

The Guidelines for Management of Community Enterprises: A Case Study of Don Chang Sub-district, Khon Kaen Province, Thailand

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Abstract

The objectives of this study are to study the strengths, weaknesses, opportunities and threats facing community enterprises and to study the guidelines for management of community enterprises. In this study we used a qualitative method with in-depth interviews with 48 members of community enterprises, invited 15 people to participate in a focus group, and used content analysis and descriptive analysis to analyze the data. The results of this study found that community enterprises have several problems, such as internal management within their organization and a lack of knowledge of all aspects of management. For the development of community enterprises, a training program is important to improve their knowledge and skill; however, government agencies should act as a host to set up a free training program and enable the members of community enterprises to gain more knowledge and skill to develop their organization.

Keywords: management, community enterprises, Don Chang Sub-district

1. Introduction

In the United Kingdom, community enterprises refer to enterprises with six characteristics as having a social purpose: engaging in trade in marketplaces, their profits not being for individuals, democratically involving members of their constituencies in the governance of the organizations, and independent organization (Pearce, 2003, p. 25). In Thailand, community enterprises means that people of a rural community are involved and participate by sharing money to set up the business, including production and sales, and that they use local materials in production (Petprasert & Wongkul, 2002, pp. 1-11). Community enterprises are owned by people in the community and have knowledge-sharing in all aspects of management, such as production, marketing, finance, and operations, and they are responsible for the effects of their management (Sakolnakorn, 2013).

According to the data of the Thailand Ministry of Human Development and Social Security, there were 72,911 registered community enterprises in 2013, 33,757 in the northeast region, and 21,201 in the north region (Ministry of Human Development and Social Security, 2013). According to the data, the northeast region has the highest number of community enterprises in Thailand. However, community enterprises in the northeast still faced many problems, such as the needs to learn more skills and for training to improve the quality of production. Chantarasombat and Singkeaw (2012) found that training programs set up for members of community enterprises were successful in an on-the-job training exercise, and transferred knowledge between members. It was highly successful in providing knowledge and experience to the trainees.

In addition, Mahain et al. (2011) found that most community enterprises faced problems finding financial support and obtaining more money for investments that extend the business, and that government support is not sufficient and does not meet the needs of community enterprises. A study (Purateera et al., 2009) found seven factors affecting micro-enterprise management are knowledge, entrepreneur's capability, technology, the attitude of entrepreneurs, the motivation of entrepreneurs, source of investment, and the creativity of entrepreneurs.

Researchers emphasize the importance of community enterprises and the problems of community enterprises. Therefore, a study of the development of community enterprise is important to solve problems and make guidelines to help community enterprises have business and survive. In this paper, researchers have two research questions: (1) what are the strengths, weakness, opportunities, and threats facing community enterprises, and (2) what are the guidelines for community-enterprise management?

2. Objectives

To study the strengths, weakness, opportunities, and threats faced by community enterprises

To study the guidelines for management of community enterprises

3. Methodology

3.1 Significance of Area of Study

The Don Chang sub-district, Khon Kaen Province has 1,022 households (approximately 5,343 people). This community, which has many natural resources, still has a local culture and traditions, and people use local wisdom in production in community enterprises. In addition, they also have many historical sites. The Don Chang sub-district has ten community enterprises registered by the Ministry of Agriculture and Cooperatives in the Royal Thai Government. Community enterprise is the second largest source of income and raises the economy of the local community (the primary livelihood is agriculture). However, from the data researchers gained from the officer of Khon Kaen Agriculture Extension Office in 2011, they explained that most community enterprises in the Don Chang sub-district require more development and that they face many problems, such as marketing and management issues. So, in this paper we search to find guidelines for the management of community enterprises in the Don Chang sub-district, Khon Kaen Province, and we hope that the results of this study will encourage them to improve their businesses to survive in the new global economy.

3.2 Population

Researchers interviewed a 48-member group of 10 community enterprises and invited 15 people to participate in a focus group.

3.3 Method

In this study, researchers did in-depth interviews with 48 participants from 10 community enterprises in the Don Chang sub-district, Khon Kaen Province, Thailand. In addition, researchers conducted a focus group by inviting heads of community enterprises, government agents involved in community enterprises, and academics to discuss guidelines for the management of community enterprises.

3.4 Data Analysis

To analyze the data, researchers did content analysis and descriptive analysis.

4. Literature Reviews and Conceptual Framework

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 & Sreshtaputra, 2008). In the study of Sakolnakorn and Sungkharat (2014) the authors suggested that the big problem of community enterprises is marketing issues because most community enterprises are in rural areas and they do not have knowledge about how to manage their marketing. In addition, Saengthong (2010) described the weaknesses of community enterprise in Songkhla province, Thailand. For example, they lack accounting knowledge and the packaging and design are not attractive to buyers. Nambure (2012) found the main problems of community enterprises in lower southern Thailand were a lack of knowledge and difficulty implementing accounting systems and management skills.

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.

From the literature reviews, researchers found several problems related to community enterprises, such as marketing, knowledge, low skill for production, and organization management. In addition, researchers also found the way to development of community enterprises, such as using information technology and the internet for access to new markets. As a result, researchers can draw the conceptual framework shown in Figure 1.

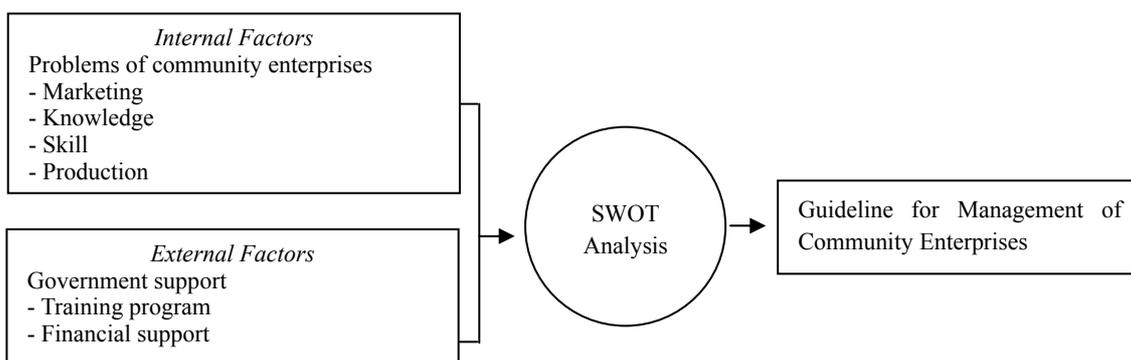


Figure 1. Conceptual framework

5. Results

5.1 Problems of Community Enterprises

In studying the problems of community enterprises, researchers divided the issues into four categories: problems of membership, problems of material resources, problems of goods and products, and problems of marketing channels, as shown in Table 1.

Table 1. Problems of community enterprises

| Category | | Problems |
|--------------------------------|--------|---|
| Problems of membership | of | - Membership is not concerned with community enterprises activities. - Membership does not participate in management. - Lack of collaboration with government agencies - Most community enterprises do not have organized rule and lack discipline. - Community enterprises committee lack of knowledge of administration and management. - Most members are older people and as a result can't work hard. |
| Problems of material resources | of | - Most community enterprises do not use local raw materials, so they have high costs to buy raw materials. - High cost of machines for production. - Some community enterprises use natural resources in production. Natural resources cannot replenish themselves, and community enterprises never grow the forest to compensate. Then they must use natural resource materials from outside the community (i.e., buy them from another region). |
| Problems of goods and products | of and | - Most community enterprises lack packaging and product design. - Lack of research and product development. - Most members do not have time for production because they are concerned with working on farms more than the community enterprise, then they produce the product after agriculture season. - Next-generation and youth residents are not interested in having activities and learning knowledge from community enterprises. |
| Problems of | of | - Most community enterprises sell their products only in their area, and they do not extend |

| <i>Category</i> | <i>Problems</i> |
|--------------------|--|
| marketing channels | products to another region. - They lack knowledge of marketing management. - The products of community enterprises cannot be competitive against factory products, which have lower prices and higher standards than products from community enterprises. - Decline in customer demand for goods and products from community enterprises. |

5.2 SWOT Analysis of Community Enterprises

The SWOT analysis of community enterprises in Don Chang sub-district is shown in Table 2.

Table 2. SWOT analysis of community enterprises in Don Chang sub-district

| <i>Strength</i> | <i>Weakness</i> |
|---|---|
| - The area is flat land, most villagers grow rice in the paddy field, and from October to November the rice is mature, turning the paddy fields almost gold in color, beautiful. - The community has a rural livelihood in the northeast region. -The community has more knowledge related to occupations such as livestock, agriculture, and handicraft. - Local residents transfer knowledge of production to younger residents -This community is not far from the Khon Kean municipality and has good transportation. -The Don Chang sub-district has ancient ruins. | - There is less knowledge of tourism management. - The villagers in the community have not made products for tourism; e.g., they do not have souvenir shops to sell their products to tourists. - Community enterprises cannot sell their products to mass markets; they produce only for those in their regions - Most members of community enterprises lack marketing management knowledge |
| <i>Opportunity</i> | <i>Threat</i> |
| - The trend of increasing tourism, because many tourists would like to visit rural area and buy a handmade product. - Government supports community enterprise such as by training programs in all aspect of management. | -The decline in customers. -Most members of community enterprises lack knowledge in marketing management, financial management, accounting management, and operation management |

5.3 Guidelines for Management of Community Enterprises

Guidelines for management of community enterprises in Don Chang sub-district are shown in Table 3.

Table 3. Guidelines for management of community enterprises in Don Chang sub-district

| <i>Development Issue</i> | <i>Guideline</i> |
|--|--|
| Development of Knowledge | Community enterprises should participate with local government and government agencies to set up more training programs to develop the knowledge and skills of their members, such as marketing management, financial management, accounting management, and operational management. |
| Product Design | Most community enterprises should revise their product and packaging designs in collaboration with academic institutions. |
| Identity of Product | The product design should to refer to community identity and to local culture and tradition. |
| Set up the community enterprise shop | Local government should set up the center of community enterprises in a good location and give opportunities to all community enterprises to sell their products at this center. |
| Marketing Channel | The internet can help community enterprises promote their products; however, most community enterprises lack knowledge, so government agencies should act as the host to make a website in both Thai and English. |
| Provide participation opportunities for local youths | The members of community enterprises should transfer knowledge to local youths by giving them opportunities for part-time work, so they can gain knowledge of production and receive extra income. |
| Making Products to Support Tourism | Nowadays, tourism in Khon Kaen province is increasing, so the community enterprises should develop their products to respond to the needs of tourists and should collaborate with middlemen to sell their products in high-tourism areas. |

6. Conclusion

A business knowledge base is important for enterprises (Gorman, Rosa, & Faseruk, 2005). Knowledge is beneficial to people economically, culturally, and spiritually (Muneename & Suwannattachote, 2012). In this study, we found several problems facing community enterprises in Don Chang sub district, Khon Kaen province, such as product designs that are not attractive to customers, products that cannot sell in mass markets and cannot compete with products from factories; however, the strength and opportunity of community enterprises are trending upwards, as is demand for hand made products. The big questions for community enterprises are how to design products, how to manage their marketing issues, and how to develop their skills. The study found that most community enterprises in Don Chang sub-district lack knowledge and skills because most members of community enterprises are older people and have low education, so knowledge development in all facets of management is very important, especially marketing, accounting, finance, product design, and operational skill, to maximize the quality of products. To address the marketing issue, community enterprises should design and create products to meet future customer needs. In addition, all community enterprise development programs can not develop without government support and setting up free training programs for them.

In addition, increased knowledge enhances an organization's ability to solve problems (Earl & Scott, 1999; Zack, 1999). However, it is not only knowledge that is important, but individual attitude and motivation are also related to business success (Dawson, 2012). For sustainable development, community enterprises should revise their concepts by producing for sale in niche markets, looking to customers who need handmade products, and the raw materials of production should come from the natural resources in their area, because it is cheaper to buy local materials. However, community enterprises should protect and conserve their local natural resources. In addition, the motivation and concern of the community enterprises are very important to improve management, because most members there work on agriculture first, and community enterprise is seen as a part-time job, so if members show more concern and involve themselves in more activities such as production, creating a marketing strategy, and management. Community enterprises should be encouraged and supported in continuously developing their knowledge and skills in key areas that include marketing, planning, organizational management, accounting and financial systems, and business technologies. With a revised bottom-up approach from governments, and the enhancement of business knowledge and skills by entrepreneurs, Thai community enterprises will have a better chance of developing into thriving, sustainable businesses.

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