

GUIDELINES FOR STRENGTHENING COMMUNITY ENTERPRISES IN NAKHON NAYOK PROVINCE, THAILAND

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ABSTRACT

Community enterprises are an important mechanism for developing local economies and strengthening communities at the local level. This helps communities improve their well-being and become self-reliant, especially in Nakhon Nayok province, which has high development potential but still faces many challenges in strengthening community enterprises. The development and strengthening of community enterprises in this area therefore requires comprehensive and appropriate approaches to achieve success. This research aims to study approaches to strengthen community enterprises in Nakhon Nayok province. This research uses qualitative research methods. The key informants are: 1) Director-General of the Department of Agricultural Extension, 2) Director-General of the Cooperative Promotion Department, 3) Former Deputy Minister of Agriculture and Cooperatives, 4) Governor of Nakhon Nayok Province, 5) Deputy Governor of Nakhon Nayok Province, 6) Two Chairpersons of Community Enterprises, 7) Two Vice Chairpersons of Community Enterprises, totaling 9 key informants. The research findings show that strengthening community enterprises in Nakhon Nayok province requires comprehensive and diverse actions, ranging from developing members' skills, adding value to products, financial management, developing management systems, building cooperation and networks, to support from government and related organizations. Serious implementation of these approaches will help community enterprises grow and develop strength sustainably.

Keywords: Strength, Community Enterprise, Performance

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INTRODUCTION

In the past, there were many community-level business associations at the grassroots level, which were businesses not yet reaching the size of small and medium enterprises (SMEs) or cooperatives, but could help the country's economy to some extent. Businesses at this level still faced problems such as lack of recognition from government agencies or other private entities due to lack of legal support, and government support not meeting real needs due to unclear target group information and requirements. Therefore, the government mandated the enactment of laws to support these operations, to promote and support the community economy, which is the foundation of sufficiency economy development. Some of these are not ready to enter trade competition, so they should receive promotion of local knowledge and wisdom, income generation, mutual assistance, management capability development, and community enterprise model development. This is to strengthen the community economic system and enable it to develop into higher-level business operators. Thus, the benefits of community enterprises are the association of farmers in community-level businesses, stability, legal recognition, promotion of knowledge and local wisdom, development of management capabilities that meet real needs, and a strong community economic system that is self-reliant and ready to develop for future trade competition (Department of Agricultural Extension, Ministry of Agriculture and Cooperatives, 2014).

The Community Enterprise Promotion Act, B.E. 2548 (2005) defines "Community Enterprise" (Small and Micro Community Enterprise: SMCE) as small and micro-operations to creatively manage community capital for self-reliance, emphasizing sufficiency in families and communities. Capital here does not only mean money but includes resources, products, knowledge, wisdom, cultural capital, and social capital, to create efficiency and sustainability, primarily benefiting the community that owns the enterprise. It also states that according to the criteria announced by the committee, "Community Enterprise" means community activities related to product production, service provision, or other operations conducted by a group of people with common bonds, shared lifestyles, and who come together to operate such activities, whether as a legal entity in any form or not, to generate income and for self-reliance of families, communities, and between communities, according to the criteria announced by the Community Enterprise Promotion Committee.

The key characteristics of community enterprises consist of at least 7 elements: 1) The community is the owner and operator, 2) Products come from community processes, mainly using raw materials, resources, capital, and labor in the community, 3) Creative innovations of the community, 4) Based on local wisdom, blended with universal wisdom, 5) Integrated operations, systematically linking various activities, 6) Learning process is at the heart, and 7) Self-reliance of families and communities is the goal (Office of the Secretary of the Community Enterprise Promotion Committee, 2024).

Community enterprises are economic activities related to the occupations and lives of people in the community. Therefore, community enterprises are groups of activities with diverse forms but interconnected and mutually supportive, whether they are product production activities or service activities (Community Enterprise Promotion Act, 2005) as follows: 1) product production and 2) service activities are activities conducted to facilitate and create jobs and income for members and the community. Service activities can take many forms. The community enterprise activities of each community or locality may differ depending on the main occupation, environment, resources or biodiversity, social geography, and accumulated wisdom. Therefore, community enterprises are important to localities and the country because they are economic activities and important tools in strengthening the community economy, which is the overall foundation economy of the country (Department of Agricultural Extension, Ministry of Agriculture and Cooperatives, 2014).

Community enterprises in Nakhon Nayok province have been operating since 2005, starting with community enterprise registration on August 15, 2005. A survey in 2011 found that there were 352 community enterprises in Nakhon Nayok province with 5,200 members (Chupoon, 2011). Currently, according to data from the Community Enterprise Promotion Division, Department of Agricultural Extension (2024), summarizing the number of community enterprises and community enterprise networks that have been approved for registration (data as of March 31, 2024), it was found that there are a total of 82,888 community enterprises nationwide with 1,445,773 members, consisting of 111,871 product production types and 14,750 service types (community enterprises can operate more than one type of business). When considering only Nakhon Nayok province, it was found that there are 347 community enterprises, divided into 259 product production types and 15 service types, with a total of 3,822 members. This data shows that community enterprises in Nakhon Nayok province still lack strength when considering the decreasing number of community enterprises and members. Moreover, data from the Digital Government Development Agency (Public Organization) (2024) found that Nakhon Nayok province has 241 community enterprises that have been evaluated for potential, with 102 at a good level, 104 at a moderate level, and 35 at a level that needs improvement. It can be seen that more than half of all enterprises in the province are still at moderate and need improvement levels, which is an urgent issue that needs to be addressed to elevate community enterprises in Nakhon Nayok province and strengthen them further. This research aims to study approaches for strengthening community enterprises in Nakhon Nayok province, Thailand.

LITERATURE REVIEWS

Concepts and Theories Related to the Strength of Community Enterprises

Community enterprises are crucial mechanisms for developing the economy and society of local communities, offering sustainable methods for generating income and improving the well-being of community members. Community enterprises not only create economic benefits but also promote local strength in social, cultural, and environmental aspects. Developing the strength of community enterprises is therefore essential in creating sustainability for local communities. The main principle of promoting community enterprises is to support the community economy, which is the foundation of sufficiency economy development. Some of these enterprises are not ready to enter trade competition, so they should receive promotion of knowledge and local wisdom, income generation, mutual assistance, development of management capabilities, and development of community enterprise models. This is to strengthen the community economic system and enable it to develop into higher-level business operators. (Office of the Secretary of the Community Enterprise Promotion Committee, 2024) The strength of community enterprises refers to the ability of community enterprises to carry out economic and social activities that respond to community needs, generate income and benefits for community members, and have the potential for self-development and adaptation to changes in the business and social environment. Components of community enterprise strength include: 1) community participation - community members participate in decision-making and activities of the enterprise. 2) good management - having an efficient, transparent and accountable management system. 3) financial capability - having sufficient funding sources and good financial management. 4) production and marketing capabilities - ability to produce quality goods or services that meet market demands. 5) sustainable development - conducting environmentally friendly activities that create sustainability for the community (Porter, & Kramer, 2011; Peredo, & Chrisman, 2006; Berkes, & Adhikari, 2006).

From another perspective, the strength of community enterprises refers to the successful operation of various activities by the community enterprise. Organizational or business success means the ability to achieve the goals and objectives set by the organization, which may not

have a clear fixed definition (Ngwangwama et al., 2013). It can be said that the strength of community enterprises or organizational success refers to the ability to create operational methods for the organization to achieve satisfactory results (Van Praag, 2003; Marom & Lussier, 2014). However, a popular approach is to measure organizational success based on operational efficiency (Reijonen & Komppula, 2007; Wang & Wang, 2012).

Kotler and Armstrong (2014) suggest that an organization's performance results from interpreting various factors together. Organizational performance can be measured by various factors, including: 1) Financial and non-financial performance, or 2) Short-term and long-term performance (Islam et al., 2011; Schmidpeter & Weidinger, 2014). However, literature review shows that business organization performance can be measured in multiple dimensions. For example, Yildiz & Karakas (2012) classify performance indicators into 11 dimensions: 1) Profit and profit growth, 2) Sales and sales growth, 3) Market share and increased market share, 4) New product success, 5) Overall business performance, 6) Profit to sales ratio, 7) Return on investment, 8) Customer satisfaction, 9) Quality of goods and services provided, 10) Organizational reputation, and 11) Competitive advantage. Meanwhile, Retnawati and Nuryakin (2016) propose that measuring organizational performance requires only sales growth, profit earned, and comprehensive product distribution.

However, Venkatraman and Ramamnujam (1986) suggest that measuring organizational performance efficiency can be assessed from financial performance and organizational effectiveness. Later, non-financial performance measures such as product quality and marketing effectiveness were incorporated and collectively called business performance. Ultimately, organizations expecting efficient performance should prioritize financial performance. Good performance indicators should focus on both financial performance and business performance. Many researchers (Chien, 2013; Ling & Hung, 2010) use financial ratios such as income, sales growth, or return ratios like earnings per share higher than industry average, return on equity, or return on total assets, which are easy to measure and observe changes clearly.

When considering studies in the context of community enterprises, indicators of strength or success include leadership, followed by production, labor, marketing, finance or capital, and management, respectively (Buapleansee et al., 2017). This is consistent with research by Hunnak et al. (2020) which states that managing sustainable community enterprises considers finance, production, marketing, group management, labor, and cooperation. Meanwhile, Inbung et al. (2021) propose that community enterprise strength is measured by three key areas: economic, social, and environmental. Kenaphoom (2015) researched guidelines for developing the effectiveness of community enterprises in Maha Sarakham Province, finding that approaches to enhance effectiveness include expanding modern distribution channels, meaning enterprises must have strong marketing.

Additionally, analyzing community enterprise strength based on indicators derived from sustainable development concepts (Kadekodi, 1992) comprises four capital dimensions:

1) Physical capital (Hanushek, & Kimko, 2000) - occupation and income, community enterprise products, production factors, access to funding sources. 2) Human capital (Hanushek, & Kimko, 2000; Apibunyopas & Songmuang, 2007) - experience and learning processes, characteristics of group leaders. 3) Social capital (Dasgupta, 2005; Bhutta et al., 2008) - local wisdom, community participation, group assistance. 4) Natural capital (Copeland, & Taylor, 2004) - sourcing raw materials within the community, investment in environmental care. These four dimensions can demonstrate the strength of community enterprises.

RESEARCH METHODOLOGY

This research uses qualitative research methods with 7 groups: 1) Director-General of the Department of Agricultural Extension, 2) Director-General of the Cooperative Promotion

Department, 3) Former Deputy Minister of Agriculture and Cooperatives, 4) Governor of Nakhon Nayok Province, 5) Deputy Governor of Nakhon Nayok Province, 6) Two Community Enterprise Chairpersons, 7) Two Community Enterprise Vice Chairpersons, totaling 9 key informants. The study also includes documentary research. The research tool is a semi-structured interview form, validated for content accuracy. Data collection was done through in-depth interviews, and data analysis was performed using content analysis.

RESEARCH RESULTS

Guidelines for strengthening community enterprises in Nakhon Nayok Province are as follows:

Developing skills and knowledge of members

- 1) Training and continuing education: Enhancing knowledge and skills related to business management, marketing, and production is crucial and can be achieved through training and continuing education, especially in new technologies and efficient resource management. Organizing workshops and learning from successful entrepreneurs' experiences can help community enterprise members gain a better understanding of various aspects.
- 2) Creating learning networks between community enterprises in the same area or across different areas will allow members to exchange knowledge and experiences. Additionally, joining relevant professional associations or organizations provides members with opportunities to learn from experts and peers.

Developing and adding value to products

- 1) Developing products and services to be diverse and meet market demands is essential. Research and development (R&D) to create high-quality products that differentiate from competitors will enhance competitiveness. Moreover, implementing new technologies in production and design can add value to products.
- 2) Brand building and marketing: Creating a strong brand and using effective marketing strategies are crucial factors in increasing product value. Online marketing and participating in trade shows to promote products will increase awareness and expand the customer base.

Accessing funding sources and financial management

- 1) Efficient financial management can help community enterprises achieve financial stability. Regular budgeting and expense tracking will help control costs and increase profits. Training on financial management and the use of financial tools will enhance financial management skills.
- 2) Access to appropriate funding sources can help community enterprises expand their business or develop new products. Considering various funding sources such as government support funds, financial institutions, and crowd funding can increase opportunities for obtaining capital.

Developing management and administration systems

- 1) Good human resource management will help community enterprises have a quality and efficient team. Employee training and skill development, motivation management, and creating a positive work environment will increase work efficiency and reduce turnover.
- 2) Developing efficient management systems, such as using Enterprise Resource Planning (ERP) or Database Management Systems, will help operations run smoothly and allow for effective monitoring of operations.

Building cooperation and developing networks

- 1) Collaborating with various sectors, such as government agencies, NGOs, and the business sector, will help community enterprises access new resources and opportunities. Cooperation in projects or activities such as exhibitions, training, and joint research will enhance the development potential of community enterprises.
- 2) Creating and developing networks within the community will help community enterprises build good relationships and exchange information and resources with other community

enterprises in the same area. Organizing joint activities or meetings will strengthen relationships and collaboration at the local level.

Promotion and support from government and related organizations

1) Government support in terms of policies and laws, such as tax benefits, financial support, and creating a favorable business environment, will help community enterprises operate efficiently.

2) Support from NGOs: NGOs focused on community development can provide assistance in training, consulting, and technical support. Collaborating with these organizations will provide community enterprises with additional sources of information and resources for development.

DISCUSSION & RECOMMENDATIONS

Regarding the development of members' skills and knowledge, research by Bryson, et al. (2006) has shown that developing knowledge and skills is a crucial foundation for the success of community organizations. Skills enhancement helps members deal with various problems and challenges more effectively. Product development and value addition aligns with Porter's (1985) theory of the "value chain," where adding value to products helps increase the competitive ability of community enterprises in the market, while also creating differentiation and enhancing the image of community products. Concerning access to funding sources and financial management, research by Stiglitz, and Weiss (1981) emphasized the importance of having adequate funding sources and efficient financial management in developing small and medium-sized businesses, which helps community enterprises maintain financial stability and expand their operations. Finally, support and promotion from government and related organizations is important according to the Public-Private Partnership (PPP) theory, which discusses cooperation between public and private sectors in developing and supporting organizational operations (Osborne, 2000). Government policies and support help create an environment conducive to the development of community enterprises. From the research results, the following recommendations:

1) The Ministry of Commerce and the Department of Community Development should organize practical training covering necessary skills such as using new production technologies, online marketing, and financial management. They should also create online learning resources and access to up-to-date information for members to learn at their convenience.

2) Financial institutions should provide assistance in accessing funding sources, such as offering low-interest loans or startup capital support. They should also organize training on financial management and the use of modern financial tools.

3) Local agencies and community development organizations should support the adoption of new technologies in management, such as Enterprise Resource Planning (ERP) systems and data management.

4) Government agencies and community organizations should create cooperation and develop networks within and outside the community by implementing collaborative projects with various sectors such as NGOs, government agencies, and the business sector. They should also promote joint activities and meetings in the community to strengthen relationships.

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