prae (2011).

Recommendation

1. Secretariat Office of Community Enterprise Promotion Board should coordinate with the president of all community enterprises in training to use a logical system of administration, not only in knowledge, but all areas of management knowledge.

2. Secretariat Office of Community Enterprise Promotion Board should coordinate with educational institutions and ask for support for knowledge management. The educational institution should be the center for coordinating, providing the information, and contacting the entrepreneurs or the president of the community enterprises as soon as they have problems or to communicate the needs.

3. All related networks should join each other for assisting the cluster, exchanging information and administrating all community enterprises. The host should be only one organization, and distributes their work to all relative networks and encourage sharing responsibility from the start-up process until launching the standardized product; until it reaches the industrial standards and other standards, especially those of the Agricultural Extension Office, Community Enterprise

Office, and Community Development Office.

4. A review of the information management should be undertaken in order to avoid duplicated information. The useless information should be committed to reduce the amount of work and save time. The information should be updated continuously and valuable information should be applied.

5. The educational institution should substantially assist the community enterprise to be systematical and specialized towards a particular area. The exchange of learning between the community enterprise and the educational institution should rely on each other for the benefit of the community economy, society, and country in order to comply with the principal of the establishment of the community enterprises.

Recommendation for Further Study

Future studies should examine the market environment for each cluster in all networks throughout the country in order to study the relationships between the economic context and culture. This will further development by classifying the target consumers and the uniqueness of each product.

Future studies should also examine the key success factors of administration of strong community enterprises to inform development of lower-performing community enterprises.

Finally, studies should examine leader characteristics of the community enterprises and management techniques for developing the human resource in the cluster.

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